C-570-089
Investigation
POI: 1/1/2017 – 12/31/2017
Public Document
E&C/OIV: Team

July 17, 2019

MEMORANDUM TO: James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

FROM: Abdelali Elouaradia
Director, Office IV
Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Steel Racks and Parts Thereof from the People's Republic of China

---

I. SUMMARY

The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers of certain steel racks and parts thereof (steel racks) from the People's Republic of China (China), as provided in section 705 of the Tariff Act of 1930, as amended (the Act). The mandatory respondents subject to this investigation are Jiangsu Kingmore Storage Equipment Manufacturing Co., Ltd. (Kingmore), Nanjing Dongsheng Shelf Manufacturing Co., Ltd. (Dongsheng), Nanjing Huade Storage Equipment Manufacture Co., Ltd. (Huade), Tangshan Apollo Energy Equipment Company, Ltd. (Apollo), and Xiamen Aifei Metal Manufacturing Co., Ltd. (Aifeimetal).

As a result of our analysis, we made changes to the subsidy rate calculation for Dongsheng. Additionally, due to a modification to the scope of this investigation, Aifeimetal did not have shipments of subject merchandise during the period of investigation (POI); accordingly, we are no longer calculating a subsidy rate for Aifeimetal. Below is the complete list of issues in this investigation for which we received comments from interested parties:

Comment 1:	Commerce's Treatment of Aifeimetal in this Investigation
Comment 2:	Whether Commerce's Benchmarks Properly Take into Account Prevailing Market Conditions
Comment 3:	Whether Commerce Used the Correct Tariff Rate in Constructing the Cold-Rolled and Hot-Rolled Steel Benchmarks
Comment 4:	Whether to Countervail Subsidies for Which There Was No Formal Initiation of an Investigation

Comment 5:	Whether to Revise Dongsheng's Benefit Calculation under the Electricity for Less than Adequate Remuneration (LTAR) Program
Comment 6:	Whether to Include Dongsheng's Purchases of Structural Steel in the Calculation of a Benefit under the Hot-Rolled Steel for LTAR Program
Comment 7:	Commerce's Treatment of the Petitioner's International Shipping for LTAR Allegation
Comment 8:	The Preliminary Scope Determination

II. BACKGROUND

A. Case History

On December 3, 2018, Commerce published the *Preliminary Determination* in this proceeding.[1] On April 22, 2019, Commerce published an *Amended Preliminary Determination* to revise the scope of this investigation to conform with the scope published in the preliminary determination of the companion antidumping duty investigation.[2]

Between March 4 and March 21, 2019, we conducted verifications of the questionnaire responses submitted by Dongsheng and Aifeimetal.[3] Interested parties submitted case briefs[4] and rebuttal briefs[5] between April 15 and April 23, 2019.

B. Period of Investigation

The POI is January 1, 2017 through December 31, 2017.

III. SCOPE COMMENTS

During the course of this investigation and the concurrent antidumping duty investigation of steel racks from China, Commerce received scope comments from interested parties. Commerce

---

[1] *See Certain Steel Racks from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination with Final Antidumping Duty Determination*, 83 FR 62297 (December 3, 2018) (*Preliminary Determination*) and accompanying Preliminary Decision Memorandum (PDM).

[2] *See Steel Racks from the People's Republic of China: Amended Preliminary Countervailing Duty Determination*, 84 FR 16640 (April 22, 2019) (*Amended Preliminary Determination*).

[3] *See* Memoranda, "Verification of the Questionnaire Responses of Nanjing Dongsheng Shelf Manufacturing Co., Ltd.," dated March 20, 2019 (Dongsheng Verification Report); and, "Verification of the Questionnaire Responses of Aifeimetal Manufacturing Co., Ltd.," dated April 10, 2019 (Aifeimetal Verification Report).

[4] *See* Petitioner's Letter, "Certain Steel Racks from the People's Republic of China: Case Brief," dated April 15, 2019 (Petitioner's Case Brief); Letter from Aifeimetal, "Certain Steel Racks from the People's Republic of China: Case Brief," dated April 18, 2019 (Aifeimetal's Case Brief); Dongsheng's Letter, "Steel Racks from the People's Republic of China - Dongsheng Case Brief," dated April 18, 2019 (Dongsheng's Case Brief); and GOC's Letter, "Government of China's Affirmative Case Brief; Steel Racks from the People's Republic of China," dated April 18, 2019 (GOC's Case Brief).

[5] *See* Petitioner's Letter, "Certain Steel Racks from the People's Republic of China: Rebuttal Brief," dated April 23, 2019 (Petitioner's Rebuttal Brief); Letter from Aifeimetal, "Certain Steel Racks from the People's Republic of China: Rebuttal Brief of the Aifei Companies," dated April 23, 2019; Dongsheng's Letter, "Steel Racks from the People's Republic of China - Dongsheng Rebuttal Brief," dated April 23, 2019; GOC's Letter, "Government of China's Rebuttal Brief; Steel Racks from the People's Republic of China," dated April 23, 2019.

issued a Preliminary Scope Memorandum to address these comments and set aside a period of time for parties to address scope issues in case and rebuttal briefs.[6] We received comments from interested parties on the Preliminary Scope Memorandum, which we address in Comment 8. For this final determination, we have made no changes to the scope of this investigation, as published in the *Amended Preliminary Determination*.[7]

IV. SCOPE OF THE INVESTIGATION

The products covered by this investigation are steel racks and parts thereof. For a complete description of the scope of this investigation, *see* this memorandum's accompanying *Federal Register* notice at Appendix I.

V. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

In the *Preliminary Determination*, we applied total adverse facts available (AFA) to calculate a subsidy rate for three mandatory respondents that failed to respond to our initial questionnaire and 13 companies that did not respond to our quantity and value (Q&V) questionnaire.[8] Additionally, we applied partial AFA with respect to the Government of China (GOC) to find benefit and financial contribution for several programs.[9] We have made no changes to the underlying decision to apply AFA for this *Final Determination*.

However, we are making two modifications to the total AFA calculation. First, we are adjusting the calculation to reflect the fact that Aifeimetal is no longer covered by this investigation.[10] Second, we are removing the "Reduction in or Exemption from Fixed Assets Investment Orientation Regulatory Tax" from the aggregate 25 percent rate assigned to all income tax programs, because it applies to tax assessments separate from the standard income tax rate in China.[11]

VI. SUBSIDIES VALUATION INFORMATION

A. Allocation Period

We made no changes to, and interested parties raised no issues in their case briefs regarding, the allocation methodology used in the *Preliminary Determination*. For a description of the allocation period and the methodology used for this final determination, *see* the *Preliminary Determination*.[12]

---

[6] *See* Memorandum, "Steel Racks from the People's Republic of China: Preliminary Scope Decision," dated February 25, 2019 (Preliminary Scope Memorandum).
[7] *See Amended Preliminary Determination*, 84 FR at 16640-41.
[8] *See Preliminary Determination* PDM at 8-18.
[9] *Id.* at 19-26.
[10] *See* Comment 1, *infra*; *see also* Appendix I.
[11] *See* Appendix II; *see also Preliminary Determination* PDM at 16-18 and 47-52.
[12] *See Preliminary Determination* PDM at 26.

B. Attribution of Subsidies

We made no changes to, and interested parties raised no issues in their case briefs regarding, the methodology underlying our attribution of subsidies in the *Preliminary Determination*. For a description of the methodology used for this final determination, *see* the *Preliminary Determination*.[13]

C. Denominators

We made no changes to, and interested parties raised no issues in their case briefs regarding, the denominators used in the *Preliminary Determination*.[14]

D. Benchmarks and Interest Rates

Interested parties raised issues in their case briefs regarding the benchmarks we used in the *Preliminary Determination*.[15] For further discussion of the benchmarks used in this final determination, *see* Comments 2 and 3.

VII. ANALYSIS OF PROGRAMS

A. Programs Determined to Be Countervailable

1. Cold-Rolled Steel for LTAR

The GOC and the petitioner provided comments regarding this program, which are addressed in Comments 2 and 3. We have not changed our methodology for calculating a subsidy rate for Dongsheng under this program.[16]

0.07 percent *ad valorem*

2. Hot-Rolled Steel for LTAR

The GOC, Dongsheng and the petitioner provided comments regarding this program, which are addressed in Comments 2, 3, and 6. We have corrected our calculation of benefits for this program, but have otherwise made no change to our methodology for calculating a subsidy rate for Dongsheng under this program.[17] We discuss our correction of the benefit calculation, in greater detail and including a discussion of business proprietary information, in the Dongsheng Final Analysis Memorandum.[18]

---

[13] *Id.* at 26-28.
[14] *Id.* at 28.
[15] *Id.* at 28-36.
[16] *Id.* at 36-38.
[17] *Id.* at 38-39.
[18] *See* Memorandum, "Nanjing Dongsheng Shelf Manufacturing Co., Ltd. Preliminary Calculation Memorandum," dated concurrently with this memorandum (Dongsheng Final Analysis Memorandum).

0.90 percent *ad valorem*

3. Electricity for LTAR

Dongsheng and the petitioner provided comments regarding this program, which are addressed in Comment 5. We have not changed our methodology for calculating a subsidy rate for Dongsheng under this program.[19]

0.24 percent *ad valorem*

4. Policy Loans

We have not changed our methodology for calculating a subsidy rate for Dongsheng under this program.[20]

0.11 percent *ad valorem*

5. Grants

We have not changed our methodology for calculating a subsidy rate for Dongsheng under this program.[21] The GOC and the petitioner provided comments regarding this program, which are addressed in Comment 4.

0.18 percent *ad valorem*

B. Programs Determined Not to Be Used by Dongsheng or Not to Confer a Measurable Benefit to Dongsheng During the POI

1. Preferential Income Tax Reductions for High and New Technology Enterprises (HNTEs)
2. Preferential Deduction of Research and Development (R&D) Expenses for HNTEs
3. Preferential Income Tax Policy for Enterprises in the Northeast Region
4. Reduction in or Exemption from Fixed Assets Investment Orientation Regulatory Tax
5. Income Tax Benefits for Domestically Owned Enterprises Engaging in Research and Development
6. Export Loans
7. Treasury Bond Loans
8. Preferential Lending to Producers and Exporters Classified as "Honorable Enterprises" or Similar Designations
9. Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program
10. Debt-to-Equity Swaps

[19] *Id.* at 39-40.
[20] *Id.* at 40-42.
[21] *Id.* at 44-45.

11. Value-Added Tax and Tariff Exemptions for Purchases of Fixed Assets under the Foreign Trade Development Fund
12. Provision of Land in Economic Development Zones (EDZs) for LTAR
13. Provision of Land to State-Owned Enterprises (SOEs) for LTAR
14. Provision of International Shipping Services for LTAR
15. The State Key Technology Project Fund
16. Foreign Trade Development Fund Grants
17. Export Assistance Grants
18. Export Interest Subsidies
19. Grants for Energy Conservation and Emission Reduction
20. Grants for the Retirement of Capacity
21. Grants for Relocating Production Facilities

Additionally, as discussed in our *Preliminary Determination*, Dongsheng reported receiving benefits under various self-reported programs that did not confer a measurable benefit.[22] Based on the record evidence, we continue to determine that the benefits from these programs were fully expensed prior to the POI or are less than 0.005 percent *ad valorem* when attributed to the Dongsheng's applicable sales. These programs are identified in Dongsheng's Final Analysis Memorandum and are also identified in Appendix I.

VIII. ANALYSIS OF COMMENTS

Comment 1: Commerce's Treatment of Aifeimetal in this Investigation

Aifeimetal's Case Brief

- The scope of this investigation changed substantially following initiation and the issuance of the preliminary countervailing duty determination.[23]
- Although Aifeimetal was selected as a mandatory respondent based on the parameters of the original scope of this investigation, Aifeimetal did not produce merchandise covered by the revised scope.[24]
- As part of the verification process, Commerce officials toured all of Aifeimetal's facilities, took numerous photographs of finished products, reviewed production and sales records, and obtained extensive documentation regarding the physical characteristics of the range of merchandise produced by Aifeimetal. Based on its review of these materials, Commerce observed no indication that Aifeimetal produced or sold subject merchandise.[25]
- Commerce should exclude Aifeimetal from this investigation.[26]

No other party commented on this issue.

[22] *See Preliminary Determination* PDM at 45.
[23] *See* Aifeimetal's Case Brief at 1-2.
[24] *Id.*
[25] *Id.* at 2-3.
[26] *Id.* at 3.

Commerce's Position: We agree with Aifeimetal's assertion that it did not produce or export subject merchandise during the POI. Following the *Preliminary Determination*, and in consultation with the petitioner and other interested parties, we adopted a revised scope in this investigation.[27] As we explained in the Preliminary Scope Memorandum, the petition described subject racks as "steel racks used in facilities such as warehouses, fulfillment and distribution centers, big-box retail stores, and manufacturing facilities."[28] The scope revisions, therefore, incorporated numerous "physical characteristics that help to identify the merchandise to be covered by the scope," and addressed interested parties' concerns regarding the breadth of the scope.[29]

Given the substantial change to the scope, we devoted special attention to assessing the type of merchandise produced and sold by Aifeimetal during our onsite verification of the company and its cross-owned affiliates. We extensively reviewed Aifeimetal's production and sales records, and examined the company's production facilities, inventories, and various product displays.[30] We did not observe any indication that Aifeimetal produced or exported subject merchandise during, or subsequent to, the POI. Accordingly, we find that Aifeimetal did not have shipments of subject merchandise during the POI and should not be assigned a subsidy rate. [31]

We disagree, however, with Aifeimetal's suggestion that it be excluded from the investigation and any eventual order. Under these circumstances, *i.e.*, where we have determined that a company has not made shipments of subject merchandise during the POI, we do not apply a company exclusion. Rather, if the International Trade Commission (ITC) issues a final affirmative determination, Commerce will instruct U.S. Customs and Border Protection (CBP) that shipments of subject merchandise by Aifeimetal – should the company export subject merchandise in the future – are subject to the all-others rate in effect at the time of entry.[32]

[27] *See Amended Preliminary Determination*, 84 FR at 16640-41.
[28] *See* Preliminary Scope Memorandum at 9.
[29] *Id.* at 5 and 9.
[30] *See* Aifeimetal Verification Report at 4-7.
[31] *See, e.g., Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty and Countervailing Duty Orders*, 83 FR 23891 (May 23, 2018) (*Cold-Rolled*) and accompanying Issues and Decision Memorandum (IDM), at 3 ("Commerce does not … make such an exclusion for a company that had no shipments during the period of investigation (POI) of an antidumping or countervailing duty investigation. There would simply be no determination for a company without shipments during the POI and, if it decided to ship in the future, it would be subject to the all others' rate (or the country-wide rate, as the case may be)"); and *Polyethylene Terephthalate Resin from the Republic of Korea: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures*, 83 FR 19694 (May 4, 2018) (*PET Resin*) and accompanying PDM at 10-11 ("SKC made no shipments during the POI and therefore, we have not calculated a separate margin for SKC, and shipments of SKC in the future (if any) will be subject to suspension of liquidation at the all-others rate."), unchanged in *Polyethylene Terephthalate Resin from the Republic of Korea: Affirmative Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 83 FR 48283 (September 24, 2018).
[32] *See Cold-Rolled* IDM at 3; and *PET Resin* PDM at 10-11.

Comment 2: Whether Commerce's Benchmarks Properly Take into Account Prevailing Market Conditions

GOC's Case Brief

- In constructing a benchmark to determine the adequacy of remuneration, Commerce must account for the prevailing market conditions in the country subject to investigation.[33]
- Pursuant to Commerce's regulations, the requisite "delivered" price must reflect "the price that a firm actually paid or would pay if it imported the product," including "delivery charges" and import duties. However, such adjustments are not without limit; the regulations should not be interpreted to require ocean freight and import duties in all situations.[34]
- The statute explicitly directs Commerce to consider in-country conditions, such as "availability" of the input and "transportation," both of which are relevant to whether ocean freight or import duty adjustments are appropriate.[35]
- The prominence of domestic supply in the input market relative to import supply is an important consideration when determining appropriate delivery charges for the good in question. The fact that some import purchases occur does not justify the application of ocean freight and import duty adjustments to the benchmark, since that does not reflect the "prevailing conditions" in the market generally.[36]
- The volume of Chinese imports of cold-rolled steel and hot-rolled steel is insignificant. Accordingly, Commerce should not apply ocean freight and import duty adjustments to all input purchases.[37] Instead, Commerce should apply a portion of the ocean freight and import duty costs based on the proportion of the supply for the particular input that is imported (*i.e.*, 0.028 for cold-rolled steel inputs, and 0.0392 for the hot-rolled steel inputs).[38]

Petitioner's Rebuttal Brief

- Commerce's inclusion of charges for ocean freight and import duties in the benchmark is necessary and appropriate. There are essentially no sources of steel in China that are not distorted by the GOC's extensive industrial policies and subsidization. Accordingly, Commerce must use a world market price as a benchmark. Under these circumstances, ocean freight and duties represent necessary costs in moving these steel inputs to China, and they are therefore a necessary component of the price.[39]

Commerce's Position: We disagree with the GOC. For the final determination, we are continuing to incorporate international freight and duty costs in our benchmark prices.

---

[33] *See* GOC's Case Brief at 3.
[34] *Id.* at 3-4.
[35] *Id.* (citing Section 771(5)(E)(iv) of the Act).
[36] *Id.* at 4-6.
[37] *Id.* at 7-8.
[38] *Id.*
[39] *See* Petitioner's Rebuttal Brief at 3.

We are relying on tier two benchmarks for cold-rolled and hot-rolled steel because we have determined, based on AFA, that the Chinese markets for these inputs are distorted because of the GOC's involvement in them.[40] According to 19 CFR 351.511(a)(2)(iv), world market prices must be adjusted to include delivery charges and import duties "to reflect the price that a firm actually paid or would pay if it imported the product."[41] The courts have upheld our application of these adjustments as lawful and in compliance with our regulations.[42]

As in our *Preliminary Determination*, we find that it is appropriate to use world market prices as benchmarks for evaluating the adequacy of remuneration for purchases of cold-rolled and hot-rolled steel inputs and, therefore, we must adjust such prices as required by our regulations.[43] We are calculating a delivered price that includes freight and import duties, which would be the price that a company would pay if it imported the inputs in question. Whether a respondent actually imported the inputs and paid international freight and/or duties is not relevant for the purpose of determining an appropriate benchmark.[44]

Additionally, consistent with section 771(5)(E) of the Act, we have, in fact, considered the prevailing conditions of the country in question in our analysis. To compute benchmark prices, for the final determination, we used Maersk ocean freight charges, actual inland freight charges as reported by the respondent, and actual Chinese import duties for the specific inputs we are examining.[45] Therefore, the various freight and duty costs reflect prices and rates applicable to the Chinese market, and thus relate directly to prevailing market conditions in China.

Comment 3: Whether Commerce used the Correct Tariff Rate in Constructing the Cold-Rolled and Hot-Rolled Steel Benchmarks

GOC's Case Brief

- Commerce relied on an incorrect six percent import duty rate for both inputs in its preliminary determination when calculating benchmarks to determine the amount of benefit received by these companies.[46]

[40] *See Preliminary Determination* PDM at 31-34.
[41] *See* 19 CFR 351.511(a)(2)(iv).
[42] *See Beijing Tianhai Indus. Co. v. United States*, 52 F. Supp. 3d 1351, 1372-75 (CIT 2015); *see also Zhaoqing New Zhongya Aluminum Co., Ltd. v. United States*, 929 F. Supp. 2d 1324, 1327 (CIT 2013); and *Essar Steel Ltd. v. United States*, 678 F. 3d 1268, 1274 (Fed. Cir. 2012) (finding that "Commerce's decision to add these charges to benchmark prices is consistent with the relevant statute and regulation and is supported by substantial evidence").
[43] *See Preliminary Determination* PDM at 31-34.
[44] *See, e.g., Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 80 FR 34888 (June 18, 2015) and accompanying IDM at Comment 3; *see also Beijing Tianhai Indus. Co. v. United States*, 52 F. Supp. 3d at 1374 (explaining that "the Federal Circuit has upheld Commerce's practice of ignoring a particular respondent's conditions of purchase when calculating tier-two benchmark prices, and found that adding these charges to a benchmark price, even where the respondent did not incur these costs, 'is consistent with the relevant statute and regulation'").
[45] *See* Dongsheng Final Analysis Memorandum.
[46] *See* GOC's Case Brief at 8-9.

- In past proceedings, when the input at issue has multiple Harmonized Tariff System (HTS) numbers with different import duty rates, Commerce has calculated its input benchmark using the average import duty rate.[47]
- Commerce did not explain the basis for the six percent rate it used in constructing the benchmarks for hot-rolled and cold-rolled steel. This rate is not the average of the rates reported by the GOC.[48]
- The GOC submits that Commerce should calculate the import duty rate used in its benchmark calculations for hot-rolled steel and cold-rolled steel by calculating the average of the import duty rates reported by the GOC for these inputs.[49]
- The GOC reported the import duty rates applicable to hot-rolled steel (with a simple average of 4.76 percent) and cold-rolled steel (with a simple average of 5.22 percent) during the POI.[50]

Petitioner's Rebuttal Brief

- The reason why Commerce used a six percent duty rate, and the appropriateness of that rate, is immediately apparent from a review of Dongsheng's October 29th Second Supplemental Questionnaire Response, wherein the company provided a table showing all of its steel inputs and the applicable tariff rates.[51]
- The use of a six percent tariff for Dongsheng's steel inputs is well-supported and should be continued in the final determination.[52]

Commerce's Position: We agree with the petitioner. As an initial matter, in a supplemental questionnaire, we asked Dongsheng to identify "the HTS classification of the inputs used by Nanjing Dongsheng in producing the subject merchandise"; for 14 of the 15 steel inputs identified, Dongsheng identified six percent as the only relevant tariff rate.[53] Dongsheng identified one input, *i.e.*, "L sections," as having a tariff rate of "6% / 3%." Given that there is no record information that would allow Commerce to determine what proportion of "L sections" inputs are subject to a tariff rate of three percent – and in light of the fact that the overwhelming majority of Dongsheng's steel inputs had a six percent rate – we find that our use of the six percent rate was appropriate.

Additionally, we disagree with the GOC's assertion that a simple average of all tariff rates applicable to cold-rolled steel and hot-rolled steel is appropriate. The GOC's proposed approach asks that we treat all tariff headings under the four-digit headings relating to cold-rolled steel and hot-rolled steel as equally applicable, regardless of whether the respondent actually relied on inputs subject to those rates. The GOC's proposed method of assigning a simple average of all

[47] *Id.*
[48] *Id.*
[49] *Id.*
[50] *Id.* at 9-11.
[51] *See* Petitioner's Rebuttal Brief at 4 (citing Dongsheng's Letter, "Steel Racks from the People's Republic of China - Dongsheng Second Supplemental Questionnaire Response," dated October 29, 2018 2018 (Dongsheng October 19, 2018 SQR), at Exhibit SQ2-5).
[52] *Id.*
[53] *Id.*

tariff rates applicable to cold-rolled and hot-rolled steel inputs ignores the fact that we have all of Dongsheng's reported inputs on the record along with the applicable tariff rates for each.[54] With the relevant tariff rates on the record, there is no reason for Commerce to rely on a less precise method, such as simple averaging (across numerous inapplicable categories), for determining applicable tariff rates for each hot-rolled and cold-rolled steel input.

In its supplemental questionnaire response, Dongsheng identified the applicable tariff rates it used for its steel inputs.[55] Further, Dongsheng is in the best position to identify the duty rate applicable to its cold-rolled and hot-rolled steel input purchases, not the GOC. Therefore, for the final determination, we will continue to use an import duty rate of six percent to construct the input benchmark in our LTAR analysis.

Comment 4: Whether to Countervail Subsidies for Which There Was No Formal Initiation of an Investigation

GOC's Case Brief

- Under Section 702 of the Act, investigations may only commence after sufficient evidence of financial contribution, specificity and benefit is found or presented.[56] Action to countervail "other" subsidies outside the scope of Commerce's proper investigation are contrary to law. By extension, there is no basis for Commerce to apply AFA and countervail "other" subsidies reported by company respondents.[57]
- Commerce's request for information relating to "other" subsidies in its initial questionnaire represents an investigation in the absence of any properly framed allegation by the petitioner or other finding by Commerce supported by evidence, initiation, or notice thereof. Accordingly, this request was contrary to the statute, Commerce regulations, and Commerce practice.[58]
- At most, the statute and Commerce's regulations provide Commerce the authority, upon proper notice to parties, to investigate "other subsidies" upon discovery, or defer consideration to a subsequent administrative review, but nothing more. In this proceeding, Commerce made no such discovery, provided no advance notice of its intent to include discovered practices, and engaged in no investigation once notice was given.[59]
- Commerce must focus its findings on matters that are the subject of a proper investigation supported by evidence concerning the existence of particular subsidies for which there was a formal initiation or notice given. Action to countervail "other" subsidies is contrary to U.S. law and the Agreement on Subsidies and Countervailing Measures (SCM Agreement). Consequently, Commerce should assign no subsidy margin to "other subsidies" reported by company respondents.[60]

---

[54] *Id.*
[55] *Id.*
[56] *See* GOC's Case Brief at 12.
[57] *Id.* at 14.
[58] *Id.*
[59] *Id.* at 15.
[60] *Id.*

Petitioner's Rebuttal Brief

- In this final determination, Commerce should continue to countervail "other subsidies" reported by respondents for the same reasons it has done so in numerous other proceedings.[61]

Commerce's Position: We disagree with the GOC that Commerce unlawfully examined "other subsidies" without first finding that the initiation standard had been satisfied. Commerce has addressed these arguments, and similar arguments, numerous times.[62]

Investigations into potentially countervailable subsidies are initiated in one of two ways. First, an investigation can be self-initiated by Commerce.[63] Second, when a domestic interested party files a petition for the imposition of countervailing duties on behalf of an industry, and the petition: (1) alleges the elements necessary for the imposition of a countervailing duty pursuant to section 701(a) of the Act; and (2) "is accompanied by information reasonably available to the petitioner supporting those allegations{,}" Commerce will initiate an investigation into whether countervailing duties should be imposed.[64]

After an investigation has been initiated through one of the above mechanisms, section 775 of the Act and 19 CFR 351.311(b) provide Commerce with authority, during the course of that investigation, to examine discovered practices or programs if they appear to provide a countervailable subsidy. Indeed, if, after the commencement of an investigation, Commerce "discovers a practice which appears to be a countervailable subsidy {}" that was not included in the petition, Commerce "shall include the practice, subsidy, or subsidy program in the proceeding{.}"[65] Pursuant to section 775 of the Act, Commerce has an "affirmative obligation" to "consolidate in one investigation … all subsidies known by petitioning parties to the investigation or by the administering authority relating to that merchandise" to ensure "proper aggregation of subsidization practices."[66]

The statute does not define what "appears" to be a countervailable subsidy. Although the GOC argues that, whenever Commerce itself "discovers" a potential subsidy, Commerce is expected to

---

[61] *See* Petitioner's Rebuttal Brief at 5.

[62] *See, e.g., Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2014-2015*, 83 FR 11694 (March 16, 2018) and accompanying IDM at 27-30 (citing *Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 9714 (February 8, 2017) and accompanying IDM at 16-21).

[63] *See* section 702(a) of the Act.

[64] *See* section 702(b) of the Act.

[65] *See* section 775 of the Act.

[66] *See Changzhou Trina Solar Energy Co. v. United States*, 195 F. Supp. 3d 1334, 1341 (CIT 2016) (holding that Commerce has "independent authority, pursuant to {section 775 of the Act}, to examine additional subsidization in the production of subject merchandise," and this "broad investigative discretion" permits Commerce to require respondents to report additional forms of governmental assistance); *see also Allegheny Ludlum Corp. v. United States*, 112 F. Supp. 2d 1141, 1150, n. 12 (CIT 2000) (*Allegheny I*); and section 775 of the Act.

apply the same initiation standard that applies when a subsidy is alleged by a petitioner,[67] this interpretation is not supported by the statute. Pursuant to section 702 of the Act, "{a} countervailing duty investigation shall be initiated whenever the administering authority determines, from information available to it, that a formal investigation is warranted into the question of whether the elements necessary for the imposition of duty under section 701 of the Act exits." This statutory provision does not preclude Commerce from investigating a program or subsidies "which appear {} to be a countervailable subsidy…with respect to the merchandise which is the subject of the proceeding," and Commerce is not "legally precluded from asking questions that enable it to effectuate this obligation, the goal of which is to consolidate all relevant subsidies into a single investigation."[68] Indeed, under section 775 of the Act, Commerce "shall" include in the proceeding all subsidies discovered during the course of that proceeding.

Moreover, Commerce's question regarding "any other forms of assistance" is not vague and does not exceed Commerce's information-collecting authority.[69] Commerce has broad discretion to determine which information is relevant to its determination and to request that information.[70] Commerce pursues information regarding "any other forms of assistance" expressly to satisfy the intent of the countervailing duty law, to investigate and catalogue all potentially countervailable subsidies, "to consolidate all relevant subsidies into a single investigation."[71] Consistent with U.S. law, Commerce is not precluded from inquiring about other assistance to make determinations.[72] Rather, Commerce "has an independent statutory authority to investigate discovered subsidies, and to ask questions to facilitate that investigation."[73]

Commerce may determine to use AFA in deciding whether the elements of a countervailable subsidy are met for both categories of subsidies (those alleged in a petition and those "discovered" during an investigation) if Commerce determines that the respondents are being uncooperative. In the instant case, the GOC hindered Commerce's efforts to examine the "full scope of governmental assistance," and to consolidate all relevant subsidies into this investigation when it withheld information responsive to Commerce's requests for information.[74] To avoid the application of facts available or AFA, the GOC was required to respond to Commerce's requests for information by conducting a thorough review of its records, regardless of whether it believed that the discovered subsidies fell outside the purview of Commerce's

[67] *See* GOC's Case Brief at 11-15.
[68] *See Allegheny I*, 112 F. Supp. 2d at 1150, n.12 ("Congress…clearly intended that all potentially countervailable programs be investigated and catalogued{.}").
[69] *See Changzhou Trina Solar Energy*, 195 F. Supp. 3d at 1346 ("Commerce's inquiry concerning the full scope of governmental assistance provided by the {Government of China} and received by the Respondents in the production of subject merchandise was within the agency's independent investigative authority pursuant to {sections 702}(a) and {775 of the Act}, this inquiry was not contrary to law").
[70] *See, e.g., Acciai Speciali Termi S.p.A. v. United States*, 26 CIT 148, 167 (sustaining Commerce's application of adverse inferences when respondent engaged in "willful non-compliance" with requests for information); *see also PAM, S.p.A. v. United States*, 495 F. Supp. 2d 1360, 1369 (CIT 2007) (sustaining Commerce's application of adverse inferences when respondent's judgment that the information requested was irrelevant).
[71] *See Allegheny I.*
[72] *See Ansaldo Componeti, S.p.A. v. United States*, 628 F. Supp. 198, 205 (CIT 1986).
[73] *Id.*
[74] *Id.*

investigation. Thus, the GOC's failure to respond to Commerce's requests regarding the discovered assistance reflects a deliberate and unilateral decision that the discovered subsidies were not relevant to Commerce's investigation. A deliberate decision not to cooperate does not evince that a party has acted to "the best of its ability" to comply with a request for information and warrants the application of AFA.[75]

The GOC argues that the term "subsidy" is an inherently subjective term and cannot be used by Commerce as "the basis for the application of facts available, let alone AFA."[76] According to the GOC, Commerce cannot countervail, as AFA, subsidies merely because it uncovers practices that appear to constitute subsidies.[77] As explained above, Commerce has a responsibility to consolidate all relevant subsidies into a proceeding, and to avoid the deferral of the examination of countervailable subsidies to future administrative reviews to the extent possible. The reasons behind this responsibility are obvious. Deferring action against discovered subsidies until a subsequent review results in delayed relief to the injured domestic industry. Therefore, we will continue to examine "other subsidies" in our final determination.

Comment 5: Whether to Revise Dongsheng's Benefit Calculation under the Electricity for LTAR Program

Dongsheng's Case Brief

- Commerce's application of AFA to Dongsheng's electricity purchases fails to consider that one of Dongsheng's electricity suppliers was not a public body.[78]
- Dongsheng was issued invoices from both the Jiangsu State Grid, Nanjing Branch, and from an unaffiliated company. Specifically, for factory 3, Dongsheng and the unaffiliated company shared an electricity meter. For the first nine months of the POI, the unaffiliated company was issued invoices for the total amount of the shared meter and subsequently issued invoices to Dongsheng for its share. For the last three months of the POI, the State Grid invoiced Dongsheng and the unaffiliated company separately.[79]
- Therefore, for the first nine months of the POI, the unaffiliated company, not the State Grid, was Dongsheng's electricity supplier. The unaffiliated company is a private company and nothing on the record suggests the company is a public body or has any relations to any public bodies. Therefore, Commerce should not include the first nine months' electricity purchases at factory 3 in its calculation of Dongsheng's benefits under the electricity for LTAR program.[80]

---

[75] *See Nippon Steel Corp. v. United States*, 337 F. 3d 1373, 1382 (Fed. Cir. 2003) (explaining that for a party to act to the "best of its ability to comply with a request for information" requires that party to exert "maximum effort to provide Commerce with full and complete answers to all inquiries in an investigation.").
[76] *See* GOC's Case Brief at 14.
[77] *Id.*
[78] *See* Dongsheng's Case Brief at 1.
[79] *Id.* at 2.
[80] *Id.*

Petitioner's Rebuttal Brief

- It is well-settled that the purchase of a good for less than adequate remuneration can result in a countervailable subsidy even if the good passes through an intermediary.[81]
- Even if the other company were Dongsheng's electricity supplier, which it is not, Commerce should still countervail any electricity provided for less than the benchmark price in the final determination because the electricity originated with the GOC and Dongsheng paid less than adequate remuneration.[82]

Commerce's Position: We agree with the petitioner that the purchase of a good for LTAR can result in a countervailable subsidy, even if the good passes through an intermediary. In the instant case, Dongsheng's factory 3 is a rented facility owned by a non-affiliated company.[83] For the first nine months of the POI, the owner of the facility received invoices from the Jiangsu State Grid and subsequently issued invoices to Dongsheng for its share.[84] It is clear on these facts that the electricity was produced and provided to the facility by the Jiangsu State Grid. Additionally, the price Dongsheng paid for electricity, by its own admission, was "in accordance with the rate schedule established by Jiangsu State Grid to industrial users," and therefore did not reflect prices determined by a private entity.[85]

Commerce has addressed this issue in the past, finding that a good provided by an authority constitutes a financial contribution even if the good passes through an intermediary before being finally purchased by a respondent. The Court of International Trade has also affirmed this principle.[86] For instance, in *Citric Acid from China*, cited by the petitioner, Commerce found that "certain 'authorities' have provided a financial contribution (provision of a good) to the trading companies and, therefore, the existence of a financial contribution is not in doubt."[87] Commerce also determined that the issue of whether an intermediary's sales of an input constitutes a countervailable subsidy hinges on whether the prices they charged conferred a benefit upon the respondent.[88] As Commerce explained in *Citric Acid from China*, "when the price paid by the producer of subject merchandise is less than the benchmark price, the producer receives a benefit when it purchases these government-provided goods and, accordingly, receives these inputs for LTAR."[89] Here, we have determined that the prices Dongsheng paid to the owner of the facility for its electricity during the first nine months of the POI are less than the benchmark prices used by Commerce in its *Preliminary Determination*. Therefore, for the final determination, we have continued to determine that the transactions, despite having been passed

---

[81] *See* Petitioner's Rebuttal Brief at 1-2.
[82] *Id.* at 2.
[83] *See* Dongsheng Verification Report at 3 and Exhibit CVDE-2.
[84] *See* Dongsheng's Letter, "Steel Racks from the People's Republic of China – Section III Questionnaire Response," dated October 12, 2018 (Dongsheng IQR), at 19 and Exhibit 9.
[85] *Id.*
[86] *See Guangdong Wireking Housewares & Hardware Co. v. United States*, 900 F. Supp. 2d 1362, 1379-80 (CIT 2013).
[87] *See Citric Acid and Certain Citrate Salts: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78799 (December 31, 2014) (*Citric Acid from China*) and accompanying IDM at Comment 3.
[88] *See* Petitioner's Rebuttal Brief at 2 (citing *Citric Acid from China* at Comment 3).
[89] *Id.*

through an intermediary, nevertheless constituted a financial contribution and conferred a benefit in the form of a provision of a good for LTAR.

Comment 6: Whether to Include Dongsheng's Purchases of Structural Steel in the Calculation of a Benefit under the Hot-Rolled Steel for LTAR Program

Dongsheng's Case Brief

- In the *Preliminary Results*, Commerce included all of Dongsheng's purchases of hot-rolled steel and further processed hot-rolled steel in its calculation of a benefit under the hot-rolled steel for LTAR program. However, Commerce should have not included structural steel products in its calculation.[90]
- Dongsheng reported H, L, I, and U structural steel sections, categorized under HTS heading 7216, in order to fully and transparently disclose all of its steel inputs. However, HTS heading 7216 covers further processed products that are recognized as a different product class, and thus should not be investigated under the hot-rolled steel for LTAR program.[91]
- The hot-rolled steel for LTAR program, as alleged in the petition, does not include structural steel. The petitioner clearly did not intend to include section steel in the hot-rolled steel for LTAR program because it only submitted benchmark data for four tariff headings, among which there is only one tariff heading on hot-rolled products – 7208.54. This fact indicates that the petitioner only intended to include hot-rolled raw materials under 7208 in the hot-rolled steel for LTAR allegation. Otherwise, the petitioner would have alleged an LTAR program for section steel in its petition or included benchmark data on section steel/structural steel.[92]
- Structural steel should not be included in the hot-rolled steel for LTAR program, otherwise any product processed from hot-rolled steel could be covered by this program – including the subject merchandise racks themselves. This would lead to a nonsensical result.[93]
- Commerce should reject a broad sweeping inclusion of the various HTS Chapter 72 steel products under the hot-rolled steel for LTAR program. This result is simply far too broad to be reasonable or administrable.[94]

Petitioner's Rebuttal Brief

- H, L, I, and U sections are hot-rolled steel. They may, for tariff purposes be classified differently than flat-rolled product, but they are hot-rolled steel and are therefore covered by the petitioner's allegation.[95]

---

[90] *See* Dongsheng's Case Brief at 2-3.
[91] *Id.* at 3-4.
[92] *Id.*
[93] *Id.*
[94] *Id.* at 4.
[95] *See* Petitioner's Rebuttal Brief at 2.

- Regardless of whether H, L, I, and U sections are included in the hot-rolled steel for LTAR program, Commerce has the authority to investigate unalleged subsidies that it encounters during the course of an investigation and, consequently, could countervail the provision of "further processed hot-rolled steel" even if the Petition did not use Dongsheng's preferred phrasing for such merchandise. Commerce should continue to countervail the GOC's provision all varieties of hot-rolled steel in the final determination.[96]

Commerce's Position: We disagree with Dongsheng that we should exclude certain reported inputs of hot-rolled steel in the calculation of Dongsheng's benefit under the hot-rolled steel for LTAR program. As in the *Preliminary Determination*, for the final determination, we will continue to rely on all purchases of hot-rolled steel in calculating a benefit under this program.[97]

As an initial matter, the Act requires Commerce to include in its analysis not only subsidy programs that are alleged in the petition, but also potential subsidy programs that Commerce discovers during the course of the proceeding.[98] Therefore, regardless of whether the petitioner intended to exclude certain further processed inputs from the "hot-rolled steel for LTAR" program, purchases of these inputs were reported by Dongsheng in its submissions, and Commerce may include these purchases in its calculation of Dongsheng's benefit under the hot-rolled steel for LTAR program as a discovered subsidy.[99]

Dongsheng twice reported H, L, I, and U structural steel sections, categorized under HTS 7216, as hot-rolled steel inputs in the hot-rolled steel for LTAR program, and twice included a list of steel inputs it referred to as "further processed," and therefore unreported as inputs subject to the hot-rolled steel or cold-rolled steel for LTAR program.[100] The H, L, I, and U structural steel sections Dongsheng now argues are distinct products were not included in either of Dongsheng's lists of "further processed" inputs it believed to be disqualified from the hot-rolled steel for LTAR program.[101] Therefore, based on record evidence, we continue to find that the inputs identified above are covered by the petitioner's allegation.

Furthermore, although H, L, I, and U structural steel sections are classified in the HTS differently than flat-rolled products for tariff purposes, HTS subheadings are not dispositive for the purpose of determining the parameters of an alleged subsidy program. Furthermore, Dongsheng reported these products as hot-rolled steel and excluded them from its list of "further processed" inputs. Accordingly, for the final determination, we continue to include purchases of

[96] *Id.* at 2-3.
[97] *See* Dongsheng Final Analysis Memorandum.
[98] *See* section 775 of the Act.
[99] *See* 19 CFR 351.311.
[100] *See* Dongsheng's Letter, "Steel Racks from the People's Republic of China – Section III Questionnaire Response – LTAR Programs on Hot-Rolled and Cold-Rolled Steels," dated October 15, 2018 (Dongsheng October 15, 2018 SQR), at Exhibit 7; *see also* Dongsheng October 19, 2018 SQR at Exhibit SQ2-3.
[101] *See* Dongsheng October 15, 2018 SQR at Exhibit 7; and Dongsheng October 19, 2018 SQR at Exhibit SQ2-3.

these inputs in our calculation of a benefit under this program, which is consistent with past practice.[102]

Comment 7: Commerce's Treatment of the Petitioner's International Shipping for LTAR Allegation

Petitioner's Case Brief

- Commerce should countervail international shipping services for LTAR.[103]
- The fact that respondents did not pay for shipping services should not end Commerce's inquiry into this program, because someone (the customer in this instance) indirectly received a subsidy. Therefore, the product has still been subsidized, even if a respondent did not directly receive the subsidy. The Export Buyer's Credit program illustrates that, under certain conditions, Commerce will countervail subsidies directed to customers.[104]
- Commerce should apply AFA to the respondent for its failure to fully respond to Commerce's questionnaire regarding this program.[105]

Dongsheng's Case Brief

- As in the *Preliminary Determination*, Commerce should find that this program was not used by Dongsheng.[106]
- Commerce asked two rounds of questions on this program during the investigation, seeking information on Dongsheng's purchase of international shipping services for exports and/or for the acquisition of inputs. Dongsheng provided the requested information.[107]
- The petitioner had multiple opportunities to comment on Dongsheng's responses to these questions during the investigation.[108]
- The petitioner's assertion that this program is analogous to other programs that involve subsidies to customers, such as the Export Buyer's Credit program, is not correct. The Export Buyer's Credit program directly benefits the foreign exporter even if the benefit is initially obtained by a customer. There, if a customer receives credit under the program, the credit is later paid to the Chinese exporter. That is not the case here, where the customer itself is allegedly receiving a reduction to its shipping costs.[109]
- The petitioner's alternative argument for the application of AFA is baseless. Dongsheng did not "decline" to answer international shipping services questions. Rather, Commerce

[102] *See* Dongsheng Final Analysis Memorandum; *see also Forged Steel Fittings from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 83 FR 50342 (October 5, 2018) and accompanying IDM at Comment 2.
[103] *See* Petitioner's Case Brief at 1-4.
[104] *Id.* at 2-3.
[105] *Id.* at 4.
[106] *See* Dongsheng Rebuttal Brief at 1.
[107] *Id.*
[108] *Id.* at 2.
[109] *Id.* at 3.

asked questions about purchases of such services, and Dongsheng provided accurate information on the issue that was later verified.[110]

Commerce's Position: We agree with Dongsheng and will maintain our approach from the *Preliminary Determination* for the final determination.

To assess whether Dongsheng benefitted from the "International Shipping for LTAR" allegation, we asked a series of questions concerning the company's potential usage of the program. Specifically, we asked whether Dongsheng paid for international shipping services for the purpose of exporting merchandise or for purchasing inputs from abroad to be used in production; Dongsheng stated that it did not incur such costs.[111] We reviewed Dongsheng's representations at verification and found no discrepancies with its explanation.[112] Accordingly, and consistent with two recent cases that addressed the same international shipping for LTAR allegation,[113] we determine that – in the absence of a respondent's payment for international shipping services – it is appropriate to find non-use of the program.

Additionally, we disagree with the petitioner's alternate argument for the application of AFA. Dongsheng fully complied with our requests for information, and there is no information missing from the record.[114]

Comment 8: The Preliminary Scope Determination

Trinity:

- Commerce correctly revised the scope to include the word "units" in the exclusion added for "wire shelving." Commerce has not identified any administrability issues with this revised scope language, and this language will ensure accuracy if the AD and CVD investigations go to Order because it clarifies the initially ambiguous and broad scope.[115]
- Commerce should continue to accept the revised scope language with the exclusion for "wire shelving" because it expresses the petitioner's intent for the scope to only cover

---

[110] *Id.* at 2.
[111] *See* Dongsheng IQR at 18; *see also* Dongsheng's Letter, "Steel Racks from the People's Republic of China - Dongsheng Third Supplemental Questionnaire Response," dated November 5, 2018, at 1. In our examination of this program, we asked the same questions of, and received analogous responses from, Aifeimetal. However, as noted in Comment 1, the company is no longer subject to this investigation.
[112] *See* Dongsheng Verification Report at 10.
[113] *See Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances*, 84 FR 23760 (May 23, 2019) and accompanying IDM; and *Cast Iron Soil Pipe Fittings from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 83 FR 32075 (July 11, 2018) and accompanying IDM.
[114] For the 16 companies receiving a subsidy rate based on total AFA, we have applied Commerce's AFA methodology to select a "plug" rate for this program.
[115] *See* Trinity's Letter, "Trinity International Industries – Case Brief on Preliminary Scope Determination in Antidumping and Countervailing Duty Investigations into Certain Steel Racks from the People's Republic of China," dated April 3, 2019 (Trinity's Scope Brief), at 2.

industrial steel racks,[116] which are an entirely different class and type of merchandise than Trinity's wire shelving rack units for residential or consumer use.[117]

Target:

- Commerce should continue to adopt the revised scope language adopted in the *Preliminary Determination*. No party has challenged the amended scope language; therefore, this issue is no longer in dispute.[118]

Commerce's Position: Commerce adopted revised scope language, *i.e.*, the addition of the word "units" in the scope exclusion for wire shelving units, in the *Preliminary Determination*. In our preliminary scope decision, we noted that Trinity had argued "that the current scope language is ambiguous as to whether the entire multi-tier wire shelving rack units or only the horizontal wire shelves themselves are excluded from the scope. …"[119] The addition of the word "units" addresses concerns as to the ambiguity of the scope exclusion for wire shelving rack units. No party disagreed with this addition. Therefore, we agree with Trinity and Target, and will continue to adopt this revised scope language for the final determination.

IX. RECOMMENDATION

We recommend approving all of the above positions. If these Commerce positions are accepted, we will publish the final determination in the *Federal Register* and will notify the U.S. International Trade Commission of our determination.

☒ ☐

Agree Disagree

7/17/2019

X James Maeder

Signed by: JAMES MAEDER

James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

[116] *Id.*
[117] *Id.* at 3.
[118] *See* Target's Letter, "Steel Racks from the People's Republic of China: Letter in Lieu of Rebuttal Scope Brief," dated April 8, 2019, at 2.
[119] *See* Preliminary Scope Memorandum at 4.

APPENDIX

AFA Rate Calculation

Program Name	AFA Rate (%)
Income Tax and Other Direct Tax Subsidies	
Preferential Income Tax Program for HNTEs	25.00[120]
Preferential Deduction of Research and Development (R&D) Expenses for HNTEs	
Preferential Income Tax Policy for Enterprises in the Northeast Region	
Income Tax Benefits for Domestically Owned Enterprises Engaging in R&D	
Indirect Tax Programs	
Value-Added Tax (VAT) and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund	9.71[121]
Reduction in or Exemption from Fixed Assets Investment Orientation Regulatory Tax	9.71[122]
Preferential Lending	
Policy Loans to the Steel Racks Industry	0.11 (Dongsheng)
Export Loans	10.54[123]
Treasury Bond Loans	10.54[124]
Preferential Lending to Exporters Classified as “Honorable Enterprises” or Similar Designations	10.54[125]
Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Plan	2.05[126]

[120] The standard income tax rate for corporations in China during the period of investigation was 25 percent. Thus, the highest possible benefit for all income tax reduction or exemption programs combined is 25 percent. Accordingly, we are applying the 25 percent AFA rate on a combined basis (*i.e.*, finding that the four programs, combined, provide a 25 percent benefit).

[121] *See New Pneumatic Off-the-Road Tires from the People’s Republic of China: Preliminary Results of Countervailing Duty Administrative Review*, 75 FR 64268, 64275 (October 19, 2010), unchanged in the final (*see New Pneumatic Off-the-Road Tires from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review*, 76 FR 23286 (April 26, 2011)).

[122] *Id.*

[123] *See Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People’s Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 70201 (November 17, 2010) (*Coated Paper from China*).

[124] *Id.*

[125] *Id.*

[126] *See Aluminum Extrusions from the People’s Republic of China: Final Results, and Partial Rescission of Countervailing Duty Administrative Review; 2013*, 80 FR 77325 (December 14, 2015) (*Aluminum Extrusions AR 2013 Final*), and accompanying IDM.

	Debt-to-Equity Swaps	0.62[127]
LTAR Programs		
	Provision of Land to State-Owned Enterprises	5.24[128]
	Provision of Land in Economic Development Zones	5.24
	Provision of Hot-Rolled Steel for LTAR	0.90 (Dongsheng)
	Provision of Cold-Rolled Steel for LTAR	0.07 (Dongsheng)
	Provision of International Shipping Services	5.34[129]
	Provision of Electricity for LTAR	0.24 (Dongsheng)
Grant Programs		
	The State Key Technology Project Fund	0.62[130]
	Foreign Trade Development Fund Grants	0.62
	Export Assistance Grants	0.62
	Export Interest Subsidies	0.62
	Grants for Energy Conservation and Emission Reduction	0.62
	Grants for Retirement of Capacity	0.62
	Grants for Relocating Production Facilities	0.62
Self-Reported Subsidies		
	Subsidy Fee from Nanjing Social Insurance Management Center	0.01 (Dongsheng)
	2017 Upgrade Advanced Development Special Funds from Jiangning District Bureau of Commerce	0.03 (Dongsheng)
	2016 Development Economic Performance Assessment Award from Jiangning District Bureau of Commerce	0.06 (Dongsheng)
	Inefficient Land Revitalization Subsidy from Nanjing Hengxi Street Authority	0.08 (Dongsheng)
	SME Development Guidance Funds	0.62
	2014 Subsidy Fee	0.62
	Clean Production Audit Award	0.62
	Total AFA Rate:	**102.23%**

[127] *See Chlorinated Isocyanurates from the People's Republic of China: Final Results of Countervailing Duty Administrative Review, and Partial Rescission of Countervailing Duty Administrative Review; 2014*, 82 FR 27466 (June 15, 2017) (*Isos from China 2014*) ("Special Fund for Energy Saving Technology").
[128] *See Countervailing Duty Investigation of Certain Hardwood Plywood Products from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 53473 (November 16, 2017).
[129] *See Calcium Hypochlorite from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 74064 (December 15, 2014) and accompanying IDM at "Shipping for LTAR."
[130] For all grant programs, we assigned a rate of 0.62. *See Isos from China 2014*.