UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

C-570-953
Administrative Review
POR: 1/1/2016-12/31/2016
Public Document
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DATE: October 2, 2018

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
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for Preliminary Results of 2016 Countervailing Duty Administrative Review: Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China

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I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the countervailing duty (CVD) order on narrow woven ribbons with woven selvedge (ribbons) from the People's Republic of China (China). The period of review (POR) is January 1, 2016, through December 31, 2016. The mandatory respondent is Yama Ribbons and Bows Co., Ltd. (Yama). We preliminarily find that Yama received countervailable subsidies during the POR.

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 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.

INTERNATIONAL TRADE ADMINISTRATION

II. BACKGROUND

On September 1, 2010, Commerce published the CVD *Order* on ribbons from China.[1] On September 1, 2017, we published a notice of "Opportunity to Request Administrative Review" of the CVD *Order* on ribbons from China for the period January 1, 2016, through December 31, 2016.[2]

Pursuant to section 751(a)(1) of the Act and 19 CFR 351.213(b)(1), in September 2017, Commerce received timely requests to conduct an administrative review of the CVD order on ribbons from China from the petitioner in this proceeding,[3] which requested a review of Yama, and from Yama, itself. On November 13, 2017, in accordance with 19 CFR 351.221(c)(1)(i), we published a notice of initiation of administrative review for Yama.[4]

In November 2017, we issued the initial questionnaire to the Government of China (GOC), instructing the GOC to forward the questionnaire to Yama.[5] In November 2017 through January 2018, we received timely responses to our initial questionnaire from the GOC and Yama.[6] On March 23, 2018, we issued questionnaires to the GOC and Yama requesting information on additional subsidy programs that were found to be countervailable in the final results of the 2015 administrative review of this proceeding.[7] In April 2018, we received timely responses from the GOC and Yama to our additional subsidy questionnaires.[8] On April 30, 2018, we postponed the deadline for the preliminary results until October 3, 2018, in accordance with section 751(a)(3)(A) of the Act and 19 CFR 351.213(h)(2).[9]

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[1] *See Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Countervailing Duty Order*, 75 FR 53642 (September 1, 2010) (*Order*).
[2] *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation: Opportunity to Request Administrative Review*, 83 FR 41595 (September 1, 2017).
[3] The petitioner is Berwick Offray LLC. The petitioner subsequently withdrew its review request for Yama. *See* Letter from the petitioner, "Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China/Petitioner's Withdrawal of Request for Administrative Review Of Yama," dated February 6, 2018.
[4] *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 52268 (November 13, 2017).
[5] *See* Letter from Commerce, "2016 Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Countervailing Duty Questionnaire," dated November 13, 2017 (Initial Questionnaire).
[6] *See* Letter from Yama, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China, Antidumping Duty: Response to Affiliated Company Questions," dated November 27, 2017 (Affiliated Company QR); Letter from Yama, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China, Antidumping Duty: Response to Section III Questionnaire," dated December 22, 2017 (Yama's QR); and Letter from the GOC, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China: Countervailing Duty Questionnaire Section II Response," dated January 3, 2018 (GOC's QR).
[7] *See* Letters from Commerce "2016 Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Additional Questionnaire," dated March 23, 2018 (AQ to Yama and AQ to the GOC); *see also Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2015*, 83 FR 11177 (March 14, 2018) (*Ribbons AR 2015*), and accompanying Issues and Decision Memorandum (IDM) at 6-7.
[8] *See* Letter from Yama, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China, Countervailing Duty: Response to Additional Questions Questionnaire," dated April 6, 2018 (Yama's AQR); and Letter from the GOC, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China: Countervailing Duty Supplemental Questionnaire," dated April 20, 2018 (GOC's SQR).
[9] *See* Memorandum, "Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China:

In June, August, and September 2018, we issued supplemental questionnaires to the GOC and Yama.[10] In July, August, and September 2018, we received timely responses from the GOC and Yama.[11] On September 4, 2018, we received timely benchmark information from the petitioner.[12]

III. SCOPE OF THE ORDER

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

- also include natural or other non-man-made fibers;
- be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;
- have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;

Extension of Deadline for Preliminary Results of the 2016 Countervailing Duty Administrative Review," dated April 30, 2018. In this memorandum, we noted that Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January 20 through January 22, 2018. *See* Memorandum, "Deadlines Affected by the Shutdown of the Federal Government," dated January 23, 2018. As a result, the revised deadline for the preliminary results became October 3, 2018.

[10] *See* Letter from Commerce to Yu Li, "2016 Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China," dated June 21, 2018 (GOC's SQ); Letter from Commerce to John J. Kenkel, "2016 Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China," dated June 21, 2018 (Yama's SQ); Letter from Commerce to Yu Li, "2016 Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China," dated August 16, 2018 (GOC 2SQ); Letter from Commerce to John J. Kenkel, "2016 Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China," dated August 16, 2018 (Yama 2SQ); Letter from Commerce, "2016 Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China," dated August 16, 2018 (GOC 3SQ); and Letter from Commerce, "2016 Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China," dated September 10, 2018 (GOC 4SQ).

[11] *See* Letter from Yama, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China: Countervailing Duty: Response to Supplemental Questionnaire of June 21, 2018," dated July 5, 2018 (Yama's SQR); Letter from the GOC, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China: Countervailing Duty Second Supplemental Questionnaire Response," dated July 12, 2018 (GOC's 2SQR); Letter from Yama, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China: Countervailing Duty: Response to Second Supplemental Questionnaire of August 16, 2018," dated August 27 , 2018 (Yama's 2SQR); Letter from the GOC, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China: Countervailing Duty Third Supplemental Questionnaire Response," dated August 27, 2018 (GOC's 3SQR); and Letter from the GOC, "Narrow Woven Ribbons with Woven Selvedge from People's Republic of China: Countervailing Duty Fourth Supplemental Questionnaire Response," dated September 17, 2018 (GOC's 4SQR).

[12] *See* Letter from the petitioner, "Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China/Benchmark Data," dated September 4, 2018 (the petitioner's Benchmark Submission).

- have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;

- have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;

- have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;

- have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;

- consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an "ornamental trimming;"

- be wound on spools; attached to a card; hanked (*i.e.*, coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or

- be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.

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

Excluded from the scope of the order are the following:

(1) formed bows composed of narrow woven ribbons with woven selvedge;

(2) "pull-bows" (*i.e.*, an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;

(3) narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (*i.e.*, filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the United States (HTSUS), Section XI, Note 13) or rubber thread;

(4) narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;

(5) narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding eight centimeters;

(6) narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag;

(7) cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sono-bonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;

(8) narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;

(9) narrow woven ribbons constructed from pile fabrics (*i.e.*, fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric);

(10) narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise;

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

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

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

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

IV. APPLICATION OF THE COUNTERVAILING DUTY LAW TO IMPORTS FROM CHINA

On October 25, 2007, Commerce published its final determination on coated free sheet paper from China, finding that:

> . . given the substantial difference between the Soviet-style economies and China's economy in recent years, Commerce'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. [13]

Commerce affirmed its decision to apply the CVD law to China in numerous subsequent determinations.[14] Furthermore, on March 31, 2012, Public Law 112-99 was enacted, which confirms that Commerce has the authority to apply the CVD law to countries designated as non-market economies under section 771(18) of the Act, such as China.[15] The effective date provision of the enacted legislation makes clear that this provision applies to this proceeding.[16]

V. DIVERSIFICATION OF CHINA'S ECONOMY

Concurrently with this decision memorandum, Commerce is placing the following excerpts from the *China Statistical Yearbook* from the National Bureau of Statistics of China on the record of this review:[17] 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 China. The industrial sector in China alone is comprised of 37 listed industries and economic activities, indicating the diversification of the economy.

VI. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

Sections 776(a)(1) and (2) of the Act provide that Commerce, subject to section 782(d) of the Act, shall apply "facts otherwise available" if necessary information is not on the record or an interested party or any other person: (A) withholds information that has been requested; (B) fails to provide information within the deadlines established, or in the form and manner requested by Commerce, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly

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[13] *See Coated Free Sheet Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007), and accompanying IDM at Comment 6.
[14] *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.
[15] Section 1(a) is the relevant provision of Public Law 112-99 and is codified at section 701(f) of the Act.
[16] *See* Public Law 112-99, 126 Stat. 265 §1(b).
[17] *See* Memorandum, "2016 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: China Statistical Yearbook Information," dated concurrently with this memorandum.

impedes a proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Section 776(b) of the Act further provides that Commerce 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. Commerce's practice when selecting an adverse rate from among the possible sources of information is to ensure that the result is sufficiently adverse "so as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide Commerce with complete and accurate information in a timely manner."[18] Commerce's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."[19]

A. GOC – Market Distorted by Government Presence

There are two inputs-for-less-than-adequate-remuneration (LTAR) programs in this review involving synthetic yarn and caustic soda. Commerce requested that the GOC provide information concerning each of these industries in China for the POR. Specifically, we requested that the GOC provide the following information for both inputs:[20]

a. The total number of producers.
b. The total volume and value of Chinese domestic consumption of {input} and the total volume and value of Chinese domestic production of {input}.
c. The percentage of domestic consumption accounted for by domestic production.
d. The total volume and value of imports of {input}.
e. The percentage of total volume and (separately) value of domestic production that is accounted for by companies in which the Government maintains an ownership or management interest, either directly or through other Government entities, including a list of the companies that meet these criteria.
f. A discussion of what laws, plans or policies address the pricing of the input, the levels of production of the input, the importation or exportation of the input, or the development of the input capacity. Please state which, if any, central and sub-central level industrial policies pertain to the input industry.

Commerce requested such information to determine whether the GOC is the predominant provider of these inputs in China and whether its significant presence in the market distorts all transaction prices. The GOC provided the following: 1) the total volume of enterprises and the total value of production regarding Chinese producers of synthetic yarn and caustic soda; 2) the total volume and value of domestic consumption and production of synthetic yarn and caustic

[18] *See Notice of Final Determination of Sales at Less than Fair Value: Static Random-Access Memory Semiconductors from Taiwan*, 63 FR 8909, 8932 (February 23, 1998).
[19] *See* Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, Vol. 1 at 870 (1994) (SAA).
[20] *See* AQ to the GOC.

soda; 3) the percentage of domestic consumption accounted for by domestic production and the volume and value of imports of synthetic yarn and caustic soda.[21]

Commerce issued a supplemental questionnaire requesting further information regarding the two inputs, including that the GOC provide a list with the number of producers in which it maintains an ownership or management interest.[22] In response, the GOC stated that the National Bureau of Statistics of China has a database with the names of these companies, however, they cannot be disclosed under Article 25 of the Statistics Law of China, and therefore, the GOC cannot provide the requested information. Further, the GOC stated that it does not maintain information of the industries in China that purchase synthetic yarn and caustic soda directly.[23] Consequently, the GOC failed to identify, and provide GOC ownership information for the companies comprising the synthetic yarn and caustic soda industries.

In a previous proceeding, Commerce was able to confirm at verification that the GOC maintains two databases at the State Administration of Industry and Commerce: one is the business registration database, showing the most up-to-date company information; a second system, "ARCHIVE," houses electronic copies of documents such as business licenses, annual reports, capital verification reports, etc.[24] Therefore, we preliminarily find that the GOC has an electronic system available to it to gather the industry-specific information Commerce requested, including the GOC's minority ownership interests in companies producing synthetic yarn and caustic soda.[25]

Further, we preliminarily determine that the GOC withheld necessary information that was requested of it and, thus, we must rely on facts available in these preliminary results.[26] 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. Consequently, an adverse inference is warranted in the application of facts available.[27] In drawing an adverse inference, we preliminarily find that prices from actual transactions involving Chinese buyers and sellers are significantly distorted by the involvement of the GOC.[28] Therefore we preliminarily find that the use of an external benchmark is warranted for calculating the benefit for the provision of synthetic yarn and caustic soda for LTAR.

For details regarding the remaining elements of our analysis, *see* the "Provision of Synthetic Yarn for LTAR," and "Provision of Caustic Soda for LTAR" sections, below.

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[21] *See* GOC's SQR at 32-54.
[22] *See* GOC's SQ at 2-4.
[23] *See* GOC's 2SQR at 40-44.
[24] *See, e.g., Ribbons AR 2015* IDM at 6-7.
[25] *See* Memorandum to the File, "2016 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Additional Documents for the Preliminary Results," dated concurrently with this memorandum (Additional Documents for the Preliminary Results), at Attachment II.
[26] *See* section 776(a)(2)(A) of the Act.
[27] *See* section 776(b) of the Act.
[28] *See Countervailing Duties; Final Rule*, 63 FR 65348, 65377 (November 25, 1998) (*Preamble*).

B. Certain Producers of Synthetic Yarn and Caustic Soda are "Authorities"

As discussed above, Commerce is investigating the provision of two input for LTAR programs: synthetic yarn and caustic soda. We requested information from the GOC regarding the specific companies that produced the input products that Yama purchased during the POR. Specifically, we sought information from the GOC that would allow us to determine whether the producers are "authorities" within the meaning of section 771(B) of the Act.[29] The GOC reported eight companies that produced the synthetic yarn and one company that produced the caustic soda purchased by Yama during the POR. Further, the GOC reported that all eight of the synthetic yarn producers and the one caustic soda producer were privately owned.[30]

Regarding these nine producers which the GOC identified as privately-owned companies, we asked the GOC to provide information about the involvement of the Chinese Communist Party (CCP) in each of these companies, including whether individuals in management positions are CCP members, in order to evaluate whether the privately-owned input suppliers are "authorities" with the meaning of section 771(B) of the Act. 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 there is "no central informational database to search for the requested information."[31] Therefore, the GOC directed that we should obtain this information directly from Yama's privately-owned input suppliers.[32] In *Citric Acid 2012 AR*, we found that the GOC was able to obtain the information requested independently from the companies involved, and that statements from companies, rather than from the GOC or CCP themselves, were not sufficient.[33] Therefore, we find that the GOC failed to provide the information requested of it for Yama's privately-owned input suppliers.

By failing to respond to Commerce's questions, the GOC withheld information requested of it regarding the CCP's role in the ownership and management of Yama's privately-owned input suppliers. As we explained in the Additional Documents for the Preliminary Results Memorandum,[34] we understand the CCP to exert significant control over economic activities in China. Thus, Commerce finds, as it has in prior CVD proceedings,[35] that the information requested regarding the role of CCP officials and CCP committees in the management and operations of Yama's privately-owned input suppliers is necessary to our determination of whether these producers are "authorities" within the meaning of section 771(5)(B) of the Act.

Therefore, we find that the GOC withheld necessary information that was requested of it and that Commerce must rely on facts available in conducting our analysis of Yama's privately-owned

[29] *See* Additional Questionnaire to the GOC at 2-9.
[30] *See* GOC's SQR at 17-58 and Exhibit C.1-1; and GOC's 2SQR at Sup1.Exhibit C.1-1.
[31] *See* GOC's SQR at 30.
[32] *Id*.
[33] *See Citric Acid and Certain Citrate Salts: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78799 (December 31, 2014) (*Citric Acid 2012 AR*), and accompanying IDM at Comment 5.
[34] *See* Additional Documents for the Preliminary Results at Attachment III, which includes the Public Body Memorandum and its attachment, the CCP Memorandum.
[35] *See e.g.*, *Citric Acid 2012 AR*.

input suppliers.[36] As a result of incomplete responses to Commerce's supplemental questionnaire, we find that the GOC failed to cooperate by not acting to the best of its ability to comply with our requests for information. Consequently, we determine that the GOC withheld information, and that an adverse inference is warranted in the application of facts available.[37] In drawing an adverse inference, we find that CCP officials are present in each of Yama's privately-owned input suppliers as individual owners, managers and members of the boards of directors, and that this gives the CCP, as the government, meaningful control over the companies and their resources. As explained in the Public Body Memorandum, an entity with significant CCP presence on its board or in management or in party committees may be controlled such that it possesses, exercises, or is vested with governmental authority.[38] Thus, we preliminarily find that Yama's privately-owned input suppliers of synthetic yarn and caustic soda are "authorities" within the meaning of section 771(5)(B) of the Act.

C. Application of AFA: Export Buyer's Credits

As discussed under "Programs Preliminarily Determined to be Countervailable," below, we are investigating export buyer's credits provided by the Export-Import Bank of China (EXIM Bank). We preliminary determine 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 Commerce to fully analyze this program.

In the additional questionnaire and supplemental questionnaire to the GOC, we requested that the GOC answer all the questions in the Standard Questions Appendix and other specific questions relating to the EXIM Bank's Export Buyer's Credit program, which are necessary for Commerce to analyze how the program is administered and how it functions.[39] In response, the GOC stated that none of Yama's U.S. customers used export buyer's credits during the POR but it did not respond to the Standard Questions Appendix.[40] The GOC provided the Administrative Measures Export Buyer's Credit of China EXIM Bank and Implementing Rules for the Export Buyer's Credit of China EXIM bank, but stated that it could not submit the 2013 revision to the EXIM Export Buyer's Credit program.[41] Instead it provided the 2016 Annual Report of EXIM Bank. According to the GOC, the annual report states that this program differs from the Preferential Export Buyer's Credit program, (and is a commercial financial product, not a preferential program).[42]

The GOC maintained that it had confirmed from a review of its internal computer system for the Export Buyer's Credit program that none of Yama's customers applied for, used or obtained

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[36] *See* section 776(a)(2)(A) of the Act.
[37] *See* section 776(b) of the Act.
[38] *See e.g.*, Additional Documents for the Preliminary Results at Attachment III: Public Body Memorandum at 33-36, 38.
[39] *See* GOC's AQ and GOC's SQ.
[40] *See* GOC's SQR at 65.
[41] *Id.*, *see also* GOC's 2SQR at 49.
[42] *See* GOC's 2SQR at 49.

benefits under this program. Thus, there were no relevant disbursement of funds in the POR from any bank for this program during the POR.[43]

Information obtained in a prior CVD proceeding indicates that the GOC revised the Export Buyer's Credit program in 2013 to eliminate the requirement that loans under the program be a minimum of two million U.S. dollars.[44] Moreover, information on the record also indicates that the EXIM Bank may disburse export buyer's credits either directly or through a third-party partner and/or correspondent banks.[45] We asked the GOC to provide the 2013 revisions to the Administrative Measures to the Export Buyer's Credit program, a list of all third-party banks involved in the disbursement/settlement of export buyer's credits and a list of all partner/correspondent banks involved in disbursement of funds under the this program.[46] The GOC failed to provide the requested information.[47] Thus, Commerce did not have the information necessary to understand the details of this program, including: the application process, internal guidelines and rules governing this program, interest rates used during the POR, and whether the GOC uses third party banks to disburse/settle export buyer's credits.

Therefore, we find that the GOC failed to provide the requested information, which is necessary to determine whether Yama's U.S. customers actually used the Export Buyer's Credit program during the POR. As a result, we must rely on the facts otherwise available, pursuant to sections 776(a)(1) and 776(a)(2)(A) of the Act.

As noted above, the GOC did not provide the requested information needed to allow Commerce to analyze this program fully. As a result, the GOC did not provide information that would permit us to make a determination as to whether this program constitutes a financial contribution and is specific. Accordingly, we find that the GOC has not cooperated to the best of its ability in response to Commerce's specific information requests. As a result, we preliminarily determine, as AFA, that this program constitutes a financial contribution and meets the specificity requirements of the Act.[48]

Absent the requested information, we are unable to rely on the GOC's and Yama's claims of non-use of this program. Therefore, we preliminarily find that the GOC has not cooperated to the best of its ability and, as AFA, find that Yama used and benefited from this program, despite its claims that its U.S. customers had not obtained export buyer's credits from the EXIM Bank during the POR.[49]

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[43] *See* GOC's SQR at 50.
[44] *See* Memorandum, "2016 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Placing Information on the Record," dated concurrently with this memorandum.
[45] *Id*.
[46] *See* GOC's AQ at 9-10; *see also* GOC's SQ at 5.
[47] *See* GOC's SQR at 64-67; *see also* GOC's 2SQR at 49-50.
[48] *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."
[49] *See* Yama's AQR at 9-10 and Exhibit Add-7.

Under the new section 776(d) of the Act, Commerce 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, Commerce 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.[50]

Consistent with section 776(d) of the Act and our established practice, we select the highest calculated rate for the same or similar program as AFA.[51] 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.[52]

Section 776(c) of the Act provides that, when Commerce 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."[53] The SAA provides that to "corroborate" secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.[54]

Commerce will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that Commerce need not prove that the selected facts available are the best alternative information.[55] Furthermore, Commerce 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.[56]

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[50] *See* section 776(d)(3) of the Act.
[51] *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 China*), and accompanying 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").
[52] *See Shrimp from China* IDM at 13-14.
[53] *See* SAA at 870 (1994), reprinted at 1994 U.S.C.C.A.N. 4040, 4199.
[54] *Id.*
[55] *Id.*, at 869-870.
[56] *See* section 776(d) of the Act.

Therefore, because we have not previously calculated a rate for this program in this proceeding, we are relying on the rate determined for this program in another CVD proceeding involving China.[57] On this basis, and consistent with *Ribbons AR 2015* where we also relied on this rate, we are using an AFA rate of 10.54 percent *ad valorem*, the rate determined for the Export Buyer's Credit program in *Trucks and Bus Tires from China*, as the rate for this program for Yama.[58]

D. Provision of Electricity for LTAR

The GOC did not provide complete responses to Commerce'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 order to analyze the financial contribution and specificity of this program, we requested that the GOC provide information regarding the roles of provinces, the National Development and Reform Commission (NDRC), and cooperation between the provinces and the NDRC in electricity price adjustments. Specifically, we requested, *inter alia*: Provincial Price Proposals for the province where Yama is located for applicable tariff schedules that were in effect during the POR; all original NDRC Electricity Price Adjustment Notice(s) that were in effect during the POR; the procedure for adjusting retail electricity tariffs and the role of the NDRC and the provincial governments in this process; the price adjustment conferences that took place between the NDRC and the provinces, grids and power companies with respect to the creation of all tariff schedules that were applicable to the POR; the cost elements and adjustments that were discussed between the provinces and the NDRC in the price adjustment conferences; and how the NDRC determines that the provincial level price bureaus have accurately reported all relevant cost elements in their price proposals with respect to generation, transmission and distribution. We requested this information in order to determine the process by which electricity prices and price adjustments are derived, identify entities that manage and impact price adjustment processes, and examine cost elements included in the derivation of electricity prices in effect throughout China during the POR.

In its initial response to this program the GOC stated that the provincial price proposals are working documents drafted by the provincial governments and submitted to the NDRC for review only. Therefore, the GOC stated that it is unable to provide them with its response.[59] In response to our supplemental questionnaire in which we asked the GOC to explain why it could

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[57] *See Truck and Bus Tires from the People's Republic of China: Final Affirmative Determinations of Sales at Less Than Fair Value and Critical Circumstances*, 82 FR 8599 (January 27, 2017) (*Trucks and Bus Tires from China*).
[58] *See Ribbons AR 2015*; *see also Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 70201 (November 17, 2010) (*Coated Paper from China*) (revised rate for "Preferential Lending to the Coated Paper Industry" program).
[59] *See* GOC's SQR at 60.

not provide this information. The GOC stated that, during the POR, pursuant to the Notices of NDRC on Lowering Coal-Fired On-Grid Price and General Industrial and Commercial Electricity at Article 2, all provincial governments have been given the authority to adjust and implement electricity tariff rates for their own jurisdictions from the historical baseline. Further, the GOC stated that the NDRC notice merely sets the limit to the adjustment each province can make. The provincial governments are required to record their adjusted rate with the NDRC.[60] Therefore, according to the GOC the creation of this new regime has eliminated the need for "provincial price proposals" that had previously been used by the NDRC to set the prices for each province. Now that the provinces set their own prices within the range set by the NDRC, the provincial price proposals are not needed.[61]

However, both the *Notice of National Development and Reform Commission on Lowering Coal-fired Electricity On-Grid Price and General Industrial and Commercial Electricity Price (*Notice 3105) and the *Notice of National Development and Reform Commission on Adjusting Schedule of Coal-fired Power Generation Grid Purchase Price and Sale Price of Industrial and Commercial Electricity of Each Province (District or City)* (Notice 748) explicitly direct provinces to reduce prices and to report the enactment of those changes to the NDRC. Specifically, Article 1 of Notice 748 stipulates a lowering of the on-grid sales price of coal-fired electricity by an average amount per kilowatt hour.[62] Annex 1 of Notice 748 indicates that this average price adjustment applies to all provinces and at varying amounts.[63] Article 2 indicates that the "price space" formed due to this price reduction "{s}hall be mainly used to lower the sales price of electricity for industrial and commercial use."[64] Articles 3 and 4 specifically direct the reduction of the sales price of industrial and commercial electricity.[65] Articles 6 and 7 indicate that provincial pricing authorities "{s}hall make and distribute the on grid price of electricity and specific plans of the price adjustment in accordance with the average standard of price adjustment in Annex 1 and submit filings to the National Development and Reform Commission," and that the "{a}forementioned electricity price adjustment shall be enforced since April 20th, 2015."[66] Finally, Article 10 directs that "{a}dministrative departments at all levels in charge of pricing shall guarantee the implementation of the price adjustment."[67] NDRC Notice 3105 also directs additional price reductions, and stipulates at Articles II and X, that local price authorities shall implement in time the price reductions included in its Annex and report resulting prices to the NDRC.[68]

Neither Notice 748 nor Notice 3105 explicitly stipulates that relevant provincial pricing authorities determine and issue electricity prices within their own jurisdictions, as the GOC states to be the case.[69] Rather, both notices indicate that the NDRC continues to play a seminal role in

[60] *See* GOC's 2SQR at 44 -45.
[61] *Id.* at 45.
[62] *See* GOC's SQR at Exhibit II.E.30.
[63] *Id*.
[64] *Id.*
[65] *Id.*
[66] *Id.*
[67] *Id.*
[68] *See* GOC's 2SQR at Sup2. Exhibit III.13.
[69] *Id.* at 86-87.

setting and adjusting electricity prices, by mandating average price adjustment targets with which the provinces are obligated to comply in setting their own specific prices.[70]

In a supplemental questionnaire, we requested that the GOC identify the legislation which may have eliminated the Provincial Price Proposals. The GOC stated that according to the Pricing Catalogues of Central Government amended in 2016, the pricing department of the State Council is in charge of setting guidelines for electricity pricing, and it is for the provincial pricing authority to implement those guidelines and to formulate the specific price levels for different kinds of electricity users within their relevant jurisdictions.[71] The GOC provided the Central Pricing Catalogue and the Pricing Catalogues of Fujian Province, where Yama is located.[72] According to the GOC, the Central Pricing Catalogue provides that the NDRC sets the price of on-grid (uploading) and transmission price at and above the provincial level. For the electricity sale prices within each province, it is within the authority of the provincial pricing Departments to set the specific price for each type of electricity users, following certain principles and standards.[73] In addition, the GOC referred to Notice 3105 and Notice of NDRC on Perfecting the Relevant Matters of Coal-Electricity Price Linkage Mechanism {2015} No. 3169.[74]

As discussed above, both Notice 748 and Notice 3105 explicitly direct provinces to reduce prices and to report the enactment of those changes to the NDRC. Article 2 of NDRC Notice 3169 provides that, when the "thermal coal price is fluctuated for more than {Renminbi (RMB)} 30 Yuan (inclusive) comparing with benchmark coal price during the cycle," then an adjustment must be made pursuant to a "tiered regressive linkage for {the} excess portion" using a "linkage coefficient" which is also defined in Article 2.[75] Article 3 stipulates that "{b}enchmark on-grid electricity price of coal-fired machine unit should be strictly measured and determined by coal-electricity price linkage mechanism" using a specific formula defined in Appendix 1 of Notice 3169.[76] Article 3 further stipulates that the "industrial and commercial electricity price should be correspondingly adjusted; adjustment level should be determined by on-grid electric quantity of coal-fired machine unit, on-grid electric quantity of other power sources, outsourced electric quantity condition, energy-saving and eco-friendly electricity price and other factors" using a specific formula defined in Appendix 1 of Notice 3169.[77]

Neither Notice 748 nor Notice 3105 explicitly stipulates that relevant provincial pricing authorities determine and issue electricity prices within their own jurisdictions. Rather, both notices indicate that the NDRC continues to play a seminal role in setting and adjusting electricity prices, by mandating average price adjustment targets with which the provinces are obligated to comply in setting their own specific prices.[78] Moreover, while Article IV of Notice

[70] *See, e.g.,* GOC's SQR at Exhibits II.E.30 (Notice 748 Article 10) and GOC's 2SQR at Sup2. Exhibit III.13 (Notice 3105 Articles II and X).
[71] *Id*.
[72] *Id* at Sup2 Exhibit III.14.a-2.
[73] GOC's 3SQR at 1.
[74] The GOC provided the Fujian Pricing Department Notice at Sup3 Exhibit 5. However, we note that this document was not fully translated. Therefore, we were not able to rely on it in our analysis.
[75] *Id*. at Sup2 Exhibit III.14.a-3.
[76] *Id*.
[77] *Id*.
[78] *See e.g.*, Notice 748 Article 10 and Notice 3105 Articles II and X.

3169 does indicate that "local government and relevant departments should not designate the transaction price," Articles 2 and 3 of Notice 3169 also makes clear that the NDRC stipulates the formulae by which prices are to be adjusted.

As explained above, the GOC failed on several occasions to explain the roles and nature of cooperation between the NDRC and provinces in deriving electricity price adjustments. Further, the GOC failed to explain both the derivation of the price reductions directed to the provinces by the NDRC and the derivation of prices by provinces themselves. Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that information necessary to our analysis of financial contribution and specificity is not available on the record, that the GOC withheld information requested by us, and that the GOC significantly impeded this proceeding. We also note that the GOC did not ask for additional time to gather and provide such information. Thus, we must rely on "facts available" in making our preliminary determination.[79] Moreover, we preliminarily determine, in accordance with section 776(b) of the Act, that the GOC failed to cooperate to the best of its ability to comply with our repeated requests for information. As a result, an adverse inference is warranted in the application of facts available.[80] In applying AFA, 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 failed to provide certain requested information regarding the relationship (if any) between provincial tariff schedules and cost, as well as requested information regarding cooperation (if any) in price setting practices between the NDRC and provincial governments. Therefore, we are also relying on AFA in selecting the benchmark for determining the existence and amount of the benefit.[81] The benchmark rates we selected are derived from the record of this investigation 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* "Provision of Electricity for LTAR," below.

E. Policy Loans to Narrow Woven Ribbon Producers from Stated-owned Commercial Banks

In *Ribbons AR 2015*, Commerce found that certain loans held by Yama, during that POR, were countervailable under this program.[82] In this review, Yama reported that it had one outstanding loan from China's Industrial Bank, Xiamen Branch (Industrial Bank).[83] In its QR, the GOC stated that Yama did not obtain any policy loans during this POR but noted that Yama had one outstanding commercial loan from the Industrial Bank during the POR.[84] The GOC did not respond to the Standard Questions Appendix or any other applicable appendices for this loan, as instructed by the initial questionnaire.[85] Therefore, we issued a supplemental questionnaire to the GOC requesting that it respond to the Standard Questions Appendix.[86] In response to the

[79] *See* section 776(a)(2)(A) of the Act.
[80] *See* section 776(b) of the Act.
[81] *See* section 776(b)(4) of the Act.
[82] *See Ribbons AR 2015* IDM at 6-7.
[83] *See* Yama's QR at 12-13 and Exhibits 7.1 and 7.2.
[84] *See* GOC'S QR at 9.
[85] *Id*.
[86] *See* GOC's SQ.

supplemental questionnaire, the GOC stated that the Industrial Bank is not a government authority nor is it delegated with any government function. Therefore, this bank is not a public body under the applicable U.S. law and the WTO Agreement on Subsidies and Countervailing Measures (SCM).[87] The GOC referred Commerce to the Commercial Bank Law, the Company Law, and provided a copy of the Industrial Bank's 2016 annual report.[88] In response to Commerce's second request for the GOC to respond the Standard Questions Appendix, the GOC stated that it does not maintain any such relevant information requested by Commerce and referred Commerce to Yama's response for the loan information.[89]

As noted above, Commerce requested the GOC to respond to the Standard Questions Appendix with regards to policy lending received by Yama. However, after two requests by Commerce, the GOC did not provide a full and complete response to the Standard Questions Appendix. By not providing Commerce with the necessary information to conduct a full specificity analysis of this program, we find that the GOC withheld information that was requested of it. Therefore, we determine that the GOC failed to cooperate to the best of its ability regarding our request for information on the assistance which the GOC provided. Given the GOC's failure to respond to our requests for information, we preliminarily determine that the use of facts available pursuant to sections 776(a)(2)(A) and 776(a)(2)(D) of the Act is warranted in determining the specificity for this program within the meaning of section 771(5A) of the Act. Further, the GOC withheld information that was requested of it by not providing information regarding this loan in response to our questionnaire as noted above. Because the GOC failed to provide the requested information, we find that the GOC failed to cooperate to the best of its ability regarding our request for information on the assistance which the GOC provided. Therefore, we find that an adverse inference is warranted with respect to this program pursuant to section 776(b) of the Act. As a result, we preliminary find that, as AFA, the loan provided from China's Industrial Bank, Xiamen Branch to Yama is specific within the meaning of section 771(5A) of the Act. To preliminarily determine whether benefits were provided as a result of these subsidies within the meaning of section 771(5)(E) of the Act, Commerce relied on Yama's usage information.

F. Other Subsidies

Yama also self-reported the following other subsidy programs: Assistance for Textile Exhibition Program and Payment from Xiamen Commerce Bureau.[90] GOC stated that Yama received benefits under these grant programs during the POR.[91] The GOC provided the Administrative Measures for each of these programs, but also stated that the Xiamen Municipal Bureau of Commerce retains informational records of these programs, such as the list of companies obtaining the grants.[92] However, the GOC maintains that neither it nor the local government collects or retains statistical data for all the enterprise that applied for, used, benefited from, or

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[87] *See* GOC 2SQR at 1.
[88] *See* GOC's 2SQR at 1-2.
[89] *Id*. at 2.
[90] *See* Yama's QR at 17 and 49 52.
[91] *See* GOC's 2SQR.
[92] *Id*.

were denied eligibility under these programs.[93] Therefore, the GOC maintains that it is unable to provide any statistical data requested by Commerce regarding these programs.[94]

We issued a supplemental questionnaire to the GOC, requesting that it provide the list of companies that obtained grants under these programs, during the POR, and other relevant information (*e.g.*, the other records retained by Xiamen Municipal Bureau of Commerce regarding these programs, the applications for these programs, information regarding the companies that either applied for or were denied eligibility under these programs, etc.) necessary to determine the specificity of the reported grants.[95] In response, the GOC did not provide the list of companies that obtained the grants but stated that it meant to say that if there is any record to be retained under a program, it would reside with the administering agency at the local government rather than the central government. The GOC continued to maintain that it could not provide Commerce the information it requested.[96]

Given the GOC's failure to respond to our requests for information regarding the Assistance for Textile Exhibition Program and the Payments from Xiamen Commerce Bureau reported by Yama, we preliminarily determine that the use of facts available pursuant to sections 776(a)(2)(A) and 776(a)(2)(D) of the Act is warranted in determining the countervailability of these apparent subsidies reported by Yama. First, necessary information regarding whether these programs are specific within the meaning of section 771(5A) of the Act is not on the record of this review. Further, the GOC withheld information that was requested of it by not providing information regarding these subsidies in response to our questionnaire as noted above. Because the GOC failed to provide the requested information, we find that the GOC failed to cooperate to the best of its ability regarding our request for information on the assistance which the GOC provided. Therefore, we find that an adverse inference is warranted with respect to these subsidies pursuant to section 776(b) of the Act. As a result, we preliminary find that, as AFA, these subsidies reported by Yama 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 subsidies within the meaning of section 771(5)(E) of the Act, Commerce relied on Yama's usage information.

VII. SUBIDIES VALUATION

A. Allocation Period

The average useful life (AUL) period in this proceeding, as described in 19 CFR 351.524(d)(2), is 10 years according to the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System for assets used to manufacture the subject merchandise.[97] Commerce notified the GOC and Yama of the AUL in the initial questionnaire and requested data accordingly. No party in this proceeding disputed this allocation period.

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[93] *Id*. at 17.
[94] *Id*.
[95] *See* GOC's 4SQ at 1-4.
[96] *See* GOC's 4SQ.
[97] *See* U.S. Internal Revenue Service Publication 946 (2015), "How to Depreciate Property" at Table B-2: Table of Class Lives and Recovery Periods.

Furthermore, for non-recurring subsidies, we applied the "0.5 percent test," as described in 19 CFR 351.524(b)(2). Under this test, we divide the amount of subsidies approved under a given program in a particular year by the relevant sales value (*e.g.*, total sales or export sales) for the year in which the assistance was approved. If the amount of the subsidies is less than 0.5 percent of the relevant sales value, then the benefits are allocated to the year of receipt rather than over the AUL.

B. Attribution of Subsidies

In accordance with 19 CFR 351.525(b)(6)(i), Commerce 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 Commerce'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 preamble to Commerce's regulations further clarifies Commerce's cross-ownership standard. According to the 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.[98]

Thus, Commerce'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 upheld Commerce'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.[99]

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

Yama reported that it had several affiliated companies during the POR.[100] However, Yama also reported that none of its affiliates: 1) produced the subject merchandise; 2) provided inputs to Yama to produce the subject merchandise; or 3) received or transferred any subsidy to Yama.[101] Additionally, Yama reported that its owner, a Hong Kong company, was not involved in the supply or production of the subject merchandise, and that it did not receive any subsidies from the GOC during the POR.[102] Therefore, we preliminarily determine that Yama's affiliated companies do not meet any of the attribution conditions set forth in 19 CFR 351.525(b)(6)(ii)-(v); as a result, we have not included these affiliated companies in our subsidy analysis.

C. Denominators

In accordance with 19 CFR 351.525(b), when selecting an appropriate denominator for use in calculating the *ad valorem* subsidy rate, Commerce considers the basis for the respondent's receipt of benefits under each program. As discussed in further detail below in the "Programs Preliminarily Determined to be Countervailable" section, for the programs we found to be countervailable as domestic subsidies, we used Yama's total sales as the denominator. For the programs, we found to be countervailable as an export subsidy, we used Yama's total export sales as the denominator. In the sections below, we describe the denominators we used to calculate the countervailable subsidy rates for the various subsidy programs.[103]

VIII. INTEREST RATE BENCHMARKS, DISCOUNT RATES, INPUTS AND ELECTRICITY

Commerce is examining loans received by Yama from state-owned commercial banks (SOCBs), as well as non-recurring, allocable subsidies.[104] The derivation of the benchmark interest and discount rates used to value these subsidies is discussed below.

Short-Term and Long-Term Renminbi (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, Commerce uses comparable commercial loans reported by the company as a benchmark.[105] If the firm did not have any comparable commercial loans during the period, Commerce's regulations provide that it "may use a national average interest rate for comparable commercial loans."[106]

[100] *See* Affiliated Company QR at 4-6.
[101] *Id.* at 6 and 7.
[102] *Id.* at 7.
[103] *See* Preliminary Calculation Memorandum.
[104] *See* 19 CFR 351.524(b)(1).
[105] *See* 19 CFR 351.505(a)(3)(i).
[106] *See* 19 CFR 351.505(a)(3)(ii).

As noted above, section 771(5)(E)(ii) of the Act indicates that the benchmark should be a market-based rate. For the reasons first explained in *CFS from China*, loans provided by Chinese banks reflect significant government intervention in the banking sector and do not reflect rates that would be found in a functioning market.[107] Commerce recently conducted a re-assessment of China's financial system for CVD benchmarking purposes.[108] Based on this re-assessment, Commerce has concluded that, despite reforms to date, the GOC's role in the system continues to fundamentally distort lending practices in the China in terms of risk pricing and resource allocation, precluding the use of interest rates in China for CVD benchmarking or discount rate purposes. Consequently, we preliminarily find that any loans received by Yama 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, Commerce selected an external market-based benchmark interest rate. The use of an external benchmark is consistent with Commerce's practice.[109]

In past proceedings involving imports from China, we calculated the external benchmark using the methodology first developed in *CFS from China*,[110] and later updated in *Thermal Paper from China*.[111] Under that methodology, we first determine which countries are similar to China 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 from China*, this pool of countries captures the broad inverse relationship between income and interest rates. For 2003 through 2009, China fell in the lower-middle income category.[112] Beginning in 2010, however, China was classified in the upper-middle income category and remained there from 2011 to 2017.[113] 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

[107] *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 China*), and accompanying IDM at Comment 10; *see also* Memorandum, "2016 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Placement of Banking Memoranda on Record of the Instant Review," dated concurrently with this memorandum.
[108] *See* Memorandum, "2016 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Review of China's Financial System Memorandum," dated concurrently with this memorandum.
[109] *See, e.g.*, *Certain New Pneumatic Off-The-Road Tires from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2015*, 82 FR 46754 (October 6, 2017), and accompanying PDM at 21, unchanged in *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2015*, 83 FR 16055 (April 13, 2018).
[110] *See CFS from China* at Comment 10.
[111] *See Lightweight Thermal Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from China)*, and accompanying IDM at 8-10.
[112] *See* World Bank Country Classification, http://data.worldbank.org/about/country-and-lending-groups (World Bank Country Classification); *see also* Memorandum, "2016 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Interest Rate Benchmark Memorandum," dated concurrently with this memorandum (Interest Rate Benchmark Memorandum).
[113] *See* World Bank Country Classification.

benchmark and discount rates for 2010-2017. This is consistent with Commerce's calculation of interest rates for recent CVD proceedings involving Chinese merchandise.[114]

After Commerce 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 2011-2017, 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.[115] For 2010, however, the regression does not yield that outcome for China's income group.[116] This contrary result for a single year does not lead us to reject the strength of governance as a determinant of interest rates. Therefore, we continue to rely on the regression-based analysis used since *CFS from China* to compute the benchmarks for the years from 2001-2009 and 2011-2017. For the 2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

Many of the countries in the World Bank's upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund, and they are included in that agency's International Financial Statistics (IFS). With the exceptions noted below, we used the interest and inflation rates reported in the IFS for the countries identified as "upper middle income" by the World Bank for 2010-2017 and "lower middle income" for 2001-2009.[117] First, we did not include those economies that Commerce 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 Commerce 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.[118] Because the resulting rates are net of inflation, we adjusted the benchmark to include an inflation component before comparing them to the interest rates on loans issued to Yama by state-owned commercial banks.[119]

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

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[114] *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 PDM at "Benchmarks and Discount Rates," unchanged in *Shrimp from China*.
[115] *See* Interest Rate Benchmark Memorandum.
[116] *Id*.
[117] *Id*.
[118] *Id*.
[119] *Id*.

benchmark for long-term loans. To address this problem, Commerce 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.[120]

In the *Citric Acid Investigation*, 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.[121] Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.[122]

Discount Rate Benchmarks

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 GOC provided non-recurring subsidies.[123] The resulting interest rate benchmarks that we used in the preliminary calculations are provided in the Interest Rate Benchmark 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), Commerce 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 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.

Synthetic Yarn and Caustic Soda Input Benchmarks

For both of the inputs, as discussed above in the section, "Use of Facts Otherwise Available and Adverse Inferences," we preliminarily determine that all of Yama's synthetic yarn and caustic soda suppliers are "authorities." Therefore, prices from its suppliers are not usable as benchmarks, as they are prices charged by the very providers of the good at issue. We

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[120] *See*, *e.g.*, *Thermal Paper from China* IDM at 10.
[121] *See Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 16836 (April 13, 2009) (*Citric Acid Investigation*), and accompanying IDM at Comment 14.
[122] See Interest Rate Benchmark Memorandum.
[123] *See* Preliminary Calculation Memorandum; *see also* Interest Rate Benchmark Memorandum.

selected the benchmarks for measuring the adequacy of the remuneration for synthetic yarn and caustic soda in accordance with 19 CFR 351.511(a). Below, we analyze the information provided and the selection of a benchmark for both inputs. We note that, where possible, we have removed China-related pricing data from all of the input benchmarks for these preliminary results for the reasons described below.

Provision of Electricity for LTAR

As discussed above in the section, "Use of Facts Otherwise Available and Adverse Inferences," we are relying on AFA to select the highest electricity rates that are on the record of this administrative review as our benchmark for measuring the adequacy of remuneration.

IX. ANAYLYSIS OF PROGRAMS

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

I. Programs Preliminarily Determined to be Countervailable

A. Policy Loans to Narrow Woven Ribbon Producers from State-owned Commercial Banks

In *Ribbons AR 2015*, Commerce found that certain loans held by Yama, during that POR, were countervailable under this program.[124] In this review, Yama reported that it had one outstanding loan from China's Industrial Bank, Xiamen Branch (Industrial Bank).[125] As discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we preliminarily determined that the assistance received by Yama is specific within the meaning of sections 771(5)(D) and 771(5A) of the Act, respectively. Having found the assistance specific, we rely upon the analysis undertaken in *CFS from China* to further conclude that national and local government control over the SOCBs renders the loans a government financial contribution. The GOC states that the bank from which Yama reported receiving a loan which was outstanding during the POR is not a public body.[126] Thus, it is not one of the "Big Four," *i.e.*, the Bank of China, the China Construction Bank, the Industrial Commercial Bank of China, or the Agricultural Bank of China. In *Aluminum Extrusions 2010-11 AR,*[127] and again in *Tetra from China*,[128] we stated that the banking system in China continues to be affected by the legacy of government policy objectives, which continues to undermine the ability of the big four SOCBs and the rest of the domestic

[124] *See Ribbons AR 2105* IDM at 6-7.
[125] *See* Yama's QR at 12-13 and Exhibits 7.1 and 7.2.
[126] *See* GOC's 2SQR at 1.
[127] *See Aluminum Extrusions from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2010 and 2011, 79 FR 106 (January 2, 2014) (Aluminum Extrusions 2010-11 AR), and accompanying IDM at Comments 6 and 7.*
[128] *See Countervailing Duty Investigation of 1,1,1,2 Tetrafluoroethane from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 62594 (October 20, 2014) (*Tetra from China*), and accompanying IDM at Comment 1.

banking sector to act on a commercial basis and allows continued government involvement in the allocation of credit in pursuit of those objectives. We have no evidence on the record in this review that would cause us to re-evaluate this conclusion. Therefore, we reached the same preliminary finding here, consistent with our findings in *CFS from China*, that SOCBs outside the "Big Four" SOCBs are public authorities within the meaning of section 771(5)(B) of the Act.

Further, pursuant to section 771(5)(E)(ii) of the Act, such financing provides a benefit equal to the difference between the interest Yama paid on the loans and the amount of interest it would have paid on comparable commercial loans. Yama reported that it had one outstanding loan during the POR, which was provided by the Industrial Bank.[129] To calculate the benefit under this program, we compared the amount of interest Yama paid on its outstanding loan to the amount of interest it would have paid on comparable commercial loans.[130] In conducting this comparison, we used the interest rates described in the "Benchmark Interest Rates" section above. We attributed benefits under this program to Yama's total POR sales, as discussed in the "Attribution of Subsidies" section above. On this basis, we preliminarily find that Yama received a countervailable subsidy of 0.03 percent *ad valorem*.[131]

B. Income Tax Reduction for High and New Technology Enterprises (HNTEs)

In *Ribbons AR 2015*, we found this program to be countervailable.[132] Yama reported that it used this program during the POR.[133] The GOC reported that under Article 4 of the Enterprise Income Tax Law, the enterprise income tax rate is 25 percent, and that Article 28.2 of the Law reduces the income tax rate to 15 percent if an enterprise is recognized as an HNTE, and that there were no changes to this program during the POR.[134]

Therefore, consistent with *Ribbons AR 2015*, we preliminarily determine that the tax savings received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D)(ii) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.[135]

We calculated the benefit as the difference between taxes Yama would have paid under the standard 25 percent tax rate and the taxes that Yama actually paid under the preferential 15 percent tax rate, as reflected on their tax returns filed during the POR, as provided for under 19

[129] *See* Yama's QR at 12 and Exhibits 7.1 and 7.2.
[130] *See* 19 CFR 351.505(a).
[131] *See* Preliminary Calculation Memorandum for our calculation.
[132] *See Ribbons AR 2015* IDM at 6-7.
[133] *See* Yama's QR at 15, 16, 30-33, and Exhibits 4.13, 9.1 and 3.3.
[134] See GOC's SQR at 1.
[135] *See Ribbons AR 2015* IDM at 6-7.

CFR 351.509(a)(1) and (b)(1). We treated the tax savings as a recurring benefit consistent with 19 CFR 351.524(c)(1).

We attributed benefits under this program to Yama's total POR sales, as discussed in the "Attribution of Subsidies" section above. On this basis, we preliminarily determine a countervailable subsidy rate for Yama of 0.41 percent *ad valorem.*

C. Preferential Tax Policy for Wages of Disabled Employees

Yama reported that it used this program during the POR.[136] In *Ribbons AR 2015*, we found this program to be countervailable.[137] The GOC reported that under Article 30 of the Enterprise Income Tax Law of China wages paid to the disabled employees by an enterprise may be deducted from taxable income, and that there were no changes to this program during the POR.[138]

Consistent with *Ribbons AR 2015*, we preliminarily determine that the tax savings received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D)(ii) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.

We calculated the benefit as the difference between taxes Yama would have paid under the standard 25 percent tax rate and the taxes that Yama actually paid under the preferential 15 percent tax rate, as reflected on their tax returns filed during the POR, as provided for under 19 CFR 351.509(a)(1) and (b)(1). We treated the tax savings as a recurring benefit consistent with 19 CFR 351.524(c)(1). We attributed benefits under this program to Yama's total POR sales, as discussed in the "Attribution of Subsidies" section above. On this basis, we preliminarily determine countervailable subsidy rate for Yama of 0.01 percent *ad valorem*.

D. Provision of Synthetic Yarn for LTAR

In *Ribbons AR 2015*, Commerce found this program to be countervailable.[139] Commerce is examining whether Yama was provided with synthetic yarn for LTAR during the POR. We preliminarily determine that this program confers a countervailable subsidy. As discussed in "Use of Fact Otherwise Available and Adverse Inferences," we are basing our preliminary finding on the government's provision of synthetic yarn on AFA. We preliminarily determine that the GOC's provision of synthetic yarn is a financial contribution in the form of the provision of a good or service under section 771(5)(D)(iii) of the Act, and that it is specific within the meaning of section 771(5A)(D) of the Act.

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under investigation and from the foreign producers and exporters. When

[136] *See* Yama's QR at 56, and Exhibits 4.13, 9.2.
[137] *See Ribbons AR 2015* IDM at 6-7.
[138] *See* GOC's SQR at 4.
[139] *See Ribbons AR 2015* IDM at 6-7.

the government fails to provide requested information concerning alleged subsidy programs, Commerce, as AFA, typically finds that a financial contribution exists under the alleged program and that the program is specific.[140] However, where possible, Commerce will rely on a respondent's reported information to determine the existence and the amount of the benefit to the extent that such information is useable and verifiable.

As stated by the GOC, Yama reported that it purchased synthetic yarn from eight privately-owned producers of synthetic yarn during the POR.[141] As discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we are relying on AFA to determine that these companies are "authorities" within the meaning of section 771(5)(B) of the Act and that Yama received financial contributions from them in the form of the provision of a good, pursuant to section 771(5)(D)(iii) of the Act. Furthermore, as discussed under "Use of Facts Otherwise Available and Adverse Inferences" above, we are preliminarily relying on AFA to determine that actual transaction prices for synthetic yarn in China are significantly distorted by the government's involvement in the market. As such, we preliminarily determine that domestic prices in China cannot serve as viable, tier one benchmark prices. For the same reasons, we determine that import prices into China cannot serve as a benchmark.[142] Accordingly, to determine whether the provision of synthetic yarn conferred a benefit within the meaning of section 771(5)(E)(iv) of the Act, we applied a tier two benchmark (*i.e.*, world market prices available to purchasers in China).[143]

The petitioner submitted prices for use as a tier two benchmark.[144] Specifically, the petitioner submitted POR monthly export prices for various countries from GTA/GTIS for HTS codes 540231, 540233, and 540252.[145] Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under tier two, Commerce will adjust the benchmark price to reflect the price that a firm actually paid or would pay if it imported the product, including delivery charges and import duties. Accordingly, in deriving the benchmark prices, we included international freight. The petitioner placed on the record POR ocean freight pricing data from Maersk for shipments of synthetic yarn from various ports to Shanghai, China.[146] Where information from Maersk was not available, the petitioner provided the deep sea freight transport producer price index from the Federal Reserve to calculate a freight rate.[147] For purposes of these preliminary results, we relied on the information provided by the petitioner to construct the benchmark price for synthetic yarn.

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[140] *See, e.g., Hardwood and Decorative Plywood from the People's Republic of China: Final Affirmative Countervailing Duty Determination*; 2011 78 FR 58283 (September 23, 2013), and accompanying IDM at Comment 3.
[141] *See* GOC's SQR at Exhibit C.1-1; and GOC's 2SQR at Sup1.Exhibit C.1-1.
[142] *See* "Synthetic Yarn and Caustic Soda Input Benchmark" section above.
[143] *See* 19 CFR 351.511(a)(2)(ii).
[144] The petitioner included both 2015 and 2016 benchmark data in its Benchmark Submission. We note that we only relied on the 2016 data for purpose of our calculations.
[145] *See* the petitioner's Benchmark Submission at Exhibit 1.
[146] *See* the petitioner's Benchmark Submission at Exhibits 2, 3 and 8.
[147] *Id.*

We also added to the benchmark prices: 1) inland freight from the factory to the port based on Yama's per-kilogram freight expenses for transporting the finished product;[148] 2) import duties reported by the GOC; and 3) the value added tax (VAT) applicable to imports of synthetic yarn into China.[149]

Finally, to derive the benchmark, we did not include marine insurance. In prior CVD proceedings involving China, Commerce found that, while Chinese customs authorities impute an insurance cost on certain imports for purposes of levying duties and compiling statistical data, there is no evidence to suggest that Chinese customs authorities actually require importers to pay insurance charges.[150]

Comparing the adjusted benchmark prices to the prices paid by Yama for synthetic yarn during the POR, we preliminarily find that the GOC provided synthetic yarn for LTAR, and that a benefit exists in the amount of the difference between the benchmark price and the price that Yama paid for this input.[151] To calculate the benefit, we calculated the difference between the delivered world market prices and the prices that Yama paid for synthetic yarn, including any taxes or delivery charges incurred to deliver the products to Yama. We divided the total benefits by Yama's total POR sales. On this basis, we preliminarily determine that Yama received a countervailable subsidy of 10.45 percent *ad valorem* for synthetic yarn.[152]

E. Provision of Caustic Soda for LTAR

In *Ribbons AR 2015*, Commerce found this program to be countervailable.[153] Commerce is examining whether Yama was provided with caustic soda for LTAR during the POR. We preliminarily determine that this program confers a countervailable subsidy. As discussed in "Use of Fact Otherwise Available and Adverse Inferences," we are basing our preliminary finding on the government's provision of caustic soda on AFA. We preliminarily determine that the GOC's provision of caustic soda is a financial contribution in the form of the provision of a good or service under section 771(5)(D)(iii) of the Act, and that it is specific within the meaning of section 771(5A)(D) of the Act.

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under investigation and from the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce, as AFA, typically finds that a financial contribution exists under the alleged program and that the program is specific.[154] However, where possible, Commerce will rely on a

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[148] *See* Yama's ADQR at 6.
[149] *See* GOC's SQR at 34.
[150] *See, e.g., Pre-Stressed Concrete Steel Wire Strand from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 28557 (May 21, 2010) (*Steel Wire Strand from China)*, and accompanying IDM at Comment 13.
[151] *See* 19 CFR 351.511(a).
[152] *See* Preliminary Calculation Memorandum for our calculation.
[153] *See Ribbons AR 2015* IDM at 6.
[154] *See, e.g., Hardwood and Decorative Plywood from the People's Republic of China: Final Affirmative Countervailing Duty Determination*; 2011, 78 FR 58283 (September 23, 2013), and accompanying IDM at

respondent's reported information to determine the existence and the amount of the benefit to the extent that such information is useable and verifiable.

As stated by the GOC, Yama reported that it purchased caustic soda from one producer during the POR.[155] As discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we are relying on AFA to determine that this company is an "authority" within the meaning of section 771(5)(B) of the Act and that Yama received financial contributions from it in the form of the provision of a good, pursuant to section 771(5)(D)(iii) of the Act. Furthermore, as discussed under "Use of Facts Otherwise Available and Adverse Inferences" above, we are preliminarily relying on AFA to determine that actual transaction prices for caustic soda in China are significantly distorted by the government's involvement in the market. As such, we preliminarily determine that domestic prices in China cannot serve as viable, tier one benchmark prices. For the same reasons, we determine that import prices into China cannot serve as a benchmark.[156] Accordingly, to determine whether the provision of caustic soda conferred a benefit within the meaning of section 771(5)(E)(iv) of the Act, we applied a tier two benchmark (*i.e.*, world market prices available to purchasers in China). [157]

The petitioner submitted prices for use as a tier two benchmark.[158] Specifically, the petitioner submitted POR monthly export prices for various countries from U.N. Comtrade (Comtrade).[159] Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under tier two, Commerce will adjust the benchmark price to reflect the price that a firm actually paid or would pay if it imported the product, including delivery charges and import duties. Accordingly, in deriving the benchmark prices, we included international freight. The petitioner placed on the record POR ocean freight pricing data from Maersk for shipments of caustic soda from various ports to Shanghai, China.[160] Where information from Maersk was not available, the petitioner provided the deep sea freight transport producer price index from the Federal Reserve to calculate a freight rate.[161] For purposes of these preliminary results, we relied on the information provided by the petitioner to construct the benchmark price for caustic soda.

We also added to the benchmark prices: 1) inland freight from the factory to the port based on Yama's per-kilogram freight expenses for transporting the finished product;[162] 2) import duties reported by the GOC; and 3) the VAT applicable to imports of caustic soda into China.[163]

Finally, to derive the benchmark, we did not include marine insurance. As discussed above, in prior CVD proceedings involving China, Commerce found that, while Chinese customs

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Comment 3.

[155] *See* GOC's SQR at Exhibit C.1-1; and GOC's 2SQR at Sup1.Exhibit C.1-1.

[156] *See* "Synthetic Yarn and Caustic Soda Input Benchmark" section above.

[157] *See* 19 CFR 351.511(a)(2)(ii)

[158] The petitioner included both 2015 and 2016 benchmark data in its Benchmark Submission. We note that we only relied on the 2016 data for purpose of our calculations.

[159] *See* the petitioner's Benchmark Submission at Exhibit 4.

[160] *Id*. at Exhibits 5, 6, and 8.

[161] *Id*. at Exhibits 5-8.

[162] *See* Yama's ADQR at 7.

[163] *See* GOC's SQR at 55.

authorities impute an insurance cost on certain imports for purposes of levying duties and compiling statistical data, there is no evidence to suggest that Chinese customs authorities actually require importers to pay insurance charges.[164]

Comparing the adjusted benchmark prices to the prices paid by Yama for caustic soda during the POR, we preliminarily find that the GOC provided caustic soda for LTAR, and that a benefit exists in the amount of the difference between the benchmark price and the price that Yama paid for this input.[165] To calculate the benefit, we calculated the difference between the delivered world market prices and the prices that Yama paid for caustic soda, including any taxes or delivery charges incurred to deliver the products to Yama. We divided the total benefits by Yama's total POR sales. On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.26 percent *ad valorem* for caustic soda.[166]

F. Provision of Electricity for LTAR

In *Ribbons AR 2015*, we found this program to be countervailable.[167] Commerce is examining whether the GOC provided Yama with electricity for LTAR during the POR. We determine that this program confers a countervailable subsidy. As discussed in "Use of Facts Otherwise Available and Adverse Inferences," we are basing our finding on the government's provision of electricity, in part, on AFA. We determine that the GOC's provision of electricity is a financial contribution in the form of the provision of a good or service under section 771(5)(D)(iii) of the Act, and that it is specific within the meaning of section 771(5A)(D) of the Act.

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under investigation and the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce, as AFA, may find that a financial contribution exists under the alleged program and that the program is specific.[168] However, where possible, Commerce will rely on the responsive producer's or exporter's records to determine the existence and amount of the benefit, to the extent that those records are useable and verifiable. Yama provided data on the electricity it consumed and the electricity rates it paid during the POR.[169] To determine the existence and the amount of any benefit from this program, we relied on Yama's reported electricity consumption volumes and electricity rates.[170] We compared the rates paid by Yama for electricity to the highest rates that it could have paid in China during the POR. To calculate the benchmark, we selected the highest non-seasonal provincial rates in China during the POR for the user category (*i.e.*, "large industrial user,"), voltage class (*i.e.*, 1-10kv), time period (*i.e.*, high peak, peak, normal, and valley), and basic fee (*e.g.*, "base charge/maximum demand") as provided by the

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[164] *See, e.g., Steel Wire Strand from China* at Comment 13.
[165] *See* 19 CFR 351.511(a).
[166] *See* Preliminary Calculation Memorandum for our calculations.
[167] *See Ribbons AR 2015* IDM at 6-7.
[168] *See, e.g., Hardwood and Decorative Plywood from the People's Republic of China: Final Affirmative Countervailing Duty Determination; 2011*, 78 FR 58283 (September 23, 2013), and accompanying IDM at Comment 3.
[169] *See* Yama's ADQR at 8-9 and Exhibit Add-4.
[170] *See* Preliminary Calculation Memorandum.

GOC.[171] This benchmark reflects an adverse inference, which we drew as a result of the GOC's failure to act to the best of its ability in providing requested information about its provision of electricity in this review. We calculated benchmark electricity payments by multiplying consumption volumes by the benchmark electricity rate corresponding to the user category, voltage class, and time period, where applicable. We then compared the calculated benchmark payments to the actual electricity payments made by Yama during the POR. Where the benchmark payments exceeded the payments made, a benefit was conferred. Based on this comparison, we find that electricity was provided for LTAR to Yama. We then divided the total benefit Yama received by its total POR sales. On this basis, and consistent with *Ribbons AR 2015*, we preliminarily determine that Yama received a countervailable subsidy of 1.07 percent *ad valorem*.[172]

G. Export Buyer's Credits

In *Ribbons AR 2015*, we found this program to be countervailable.[173] Consistent with *Ribbons AR 2015*, and as discussed above in the section "Use of Facts Otherwise Available and Adverse Inferences," we found this program to be countervailable and selected a subsidy rate of 10.54 percent *ad valorem* for it on the basis of AFA.

H. Xiamen Municipal Science and Technology Grant Program

In *Ribbons Investigation*, we found this program to be countervailable.[174] Yama reported that it received a grant under this program from the Xiamen Municipal Science & Technology Bureau during the POR, and in 2012.[175] The GOC stated that there were no changes to this program during the POR.[176]

Therefore, consistent with *Ribbons Investigation*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.[177]

Consistent with 19 CFR 351.524(b)(2), we determined that this non-recurring benefit was less than 0.5 percent of Yama's total sales in 2016. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), dividing it by Yama's total POR sales.[178] Consistent with *Ribbons AR 2015*, we allocated the grant amount received in 2012 over the AUL and added this amount to the 2016 subsidy rate. On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.34 percent *ad valorem*.[179]

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[171] *Id.*
[172] *See* Preliminary Calculation Memorandum for our calculations.
[173] *See Ribbons AR 2015* IDM 6-7.
[174] *See Ribbons Investigation* IDM at 8-9.
[175] *See* Yama's QR at 17-19 and Exhibit 8.1.
[176] *See* GOC's QR at 2.
[177] *See Ribbons Investigation* IDM at 9-10.
[178] *See* 19 CFR 351.524(b)(2).
[179] *See* Preliminary Calculation Memorandum.

I. International Market Development Fund Grants for Small and Medium Enterprises

In *Ribbons Investigation*, we found this program to be countervailable.[180] Yama reported that it received grants under this program from the Xiamen Bureau of Commerce during the POR.[181] The GOC stated that there were no changes to this program during the POR.[182]

Therefore, consistent with *Ribbons Investigation*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.[183]

Consistent with 19 CFR 351.524(b)(2), we determined that this non-recurring benefit was less than 0.5 percent of Yama's total sales in 2016. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), dividing it by Yama's total POR sales.[184] On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.21 percent *ad valorem*.[185]

J. Assistance for Recruiting Rural Labor

In *Ribbons AR 2015*, we found this program to be countervailable.[186] Yama reported that it received a grant under this program from the Human Resources and Social Security Bureau of Xiamen Municipal during the POR.[187] The GOC responded to the Usage Appendix for this program[188] but it did not respond to the Standard Appendix.

Therefore, consistent with *Ribbons AR 2015*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.[189]

Consistent with 19 CFR 351.524(b)(2), we determine that this non-recurring benefit was less than 0.5 percent of Yama's total sales in 2016. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), dividing it by Yama's total POR sales.[190] On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.04 percent *ad valorem*.[191]

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[180] *See Ribbons Investigation* IDM at 9-10.
[181] *See* Yama's QR at 19-22 and Exhibit 8.2.
[182] *See* GOC's SQR at 5.
[183] *See Ribbons Investigation* IDM at 9-10.
[184] *See* 19 CFR 351.524(b)(2).
[185] *See* Preliminary Calculation Memorandum.
[186] *See Ribbons AR 2015* IDM at 6-7.
[187] *See* Yama's QR at 33 and Exhibit 8.4.
[188] *See* GOC's SQR at 7.
[189] *See Ribbons AR 2015* IDM at 6-7.
[190] *See* 19 CFR 351.524(b)(2).
[191] *See* Preliminary Calculation Memorandum.

K. Assistance for Recruiting Vocational Institution and/or College Graduates

In *Ribbons AR 2015*, we found this program to be countervailable.[192] Yama reported that it received a grant under this program from the Human Resources and Social Security Bureau of Xiamen Municipal during the POR.[193] The GOC responded to the Usage Appendix for this program[194] but it did not respond to the Standard Appendix.

Therefore, consistent with *Ribbons AR 2015*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.[195]

Consistent with 19 CFR 351.524(b)(2), we determine that this non-recurring benefit was less than 0.5 percent of Yama's total sales in 2016. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), dividing it by Yama's total POR sales.[196] On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.03 percent *ad valorem*.[197]

L. Insurance Expense Assistance

In *Ribbons AR 2015*, we found this program to be countervailable.[198] Yama reported that it received a grant under this program from the Finance Bureau of Jimei District/Xiamen City during the POR.[199] The GOC responded to the Usage Appendix for this program[200] but it did not respond to the Standard Appendix.

Therefore, consistent with *Ribbons AR 2015*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.[201]

Consistent with 19 CFR 351.524(b)(2), we determine that this non-recurring benefit was less than 0.5 percent of Yama's total sales in 2016. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), dividing it by Yama's total POR sales.[202] On this

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[192] *See Ribbons AR 2015* IDM at 6-7.
[193] *See* Yama's QR at 37 and Exhibit 8.5.
[194] *See* GOC's SQR at 6.
[195] *See Ribbons AR 2015* IDM at 6-7.
[196] *See* 19 CFR 351.524(b)(2).
[197] *See* Preliminary Calculation Memorandum.
[198] *See Ribbons AR 2015* IDM at 6-7.
[199] *See* Yama's QR at 41 and Exhibit 8.6.
[200] *See* GOC's SQR at 12.
[201] *See Ribbons AR 2015* IDM at 6-7.
[202] *See* 19 CFR 351.524(b)(2).

basis, we preliminarily determine that Yama received a countervailable subsidy of 0.09 percent *ad valorem*.[203]

M. Interest Assistance for Loans Obtained for Technology Projects

In *Ribbons AR 2015*, we found this program to be countervailable.[204] Yama reported that it received a grant under this program from the Xiamen Science and Technology Bureau during the POR.[205] The GOC responded to the Usage Appendix for this program[206] but it did not respond to the Standard Appendix.

Therefore, consistent with *Ribbons AR 2015*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.[207]

Consistent with 19 CFR 351.524(b)(2), we determine that this non-recurring benefit was less than 0.5 percent of Yama's total sales in 2016. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), dividing it by Yama's total POR sales.[208] On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.18 percent *ad valorem*.[209]

N. Assistance for Textile Exhibition

Yama reported that it received a grant under this program from the Xiamen Chamber of Commerce during the POR.[210] GOC confirmed that Yama received benefits under this program in the form of a grant during the POR.[211] Therefore, we preliminarily determined that the assistance received by Yama constitutes a financial contribution within the meaning of section 771(5)(D) of the Act. Further, as discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we preliminarily determined that the assistance received by Yama is specific within the meaning of section 771(5A) of the Act.

Consistent with 19 CFR 351.524(b)(2), we determine that this non-recurring benefit was less than 0.5 percent of Yama's total sales in 2016. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), dividing it by Yama's total POR sales.[212] On this

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203 *See* Preliminary Calculation Memorandum.
204 *See Ribbons AR 2015* IDM at 6-7.
205 *See* Yama's QR at 45 and Exhibit 8.7.
206 *See* GOC's SQR at 9.
207 *See Ribbons AR 2015* IDM at 6-7.
208 *See* 19 CFR 351.524(b)(2).
209 *See* Preliminary Calculation Memorandum.
210 *See* Yama's QR at 49 and Exhibit 8.8.
211 *See* GOC's 2SQR.
212 *See* 19 CFR 351.524(b)(2).

basis, we preliminarily determine that Yama received a countervailable subsidy of 0.01 percent *ad valorem*.[213]

O. Training Fee Rebate

Yama reported that it received a rebate from the Economic and Information Bureau of Jimei District for a training fee charge during the POR.[214] The GOC confirmed that Yama received a one-time grant that was specific to Yama from the local government.[215] However, the GOC stated that it does not possess further details, and therefore is unable to respond to the standard questions appendix.[216]

Based on these facts, we preliminarily determine that the rebate received by Yama is a grant and that it constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act because the actual recipients of the subsidy are limited in number.[217]

Consistent with 19 CFR 351.524(b)(2), we determine that this non-recurring benefit was less than 0.5 percent of Yama's total sales in 2016. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), dividing it by Yama's total POR sales.[218] On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.01 percent *ad valorem*.[219]

P. Payments from Xiamen Commerce Bureau

Yama reported that it received payments from the Xiamen Chamber of Commerce during the POR.[220] GOC confirmed that Yama received benefits under this program in the form of a grant during the POR.[221] Therefore, we preliminarily determined that the assistance received by Yama constitutes a financial contribution within the meaning of section 771(5)(D) of the Act. Further, as discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we preliminarily determined that the assistance received by Yama is specific within the meaning of section 771(5A) of the Act.

Consistent with 19 CFR 351.524(b)(2), we determine that this non-recurring benefit was less than 0.5 percent of Yama's total sales in 2016. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), dividing it by Yama's total POR sales.[222] On this

[213] *See* Preliminary Calculation Memorandum.
[214] *See* Yama's QR at 17.
[215] *See* GOC's 3SQR at 1.
[216] *Id*.
[217] *See* GOC's SQR at Exhibit Sup2. Exhibit II.1.1(1).
[218] *See* 19 CFR 351.524(b)(2).
[219] *See* Preliminary Calculation Memorandum.
[220] *See* Yama's QR at 17.
[221] *See* GOC's 2SQR.
[222] *See* 19 CFR 351.524(b)(2).

basis, we preliminarily determine that Yama received a countervailable subsidy of 0.02 percent *ad valorem*.[223]

II. Programs Found to be Not Countervailable

A. Yellow Standard Vehicle

Yama reported that it received assistance from the Xiamen Commerce Bureau under this program for scrapping its yellow standard vehicle during the POR.[224] The GOC states that this program was established in 2015, and aims to promote the environment and decrease emission of vehicles that do not meet the national emission standards.[225] The GOC provided a copy of the Application Instructions for the Yellow-label vehicles premature discard Subsidy Fund (Application Instructions), which provides the law that establishes the conditions and guidelines governing the operation of the program.[226] The GOC confirmed that Yama received a grant under this program during the POR.

In our analysis of the information provided by the GOC, we found that the program covered certain vehicles and was generally available to both individuals and businesses. Specifically, the Application Instructions under the Explanation of related terms state that the qualifying vehicles are defined as vehicles with ignited engine that do not meet the national I emission standards and vehicles with compression-ignition engine that do not meet the national III emission standards. Three-wheeled vehicles and motorcycles are temporally not included;[227] that the scrapping of the vehicle means that the owner of the yellow-label vehicle will sell the yellow-label vehicle to the scrapped vehicle recycling and dismantling enterprises certified by the Fujian Provincial Economic and Trade Commission and the Fujian Provincial Department of Commerce;[228] and stated that the registered owner of the vehicle is an individual, individual commercial household, enterprise and other non-financial social organizations.[229] Based on this information, we preliminarily determined that this program is generally available, and therefore not *de jure* or *de facto* specific.

III. Programs Preliminarily Determined Not to Provide Measurable Benefits During the POR

We preliminary determine that the benefit from the program listed below resulted in a net subsidy rate that is less than 0.005 percent *ad valorem*.[230] Consistent with Commerce's practice,

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[223] *See* Preliminary Calculation Memorandum.
[224] *See* Yama's QR at 17.
[225] *See* GOC's 2SQR at 25.
[226] *Id*. at Sup2. Exhibit II.1.(3).
[227] *Id*. at 1.
[228] *Id*. at 2.
[229] *Id*.
[230] *See* Preliminary Calculation Memorandum.

we have not included this program in our net countervailing duty rate calculations for the preliminary results.[231]

A. Rural Labor Training Assistance

IV. Programs Preliminarily Determined Not to be Used During the POR

We preliminarily find that Yama did not use the following programs during the POR:

1. *Preferential Tax Policies for Enterprises with Foreign Investment (Two Free, Three Half) Program*
2. *Local Income Tax Exemption and Reduction Programs for "Productive" Foreign-Invested Enterprises*
3. *Xiamen Promotion of Domestic Market Grants*
4. *Jimei District Tax Bonus Prize*
5. *The State Key Technology Renovation Project Fund*
6. *Bonus for Fujian Province Famous Brands Program*
7. *Export Assistance Grants*
8. *Export Interest Subsidy Funds for Enterprises Located in Zhejiang Province*
9. *Technology Grants for Enterprises Located in Zhejiang Province*
10. *Xiamen Municipal Cleaner Production Program*
11. *Assistance for Recruiting Vocational Institutions and/or College Graduates*
12. *High and New Technology Enterprises Local Government Assistance*
13. *Xiamen City Small Medium Enterprises Development Support Fund*
14. *Small Medium Enterprises Assistance*
15. *Finance Bureau of Xiamen City*
16. *Tax Bureau of Jimei District*

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[231] *See, e.g., CFS from China*, and accompanying IDM at "Analysis of Programs, Programs Determined Not to Have Been Used or Not to Have Provided Benefits During the POI for GE"; *see also Steel Wheels from China*, and accompanying Issues and Decision Memorandum at "Income Tax Reductions for Firms Located in the Shanghai Pudong New District."

17. *Patent Application Supporting Program*

18. *Import Tariff and VAT Exemptions for Foreign-Invested Enterprises (FIEs) Using Imported Technology and Equipment*

19. *Import Tariff and VAT Exemptions for Certain Domestic Enterprises Using Imported Technology and Equipment*

20. *VAT Rebate for FIE Purchases of Domestically Produced Equipment*

21. *Tax Program for High or New Technology FIEs*

22. *Preferential Tax Policies for Research and Development for FIEs*

23. *Tax Benefits for FIEs in Encouraged Industries that Purchase Domestic Equipment*

24. *Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-Oriented Enterprises*

25. *Preferential Tax Policies for Township Enterprises*

26. *Tax Subsidies to FIEs in Specially Designated Areas*

27. *Preferential Tax Policies for Export-Oriented FIEs*

28. *Provision of Land in the Xiamen Jimei (Xingling) Taiwanese Investment Zone for LTAR*

X. CONCLUSION

We recommend applying the above methodology for these preliminary results.

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Agree Disagree

10/2/2018

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