



C-570-953
Administrative Review
POR: 1/1/2012 – 12/31/2012
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December 19, 2014

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Christian Marsh *CPM*
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for Final Results of Countervailing Duty
Administrative Review: Narrow Woven Ribbons with Woven
Selvedge from the People's Republic of China

I. Summary

The Department of Commerce (Department) is conducting an administrative review of the countervailing duty (CVD) order on narrow woven ribbons with woven selvedge (ribbons) from the People's Republic of China (PRC). The period of review (POR) is January 1, 2012, through December 31, 2012. We find that Yangzhou Bestpak Gifts & Crafts Co., Ltd. (Bestpak) received countervailable subsidies during the POR. We have conducted this administrative review in accordance with section 751(a)(1)(A) of the Tariff Act of 1930, as amended (the Act).

II. Background

On June 25, 2014, we published the *Preliminary Results* in this administrative review.¹ In the *Preliminary Results* we stated that case briefs or other written comments may be submitted *via* the Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS) no later than 30 days after the publication of the *Preliminary Results*.² No party submitted a case brief. On October 22, 2014, we extended the time limit for issuing these final results of review by 60 days to no later than December 22, 2014, in accordance with section 751(a)(3)(A) of the Act and 19 CFR 351.213(h)(2).³ Because we did not receive any comments on our *Preliminary Results*, we recommend that you approve the positions we have described in this memorandum.

¹ See *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2012*, 79 FR 36013 (June 25, 2014) (*Preliminary Results*).

² See *Preliminary Results*, 79 FR 36014.

³ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Extension of Deadline for Final Results of Countervailing Duty Administrative Review; 2012" (October 22, 2014).



III. Scope of the Order

The merchandise subject to the *Order*⁴ is narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof. Narrow woven ribbons subject to the *Order* may:

- also include natural or other non-man-made fibers;
- be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;
- have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;
- have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;
- have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;
- have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;
- have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;
- consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an “ornamental trimming;”
- be wound on spools; attached to a card; hanked (*i.e.*, coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or
- be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.

⁴ See *Narrow Woven Ribbons With Woven Selvedge From the People’s Republic of China: Countervailing Duty Order*, 75 FR 53642 (September 1, 2010) (*Order*).

Narrow woven ribbons subject to the *Order* include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of this *Order*.

Excluded from the scope of the *Order* are the following:

- (1) formed bows composed of narrow woven ribbons with woven selvedge;
- (2) “pull-bows” (*i.e.*, an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;
- (3) narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (*i.e.*, filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the United States (HTSUS), Section XI, Note 13) or rubber thread;
- (4) narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;
- (5) narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding eight centimeters;
- (6) narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag;
- (7) cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sono-bonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;
- (8) narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;
- (9) narrow woven ribbons constructed from pile fabrics (*i.e.*, fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric);
- (10) narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy,

or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise;

(11) narrow woven ribbon that is (a) affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to non-subject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such non-subject merchandise, such as a “belly band” around a pair of pajamas, a pair of socks or a blanket;

(12) narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel; and

(13) narrow woven ribbon(s) included with non-subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches, none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit.

The merchandise subject to this *Order* is classifiable under the HTSUS statistical categories 5806.32.1020; 5806.32.1030; 5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS statistical categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise under the *Order* is dispositive.⁵

IV. Use of Facts Otherwise Available and Adverse Inferences

A. Application of AFA to Bestpak

As no party commented on our *Preliminary Results*, we continue to find that, because Bestpak and the GOC failed to submit responses to our questionnaire, they were non-cooperative, withheld requested information and significantly impeded this proceeding. Thus, consistent with our *Preliminary Results*, pursuant to sections 776(a)(1), (2)(A) and (C) of the Act, we are assigning a CVD rate for Bestpak based on facts otherwise available for purposes of these final results. In addition, we continue to find that an adverse inference is warranted in determining that rate, pursuant to section 776(b) of the Act.

Regarding our selection of program-specific AFA rates, for programs other than those involving income tax exemptions and reductions, we first seek to apply, where available, the highest above *de minimis* subsidy rate calculated for an identical program from any segment of this

⁵ See *Order*, 75 FR at 53642-43.

proceeding.⁶ Absent an identical program from this proceeding, we apply, where available, the highest above *de minimis* subsidy rate calculated for a similar program from any segment of this proceeding. Absent an above *de minimis* subsidy rate calculated for the same or similar program in this proceeding, we apply the highest non-*de minimis* rate calculated for the same or similar program (based on treatment of the benefit) in another PRC CVD proceeding. Absent an above *de minimis* subsidy rate calculated for the same or similar program in any PRC CVD proceeding, we apply the highest calculated subsidy rate for any program otherwise listed from any prior PRC CVD cases, so long as Bestpak conceivably could have used the program for which the rate was calculated.⁷

For this administrative review, we are examining the same programs that we considered in the *Ribbons Investigation*.⁸ To calculate the program rate for the seven income tax programs pertaining to either the reduction of income tax paid or the payment of no income tax, we applied an adverse inference that Bestpak paid no income tax during the POR. The standard income tax rate (enterprise income tax, or EIT) for corporations in the PRC in effect during the POR was 25 percent.⁹ Thus, the highest possible benefit for these seven income tax programs is 25 percent. Accordingly, we are applying the 25 percent AFA rate on a combined basis (*i.e.*, the seven programs combined to provide a 25 percent benefit). Consistent with past practice, the 25 percent AFA rate does not apply to the income tax credit and rebate, accelerated depreciation, or import tariff and value add tax (VAT) exemption programs because such programs may not affect the tax rate.¹⁰ We applied a cumulative 25 percent rate for the following programs:¹¹

- Preferential Tax Policies for Enterprises with Foreign Investment (also known as “Two Free, Three Half”)
- Tax Subsidies to FIEs in Specially Designated Areas
- Preferential Tax Policies for Export-Oriented FIEs
- Tax Program for High or New Technology FIEs
- Preferential Tax Policies for Township Enterprises

⁶ See, e.g., *Certain Kitchen Appliance Shelving and Racks from the People’s Republic of China: Final Results of the Countervailing Duty Administrative Review*, 77 FR 21744 (April 11, 2012), and accompanying IDM at 2-5.

⁷ See, e.g., *Aluminum Extrusions From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 18521 (April 4, 2011) (*Aluminum Extrusions from the PRC*), and accompanying IDM at “Application of Adverse Inferences: Non-Cooperative Companies” section; *Lightweight Thermal Paper From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008), and accompanying IDM at “Selection of the Adverse Facts Available Rate;” and *Certain Hot-Rolled Carbon Steel Flat Products from India: Final Results and Partial Rescission of Countervailing Duty Administrative Review*, 74 FR 20923 (May 6, 2009), and accompanying IDM at “SGOC Industrial Policy 2004-2009.”

⁸ See *Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 41801 (July 19, 2010) (*Ribbons Investigation*), and accompanying IDM at “Analysis of Programs” at 7-12.

⁹ See, e.g., *Non-Oriented Electrical Steel From the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination*, 79 FR 61607 (October 14, 2014), and accompanying IDM at 9.

¹⁰ See, e.g., *Aluminum Extrusions from the PRC*, and accompanying IDM at “Application of Adverse Inferences: Non-Cooperative Companies.”

¹¹ We note that in the *Preliminary Results*, we culminated the benefit from the “Tax Benefits for FIEs in Encouraged Industries that Purchase Domestic Equipment” and “Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-Oriented Enterprises” programs with that of 25 percent corporate income tax rate. We have segregated these programs out for these final results because these programs may not affect the tax rate.

- Preferential Tax Policies for Research and Development for FIEs
- Local Income Tax Exemption and Reduction Programs for “Productive” FIEs

With respect to the remaining programs, all the subsidy rates determined in the sole prior segment of this proceeding (*i.e.*, *Ribbons Investigation*) are below *de minimis*, except for one income tax program that is covered by the 25 percent rate described above.¹² Therefore, for all programs other than those involving income tax rate reduction or exemptions, we are applying, where available, the highest subsidy rate calculated for the same or similar program in a PRC CVD investigation or administrative review. For these final results, we have updated the rates below based on recent PRC CVD investigations and administrative reviews.¹³

We are able to match the following programs to similar programs from other PRC CVD proceedings based on program type and treatment of the benefit:

- Policy Loans to Narrow Woven Ribbon Producers from State-owned Commercial Banks¹⁴
- Jimei District Tax Bonus Prize¹⁵
- Xiamen Municipal Science and Technology Grant Program¹⁶
- International Market Development Fund Grants for SMEs¹⁷
- Xiamen Promotion of Domestic Market Grants¹⁸
- The State Key Technology Renovation Project Fund¹⁹
- Famous Brands Program²⁰
- Export Assistance Grants²¹
- Export Interest Subsidy Funds for Enterprises Located in Zhejiang Province²²
- Technology Grants for Enterprises Located in Zhejiang Province²³

¹² See *Ribbons Investigation*, and accompanying IDM at “Programs Determined to be Countervailable.”

¹³ See, *e.g.*, *Grain-Oriented Electrical Steel from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 59221 (October 1, 2014) (*GOES from the PRC*), and accompanying IDM at “Use of Facts Otherwise Available and Adverse Inferences.” Since the *Preliminary Results*, we have identified a more appropriate match to similar programs from other PRC CVD proceedings for the following programs: Tax Benefits for FIEs in Encouraged Industries that Purchase Domestic Equipment; Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-Oriented Enterprises; Import Tariff and VAT Exemptions for FIEs Using Imported Technology and Equipment; Import Tariff and VAT Exemptions for Certain Domestic Enterprises Using Imported Technology and Equipment; and VAT Rebate for FIE Purchases of Domestically Produced Equipment.

¹⁴ See *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People’s Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 70201, 70202 (November 17, 2010) (amended rate of 10.54 percent for “Preferential Lending to the Coated Paper Industry”).

¹⁵ See *Utility Scale Wind Towers from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 75978 (December 26, 2012), and accompanying IDM at 22-23 (rate of 0.55 percent for “Support Funds for Construction of Project Infrastructure Provided by Administration Commission of LETDZ”).

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*

- Tax Benefits for FIEs in Encouraged Industries that Purchase Domestic Equipment²⁴
- Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-Oriented Enterprises²⁵
- Import Tariff and VAT Exemptions for FIEs Using Imported Technology and Equipment²⁶
- Import Tariff and VAT Exemptions for Certain Domestic Enterprises Using Imported Technology and Equipment²⁷
- VAT Rebate for FIE Purchases of Domestically Produced Equipment²⁸

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 or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.”²⁹ The SAA provides that to “corroborate” secondary information, the Department will satisfy itself that the secondary information to be used has probative value.³⁰

The Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that the Department need not prove that the selected facts available are the best alternative information.³¹

With regard to the reliability aspect of corroboration, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs. With respect to the relevance aspect of corroboration, the Department will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. The Department will not use information where circumstances indicate that the information is not appropriate as AFA.³²

In the absence of record evidence concerning the alleged programs due to the respondents’ decision not to participate in the investigation, we reviewed information concerning PRC subsidy

²⁴ See *New Pneumatic Off-the-Road Tires From the People’s Republic of China: Preliminary Results of Countervailing Duty Administrative Review*, 75 FR 64268, 64275 (October 19, 2010), unchanged in final *New Pneumatic Off-the-Road Tires From the People’s Republic of China: Final Results of Countervailing Duty Administrative Review*, 76 FR 23286 (April 26, 2011) (rate of 9.71 percent for “VAT and Import Duty Exemptions on Imported Material”).

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ See SAA at 870.

³⁰ *Id.*

³¹ *Id.* at 869-870.

³² See, e.g., *Fresh Cut Flowers From Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812, 6814 (February 22, 1996).

programs in other cases. Where we have a program-type match, we find that, because these are the same or similar programs, they are relevant to the programs in this case. For the programs for which there is no program-type match, we selected the highest calculated subsidy rate for any PRC program, from which the non-cooperative respondent could conceivably receive a benefit, to use as AFA. The relevance of these rates is that they are actual calculated CVD rates for PRC programs, from which the non-cooperative respondent could actually receive a benefit. Due to the lack of participation by the respondents and the resulting lack of record information concerning these programs, the Department corroborated the rates it selected to use as AFA to the extent practicable for these final results.

On this basis, we find the AFA countervailable subsidy rate for Bestpak to be 88.49 percent *ad valorem*.³³

B. Subsidy Rate Chart

<u>Program Name</u>	<u>AFA Rate</u>
Policy Loans to Narrow Woven Ribbon Producers from State-owned Commercial Banks	10.54%
Two Free, Three Half	25.00%
Tax Subsidies to FIEs in Specially Designated Areas	
Preferential Tax Policies for Export-Oriented FIEs	
Tax Program for High or New Technology FIEs	
Preferential Tax Policies for Township Enterprises	
Preferential Tax Policies for Research and Development for FIEs	
Local Income Tax Exemption and Reduction Programs for “Productive” FIEs	
Tax Benefits for FIEs in Encouraged Industries that Purchase Domestic Equipment	9.71%
Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-Oriented Enterprises	9.71%
Jimei District Tax Bonus Prize	0.55%
Xiamen Municipal Science and Technology Grant Program	0.55%
International Market Development Fund Grants for SMEs	0.55%
Xiamen Promotion of Domestic Market Grants	0.55%
The State Key Technology Renovation Project Fund	0.55%
Famous Brands Program	0.55%
Export Assistance Grants	0.55%
Export Interest Subsidy Funds for Enterprises Located in Zhejiang Province	0.55%
Technology Grants for Enterprises Located in Zhejiang Province	0.55%

³³ For information placed on the record of this review in support of our AFA findings, including program descriptions, see *Preliminary Results* and accompanying Decision Memorandum at 9-10.

Import Tariff and VAT Exemptions for FIEs Using Imported Technology and Equipment	9.71%
Import Tariff and VAT Exemptions for Certain Domestic Enterprises Using Imported Technology and Equipment	9.71%
VAT Rebate for FIE Purchases of Domestically Produced Equipment	9.71%
Net Subsidy Rate =	88.49%

V. Disclosure

All calculations for these final results are contained in this memorandum. Therefore, we hereby disclose to interested parties the calculations performed in connection with these final results.³⁴

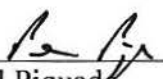
VI. Recommendation

We recommend applying the above methodology for these final results.



Agree

Disagree



Paul Piquado
Assistant Secretary
for Enforcement and Compliance

19 December 2014
(Date)

³⁴ 19 CFR 351.224(b) calls for the Department to disclose calculations performed in connection with the final results of an administrative review within five days after the publication of the final results.