C-570-017
Administrative Review
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E&C Office VII: AH

DATE: August 31, 2017

MEMORANDUM TO: Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

FROM: James Maeder
Senior Director
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the Administrative Review of the Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China; 2014-2015

I. SUMMARY

The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty (CVD) order on passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (PRC) (*CVD Order*).[1] The period of review (POR) is December 1, 2014, through December 31, 2015. The Department selected Cooper (Kunshan) Tire Co., Ltd. (Cooper) and GITI Tire Global Trading Pte. Ltd., GITI Tire (USA) Ltd., GITI Radial Tire (Anhui) Company Ltd. (GITI Anhui Radial), GITI Tire (Fujian) Company Ltd. (GITI Fujian), GITI Tire (Hualin) Company Ltd. (GITI Hualin) (collectively, GITI) as mandatory respondents.[2]

If these preliminary results are adopted in the final results of this review, we will instruct U.S. Customs and Border Protection (CBP) to assess countervailing duties on all appropriate entries of subject merchandise 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

[1] *See Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 FR 47902 (August 10, 2015) (*CVD Order*).
[2] *See* Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Selection of Respondents for Individual Examination," dated March 9, 2017 (Respondent Selection Memorandum). *See* Section VIII below for a full list of the companies the Department is finding to be cross-owned with GITI and Cooper in this review.

Tariff Act of 1930, as amended (the Act), we will issue the final results no later than 120 days after the publication of these preliminary results.

II. BACKGROUND

On August 10, 2015, the Department published the *CVD Order* on passenger tires from the PRC.[3] On August 5, 2016, we published a notice of "Opportunity to Request Administrative Review" of the *CVD Order*.[4] Between August 19, 2016, and August 31, 2016, the Department received timely requests to conduct an administrative review of the *CVD Order* of the interested parties listed in Appendix I.

On October 15, 2016, in accordance with 19 CFR 351.221(c)(1)(i), the Department published in the *Federal Register* a notice of initiation of an administrative review of the *CVD Order* for 61 producers/exporters for the POR.[5] For a list of these companies, please see Appendix I to this Decision Memorandum. In the *Initiation Notice* we stated that, in the event we limited the number of respondents for individual examination in this administrative review, we intended to select respondents based on CBP data for U.S. imports during the period of review.[6] On January 27, 2017, we released CBP import data under the Administrative Protective Order (APO) and invited interested parties to submit comments.[7] We received timely comments and rebuttal comments from the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy Allied Industrial and Service Workers International Union, AFL-CIO (USW) (the petitioner) and Cooper requesting the selection of certain companies as mandatory respondents.[8] On March 9, 2017, the Department issued its Respondent Selection Memorandum.[9] We selected the two largest PRC producers/exporters of subject merchandise based on CBP data as mandatory respondents, Cooper and GITI.

We sent countervailing duty questionnaires to the Government of China (GOC) on March 16, 2017.[10] Cooper and GITI filed timely responses to the CVD questionnaire – responding to the Identifying Affiliated Companies portion of Section III of the questionnaire on March 30,

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[3] *See CVD Order*.
[4] *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 81 FR 51850 (August 5, 2016).
[5] *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 81 FR 71061 (October 14, 2016). (*Initiation Notice).*
[6] *See Initiation Notice* at the section, "Respondent Selection."
[7] *See* Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China; Customs and Border Protection Entry Data," dated January 27, 2017 (CBP Entry Data Memorandum).
[8] *See* USW's February 3, 2017 Respondent Selection Comments; Cooper's February 3, 2017 Respondent Selection Comments; Cooper's February 8, 2017 Respondent Selection Rebuttal Comments; Cooper's February 14, 2017 Additional Respondent Selection Comments; USW's February 15, 2017 Additional Respondent Selection Comments.
[9] *See* Respondent Selection Memorandum.
[10] *See* Department Letter re: Countervailing Duty Questionnaire, dated March 16, 2017 (Initial CVD Questionnaire).

2017.[11] On April 17, 2017, the Department extended the deadline for these preliminary results by 120 days to August 31, 2017.[12] The deadline for submission of benchmark data was also extended – from December 30, 2016, to June 2, 2017.[13] Cooper and GITI submitted the remainder of Section III of the initial questionnaire on May 4, 2017.[14] The GOC filed its timely response to Section II of the CVD questionnaire on May 4, 2017.[15] The Department sent the GOC and Cooper supplemental questionnaires on June 12, 2017,[16] and to GITI on June 14, 2017.[17] On June 22, 2017, the Department further extended the deadline for benchmark submissions until June 30, 2017.[18] The GOC and Cooper filed timely responses to the supplemental questionnaires on June 29, 2017,[19] and GITI filed timely responses on July 3, 2017,[20] and July 10, 2017.[21]

III. PARTIAL RESCISSION OF REVIEW

For those companies for which we received timely withdrawals of the requests for review (*i.e.*, Sailun Jinyu Group Co., Ltd., Sailun Jinyu Group (Hong Kong) Co., Limited; Sailun Tire International Corp., Seatex International Inc., Jinyu International Holding Co., Limited, Husky Tire Corp., Dynamic Tire Corp., Shandong Jinyu Industrial Co., Ltd., Qingdao Jinhaoyang International Co., Ltd., Guangzhou Pearl River Rubber Tyre Ltd., Best Choice International Trade Co. Limited, Winrun Tyre Co., Ltd., and Shandong Wanda Boto Tyre Co., Ltd.), we are rescinding this administrative review, pursuant to 19 CFR 351.213(d)(1), because no other party requested review of these companies. For these companies, countervailing duties shall be assessed at rates equal to the rates of cash deposits for estimated countervailing duties required at the time of entry, or withdrawn from warehouse, for consumption, during the period December 1, 2014, through December 31, 2015, in accordance with 19 CFR 351.212(c)(2).

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[11] *See* Cooper's, March 30, 2017 Affiliation Response and GITI's March 30, 2017 Affiliation Response (GITI AFFR).
[12] *See* Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Extension of Deadline for Preliminary Results," dated April 17, 2017.
[13] *See* Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Second Extension of Submission of Benchmark and Factual Information," dated April 19, 2017.
[14] *See* Cooper's May 4, 2017 Initial Questionnaire Response (Cooper's May 4, 2017 IQR) and GITI May 4, 2017 Initial Questionnaire Response (GITI May 4, 2017 IQR).
[15] *See* GOC May 4, 2017 Initial Questionnaire Response (GOC May 4, 2017 IQR).
[16] *See* Department Letter re: Supplemental Questionnaire for Cooper dated June 12, 2017, and Department Letter re: Supplemental Questionnaire for GOC, dated June 12, 2017.
[17] *See* Department Letter re: Supplemental Questionnaire for GITI, dated June 12, 2017.
[18] *See* Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Extension of Deadline for Submission of Benchmark and Factual Information," dated June 22, 2017.
[19] *See* Cooper's, June 29, 2017 Supplemental Questionnaire Response (Cooper June 29, 20017 SQR), and GOC June 29, 2017 Supplemental Questionnaire Response (GOC June 29, 2017 SQR).
[20] *See* GITI July 3, 2017 Supplemental Questionnaire Response (GITI July 3, 2017 SQR).
[21] *See* GITI July 10, 2017 Supplemental Questionnaire Response (GITI July 10, 2017 SQR).

IV. 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 limits 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.

Section 705(c)(5)(A)(i) of the Act instructs the Department as a general rule 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 rates based entirely on facts available. In this review, the preliminary subsidy rates calculated for GITI and Cooper are above *de minimis* and are not based entirely on facts available. Therefore, for the companies for which a review was requested that were not selected as mandatory company respondents, and for which we did not receive a timely request for withdrawal of review, and which we are not finding to be cross-owned with the mandatory company respondents, we are preliminarily basing the subsidy rates on the rate calculated for GITI and Cooper. For a list of these companies, please see Appendix II to this Decision Memorandum.

On February 9, 2017, in response to comments from the petitioner indicating possible evasion of the order, the Department placed additional CBP data on the record of this review listing all entries under the relevant subheadings of the Harmonized Tariff Schedule of the United States (HTSUS).[22] The data indicated a large volume of tires entering the United States unsuspended (so-called "type 1" entries). Manifest data gathered by the petitioner from a private source indicated much of this merchandise appeared to be in-scope tires and, thus, subject to suspension under the order.[23]

Subsequently, the Department issued questionnaires to three parties not selected as mandatory respondents requesting information concerning their tire shipments to the United States during the POR: Kenda Rubber (China) Co. Ltd. (Kenda), Qingdao Sentury Tire Co., Ltd., and Zhongce Rubber Group Company Limited (Zhongce Rubber). Specifically, we requested information concerning the quantity and value of tire shipments to the United States during the POR.[24] In response, Kenda reported shipping in-scope tires worth $23,000,000, according to its publicly ranged data,[25] a figure much higher than the value suspended in the CBP data under the relevant HTSUS subheadings. Sentury reported $93,000,000 in in-scope shipments, according to its publicly ranged data, and no out-of-scope shipments, contrary to the large volume of unsuspended shipments indicated in the CBP data under the relevant HTSUS subheadings.[26]

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[22] *See* Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China; Additional Customs and Border Protection Entry Data," dated February 9, 2017.

[23] *See* USW's February 15, 2017 Additional Respondent Selection Comments.

[24] *See* Department Letter re: Questionnaire for Kenda, dated May 31, 2017, and Department Letter re: Questionnaire for Sentury, dated May 31, 2017, and Department Letter re: Questionnaire for Zhongce, dated May 31, 2017.

[25] *See* Kenda's June 20, 2017 QR at 1.

[26] *See* Sentury's June 20, 2017 QR at 1.

Therefore, as a result of the comparison between CBP data and the responses of Kenda and Sentury, the Department will refer relevant business-proprietary information to CBP which suggests that imports of subject merchandise are being mischaracterized as non-subject tires upon importation into the United States. Kenda and Sentury will preliminarily receive the rate determined above for the companies subject to the review that were not selected as mandatory respondents (*i.e.*, the companies in Attachment II). Following the issuance of these preliminary results, the Department will continue to examine which shipments of Kenda and Sentury should be subject to this rate for assessment purposes, if necessary.

Zhongce reported shipping $15,000,000 in in-scope tires in response to the Department's May 31, 2017 questionnaire, according to its publicly ranged sales data, despite having previously submitted a "no shipment" certification.[27] Pursuant to 19 CFR 351.213(d)(3), if the Department concludes that an exporter or producer had no shipments during the POR, the review may be rescinded with respect to the particular exporter or producer. As explained below under the "Use of Facts Otherwise Available and Application of Adverse Inferences" section, we have preliminarily determined that the application of AFA is warranted in selecting the rate for Zhongce as a result of its inaccurate certification. Accordingly, the Department is not rescinding the review of Zhongce and is applying the rate of 89.78 percent to Zhongce, following the AFA hierarchy explained below. No other companies submitted no shipment certifications.

V. SCOPE OF THE ORDER

The scope of this order is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by this order may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.

Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

Prefix designations:

P - Identifies a tire intended primarily for service on passenger cars

LT- Identifies a tire intended primarily for service on light trucks

Suffix letter designations:

LT - Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service.

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[27] *See* Zhongce Letter re: "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Zhongce No Shipment Letter," dated November 14, 2016.

All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this investigation regardless of their intended use.

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.

Specifically excluded from the scope are the following types of tires:

(1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;

(2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the Tire and Rim Association Year Book;

(3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;

(4) non-pneumatic tires, such as solid rubber tires;

(5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire’s sidewall are listed in Table PCT-1B (“T” Type Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Year Book,

(b) the designation “T” is molded into the tire’s sidewall as part of the size designation, and,

(c) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a “M” rating;

(6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:

(a) the size designation molded on the tire’s sidewall is listed in the ST sections of the Tire and Rim Association Year Book,

(b) the designation “ST” is molded into the tire’s sidewall as part of the size designation,

(c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is “For Trailer Service Only” or “For Trailer Use Only”,

(d) the load index molded on the tire’s sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Year Book for the relevant ST tire size, and

(e) either

(i) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed does not exceed 81 MPH or an “M” rating; or

(ii) the tire’s speed rating molded on the sidewall is 87 MPH or an “N” rating, and in either case the tire’s maximum pressure and maximum load limit are molded on the sidewall and either

(1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book; or

(2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;

(7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire’s sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Year Book,

(b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is “Not For Highway Service” or “Not for Highway Use”,

(c) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 55 MPH or a “G” rating, and

(d) the tire features a recognizable off-road tread design.

The products covered by the order are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.45, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

VI. APPLICATION OF THE COUNTERVAILING DUTY LAW TO IMPORTS FROM THE PRC

On October 25, 2007, the Department published its final determination on coated free sheet paper from the PRC.[28] In *CFS from the PRC*, the Department found that:

> {G}iven the substantial difference between the Soviet-style economies and China's economy in recent years, the Department's previous decision not to apply the CVD law to the Soviet-style economies does not act as a bar to proceeding with a CVD investigation involving products from China.[29]

The Department affirmed its decision to apply the CVD law to the PRC in numerous subsequent determinations.[30] Furthermore, on March 31, 2012, Public Law 112-99 was enacted, which confirms that the Department has the authority to apply the CVD law to countries designated as non-market economies under section 771(18) of the Act, such as the PRC.[31] The effective date provision of the enacted legislation makes clear that this provision applies to this proceeding.[32]

VII. DIVERSIFICATION OF THE PRC'S ECONOMY

Concurrently with this decision memorandum, the Department is placing the following excerpts from the *China Statistical Yearbook* from the National Bureau of Statistics of China on the record of this review.[33] Index Page; Table 14-7: Main Indicators on Economic Benefit of State-owned and State-holding Industrial Enterprise by Industrial Sector; Table 14-11: Main Indicators on Economic Benefit of Private Industrial Enterprise by Industrial Sector. This information reflects a wide diversification of economic activities in the PRC. The industrial sector in the PRC alone is comprised of 37 listed industries and economic activities, indicating the diversification of the economy.

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[28] *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 6.
[29] *Id.*
[30] *See, e.g., Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 73 FR 31966 (June 5, 2008), and accompanying IDM at Comment 1.
[31] Section 1(a) is the relevant provision of Public Law 112-99 and is codified at section 701(f) of the Act.
[32] *See* Public Law 112-99, 126 Stat. 265 1(b).
[33] *See* Memorandum, "Additional Documents Memorandum," dated concurrently with this memorandum (Additional Document Memorandum).

VIII. SUBSIDIES VALUATION

POR

The POR is December 1, 2014, through December 31, 2015. In accordance with past practice,[34] because the POR covers a small portion of 2014 (*i.e.*, less than two months), we relied exclusively on data provided for 2015 in determining subsidy rates. The resulting rates will be applied to all entries from December 1, 2014, through December 31, 2015.

Allocation Period

Under 19 CFR 351.524(b), non-recurring subsidies are allocated over a period corresponding to the Average Useful Life (AUL) of the renewable physical assets used to produce the subject merchandise. Pursuant to 19 CFR 351.524(d)(2), there is a rebuttable presumption that the AUL will be taken from the IRS Tables, as updated by the U.S. Department of the Treasury. For the subject merchandise, the IRS Tables prescribe an AUL of fourteen years. No interested party has challenged the use of a fourteen-year AUL.

Further, for non-recurring subsidies, we have 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 allocated to the year of receipt rather than allocated over the AUL period.

Attribution of Subsidies

Cross Ownership: In accordance with 19 CFR 351.525(b)(6)(i), the Department normally attributes a subsidy to the products produced by the company that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(v) provide additional rules for the attribution of subsidies received by respondents with cross-owned affiliates. Subsidies to the following types of cross-owned affiliates are covered in these additional attribution rules: (ii) producers of the subject merchandise; (iii) holding companies or parent companies; (iv) producers of an input that is primarily dedicated to the production of the downstream product; or (v) an affiliate producing non-subject merchandise that otherwise transfers a subsidy to a respondent.

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 ownership interest between two corporations or through common ownership of two (or more) corporations. The *CVD Preamble* to the Department's regulations further clarifies the

[34] *See Certain Oil Country Tubular Goods from India: Final Results of Countervailing Duty Administrative Review 2013-2014*, 82 FR 18282 (April 18, 2017); *Final Results and Partial Rescission of Countervailing Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from the Republic of Korea*, 67 FR 1964 (January 15, 2002).

Department's cross-ownership standard. According to the *CVD Preamble,* relationships captured by the cross-ownership definition include those where:

> {T}he 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.[35]

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.[36] Based on information on the record, we preliminarily determine that cross-ownership exists, in accordance with 19 CFR 351.525(b)(6)(vi), among the following companies.

Cooper

As discussed above, we selected Cooper as a mandatory company respondent. Cooper is a wholly-owned subsidiary of Cooper Tire and Rubber Company (CTRC). Cooper reported that it was related to Cooper Chengshan (Shandong) Tire Co., Ltd. (CCT) through CTRC, prior to the POR, and that CTRC terminated its investment in CCT on November 14, 2014. Cooper reported that CTRC exported a small volume of subject merchandise to the United States during the POR. CTRC also wholly-owns Cooper Tire (China) Investment Co. LTD (CTIC), which exported a small amount of subject tires from the PRC to the United States during the POR.

In the investigation, the Department determined that Cooper and CCT were cross-owned through common ownership by their parent company, CTRC. Because CTRC exported tires produced by CCT during the POR, and Cooper and CCT were cross-owned during the AUL period, we required CCT to provide a complete questionnaire response in this review. We are attributing any subsidy received by Cooper or CCT to the combined sales of both companies, excluding intercompany sales, pursuant to 19 CFR 351.525(b)(6)(ii).

GITI

GITI responded to the Department's original and supplemental questionnaires. In its March 30, 2017 questionnaire response, GITI Fujian reported being cross-owned with a total of 25 companies. Based on the Department's assessment of the record, we are including questionnaire responses from 10 affiliates in our determination of the subsidy rates explained below:

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[35] *See Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998) (*CVD Preamble*).
[36] *See Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

Tire Producers

- GITI Fujian
- GITI Anhui Radial
- GITI Hualin
- GITI Tire (Anhui) Company Ltd.
- GITI Tire (Yinchuan) Company Ltd.
- GITI Greatwall Tire (Yinchuan) Company Ltd.
- GITI Tire (Chongqing) Company Ltd.

Input Producers

- GITI Steel Cord Hubei
- Anhui Prime Cord Fabrics Company Ltd.

Holding Company

- GITI Tire (China) Investment Co., Ltd. (GITI China)

These 10 companies are either producers of subject merchandise or products primarily dedicated to the production of subject merchandise, such as nylon cord, or are holding companies. In addition, at the Department's request, GITI provided questionnaire responses for three input producers dormant during the POR: Anhui Prime Cord Weaving Company Ltd., Anhui Prime Cord Twisting Company Ltd., and GITI Steel Cord (Anhui) Company Ltd. The questionnaire responses indicated that the three companies received no subsidies during the AUL of this review. For the remaining companies, GITI reported that the companies either did not produce subject merchandise or inputs primarily dedicated to the production of subject merchandise during the POR.[37] GITI also reported that several companies were dormant or ceased to exist during the POR. For the preliminary results, we are not including any of these companies in our analysis.

GITI Fujian is 51 percent owned by GITI Tire Corporation (GITI Corp.) and 49 percent owned by GITI Tire Pte. Ltd. (GITI Singapore), a company registered in Singapore with many tire manufacturing operations in the PRC.[38] GITI Singapore, in turn, is the sole owner of GITI China, which it set up as a holding company for its investment activities in the PRC. The remaining companies listed above are owned in totality directly or indirectly by GITI Corp., GITI Singapore, or GITI China. Therefore, we are attributing subsidies received by any of the tire producers listed above to the combined sales of the seven producers, excluding inter-company sales, in accordance with 19 CFR 351.525(b)(6)(ii). We are attributing subsidies received by any of the input producers to the combined sales of the input producers and the seven producers of subject merchandise, consistent with 19 CFR 351.525(b)(6)(iv). For subsidies received by GITI China, the holding company, we are attributing benefits to the consolidated sales of the company itself and its subsidiaries, in accordance with 19 CFR 351.525(b)(6)(iii).

[37] *See* Cooper June 29, 20017 SQR.
[38] *See* GITI AFFR at 5.

Denominators

In accordance with 19 CFR 351.525(b)(1)-(5), the Department considers the basis for the respondent's receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondent's export or total sales. The denominators we used to calculate the countervailable subsidy rate for the various subsidy programs described below are explained in further detail in the Preliminary Calculation Memoranda prepared for this preliminary review.

IX. INTEREST RATE BENCHMARKS, DISCOUNT RATES, INPUT, ELECTRICTY AND LAND BENCHMARKS

We are examining loans received by GITI and Cooper from Chinese policy banks and state-owned commercial banks (SOCBs). We are also examining non-recurring, allocable subsidies.[39] The derivation of the benchmark interest rates and discount rates used to measure the benefit from 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.[40] 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 loans."[41]

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 PRC*, loans provided by PRC banks reflect significant government intervention in the banking sector and do not reflect rates that would be found in a functioning market.[42] In an analysis memorandum dated July 21, 2017, the Department has conducted a re-assessment of the lending system in China.[43] Based on this re-assessment, the Department has concluded that, despite reforms to date, the Government of the PRC's role in the system continues to fundamentally distort lending practices in the PRC in terms of risk pricing and resource allocation, precluding the use of interest rates in the PRC for CVD benchmarking or discount rate purposes. Consequently, we preliminarily find that any loans received by the respondents from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(2)(i). For the same reasons, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii). Therefore, because of the special difficulties inherent in using a Chinese benchmark for loans, the Department is selecting an external market-based benchmark interest

[39] *See* 19 CFR 351.524(b)(1).
[40] *See* 19 CFR 351.505(a)(3)(i).
[41] *See* 19 CFR 351.505(a)(3)(ii).
[42] *See CFS PRC Final* IDM at Comment 10.
[43] *See* Memorandum, "Review of China's Financial System Memorandum," concurrently with this memorandum.

rate. The use of an external benchmark is consistent with the Department's practice. For example, in *Lumber from Canada,* the Department used U.S. timber prices to measure the benefit for government-provided timber in Canada.[44]

In past proceedings involving imports from the PRC, we calculated the external benchmark using the methodology first developed in *CFS PRC* and later updated in *Thermal Paper PRC*.[45] 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. As explained in *CFS PRC,* this pool of countries captures the broad inverse relationship between income and interest rates. For 2003 through 2009, the PRC fell in the lower-middle income category.[46] Beginning in 2010, however, the PRC was classified in the upper-middle income category and remained there from 2011 to 2014.[47] Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the benchmark and discount rates for 2003-2009, and we used the interest rates of upper-middle income countries to construct the benchmark and discount rates for 2010-2014. This is consistent with the Department's calculation of interest rates for recent CVD proceedings involving PRC merchandise.[48]

After the Department identifies the appropriate interest rates, the next step in constructing the benchmark is to incorporate an important factor in interest rate formation, the strength of governance as reflected in the quality of the countries' institutions. The strength of governance has been built into the analysis by using a regression analysis that relates the interest rates to governance indicators.

In each of the years from 2003-2009 and 2011-2014, the results of the regression analysis reflected the expected, common-sense result: stronger institutions meant relatively lower real interest rates, while weaker institutions meant relatively higher real interest rates.[49] For 2010, however, the regression does not yield that outcome for the PRC's income group.[50] This contrary result for a single year does not lead us to reject the strength of governance as a

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[44] *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) (*Lumber Canada Final*), and accompanying IDM at "Analysis of Programs, Provincial Stumpage Programs Determined to Confer Subsidies, Benefit."
[45] *See CFS PRC Final* IDM at Comment 10; *see also Lightweight Thermal Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper PRC*), and accompanying IDM (Thermal Paper IDM) at 8-10.
[46] *See* World Bank Country Classification, *http://data.worldbank.org/about/country-and-lending-groups* (World Bank Country Classification); *see also*, Memorandum, "Interest Rate Benchmark Memorandum," dated concurrently with this memorandum. (Interest Rate Benchmark Memorandum).
[47] *See* World Bank Country Classification.
[48] *See, e.g., Certain Frozen Warmwater Shrimp from the People's Republic of China: Preliminary Countervailing Duty Determination*, 78 FR 33346 (June 4, 2013), and accompanying Preliminary Decision Memorandum at "Benchmarks and Discount Rates" (unchanged in *Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013) (*Shrimp PRC Final*)).
[49] *See* Interest Rate Benchmark Memorandum.
[50] *Id.*

determinant of interest rates. Therefore, we continue to rely on the regression-based analysis used since *CFS from the PRC* to compute the benchmarks for the years from 2001-2009 and 2011-2014. 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 (IMF), 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 2010-2014 and "lower middle income" for 2001-2009.[51] First, we did not include those economies that the Department considered to be NMEs for AD 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 remove any country that reported a rate that was not a lending rate or that based its lending rate on foreign-currency denominated instruments. Finally, for each year the Department calculated an inflation-adjusted short-term benchmark rate, we also 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 to include an inflation component.[53]

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 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]

In *Citric Acid PRC*, this methodology was revised by switching from a long-term mark-up 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]

The resulting inflation-adjusted benchmark lending rates are provided in the GITI Preliminary Calculation Memorandum and the Cooper Preliminary Calculation Memorandum.

<u>Foreign Currency-Denominated Loans</u>

To calculate benchmark interest rates for foreign currency-denominated loans, the Department is following the methodology developed over a number of successive PRC investigations. For U.S.

[51] *Id*.
[52] *Id*.
[53] *Id*.
[54] *See, e.g.*, Thermal Paper IDM at 10.
[55] *See Citric Acid PRC Final*, and accompanying IDM at Comment 14.
[56] *See* Interest Rate Benchmark Memorandum.

dollar (USD) 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 rate for companies with a BB rating.

Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i)(A), we used, as our discount rate, the long-term interest rate calculated according to the methodology described above for the year in which the Government of the PRC provided non-recurring subsidies.[57] The interest rate benchmarks and discount rates used in our preliminary calculations are provided in the GITI Preliminary Calculation Memorandum and the Cooper Preliminary Calculation Memorandum.

Benchmarks to Determine Adequacy of Remuneration

The adequacy of remuneration for government-provided goods or services is determined pursuant to 19 CFR 351.511(a)(2). Under 19 CFR 351.511(a)(2), the Department measures the remuneration received by a government for goods or services against comparable benchmark prices to determine whether the government provided goods or services for less than adequate remuneration (LTAR). These potential benchmarks are listed in hierarchical order by preference: (1) market prices from actual transactions within the country under investigation (*e.g.*, actual sales, actual imports or competitively run government auctions) (tier one); (2) world market prices that would be available to purchasers in the country under investigation (tier two); or (3) an assessment of whether the government price is consistent with market principles (tier three). As provided in our regulations, the preferred benchmark in the hierarchy is an observed market price from actual transactions within the country under investigation (*i.e.*, tier one). This is because such prices generally would be expected to reflect most closely the prevailing market conditions of the purchaser under investigation.

Land Benchmark

As detailed in previous investigations, the Department cannot rely on the use of so-called "first-tier" and "second-tier" benchmarks to assess the benefits from the provision of land for LTAR in the PRC.[58] Accordingly, USW submitted the same 2010 Thailand benchmark information, *i.e.*, "Asian Marketview Reports" by CB Richard Ellis (CBRE) that we relied on in calculating land

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[57] *See* Memorandum, "Preliminary Results Analysis for GITI" dated concurrently with this memorandum (GITI Preliminary Calculation Memorandum) and Memorandum, "Preliminary Results Analysis for Cooper (Kunshan) Tire Co., Ltd. dated concurrently with this memorandum (Cooper Preliminary Calculation Memorandum); *see also* Interest Rate Benchmark Memorandum.

[58] *See, e.g., Laminated Woven Sacks from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination; Preliminary Affirmative Determination of Critical Circumstances, In Part; and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*, 72 FR 67893, 67906-08 (December 3, 2007), unchanged in *Laminated Woven Sacks from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances*, 73 FR 35639 (June 24, 2008) (*Laminated Woven Sacks from the PRC*).

benchmarks in the CVD investigation of *Passenger Tires from the PRC*.[59] We initially selected this information in *Laminated Woven Sacks from the PRC* after considering a number of factors, including national income levels, population density, and producers' perceptions that Thailand is a reasonable alternative to the PRC as a location for Asian production.[60] We find that these benchmarks are suitable for the preliminary results, adjusted accordingly for inflation to account for benefits received by Cooper during the POR.

Input Benchmarks

For each of the inputs, as discussed below in the section, "Use of Facts Otherwise Available and Application of Adverse Inferences," we preliminarily determine that domestic input producers that supplied to GITI and Cooper are "authorities" within the meaning of section 771(5)(B) of the Act. Therefore, prices from their domestic suppliers are not usable as benchmarks, as they are prices charged by the very providers of the good at issue. We selected the benchmarks for measuring the adequacy of remuneration for carbon black, nylon cord, synthetic rubber and butadiene, and natural rubber, in accordance with 19 CFR 351.511(a). Below we analyze the information provided and the selection of a benchmark for each input. We note that, where possible, we have removed PRC-related pricing data (*i.e*., imports into the PRC) from all of the input benchmarks for these preliminary results for the reasons described below.

1. *Carbon Black*

The GOC reported that of the 57 carbon black producers in operation during the POR, the GOC maintains an ownership or management interest in five.[61] According to data provided by the GOC, these five producers accounted for 31.61 percent of domestic carbon black consumption during the POR (2015) and 27.50 percent of domestic production.[62] This level of GOC-controlled production is substantial. The data provided by the GOC also show that the volume of imports as a percentage of domestic production and consumption (2.17 and 2.61 percent, respectively), is insignificant.[63] Moreover, the record shows no export restraints on carbon black were in place. Based on these facts, we conclude that domestic prices in the PRC for carbon black are distorted such that they cannot be used as a Tier 1 benchmark. For the same reasons, we preliminarily determine that import prices into the PRC cannot serve as a Tier 1 benchmark.[64] Thus, to measure the adequacy of remuneration for the provision of carbon black, we are relying on world market prices as the Tier 2 benchmark provided for in 19 CFR 351.511(a)(2)(ii).

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[59] *See* Letter from USW, "First Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People' s Republic of China – The USW's Benchmark Factual Information," dated June 30, 2017, at Exhibit 1.
[60] The complete history of our reliance on this benchmark is discussed in *Solar Cells from the PRC*, and accompanying IDM at 6 and Comment 11. In that discussion, we reviewed our analysis from the laminated woven sacks investigation and concluded the CBRE data were still a valid land benchmark.
[61] *See* GOC May 4, 2017 IQR at 32.
[62] *Id*. at 32-33.
[63] *Id.* at 33.
[64] *See, e.g., Countervailing Duty Investigation of Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China*, 75 FR 59212 (September 27, 2010), and accompanying Issues and Decision Memorandum, at 22 and Comment 14.

2. *Nylon Cord*

The GOC reported that, of the 60 nylon cord producers in operation during the POR, the GOC maintained an ownership or management interest in four.[65] According to data provided by the GOC, these producers account for 8.87 percent of domestic consumption and 7.08 percent of domestic production, and the levels of imports are low.[66] Moreover, the record shows no export restraints on nylon cord were in place. We preliminarily determine that this level of GOC involvement in the production of nylon cord is not substantial, and does not support a conclusion that the market is distorted. Thus, under Tier 1, we are permitted to rely on prices resulting from actual transactions. Because we have deemed the producers of nylon cord purchased by respondents' to be "authorities," the prices for those purchases do not meet the requirements for a Tier 1 benchmark, and we look instead to "actual imports." However, GITI did not report imports of nylon cord during the POR. Thus, to measure the adequacy of remuneration for the provision of nylon cord for GITI, we are relying on PRC import prices as the Tier 1 benchmark provided for in 19 CFR 351.511(a)(2)(i).[67] For Cooper we have used the company's monthly weighted-average prices of imports of nylon cord.[68]

3. *Synthetic Rubber and Butadiene*
4. *Natural Rubber*

According to data provided by the GOC, during the POR, state-owned producers accounted for over 51 percent of the natural rubber, and 32 percent of the synthetic rubber produced in the country.[69] Overall, GOC-controlled producers accounted for nearly 35 percent of the total rubber production in the country during the POR. This level of GOC-controlled production is substantial. However, the data provided by the GOC also show that the volume of imports was significant, as a percentage of domestic production (38.56 percent for synthetic rubber and 4.59 percent for natural rubber) and domestic consumption (28.60 percent for synthetic rubber and 82.91 percent for natural rubber).[70] Thus, given the large penetration of imports of rubber in the PRC market and the lack of other evidence on the record to show that GOC-controlled companies or government agencies through other methods, e.g., export restraints, had control of, or otherwise distorted, these markets during the POR, we do not find government distortion of the PRC rubber market.[71]

As a Tier 1 benchmark, as set forth in 19 CFR 351.511(a)(2)(i), we are permitted to rely on prices resulting from actual transactions within the country of investigation. Because we have deemed the producers of these inputs purchased by the respondents to be "authorities," the prices on those purchases do not meet the requirements for a Tier 1 benchmark, and we look instead to

[65] *See* GOC May 4, 2017 IQR at 52.
[66] *Id.* at 52-54.
[67] *See* GITI Preliminary Calculation Memorandum.
[68] *See* Cooper Preliminary Calculation Memorandum.
[69] *See* GOI May 4, 2017 IQR at 98-100 and 75-77.
[70] *Id.*
[71] We make this finding based solely on the facts of this particular case. In other cases, even if there are similar levels of import penetration and SOE production as here, we may consider other indicators of market distortion in determining whether domestic prices can serve as an appropriate benchmark.

actual import prices. However, GITI did not report imports of natural or synthetic rubber during the POR. Thus, to measure the adequacy of remuneration for the provision of rubber for GITI, we are relying on PRC import prices as the Tier 1 benchmark provided for in 19 CFR 351.511(a)(2)(i).[72] For Cooper we have used the company's monthly weighted-average prices of imports of natural and synthetic rubber cord.[73]

Transportation

For these preliminary results, we preliminarily determine to rely on international rates for Maersk 40-foot containers to value ocean freight.[74]

X. USE OF FACTS OTHERWISE AVAILABLE AND APPLICATION OF ADVERSE INFERENCES

Section 776(a) of the Act provides that the Department shall, subject to section 782(d) of the Act, use the "facts otherwise available" if: (1) necessary information is not on the record; or (2) an interested party or any other person withholds information that has been requested; 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; significantly impedes a proceeding; or provides information that cannot be verified as provided by section 782(i) of the Act.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party with an opportunity to remedy or explain the deficiency. If the party fails to remedy or satisfactorily explain the deficiency within the applicable time limits, subject to section 782(e) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate.

Under the Trade Preferences Extension Act of 2015 (TPEA), numerous amendments to the AD and CVD laws were made. Amendments to section 776(b) and 776(c) of the Act and the addition of section 776(d) of the Act were included.[75] The amendments to the Act are applicable to all determinations made on or after August 6, 2015, and, therefore, apply to this review.[76]

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[72] *See* GITI Preliminary Calculation Memorandum.
[73] *See* Cooper Preliminary Calculation Memorandum.
[74] *See* Letter from USW, "First Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People' s Republic of China – The USW's Benchmark Factual Information," dated June 30, 2017, at 10 and Exhibit 2.
[75] *See* TPEA, Pub. L. No. 114-27, 129 Stat. 362 (2015). The 2015 law does not specify dates of application for those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced applicability dates for each amendment to the Act, except for amendments contained to section 771(7) of the Act, which relate to determinations of material injury by the International Trade Commission. *See Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793 (August 6, 2015) (*Applicability Notice*). The text of the TPEA may be found at *https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl.*
[76] *See Applicability Notice*, 80 FR at 46794-46795.

Section 776(b) of the Act 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. In doing so, and under the TPEA, the Department is not required to determine, or make any adjustments to, a countervailable subsidy rate based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information.[77] Further, section 776(b)(2) of the Act states that an adverse inference may include reliance on information derived from the petition, the final determination from the countervailing duty investigation, a previous administrative review, or other information placed on the record.[78]

Section 776(c) of the Act provides that, in general, when the Department relies on secondary information rather than on information obtained in the course of a review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal.[79] Secondary information is defined as information derived from the petition that gave rise to the investigation, the final determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise.[80] Further, and under the TPEA, the Department is not required to corroborate any countervailing duty applied in a separate segment of the same proceeding.[81]

Finally, under the new section 776(d) of the Act, when applying an adverse inference, the Department may use a countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or if there is no same or similar program, use a countervailable subsidy rate for a subsidy program from a proceeding that the Department considers reasonable to use.[82] The TPEA also makes clear that, when selecting facts available with an adverse inference, the Department is not required to estimate what the countervailable subsidy rate would have been if the interested party failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an "alleged commercial reality" of the interested party.[83]

<u>Application of Adverse Facts Available: Input Producers are "Authorities"</u>

As discussed below in the section "Programs Preliminarily Determined to be Countervailable," the Department is investigating the provision of four inputs for LTAR: carbon black, nylon cord, synthetic rubber and butadiene, and natural rubber. We requested information from the GOC regarding the specific companies that produced the input products that GITI and Cooper, and their respective cross-owned companies, purchased during the POR. Specifically, we sought

[77] *See* section 776(b)(1)(B) of the Act; *See also* section 502(1)(B) of the TPEA.
[78] *See also* 19 CFR 351.308(d).
[79] *See also* 19 CFR 351.308(c).
[80] *See* Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, vol. 1 at 870 (1994).
[81] *See* section 776(c)(2) of the Act; TPEA, section 502(2).
[82] *See* section 776(d)(1) of the Act; TPEA, section 502(3).
[83] *See* section 776(d)(3) of the Act; TPEA, section 502(3).

information from the GOC that would allow us to determine whether the producers are "authorities" within the meaning of section 771(5)(B) of the Act.[84]

In our original questionnaire, we requested detailed information from the GOC that would be needed for this analysis.[85] We asked the GOC to "{p}lease coordinate immediately with the company respondents to obtain a complete list of each respondent company's {input} producers, including the producers of inputs purchased by the respondent through a supplier."[86] In its initial questionnaire response the GOC stated that it could not collect the amount of documentation required in the Input Producer Appendix "and would instead submit basic information and ownership structures of the producers taking 60% to 90% or more of the inputs supplied to the mandatory respondents."[87] Thus, there remain companies that the respondents identified as their input producers and about which the GOC provided no information on the record for us to analyze for purposes of determining whether they are under the management or control of the GOC.

The GOC did not attempt to identify particular producers as "private" or "state-owned." However, the Department's analysis of the basic registration and ownership information provided indicates that some producers are state-owned enterprises and some maybe privately owned. Regarding apparently private companies, the GOC was asked to provide information about the involvement of the Chinese Communist Party (CCP) in those companies, including whether individuals in management positions are CCP members, in order to evaluate whether the privately-owned suppliers are "authorities" within the meaning of section 771(5)(B) of the Act.[88] While the GOC provided a long narrative explanation of the role of the CCP, when asked to identify any owners, members of the board of directors, or managers of the input suppliers who were government or CCP officials during the POR, the GOC explained that it does not maintain " . . .a central record of this information. . ."[89] The GOC concluded its response to this question by stating "If the Department considers such information is necessary to the case, the GOC would suggest the Department to request such information from the mandatory respondents directly."[90] Furthermore, the Department requested that the GOC provide the articles of incorporation, capital verification reports, business licenses and tax registration, again in order to analyze whether these producers are "authorities" within the meaning of section 771(5)(B) of the Act. However, in response to the request for these documents, the GOC, as noted above, provided only basic business registration and ownership information, which does not provide the level of detailed information that would be provided by the requested documents.

With regard to the ownership of the producers that the respondents identified and for whom the GOC provided no information, as well as the producers that the GOC identified as private companies but for whom the GOC provided an inadequate response to the Department's requests, we preliminarily determine that the GOC has the necessary information that was

[84] *See* Initial CVD Questionnaire, at section II, E (pp. 4-16).
[85] *Id.*
[86] *Id* at 4, 7, 10, 14.
[87] *See e.g.*, GOC May 4, 2017 IQR at 16.
[88] *See* Additional Documents Memorandum (containing a previous Department decision memorandum concerning the role of the CCP in both public and private PRC producers).
[89] *Id.*
[90] *Id.* at 17.

requested of it, but withheld that information. In so doing, the GOC significantly impeded the investigation. Therefore, in accordance with sections 776(a)(2)(A) and 776(a)(2)(C) of the Act, the Department must rely on "facts otherwise available" in issuing our preliminary determination. Moreover, we preliminarily find that the GOC did not act to the best of its ability to comply with our request for information. Consequently, we find that an adverse inference is warranted in the application of facts available pursuant to section 776(b) of the Act. Thus, as AFA, we are finding that these producers are "authorities," within the meaning of section 771(5)(B) of the Act.

Application of AFA: Provision of Electricity for LTAR

The GOC did not provide complete responses to the Department's questions regarding the alleged provision of electricity for LTAR. These questions requested information to determine whether the provision of electricity constituted a financial contribution within the meaning of section 771(5)(D) of the Act, whether such a provision provided a benefit within the meaning of section 771(5)(E) of the Act, and whether such a provision was specific within the meaning of section 771(5A) of the Act. In the Department's CVD Questionnaire, for each province in which a respondent is located, the Department asked the GOC to provide a detailed explanation of: (1) how increases in the cost elements in the price proposals led to retail price increases for electricity; (2) how increases in labor costs, capital expenses, and transmission and distribution costs are factored into the price proposals for increases in electricity rates; and (3) how the cost element increases in the price proposals and the final price increases were allocated across the province and across tariff end-user categories. In its May 4, 2017 response, the GOC did not adequately address these questions.[91]

The GOC did not explain how cost elements in the price proposals led to retail price increases, but stated, without any supporting documents, that the cost elements are "obtained directly from the data provided by the power generating companies and grid companies,"[92] and that electricity rates are "fully reflective of the changes in the supply and demand of the market, and further the international commitments and government policies made by the GOC for energy conservation and emission reduction."[93]

Moreover, when the Department asked the GOC to explain how the National Development and Reform Commission (NDRC) determines that the price adjustments proposed by the provinces reflect all relevant cost elements, and to explain how the NDRC determines that all relevant cost elements are accurately reported by the provincial level price bureaus, the GOC responded that the NDRC "corresponds with power generating companies, grid companies, and local price bureaus in cross-checking these data to ensure that the price adjustment proposals are comprehensive, true, accurate, and reliable," with no explanation of how it "corresponds" with these various parties.[94] When asked to provide original Provincial Price Proposals (with English translations) for each province in which respondents had locations, the GOC replied that, "{t}he

[91] *Id.* at 110-118.
[92] *Id.* at 115.
[93] *Id.* at 116.
[94] *Id.* at 117.

proposals of this kind are drafted by the provincial governments and submitted to the NDRC. They are working documents for the NDRC's review only. The GOC is therefore unable to provide them with this response."[95]

Consequently, we preliminarily determine that necessary information is not on the record of this review because the GOC withheld information that was requested of it and, thus, the Department must rely on "facts available" in making our preliminary determination.[96] Moreover, we preliminarily determine that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information.[97] The GOC did not adequately answer our questions, nor did the GOC ask for additional time to gather and provide such information. Consequently, an adverse inference is warranted in the application of facts available.[98] In drawing an adverse inference, we find that the GOC's provision of electricity constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act. The GOC has failed to explain these differences in this and previous cases, claiming without support that the provincial governments set the rates for each province in accordance with "market principles." Because the GOC has never effectively addressed our questions related to this claim, we have determined as AFA that different electricity rates among provinces constitute a regionally-specific subsidy. Because the GOC refused to provide information concerning the relationship (if any) between provincial tariff schedules and cost, we also relied on an adverse inference in selecting the benchmark for determining the existence and amount of the benefit.[99] The benchmark rates we selected are derived from the record of this review and are the highest electricity rates on the record for the applicable rate and user categories. For details regarding the remainder of our analysis, *see* the "Provision of Electricity for LTAR" section, below.

<u>Application of AFA: Export Buyer's Credits</u>

The Department has determined that the use of AFA is warranted in determining the countervailability of the Export Buyer's Credit program because the GOC did not provide the requested information needed to allow the Department to analyze this program fully. In its questionnaire responses, the GOC claimed that none of the U.S. customers of the respondent companies used export buyer's credits from the China Export-Import Bank (China Ex-Im Bank) during the POR.[100] The GOC also stated that "for a business contract to be supported by the export buyer's credit, the contract amount must be more than 2 million U.S. dollars."[101] Information on the record indicates that the GOC revised this program in 2013 to eliminate this minimum requirement.[102] In response to our request that it provide the documents pertaining to the 2013 program revision, the GOC refused to provide them, stating that ". . . regardless of what specific criteria were applicable at the time, the GOC has received confirmation from EIBC that

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[95] *Id*. at 113.
[96] *See* section 776(a)(1) and (a)(2)(A) of the Act.
[97] *See* section 776(b)(1) of the Act.
[98] *Id.*
[99] *See* section 776(b)(2)(D) of the Act.
[100] *See* the GOC May 4, 2017 IQR at 120.
[101] *Id*.
[102] *See* Additional Document Memorandum.

none of the U.S. customers of the respondents used the Export Buyer's Credit during the POR based on EIBC's record. Therefore, this question is not applicable."[103] Through its response to the Department's supplemental questionnaire, the GOC refused to provide the requested information or any information concerning the 2013 program revision, which is necessary for the Department to analyze how the program functions.

Moreover, information on the record also indicates that the China Ex-Im Bank may disburse Export Buyer's Credits directly or through a third-party partner and/or correspondent banks.[104] We asked the GOC to confirm whether it extended credit through third-party banks. Instead of providing a response stating whether third party banks play a role in the disbursement/settlement of export buyer's credits, the GOC replied that "Since none of the U.S. customers of the respondent used the Export Buyer's Credit from Ex-Im Bank during the POR, this question is not applicable."[105] The Department also requested that the GOC provide a list of all third-party banks involved in the disbursement/settlement of Export Buyer's Credits. Instead of providing the information requested, the GOC again advised us that our question is not applicable.[106]

Pursuant to sections 776(a)(2)(A) and (a)(2)(C) of the Act, when an interested party withholds information requested by the Department and/or significantly impedes a proceeding, the Department uses facts otherwise available to reach a determination. Because the GOC withheld the requested information described above, thereby impeding this proceeding, we preliminarily determine that the use of facts available is appropriate. Further, pursuant to section 776(b) of the Act, we find that the GOC, by virtue of its withholding information that was within its control and significantly impeding this proceeding, failed to cooperate by not acting to the best of its ability. Accordingly, the application of AFA is warranted.

As noted above, the GOC has not answered our questions with respect to this program. As a result, the GOC has not provided information that would permit us to make a determination as to whether this program constitutes a financial contribution and whether this program is specific. Because the GOC has not cooperated to the best of its ability in response to the Department's specific information requests, we determine, as AFA, that this program constitutes a financial contribution and meets the specificity requirements of the Act.[107]

Moreover, the GOC has not provided information with respect to whether the China Ex-Im Bank limits the provision of Export Buyer's Credits to business contracts exceeding USD 2 million. In addition, the GOC has not provided information on whether it uses third-party banks to disburse/settle Export Buyer's Credits. Such information is critical to understanding how Export Buyer's Credits flow to/from foreign buyers and the China Ex-Im Bank. The nature of the GOC's responses to those information requests further indicates that any attempt to request the information again from the GOC would be futile. Absent the requested information, the GOC's

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[103] *See* GOC June 29, 2017 SQR at 6-7.
[104] *See* Additional Document Memorandum.
[105] *See* GOC June 29, 2017 SQR at 7.
[106] *Id*.
[107] *See Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 81 FR 35308 (June 2, 2016) and accompanying IDM at "Use of Facts Otherwise Available and Adverse Inferences."

and respondent company's claims of non-use of this program are not verifiable.[108] Therefore, we preliminarily find that the GOC has not cooperated to the best of its ability and, as AFA, find that GITI and Cooper used and benefited from this program, despite their claims of non-use and certifications of non-use from their customers.[109]

Under the new section 776(d) of the Act, the Department may use as AFA a countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, a CVD rate for a subsidy program from a proceeding that the administering authority considers reasonable to use, including the highest of such rates. Additionally, when selecting an AFA rate, the Department is not required for purposes of 776(c), or any other purpose, to estimate what the countervailable subsidy rate would have been if the non-cooperating interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an "alleged commercial reality" of the interested party.[110]

Consistent with section 776(d) of the Act and our established practice, we selected the highest calculated rate for the same or similar program as AFA.[111] When selecting rates in an administrative review, we first determine if there is an identical program from any segment of the proceeding and use the highest calculated rate for the identical program (excluding *de minimis* rates). If no such identical program exists, we then determine if there is a similar/comparable program (based on the treatment of the benefit) within the same proceeding and apply the highest calculated rate for the similar/comparable program, excluding *de minimis* rates. Where there is no comparable program, we apply the highest calculated rate from any non-company specific program in any CVD case involving the same country, but we do not use a rate from a program if the industry in the proceeding cannot use that program.[112] On this basis, we are applying an AFA rate of 4.09 percent *ad valorem*, the rate determined for GITI for preferential loans during in this proceeding.[113] In accordance with section 776(c)(2) of the Act, we do not need to corroborate this rate, because this countervailing duty rate was applied in a separate segment of this proceeding.

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[108] The Court of International Trade recently sustained our finding that "only the GOC, and in particular the PRC Ex-Im, could provide and verify the information needed to determine whether a benefit was conferred to Respondents during the POI from the Export Buyer's Credit Program." *See Changzhou Trina Solar Energy Co. v. United States*, Slip Op. 16-121, at 33-34 (CIT December 30, 2016).
[109] In prior proceedings, we have accepted certifications of non-use from a respondent company and its consumers in certain limited situations. *See, e.g., Solar Cells from the PRC Second AR* and accompanying IDM at 11. However, the program was apparently amended in 2013, and, as discussed above, the GOC has not provided information regarding the program's amendments. Accordingly, we preliminarily determine that it is not appropriate to accept GITI and Cooper's statements or certifications of non-use because we do not know enough about the program to verify those statements or certifications of non-use. *See* GITI's Initial Response at 43 and Exhibit 124 (certificate of non-use of buyer's credits by GITI's U.S. affiliate) and Cooper's Initial Response at III-28.
[110] *See* section 776(d)(3) of the Act.
[111] *See, e.g., Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013) (*Shrimp from the PRC*) IDM at 13; *see also Essar Steel Ltd. v. United States*, 753 F.3d 1368, 1373-1374 (Fed. Cir. 2014) (upholding "hierarchical methodology for selecting an AFA rate").
[112] *See Shrimp from the PRC* IDM at 13-14.
[113] *See* GITI Preliminary Calculation Memorandum.

Application of AFA: Other Subsidies

GITI and Cooper reported receiving assistance with respect to our question, "Did your government (or entities owned directly, in whole or in part, by your government or any provincial or local government) provide, directly or indirectly, any other forms of assistance to your company between December 11, 2005, and the end of the POR?"[114] In its responses to our question regarding this government assistance reported by the company respondents, the GOC stated that it has cooperated with the Department regarding requests for information, and citing Article 11.2 of the WTO Agreement on Subsidies and Countervailing Measures, stated that no reply to questions on these other programs are warranted or required.[115]

Given the GOC's responses, we preliminarily determine that the use of facts available pursuant to sections 776(a)(1) and 776(a)(2)(A) of the Act is warranted in determining the countervailability of these apparent subsidies reported by GITI and Cooper. First, necessary information regarding whether these programs provide a financial contribution within the meaning of section 771(5)(D) of the Act, and whether these programs are specific within the meaning of section 771(5A) of the Act, is not on the record of this review.[116] Further, the GOC withheld information that was requested of it by not providing information regarding these subsidies in response to our requests for information noted above.[117] Because the GOC expressly declined to provide the requested information, we find that the GOC failed to respond to the best of its ability regarding our questions on other, reported subsidies provided by the GOC, and we determine that an adverse inference is warranted with respect to these subsidies pursuant to section 776(b) of the Act. As a result, we are finding that, using AFA, these other subsidies reported by GITI and Cooper provide a financial contribution and are specific within the meaning of sections 771(5)(D) and 771(5A) of the Act, respectively. To preliminarily determine whether benefits were provided as a result of these other subsidies within the meaning of section 771(5)(E) of the Act, the Department relied on the usage information provided by GITI and Cooper.

Application of Total AFA: Zhongce

Zhongce submitted a no shipment certification on November 14, 2016, stating: "Zhongce hereby confirms that it had no exports, sales, or entries of subject passenger vehicle and light truck tires from the People's Republic of China during the relevant period of review covering December 1, 2014 through December 31, 2015. Certificates of accuracy are attached to this submission and this submission has been served on interested parties as indicated in the attached certificate or service." Only after additional CBP data was placed on the record by the Department, and third party manifest information was placed on the record by the petitioner, did Zhongce report shipping $15,000,000 of in-scope tires during the POR, in response to the Department's May 31, 2017 questionnaire, according to its publicly-ranged sales data.

[114] *See* GITI May 4, 2017 IQR at 53 and Cooper May 4, 2017 IQR at III-31.
[115] *See* GOC May 4, 2017 IQR at 153.
[116] *See* section 776(a)(1) of the Act.
[117] *See* section 776(a)(2)(A) of the Act.

Pursuant to 19 CFR 351.213(d)(3), if the Department concludes that an exporter or producer had no shipments during the POR, the review may be rescinded with respect to the particular exporter or producer. Thus, if the Department had erroneously relied on Zhongce's inaccurate certification, we would have rescinded the review of Zhongce, and its POR shipments would have been liquidated at the rate entered, and not at the rate determined pursuant to this administrative review. Effectively, the inaccurate certification would have deprived the petitioner of its prerogative to request a review of Zhongce's POR entries, as provided for under statute. As noted above, section 776(a) of the Act provides for the application of facts available when a party "significantly impedes a proceeding." Zhongce's submission of the inaccurate certification significantly impeded the conduct of this review by providing a false basis for the possible rescission of the review of its entries. Moreover, as noted, section 776(b) of the Act provides that the Department may rely on an adverse inference if a party has failed to cooperate to the best of its ability. The Department preliminarily determines that Zhongce has failed to cooperate to the best of its ability because Zhongce's no shipment certification ignored $15,000,000 of in-scope shipments to the United States during the POR. The no shipment certification was submitted on November 14, 2017, but Zhongce did not attempt to correct the inaccuracy until several months later when the Department expressly questioned the discrepancy. Accordingly, the Department is not rescinding the review of Zhongce and is, instead, pursuant to section 776(b)(2)(B), applying an adverse inference in determining the total subsidy rate for Zhongce.

In drawing an adverse inference, we find that Zhongce benefited from each of the programs which were previously found to be countervailable in prior segments of this preceding, unless we have subsequently found the program to be not countervailable. We are, therefore, including these programs among those we look to in determining the AFA rate. Further, we selected an AFA rate for each such program in determining the AFA rate that we applied to Zhongce.

For the purpose of calculating the AFA rate for the preliminary results of review, the Department finds that all programs that have been countervailed in this proceeding, including those previously countervailed in prior segments of this proceeding, remain countervailable—that is, they provide a financial contribution within the meaning of sections 771(5)(B)(i) and (D) of the Act, confer a benefit within the meaning of section 771(5)(B) of the Act, and are specific within the meaning of 771(5A) of the Act.

Furthermore, consistent with section 776(d) of the Act and our established practice, we selected the highest calculated rate for the same or similar program as AFA. When selecting rates in an administrative review, we first determine if there is an identical program from any segment of the proceeding and use the highest calculated rate for any respondent for the identical program (excluding *de minimis* rates). If no such identical program exists, we then determine if there is a similar program (based on the treatment of the benefit) within the same proceeding and apply the highest calculated rate for the similar program, excluding *de minimis* rates. Where there is no similar program in the proceeding at issue, we look outside the proceeding (but within the same country) for the highest non-*de minimis* calculated rate for the identical program. If there is no identical program in any other CVD proceeding involving the same country, we look for the highest non-*de minimis* rate for a similar/comparable program from another proceeding. If that option is not available, we apply the highest calculated rate from any non-company specific program, but we do not use a rate from a program if the industry in the proceeding cannot use that program.

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as "information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise."[118] The SAA provides that to "corroborate" secondary information, the Department will satisfy itself that the secondary information to be used has probative value.[119]

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.[120] Furthermore, the Department is not required to estimate what the countervailable subsidy rate would have been if the interested party failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an "alleged commercial reality" of the interested party.[121]

With regard to the reliability aspect of corroboration, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs. With respect to the relevance aspect of corroboration, the Department will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. The Department will not use information where circumstances indicate that the information is not appropriate as AFA.[122]

In determining the AFA rate, we are guided by the Department's methodology detailed above. Accordingly, as AFA, for each of the following countervailable subsidy programs for which the Department has calculated an above *de minimis* subsidy rate for a cooperative mandatory respondent in this proceeding, we have used the highest calculated above *de minimis* rate for any cooperative mandatory respondent for the identical program. For all programs for which the Department has not calculated an above *de minimis* subsidy rate for a cooperative respondent in this proceeding, we have used the highest above *de minimis* rate for a similar program (based on the treatment of the benefit) calculated for a cooperative mandatory respondent in any segment of this proceeding. For all programs for which the Department has not calculated an above *de minimis* rate under an identical or similar program for a cooperative mandatory respondent in this proceeding, we have used the highest above *de minimis* calculated rate for the identical program in a CVD case involving the PRC. For all programs for which the Department has not calculated

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[118] *See* SAA at 870.
[119] *Id.*
[120] *Id.* at 869-870.
[121] *See* section 776(d) of the Act.
[122] *See, e.g., Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).

an above *de minimis* subsidy rate under the identical program in a CVD case involving the PRC, we have used the highest above *de minimis* calculated rate for a similar/comparable program in a CVD case involving the PRC. For all programs for which the Department has not calculated an above *de minimis* rate for the an identical or similar/comparable program in any CVD case involving the PRC, we have used the highest calculated rate from any non-company specific program in a CVD case involving the PRC that the company's industry could conceivably use.

We reviewed the information concerning subsidy programs reported in this review by the cooperating respondents, information from prior segments of this proceeding (*i.e.*, the investigation), and information from other PRC proceedings. Where we have a found program type match (*i.e.*, same or similar programs), we utilized these programs in determining AFA rates for Zhongce (*i.e.*, the programs and their rates are relevant). We find this to be a reasonable basis for calculating AFA, because such rates reflect the actual behavior of cooperative respondents in this segment or in previous segments of this proceeding.

The relevance of those programs and rates is that they are actual calculated CVD rates for PRC subsidy programs from which the non-cooperative respondents could actually receive a benefit.

Accordingly, we have selected rates under the above hierarchy as follows. For the following programs, we applied the highest above *de minimis* subsidy rate calculated in this review or the investigation for GITI and Cooper for the identical program.

- Government Policy Lending (4.09%)[123]
- Export Seller's Credits from State-Owned Banks (0.69%)[124]
- Provision of Carbon Black for LTAR (8.73%)[125]
- Provision of Nylon Cord for LTAR (0.63%)[126]
- Provision of Synthetic Rubber and Butadiene for LTAR (4.83%)[127]
- Provision of Electricity for LTAR (2.07%)[128]

For the following programs, we applied the highest above *de minimis* subsidy rate calculated in this review or the investigation for GITI and Cooper for a similar program. For these preliminary results, we are able to match, based on program names, descriptions, and benefit treatments, the following programs under review to other programs countervailed in this review or the investigation:

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[123] Calculated for GITI in this review. Consistent with recent investigations, we are we are using a single AFA rate for "Government Policy Lending" and "Preferential Loans to SOEs," because an analysis of the specifics of these two allegations in this investigation reveals they would apply to the same loans provided by state-owned commercial banks. *See, e.g.*, *Grain-Oriented Electrical Steel from the People's Republic of China: Final Affirmative Countervailing Duty Determination,* 79 FR 59221 (October 1, 2014), and accompanying IDM at "Use of Facts Otherwise Available and Adverse Inferences."
[124] Calculated for GITI in this review.
[125] Calculated for GITI in this review.
[126] Calculated for Cooper in this review.
[127] Calculated for GITI in this review.
[128] Calculated for GITI in this review.

- Discounted Loans for Export-Oriented Enterprises (4.09%)[129]
- Export Credit Guarantees (4.09%)[130]
- Export Buyer's Credits (4.09%)[131]
- Provision of Natural Rubber for LTAR (8.73%)[132]

For the following programs, there are no above *de minimis* subsidy rates calculated in this review or the investigation for the identical or similar programs. Thus, we applied the highest above *de minimis* subsidy rate calculated in another PRC proceeding for the identical program.

- Import Tariff and Value-Added Tax (VAT) Exemptions for Imported Equipment (9.71%)[133]
- VAT Refunds for Domestic Firms on Purchases of Chinese-Made Equipment (3.46%)[134]

For the following programs, there are no above *de minimis* subsidy rates calculated in this review or the investigation for the identical or similar programs. Thus, we applied the highest above *de minimis* subsidy rate calculated in another PRC proceeding for a similar program.

- The Clean Productions Technology Fund (0.55%)[135]
- Export Credit Insurance Subsidies (0.55%)[136]
- Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces (0.55%)[137]
- Famous Brands Program (0.55%)[138]
- Funds for "Outward Expansion" of Industries in Guangdong Province (0.55%)[139]
- Special Fund for Energy-Saving Technology Reform (0.55%)[140]
- State Key Technology Renovation Project Fund (0.55%)[141]
- Provision of Land-Use Rights to FIEs for LTAR (2.55%)[142]

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[129] Calculated for GITI in this review for Government Policy Lending.
[130] Calculated for GITI in this review for Government Policy Lending.
[131] Calculated for GITI in this review for Government Policy Lending.
[132] Calculated for GITI in this review for Carbon Black for LTAR.
[133] Rate calculated for "VAT and Import Duty Exemptions on Imported Material." *See Off-the-Road Tires Review Preliminary Results*, 75 FR at 654275.
[134] Rate calculated for "VAT Rebates on Purchases of Domestically Produced Equipment." *See Magnesia Carbon Bricks*, 75 FR at 45472.
[135] Calculated for "Support Funds for Construction of Project Infrastructure Provided by Administration Commission of LETDZ." *See Utility Scale Wind Towers from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 75978 (December 26, 2012) (*Wind Towers from the PRC*), and accompanying IDM at 22.
[136] *Id.*
[137] *Id.*
[138] *Id.*
[139] *Id.*
[140] *Id.*
[141] *Id.*
[142] Calculated for "Subsidies Provided in the TBNA and the Tianjin Economic and Technological Development Are – Land." *See Aluminum Extrusions from the People's Republic of China: Final Affirmative Countervailing Duty*

- Provision of Land-Use Rights in Industrial and Other Special Economic Zones for LTAR (2.55%)[143]
- Provision of Land-Use Rights to Passenger Tire Producers for LTAR (2.55%)[144]
- Provision of Land-Use Rights to SOEs for LTAR (2.55%)[145]
- Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs (0.55%)[146]
- Income Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment (0.55%)[147]
- VAT Exemptions and Deductions for Central Regions (9.71%)[148]
- VAT Refunds for FIEs on Purchases of Chinese-Made Equipment (9.71%)[149]

To calculate the program rate for the income tax reduction programs under review, we applied an adverse inference that Zhongce paid no income tax during the POR. During the POR, the standard income tax rate for corporations in the PRC in effect was 25 percent. Thus, the highest possible benefit for these two income tax programs is 25 percent. Accordingly, we are applying the 25 percent AFA rate on a combined basis (*i.e.*, the two programs, combined, provide a 25 percent benefit). Consistent with past practice, the 25 percent AFA rate does not apply to the tax credit, tax rebate, or import tariff and VAT exemption programs because such programs may not affect the tax rate.[150]

- Income Tax Reduction for High-and New-Technology Enterprises (HNTEs)
- Income Tax Reduction for Advanced-Technology FIEs
- Enterprise Income Tax Law, Research and Development (R&D) Program
- Two Free, Three Half Program for FIEs

Accordingly, we preliminarily determine the AFA countervailable subsidy rate for Zhongce to be 89.78 percent *ad valorem*.

XI. ANALYSIS OF PROGRAMS

Based upon our analysis of the record and the responses to our questionnaires, we preliminarily determine the following:

Determination, 76 FR 18521 (April 4, 2011) (*Aluminum Extrusions Final Determination*), and accompanying IDM at 36.

[143] *Id*.

[144] *Id*.

[145] *Id*.

[146] *Calculated for Support Funds for Construction of Project Infrastructure Provided by Administration Commission of LETDZ." See Wind Towers from the PRC and accompany IDM at 22.*

[147] *Id*.

[148] Rate calculated for "VAT and Import Duty Exemptions on Imported Material." *See Off-the-Road Tires Review Preliminary Results*, 75 FR at 654275.

[149] *Id*.

[150] *See*, *e.g.*, *Aluminum Extrusions Final Determination* and accompanying IDM at "Application of Adverse Inferences: Non-Cooperative Companies."

A. Programs Preliminarily Determined To Be Countervailable and Used by GITI and Cooper

1. Government Policy Lending

In the original investigation, the Department determined that this program conferred countervailable subsidies on subject merchandise because: 1) it provides a financial contribution pursuant to sections 771(5)(B)(i) and 771(5)(D)(i) of the Act, and 2) the loans provide a benefit pursuant to section 771(E)(ii) equal to the difference between what the recipients paid on their loans and the amount they would have paid on comparable commercial loans.[151] The Department further determined that there is a program of preferential policy lending specific to the tire sector, and passenger tires in particular, within the meaning of section 771(5A)(D)(i) of the Act. Information on the record of this review remains consistent with those determinations. Therefore, we continue to find that this program provides a countervailable subsidy.

In its questionnaire responses in this segment of the proceeding, the GOC stated that this program does not exist and that no loans to any of the respondents were issued pursuant to a policy lending program. The GOC further claimed that if an industrial policy existed, it had "no connection to or effect on the decision of any bank to issue loans to any respondent companies," and, thus, those loans did not constitute a countervailable subsidy.[152] However, the GOC provided no documentation in support of these assertions that would call into question the Department's conclusions from the investigation. In a CVD administrative review, we do not revisit past determinations of countervailability, absent new evidence, and none has been presented here.[153]

GITI and Cooper reported having loans outstanding from banks in the PRC during the POR under this program.[154] To calculate the benefit under this program, we used the benchmarks described under "Benchmark and Discount Rates" above. We divided the total benefits received during the POR by the appropriate total sales denominator, as discussed in the "Subsidies Valuation Information" section above, and in the Preliminary Calculation Memoranda. On this basis, we preliminarily determine a countervailable *ad valorem* subsidy rate of 4.09 percent for GITI and 0.00 percent for Cooper.

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[151] *See Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination in Park*, 80 FR 34888 (*Passenger Tires from the PRC)* and accompanying Issues and Decision Memorandum (IDM) at 31.
[152] *See* GOC May 4, 2017 IQR at 2.
[153] *See Magnola Metallurgy, Inc. v. United States,* 508 F.3d 1349 (Fed. Cir. 2007) (*Magnola*); *see also Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2012,* 80 FR 41003 (July 14, 2015) (*Solar Cells from the PRC*) and accompanying IDM at 27.
[154] *See* GITI May 4, 2017 IQR at Exhibits 41 through 48 and Cooper May 4, 2017 IQR at Exhibit 7.

2. Export Seller's Credits from State-Owned Banks

In the original investigation, the Department determined that this program conferred countervailable subsidies on subject merchandise because: 1) it provides a financial contribution pursuant to sections 771(5)(B)(i) and 771(5)(D)(i) of the Act, and 2) the loans provide a benefit pursuant to section 771(E)(ii) in the amount of the difference between the amounts the recipient paid and would have paid on comparable commercial loans. Finally, the receipt of loans under this program is tied to actual or anticipated exportation or export earnings and, therefore, this program is specific under sections 771(5A)(A)-(B) of the Act. In a CVD administrative review, we do not revisit past determinations of countervailability, absent new evidence, and none has been presented here.[155] Therefore, we continue to find that this program provides a countervailable subsidy.

GITI reported having outstanding loans from the China ExIm Bank during the POR, which were provided under this program.[156]

To calculate the benefit under this program, we compared the amount of interest GITI paid on the outstanding loans to the amount of interest the company would have paid on comparable commercial loans. In conducting this comparison, we used the interest rates described in the "Benchmarks and Discount Rates" section above. We divided the total benefit amount by GITI's export sales during the POR.

On this basis, we preliminarily determine a subsidy rate of 0.69 percent *ad valorem* for GITI.

3. Export Buyer's Credits

The Department determined this program to be countervailable in the original investigation based on AFA. Through this program, the Ex-Im Bank provides loans at preferential rates for the purchase of exported goods from the PRC. As explained in the "Use of Facts Otherwise Available and Adverse Inferences" section above, we are determining, relying upon AFA, that this program provides a countervailable subsidy and that GITI and Cooper used this program during the POR. On this basis, we determine a countervailable subsidy rate of 4.09 percent *ad valorem*, the rate determined for GITI for preferential loans during this proceeding.

4. Export Credit Insurance Subsidies

Cooper reported that it received a benefit under this program during the POR. In the investigation, we found that that the insurance provided through this program is contingent on export performance and therefore specific under sections 771(5A)(A)-(B) of the Act. We determined that the insurance provided by SINOSURE constitutes a financial contribution in the form of a direct transfer of funds or potential transfer of funds within the meaning of section 771(5)(D)(i) of the Act, and confers a benefit in accordance with section 771(5)(E) of the Act. In a CVD administrative review, we do not revisit past determinations of countervailability,

[155] *See Magnola*, 508 F.3d 1349; *see also Solar Cells from the PRC* and accompanying IDM at 27.
[156] *See* GITI May 4, 2017 IQR at Exhibits 130 through 132.

absent new evidence, and none has been presented here.[157] Therefore, we continue to find that this program provides a countervailable subsidy.

To calculate the benefit under this program, we divided the benefit received by total export sales. We find that Cooper received a countervailable subsidy of 0.01 percent *ad valorem.*

5. Provision of Inputs for LTAR

   a. Provision of Carbon Black, Nylon Cord and Synthetic Rubber and Butadiene, and Natural Rubber for LTAR

In the investigation, we determined that carbon black, nylon cord, synthetic rubber and butadiene, and natural rubber, were provided for LTAR and that a benefit existed for each respondent in the amount of the difference between the benchmark prices and the prices each respondent paid.[158] Our analysis of the limited information provided by the GOC indicates that certain producers of the four inputs are SOEs. The Department has previously explained that majority state-owned enterprises in the PRC possess, exercise, or are vested with government authority.[159] The GOC exercises meaningful control over these entities and used them to effectuate its goals of upholding the socialist market economy, allocating resources and maintaining the predominant role of the state section. As discussed above in the section entitled "Use of Facts Otherwise Available and Application of Adverse Inferences," we find, as AFA, that remaining producers of carbon black, nylon cord, synthetic rubber and butadiene, and natural rubber, are "authorities" within the meaning of section 771(5)(B) of the Act. Therefore, we preliminarily determine that all producers of the four inputs under examination supplied to the respondents are "authorities" within the meaning of section 771(5)(B) of the Act and that the respondents received a financial contribution from them in the form of a provision of a good, pursuant to section 771(5)(D)(iii) of the Act. Further, no new information has been presented on the record of this review to call into question our findings of specificity from the investigation. Therefore, we continue to find that these programs are countervailable.

To determine the benefit from these programs, we took the monthly benchmark for each input, added import duties, VAT, and other delivery charges, and subtracted the reported amount paid. We then multiplied the per-unit difference by the reported volume to obtain the total benefit for each transaction. If the benchmark adjusted for import duties, VAT, and other delivery charges was less than the reported price paid, we calculated a benefit for that transaction of zero. We then summed the total benefit for each transaction to obtain a total benefit for each respondent for the POR. To determine the subsidy rate for inputs provided for LTAR, we divided the total benefit for each respondent by the appropriate total sales denominator, as discussed in the "Subsidies Valuation Information" section above, and in the Preliminary Calculation Memoranda.

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[157] *See Magnola*, 508 F.3d 1349; *see also Solar Cells from the PRC* and accompanying IDM at 27.
[158] *See* 19 CFR 351.511(a). The benefit determined for natural rubber for Cooper was less than 0.005 percent and was not included in the overall CVD rate.
[159] *See* Additional Documents Memorandum (including the Public Bodies Memorandum detailing the Department's analysis of SOEs in the PRC economy).

On this basis, we preliminarily determine a subsidy rate of 8.73 percent *ad valorem* for GITI and 5.65 percent *ad valorem* for Cooper for carbon black; 0.05 percent *ad valorem* for GITI and 0.63 percent *ad valorem* for Cooper for nylon cord; and 4.83 percent *ad valorem* for GITI and 1.75 percent *ad valorem* for Cooper for synthetic rubber and butadiene. For natural rubber, we preliminarily determine a subsidy rate of less than 0.005 percent *ad valorem* for both GITI and Cooper under this program; therefore we are excluding the program from the overall CVD rate.

b. Provision of Electricity for LTAR

In the original investigation, the Department determined this program to be countervailable based, in part, on the application of AFA.[160] For the reasons explained in the "Use of Facts Otherwise Available and Adverse Inferences" section above, we are basing our determination regarding the GOC's provision of electricity in part on AFA. For these preliminary results, we determine that GITI and Cooper received a countervailable subsidy from electricity provided for LTAR.

As described above in detail, the GOC did not provide certain information requested regarding its provision of electricity to the company respondents and, as a result, we determine, as AFA, that the GOC is providing a financial contribution that is specific within the meaning of sections 771(5)(D)(iii) and 771(5A)(D) of the Act, respectively. To determine the existence and the amount of any benefit under this program pursuant to section 771(5)(E)(iv) of the Act and 19 CFR 351.511, we relied on GITI and Cooper's reported consumption volumes and rates paid. We compared the rates paid by GITI and Cooper to the benchmark rates, which, as discussed above, are the highest rates charged in the PRC during the POR. We made separate comparisons by price category (*e.g.*, great industry peak, basic electricity, *etc.*). We multiplied the difference between the benchmark and the price paid by the consumption amount reported for that month and price category. We then calculated the total benefit during the POR for GITI and Cooper by summing the difference between the benchmark prices and the prices paid by GITI and Cooper respectively.

To calculate the electricity benchmark, in accordance with 19 CFR 351.511(a)(2), we selected the highest rates in the PRC for the user category of the respondents (*e.g.*, large industrial users) for the non-seasonal general, peak, normal, and valley ranges, as provided in the electricity tariff schedules submitted by the GOC.[161] This benchmark reflects an adverse inference, which we drew as a result of the GOC's failure to cooperate by not acting to the best of its ability to provide requested information about its provision of electricity in this review.[162]

To calculate the subsidy rate, we divided the benefit amount by the appropriate total sales denominator, as discussed in the Preliminary Calculation Memoranda. On this basis, we preliminarily determine a countervailable *ad valorem* subsidy rate of 2.07 percent for GITI and 1.26 percent for Cooper.

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[160] *See Passenger Tires from the PRC* IDM at 17.
[161] *See* the GOC May 4, 2017 IQR at Exhibit E.29.
[162] *See* "Application of AFA: Provision of Electricity for LTAR" section, above.

c. Provision of Land-Use Rights for FIEs for LTAR

Cooper reported that it did not purchase or lease land use rights during the POR. During the investigation, the Department countervailed the provision of land to Cooper by the Kunshun Economic & Technical Development Zone. The Department found that the provision of land-use rights constitutes a provision of goods or services, and is a financial contribution under section 771(5)(D)(iii) of the Act, and that the subsidy is export-contingent and thus specific within the meaning of section 771(5A)(A)-(B) of the Act. In the investigation, we found that the benefit was greater than 0.5 percent of relevant sales and that allocation was appropriate for CKT's land found to be countervailable. We allocated the total unallocated benefit amounts across the terms of the land-use agreement, using the standard allocation formula of 19 CFR 351.524(d).[163] We divided the amount attributable to the POR by the sales denominator to determine as subsidy rate of 0.95 for Cooper.

6. Enterprise Income Tax Law, R&D Program

In the original investigation, the Department determined that that this program constitutes a countervailable subsidy. This income tax deduction is a financial contribution in the form of revenue foregone by the government, and it provides a benefit to the recipients in the amount of the tax savings, pursuant to section 771(5)(D)(ii) of the Act and 19 CFR 351.509(a)(1). We also found that the income tax deduction afforded by this program is limited as a matter of law to certain enterprises, *i.e.*, those with R&D in eligible high-technology sectors and, thus, is specific under section 771(5A)(D)(i) of the Act. In a CVD administrative review, we do not revisit past determinations of countervailability, absent new evidence, and none has been presented here.[164] Therefore, we continue to find that this program provides a countervailable subsidy.

To calculate the benefit from this program to GITI and Cooper, we treated the tax deduction as a recurring benefit, consistent with 19 CFR 351.524(c)(1).[165] To compute the amount of the tax savings, we calculated the amount of tax each respondent would have paid absent the tax deductions at the standard tax rate of 25 percent (*i.e.*, 25 percent of the tax credit). We then divided the tax savings by the appropriate total sales denominator for each respondent, respectively.

On this basis, we preliminarily determine a countervailable subsidy rate of 0.20 percent *ad valorem* for Cooper under this program.

[163] *See Passenger Tires from the PRC* IDM at 30.
[164] *See Magnola*, 508 F.3d 1349; *see also Solar Cells from the PRC* and accompanying IDM at 27.
[165] These credits can be for either expensed or capitalized R&D expenditures. If a credit is for capitalized expenditures (*e.g.*, the expenditures were made toward developing an "intangible asset" or patent), however, the 50 percent deduction is amortized across the useful life of the developed asset. Therefore, even credits for capitalized expenditures would be allocated over tax returns filed during a number of years and would thus be recurring. *See e.g.*, *Solar Products Preliminary Determination*, and accompanying PDM at 34-35.

7. Import Tariff and Value Added Tax (VAT) Exemptions for Use of Imported Equipment

Consistent with the investigation, we preliminarily determine that VAT and tariff exemptions on imported equipment confer a countervailable subsidy. The exemptions are a financial contribution in the form of revenue foregone by the GOC and they provide a benefit to the recipient in the amount of VAT and tariff savings, pursuant to section 771(5)(D)(ii) of the Act and 19 CFR 351.509(a)(1). We also preliminarily determine that the VAT and tariff exemptions afforded by the program are specific under section 771(5A)(D)(i) of the Act because the program is limited to certain enterprises, *i.e.*, FIEs and domestic enterprises involved in "encouraged" projects.

As the program provides a benefit tied to the capital structure of respondents (plant and equipment used for production), to calculate the countervailable subsidy, we used our standard methodology for non-recurring grants.[166] In the years that the benefits received by each company under this program did not exceed 0.5 percent of relevant sales for that year, we expensed those benefits in the years that they were received, pursuant to 19 CFR 351.524(b)(2). We used the discount rates described above in the section "Subsidies Valuation Information," to calculate the amount of the benefit allocable to the POR. We then divided the benefit amount by the appropriate sales denominator.

On this basis, we determine a countervailable subsidy rate of 0.03 percent *ad valorem* for GITI under this program.

8. Other Subsidy Programs

GITI and Cooper reported that they received various grants during the AUL. As stated above in the section, "Use of Facts Otherwise Available and Application of Adverse Inferences," the Department has preliminarily determined that numerous additional grants provided to the company respondents are countervailable based upon AFA. The majority of the grants received by the respondents do not pass the "0.5 percent test" described in CFR 351.524(b)(2), and thus are allocated to the respective year of receipt prior to the POR. However, GITI and Cooper received several grants that were expensed during the POR. We calculated *ad valorem* subsidy rates of 0.54 percent for GITI and 0.00 percent for Cooper for these grants.

B. Programs Preliminarily Determined To Be Not Used by, or Not to Confer a Measurable Benefit During the POR for, GITI and Cooper

1. Provision of Natural Rubber for LTAR
2. Special Fund for Energy-Saving Technology Reform
3. Income Tax Reductions for High-and-New-Technology Enterprises (HNTEs)
4. Preferential Loans to State-Owned Enterprises
5. Discounted Loans for Export-Oriented Enterprises
6. Export Credit Guarantees
7. Two Free, Three Half Program for FIE's

[166] *See* 19 CFR 351.524(b) and (c).

8. Provision of Land to Passenger Tire Producers for LTAR
9. Provision of Land-Use Rights for SOEs for Less Than Adequate Remuneration
10. Provision of Land-Use Rights in Industrial and Other Special Economic Zones for Less Than Adequate Remuneration

11. Tax Benefit Programs

    a. Income Tax Reduction for Advanced-Technology FIEs
    b. Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs
    c. Income Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment

12. VAT Refunds for Domestic Firms on Purchases of Chinese-Made Equipment
13. VAT Rebates on FIE Purchases of Chinese-Made Equipment

14. Grant Programs

    a. State Key Technology Renovation Project Fund Program
    b. Famous Brands Program
    c. The Clean Production Technology Fund
    d. Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces
    e. Funds for "Outward Expansion" of Industries in Guangdong Province
    f. Provincial International Market Development Fund Grant
    g. Provincial Import Discount Loan Subsidy

14. Cooper-Specific Subsidies
15. Subsidies for Companies Located in the Kunshan Economic and Technological Development Zone
16. Weihai Municipality Subsidies for the Automobile and Tire Industries
17. Subsidies for Companies Located in the Rongcheng Economic Development Zone

XII. DISCLOSURE AND PUBLIC COMMENT

The Department intends to disclose to interested parties the calculations performed in connection with these preliminary results within five days of its public announcement.[167] Case briefs may be submitted to ACCESS at a date to be determined by the Department, and rebuttal briefs, limited to issues raised on the case briefs, may be submitted no later than five days after the deadline for the submission for case briefs.[168] Parties who submit case or rebuttal briefs in this

[167] *See* 19 CFR 351.224(b).
[168] *See* 19 CFR 351.309(c)(1)(ii) and 351.309(d)(1). Interested parties will be notified through ACCESS regarding the deadline for submitting case briefs.

proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.[169]

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S Department of Commerce, filed electronically using ACCESS. An electronically filed document must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Time, within 30 days after the date of publication of this notice.[170] Hearing requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues parties intend to present at the hearing. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, at a time to be determined. Prior to the hearing, the Department will contact all parties who submitted case or rebuttal briefs to determine if they wish to participate in the hearing. The Department will then distribute a hearing schedule to these parties prior to the hearing and only those parties listed on the schedule may present issues raised in their briefs.

Parties must file their case and rebuttal briefs, and any requests for a hearing, electronically using ACCESS.[171] Electronically filed documents must be received successfully in their entirety by 5:00 p.m. Eastern Time,[172] on the due dates established above.

Parties will have seven days after the publication of this memorandum to rebut, clarify, or correct information that the Department has placed on the record concurrently with this memorandum (*i.e.*, the Additional Documents Memorandum referred to above, containing our prior analysis of government authorities in the PRC, the CCP, and the banking sector in the PRC, as well as information pertaining to the export buyer's credits program).[173]

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[169] *See* 19 CFR 351.309(c)(2) and 351.309(d)(2).
[170] *See* 19 CFR 351.310(c).
[171] *See* 19 CFR 351.303(b)(2)(i).
[172] *See* 19 CFR 351.303(b)(1).
[173] *See* 19 CFR 351.301(c)(4).

XIII. CONCLUSION

We recommend that you approve the preliminary findings described above.

☒ ____________ Agree

☐ ____________ Disagree

8/31/2017

X

Signed by: GARY TAVERMAN

____

Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

Appendix I

Companies Listed in the Initiation Notice

1 American Pacific Industries, Inc.
2. BC Tyre Group Limited
3. Best Choice International Trade Co., Limited
4. Cooper (Kunshan) Tire Co., Ltd.
5. Crown International Corporation
6. Dynamic Tire Corp.
7. Fleming Limited
8. Giti Radial Tire (Anhui) Company Ltd.
9. Giti Tire (Fujian) Company Ltd.
10. Giti Tire (Hualin) Company Ltd.
11. Giti Tire (USA) Ltd.
12. Giti Tire Global Trading Pte. Ltd.
13. Guangrao Taihua International Trade Co., Ltd.
14. Guangzhou Pearl River Rubber Tyre Ltd.
15. Haohua Orient International Trade Ltd.
16. Hong Kong Tiancheng Investment & Trading Co., Limited
17. Husky Tire Corp.
18. Jilin Jixing Tire Co., Ltd.
19. Jinyu International Holding Co., Limited
20. Kenda Rubber (China) Co., Ltd.
21. Liaoning Permanent Tyre Co., Ltd.
22. Macho Tire Corporation Limited
23. Maxon Int'l Co., Limited
24. Qingdao Crown Chemical Co., Ltd.
25. Qingdao Goalstar Tire Co., Ltd.
26. Qingdao Jinhaoyang International Co., Ltd.
27. Qingdao Keter International Co., Limited
28. Qingdao Lakesea Tyre Co., Ltd.
29. Qingdao Nama Industrial Co., Ltd.
30. Qingdao Odyking Tyre Co., Ltd.
31. Qingdao Sentury Tire Co., Ltd.
32. Qingzhou Detai International Trading Co., Ltd.
33. Riversun Industry Limited
34. Safe&Well (HK) International Trading Limited
35. Sailun Jinyu Group Co., Ltd.,
36. Sailun Jinyu Group (Hong Kong) Co., Limited
37. Sailun Tire International Corp.
38. Seatex International Inc.
39. Shandong Anchi Tyres Co., Ltd.
40. Shandong Changhong Rubber Technology Co., Ltd.
41. Shandong Guofeng Rubber Plastics Co., Ltd.
42. Shandong Haohua Tire Co., Ltd.

43. Shandong Hawk International Rubber Industry Co., Ltd.
44. Shandong Hengyu Science & Technology Co., Ltd.
45. Shandong Jinyu Industrial Co., Ltd.
46. Shandong Linglong Tyre Co., Ltd.
47. Shandong Longyue Rubber Co., Ltd.
48. Shandong New Continent Tire Co., Ltd.
49. Shandong Province Sanli Tire Manufactured Co., Ltd.
50. Shandong Wanda Boto Tyre Co., Ltd.
51. Shandong Yongtai Group Co., Ltd. (formerly known as Shandong Yongtai Chemical Co., Ltd.)
52. Shandong Zhongyi Rubber Co., Ltd.
53. Shangong Shuangwang Rubber Co., Ltd.
54. Shengtai Group Co., Ltd.
55. Shouguang Firemax Tyre Co., Ltd.
56. Southeast Mariner International Co., Ltd.
57. Tyrechamp Group Co., Limited
58. Windforce Tyre Co., Limited
59. Winrun Tyre Co., Ltd.
60. Zhaoqing Junhong Co., Ltd.
61. Zhongce Rubber Group Company Limited

Appendix II

Non-Selected Companies Under Review

1. American Pacific Industries, Inc.
2. BC Tyre Group Limited
3. Crown International Corporation
4. Fleming Limited
5. Guangrao Taihua International Trade Co., Ltd.
6. Haohua Orient International Trade Ltd.
7. Hong Kong Tiancheng Investment & Trading Co., Limited
8. Jilin Jixing Tire Co., Ltd.
9. Kenda Rubber (China) Co., Ltd.
10. Liaoning Permanent Tyre Co., Ltd.
11. Macho Tire Corporation Limited
12. Maxon Int'l Co., Limited
13. Qingdao Crown Chemical Co., Ltd.
14. Qingdao Goalstar Tire Co., Ltd.
15. Qingdao Keter International Co., Limited
16. Qingdao Lakesea Tyre Co., Ltd.
17. Qingdao Nama Industrial Co., Ltd.
18. Qingdao Odyking Tyre Co., Ltd.
19. Qingdao Sentury Tire Co., Ltd.
20. Qingzhou Detai International Trading Co., Ltd.
21. Riversun Industry Limited
22. Safe&Well (HK) International Trading Limited
23. Shandong Anchi Tyres Co., Ltd.
24. Shandong Changhong Rubber Technology Co., Ltd.
25. Shandong Guofeng Rubber Plastics Co., Ltd.
26. Shandong Haohua Tire Co., Ltd.
27. Shandong Hawk International Rubber Industry Co., Ltd.
28. Shandong Hengyu Science & Technology Co., Ltd.
29. Shandong Linglong Tyre Co., Ltd.
30. Shandong Longyue Rubber Co., Ltd.
31. Shandong New Continent Tire Co., Ltd.
32. Shandong Province Sanli Tire Manufactured Co., Ltd.
33. Shandong Yongtai Group Co., Ltd. (formerly known as Shandong Yongtai Chemical Co., Ltd.)
34. Shandong Zhongyi Rubber Co., Ltd.
35. Shangong Shuangwang Rubber Co., Ltd.
36. Shengtai Group Co., Ltd.
37. Shouguang Firemax Tyre Co., Ltd.
38. Southeast Mariner International Co., Ltd.
39. Tyrechamp Group Co., Limited
40. Windforce Tyre Co., Limited
41. Zhaoqing Junhong Co., Ltd.