

## DEPARTMENT OF COMMERCE

## International Trade Administration

[A-570-965]

**Drill Pipe From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances**

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**DATES:** *Effective Date:* January 11, 2011.

**SUMMARY:** On August 18, 2010, the Department of Commerce (the "Department") published in the **Federal Register** the *Preliminary Determination of Sales at Less-Than-Fair-Value ("LTFV")* and critical circumstances, in part, in the antidumping investigation of drill pipe from the People's Republic of China ("PRC").<sup>1</sup> The period of investigation ("POI") is April 1, 2009, through September 30, 2009. Based on our analysis of the comments received, we have made changes to the margin calculation for DP-Master Manufacturing Co., Ltd. and Jiangyin Liangda Drill Pipe Co., Ltd. (collectively "the DP-Master Group"), Baoshan Iron & Steel Co., Ltd. ("Baoshan"), and Shanxi Yida Special Steel Imp. & Exp. Co., Ltd. ("Yida"). We continue to find that drill pipe from the PRC is being, or is likely to be, sold in the United States at LTFV as provided in section 735 of the Tariff Act of 1930, as amended ("the Act"). The estimated margins of sales at LTFV are shown in the "Final Determination Margins" section of this notice.

**FOR FURTHER INFORMATION CONTACT:** Toni Dach, Susan Pulongbarit, or Matthew Renkey, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington DC 20230; telephone: (202) 482-1655, (202) 482-4031, or (202) 482-2312, respectively.

**SUPPLEMENTARY INFORMATION:****Background**

The Department conducted sales and factors of production ("FOP") verifications for the DP-Master Group

<sup>1</sup> See *Drill Pipe From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Affirmative Determination of Critical Circumstances, and Postponement of Final Determination*, 75 FR 51004 (August 18, 2010); and *Drill Pipe From the People's Republic of China: Notice of Correction to the Preliminary Determination of Sales at Less Than Fair Value and Affirmative Determination of Critical Circumstances, and Postponement of Final Determination*, 75 FR 51014 (August 18, 2010) (collectively, "*Preliminary Determination*").

and Yida, and an FOP verification for Baoshan, from September 20 through October 1, 2010, and sales verification for Baoshan on October 13 and 14, 2010.<sup>2</sup> See the "Verification" section below for additional information.

On November 16, 2010, the Department placed labor wage rate data on the record and invited parties to comment on the Department's labor wage rate methodology.<sup>3</sup>

Between November 5, 2010 and November 12, 2010, we received case and rebuttal briefs from Petitioners,<sup>4</sup> the government of the PRC ("GOC"), the DP-Master Group, Baoshan, and Yida.

On December 3, 2010, the Department placed additional surrogate value ("SV") information on the record and invited parties to comment on the Department's selection of an SV for tool joints,<sup>5</sup> and received comments on this data from the DP-Master Group and Petitioners between December 8 and 10, 2010. On December 14, 2010, the Department

<sup>2</sup> We conducted verifications of the DP-Master Group and Yida, which produced the merchandise under investigation and sold it to the United States, and Baoshan, which produced the merchandise under investigation. See Memo to the File, from Toni Dach and Jerry Huang, International Trade Compliance Analysts, "Verification of the Sales and Factors of Production Response of DP-Master Manufacturing Co., Ltd. and Jiangyin Liangda Drill Pipe Co., Ltd. in the Antidumping Duty Investigation of Drill Pipe from the People's Republic of China," dated October 26, 2010 ("DP-Master Verification Report"); Memo to the File, through Scot T. Fullerton, Program Manager, from Matthew Renkey, Senior International Trade Compliance Analyst, and Susan Pulongbarit, International Trade Compliance Analyst, "Verification of the Sales and Factors Response of the Yida Group in the Antidumping Investigation of Drill Pipe from the People's Republic of China," dated October 27, 2010 ("Yida Verification Report"); Memo to the File, through Scot T. Fullerton, Program Manager, from Susan Pulongbarit, International Trade Compliance Analyst, and Matthew Renkey, Senior International Trade Compliance Analyst, "Verification of the Sales and Factors of Production Response of Baoshan Iron & Steel Co., Ltd. in the Investigation of Drill Pipe from the People's Republic of China," dated October 27, 2010 ("Baoshan Verification Report"). Additionally, for Baoshan's sales, we conducted verification of Baoshan's North American affiliate, Baosteel America, Inc., which handled all of Baoshan's POI sales. See Memo to the File, through Scot T. Fullerton, Program Manager, from Susan Pulongbarit, International Trade Compliance Analyst, and Matthew Renkey, Senior International Trade Compliance Analyst, "Verification of the CEP Sales Response of Baoshan Iron & Steel Inc. in the Investigation of Drill Pipe from the People's Republic of China," dated October 27, 2010 ("Baoshan CEP Verification Report").

<sup>3</sup> See Memorandum to the File dated November 16, 2010.

<sup>4</sup> The petitioners are VAM Drilling USA, Inc., Texas Steel Conversion, Inc., Rotary Drilling Tools, TMK IPSCO, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC (hereinafter referred to as "Petitioners").

<sup>5</sup> See Memorandum to the File dated December 3, 2010.

placed additional SV information on the record regarding galvanizing and zinc values,<sup>6</sup> and received comments on this data from Baoshan on December 20, 2010. Also on December 14, 2010, the Department requested additional shipment data from Baoshan, the DP-Master Group, and Yida,<sup>7</sup> and received their responses on December 17, 2010.

**Analysis of Comments Received**

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the "Drill Pipe from the People's Republic of China: Issues and Decision Memorandum for the Final Determination" ("I&D Memo"), dated concurrently with this notice and which is hereby adopted by this notice. A list of the issues which parties raised, and to which we respond in the I&D Memo, are attached to this notice as Appendix I. The I&D Memo is a public document and is on file in the Central Records Unit, Room 7046, and is accessible on the World Wide Web at <http://trade.gov/ia/index.asp>. The paper copy and electronic version of the memorandum are identical in content.

**Changes Since the Preliminary Determination**

Based on our analysis of information on the record of this investigation, we have made changes to the DP-Master Group's, Baoshan's, and Yida's margin calculations for the final determination.

*The DP-Master Group*

- Subsequent to the *Preliminary Determination*, at the Department's request, the DP-Master Group provided a revised FOP database, including data from the six-month period immediately prior to the POI. Because this database more accurately reflects the FOPs consumed by the DP-Master Group in producing the merchandise under investigation than the database on the record prior to the *Preliminary Determination*, we have determined that it is appropriate to use FOP data from the period October 1, 2008, to September 30, 2009, in calculating the DP-Master Group's margin for the final determination.<sup>8</sup>

- We have changed the SV for green tubes used in the DP-Master Group's margin calculation.<sup>9</sup>

<sup>6</sup> See Memorandum to the File dated December 14, 2010.

<sup>7</sup> See Letters to Baoshan, the DP-Master Group, and Yida dated December 14, 2010.

<sup>8</sup> See the DP-Master Group's September 9, 2010, response to the Department's 8th supplemental questionnaire ("8th Supplemental Response").

<sup>9</sup> See I&D Memo at Comment 7.

- We have changed the SV for tool joints used in the DP–Master Group’s margin calculation.<sup>10</sup>
- We have disallowed a by-product offset for brown aluminum oxide in the DP–Master Group’s internal plastic coating process.<sup>11</sup>
- Based on our findings at verification,<sup>12</sup> we are applying partial adverse facts available (“AFA”) to the DP–Master Group’s phosphate treatment toller’s consumption of direct materials in its production of the merchandise under investigation.<sup>13</sup>

#### Baoshan

- We have used Baoshan’s inputs to its intermediate inputs consumed in the production of the merchandise under investigation, instead of valuing Baoshan’s intermediate inputs.<sup>14</sup>
- We have determined that it is more appropriate to use only the Jindal Saw, Ltd. (“Jindal Saw”) financial statement as the basis for Baoshan’s surrogate financial ratios rather than the average of the Jindal Saw and Tata Steel Limited financial statements.<sup>15</sup>
- We have not granted Baoshan a by-product offset for its production of pulverized ash, because it did not receive income for the by-product given free of charge to unaffiliated parties.<sup>16</sup>
- To calculate the SV of iron ore, we have included Baoshan’s purchases of iron ore pellets from its affiliated supplier based on our determination that the affiliate’s prices are reflective of unaffiliated market economy (“ME”) prices. Including these purchases will increase Baoshan’s ME purchases to above the 33% threshold. Accordingly, we have weight-averaged Baoshan’s ME purchase prices to value all of its iron ore purchases.<sup>17</sup>
- At verification, we found that certain of Baoshan’s indirect selling expenses (“ISEs”) were not included in its ISEs ratio. We have corrected this for the final determination.<sup>18</sup>
- At verification, we found that Baoshan did not report credit expenses for the payments it received from its U.S. customer. We have included these

credit expenses in Baoshan’s margin for the final determination.<sup>19</sup>

#### Yida

- At verification, we found that Yida consumed rubber pads in its production of the merchandise under investigation.<sup>20</sup> Therefore, we are including rubber pads as an FOP in calculating Yida’s final margin.<sup>21</sup>

#### Scope of Investigation

The products covered by the investigation are steel drill pipe, and steel drill collars, whether or not conforming to American Petroleum Institute (“API”) or non-API specifications. Included are finished drill pipe and drill collars without regard to the specific chemistry of the steel (*i.e.*, carbon, stainless steel, or other alloy steel), and without regard to length or outer diameter. Also included are unfinished drill collars (including all drill collar green tubes) and unfinished drill pipe (including drill pipe green tubes, which are tubes meeting the following description: seamless tubes with an outer diameter of less than or equal to 6<sup>5</sup>/<sub>8</sub> inches (168.28 millimeters), containing between 0.16 and 0.75 percent molybdenum, and containing between 0.75 and 1.45 percent chromium). The scope does not include tool joints not attached to the drill pipe, nor does it include unfinished tubes for casing or tubing covered by any other antidumping or countervailing duty order.

The subject products are currently classified in the following Harmonized Tariff Schedule of the United States (“HTSUS”) categories: 7304.22.0030, 7304.22.0045, 7304.22.0060, 7304.23.3000, 7304.23.6030, 7304.23.6045, 7304.23.6060, 8431.43.8040 and may also enter under 8431.43.8060, 8431.43.4000, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.49.0015, 7304.49.0060, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, and 7304.59.8055.

While HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.

#### Scope Comments

In the *Preliminary Determination*, the Department indicated that it would solicit additional comments from parties regarding the specifications of drill pipe green tube. Between September 13 and 23, 2010, Petitioners and the DP–Master Group placed additional information on the record of this investigation regarding the characteristics of drill pipe green tube. Additionally, Petitioners and the DP–Master Group commented on the scope of the investigation in their case briefs. Based on analysis of this information and argument, the Department has modified the scope of the investigation to define drill pipe green tubes which were previously described as “green tubes suitable for drill pipe.”<sup>22</sup>

#### Verification

As provided in section 782(i) of the Act, we conducted verification of the information submitted by the DP–Master Group, Baoshan, and Yida for use in our final determination.<sup>23</sup> We used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by the respondents.

#### Use of Facts Available

Section 776(a) of the Act provides that if, necessary information is not available on the record, or an interested party: (A) Withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act; (C) significantly impedes a determination under the antidumping statute; or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Section 782(c)(1) of the Act provides that if an interested party “promptly after receiving a request from {the Department} for information, notifies {the Department} that such party is unable to submit the information in the requested form and manner, together with a full explanation and suggested alternative form in which such party is able to submit the information,” the Department may modify its information request requirements to avoid imposing an unreasonable burden on that party.

<sup>10</sup> See I&D Memo at Comment 6.

<sup>11</sup> See 8th Supplemental Response; see also Final Analysis Memo for the DP–Master Group, issued concurrently with this notice.

<sup>12</sup> See DP–Master Verification Report at 2, 6–8, and 10–11.

<sup>13</sup> See I&D Memo at the “Changes from Verification” section, part A.

<sup>14</sup> See I&D Memo at Comment 12.

<sup>15</sup> See I&D Memo at Comment 5B.

<sup>16</sup> See I&D Memo at Comment 13.

<sup>17</sup> See I&D Memo at Comment 11.

<sup>18</sup> See I&D Memo at the “Changes from Verification” section, part B.

<sup>19</sup> See I&D Memo at the “Changes from Verification” section, part C.

<sup>20</sup> See Yida Verification Report.

<sup>21</sup> See Final Analysis Memorandum for Yida, issued concurrently with this notice; see also I&D Memo at Comment 15.

<sup>22</sup> See I&D Memo at Comment 2.

<sup>23</sup> See DP–Master Verification Report, Yida Verification Report, Baoshan Verification Report, and Baoshan CEP Verification Report.

Section 782(d) of the Act provides that, if the Department determines that a response to a request for information does not comply with the request, the Department will inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person the opportunity to remedy or explain the deficiency. If that person submits further information that continues to be unsatisfactory, or this information is not submitted within the applicable time limits, the Department may, subject to section 782(e), disregard all or part of the original and subsequent responses, as appropriate.

In reaching a determination under section 735 of the Act, section 782(e) of the Act states that the Department shall not decline to consider information deemed “deficient” under section 782(d) if: (1) The information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

Furthermore, section 776(b) of the Act states that if the administering authority finds that an interested party has not acted to the best of its ability to comply with a request for information, the administering authority may, in reaching its determination, use an inference that is adverse to that party. The adverse inference may be based upon: (1) The petition, (2) a final determination in the investigation under this title, (3) any previous review under section 751 of the Act or determination under section 753 of the Act, or (4) any other information placed on the record.

#### Baoshan

Following the *Preliminary Determination*, Baoshan provided additional information to the Department concerning which of its FOPs were consumed to produce intermediate products.<sup>24</sup> Based on this additional information, the Department has decided to value the FOPs Baoshan consumed in producing intermediate inputs in this final determination. However, because Baoshan provided an insufficient description of certain inputs to electricity, namely “power coal” and “light oil,” the Department has determined that, pursuant to section

776(a)(B), it is appropriate to use facts available to value these inputs. Thus, for power coal, the Department has averaged publicly-available, contemporaneous, India-wide GTA<sup>25</sup> values for anthracite coal, bituminous coal, and steam coal. We note that, although Baoshan requested that the Department use 2007 Tata Energy Research Institute’s Energy Data Directory & Yearbook (“TERI Data”) to value this input, Baoshan provided neither the source data or the useful heat value of power coal necessary to use TERI Data in valuing this input. Additionally, for light oil, the Department has valued this input using the publicly-available, contemporaneous, and India-wide GTA value for “heavy oil” because it is also used in the electricity production process and no information concerning the value of “light oil” was placed on the record of this investigation.<sup>26</sup>

#### The DP-Master Group

As noted above, based on findings at verification, the Department is applying partial AFA to the FOPs reported by the D-Master Group’s phosphate treatment toller. Specifically, the DP-Master Group’s unaffiliated phosphate treatment toller’s consumption of FOPs could not be verified by the Department and, pursuant to section 776(a)(2)(B) and (D) of the Act, we have determined that the application of facts available is appropriate. Further, we find that the application of partial AFA is also appropriate because the DP-Master Group failed to act to the best of its ability in responding to the Department’s requests for information and significantly impeded the Department’s proceeding.<sup>27</sup> Accordingly, we have used the maximum monthly reported consumption for each material input in calculating the total consumption of inputs by the DP-Master Group’s phosphate treatment toller.<sup>28</sup>

#### Surrogate Country

In the *Preliminary Determination*, we stated that we selected India as an appropriate surrogate country to use in this investigation because: (1) Pursuant to section 773(c)(4) of the Act, we determined that it is a significant producer of comparable merchandise

and it is at a similar level of economic development to the PRC; and (2) we have reliable data from India on the record of this investigation that we can use to value the FOPs.<sup>29</sup> For the final determination, we received no comments and made no changes to our findings with respect to the selection of a surrogate country.

#### Critical Circumstances

In the *Preliminary Determination*, the Department determined that, in accordance with section 733(e)(1) of the Act, critical circumstances existed with respect to the DP-Master Group, the separate rate respondents,<sup>30</sup> and the PRC-wide entity.<sup>31</sup>

For the final determination, we collected additional shipment data from each of the three respondents being individually investigated. We collected four months of additional shipment data (two months for the base period and two months for the comparison period). Based on this additional data we continue to find that critical circumstances do not exist for Yida and Baoshan.

With respect to the DP-Master Group, we find that the additional data no longer supports a finding of critical circumstances. Specifically, we no longer find that there has been an increase in imports greater than 15 percent when comparing the base period to the comparison period. See Memorandum to The File, from Matthew Renkey, Senior Analyst, through Paul Walker, Acting Program Manager, regarding “Investigation of Drill Pipe from the People’s Republic of China: Final Determination Critical Circumstances Analysis,” dated concurrently with this notice (“Final Critical Circumstances Memo”).

Consistent with our *Preliminary Determination*, the Department relied upon import data from the three individually investigated companies in determining whether there have been massive imports for the separate rate respondents. See *Preliminary Determination*, 75 FR at 51013. Based on the analysis of the additional data submitted for each of the three individually investigated companies, we no longer find that critical circumstances exist for the separate rate respondents. See Final Critical Circumstances Memo, Attachment 1. Specifically, we no longer find that

<sup>25</sup> Global Trade Atlas (“GTA”).

<sup>26</sup> See I&D Memo at Comment 12.

<sup>27</sup> See Sections 776(a)(2)(C) and (D) and 776(b) of the Act; see also *Certain Circular Welded Carbon Quality Steel Line Pipe from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 14514, 14516 (March 31, 2009).

<sup>28</sup> See I&D Memo at the “Changes from Verification” section, part A.

<sup>29</sup> See *Preliminary Determination*, 75 FR at 51006.

<sup>30</sup> As noted in the “Separate Rates” section below, these include Shanxi Fenglei Drilling Tools Co., Ltd.; Jiangsu Shuguang Huayang Drilling Tool, Co. Ltd.; and Jiangyin Long-Bright Drill Pipe Manufacturing Co., Ltd.

<sup>31</sup> See *Preliminary Determination*, 75 FR at 51011.

<sup>24</sup> See Letter from Baoshan, to Secretary of Commerce, Regarding Drill Pipe from the People’s Republic of China/Supplemental Sections C and D Questionnaire Responses, dated September 14, 2010.

there has been an increase in imports greater than 15 percent when comparing the base period to the comparison period, which is based on a weighted-average of data for the three individually investigated companies.

Finally, consistent with our *Preliminary Determination*, and as described below, the PRC-wide entity continues to receive AFA. See *Preliminary Determination*, 75 FR at 51013. Thus, as AFA, we find that the critical circumstances exist for the PRC-wide entity.

### Separate Rates

In proceedings involving non-market-economy (“NME”) countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department’s policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.<sup>32</sup> In the *Preliminary Determination*, we found that Shanxi Fenglei Drilling Tools Co., Ltd.; Jiangsu Shuguang Huayang Drilling Tool, Co. Ltd.; and Jiangyin Long-Bright Drill Pipe Manufacturing Co., Ltd., demonstrated their eligibility for, and were hence assigned, separate-rate status. No party has commented on the eligibility of these companies for separate rate status. Consequently, for the final determination, we continue to find that the evidence placed on the record of this investigation by these companies demonstrates both a *de jure* and *de facto* absence of government control with respect to their exports of the merchandise under investigation. Thus, we continue to find that the separate rate respondents are eligible for separate-rate status.

### PRC-Wide Entity

In the *Preliminary Determination*, we treated PRC exporters/producers that did not respond to the Department’s request for information as part of the PRC-wide entity because they did not demonstrate that they operate free of government control. No additional information has been placed on the record with respect to these entities after the *Preliminary Determination*.

The PRC-wide entity has not provided the Department with the requested information; therefore, pursuant to section 776(a)(2)(A) of the Act, the Department continues to find that the use of facts available is appropriate to determine the PRC-wide rate. Section 776(b) of the Act provides that, in selecting from among the facts otherwise available, the Department may employ an adverse inference if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information.<sup>33</sup> We find that, because the PRC-wide entity did not respond to our request for information, it has failed to cooperate to the best of its ability and that, in selecting from among the facts otherwise available, an adverse inference is appropriate for the PRC-wide entity. Because we begin with the presumption that all companies within an NME country are subject to government control, and because only the companies listed under the “Final Determination Margins” section below have overcome that presumption, we are applying a single antidumping rate, *i.e.*, the PRC-wide rate, to all other exporters of the merchandise under consideration from the PRC. Such companies did not demonstrate entitlement to a separate rate.<sup>34</sup> The PRC-wide rate applies to all entries of the merchandise under consideration, except for those companies which have received a separate rate.

### Corroboration

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 as facts available, it must, to the extent practicable, corroborate that information from independent sources reasonably at its disposal. Secondary information is described as “information derived from the petition that gave rise to the investigation or review, the final determination concerning merchandise subject to this investigation, or any previous review under section 751 concerning the merchandise subject to this investigation.”<sup>35</sup> To “corroborate” means simply that the Department will satisfy itself that the secondary information to be used has probative value. Independent sources used to

corroborate may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation. To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used.<sup>36</sup>

The AFA rate that the Department used is from the petition; however, we have updated the labor wage rate used to calculate the petition rates. The Department’s practice is not to recalculate dumping margins provided in petitions, but rather to corroborate the applicable petition rate when applying that rate as AFA.<sup>37</sup> In this case, however, the surrogate wage rate used in the petition was based upon the Department’s methodology under 19 CFR 351.408(c)(3) that the United States Court of Appeals for the Federal Circuit (“CAFC”) found unlawful in *Dorbest Ltd. v. United States*, 604 F.3d 1363 (Fed. Cir. 2010).<sup>38</sup> In light of the CAFC’s decision, the Department has adjusted the petition rate using the updated SV for labor used in this final determination.

Petitioners’ methodology for calculating the United States price and normal value in the petition is discussed in the *Initiation Notice*.<sup>39</sup> To corroborate the AFA margin that we have selected, we compared this margin to the margins we found for the DP-Master Group. We found that the margin of 429.95 percent has probative value because it is in the range of the model-specific margins that we found for the DP-Master Group.<sup>40</sup> Accordingly, we

<sup>32</sup> See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

<sup>33</sup> See *Certain Steel Grating from the People’s Republic of China: Final Determination of Sales at Less than Fair Value*, 75 FR 32366 (June 8, 2010) and accompanying Issues and Decision Memorandum at Comment 2.

<sup>34</sup> See I&D Memo at Comment 4.

<sup>35</sup> See *Drill Pipe from the People’s Republic of China: Initiation of Antidumping Duty Investigation*, 75 FR 4531 (January 28, 2010) (“*Initiation Notice*”).

<sup>36</sup> See Memorandum to the File, through Paul Walker, Acting Program Manager, from Toni Dach, Case Analyst, “Investigation of Drill Pipe from the People’s Republic of China: DP-Master Group,” dated concurrently with this notice.

<sup>32</sup> See *Final Determination of Sales at Less than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588 (May 6, 1991), as amplified by *Notice of Final Determination of Sales at Less than Fair Value: Silicon Carbide from the People’s Republic of China*, 59 FR 22585 (May 2, 1994), and 19 CFR 351.107(d).

<sup>33</sup> See also Statement of Administrative Action accompanying the URAA, H.R. Rep. No. 103–316, vol. 1, at 870 (1994) (“SAA”).

<sup>34</sup> See, e.g., *Synthetic Indigo From the People’s Republic of China; Notice of Final Determination of Sales at Less than Fair Value*, 65 FR 25706, 25707 (May 3, 2000).

<sup>35</sup> See SAA at 870.

find that the rate of 429.95 percent has probative value and is, therefore, corroborated within the meaning of section 776(c) of the Act.

### Final Determination Margins

We determine that the following percentage weighted-average margins

exist for the following entities for the POI:

Exporter	Producer	Weighted-average margin
The DP-Master Group .....	The DP-Master Group .....	69.32
Baoshan Iron & Steel Co., Ltd .....	Baoshan Iron & Steel Co., Ltd .....	<i>de minimis</i>
Shanxi Yida Special Steel Imp. & Exp. Co., Ltd .....	Shanxi Yida Special Steel Group Co., Ltd .....	<i>de minimis</i>
Shanxi Fenglei Drilling Tools Co., Ltd .....	Shanxi Fenglei Drilling Tools Co., Ltd .....	69.32
Jiangsu Shuguang Huayang Drilling Tool, Co. Ltd .....	Jiangsu Shuguang Huayang Drilling Tool, Co. Ltd .....	69.32
Jiangyin Long-Bright Drill Pipe Manufacturing Co., Ltd .....	Jiangyin Long-Bright Drill Pipe Manufacturing Co., Ltd .....	69.32
PRC-wide Entity .....	.....	429.95

### Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

### Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all entries of the merchandise under consideration from the PRC entered, or withdrawn from warehouse, for consumption on or after August 18, 2010, with respect to the DP-Master Group and the separate rate respondents. With regard to the DP-Master Group and the separate rate respondents, we will instruct CBP to terminate suspension and to release any bond or other security, and refund any cash deposit made, to secure the payment of estimated antidumping duties with respect to entries of the merchandise entered, or withdrawn from warehouse, for consumption on or after May 20, 2010 (*i.e.*, 90 days prior to the date of publication of the *Preliminary Determination* in the **Federal Register**), but before August 18, 2010 (the date of publication of the *Preliminary Determination*). CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown above. These instructions suspending liquidation will remain in effect until further notice.

With respect to the PRC-wide entity, pursuant to section 735(c)(1)(B) of the Act, and consistent with our finding of critical circumstances, pursuant to section 733(e)(2) of the Act, we will instruct CBP to continue to suspend liquidation of all entries of the merchandise under consideration from the PRC entered, or withdrawn from warehouse, for consumption on or after May 20, 2010, which is 90 days prior to

the date on which the suspension of liquidation was first ordered, *i.e.*, 90 days prior to the date of publication of the *Preliminary Determination* in the **Federal Register**. CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown above. These instructions suspending liquidation will remain in effect until further notice.

Additionally, the Department determined in its final determination for the companion countervailing duty (“CVD”) investigation that the DP-Master Group’s merchandise benefited from export subsidies.<sup>41</sup> Therefore, we will instruct CBP to require a cash deposit or posting of a bond equal to the weighted-average amount by which normal value exceeds U.S. price for the DP-Master Group, as indicated above, minus the amount determined to constitute an export subsidy.<sup>42</sup>

With respect to the separate rate respondents, we note that the rate applied in this proceeding as a separate rate is the calculated rate received by the DP-Master Group. As noted above, in the companion CVD investigation, the Department found that the DP-Master Group’s merchandise benefited from export subsidies during the POI and, consequently, all other exporters were found to have benefited from export subsidies based upon the DP-Master Group’s results. Therefore, for the separate rate respondents we will instruct CBP to require a cash deposit or posting of a bond equal to the weighted-average amount by which normal value exceeds U.S. price for the DP-Master Group, as indicated above, minus the

<sup>41</sup> See *Drill Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, dated concurrently with this notice.

<sup>42</sup> See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Carbazole Violet Pigment 23 From India*, 69 FR 67306, 67307 (November 17, 2004).

amount determined to constitute an export subsidy.<sup>43</sup>

With respect to Baoshan and Yida, because their rates were found to be *de minimis*, the Department will not instruct CBP to require an antidumping cash deposit or the posting of a bond.

With respect to the PRC-wide entity, as AFA, we applied to highest rate from the petition that we were able to corroborate. See the “Corroboration” section above. We note that, although in the companion CVD investigation the Department found that all-other exporters were found to have benefited from export subsidies, because we have applied AFA to the PRC-wide entity, we will not instruct CBP to deduct any export subsidy from the PRC-wide entity’s cash deposit rate.

### ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (“ITC”) of our final determination of sales at LTFV. Because our final LTFV determination is affirmative, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the merchandise under consideration. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an

<sup>43</sup> This treatment of the separate rate respondents is consistent with *Certain Magnesia Carbon Bricks From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 45472 (August 2, 2010) and *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part*, 75 FR 57449 (September 21, 2010).

antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

### Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination and notice is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: January 3, 2011.

**Ronald K. Lorentzen,**

*Deputy Assistant Secretary for Import Administration.*

### Appendix I

#### General Issues

- Comment 1: Double Remedy  
 Comment 2: Scope of the Investigation  
 Comment 3: Whether the Department Should Correct the Preliminary Determination  
 A. Whether the Department Correctly Calculated the Surrogate Value for Green Tubes  
 B. Whether the Department Correctly Calculated Sealer (“SEALRES”)  
 C. Whether the Department Overlooked Surrogate Values on the Record for Tool Joints  
 Comment 4: Labor Rate  
 Comment 5: Selection of Surrogate Financial Ratios  
 A. The DP–Master Group  
 B. Baoshan

#### Company-Specific Issues

##### The DP–Master Group

- Comment 6: Selection of a Surrogate Value for Tool Joints  
 Comment 7: Selection of a Surrogate Value for Green Tubes  
 Comment 8: Selection of a Surrogate Value for Alloy Steel Bars for Tool Joints  
 Comment 9: Critical Circumstances

##### Baoshan

- Comment 10: Date of Sale  
 Comment 11: Market Economy Purchases of Iron Ore Pellet Made through Affiliated Companies  
 Comment 12: Self-Produced Inputs  
 Comment 13: By-Product Offset for Pulverized Fuel Ash  
 Comment 14: Valuation of Baoshan’s Copper Plating Tolling Factors of Production

#### Yida

- Comment 15: Yida’s Reporting of Rubber Pads as a Packing Material  
 Comment 16: Yida’s Unreported Overhead Materials Discovered at Verification

#### Changes From Verification

- A. DP–Master Group’s Phosphate Treatment Tolling Factors of Production  
 B. Baoshan’s Indirect Selling Expenses  
 C. Baoshan’s Credit Expenses

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C–570–966]

#### Drill Pipe From the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**SUMMARY:** The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of drill pipe from the People’s Republic of China (the PRC). For information on the estimated subsidy rates, see the “Suspension of Liquidation” section of this notice.

**DATES: Effective Date:** January 11, 2011.

#### FOR FURTHER INFORMATION CONTACT:

Kristen Johnson or Eric B. Greynolds, AD/CVD Operations, Office 3, Import Administration, U.S. Department of Commerce, Room 4014, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4793 and (202) 482–6071, respectively.

#### SUPPLEMENTARY INFORMATION:

#### Background

This investigation covers 40 programs. The respondent in this investigation is the DP Master Group, which consists of the following companies: DP Master Manufacturing Co., Ltd. (DP Master), Jiangyin Sanliang Petroleum Machinery Co., Ltd. (SPM), Jiangyin Liangda Drill Pipe Co., Ltd. (Liangda), Jiangyin Sanliang Steel Pipe Trading Co., Ltd. (SSP), and Jiangyin Chuangxin Oil Pipe Fittings Co., Ltd. (Chuangxin) (collectively, the DP Master Group). Xigang Seamless Steel Tube Co., Ltd. (Xigang) and Wuxi Seamless Pipe Co., Ltd. (WSP) were also selected mandatory respondents; however, both companies reported to the Department that they did not export subject merchandise to the United States during

the period of investigation (POI). The petitioners in this investigation are VAM Drilling USA, Inc., Texas Steel Conversion, Inc., Rotary Drilling Tools, TMK IPSCO, and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL–CIO.

#### Period of Investigation

The POI for which we are measuring subsidies is January 1, 2009, through December 31, 2009, which corresponds to the PRC’s most recently completed fiscal year at the time we initiated this investigation. See 19 CFR 351.204(b)(2).

#### Case History

The following events have occurred since the Department signed the *Preliminary Determination* on June 7, 2010. See *Drill Pipe From the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 75 FR 33245 (June 11, 2010) (*Preliminary Determination*). On June 18, 2010, we issued second supplemental questionnaires to the DP Master Group and the Government of the People’s Republic of China (GOC).<sup>1</sup> On June 21, 2010, the Department published in the **Federal Register** the notice to align this final countervailing duty (CVD) determination with the final antidumping duty determination. See *Drill Pipe From the People’s Republic of China: Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 75 FR 34974 (June 21, 2010).

On June 30, 2010, the DP Master Group made a factual submission regarding technical specifications of casing, tubing, and drill pipe. We received the DP Master Group’s second supplemental questionnaire response on July 7, 2010, and the GOC’s second supplemental questionnaire response on July 9, 2010. On July 7, 8, and 12, 2010, we received requests to hold a hearing from the DP Master Group, petitioners, and the GOC, respectively.

On July 8, 2010, petitioners submitted a critical circumstances allegation. On July 12, 2010, we issued to the DP Master Group a third supplemental questionnaire and received the company’s response on July 21, 2010. On July 13, 2010, petitioners submitted U.S. Census Data in support of its critical circumstances allegation.

On August 2, 2010, we issued a third supplemental questionnaire to the GOC and received the government’s response on August 16, 2010. On August 3, 2010,

<sup>1</sup> A public version of these documents and all public documents are available on the public file located in the Department’s Central Records Unit (CRU), Room 7046 of the main Commerce building.