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June 1, 2015

MEMORANDUM TO: Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for the Preliminary Results of the
Countervailing Duty Administrative Review: Aluminum
Extrusions from the People's Republic of China

SUMMARY

The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty (CVD) order on aluminum extrusions from the People's Republic of China (PRC). The period of review (POR) is January 1, 2013 through December 31, 2013. The respondents are: Guang Ya Aluminium Industries Co. Ltd. (Guang Ya), Foshan Guangcheng Aluminium Co., Ltd. (Guangcheng), Guang Ya Aluminium Industries (HK) Ltd. (Guang Ya HK), and Yongji Guanghai Aluminium Industry Co., Ltd. (Guanghai) (collectively, the Guang Ya Group, or GYG); and Guangzhou Jangho Curtain Wall System Engineering Co., Ltd., (Guangzhou Jangho), Jangho Group Co., Ltd. (Jangho Group Co.), Beijing Jiangheyuan Holding Co., Ltd (Beijing Jiangheyuan), Beijing Jangho Curtain Wall System Engineering Co., Ltd. (Beijing Jangho), and Shanghai Jangho Curtain Wall System Engineering Co., Ltd., (Shanghai Jangho) (collectively, the Jangho Companies). We preliminarily find that the Guang Ya Group and the Jangho Companies received countervailable subsidies during the POR.

If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection (CBP) to assess CVDs on all appropriate entries of subject merchandise entered during the POR. Interested parties are invited to comment on these preliminary results. Unless the deadline is extended pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act), we intend to issue the final results no later than 120 days after publication of these preliminary results.



Background

On May 26, 2011, we published a CVD order on aluminum extrusions from the PRC.¹ On May 1, 2014, we published a notice of “Opportunity to Request Administrative Review” of the CVD order for the calendar year 2013.² We received requests for review of 167 companies. In accordance with 19 CFR 351.221(c)(1)(i), we published a notice initiating this administrative review on June 27, 2014.³

In the *Initiation Notice*, we stated that we intended to select respondents based on CBP data for U.S. imports during the POR.⁴ However, as explained in the Analysis of CBP Data Memorandum, because of data inconsistencies, we could not use the query results for purposes of ranking potential respondents based on volume of subject merchandise shipped to the United States.⁵ Instead, we issued a quantity and value (Q&V) questionnaire to the 36 firms identified in the CBP query results.⁶ Of the 28 companies that submitted either complete Q&V questionnaire responses or no shipment letters, we selected mandatory respondents based on the two groups of companies that accounted for the largest volume of exports to the United States during the POR, *i.e.*, Kong Ah International Company Limited (Kong Ah), Guang Ya Aluminium Industries (HK) Ltd., and Guang Ya Aluminum Industries Co. Ltd. (who were described at the time as “Guang Ya” collectively) and Guangzhou Jangho Curtain Wall System Engineering Co., Ltd. and Jangho Curtain Wall Hong Kong Ltd. (who were described at the time as “Jangho” collectively).⁷

We issued initial CVD questionnaires to the companies and the government of the People’s Republic of China (GOC) on October 14, 2014.⁸ We received responses to the affiliation questions contained in the Department’s CVD questionnaire on behalf of the Guang Ya Group and the Jangho Companies on October 28, 2014,⁹ and November 4, 2014, respectively.¹⁰ We

¹ See *Aluminum Extrusions from the People’s Republic of China: Countervailing Duty Order*, 76 FR 30653 (May 26, 2011) (Order).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 79 FR 25670 (May 1, 2014).

³ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 79 FR 36462, 36467 (*Initiation Notice*).

⁴ *Id.*, at 79 FR at 36462.

⁵ See Department Memorandum regarding “Analysis of CBP Data and Identification of Companies to Receive Q&V Questionnaires,” dated August 12, 2014 (Analysis of CBP Data Memorandum).

⁶ *Id.*, at 3 and Attachment II.

⁷ Details underlying respondent selection are discussed in the memorandum to Melissa Skinner, Director, Office III, Antidumping and Countervailing Duty Operations, regarding “Responding Selection,” for the “Third Administrative Review of Countervailing Duty Order on Aluminum Extrusions from the People’s Republic of China,” dated October 9, 2014.

⁸ See letter from the Department to Guang Ya regarding “Initial Questionnaire,” dated October 14, 2014 (the Department’s Initial Questionnaire to Guang Ya), letter from the Department to Jangho regarding “Initial Questionnaire,” dated October 14, 2014 (the Department’s Initial Questionnaire to Jangho), and letter from the Department to the GOC regarding “Initial Questionnaire,” dated October 14, 2014 (the Department’s Initial Questionnaire to the GOC).

⁹ See Letter from Guang Ya Aluminium Industries Co., Ltd., Foshan Guangcheng Aluminium Co., Ltd., Kong Ah International Company Limited, Yongji Guanghai Aluminium Industry Co., Ltd. and their affiliates regarding, “Aluminum Extrusions from the PRC: CVD Affiliations Submission of the Guang Ya Group”, dated October 28, 2014.

received initial questionnaire responses from the GOC¹¹ and the Guang Ya Group¹² on December 3, 2014, and from the Jangho Companies¹³ on December 8, 2014. On December 19, 2014, the Department extended the deadline for the preliminary results of this review by 120 days until June 1, 2015 in accordance with section 751(a)(3)(A) of the Act.¹⁴

From January 22, 2015, through May 12, 2015, we issued supplemental questionnaires to the GYG, the Jangho Companies, and the GOC. We received supplemental questionnaire responses from these entities from February 19, 2015, through May 15, 2015.¹⁵

On January 9, 2015, Petitioner filed new subsidy allegations (NSAs).¹⁶ On April 1, 2015, we initiated a review of two newly alleged subsidy programs (*i.e.*, Provision of Glass for Less Than Adequate Remuneration (LTAR) and Provision of Aluminum Extrusions for LTAR).¹⁷ On April 3, 2015, we issued NSA questionnaires to the Jangho Companies¹⁸ and the GOC.¹⁹ We received responses to the NSA questionnaires from the Jangho Companies and the GOC on April 22, 2015.²⁰

¹⁰ See Letter from Jangho Curtain Wall System Engineering Co., Ltd. and Jangho Curtain Wall Hong Kong Ltd., the Department, regarding “Aluminum Extrusions From China: Jangho Curtain Wall System Engineering Co., Ltd. and Jangho Curtain Wall Hong Kong Ltd.: Cross Ownership/Affiliations Response,” dated November 4, 2014, (Jangho’s Affiliations Response).

¹¹ See submission from the GOC regarding “Aluminum Extrusions from China; 3rd CVD Administrative Review GOC Initial CVD Response,” dated December 3, 2014 (GOC’s initial questionnaire response).

¹² See submission from Guang Ya regarding “Aluminum Extrusions from the PRC: CVD Questionnaire Response of the Guang Ya Group,” dated December 3, 2014 (GYG’s initial questionnaire response).

¹³ See submission from Jangho regarding “Countervailing Duty Questionnaire Response Administrative Review – Jangho,” dated December 8, 2014 (Jangho’s Initial Questionnaire Response).

¹⁴ See Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended, 70 FR 24533 (May 10, 2005); Department Memorandum regarding “Aluminum Extrusions from the People’s Republic of China: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review,” dated December 19, 2014.

¹⁵ Specifically, we issued supplemental questionnaire to the GYG on January 22, 2015, April 8, and April 17, 2015. We received responses on December 3, 2015, February 19, 2015, March 5, 2015, April 22, 2015, and April 24, 2015. We issued supplemental questionnaires to Jangho on January 29, 2015, April 2, 2015, April 28, and May 12, 2015. We received responses on February 23, 2015, April 16, 2015, April 22, 2015, May 6, 2015, and May 15, 2015. Also, we issued supplemental questionnaires to the GOC on January 26, 2015, April 17, 2015, and April 28, 2015. We received responses on February 9, 2015, April 28, 2015 and May 11, 2015.

¹⁶ See Letter from Petitioner regarding Aluminum Extrusions from the People’s Republic of China: New Subsidies Allegation,” dated January 9, 2015.

¹⁷ See memorandum to Abdelali Elouaradia, Acting Director, AD/CVD Operations, Office VI, regarding “Countervailing Duty Administrative Review of Aluminum Extrusions from the People’s Republic of China: Decision Memorandum on New Subsidy Allegations,” dated April 1, 2015.

¹⁸ See Letter from Department regarding “Administrative Review of the Countervailing Duty Order on Aluminum Extrusions from the People’s Republic of China: NSA Questionnaire for the Jangho Group,” dated April 3, 2015.

¹⁹ See Letter from Department regarding “Administrative Review of the Countervailing Duty Order on Aluminum Extrusions from the People’s Republic of China: NSA Questionnaire for the GOC,” dated April 3, 2015.

²⁰ See Letter from the GOC to the Department, regarding “Aluminum Extrusions from China; 3rd CVD Administrative Review GOC New Subsidy Allegation Response,” dated April 22, 2015 and Letter from the Jangho Companies, regarding “NSA Supplemental Questionnaire Response: Jangho Group *Aluminum Extrusions from China*,” dated April 22, 2015.

On May 4, 2015,²¹ Petitioner submitted timely new factual information regarding benchmark data.²²

In its initial questionnaire response, the Guang Ya Group stated that Guang Ya both produced and sold the subject merchandise domestically and to the United States during the POR, and that its affiliated company, Foshan Guangcheng Aluminium Co., Ltd. (Guangcheng) also produced and sold subject merchandise, but only in the domestic market. Additionally, the Guang Ya Group stated in its initial questionnaire response that Guang Ya's affiliate, Yonji Guanghai Aluminium Industry Co., Ltd (Guanghai), sells primary inputs to Guang Ya. Further, the Guang Ya Group also explained in its initial questionnaire response that Kong Ah is a trading company registered in Hong Kong, which is not involved in the sale of subject merchandise, and only collects payment on behalf of Guang Ya for export sales of Guang Ya. The Guang Ya Group also identified Guang Ya Aluminium Industries (Hong Kong) Limited as a trading company registered in Hong Kong, which it reported as not being involved in the sale of subject merchandise.²³ Hereinafter, we refer to the Guang Ya Group, or the GYG (which includes Guang Ya, Guangcheng, and Guanghai), as the mandatory respondent.

In its initial questionnaire response, the Jangho Companies stated that Guangzhou Jangho produced subject merchandise that was sold to the United States during the POR through its affiliate, Jangho Curtain Wall Hong Kong Ltd. (Jangho HK), a Hong Kong reseller/trading company. The Jangho Companies reported that its parent company, Jangho Group Co. also produced the subject merchandise and sold it domestically. Additionally, the Jangho Companies reported that two affiliates, Beijing Jangho and Shanghai Jangho produced the subject merchandise and sold it domestically. Further, the Jangho Companies reported two parent companies of Jangho Group Co. which were holding or investment companies and not producers of subject merchandise.²⁴ Hereinafter we refer to the Jangho Companies (which includes all of the aforementioned companies) as the mandatory respondent.

Intent to Partially Rescind Review and Partial Rescission of Review

The Department is rescinding the instant administrative review for certain companies, pursuant to 19 CFR 351.213(d)(1) for which it received timely requests for withdrawal of this administrative review. Those companies are listed in the Federal Register notice issued concurrently with this decision memorandum.

²¹ While May 2, 2015 served as the due date for submission of new factual, in accordance with 19 CFR 351.301(c)(3), petitioner's submission was considered timely, since the original due date fell on a weekend and therefore, the due date reverted to the next official business day, i.e., May 4, 2015.

²² See Letter from Petitioners to the Department, regarding "Aluminum Extrusions from the People's Republic of China: Comments on Jangho's New Subsidy Questionnaire Response," dated May 4, 2015.

²³ See GYG's initial questionnaire response at 4 through 8.

²⁴ See, e.g., Jangho's Affiliations Response at 2, 5, Exhibit 1, and Exhibit 2; Jangho's Initial Questionnaire Response at 5 to 6 and Exhibit GZ-5, at Jangho Group Co.'s Questionnaire Response at 6, at JHG Exhibit 5, and at Beijing Jiangheyuan Questionnaire Response at 4; and Letter from Jangho to the Department, Regarding "First Supplemental Questionnaire Response: Jangho Group," dated February 27, 2015 (Jangho's First Supplemental Questionnaire Response) at Beijing Jangho's Questionnaire Response at 2, and at Shanghai Jangho's Questionnaire Response at 3;

The Department also intends to rescind the instant administrative review for those companies for which it received a certification of no shipments to the United States during this POR. Between August 1, 2014 and September 5, 2014, the Department received no shipment certifications from the following companies: Global Point Technology (Far East) Limited, Hangzhou Xingyi Metal Products Co., Ltd., Jiaying Jackson Travel Products Co., Ltd., Ningbo Yili Import and Export Co., Ltd., Press Metal International Ltd, Shenzhen Jiuyuan Co., Ltd., Skyline Exhibit Systems (Shanghai) Co., Ltd., Taizhou Lifeng Manufacturing Co., Ltd., tenKsolar (Shanghai) Co., Ltd., and Xin Wei Aluminum Company Limited. We have not received comments from Petitioner regarding no shipments claims received to date. Therefore, in accordance with 19 CFR 351.213(d)(3), we intend to rescind the review with respect to these companies in the final results.

Scope of the Order

The merchandise covered by the *Order* is aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight. The subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise is made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion (drawn aluminum) are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (*i.e.*, without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, *i.e.*, prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swaged, mitered, chamfered, threaded, and spun. The subject merchandise includes aluminum extrusions that are finished (coated, painted, *etc.*), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the definition of aluminum extrusions are included in the scope. The scope includes the aluminum extrusion components that are attached (*e.g.*, by welding or fasteners) to form subassemblies, *i.e.*, partially assembled merchandise unless imported as part of the finished goods ‘kit’ defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, door thresholds, carpet trim, or heat sinks (that do not meet the finished heat sink exclusionary language below). Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are ready for use at the time of importation.

The following aluminum extrusion products are excluded: aluminum extrusions made from aluminum alloy with an Aluminum Association series designations commencing with the number 2 and containing in excess of 1.5 percent copper by weight; aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a “finished goods kit.” A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled “as is” into a finished product. An imported product will not be considered a “finished goods kit” and therefore excluded from the scope of the investigation merely by including fasteners such as screws, bolts, etc. in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, C355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics:

(1) length of 37 millimeters (“mm”) or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.

Also excluded from the scope of this order are finished heat sinks. Finished heat sinks are fabricated heat sinks made from aluminum extrusions the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States (HTSUS): 7610.10.00, 7610.90.00, 7615.10.30, 7615.10.71, 7615.10.91, 7615.19.10, 7615.19.30, 7615.19.50, 7615.19.70, 7615.19.90, 7615.20.00, 7616.99.10, 7616.99.50, 8479.89.98, 8479.90.94, 8513.90.20, 9403.10.00, 9403.20.00, 7604.21.00.00, 7604.29.10.00, 7604.29.30.10, 7604.29.30.50, 7604.29.50.30, 7604.29.50.60, 7608.20.00.30, 7608.20.00.90, 8302.10.30.00, 8302.10.60.30, 8302.10.60.60, 8302.10.60.90, 8302.20.00.00, 8302.30.30.10, 8302.30.30.60, 8302.41.30.00, 8302.41.60.15, 8302.41.60.45, 8302.41.60.50, 8302.41.60.80, 8302.42.30.10, 8302.42.30.15, 8302.42.30.65, 8302.49.60.35, 8302.49.60.45, 8302.49.60.55, 8302.49.60.85, 8302.50.00.00, 8302.60.90.00, 8305.10.00.50, 8306.30.00.00, 8418.99.80.05, 8418.99.80.50, 8418.99.80.60, 8419.90.10.00, 8422.90.06.40, 8479.90.85.00, 8486.90.00.00, 8487.90.00.80, 8503.00.95.20, 8515.90.20.00, 8516.90.50.00, 8516.90.80.50, 8708.80.65.90, 9401.90.50.81, 9403.90.10.40, 9403.90.10.50, 9403.90.10.85, 9403.90.25.40, 9403.90.25.80, 9403.90.40.05, 9403.90.40.10, 9403.90.40.60, 9403.90.50.05, 9403.90.50.10, 9403.90.50.80, 9403.90.60.05, 9403.90.60.10, 9403.90.60.80, 9403.90.70.05, 9403.90.70.10, 9403.90.70.80, 9403.90.80.10, 9403.90.80.15, 9403.90.80.20, 9403.90.80.30, 9403.90.80.41, 9403.90.80.51, 9403.90.80.61, 9506.51.40.00, 9506.51.60.00, 9506.59.40.40, 9506.70.20.90, 9506.91.00.10, 9506.91.00.20, 9506.91.00.30, 9506.99.05.10, 9506.99.05.20, 9506.99.05.30, 9506.99.15.00, 9506.99.20.00, 9506.99.25.80, 9506.99.28.00, 9506.99.55.00, 9506.99.60.80, 9507.30.20.00, 9507.30.40.00, 9507.30.60.00, 9507.90.60.00, and 9603.90.80.50

The subject merchandise entered as parts of other aluminum products may be classifiable under the following additional Chapter 76 subheadings: 7610.10, 7610.90, 7615.19, 7615.20, and 7616.99 as well as under other HTSUS chapters. In addition, fin evaporator coils may be classifiable under HTSUS numbers: 8418.99.80.50 and 8418.99.80.60. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this *Order* is dispositive.²⁵

There have been numerous scope rulings issued with regard to this *Order*. For further information, refer to the listing of these scope rulings at the webpage entitled, *Final Scope Rulings* on the website of Enforcement and Compliance located at <http://enforcement.trade.gov/download/prc-ae/scope/prc-ae-scope-index.html>.

²⁵ See the *Order*.

Subsidies Valuation Information

Allocation Period

We preliminarily determine that the average useful life (AUL) period in this proceeding is 12 years, consistent with 19 CFR 351.524(d)(2), and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System, as revised. No party in this proceeding has disputed this allocation period. For non-recurring subsidies, we applied the "0.5 percent expense test" described in 19 CFR 351.524(b)(2). Under this test, we compare the amount of subsidies approved under a given program in a particular year to sales (total sales or total export sales, as appropriate) for the same year. If the amount of subsidies is less than 0.5 percent of the relevant sales, then the benefits are expensed to the year of receipt rather than allocated over the AUL period.

Attribution of Subsidies

In accordance with 19 CFR 351.525(a), we calculated *ad valorem* subsidy rates by dividing the amount of the benefit allocated to the POR by the appropriate sales value during the same period. We have determined sales values on a free-on-board (FOB) basis. In accordance with 19 CFR 351.525(b)(2), we attributed export subsidies only to products exported by a firm. In accordance with 19 CFR 351.525(b)(3), we have attributed domestic subsidies to all products sold by the firm, including products that were exported.

Additionally, the Department's regulations at 19 CFR 351.525(b)(6)(i) state that the Department will normally attribute a subsidy to the products produced by the corporation that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(iv) directs the Department to attribute subsidies received by certain other companies to the combined sales of the recipient and other companies if: (1) cross-ownership exists between the companies, and (2) the cross-owned companies produce the subject merchandise, are a holding or parent company of the subject company, produce an input that is primarily dedicated to the production of the downstream product, or transfer a subsidy to a cross-owned company.

According to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. This section of the Department's regulations states that this standard will normally be met where there is a majority voting interest between two corporations or through common ownership of two (or more) corporations. The *Preamble* to the Department's regulations further clarifies the Department's cross-ownership standard. According to the *Preamble*, relationships captured by the cross-ownership definition include those where

the interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits). ... Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where

there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a “golden share” may also result in cross-ownership.²⁶

Thus, the Department’s regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists. The U.S. Court of International Trade (CIT) upheld the Department’s authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.²⁷

The Guang Ya Group

The GYG reported that Guang Ya is a domestically-owned Chinese company that both produced and exported subject merchandise domestically and to foreign markets, including to the United States. The GYG reported that Guang Ya is privately owned by certain individuals. The GYG also reported that, during the POR, Kong Ah, an affiliated company of Guang Ya located in Hong Kong, only collected payment on behalf of Guang Ya for the export sales of Guang Ya, and was not an exporter to the United States during the POR. According to the GYG, Guangcheng, an affiliate of Guang Ya, also produces subject merchandise, which it primarily sells in the domestic Chinese market. The GYG reported that Guangcheng did not sell subject merchandise to the United States during the POR. The GYG did, however, report that during the POR, Guangcheng provided toll-processing services to Guang Ya, and *vice versa*, related to the production of subject merchandise. Also, the GYG reported that during the POR, Guanghai, another affiliate of Guang Ya, supplied aluminum billets to only Guang Ya. The GYG also reported that its affiliate, Guang Ya HK, is a trading company that was not involved in the sale of subject merchandise during the instant POR.²⁸

We examined the ownership interests between Guang Ya and its reported affiliates. Based on our review of information on the record of this review, we determined that Guang Ya, Guangcheng, and Guanghai are cross-owned with each other via common ownership within the meaning of 19 CFR 351.525(b)(6)(vi).²⁹

Because Guang Ya and Guangcheng are the members of the Guang Ya Companies that produce subject merchandise, we have attributed subsidies received by Guang Ya and Guangcheng to the products produced by the two firms in accordance with 19 CFR 351.525(b)(6)(ii). Since Guanghai served as an input supplier to Guang Ya during the POR, we attributed subsidies received by Guanghai to the combined sales of Guanghai and Guang Ya and Guangcheng,

²⁶ See *Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998) (*Preamble*).

²⁷ See *Fabrique de Fer de Charleroi v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

²⁸ See GYG’s initial questionnaire response at 4 through 8 and Exhibit 1.

²⁹ For the proprietary details of this discussion, see Memorandum from Davina Friedmann to Robert James, regarding “Aluminum Extrusions from the PRC – Third CVD Administrative Review; Preliminary Results Calculation Memorandum for the Guang Ya Group,” dated June 1, 2015. We are not making a cross-ownership determination or attributing any subsidies to Kong Ah or Guang Ya HK, Hong Kong entities, consistent with 19 CFR 351.525(b)(6) and (7).

excluding the sales between corporations in accordance with 19 CFR 351.525(b)(6)(iv), where appropriate.

The Guang Ya Group also reported that Guang Ya wholly owns or otherwise maintains significant ownership in various other entities. However, according to the Guang Ya Group, during the POR, those entities were not involved with the sale or production of subject merchandise.³⁰ Nonetheless, we requested questionnaire responses from Guangya Al-Mg Alloy Engineering Technology (Guangya Al-Mg Engineering), a research company, and Guangxi Guangyin Commerce Co. (Guangyin Commerce), a trading company that buys and sells aluminum ingot, billet and other similar products.³¹ GYG confirmed that Guangya Al-Mg Engineering remained an inactive company through the end of this POR.³² GYG also confirmed that Guangxi Commerce did not sell primary inputs to Guang Ya or to any other company within the GYG during the POR.³³ Therefore, having examined record information regarding relationships between the GYG companies, as well as any production and sales activities that may have occurred between these companies during the POR, as mentioned above, we limited attributed subsidies received to only Guang Ya, Guangcheng, and Guanghai, where appropriate.

The Jangho Companies

The Jangho Companies includes several entities involved in the production, sale, and export of subject merchandise. Guangzhou Jangho was reported as a producer of subject merchandise that was sold to the United States during the POR through its affiliate Jangho HK, a Hong Kong reseller/trading company. The Jangho Companies reported that two affiliates of Guangzhou Jangho, Beijing Jangho and Shanghai Jangho, produced subject merchandise which was not exported to the United States. The Jangho Companies also reported that Guangzhou Jangho, Beijing Jangho, and Shanghai Jangho were each wholly owned by Jangho Group Co., a producer of subject merchandise which was not exported to the United States. Further, the Jangho Companies reported Beijing Jiangheyuan and Xinjiang Jianghe Huizhong Equity Investment Co., Ltd. (Jianghe Huizhong) are the parent companies of Jangho Group Co., who were holding or investment companies and not producers of subject merchandise.³⁴

³⁰ See GYG's initial questionnaire response at 6 and Exhibit 1, GYG's supplemental questionnaire response, dated February 19, 2015 (GYG's first supplemental questionnaire response), at 7 and GYG's supplemental questionnaire response, dated April 22, 2015 (GYG's second supplemental questionnaire response), at 4 (wherein GYG confirmed that Guangxi Guangyin Aluminum Industrial Co., Ltd did not make any sales of aluminum billet to Guang Ya, nor did it sell this input to any other company within the GYG during the POR).

³¹ See Department Letter to GYG regarding "Administrative Review of the Countervailing Duty Order on Aluminum Extrusions from the People's Republic of China: First Supplemental Questionnaire to the Gaung Ya Group," dated January 22, 2015.

³² See Guangya Al-MG Engineering's initial questionnaire response, dated February 19, 2015, at 7-9, and GYG's supplemental questionnaire response, at 5.

³³ See Guangxi Commerce's initial questionnaire response, dated March 5, 2015, at 13, and GYG's second supplemental questionnaire response, at 4.

³⁴ See, e.g., Jangho's Affiliations Response at 2, 4, and 5, Exhibit 1, and Exhibit 2; Jangho's Initial Questionnaire Response at 5 to 8, and Exhibit GZ-5, at Jangho Group Co.'s Questionnaire Response at 6, at JHG Exhibit 5, and at Beijing Jiangheyuan Questionnaire Response at 4; and Letter from Jangho to the Department, Regarding "First Supplemental Questionnaire Response: Jangho Group," dated February 27, 2015 (Jangho's First Supplemental Questionnaire Response) at 2, at Beijing Jangho's Questionnaire Response at 4, and 5, and at Shanghai Jangho's Questionnaire Response at 3 to 5;

Because Guangzhou Jangho, Shanghai Jangho, and Beijing Jangho are wholly-owned by Jangho Group Co., we find that these companies are cross-owned within the meaning of 19 CFR 351.525(b)(6)(vi). Record evidence further demonstrates that Beijing Jiangheyuan and Jangho Group Co. are cross-owned within the meaning of 19 CFR 351.525(b)(6)(vi).³⁵ Consequently, we preliminarily find Beijing Jiangheyuan, Jangho Group, Co., Guangzhou Jangho, Shanghai Jangho, and Beijing Jangho to all be cross-owned with each other, in accordance with 19 CFR 351.525(b)(6)(vi).³⁶

Record evidence demonstrates that Jangho Group Co. is a producer of subject merchandise, as are its affiliates Guangzhou Jangho, Shanghai Jangho, and Beijing Jangho.³⁷ Because Guangzhou Jangho, Shanghai Jangho, and Beijing Jangho, are cross-owned members of the Jangho Group that produce subject merchandise, we have attributed subsidies received by Guangzhou Jangho, Shanghai Jangho, and Beijing Jangho, to the products produced by the three firms, in accordance with 19 CFR 351.525(b)(6)(ii).³⁸ Because Beijing Jiangheyuan and Jangho Group Co., are cross-owned parent holding companies, we have attributed subsidies received by Beijing Jiangheyuan and Jangho Group Co. to the products produced by Beijing Jiangheyuan and Jangho Group Co. and all of Beijing Jiangheyuan's and Jangho Group Co.'s PRC subsidiaries, in accordance with 19 CFR 351.525(b)(6)(iii).³⁹

Loan Benchmark Rates

The Department is examining loans received by the respondents from Chinese policy banks and state-owned commerce banks (SOCBs), as well as non-recurring, allocable subsidies.⁴⁰ The derivation of the benchmark and discount rates used to value these subsidies are discussed below.

Short-Term RMB Denominated Loans

Section 771(5)(E)(ii) of the Act explains that the benefit for loans is the “difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market.” Normally, the Department uses comparable commercial loans reported by the company as a benchmark.⁴¹ If the firm did not have any comparable commercial loans during the period, the Department's regulations provide that we “may use a national average interest rate for comparable commercial

³⁵ For further details, which are proprietary, see Memorandum from Robert James to Abdelali Elouaradia, regarding “Affiliations and Cross Ownership within the Jangho Group,” dated June 1, 2015 (Jangho Cross Ownership Memorandum).

³⁶ Record evidence indicates that Jianghe Huizhong is not cross-owned under 19 CFR 351.525(b)(6)(vi). See Jangho Cross Ownership Memorandum.

³⁷ See, e.g., Jangho's November 4, 2015, Affiliation Response at Exhibits 1 and 2; Jangho's Initial Questionnaire Response at and Jangho's First Supplemental Questionnaire Response at 2 to 5, Beijing Jangho's Questionnaire Response, at Shanghai Jangho's Questionnaire Response, and at 2 to 5.

³⁸ We have excluded intercompany sales and service sales from all such calculations.

³⁹ We are not making a cross-ownership determination or attributing any subsidies to Jangho Hong Kong, a Hong Kong entity, consistent with 19 CFR 351.525(b)(6) and (7). See Jangho Cross Ownership Memorandum.

⁴⁰ See 19 CFR 351.524(b)(1).

⁴¹ See 19 CFR 351.505(a)(3)(i).

loans.”⁴² As noted above, section 771(5)(E)(ii) of the Act indicates that the benchmark should be a market-based rate.

For the reasons first explained in *CFS from the PRC*,⁴³ loans provided by Chinese banks reflect significant government intervention in the banking sector and do not reflect rates that would be found in a functioning market.⁴⁴ Because of this, any loans received by respondents from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(2). Similarly, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii). There is no new information on the record of this review that would lead us to deviate from our prior determinations regarding government intervention in the PRC’s banking sector. Therefore, because of the special difficulties inherent in using a Chinese benchmark for loans, the Department is selecting an external market-based benchmark interest rate. The use of an external benchmark is consistent with the Department’s practice.⁴⁵

We first developed in *CFS from the PRC*,⁴⁶ and more recently updated in *Thermal Paper from the PRC*,⁴⁷ the methodology used to calculate the external benchmark. Under that methodology, we first determine which countries are similar to the PRC in terms of gross national income, based on the World Bank’s classification of countries as: low income; lower-middle income; upper-middle income; and high income. For 2001 through 2009, the PRC fell in the lower-middle income category.⁴⁸ Beginning with 2010, however, the PRC is in the upper-middle income category and remained there for 2011 to 2013.⁴⁹ Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the benchmark and discount rates for 2001 – 2009, and the interest rates of upper-middle income countries to construct the benchmark and discount rates for 2010 – 2013. As explained in *CFS from the PRC*, by pooling countries in this manner, we capture the broad inverse relationship between income and interest rates.

After identifying the appropriate interest rates, the next step in constructing the benchmark is to incorporate an important factor in the interest rate formation – the strength of governance as reflected in the quality of the countries’ institutions. The strength of governance has been built

⁴² See 19 CFR 351.505(a)(3)(ii).

⁴³ See *Coated Free Sheet Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (*CFS from the PRC*), and accompanying IDM at Comment 10.

⁴⁴ See Memorandum from Tyler Weinhold to the File, regarding “Countervailing Duty Investigation of Aluminum Extrusions from the People’s Republic of China: Banking Memoranda,” dated June 1, 2015.

⁴⁵ See *Notice of Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Softwood Lumber Products from Canada*, 67 FR 15545 (April 2, 2002), and accompanying IDM at “Analysis of Programs, Provincial Stumpage Programs Determined to Confer Subsidies, Benefit.”

⁴⁶ See *CFS from the PRC*, and accompanying IDM at Comment 10.

⁴⁷ See *Lightweight Thermal Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from the PRC*), and accompanying IDM at 8-10.

⁴⁸ See World Bank Country Classification, <http://econ.worldbank.org/>; see also Memorandum from Tyler Weinhold to the file, regarding “Administrative Review of Countervailing Duty Order on Aluminum Extrusions from the People’s Republic of China: Interest Rate Benchmark Memorandum,” dated concurrently with, and hereby adopted by, this preliminary decision memorandum (Interest Rate Benchmark Memorandum)

⁴⁹ See World Bank Country Classification.

into the analysis by using a regression analysis that relates the interest rates to governance indicators.

In each year from 2001 – 2009, and 2011 – 2013, the results of the regression-based analysis reflected the intended, common sense result: stronger institutions meant relatively lower real interest rates, while weaker institutions meant relatively higher real interest rates. For 2010, however, the regression does not yield that outcome for the PRC's income group. This contrary result for a single year does not lead the Department to reject the strength of governance as a determinant of interest rates. Therefore, we continue to rely on the regression-based analysis used since *CFS from the PRC* to compute the benchmark for the years from 2001 – 2009, and 2011 – 2013. For the 2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

Many of the countries in the World Bank's upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund, and they are included in that agency's international financial statistics (IFS). With the exceptions noted below, we used the interest and inflation rates reported in the IFS for the countries identified as "upper-middle income" by the World Bank for 2010 – 2013, and "lower-middle income" for 2001 – 2009.⁵⁰ First, we did not include those economies that the Department considers to be non-market economies for antidumping purposes for any part of the years in question, for example: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Turkmenistan. Second, the pool necessarily excludes any country that did not report both lending and inflation rates to IFS for those years. Third, we removed any country that reported a rate that was not a lending rate or that based its lending rate on foreign-currency denominated instruments.⁵¹ Finally, for each year the Department calculated an inflation-adjusted short-term benchmark rate and excluded any countries with aberrational or negative real interest rates for the year in question.⁵² Because the resulting rates are net of inflation, we adjusted the benchmark rates to include an inflation component before comparing them to the interest rates on loans issued to the respondents by SOCBs.⁵³

Long-Term RMB-Denominated Loans

The lending rates reported in the IFS represent short- and medium-term lending, and there are not sufficient publicly available long-term interest rate data upon which to base a robust benchmark for long-term loans. To address this problem, the Department has developed an adjustment to the short- and medium-term rates to convert them to long-term rates using Bloomberg U.S. corporate BB-rated bond rates.⁵⁴

⁵⁰ See Interest Rate Benchmark Memorandum.

⁵¹ For example, in certain years Jordan reported a deposit rate, not a lending rate, and Ecuador and Timor L'Este reported dollar-denominated rates; therefore, such rates have been excluded.

⁵² For example, we excluded Brazil from the 2010 and 2011 benchmarks because the country's real interest rate was 34.95 percent and 37.25 percent, respectively. See Interest Rate Benchmark Memorandum.

⁵³ See Interest Rate Benchmark Memorandum for the adjusted benchmark rates including an inflation component.

⁵⁴ See *Light-Walled Rectangular Pipe and Tube from the People's Republic of China: Final Affirmative Countervailing Duty Investigation Determination*, 73 FR 35642 (June 24, 2008) (*Light-Walled Pipe from the PRC*), and accompanying IDM at 8.

In *Citric Acid from the PRC*, this methodology was revised by switching from a long-term markup based on the ratio of the rates of BB-rated bonds to applying a spread which is calculated as the difference between the two-year BB bond rate and the n-year BB bond rate, where ‘n’ equals or approximates the number of years of the term of the loan in question.⁵⁵ Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.⁵⁶

Foreign Currency-Denominated Loans

To calculate benchmark interest rates for foreign currency-denominated loans, the Department is following the methodology developed over a number of successive PRC proceedings. For U.S. dollar short-term loans, the Department used as a benchmark the one-year dollar London Interbank Offering Rate (LIBOR), plus the average spread between LIBOR and the one-year corporate bond rates for companies with a BB rating. Likewise, for any short-term loans denominated in other foreign currencies, we used as a benchmark the one-year LIBOR for the given currency plus the average spread between the LIBOR rate and the one-year corporate bond rate for companies with a BB rating.

For any long-term foreign currency-denominated loans, the Department added the applicable short-term LIBOR rate to a spread which is calculated as the difference between the one-year BB bond rate and the n-year BB bond rate, where “n” equals or approximates the number of years of the term of the loan in question.⁵⁷

Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i)(A), we are using as the discount rate the long-term interest rate calculated according to the methodology described above for the year in which the government provided non-recurring subsidies.⁵⁸

Use of Facts Otherwise Available and Adverse Inferences

Sections 776(a)(1) and (2) of the Act provide that the Department shall apply “facts otherwise available,” subject to section 782(d) of the Act, if necessary information is not on the record or if an interested party or any other person: (A) withholds information that has been requested; (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly impedes a proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

⁵⁵ See *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 16836 (April 13, 2009) (*Citric Acid from the PRC*), and accompanying IDM at Comment 14.

⁵⁶ See Interest Rate Benchmark Memorandum for the resulting inflation adjusted benchmark lending rates.

⁵⁷ *Id.*, for the LIBOR rates.

⁵⁸ *Id.*, for the discount rates.

Section 776(b) of the Act further provides that the Department may use an adverse inference in applying the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. The Department's practice when selecting adverse information from among the possible sources of information is to ensure that the result is sufficiently adverse "as to effectuate the statutory purposes of the adverse facts available (AFA) rule to induce respondents to provide the Department with complete and accurate information in a timely manner."⁵⁹ The Department's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."⁶⁰

Application of Total AFA to Non-Cooperative Companies

As explained in our memorandum on the record regarding issuance of the quantity and value (Q&V) questionnaire, although not typically done in CVD proceedings, we issued Q&V questionnaires to potential respondents in this review due to inconsistencies with U.S. Customs and Border Protection entry data.⁶¹ These Q&V questionnaires were sent either electronically via ACCESS or by mail via FedEx.⁶² The following companies failed to respond to the Department's Q&V questionnaire: Dynamic Technologies China Ltd., Foreign Trade Co. of Suzhou New & High-Tech Industrial Development Zone, Foshan Shunde Aoneng Electrical Appliances Co., Ltd., Golden Dragon Precise Copper Tube Group, WTI Building Products, Ltd. and Zhaoqing Asia Aluminum Factory Company Ltd. The Q&V questionnaires were issued to these companies on August 14, 2014; none submitted a response by the deadline of September, 4, 2014, or a request for an extension of time to respond to the Q&V questionnaire.

As a result of these companies' failure to submit a response to the questionnaire, we find them to be non-cooperative. By not responding to the request for information regarding the Q&V of their sales, the companies withheld information that was requested by the Department. Thus, we are basing the CVD rate for these non-cooperative companies on the facts otherwise available, pursuant to sections 776(a)(2)(A) of the Act. We further find that an adverse inference is warranted, pursuant to section 776(b) of the Act. By failing to submit a response to the Department's questionnaire, the companies did not act to the best of their ability in this review. Accordingly, we preliminarily find that AFA is warranted.

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) and (2) authorize the Department to rely on information derived from: (1) the petition; (2) a final determination in the investigation; (3) any previous review or determination; or (4) any other information placed on the record. The Department's practice when selecting an adverse rate from among the possible sources of information is to ensure that the rate is sufficiently adverse "as to effectuate the statutory purposes of the AFA rule to induce respondents to provide the Department with complete and accurate information in a timely manner."⁶³

⁵⁹ See *Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors from Taiwan*, 63 FR 8909, 8932 (February 23, 1998).

⁶⁰ See Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreements Acts, H.R. DOC. No. 103-316, vol. 1 at 870 (1994).

⁶¹ See Memorandum to the File regarding "Respondent Selection for the Third Administrative Review of the Countervailing Duty Order on Aluminum Extrusions from the People's Republic of China," dated October 9, 2014.

⁶² See Memorandum to The File regarding "Issuance of Quantity and Value Questionnaires," dated August 18, 2014.

⁶³ See SAA at 870.

In applying AFA to the non-cooperative companies, we are guided by the Department's approach in earlier segments of this proceeding and other recent PRC CVD investigations and reviews.⁶⁴ Under this practice, the Department computes the total AFA rate for non-cooperative companies generally using program-specific rates calculated for the cooperating respondents in the instant review or in prior segments of the instant proceeding, or calculated in prior CVD cases involving the country under review (in this case, the PRC), unless it is clear that the industry in which the respondents operate cannot use the program for which the rates were calculated.

In these preliminary results, for the income tax rate reduction or exemption programs, we are applying an adverse inference that the non-cooperative companies paid no income taxes during the POR. The standard income tax rate for PRC corporations filing income tax returns during the POR was 25 percent.⁶⁵ We, therefore, find that the highest possible benefit for all income tax reduction or exemption programs combined is 25 percent (*i.e.*, the income tax programs combined provide a countervailable benefit of 25 percent). This approach is consistent with the Department's past practice.⁶⁶

The 25 percent AFA rate does not apply to income tax credit and rebate, accelerated depreciation, or import tariff and value add tax exemption programs because such programs may not affect the tax rate. Therefore, for all programs other than those involving income tax rate reduction or exemption programs, we first sought to apply, where available, the highest above *de minimis* subsidy rate calculated for an identical program from any segment of this proceeding. Absent such a rate, we applied, where available, the highest above *de minimis* subsidy rate calculated for a similar program from any segment of this proceeding.

In the absence of an above *de minimis* subsidy rate calculated for the same or similar program in any segment of this proceeding, we applied 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 applied the highest calculated subsidy rate for any program otherwise listed from any prior PRC CVD case, so long as the non-cooperating companies conceivably could have used the program for which the rate was calculated. On that basis, we preliminarily determine that the AFA rate for the non-cooperative companies is 158.96 percent *ad valorem*.⁶⁷

Corroboration of Secondary Information Used to Derive AFA Rates

⁶⁴ See *Aluminum Extrusions From the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2010 and 2011*, 79 FR 106 (June 10, 2013) (*Aluminum Extrusions from the PRC First Review*) and *Aluminum Extrusions From the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78788 (December 31, 2014) (*Aluminum Extrusions from the PRC Second Review*) and accompanying Issues and Decision Memorandum under the section entitled, "Use of Facts Available and Adverse Inferences."

⁶⁵ See the GOC's initial questionnaire response at Exhibit 13.

⁶⁶ See, *e.g.*, *Aluminum Extrusions from the PRC Second Review*, and accompanying IDM at "Application of Total Adverse Facts Available to Non-Cooperative Companies."

⁶⁷ See Department Memorandum regarding "AFA Calculation Memorandum for the Preliminary Results" (June 1, 2015) (AFA Calculation Memorandum), for a table detailing the derivation of the AFA rate applied.

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 “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.”⁶⁸ The Department considers information to be corroborated if it has probative value.⁶⁹ To corroborate secondary information, 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.⁷⁰

With regard to the reliability aspect of corroboration, we note that the rates on which we are relying are subsidy rates calculated in this review or other PRC CVD final determinations. Further, the calculated rates were based on information about the same or similar programs. Moreover, no information has been presented that calls into question the reliability of these calculated rates that we are applying as AFA. Finally, 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 corroborating the rates selected, the Department will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. Where circumstances indicate that the information is not appropriate as AFA, the Department will not use it.⁷¹

In the absence of record evidence concerning the programs under review resulting from the non-cooperative companies’ decision not to participate in the review, we reviewed the information concerning PRC subsidy programs in this and other cases. For those programs for which the Department found a program-type match, we find that, because these are the same or similar programs, they are relevant to the programs under review 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 companies could receive a benefit to use as AFA. The relevance of these rates is that they are actual calculated CVD rates for a PRC program from which the non-cooperative companies could actually receive a benefit. Further, these rates were calculated for periods close to the POR. Moreover, the failure of these companies to respond to the Department’s request for information “resulted in an egregious lack of evidence on the record to suggest an alternative rate.”⁷² Due to the lack of participation by the non-cooperative companies and the resulting lack of record information concerning their use of programs under review, the Department corroborated the rates it selected to the extent practicable.

⁶⁸ See SAA at 870.

⁶⁹ *Id.*

⁷⁰ *Id.*, at 869-870.

⁷¹ See, e.g., *Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).

⁷² See *Shanghai Taoen Int’l Trading Co., Ltd. v. United States*, 360 F. Supp. 2d 1339, 1348 (CIT 2005).

Application of AFA for Certain Grants Received by The Jangho Companies

In its initial questionnaire response submitted in this review, with regard to each of the programs listed below under “Grant Programs for Which the GOC Did Not Provide the Requested Laws, Regulations, and Specificity Information,” the GOC did not provide the requested program information.⁷³ In its responses to the Department’s supplemental questionnaires, which contain additional requests for information about each of these programs, the GOC again did not provide the requested information regarding the specificity of each of these programs and whether assistance under each of these programs constitutes a financial contribution. In the GOC Initial Questionnaire Response, the GOC did not coordinate with Jangho, and did not provide any information as regards these programs. In the GOC’s Second Supplemental Questionnaire Response, in response to the department’s request for complete responses to our standard and usage appendices, the GOC provided responses to the usage appendices for two programs, 2012 Industrial Development Fund and 2013 Working Capital Loans Discount. The GOC did not respond to any of the questions in the standard appendix for these programs. For two other programs, 2013 Export Increase Fund and 2013 Guangzhou Innovation Enterprise Fund from Guangzhou, the GOC did not respond to any of the questions contained in the standard and usage appendices, but merely confirmed Jangho’s receipt of benefits under these programs. Finally, in GOC’s Third Supplemental Questionnaire Response, the GOC gave no response to our requests for further information as regards Industrial Development Fund and 2013 Working Capital Loans Discount, and indicated that could not provide further information about these programs.⁷⁴ In addition, the GOC did not provide copies of the laws and regulations pertaining to any of these programs.⁷⁵

Because the GOC twice refused to provide requested information with regard to each of these programs and did not provide any reasons to explain why it unable to provide the requested information, we preliminarily find that the GOC withheld the requested program information and failed to cooperate by not acting to the best of its ability to comply with the Department’s request for information.⁷⁶ Therefore, as AFA, we preliminarily find that each of the programs constitutes a financial contribution in the form of a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act and is specific within the meaning of section 771(5A) of the Act.⁷⁷ Based on information provided by the GOC and the Jangho Companies,⁷⁸ we

⁷³ See GOC Initial Questionnaire Response at 58 to 59.

⁷⁴ See letter from the GOC to the Department, “Aluminum Extrusions from China; 3rd CVD Administrative Review GOC 2nd Supplemental Response,” dated April 28, 2015 (GOC’s second supplemental questionnaire response), at 6, 13 and 15; Letter from the GOC to the Department, “Aluminum Extrusions from China; 3rd CVD Administrative Review GOC 2nd Supplemental Response,” dated April 28, 2015 (GOC’s second supplemental questionnaire response), at 2 and 13 to 16; and Letter from the GOC to the Department, “Aluminum Extrusions from China; 3rd CVD Administrative Review GOC 3rd Supplemental Response,” dated April 28, 2015 (GOC’s third supplemental questionnaire response), at 2.

⁷⁵ See GOC Initial Questionnaire Response at 58 to 59; GOC’s second supplemental questionnaire response at 6 and 13 to 16; and GOC’s second supplemental questionnaire response at 2.

⁷⁶ See Sections 776(a) and (b) of the Act.

⁷⁷ Given information on the record of the investigation, we determined that the grant(s) received by the Guang Ya Companies under the 2013 Export Increase Fund program was specific pursuant to section 771(5A) and (B) of the Act because it is contingent on export activity.

⁷⁸ See, e.g., Jangho’s Initial Questionnaire Response at 36 and Exhibit GZ-13 and Exhibit GZ-15, and Jangho Group

preliminarily determine that each of these programs conferred a benefit under section 771(5)(E) of the Act and 19 CFR 351.504(a) during the POR. Therefore, we preliminarily determine that each of these programs provides countervailable subsidies within the meaning of section 771(5) of the Act. For those programs which GOC did not provide the legislation and regulations but for which the name of the program indicates that it is an export program, as AFA, we calculated the program rate using export sales as the denominator. See “Grant Programs for which the GOC Did Not Provide the Requested Laws, Regulations, and Specificity Information,” below.

Analysis of Programs

Based on our analysis and the responses to our questionnaires, we preliminarily find the following:

I. Programs Preliminarily Determined To Be Countervailable

A. Policy Loans to Chinese Aluminum Extrusion Producers

In the *Aluminum Extrusions from the PRC Investigation*, *Aluminum Extrusions from the PRC First Review*, and *Aluminum Extrusions from the PRC Second Review*, we determined that the GOC had a policy in place to encourage the development of the production of aluminum extrusions through policy lending.⁷⁹ In the instant administrative review, the GOC’s discussions of the lending practices of financial institutions echoed the discussion in previous administrative reviews.⁸⁰ In the first administrative review, the GOC reported that in February 2010, the China Banking Regulatory Commission (CBRC) promulgated the *Interim Measures for the Administration of Working Capital Loans (Interim Measures)*, which, according to the GOC, state that “banking financial institutions established in China upon the CBRC’s approval, including those at issue in this review, all make their decisions on issuance of working capital loans on a pure commercial basis.”⁸¹ In this review, the GOC points out that in addition the *Interim Measures*, Article 34 of the *Law of the People’s Republic of China on Commercial Banks (Banking Law)*, which, according to the GOC, does not specify any specific obligation imposed by the government on commercial banks, remained in effect during the current POR.⁸²

We considered this information in the *Aluminum Extrusions from the PRC First Review* and determined that there is no basis to conclude that the GOC’s policy lending activities ceased with the issuance of the *Interim Measures*.⁸³ As we explained in the *Aluminum Extrusions from the*

Co.’s Response at 36, and GOC’s Second Supplemental Questionnaire Response at 2, and 13 to 16.

⁷⁹ See *Aluminum Extrusions Final Determination*, *Aluminum Extrusions from the PRC First Review*, and *Aluminum Extrusions from the PRC Second Review* and accompanying IDMs at the sections entitled, “Policy Loans to Chinese Aluminum Extrusion Producers.”

⁸⁰ See the GOC’s initial questionnaire response, at 5. A copy of the *Interim Measures* was provided in the GOC’s questionnaire response at Exhibit 1.

⁸¹ See *Aluminum Extrusions from the PRC Second Review* IDM at “Policy Loans to Chinese Aluminum Extrusion Producers.”

⁸² See the GOC’s initial questionnaire response, at 6. A copy of the *Banking Law* was provided in the GOC’s questionnaire response at Exhibit 9.

⁸³ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Policy Loans to Chinese Aluminum Extrusion Producers” and Comment 6.

PRC Investigation and Aluminum Extrusions from the PRC First Review, we determined that Article 34 of the *Banking Law* states that banks should carry out their loan business “under the guidance of the state industrial policies.”⁸⁴ We reached these same findings in the *Aluminum Extrusions from PRC Second Review*. Thus, because the *Interim Measures* are “fully consistent” with the *Banking Law*, we preliminarily determine, consistent with prior determinations, that they do not constitute evidence that the GOC ceased policy lending to the aluminum extrusions industry, despite any changes to lending practices asserted by the GOC.

In the current administrative review, the GOC indicated that on January 1, 2013, the *Capital Rules for Commercial Banks* (provisional) (Capital Rules), as enacted by the China Banking Regulatory Commission, went into effect. According to the GOC, these Capital Rules establish tight disciplines on loan management. These changes, combined with deregulation of floor interest rates by commercial banks, demonstrate substantial changes in China’s commercial banking sector, as advanced by the GOC.⁸⁵

We preliminarily find that these changes do not call into question the Department’s prior findings regarding the Chinese banking sector. The GOC has cited certain specific regulatory initiatives concerning bank loan management and lending rate floors that the GOC has very recently undertaken. However, insufficient time has elapsed to see clearly the definitive, *de facto* results of these incremental reforms and regulatory initiatives. More importantly, even under the assumption that sufficient time has elapsed, from a broad government policy perspective and at a more basic level, the GOC has offered no argument or evidence of how these incremental reforms and regulatory initiatives have fundamentally changed, or relate to fundamental changes in, (i) core features of the state-commercial bank relationship and (ii) the economic and institutional roles of banks and the banking sector in China. (The Department noted these features and roles in its analysis in *CFS from the PRC*.⁸⁶) In the absence of any argument or evidence of such change, the Department sees no basis at this time to reconsider its benchmark analysis of China’s banking sector.

Therefore, we preliminarily find that the GOC’s policy lending program to Chinese aluminum extrusions producers continued during the POR. As such, we find that the loans to aluminum extrusion producers from SOCBs and policy banks in the PRC were made pursuant to government directives and, thus, constitute a direct financial contribution from “authorities,” pursuant to section 771(5)(D)(i) of the Act. The policy lending provides a benefit equal to the difference between what the recipients paid on their loans and the amount they would have paid on comparable commercial loans (see section 771(5)(E)(ii) of the Act). Further, the loans are *de jure* specific under section 771(5A)(D)(i) of the Act because of the GOC’s policy, as illustrated in the government plans and directives, to encourage and support the growth and development of the aluminum extrusions industry.⁸⁷ Additionally, because the GYG companies reported trade

⁸⁴ *Id.*, and *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at Comment 28.

⁸⁵ See GOC’s initial questionnaire response, at 4.

⁸⁶ See *CFS from the PRC*, and accompanying IDM at Comment 10.

⁸⁷ See *Aluminum Extrusions from the Investigation*, and accompanying IDM at “Policy Loans to Chinese Aluminum Extrusion Producers.”

financing,⁸⁸ we preliminarily find that such loans are additionally specific under section 771(5A)(B) of the Act because receipt of the financing is contingent upon exporting.

The GYG companies and the Jangho Companies both reported receiving loans from SOCBs that were outstanding during the POR.⁸⁹ To calculate the benefit under this program, pursuant to section 771(5)(E)(ii) of the Act, for each respondent, we compared the amount of interest paid on each outstanding loan to the amount that would have been paid on a comparable commercial loan during the POR.⁹⁰ In conducting this comparison, we used the interest rates described in the “Loan Benchmark Rates” section above. To calculate the subsidy rate for each respondent, we divided the benefit by the total sales or total export sales, as appropriate, for the POR, attributing benefits under this program according to the methodology described in the “Subsidies Valuation Information” section.⁹¹ On this basis, we preliminarily calculate a countervailable subsidy of 3.29 percent *ad valorem* for GYG and 0.66 percent *ad valorem* for the Jangho Companies.

B. Preferential Tax Policies for High or New Technology Enterprises

In *Aluminum Extrusions from the PRC First Review*, the GOC reported that this program was established on January 1, 2008. Pursuant to Article 28.2 of the *Enterprise Income Tax Law* (EITL) of the PRC, the government provides for the reduction of the corporate income tax rate from 25 percent to 15 percent for enterprises that are recognized as a High or New Technology Enterprise (HNTEs).⁹² The conditions to be met by an enterprise to be recognized as an HNTE set are forth in Article 93 of the *Regulation on the Implementation of the Enterprise Income Tax Law*.⁹³

In the *Citric Acid from the PRC First Review*, *Citric Acid from the PRC Second Review*, and *Citric Acid from the PRC Third Review*, the Department found this program to be countervailable.⁹⁴ Article 28.2 of the EITL authorizes a reduced income tax rate of 15 percent

⁸⁸ See GYG’s questionnaire responses, at Exhibits 9, and 26. See also, Letter from GYG companies regarding, “Aluminum Extrusions from the PRC: CVD Questionnaire Response of Foshan Guangcheng Aluminum Co., Ltd.,” dated February 19, 2015, at Exhibit 47.

⁸⁹ See GYG’s questionnaire responses, at Exhibits 9, and 26, Letter from GYG companies regarding, “Aluminum Extrusions from the PRC: CVD Questionnaire Response of Foshan Guangcheng Aluminum Co., Ltd.,” dated February 19, 2015, at Exhibit 47; and Jangho’s Initial Questionnaire Response at Guangzhou Jangho Response at 11 to 12 and Exhibits GZ-6; Jangho Group, Co., Ltd. Response at 12-13 and Exhibit JHG-6; and Response at 10 and Exhibit JY-5, and Jangho’s First Supplemental Questionnaire Response at Shanghai Jangho Response at 9-10 and Exhibit SH-6.

⁹⁰ See GYG’s questionnaire responses, at Exhibits 9, and 26. See also, Letter from GYG companies regarding, “Aluminum Extrusions from the PRC: CVD Questionnaire Response of Foshan Guangcheng Aluminum Co., Ltd.,” dated February 19, 2015, at Exhibit 47.

⁹¹ See 19 CFR 351.525(b)(2), 19 CFR 351.525(b)(3), and 19 CFR 351.525(b)(6).

⁹² See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM, at “Preferential Tax Program for High or New Technology Enterprises.”

⁹³ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM, at “Preferential Tax Program for High or New Technology Enterprises.”

⁹⁴ See *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review*, 76 FR 77206 (December 12, 2011) (*Citric Acid from the PRC First Review*), and accompanying IDM at “Reduced Income Tax Rate for High or New Technology Enterprises;” *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review*; 2010, 77 FR 72323 (December 5, 2012) (*Citric Acid from the PRC Second Review*), and accompanying

for HNTes. The criteria and procedures for identifying eligible HTNEs are provided in the *Measures on Recognition of High and New Technology Enterprises* (GUOKEFAHUO (2008) No. 172) (*Measures on Recognition of HNTes*) and the *Guidance on Administration of Recognizing High and New Technology Enterprises* (GUOKEFA HUO (2008) No.362). Article 8 of the *Measures on Recognition of HNTes* provides that the science and technology administrative departments of each province, autonomous region, and municipality directly under the central government or cities under separate state planning shall collaborate with the finance and taxation departments at the same level to recognize HTNEs in their respective jurisdictions.⁹⁵ The GOC reported that the program is administered by the State Administration of Taxation (SAT) and is implemented by the SAT branches at the local level within their respective jurisdictions and that exemption is claimed on line 28 of the Statement of Tax Preferences Table, which is an appendix the corporate tax return.⁹⁶ The annex of the *Measures on Recognition of HNTes* lists eight high- and new-technology areas selected for the State's "primary support:" 1) Electronics and Information Technology; 2) Biology and New Medicine Technology; 3) Aerospace Industry; 4) New Materials Technology; 5) High-tech Service Industry; 6) New Energy and Energy-Saving Technology; 7) Resources and Environmental Technology; and 8) High-tech Transformation of Traditional Industries.⁹⁷

GYG reported that Guang Ya received tax savings under this program in the amount indicated on income tax returns filed during the POR. The Jangho Companies reported that Guangzhou Jangho, Jangho Group Co., and Shanghai Jangho received tax savings under this program in the amount indicated on income tax returns filed during the POR. In its questionnaire response, the GOC stated that there were no changes under this program during the POR.⁹⁸ Consistent with the *Citric Acid from the PRC First Review*, *Citric Acid from the PRC Second Review*, and *Citric Acid from the PRC Third Review*, we preliminarily find that the reduced income tax rate paid by Guang Ya, Guangzhou Jangho, Jangho Group Co., and Shanghai Jangho represent financial contributions under section 771(5)(D)(ii) of the Act in the form of revenue foregone by the GOC, and provides a benefit to the recipient in the amount of the tax savings.⁹⁹ We also determine, consistent with the *Citric Acid from the PRC First Review*, *Citric Acid from the PRC Second Review*, and *Citric Acid from the PRC Third Review*, that the reduction afforded by this program is limited as a matter of law to certain new and high technology companies selected by the government pursuant to legal guidelines specified in *Measures on Recognition of HNTes* and, hence, is specific under section 771(5A)(D)(i) of the Act. Both the number of targeted industries (eight) and the narrowness of the identified project areas under those industries support a finding

IDM at "Reduced Income Tax Rate for High or New Technology Enterprises;" and *Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Results of Countervailing Duty Administrative Review*; 2011, 79 FR 108 (January 2, 2014) (*Citric Acid from the PRC Third Review*), and accompanying IDM at "Reduced Income Tax Rate for High or New Technology Enterprises."

⁹⁵ See *Citric Acid from the PRC First Review*, *Citric Acid from the PRC Second Review*, *Citric Acid from the PRC Third Review* and accompanying IDMs at "Reduced Income Tax Rate for High or New Technology Enterprises."

⁹⁶ See *Citric Acid from the PRC First Review*, *Citric Acid from the PRC Second Review*, *Citric Acid from the PRC Third Review* and accompanying IDMs at "Reduced Income Tax Rate for High or New Technology Enterprises."

⁹⁷ See *Citric Acid from the PRC First Review*, *Citric Acid from the PRC Second Review*, *Citric Acid from the PRC Third Review* and accompanying IDMs at "Reduced Income Tax Rate for High or New Technology Enterprises."

⁹⁸ See GOC's initiation questionnaire response, at 18.

⁹⁹ See section 771(5)(D)(ii) of the Act, section 771(5)(E) of the Act, and 19 CFR 351.509(a)(1).

that the legislation expressly limits access to the program to a specific group of enterprises or industries.

To calculate the benefit, we compared the income tax rate that Guang Ya, Guangzhou Jangho, Jangho Group Co., and Shanghai Jangho would have paid in the absence of the program (25 percent) to the income tax rate that the companies actually paid (15 percent). We treated the income tax savings as a recurring benefit, consistent with section 771(5)(E) of the Act and 19 CFR 351.524(c)(1). To calculate the countervailable subsidy rate, we divided the benefit by a denominator comprised of the combined sales of the relevant GYG or Jangho Group companies (net of inter-company sales), in accordance with 19 CFR 351.525(b)(3) and (6), according to the methodology described above in the “Attribution” section.

On this basis, we preliminarily calculate a countervailable subsidy of 0.21 percent *ad valorem* for the GYG, and 0.76 percent, *ad valorem* for the Jangho Companies.

C. Provision of Land-Use Rights Located in the South Sanshui Science and Technology Industrial Park for LTAR

In the *Aluminum Extrusions CVD Investigation*, the GYG companies reported that Guangcheng purchased land-use rights in the South Sanshui Science and Technology Industrial Park in 2007. Based on the information on the record of the underlying investigation, we determined that the provision of land-use rights for LTAR constituted a financial contribution within the meaning of section 771(5)(D)(iii) of the Act and that the provision of land-use rights confers a benefit under section 771(5)(E)(iv) of the Act to the extent Foshan City provides them for LTAR. The benefit under this program was allocated over the life of the land-use rights contract covering a period of 50 years.¹⁰⁰ Additionally, documents on the record of the investigation indicated that industrial land within the South Sanshui Science and Technology Industrial Park is offered at preferential prices. We therefore determined that the benefits provided under this program are limited to firms located in the South Sanshui Science and Technology Industrial Park and, thus, are specific under section 771(5A)(D)(iv) of the Act.¹⁰¹

In the current POR, the GOC confirmed that the GYG companies did not acquire any additional land-use rights in the South Sanshui Science and Technology Industrial Park during the AUL period.¹⁰² In its supplemental questionnaire response, the GYG reconfirmed Guangcheng’s purchase of land in the South Sanshui Science and Technology Industrial Park in 2007.¹⁰³ Because no changes to this program were reported during this POR, consistent with the finding during the underlying investigation, we continue to find that this program meets the elements of

¹⁰⁰ See *Aluminum Extrusions Final Determination*, at section VII.U., “Analysis of Programs.”

¹⁰¹ *Id.*

¹⁰² See GOC’s initial questionnaire response, at 50; see also Letter from the GOC regarding, “Aluminum Extrusions from China; 3rd CVD Administrative Review GOC 2nd Supplemental Response, dated April 28, 2015 (GOC 2nd Supplemental Response), at 36. See also, Letter from GYG companies regarding, “Aluminum Extrusions from the PRC: CVD Questionnaire Response of the Guang Ya Group, dated December 3, 2014, at 40, and Part II (Guanghai’s Questionnaire Response) at 25. See also, Letter from Guangcheng regarding, “Aluminum Extrusions from the PRC: CVD Questionnaire Response of Foahan Guangcheng Aluminium Co., Ltd., dated February 19, 2015, at 33.

¹⁰³ See GYG’s second supplemental questionnaire response, at 12.

financial contribution, benefit, and specificity, as described above. Accordingly, using information from the investigation placed on the record of this review in relation to the this program of land-use rights for LTAR,¹⁰⁴ we divided the benefit calculated during the underlying investigation for 2013 by the total sales of Guang Ya and Guangcheng, net intercompany sales and services, to derive the subsidy rate of 1.17 percent *ad valorem* for the GYG.

D. GOC and Sub-Central Government Grants, Loans, and Other Incentives for Development of Famous Brands and China World Top Brands (Famous Brands program)

In the *Aluminum Extrusions CVD Investigation*, we found that the Famous Brands program is administered at the central, provincial, and municipal government level. In that investigation, the relevant GYG companies reported receiving grants under the Famous Brands program.¹⁰⁵ Based on information from the underlying investigation, which was also placed on the record of this review,¹⁰⁶ we determined that the grant(s) received by the Guang Ya Companies under the Famous Brands program constituted a financial contribution and conferred a benefit under sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively. We also determined that the grant(s) provided to the Guang Ya Companies were specific in accordance with 771(5A)(B) of the Act, because the Famous Brands program was contingent on export activity. We also found that Guang Ya received a grant prior to the POI that was greater than 0.5 percent of its total export sales in the year of approval/receipt. Therefore, the Department allocated the benefit over time in accordance with the methodology provided under 19 CFR 351.524(d)(2). The allocated benefit covered a period that includes the current segment of this proceeding.¹⁰⁷

In the current review, no new information was placed on the record to warrant a change in our finding. Further, the GOC stated that there were no changes to this program during the POR.¹⁰⁸ Therefore, we continue to find that the program provides countervailable subsidies within the meaning of 771(5) of the Act as described above. Accordingly, we divided the amount of the benefit calculated under this program for 2013 by the total 2013 value of export sales of Guang Ya and Guangcheng in accordance with 19 CFR 351.525(b)(2), according to the methodology described above in the “Attribution” section. On this basis, we preliminarily calculated a net subsidy of 0.10 percent *ad valorem* for the Guang Ya Group.

E. International Market Exploration (SME) Fund

In the underlying CVD investigation,¹⁰⁹ we determined that the SME Fund provides countervailable subsidies that are contingent upon export activity because, to qualify for the

¹⁰⁴ See GYG’s initial questionnaire response, at Exhibit 3.

¹⁰⁵ See *Aluminum Extrusions from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 75 FR 54302, 54310 (September 7, 2010) (*Aluminum Extrusions Preliminary Determination*); see also, *Aluminum Extrusions from the People’s Republic of China: Final Affirmative Countervailing Duty Determination (Aluminum Extrusions Final Determination)*, 76 FR 18521, (April 4, 2011) and accompanying IDM, at comment 31.

¹⁰⁶ See *Aluminum Extrusions from the PRC Investigation* and accompanying IDM, at Analysis of Programs VII.B., and comment 31; see also GYG’s initial questionnaire response, at Exhibit 3.

¹⁰⁷ See *Aluminum Extrusions from the PRC Investigation* and accompanying IDM, at Analysis of Programs VII.B., and comment 31.

¹⁰⁸ See GOC’s initial questionnaire response, at 22.

¹⁰⁹ See *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at “International Market

program, a small and medium-sized enterprise (SME) must have export and import rights, exports of less than \$15,000,000 in the previous year, an accounting system, personnel with foreign trade skills, and an international marketing plan. As explained in the *Aluminum Extrusions from the PRC Second Review*, in the first administrative review, the GOC reiterated that this program was established in 2000, pursuant to the *Circular of the Ministry of Finance, the Ministry of Foreign Trade and Economic Cooperation Concerning Printing and Distributing the Measures for the Administration of International Market Developing Funds of Small- and Medium-Sized Enterprises (for Trial Implementation)*, and *Detailed Rules for the Implementation of the Measures for the Administration of International Market Developing Funds of Small- and Medium-Sized Enterprise (for Provisional Implementation)* to support the development of small and medium-sized enterprise.¹¹⁰ The GOC added that in May 2010, this program was renewed and the above-listed legislation was replaced by the *Measures for Administration of International Market Developing Funds of Small- and Medium-Sized Enterprises (Market Developing Funds Measure)*.¹¹¹ The GOC explained that after the promulgation of the *Market Developing Funds Measure*, the export value eligibility criterion was modified to state that an applicant enterprise must have had an export value in the previous year of less than \$45,000,000.¹¹²

Neither the GYG companies nor the GOC provided any information to warrant a reconsideration of the Department's determination that this program is a countervailable export subsidy. Moreover, the GOC stated in its questionnaire response that there were no changes made to this program during the instant administrative review.¹¹³ Therefore, consistent with the *Investigation*, we find that the grants received under this program constitute a financial contribution and confer a benefit under sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively, and are specific under section 771(5A)(A) and (B) of the Act because the program supports the international market activities of SMEs and is contingent upon export performance.

Guang Ya and Guangcheng reported receipt of non-recurring grants under this program in 2013.¹¹⁴ The Department treats grants under this program as non-recurring subsidies under 19 CFR 351.524(c).¹¹⁵ We, thus, conducted the "0.5 percent test" of 19 CFR 351.524(b)(2), by dividing the total amount of the grants received by Guang Ya and Guangcheng over their total export sales for the year the grants were approved/received.¹¹⁶ We find that the grants received

Exploration Fund (SME Fund)."

¹¹⁰ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at "International Market Exploration Fund (SME Fund)." See also, *Aluminum Extrusions from the PRC Second Review*, and accompanying IDM at "International Market Exploration Fund (SME Fund)."

¹¹¹ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at "International Market Exploration Fund (SME Fund)." See also, *Aluminum Extrusions from the PRC Second Review*, and accompanying IDM at "International Market Exploration Fund (SME Fund)."

¹¹² See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at "International Market Exploration Fund (SME Fund)." See also, *Aluminum Extrusions from the PRC Second Review*, and accompanying IDM at "International Market Exploration Fund (SME Fund)."

¹¹³ See GOC initial questionnaire response, at 22.

¹¹⁴ See GYG's initial questionnaire response, at Exhibits 10 and 11. See also Guangcheng's initial questionnaire response regarding, "Aluminum Extrusions from the PRC: CVD Questionnaire Response of Foshan Guangcheng Aluminum Co., Ltd., dated February 19, 2015 (Guangcheng's initial questionnaire response), at Exhibits 48 and 49.

¹¹⁵ See *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at "International Market Exploration Fund (SME Fund)."

¹¹⁶ Where the company was unable to report the date/year of approval of the grant, we used the date/year of receipt

in 2013 were less than 0.5 percent of the total export sales denominator for the year of approval/receipt. Therefore, we expensed the grant amounts to the year of receipt. To calculate the subsidy rate, we divided the full amount of the grant by the total export sales of Guang Ya and Guangcheng for 2013, in accordance with 19 CFR 351.525(b)(2) and (6), according to the methodology described above in the “Attribution” section.

On this basis, we preliminarily calculate a countervailable subsidy of 0.06 percent *ad valorem* for the Guang Ya Group.

F. Tax Offset for Research and Development (R&D)

The Jangho Companies reported that both Jangho Group Co. and Guangzhou Jangho received tax savings under this program during the POR. The Department has previously found benefits received under this program to be a countervailable subsidy.¹¹⁷ There is no new information on the record for us to reconsider our determination. Therefore, we continue to find that this program provides a countervailable subsidy. The GOC reported that under this program, for R&D expenses incurred for developing new products and technologies that cannot be treated as intangible assets, 50 percent of the R&D expense shall be deducted as a tax offset. For R&D expenses incurred for developing new products and technologies that can be treated as intangible assets, the tax offset shall be amortized based on 150 percent of the R&D expenses.¹¹⁸ For Guangzhou Jangho, the program is administered by the State Taxation Bureau of Zengcheng City, Guangdong. For Jangho Group Co., the program is administered by the Second Taxation Office of Local Taxation Bureau of Shunyi District, Beijing.¹¹⁹ The Program is administered pursuant to the “Trial Administrative Measures for the Pre-Tax Deduction of Enterprises R&D Expenses” (R&D Measures). Article 5 of the R&D Measures states that eligible R&D projects: shall be in line with national and Guangdong provincial technological policies and industrial policies. Any projects belonging to producer projects, technological projects, or process projects eliminated or restricted by the central or Guangdong provincial government shall not enjoy the policy of additional calculation of R&D expenses.¹²⁰

The Department has determined that the income tax reduction under this program constitutes a financial contribution in the form of revenue forgone by the government under section 771(5)(D)(ii) of the Act and a benefit in the amount of the tax savings pursuant to 19 CFR 351.509(a). Concerning specificity, as noted above in the “Policy Loans to Chinese Aluminum Extrusion Producers” section, we determined that the GOC has targeted the aluminum extrusions industry for development and assistance in a manner that is specific under section 771(5A)(D)(i) of the Act, as illustrated in the government plans and directives, to encourage and support the growth and development of the aluminum extrusions industry. Given this finding and in light of

of the grant for the yearly sales denominator used in the 0.5 percent test.

¹¹⁷ See *Aluminum Extrusions From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 75 FR 54302 (September 10, 2007), unchanged in *Aluminum Extrusions From the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 18521 (April 4, 2011).

¹¹⁸ See the GOC's initial questionnaire response at 18.

¹¹⁹ *Id.* at 17.

¹²⁰ See *Aluminum Extrusions From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 75 FR 54302 (September 10, 2007), unchanged in *Aluminum Extrusions From the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 18521 (April 4, 2011).

the language in Article 5 of the R&D Measures, the Department determined that tax reduction under this program are *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act.¹²¹

To calculate the benefit, we multiplied the reduction in taxable income attributed to Guangzhou Jangho and Jangho Group Co. under the program by the tax rate, 15 percent.¹²² We treated the income tax savings as a recurring benefit, consistent with section 771(5)(E) of the Act and 19 CFR 351.524(c)(1). To calculate the countervailable subsidy rate, we divided the benefit by a denominator comprised of the consolidated sales of the relevant Jangho Group companies (net of inter-company sales), in accordance with 19 CFR 351.525(b)(3) and (6), according to the methodology described above in the “Attribution” section. On this basis, we preliminarily calculate a countervailable subsidy of 0.19 percent, *ad valorem* for the Jangho Companies.

F. Grant Programs for Which the GOC Did Not Provide the Requested Laws, Regulations, and Specificity Information

As explained above in *Application of AFA for Certain Grants Received by The Jangho Companies*, we preliminarily find that each of the following programs provides countervailable subsidies within the meaning of section 771(5) of the Act. As AFA we preliminarily determine that each is specific within the meaning of section 771(5A) of the Act, and constitutes a financial contribution in the form of a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act. Based on information provided by the GOC and the Jangho Companies, we also preliminarily determine that each program conferred a benefit under section 771(5)(E) of the Act and 19 CFR 351.504(a) during the POR.

Consistent with 19 CFR 351.524(c)(1), we are treating grants received under these programs a “non-recurring.” We performed the “0.5 percent test” of 19 CFR 351.524(b)(2) with regard to each grant program. For those programs that passed the “0.5 percent test,” we allocated the benefit received by the Jangho Companies over the AUL in this proceeding, 12 years. For those programs, that did not pass the “0.5 percent test,” we expensed the grants amounts in the years they were received.

To calculate the countervailable subsidy rate for each year, we divided the benefit by a denominator comprised of the sales of the Jangho Companies (which is net of inter-company sales), according to the methodology described above in the “Subsidies Valuation Information” section. As explained above in “Use of Facts Otherwise Available and Adverse Inferences: *Application of AFA for Certain Grants Received by The Jangho Companies*,” for those programs which GOC did not provide the legislation and regulations but for which the name of the program indicates that it is an export program, as AFA, we calculated the program rate using export sales as the denominator.

¹²¹ *Id.*

¹²² As noted above as HTNE-status companies, Guangzhou Jangho and Jangho Group Co. incur a 15 percent income tax rate.

On this basis, we preliminarily find that the following grant programs are countervailable and have calculated the following *ad valorem* countervailable subsidy rates for the Jangho Companies.

Name of Program	2012 <i>Ad Valorem</i> Rate
2013 Export Increase Fund	0.01% ¹²³
2012 Guangzhou Innovation Enterprise Fund from Guangzhou	0.01%
2012 Industrial Development Fund	0.01%
2013 Working Capital Loans Discount	0.02%

Programs For Which Additional Information Is Needed

Award for Self-Innovation Brand/Grant for Self-Innovation Brand and Enterprise Listing (aka, Income Tax Reward for Listed Enterprises)

Guang Ya and Guangcheng reported receiving multiple grants during the AUL period under this program. We have determined that additional information regarding this program is necessary to permit a complete analysis. Due to the fact that we intend to solicit further information, we intend to include this program in a post-preliminary analysis memorandum.

Export Insurance Fund

Guang Ya reported receiving individual grants during the AUL period under this program. We inquired about this program in a supplemental questionnaire to the GOC. However, the GOC's supplemental response was received very close to the deadline of these preliminary results of review. Given that we will need additional time to evaluate the information received coupled with the fact that we may need to issue a supplemental questionnaire pertaining to this fund, we intend to include this program in a post-preliminary analysis memorandum.

Provision of Primary Aluminum for LTAR

In response to the Department's questionnaires, the GYG submitted certain information regarding suppliers and producers of those suppliers related to inputs purchased by the respondents. While the GOC provided some information in response to the Department's requests, additional information is needed to enable us to preliminarily analyze whether the producers are "authorities" within the meaning of section 771(5)(B) of the Act. Therefore, the Department intends to solicit additional information from the GOC regarding the producers of

¹²³ Given information on the record of the investigation, we determined that the grant(s) received by the Guang Ya Companies under the 2013 Export Increase Fund program was specific pursuant to section 771(5A) and (B) of the Act because it is contingent on export activity. Accordingly, we divided the amount of the benefit calculated under this program for 2013 by the total 2013 value of export sales of Jangho in accordance with 19 CFR 351.525(b)(2) and (6), according to the methodology described above in the "Attribution" section.

suppliers identified by the GYG companies, and will include this program in a post-preliminary analysis memorandum.

Provision of Aluminum Extrusions at LTAR

We initiated a new subsidy investigation of Purchases of Aluminum Extrusions at LTAR. We solicited information from the GOC. However, the GOC's response was received very close to the deadline of these preliminary results of review. Given that we will need additional time to evaluate the information received, coupled with the fact that we may need to issue a supplemental questionnaire pertaining to this program, we intend to include this program in a post-preliminary analysis memorandum.

Provision of Glass at LTAR

We initiated a new subsidy investigation of Purchases of Glass at LTAR. We solicited information from the GOC. However, the GOC's response was received very close to the deadline of these preliminary results of review. Given that we will need additional time to evaluate the information received, coupled with the fact that we may need to issue a supplemental questionnaire pertaining to this program, we intend to include this program in a post-preliminary analysis memorandum.

Programs Preliminarily Determined Not to Confer Measurable Benefit or Not Used

We preliminarily find that the following programs did not confer a measurable benefit to the respondent companies during the POR:

Economic, Scientific Technology Development Fund (Guang Ya and Guangcheng)
Science and Technology Bureau Project Fund (Guang Ya and Guangcheng)
Industrial Economy Transformation and Upgrading (Guang Ya)
Special Fund for Energy Saving Technology Reform (Guang Ya and Guangcheng)
Technical Standards Award (Guang Ya)
Labour and Social Security Allowance (Guangcheng)
Intellectual Property Rewards (Guang Ya and Guangcheng)
Safe Production Without Injury in Working (Guangcheng)
Award for Remarkable Taxpayer (Guangcheng)
Intellectual Property Award (Jangho Group Co. and Guangzhou Jangho)
2013 Import Increase Fund (Guangzhou Jangho)
2013 Guangzhou Innovation Enterprise Fund from Zengcheng (Guangzhou Jangho)
2012 First Export Increase Discount (Guangzhou Jangho)
2012 Second Export Increase Discount (Guangzhou Jangho)
2012 Private Enterprise Award (Guangzhou Jangho)
2012 Fund for Processing Trade Transition (Guangzhou Jangho)
2012 Fund for Processing Trade Transition (Guangzhou Jangho)
2013 Guangzhou Service Contracting Program (Guangzhou Jangho)
2011-2012 Second Class Science and Technology Award (Jangho Group Co.)
Post Doctor Allowances (Jangho Group Co.)

Post Doctor Center Research Fund (Jangho Group Co.)
 Technology Center Assistance (Jangho Group Co.)
 2008 Cultural and Creative Industry Assistance (Jangho Group Co.)
 2009 Cultural and Creative Industry Assistance (Jangho Group Co.)
 Financial Crisis Assistance (Jangho Group Co.)
 Industry Structure Reforming Fund (Jangho Group Co.)
 Solar Panel Construction Assistance (Jangho Group Co.)
 2012 “Double 10” Plan (Jangho Group Co.)
 Headquarters Building and Solar Panel Assistance (Jangho Group Co.)
 2012 Creative Industry Development Fund -2012 (Jangho Group Co.)
 2012 Creative Industry Development fund -2013 (Jangho Group Co.)
 Cultural Creative Development Fund (Jangho Group Co.)
 2013 Beijing High and New Technology Products Fund (Jangho Group Co.)
 2012 Songjiang Product Quality Award (Shanghai Jangho)
 Shanghai Patent Assistance (Shanghai Jangho)
 Industrialization and Informationization Assistance (Shanghai Jangho)
 Science Little Giants Award (Shanghai Jangho)
 2012 Employee Training Fund (Shanghai Jangho)
 Technology Renovation Fund (Shanghai Jangho)

We preliminarily find that the respondent companies did use the following programs:

“Large and Excellent” Enterprises Grant
 2009 Special Fund
 Accelerated Depreciation for Enterprises Located in the Northeast Region
 Advanced Science/Technology Enterprise Grant
 Allocated Land Use Rights for State-Owned Enterprises
 Assistance for Science Research and Technology Development Planning Projects of Nanning Municipality
 Assistances for Research & Development (“R&D”) projects under Funds of Nanning Municipality for Foreign Trade Development
 Award for Excellent Enterprise
 Award of Nanning Municipality for Industrial Enterprises Completing Energy Saving Tasks
 Awarding Funds of Guangxi Autonomous Region for Renovation of Energy-Saving Technologies
 Awards of Guangxi Autonomous Region for Advancement of Science and Technology
 Awards of Guangxi Autonomous Region for Emission Reduction of Main Pollutants
 Awards of Guangxi Autonomous Region for New Products
 Awards of Nanning High-tech Zone for Annual top Tax Payers of Industrial Enterprises
 Awards of Nanning Municipality for Advancement of Science and Technology
 Awards of Nanning Municipality for Excellent Foreign Trade Enterprises
 Awards of Nanning Municipality for New Products
 Awards to Key Enterprises for Large Consumption of Electricity
 Bonus for 2009 Excellent Sewage Treatment Management Companies

Clean Production Technology Fund
 Development Assistance Grants from the Zhaoqing New and High-Tech Industrial
 Development Zone (“ZHTDZ”) Local Authority
 Exemption from City Construction Tax and Education Tax for Foreign-Invested Enterprises
 (“FIEs”)
 Exemptions from Administrative Charges for Companies in the ZHTDZ
 Expanding Production and Stabilizing Jobs Fund of Jiangsu Province
 Export Credit Subsidy Program: Export Buyer’s Credits
 Export Credit Subsidy Program: Export Seller’s Credits
 Export Incentive Payments Characterized as Value Added Tax (“VAT”) Rebates
 Export Rebate for Mechanic, Electronic, and High-Tech Products
 Financial Assistance (interest subsidy) of Nanning Municipality for Key Technology
 Renovation
 Financial Supporting Funds of Nanning Municipality for Technology Renovation for
 Production Safety
 Forgiveness of Tax Arrears for Enterprises in the Old Industrial Bases of Northeast China
 Foshan City Government Technology Renovation and Technology Innovation Special Fund
 Grants
 Fund for Economic, Scientific, and Technology Development
 Fund for SME Bank-Enterprise Cooperation Projects
 Funds for Demonstration Bases of Introducing Foreign Intellectual Property
 Funds for Projects of Science and Technology Professionals serving the Enterprises
 Funds of Guangxi Autonomous Region for Energy Saving and Emission Reduction
 Funds of Guangxi Autonomous Region for Enterprises’ Technology Renovation
 Funds of Guangxi Autonomous Region for Promotion of Foreign Trade Development of the
 West Region
 Funds of Nanning Municipality for Project Preliminary Works
 Funds of Nanning Municipality for Sustainable Development of Foreign Trade
 Funds of Nanning Municipality for Technology Innovation
 Government Provision of Land-Use Rights to Enterprises Located in the Yongji Circular
 Economic Park for Less Than Adequate Remuneration (“LTAR”)
 Government Purchase of Aluminum Extrusions for More Than Adequate Remuneration
 Grants for Listing Shares: Liaoyang City (Guangzhou Province), Wenzhou Municipality
 (Zhejiang Province), and Quanzhou Municipality (Fujian Province)
 Grants to Cover Legal Fees in Trade Remedy Cases in Zhenzhen
 Guangxi Awards for Private Enterprises Designated as Pilot Innovation-Oriented Enterprises
 Guangxi Technology R&D Funds
 Import and Export Credit Insurance Supporting Development Fund for Changzhou
 Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported
 Equipment in Encouraged Industries*
 Income Tax Rewards for Key Enterprises
 Labor and Social Security Allowance Grants in Sanshui District of Guangdong Province
 Land Use Rights in the Liaoyang High-Tech Industry Development Zone

Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program
 Membership Fee Refunds for Members of Rescue Sub-team of Guangxi Emergency and
 Rescue Association for Production Safety
 Migrant Workers Training Subsidy
 Nanhai District Grants to High or New Technology Enterprises (“HNTes”)
 Nanhai District Grants to State and Provincial Enterprise Technology Centers and Engineering
 Technology R&D Centers
 National Funds for Construction of Ten “Key Energy Saving Projects,” “Key Demonstration
 Bases for Recycling Economy and Resource Saving,” and “Key Industrial Pollution Control
 Projects”
 National Funds for the Industry Revitalization and Technology Renovation of the Key Fields
 National Special Funds for Emission of Main Pollutants (Assistance for Construction of
 Automatic Surveillance of Key Pollutant Sources)
 Northeast Region Foreign Trade Development Fund
 PGOG and Foshan City Government Patent and Honor Award Grants
 PGOG Science and Technology Bureau Project Fund (*aka*, Guangdong Industry, Research,
 University Cooperating Fund)
 PGOG Special Fund for Energy Saving Technology Reform
 Preferential Tax Policies for the Development of Western Regions of China
 Preferential Tax Policies for the Opening and Development of Beibu Gulf Economic Zone of
 Guangxi Zhuang Autonomous Region (Local Income Tax Exemption)
 Preferential Tax Program for FIEs Recognized as HNTes
 Provincial Fund for Fiscal and Technological Innovation
 Provincial Loan Discount Special Fund for SMEs
 Provincial Tax Exemptions and Reductions for “Productive” FIEs
 Provision of Electricity for LTAR to FIEs Located in the Nanhai District of Foshan City
 Provision of Land-Use Rights and Fee Exemptions to Enterprises Located in the LHTDZ for
 LTAR
 Provision of Steam Coal for LTAR
 Refund of Land-Use Tax for Firms Located in the ZHTDZ
 Refund of VAT on Products Made Through Comprehensive Utilization of Resources
 Returns for Land-Transferring Fee
 Social Insurance Subsidy
 Special Fund for 2010 Provincial-Level Foreign Economy and Foreign Trade Development
 Special Fund for Environment Protection
 Special Fund for External Economy
 Special Fund for Foreign Trade
 Special Fund for Industrial Development
 Special Fund for Significant Science and Technology in Guangdong Province
 Special Fund Subsidy for Export-Oriented Economy
 Special Fund Subsidy for Industrial Development
 Special Funds for Projects of National Science and Technology Supporting Plan
 Special Funds for the Development of Five Industries
 Special Funds of Guangxi Autonomous Region for Production Safety (Supporting Fund for

Eliminating Potential and Seriously Dangerous Projects)
 Special Funds of Guangxi Autonomous Region for Small Highland of Talents
 Special Funds of Guangxi Beibu Gulf Economic Zone for the Development of Key Industries
 Special Funds of Nanning Municipality for Academic and Technical Leaders of the New Century
 Special Funds of Nanning Municipality for Key Planning Project of Professionals Cultivation
 Special Funds of Nanning Municipality for Small Highland of Talents
 Special Guiding Fund
 Special Guiding Fund for Key Industries
 Special Reward Fund for Industrial Economy Transformation and Upgrading of the Whole District
 State Key Technology Renovation Project Fund
 Support for Disabled Persons
 Support for the Tax Refund Difference Program
 Supporting Funds for Trade with the Minority Nationalities and Production of Goods Specially Needs by Minority Nationalities
 Supporting Funds of Nanning Municipality for “Informatization-industrialization Integration” and Development of Information Industry
 Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment
 Tax Reductions for Export-Oriented FIEs
 Tax Reductions for FIEs in Designated Geographic Locations
 Tax Reductions for FIEs Purchasing Chinese-Made Equipment
 Tax Reductions for Technology- or Knowledge-Intensive FIEs
 Tax Refunds for Enterprises Located in the ZHTDZ
 Tax Refunds for Reinvesting of FIE Profits in Export-Oriented Enterprises
 Technical Reform Subsidy for Changzhou City
 Technical Standards Awards
 Tiaofeng Electric Power Subscription Subsidy Funds
 Two Free, Three Half Income Tax Exemptions for FIEs
 VAT Rebates on FIE Purchases of Chinese-Made Equipment

Preliminary Ad Valorem Rate for Non-Selected Companies Under Review

The statute and the Department’s regulations do not directly address the establishment of rates to be applied to companies not selected for individual examination where the Department limited its examination in an administrative review pursuant to section 777A(e)(2) of the Act. However, the Department normally determines the rates for non-selected companies in reviews in a manner that is consistent with section 705(c)(5) of the Act, which provides instructions for calculating the all others rate in an investigation. We also note that section 777A(e)(2) of the Act provides that “the individual countervailable subsidy rates determined under subparagraph (A) shall be used to determine the all others rate under section {705(c)(5) of the Act}.” Section 705(c)(5)(A) of the Act instructs the Department to calculate an all others rate using the weighted average of the subsidy rates established for the producers/exporters individually examined, excluding any zero, *de minimis*, or facts available rates. In this review, the preliminary subsidy rates calculated

for the two mandatory respondents are above *de minimis* and neither was determined entirely under facts available.

Calculating the non-selected rate by weight averaging the rates of the respondents, however, risks disclosure of proprietary information. Therefore, for these preliminary results, we calculated the rate for the non-selected companies by weight averaging the rates of the GYG and the Jangho Companies using publicly-ranged sales data.¹²⁴ As such, to each of the 37 companies for which a review was requested and not rescinded, but were not selected as mandatory respondents, we derived a preliminary subsidy rate of 1.81 percent *ad valorem*.¹²⁵

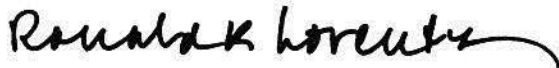
Conclusion

We recommend applying the above methodology for these preliminary results.

✓

Agree

Disagree



Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance


(Date)

¹²⁴ See Memorandum to The File entitled, "Administrative Review of Countervailing Duty Order on Aluminum Extrusions from the People's Republic of China: Non-Selected Rate Calculation for the Preliminary Results of Review," dated June 1, 2014.

¹²⁵ For a list of the non-selected companies, see *Aluminum Extrusions from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2013*, signed concurrently with this preliminary decision memorandum.