C-570-944
2014 Sunset Review
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DATE: March 31, 2015

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Gary Taverman
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Results of the Expedited First Sunset Review of the Countervailing Duty Order on Oil Country Tubular Goods from the People's Republic of China

Summary

In the first sunset review of the countervailing duty (CVD) order covering certain oil country tubular goods (OCTG) from the People's Republic of China (PRC), domestic interested parties Boomerang Tube (Boomerang), Energex Tube, a division of JMC Steel Group (Energex Tube), EVRAZ Rocky Mountain Steel (EVRAZ), IPSCO Tubulars, Inc. (IPSCO), Maverick Tube Corporation (Maverick), Tejas Tubular Products, Inc. (Tejas Tubular), United States Steel Corporation (U.S. Steel), Vallourec Star, L.P. (Vallourec), and Welded Tube USA Inc. (Welded Tube) (collectively, Domestic Interested Parties), submitted an adequate substantive response on December 31, 2014.[1] No respondent interested party submitted a substantive response. In accordance with our analysis of Domestic Interested Parties' Substantive Response, we recommend adopting the positions described below. The following is a complete list of issues in this sunset review for which we received substantive responses:

1. Likelihood of Continuation or Recurrence of a Countervailable Subsidy
2. Net Countervailable Subsidy Likely to Prevail

Background

On December 1, 2014, the Department of Commerce (the Department) published a notice of initiation of the first sunset review of the CVD order on OCTG from the PRC.[2] On December 3, 10, and 15, 2014, Domestic Interested Parties timely notified the Department of their intent to participate within the deadline specified in 19 CFR 351.218(d)(1)(ii), claiming

1 *See* Domestic Interested Parties' December 31, 2014, submission ("Substantive Response").
2 *See Initiation of Five-Year ("Sunset") Review*, 79 FR 71091 (December 1, 2014).

domestic interested party status under section 771(9)(C) of the Act.[3]

On December 31, 2014, Domestic Interested Parties timely submitted their Substantive Response.[4] The Department did not receive a substantive response from any respondent interested party. Consequently, the Department is conducting an expedited (120-day) sunset review consistent with section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2).

<u>Scope of the Order</u>

The scope of this order consists of certain 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.

The merchandise covered by 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 OCTG coupling stock covered by 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, and 7304.59.80.80

Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.

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[3] *See* Letter to the Department from Maverick, dated December 3, 2014; Letter to the Department from Boomerang, Energex Tube, EVRAZ, IPSCO, Tejas Tubular, Vallourec, and Welded Tube, dated December 10, 2014; and Letter to the Department from U.S. Steel, dated December 15, 2014.

[4] *See* Letter from Domestic Interested Parties to the Department, entitled "Oil Country Tubular Goods from China, First Sunset Review: Substantive Response to Notice of Initiation," dated December 31, 2014.

History of the Order

On December 7, 2009, the Department published its final determination in the CVD investigation of OCTG from the PRC.[5] On January 20, 2010, the Department published its amended final determination and the *CVD Order*.[6] The Department determined that the Government of the PRC (GOC) provided benefits that constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), to PRC manufacturers, producers, and exporters of this merchandise. The Department found that the following 11 programs conferred countervailable subsidies during the period of investigation to the mandatory respondent companies:[7]

1. Policy Loans
2. Export Loans from the Export-Import Bank of China
3. Provision of Steel Rounds for Less than Adequate Remuneration (LTAR)
4. The State Key Technology Project Fund
5. "Two Free, Three Half" Program
6. Preferential Tax Program for Foreign-Invested Enterprises Recognized as High or New Technology Enterprises
7. Local Income Tax Exemption and Reduction Programs for "Productive" Foreign-Invested Enterprises
8. Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment
9. Subsidies Provided in the Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area
10. Loan and Interest Forgiveness for State-Owned Enterprises (SOEs)
11. Provision of Electricity For LTAR

The Department found the following net subsidies in the original investigation:[8]

Exporter/Manufacturer	**Net Subsidy Rate (percent)**
Jiangsu Changbao Steel Tube Co. and Jiangsu Changbao Precision Steel Tube Co., Ltd. (Jiangsu Changbao)	12.46

[5] *See Certain Oil Country Tubular Goods From the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Negative Critical Circumstances Determination*, 74 FR 64045 (December 7, 2009) (*Investigation Final*), and accompanying Issues and Decision Memorandum (IDM).
[6] *See CVD Order*.
[7] *See Investigation Final* and accompanying IDM at 12-23.
[8] We note that these rates are from the amended final, which the Department published concurrently with the *CVD Order*. *See CVD Order*.

Tianjin Pipe (Group) Co., Tianjin Pipe Iron Manufacturing Co., Ltd., Tianguan Yuantong Pipe Product Co., Ltd., Tianjin Pipe International Economic and Trading Co., Ltd., and TPCO Charging Development Co., Ltd. (TPCO)	10.49
Wuxi Seamless Pipe Co, Ltd., Jiangsu Fanli Steel Pipe Co, Ltd., and Tuoketuo County Mengfeng Special Steel Co., Ltd. (WSP)	14.95
Zhejiang Jianli Enterprise Co., Ltd., Zhejiang Jianli Steel Tube Co., Ltd., Zhuji Jiansheng Machinery Co., Ltd., and Zhejiang Jianli Industry Group Co., Ltd. (Zhejiang Jianli)	15.78
All Others	13.41

The Department has completed two administrative reviews and has rescinded one review, pursuant to section 751(a) of the Act.

The Department rescinded the first administrative review of the *CVD Order* for the period January 20, 2010, through December 31, 2010.[9]

In the second administrative review, which covered calendar year 2011, the Department found net subsidy rates of 13.54 percent *ad valorem* for WSP and 1.95 percent *ad valorem* for Jiangsu Chengde Steel Tube Share Co., Ltd. (Jiangsu Chengde).[10] The Department based the rates for WSP and Jiangsu Chengde on the following programs:[11]

1. Policy Loans
2. Provision of Electricity for LTAR
3. Provision of Steel Rounds for LTAR
4. Export Restraints on Coke
5. Energy Savings Award
6. Technology Project Award

In the third administrative review, which covered calendar year 2012, the Department found net subsidy rates of 59.29 percent *ad valorem* for WSP and 1.49 percent *ad valorem* for Jiangsu Chengde.[12] The Department based the rates for WSP and Jiangsu Chengde on the following programs:[13]

[9] *See Certain Oil Country Tubular Goods From the People's Republic of China: Rescission of Countervailing Duty Administrative Review*, 76 FR 39071 (July 5, 2011).
[10] *See Certain Oil Country Tubular Goods From the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2011*, 78 FR 49475 (August 14, 2013) (*2011 Review Final*), and accompanying IDM.
[11] *See 2011 Review Final* and accompanying IDM at 17-23.
[12] *See Certain Oil Country Tubular Goods From the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 52301 (September 3, 2014) (*2012 Review Final*), and accompanying IDM.
[13] *See 2012 Review Final* and accompanying IDM at 27-32.

1. Policy Loans
2. Provision of Electricity for LTAR
3. Provision of Steel Rounds for LTAR
4. Export Credit Insurance Reimbursements from the Wuxi New District Administration Committee
5. Refunds of Real Estate Tax and Land-Use Tax for Companies Located in the Yadahong Industrial Concentration District of Songyuan City
6. WSP Technology Grants

In addition, the Department determined that three programs, listed below under the "Nature of Subsidies" section, were countervailable on the basis of adverse facts available (AFA) with respect to WSP's responses.[14]

No interested party requested an administrative review for the period January 1, 2013, through December 31, 2013.

The Department issued one scope ruling regarding OCTG, in which the Department found that seamless unfinished OCTG finished in third countries is covered under the scope of the *CVD Order*, pursuant to certain stipulations.[15] The Department has not issued any anti-circumvention or changed circumstance determinations.

Discussion of the Issues

Legal Framework

In accordance with section 751(c)(1) of the Act, the Department is conducting this review to determine whether revocation of the *CVD Order* would be likely lead to continuation or recurrence of a countervailable subsidy. Section 752(b) of the Act provides that, in making this determination, the Department shall consider (1) the net countervailable subsidy determined in the investigation and 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, the Department shall provide to the ITC the net countervailable subsidy likely to prevail if the Department revoked the *CVD Order*. In addition, consistent with section 752(a)(6) of the Act, the Department 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 (SCM Agreement).

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[14] *Id.* at 16-19. These three programs were new subsidy allegations that U.S. Steel alleged in the 2012 administrative review. *Id.*
[15] *See Notice of Scope Rulings*, 79 FR 30821 (May 29, 2014); *see also* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Final Scope Ruling on Green Tubes Manufactured in the People's Republic of China and Finished in Countries Other than the United States and the People's Republic of China," (February 7, 2014), at 1-2.

Below we address the Domestic Interested Parties' substantive response.

Analysis

1. Likelihood of Continuation or Recurrence of a Countervailable Subsidy

Domestic Interested Parties argue that the Department should determine that subsidies countervailed in the original investigation have continued and would be likely to continue or recur under revocation of the *CVD Order* because of the following:

1) No party has presented evidence that the GOC has terminated the subsidies giving rise to the net countervailable subsidy rates determined in the investigation.
2) Imports of subject merchandise declined dramatically following the imposition of the *CVD Order*.
3) In the original investigation and subsequent administrative reviews, the Department found that Chinese OCTG producers and exporters benefitted from subsidies prohibited by Article 3.1 of the SCM Agreement.
4) Given the Department's findings in recent countervailing duty investigations of various steel products from the PRC, including steel pipe and tube products, Chinese producers and exporters of OCTG also likely benefit from new, substantial countervailable subsidies in addition to those already countervailed in this proceeding.[16]

As a result, Domestic Interested Parties conclude that revocation of the *CVD Order* is likely to lead to a continuation of countervailable subsidization.

Department's Position: Section 752(b)(1) of the Act directs the Department in determining the likelihood of continuation or recurrence of a countervailable subsidy 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. The Statement of Administrative Action (SAA) provides further guidance, noting that the Department will consider the net countervailable subsidies in effect after the issuance of the order and whether the relevant subsidy programs have been continued, modified, or eliminated.[17] The SAA adds that continuation of a program will be highly probative of the likelihood of continuation or recurrence of countervailable subsidies.[18] Additionally, the presence of programs that have not been used, but also have not been terminated without residual benefits or replacement programs, is also probative of the likelihood of continuation or recurrence of a countervailable subsidy.[19] Where a subsidy program is found to exist, the Department will normally determine that revocation of the CVD order is

[16] *See* Substantive Response at 9-11.
[17] *See* Statement of Administrative Action (SAA), H.R. Doc. No. 103-316, 103d Cong., 2d Session, Vol. 1 (1994) at 888.
[18] *Id.*
[19] *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), and accompanying Issues and Decision Memorandum at Comment 1.

likely to lead to continuation of a countervailable subsidy regardless of the level of subsidization.[20]

As indicated above, the Department has completed two administrative reviews of the *CVD Order* since it went into effect. In these reviews, the Department found that PRC producers of OCTG continued to receive countervailable subsidies from programs identified in the investigation. In addition, in these reviews, the Department identified additional countervailable subsidy programs providing benefits to PRC producers of OCTG. Finally, no party submitted evidence to demonstrate that the countervailable programs have expired or been terminated. Thus, the Department determines that there is a likelihood of recurrence or continuation of countervailable subsidies because the record in this proceeding indicates that the subsidy programs found countervailable during the investigation and subsequent administrative reviews continue to exist and be used.[21]

2. Net Countervailable Subsidy Likely to Prevail

Domestic Interested Parties argue that subsidization is likely to continue at rates the Department established in the original investigation, adjusted to include programs that the Department subsequently found to be countervailable in administrative reviews.[22] Citing the SAA and *Sunset Policy Bulletin,* Domestic Interested Parties contend that the Department should rely on the net rates of subsidization from the original investigation, taking into account all new subsidy programs that the Department has identified since the original investigation.[23] Further, for companies not subject to an administrative review, Domestic Interested Parties contend that the Department should rely on the rates from the *CVD Order*.

Thus, with respect to WSP, Domestic Interested Parties argue that the Department should also include in its calculation the highest rate for each of the new subsidies that the Department countervailed in the administrative reviews of WSP. For Jiangsu Chengde, Domestic Interested Parties argue that because the Department did not individually review Jiangsu Chengde until the 2011 administrative review, the all-others rate from the original investigation is the net countervailable subsidy rate that is likely to prevail for Jiangsu Chengde in the event of revocation. Finally, for companies not subject to an administrative review, Domestic Interested Parties contend that the Department should rely on the rates from the *CVD Order*. Based on these arguments, Domestic Interested Parties argue that the subsidy rates that are likely to prevail in the event of revocation of the *CVD Order* are as follows:

- Jiangsu Changbao: 12.46 percent *ad valorem*;
- TPCO: 10.49 percent *ad valorem*;

[20] *Id.*
[21] Although Domestic Interested Parties cite evidence of a decline in the volume of imports since the investigation, determinations concerning the likelihood of continuation or recurrence of countervailable subsidies – unlike determinations concerning the likelihood of continuation or recurrence of dumping – are primarily based upon the continued existence of countervailing duty programs and/or benefits. For a discussion of our practice, *see Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871, 18874-75 (April 16, 1998) (*Sunset Policy Bulletin*).
[22] *See* Substantive Response at 11-12.
[23] *Id.*, citing *Sunset Policy Bulletin*, 63 FR at 18875-18876, and SAA at 890.

- WSP: 59.29 percent *ad valorem*;
- Zhejiang Jianli: 15.78 percent *ad valorem*;
- Jiangsu Chengde: 13.41 percent *ad valorem*; and
- All Others: 13.41 percent *ad valorem*.[24]

Department's Position: As Domestic Interested Parties noted, consistent with the SAA and the legislative history, the Department normally will provide the ITC with the net countervailable subsidy determined in the investigation as the subsidy rate likely to prevail if the order is revoked, because it is the only calculated rate that reflects the behavior of exporters and foreign governments without the discipline of an order in place.[25]

Section 752(b)(l)(B) of the Act provides, however, that the Department 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.

Therefore, although the Department normally will select a rate from the investigation, this rate may not be the most appropriate if, for example, the Department derived this rate (in whole or part) from subsidy programs 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.[26]

In this instance, the Department has completed two administrative reviews in which, as discussed above, it found several additional subsidy programs to be countervailable. As a result, we adjusted the rates determined for each of the companies and "all others" in the investigation to reflect the programs that the Department subsequently found to be countervailable.[27] Therefore, in providing to the ITC the subsidy rates likely to prevail if the *CVD Order* were revoked, we added to the net countervailable subsidy rates determined in the original investigation the countervailable subsidy rates from the additional subsidy programs found to be countervailable during the first and second administrative reviews. These additional programs are:

1. Export Restraints on Coke
2. Energy Savings Award
3. Technology Project Award
4. Export Credit Insurance Reimbursements from the Wuxi New District Administration
5. Committee Refunds of Real Estate Tax and Land-Use Tax for Companies Located in the Yadahong Industrial Concentration District of Songyuan City
6. WSP Technology Grants

As a result, and consistent with section 752(b)(3) of the Act, the Department will provide to the

[24] *Id.* at 13.
[25] *See* SAA at 890 and the House Report, H.R. Rep. No. 103-826 (1994) (House Report) at 64.
[26] *See 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 Issues and Decision Memorandum at 4.
[27] *See, e.g., Citric Acid and Certain Citrate Salts From the People's Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order*, 79 FR 45671 (August 6, 2014), and accompanying Issues and Decision Memorandum at Comment 2.

ITC the net countervailable subsidy rates shown in the section titled "Final Results of Sunset Review" below.[28]

<u>Nature of the Subsidies</u>

Consistent with section 752(a)(6) of the Act, the Department is providing the following information to the ITC concerning the nature of the subsidies, and whether any of the subsidies are as described in Article 3 or Article 6.1 of the SCM Agreement. However, Article 6.1 of the SCM Agreement expired on January 1, 2000.

The following programs are export subsidies as described in Article 3 of the SCM Agreement:

1. <u>Export Loans from the Export-Import Bank of China (EIBC)</u>

   TPCO received a countervailable export loan under this program. The Department determined that the benefit from the loan was specific because receipt of the financing was contingent upon export performance.[29]

2. <u>Export Credit Insurance Reimbursements from the Wuxi New District Administration Committee</u>

   WSP received countervailable export credit insurance reimbursements under this program. The Department determined that the benefit from the reimbursements was specific because receipt was contingent upon export performance.[30]

The following programs do not fall within the meaning of Article 3.1 of the SCM Agreement, but could be subsidies described in Article 6.1 of the SCM Agreement if the amount of the subsidy exceeds five percent, as measured in accordance with Annex IV of the SCM Agreement. The subsidies could 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 of this review in order for the Department to make such a determination. We are providing the ITC with the following program descriptions:

1. <u>Policy Loans</u>

The Department determined that the GOC, through policy banks and State-Owned Commercial Banks, provided respondents with preferential loans that were specific to the OCTG industry.[31]

2. <u>Provision of Steel Rounds for Less than Adequate Remuneration (LTAR)</u>

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[28] *See* Memorandum to the File regarding "Calculation of Net Countervailable Subsidy Likely to Prevail," dated concurrently with this IDM (Sunset Calculation Memorandum).
[29] *See Investigation Final* and accompanying IDM at 12-13.
[30] *See 2012 Review Final* and accompanying IDM at 30.
[31] *See Investigation Final* and accompanying IDM at 12; *see also 2011 Review Final* and Accompanying IDM at 18; *see also 2012 Review Final* and accompanying IDM at 27.

The Department determined that producers of steel rounds in the PRC were government authorities, and it found that these government authorities provided steel rounds to respondents for LTAR. The Department found the subsidy to be specific because the recipients were limited in number.[32]

3. The State Key Technology Project Fund

The Department determined that the GOC provided TPCO with a grant under this program, which the Department found to be specific by law to certain enterprises; *i.e.*, large-sized state-owned enterprises and large-sized state holding enterprises among 512 key enterprises.[33]

4. "Two Free, Three Half" Program

The Department determined that the GOC provided Zhejiang Jianli with a tax exemption or reduction under this program, which the Department found to be specific by law to certain enterprises; *i.e.*, "Productive" foreign-invested enterprises (FIEs).[34]

5. Preferential Tax Program for Foreign-Invested Enterprises Recognized as High or New Technology Enterprises

The Department determined that the GOC provided WSP with a tax reduction under this program, which the Department found to be specific by law to certain enterprises; *i.e.*, high and new technology FIEs.[35]

6. Local Income Tax Exemption and Reduction Programs for "Productive" Foreign-Invested Enterprises

The Department determined that the GOC provided WSP and Zhejiang Jianli with tax reductions under this program, which the Department found to be specific by law to certain enterprises; *i.e.*, "Productive" FIEs.[36]

7. Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment

The Department determined that the GOC provided WSP with a tax reduction under this program, which the Department found to be specific by law to certain enterprises; *i.e.*, "Productive" FIEs.[37]

8. Subsidies Provided in the Tianjin Binhai New Area and the Tianjin Economic and

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[32] *See Investigation Final* and accompanying IDM at 13-15; *see also 2011 Review Final* and Accompanying IDM at 19-20; *see also 2012 Review Final* and accompanying IDM at 28-30.
[33] *See Investigation Final* and accompanying IDM at 15-16.
[34] *Id.* at 16.
[35] *Id.* at 16-17.
[36] *Id.* at 17-18.
[37] *Id.* at 18.

Technological Development Area

Science and Technology Fund

The Department determined that the GOC provided TPCO with a grant under this program, which the Department found to be limited to enterprises located in a designated geographic region.[38]

Accelerated Depreciation Program

The Department determined that the GOC provided TPCO with a tax reduction under this program, which the Department found to be limited to enterprises located in a designated geographic region.[39]

Land

The Department determined that the GOC provided TPCO with land-use rights and a lease of land for less than adequate remuneration, which the Department found to be regionally specific.[40]

9. Loan and Interest Forgiveness for SOEs

The Department determined that the GOC forgave loans and interest that TPCO owed, which the Department determined to be specific because the GOC limited the forgiveness to TPCO.[41]

10. Provision of Electricity For Less Than Adequate Remuneration

Based on AFA with respect to the GOC's responses, the Department determined that the GOC provided respondents with electricity for LTAR. The Department also determined, based on AFA, that the program was specific.[42] In the administrative reviews, no party submitted information to change this finding. Therefore, the Department found in both administrative reviews that the GOC provided respondents with electricity for LTAR.[43]

11. Export Restraints on Coke

The Department determined, as AFA, that the GOC's export restraints on coke constituted entrustment or direction of coke producers, and that these producers provided coke for LTAR to WSP. The Department also determined that the provision of coke was specific to the steel industry.[44]

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[38] *Id.* at 19.
[39] *Id.* at 19-20.
[40] *Id.* at 20-22.
[41] *Id.* at 22.
[42] *See Investigation Final* and accompanying IDM at 22-23.
[43] *See 2011 Review Final* and accompanying IDM at 19; *see also 2012 Review Final* and accompanying IDM at 27-28.
[44] *See 2011 Review Final* and accompanying IDM at 20-22.

12. Energy Savings Award

The Department determined that the GOC provided WSP with a grant under this program, which the Department found to be specific based on AFA.[45]

13. Technology Project Reward

The Department determined that the GOC provided WSP with a grant under this program, which the Department found to be specific based on AFA.[46]

14. Refunds of Real Estate Tax and Land-Use Tax for Companies Located in the Yadahong Industrial Concentration District of Songyuan City

The Department determined that the GOC provided WSP with a tax refund under this program, which the Department found to be limited to enterprises located within a designated geographical region (the Yadahong Industrial Concentration District) within the jurisdiction of the authority providing the refunds.[47]

15. WSP Technology Grants

The Department determined that the GOC provided WSP with a grant under this program, which the Department found to be specific based on AFA.[48]

In addition, for the 2012 administrative review, the Department determined that the following programs were countervailable on the basis of AFA with respect to WSP's responses.[49]

- Tax Waivers and Reductions in Korla City
- Special Preferential Policies in Korla Zone
- Preferential Financial Support to Bazhou Seamless

Final Results of Sunset Review

Based on the analysis above, the Department finds that revocation of the *CVD Order* would be likely to lead to continuation or recurrence of countervailable subsidies at the rates listed below:[50]

Manufacturers/Producers/Exporters	**Net Subsidy Rate (Percent)**
Jiangsu Changbao	22.87
TPCO	20.90

[45] *See 2011 Review Final* and accompanying IDM at 22-23.
[46] *Id*. at 23.
[47] *See 2012 Review Final* and accompanying IDM at 30-31.
[48] *Id.* at 31-32.
[49] *Id.* at 16-19.
[50] *See* Sunset Calculation Memorandum.

WSP	25.36
Zhejiang Jianli	26.19
All Others	23.82

Recommendation

Based on our analysis of Domestic Interested Parties' Substantive Response and the record evidence, we recommend adopting the above positions. If these recommendations are accepted, we will publish the final results of this first sunset review in the *Federal Register* and notify the ITC of our determination.

AGREE ✓ DISAGREE________

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

31 MARCH 2015
Date