

antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.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

[FR Doc. 2011–390 Filed 1–10–11; 8:45 am]

**BILLING CODE 3510–DS–P**

## 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.

we issued to the GOC the verification outline for meetings scheduled in Jiangyin City, Jiangsu Province. On August 9, 2010, the Department made a preliminary affirmative determination of critical circumstances. *See Drill Pipe from the People's Republic of China: Notice of Preliminary Affirmative Determination of Critical Circumstances*, 75 FR 49891 (August 16, 2010) (*Preliminary Critical Circumstances Determination*).

On August 6, 2010, we issued the verification outline to the DP Master Group. On August 17, 2010, petitioners submitted to the Department pre-verification comments. On August 19, 2010, we placed on the record of this investigation our analysis of entry documentation obtained from U.S. Customs and Border Protection (CBP) for the products that Xigang and WSP exported to the United States during the POI.<sup>2</sup> Based on our analysis of the entry packages, we found that the documentation supports the claims of non-shipment of subject merchandise to the United States during the POI by Xigang and WSP and, therefore, we did not issue verification outlines to or conduct verification of either company.

On August 20, 2010, we issued a fourth supplemental questionnaire to both the GOC and DP Master Group. We received responses from the GOC and the DP Master Group on September 2, 2010.

On September 3, 2010, petitioners submitted additional factual information regarding green tubes used for drill pipe and certain finished casing and tubing products. On September 6, 2010, the DP Master Group submitted factual information related to income tax information, green tube benchmark, and bank loan benchmark. Subsequently, on September 14, 2010, the DP Master Group filed rebuttal comments to petitioners' September 3, 2010, factual submission.

We conducted verification of the questionnaire responses submitted by the GOC on September 10, 2010, and by the DP Master Group from September 13 through 15, 2010, in Jiangyin City, Jiangsu Province.

On September 13, 2010, petitioners submitted comments regarding the inclusion of green tubes used in producing drill pipe within the scope of the investigation. On September 23, 2010, the DP Master Group submitted rebuttal comments in regard to petitioners' scope comments. *See*

<sup>2</sup> See Memorandum to the File from Kristen Johnson, Trade Analyst, Operations Office 3, "Examination of Entry Documentation," (August 19, 2010).

"Scope Comments" section below for additional information.

On October 13, 2010, the DP Master Group requested an extension of time for the filing of new factual information and submitted on the record information regarding the Department's scope determination of green tubes in this investigation. On October 18 and 21, 2010, we released the verification reports for the meetings we held with the GOC and the DP Master Group, respectively.<sup>3</sup> On October 26, 2010, we issued a post-preliminary determination memorandum and preliminarily found that the following programs provided countervailable export subsidies to the DP Master Group during the POI: Technology to Improve Trade Research and Development and Outstanding Growth Private Enterprise and Small and Medium-sized Enterprises in Jiangyin Fund.<sup>4</sup> Additionally, we preliminarily determined that none of the DP Master Group companies acquired land-use rights for less than adequate remuneration (LTAR) based on being located within a special, economic, or development zone or area during the period December 11, 2001, through December 31, 2009.<sup>5</sup>

Interested parties submitted the case and rebuttal briefs on November 3, 2010, and November 10, 2010, respectively. In their respective case briefs, the GOC, DP Master Group, and petitioners withdrew their requests for a hearing and, therefore, a public hearing was not held in this investigation. On November 29, 2010, Department officials met with counsel for the DP Master Group, who gave a verbal presentation of case/rebuttal brief arguments regarding the following issues: construction of green tube benchmark, calculation of the benefit under the Two Free/Three Half Tax Exemption program, and a grant

<sup>3</sup> See Memorandum to Melissa Skinner, Director, AD/CVD Operations, Office 3, from Eric B. Greynolds, Program Manager, AD/CVD Operations, Office 3 and Kristen Johnson, Trade Analyst, AD/CVD Operations, Office 3, regarding "Verification of Information Submitted by the Government of the People's Republic of China," (October 18, 2010) (GOC Verification Report) and Memorandum to Melissa Skinner, Director, AD/CVD Operations, Office 3, from Eric B. Greynolds, Program Manager, AD/CVD Operations, Office 3 and Kristen Johnson, Trade Analyst, AD/CVD Operations, Office 3, regarding "Verification of Information Submitted by the DP Master Group," (DP Master Group Verification Report) (October 21, 2010).

<sup>4</sup> See Memorandum to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, from Susan H. Kuhbach, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, regarding "Post-Preliminary Determination Memorandum," (October 26, 2010) at 1-4.

<sup>5</sup>Id. at 4-7.

received by Chuangxin.<sup>6</sup> On December 6, 2010, Department officials met with petitioners' counsel, who gave a verbal presentation of case/rebuttal brief arguments regarding the following issues: use of tier-one or tier-two benchmark for the provision of green tubes for LTAR program, bestowal of benefit under the Two Free/Three Half Tax program, and sales denominator to use in the calculations for the provision of inputs for LTAR programs.<sup>7</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 $\frac{1}{2}$  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 (AD) or CVD 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.

<sup>6</sup> See Memorandum to the File through Melissa Skinner, Director, AD/CVD Operations, Office 3, from Kristen Johnson, Trade Analyst, AD/CVD Operations, Office 3, regarding "Meeting with Counsel for the DP Master Group," (November 29, 2010).

<sup>7</sup> See Memorandum to the File through Melissa Skinner, Director, AD/CVD Operations, Office 3, from Kristen Johnson, Trade Analyst, AD/CVD Operations, Office 3, regarding "Meeting with Counsel for Petitioners," (December 6, 2010).

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 of the concurrent AD investigation, the Department indicated that it would solicit additional comments from parties regarding the specifications of drill pipe green tube. 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, 51005–06 (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). Between September 13 and 23, 2010, petitioners and the DP Master Group placed additional information on the record of the AD and CVD investigations 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 submitted on the record of the AD investigation. Based on analysis of that information and arguments, the Department has modified the scope of the AD and CVD investigations to define drill pipe green tubes which were previously described as “green tubes suitable for drill pipe.”<sup>8</sup>

**Injury Test**

Because the PRC is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Tariff Act of 1930, as amended (the Act), the International Trade Commission (the ITC) is required to determine whether

imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry. On March 8, 2010, the ITC published its preliminary determination finding that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of drill pipe and drill collars from the PRC that are alleged to be sold in the United States at less than fair value and subsidized by the GOC. See *Drill Pipe and Drill Collars From China*, Investigation Nos. 701–TA–474 and 731–TA–1176 (Preliminary), 75 FR 10501 (March 8, 2010).

**Critical Circumstances**

In the *Preliminary Critical Circumstances Determination*, the Department concluded that critical circumstances exist with respect to imports of drill pipe from the PRC from the DP Master Group, in accordance with section 703(e)(1) of the Act. We also preliminarily determined, based on the shipment experience of the DP Master Group, that critical circumstances exist as well for imports of drill pipe from the PRC from “all other” exporters, in accordance with section 703(e)(1) of the Act. Our analysis of the results of verification and the comments submitted by interested parties have not lead us to change our preliminary affirmative finding of critical circumstances for the DP Master Group and “all other” exporters. Therefore, in accordance with section 705(a)(2) of the Act, we continue to find that critical circumstances exist with respect to imports of subject merchandise from the PRC from the DP Master Group and “all other” exporters.

**Analysis of Comments Received**

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the Memorandum from Christian Marsh, Deputy Assistant Secretary for

Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, entitled “Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Drill Pipe from the People's Republic of China,” (January 3, 2011) (Decision Memorandum), which is hereby adopted by this notice.

Attached to this notice as an Appendix is a list of the issues that parties raised and to which we have responded in the Decision Memorandum. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Department's Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at <http://trade.gov/ia>. The paper copy and electronic version of the Decision Memorandum are identical in content.

**Suspension of Liquidation**

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we have calculated an individual rate for the DP Master Group. Section 705(c)(5)(A) of the Act states that for companies not investigated, we will determine an all others rate by weighting the individual company subsidy rate of each of the companies investigated by each company's exports of the subject merchandise to the United States. The all others rate may not include zero and *de minimis* net subsidy rates, or any rates based solely on the facts available. Because we have calculated a rate for only the DP Master Group, the rate for the DP Master Group is the all others rate.

We determine the total estimated net countervailable subsidy rates to be:

Producer/Exporter	Net subsidy Ad Valorem rate (percent)
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, DP Master Group)	18.18
All Others	18.18

As a result of our *Preliminary Determination* and pursuant to section 703(d) of the Act, we instructed CBP to suspend liquidation of all entries of

subject merchandise from the PRC which were entered or withdrawn from warehouse, for consumption on or after June 11, 2010, the date of the

publication of the *Preliminary Determination* in the **Federal Register**. Subsequently, as a result of our *Preliminary Critical Circumstances*

<sup>8</sup> See companion antidumping duty final determination and accompanying issues and

decision memorandum at comment 2, issued concurrently with this notice.

*Determination*, we instructed CBP to suspend liquidation of all entries of subject merchandise from the PRC which were entered or withdrawn from warehouse, for consumption on or after March 13, 2010, which is 90 days prior to the date of publication in the **Federal Register** of the *Preliminary Determination*. 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 October 9, 2010, but to continue the suspension of liquidation of all entries from June 11, 2010, through October 8, 2010.

We will issue a CVD order and reinstate the suspension of liquidation under section 706(a) of the Act if the ITC issues a final affirmative injury determination, and will require a cash deposit of estimated CVDs for such entries of 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 Import Administration.

#### **Return or Destruction of Proprietary Information**

In the event that the ITC issues a final negative injury determination, this notice will serve 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/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 which is subject to sanction.

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

Dated: January 3, 2011.

**Ronald K. Lorentzen,**

*Deputy Assistant Secretary for Import Administration.*

#### **Appendix**

##### **List of Comments and Issues in the Decision Memorandum**

Comment 1: Application of CVD Law to the PRC

Comment 2: Whether Application of the CVD Law to Chinese Imports Violates the Administrative Procedure Act  
 Comment 3: Double Counting/Double Remedy  
 Comment 4: Cutoff Date for Identifying Subsidies  
 Comment 5: Critical Circumstances  
 Comment 6: Attribute Benefits From Tied Subsidies Only to the Products That Benefit  
 Comment 7: Apply 2009 Short-Term Interest Rate Benchmark and Adjust Benefit Calculation Based on China's Inflation Rate  
 Comment 8: Preferential Loans to the Drill Pipe Industry  
 Comment 9: Construction of the Green Tube Benchmark  
 Comment 10: Ministerial Error In the Green Tube Benefit Calculation  
 Comment 11: The Department Should Account For the Premium Quality of Steel Rounds  
 Comment 12: Timing of Receipt of the Benefit Under the Two Free, Three Half Tax Exemption for Foreign Invested Enterprises  
 Comment 13: Tying and Attribution Issues Regarding the Grant Received Under the Outstanding Growth Private Enterprise and Small and Medium-sized Enterprises Development in Jiangyin Fund  
 [FR Doc. 2011-392 Filed 1-10-11; 8:45 am]

**BILLING CODE 3510-DS-P**