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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-570-031]

#### Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components From the People's Republic of China: Final Affirmative Determination

**AGENCY:** Enforcement and Compliance, 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 certain iron mechanical transfer drive components ("IMTDCs") from the People's Republic of China (the "PRC"). For information on the estimated subsidy rates, see the "Final Determination and Suspension of Liquidation" section of this notice.

**DATES:** Effective October 28, 2016.

**FOR FURTHER INFORMATION CONTACT:** Robert Galantucci, AD/CVD Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 482-2923.

#### SUPPLEMENTARY INFORMATION:

##### Background

The Department published the *Preliminary Determination* on April 11, 2016.<sup>1</sup> A summary of the events that occurred since the Department published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Issues and Decision Memorandum<sup>2</sup> issued concurrently with this notice. The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System ("ACCESS"). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/fn/>. The signed Issues and Decision Memorandum and the electronic version are identical in content.

##### Period of Investigation

The period of investigation for which we are measuring subsidies is January 1, 2014 through December 31, 2014.

##### Scope Comments

The Department set aside a period of time for parties to address scope issues.<sup>3</sup> For a summary of the product coverage comments submitted to the record of this final determination, and the Department's discussion and analysis of all comments timely received, see the Final Scope Decision Memorandum.<sup>4</sup>

<sup>1</sup> See *Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components From the People's Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 81 FR 21316 (April 11, 2016) ("Preliminary Determination") and accompanying Issues and Decision Memorandum ("Preliminary Decision Memorandum").

<sup>2</sup> See Memorandum, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China," dated concurrently with this determination and hereby adopted by this notice ("Issues and Decision Memorandum").

<sup>3</sup> See Memorandum, "Certain Iron Mechanical Transfer Drive Components from Canada and the People's Republic of China: Deadline for Scope Comments," July 19, 2016.

<sup>4</sup> See Memorandum, "Antidumping Duty Investigations of Certain Iron Mechanical Transfer Drive Components from Canada and the People's Republic of China and Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China: Scope Decision Memorandum for the Final

The Final Scope Decision Memorandum is incorporated by, and hereby adopted by, this notice.

##### Scope of the Investigation

The products covered by this investigation are IMTDCs from the PRC. For a complete description of the scope of this investigation, see the "Scope of the Investigation," in Appendix II of this notice.

##### Analysis of Subsidy Programs and Comments Received

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

##### Use of Adverse Facts Available ("AFA")

In making its findings, the Department relied, in part, on facts available. For mandatory respondent NOK (Wuxi) Vibration Control China Co. Ltd. ("NOK Wuxi"), we are basing the countervailing duty ("CVD") rate on facts otherwise available, pursuant to sections 776(a)(2)(C) and (D) of the Tariff Act of 1930, as amended (the "Act"). Further, because NOK Wuxi did not cooperate to the best of its ability in this investigation, we determine that an adverse inference is warranted, pursuant to section 776(b) of the Act. The Department has applied a total AFA rate to NOK Wuxi. Similarly, the Department has applied a total AFA rate to 30 companies that failed to respond to the Department's quantity and value questionnaire.<sup>5</sup>

Additionally, in several instances the Department has applied partial AFA to calculate subsidy rates for the other mandatory respondent Powermach Import & Export Co., Ltd. (Sichuan) ("Powermach I&E"). For further information, see the section titled "Use of Facts Otherwise Available and Adverse Inferences," in the Issues and Decision Memorandum.

##### Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties,

Determinations," ("Final Scope Decision Memorandum") dated concurrently with this final determination; see also Memorandum, "Certain Iron Mechanical Transfer Drive Components from Canada and the People's Republic of China: Scope Comments Decision Memorandum for the Preliminary Determinations," dated May 31, 2016.

<sup>5</sup> See *Preliminary Determination* at 81 FR 21317-21318.

and minor corrections presented at verification, we made certain changes to Powermach I&E's subsidy rate calculations since the *Preliminary Determination*. For a discussion of these changes, see the Issues and Decision Memorandum and the Final Analysis Memorandum.<sup>6</sup>

**Final Determination and Suspension of Liquidation**

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we established rates for Powermach I&E (the only individually investigated exporter/producer of the subject merchandise that participated in this

investigation), and for NOK Wuxi (which was assigned a rate based on AFA).

In accordance with sections 705(c)(1)(B)(i)(I) and 705(c)(5)(A)(i) of the Act, for companies not individually investigated, we apply an "all-others" rate. The all-others rate is normally calculated by weight averaging the subsidy rates of the individual companies selected for individual examination with those companies' export sales of the subject merchandise to the United States, excluding any zero and *de minimis* rates calculated for the exporters and producers individually investigated, and any rates determined

entirely under section 776 of the Act. Consistent with section 705(c)(5)(A)(i) of the Act, we therefore have excluded the AFA rate assigned to NOK Wuxi from our calculation of the all-others rate.

Because the only individually calculated rate that is not zero, *de minimis*, or based on facts otherwise available is the rate calculated for Powermach I&E, in accordance with section 705(c)(5)(A)(i) of the Act, the rate calculated for Powermach I&E is assigned as the all-others rate. The estimated countervailable subsidy rates are summarized in the table below.

Company	Subsidy rate (percent)
Powermach Import & Export Co., Ltd. (Sichuan), Sichuan Dawn Precision Technology Co., Ltd., Sichuan Dawn Foundry Co. Ltd., and Powermach Machinery Co., Ltd. ....	33.26
NOK (Wuxi) Vibration Control China Co., Ltd., and Wuxi NOK—Freudenberg Oil Seal Co., Ltd.* .....	163.46
Changzhou Baoxin Metallurgy Equipment Manufacturing Co. Ltd.* .....	163.46
Changzhou Changjiang Gear Co., Ltd.* .....	163.46
Changzhou Gangyou Lifting Equipment Co., Ltd.* .....	163.46
Changzhou Juling Foundry Co., Ltd.* .....	163.46
Changzhou Liangjiu Mechanical Manufacturing Co Ltd.* .....	163.46
Changzhou New Century Sprocket Group Company* .....	163.46
Changzhou Xiangjin Precision Machinery Co., Ltd.* .....	163.46
FIT Bearings* .....	163.46
Fuzhou Minyue Mechanical & Electrical Co., Ltd.* .....	163.46
Hangzhou Chinabase Machinery Co., Ltd.* .....	163.46
Hangzhou Ever Power Transmission Group* .....	163.46
Hangzhou Vision Chain Transmission Co., Ltd.* .....	163.46
Hangzhou Xingda Machinery Co., Ltd.* .....	163.46
Henan Xinda International Trading Co., Ltd.* .....	163.46
Henan Zhiyuan Machinery Sprocket Co. Ltd.* .....	163.46
Jiangsu Songlin Automobile Parts Co., Ltd.* .....	163.46
Martin Sprocket & Gear (Changzhou) Co., Ltd.* .....	163.46
Ningbo Blue Machines Co., Ltd.* .....	163.46
Ningbo Fulong Synchronous Belt Co., Ltd.* .....	163.46
Ningbo Royu Machinery Co., Ltd.* .....	163.46
Praxair Surface Technologies* .....	163.46
Qingdao Dazheng Jin Hao International Trade Co., Ltd.* .....	163.46
Quanzhou Licheng Xintang Automobile Parts Co., Ltd. ("XTP Auto Parts")* .....	163.46
Shangyu Shengtai Machinery Co., Ltd.* .....	163.46
Shenzhen Derui Sourcing Co., Ltd.* .....	163.46
Shengzhou Shuangdong Machinery Co., Ltd.* .....	163.46
Shengzhou Xinglong Machinery* .....	163.46
Sichuan Reach Jiayuan Machinery Co. Ltd.* .....	163.46
Tran-Auto Industries Co. Ltd.* .....	163.46
Ubet Machinery* .....	163.46
All-Others .....	33.26

\* Non-cooperative company to which an AFA rate is being applied. See Issues and Decision Memorandum and Preliminary Decision Memorandum for additional information.

As a result of our *Preliminary Determination*, and pursuant to sections 703(d)(1)(B) and (2) of the Act, we instructed U.S. Customs and Border Protection ("CBP") to suspend liquidation of all entries of merchandise under consideration from the PRC that were entered or withdrawn from warehouse, for consumption, on or after April 11, 2016, the date of publication

**of the Preliminary Determination in the Federal Register.**

In accordance with section 703(d) of the Act, we later issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after August 9, 2016, but to continue the suspension of

liquidation of all entries between April 11, 2016 and August 8, 2016.

If the U.S. International Trade Commission (the "ITC") issues a final affirmative injury determination, we will issue a CVD order and will reinstate the suspension of liquidation under section 706(a) of the Act and will require a cash deposit of estimated CVDs for such entries of subject

<sup>6</sup> See Issues and Decision Memorandum; see also Memorandum, "Countervailing Duty Investigation

of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China:

Powermach Final Analysis Memorandum," dated October 21, 2016 ("Final Analysis Memorandum").

merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

### ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (“APO”), without the written consent of the Assistant Secretary for Enforcement and Compliance.

### Return or Destruction of Proprietary Information

In the event the ITC issues a final negative injury determination, this notice serves as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation subject to sanction.

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

Dated: October 21, 2016.

**Ronald K. Lorentzen,**

*Acting Assistant Secretary for Enforcement and Compliance.*

### Appendix I

#### List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Scope Comments
- V. Application of the Countervailing Duty Law to Imports From the PRC
- VI. Subsidies Valuation Information
- VII. Benchmarks and Discount Rates
- VIII. Use of Facts Otherwise Available and Adverse Inferences
- IX. Analysis of Programs
- X. Analysis of Comments
  - Comment 1: Whether to Apply AFA With Respect to NOK Wuxi
  - Comment 2: Whether to Apply AFA With Respect to the Powermach Companies

Comment 3: Whether to Apply AFA or FA to Purchases of Pig Iron and Ferrous Scrap

Comment 4: Whether to Apply AFA With Respect to the Program titled “VAT and Import Tariff Exemptions for Imported Equipment”

Comment 5: Whether To Revise the Total AFA Rate Calculated in the Preliminary Determination

Comment 6: Whether To Recalculate the Neutral Facts Available Rate Applied to Cenfit

Comment 7: Whether To Revise the Benchmark for Pig Iron and Ferrous Scrap

Comment 8: Whether To Exclude VAT From the LTAR Benchmark Prices

Comment 9: Whether To Revise the Calculation of Benefits From the Land for LTAR Program

Comment 10: Whether To Revise the Inland Freight Costs Included in Input Benchmarks

Comment 11: Whether To Correct Ministerial Errors

Comment 12: Whether Producers of Pig Iron and Ferrous Scrap Are “Authorities”

Comment 13: Whether Inputs for LTAR Are Specific

Comment 14: Whether to Use a Tier One Benchmark for LTAR Programs

Comment 15: Whether the Provision of Electricity for LTAR is Countervailable

Comment 16: Whether the GOC Provided Policy Loans During the POI

Comment 17: Whether the Department Properly Investigated Uninitiated Programs

Comment 18: Whether the Department Should Find That the Program Titled “Income Tax Credits for Domestically-Owned Companies Purchasing Domestically Produced Equipment” Has Been Terminated

Comment 19: Whether Baldor Electric Company (Canada) Should Receive the All-Others Rate

### XI. Recommendation

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A–122–856]

#### Certain Iron Mechanical Transfer Drive Components From Canada: Final Affirmative Determination of Sales at Less Than Fair Value

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

**SUMMARY:** The Department of Commerce (the “Department”) determines that certain iron mechanical transfer drive components (“IMTDCs”) from Canada are being, or likely to be, sold in the United States at less than fair value (“LTFV”). Baldor Electric Company

Canada (“Baldor”) is the sole mandatory respondent in this investigation. The period of investigation (“POI”) is October 1, 2014, through September 30, 2015. The final estimated dumping margins of sales at LTFV are shown in the “Final Determination” section of this notice.

**DATES:** Effective October 28, 2016.

**FOR FURTHER INFORMATION CONTACT:** Stephen Bailey or Robert Bolling, AD/CVD Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–0193 or (202) 482–3434, respectively.

### SUPPLEMENTARY INFORMATION:

#### Background

On June 8, 2016, the Department published its preliminary affirmative determination of sales at LTFV in the investigation of IMTDCs from Canada.<sup>1</sup> We invited interested parties to comment on our preliminary determination. We received comments from TB Wood’s Inc. (“Petitioner”) and did not receive rebuttal comments or a request for a hearing. Additionally, we received scope comments for this investigation (*see* Scope Comments below).

A full discussion of the issues raised by parties for this final determination may be found in the Issues and Decision Memorandum.<sup>2</sup> The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (“ACCESS”). ACCESS is available to registered users at <http://access.trade.gov> and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov>. The signed and electronic versions of the Issues and

<sup>1</sup> *See Certain Iron Mechanical Transfer Drive Components from Canada: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 36887 (June 8, 2016) (“*Preliminary Determination*”).

<sup>2</sup> *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, regarding “Certain Iron Mechanical Transfer Drive Components from Canada: Issues and Decision Memorandum for the Final Determination of Sales at Less-Than-Fair-Value,” dated concurrently with this notice (“*Issues and Decision Memorandum*”).