C-570-009
Sunset Review
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March 31, 2020

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Issues and Decision Memorandum for the Final Results of the Expedited First Sunset Review of the Countervailing Duty Order on Calcium Hypochlorite from the People's Republic of China

I. SUMMARY

We have analyzed the response of a domestic producer of calcium hypochlorite in the expedited first sunset review of the countervailing duty (CVD) order on calcium hypochlorite from the People's Republic of China (China). We did not receive a substantive response from the Government of China (GOC) or from any other interested party. As a result, pursuant to section 751(c)(3)(B) of Tariff Act of 1930, as amended (the Act), and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department of Commerce (Commerce) conducted an expedited (120-day) sunset review of this *Order*.[1] We recommend that you approve the positions we described in the "Discussion of the Issues" section of this memorandum. Below is the complete list of the issues in this sunset review for which we received a substantive response:

1. Likelihood of Continuation or Recurrence of a Countervailable Subsidy
2. Net Countervailable Subsidy Rate Likely to Prevail
3. Nature of the Subsidies

II. BACKGROUND

On January 30, 2015, Commerce published the CVD order on calcium hypochlorite from China.[2] On December 2, 2019, Commerce initiated a sunset review of the CVD order on calcium hypochlorite from China pursuant to section 751(c) of the Act.[3] Commerce received a notice of intent to participate from a domestic interested party, Innovative Water Care, LLC dba Sigura

[1] *See Calcium Hypochlorite from the People's Republic of China: Countervailing Duty Order*, 80 FR 5082 (January 30, 2015) (*Order*).
[2] *Id.*
[3] *See Initiation of Five-Year (Sunset) Reviews*, 84 FR 65968 (December 2, 2019).

(IWC), within the deadline specified in 19 CFR 351.218(d)(1)(i).[4] IWC claimed interested party status under section 771(9)(C) of the Act as a producer of the domestic like product.

On January 2, 2020, Commerce received an adequate substantive response from IWC within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i).[5] Commerce received no responses from the GOC or from any other interested party. In accordance with section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C), because Commerce did not receive a substantive response from the GOC, pursuant to 19 CFR 351.218(e)(1)(ii)(B), or from a respondent party, pursuant to 19 CFR 351.218(e)(1)(ii)(C), we determine that the respondent interested parties did not provide an adequate response to the notice of initiation. On December 23, 2019, Commerce notified the U.S. International Trade Commission (ITC) that it did not receive an adequate substantive response from respondent interested parties.[6] Therefore, consistent with 19 CFR 351.218(e)(1)(ii)(B)(2) and 19 CFR 351.218(e)(1)(ii)(C)(2), we have conducted this sunset on an expedited (120-day) basis.

III. SCOPE OF THE *ORDER*

The product covered by the order is calcium hypochlorite, regardless of form (*e.g.*, powder, tablet (compressed), crystalline (granular), or in liquid solution), whether or not blended with other materials, containing at least 10 percent available chlorine measured by actual weight. The scope also includes bleaching powder and hemibasic calcium hypochlorite.

Calcium hypochlorite has the general chemical formulation Ca(OCl)2, but may also be sold in a more dilute form as bleaching powder with the chemical formulation, Ca(OCl)2.CaCl2.Ca(OH)2.2H2O or hemibasic calcium hypochlorite with the chemical formula of 2Ca(OCl)2.Ca(OH)2 or Ca(OCl)2.0.5Ca(OH)2. Calcium hypochlorite has a Chemical Abstract Service (CAS) registry number of 7778-54-3, and a U.S. Environmental Protection Agency (EPA) Pesticide Code (PC) Number of 014701. The subject calcium hypochlorite has an International Maritime Dangerous Goods (IMDG) code of Class 5.1 UN 1748, 2880, or 2208 or Class 5.1/8 UN 3485, 3486, or 3487.

Calcium hypochlorite is currently classifiable under the subheading 2828.10.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). The subheading covers commercial calcium hypochlorite and other calcium hypochlorite. When tableted or blended with other materials, calcium hypochlorite may be entered under other tariff classifications, such as 3808.94.5000 and 3808.99.9500, which cover disinfectants and similar products. While the HTSUS subheadings, the CAS registry number, the U.S. EPA PC number, and the IMDG codes are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

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[4] *See* IWC's Letter, "Countervailing Duty Order on Calcium Hypochlorite from the People's Republic of China: Notice of Intent to Participate," dated December 17, 2020.

[5] *See* IWC's Letter, "Countervailing Duty Order on Calcium Hypochlorite from the People's Republic of China: Substantive Response to Notice of Initiation," dated January 2, 2020 (Substantive Response).

[6] *See* Commerce's Letter, "Sunset Reviews Initiated on December 2, 2019," dated December 23, 2019.

IV. HISTORY OF THE *ORDER*

On December 15, 2014, Commerce published its *Final Determination* in the CVD investigation of calcium hypochlorite from China.[7] Commerce determined that countervailable subsidies within the meaning of section 701 of the Act were being provided by the GOC to Chinese manufacturers, producers, and exporters of this merchandise. Commerce found the following *ad valorem* countervailing subsidy rates:

Producers/Exporters	**Net Subsidy Rate (percent)**
Hubei Dinglong Chemical Co. Ltd.	65.85
W&W Marketing Corporation	65.85
Tianjin Jinbin International Trade Co., Ltd.	65.85
All Others	65.85

Following the issuance of Commerce's *Final Determination*, the ITC found that the U.S. industry was materially injured by reason of imports from China pursuant to section 735(b)(1)(A)(i) of the Act.[8] Subsequently, Commerce published the *Order*.

On January 29, 2016, one company, Haixing Jingmei Chemical Products Sales Co. Ltd (Jingmei), requested an administrative review of the *Order*. However, Jingmei timely withdrew its request, and as such, Commerce rescinded the review.[9] No other parties have requested an administrative review of the *Order*.

On March 4, 2016, Commerce initiated a new shipper review of the *Order*, to determine whether sales made by Jingmei were *bona fide*.[10] On March 29, 2017, Commerce rescinded the new shipper review.[11] On April 10, 2018, the U.S. Court of International Trade (CIT) remanded the *Final Rescission* to Commerce for Commerce to conduct a *bona fides* analysis.[12] On remand, Commerce conducted a *bona fides* analysis and determined that Jingmei had no *bona fide* sales and that the rescission was, therefore, appropriate.[13] The CIT ultimately sustained Commerce's remand redetermination.[14] There have been no subsequent requests for new shipper reviews. The *Order* remains in effect for all producers and exporters of calcium hypochlorite from China.

[7] *See Calcium Hypochlorite from the People's Republic of China: Final Affirmative Countervailing Duty Determination,* 79 FR 74064 (December 15, 2014) (*Final Determination*) and accompanying Issues and Decision Memorandum (IDM).

[8] *See Calcium Hypochlorite from China*, USITC Investigation Nos. 701-TA-510 and 731-TA-1245 (Final), USITC Publication 4515 (January 2015).

[9] *See Calcium Hypochlorite from the People's Republic of China: Rescission of Countervailing Duty Administrative Review; 2014-2015*, 81 FR 22577 (April 18, 2016).

[10] *See Calcium Hypochlorite from the People's Republic of China: Initiation of Countervailing Duty New Shipper Review; 2014-2015,* 81 FR 11516 (March 4, 2016).

[11] *See Calcium Hypochlorite from the People's Republic of China: Final Decision to Rescind the New Shipper Review of Haixing Jingmei Chemical Products Sales Co., Ltd*., 82 FR 15494 (March 29, 2017) (*Final Rescission*).

[12] *See Haixing Jingmei Chemical Products Sales Co., Ltd v. United States and Arch Chemicals, Inc.*, Court No. 17-00084, Slip Op. 18-40 (CIT April 10, 2018).

[13] *See Redetermination on Remand, Haixing Jingmei Chemical Products Sales Co., Ltd v. United States and Arch Chemicals, Inc*, Court No. 16-00259, Slip Op. 17-159, (CIT July 23, 2018).

[14] *See Haixing Jingmei Chemical Products Sales Co., Ltd v. United States and Arch Chemicals, Inc.*, Court No. 17-00084, Slip Op. 18-181 (December 27, 2018).

V. LEGAL FRAMEWORK

In accordance with section 751(c)(1) of the Act, Commerce conducted this sunset review to determine whether revocation of the *Order* would likely lead to continuation or recurrence of a countervailable subsidy. Section 752(b) of the Act provides that, in making this determination, Commerce shall consider: (1) the net countervailable subsidy determined in the investigation and any subsequent reviews, and (2) whether any changes in the programs which gave rise to the net countervailable subsidy have occurred that are likely to affect the net countervailable subsidy.

Pursuant to section 752(b)(3) of the Act, Commerce shall provide the ITC with the net countervailable subsidy likely to prevail if the order were revoked. In addition, consistent with section 752(a)(6) of the Act, Commerce shall provide the ITC with information concerning the nature of the subsidies and whether they are subsidies described in Article 3 or Article 6.1 of the 1994 World Trade Organization Agreement on Subsidies and Countervailing Measures (ASCM).

VI. DISCUSSION OF THE ISSUES

1. Likelihood of Continuation or Recurrence of a Countervailable Subsidy

Interested Party Comments[15]

IWC states that, because there have been no administrative reviews in this proceeding, the information on the investigation record is the only available information regarding countervailable programs for producing/exporting subject merchandise. The GOC has not provided information to suggest that any of the original programs have been terminated or revised. Additionally, IWC states that, based on its knowledge, imports of calcium hypochlorite since the issuance of the *Order* have been minimal. Finally, IWC states that there is no record information indicating that subsidies have been terminated or suspended and, therefore, Commerce must assume that the subsidy rates have remained the same since the investigation.

Commerce's Position

In determining the likelihood of continuation or recurrence of a countervailable subsidy, section 752(b)(1) of the Act directs Commerce to consider the net countervailable subsidy determined in the investigation and subsequent reviews and whether there have been any changes in a program found to be countervailable that are likely to affect that net countervailable subsidy. According to the SAA, Commerce will consider the net countervailable subsidies in effect after the issuance of an order and whether the relevant subsidy programs have been continued, modified, or eliminated.[16] The SAA further states that continuation of a program will be highly probative of the likelihood of continuation or recurrence of countervailable subsidies.[17] The continued

[15] *See* Substantive Response at 7-9.
[16] *See* Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc 103-316, vol. 1 (1994) (SAA) at 888.
[17] *Id.*

existence of programs that have not been used, and have not been terminated without residual benefits or replaced, is also probative of the likelihood of continuation or recurrence of a countervailable subsidy.[18] Where a subsidy program is found to exist, Commerce normally will determine that revocation of the CVD order is likely to lead to continuation or recurrence of a countervailable subsidy regardless of the level of subsidization.[19]

Consistent with prior determinations, two conditions must be met in order for a subsidy program not to be included in determining the likelihood of continued or recurring subsidization: (1) the program must be terminated; and (2) any benefit stream must be fully allocated.[20] In order to determine whether a program has been terminated, we will consider the legal method by which the government eliminated the program and whether the government is likely to reinstate the program.[21] Commerce normally expects a program to be terminated by means of the same legal mechanism used to institute it.[22] Where a subsidy is not bestowed pursuant to a statute, regulation, or decree, Commerce may find no likelihood of continued or recurring subsidization if the subsidy in question was a one-time, company-specific occurrence and was not granted as part of a broader, government program.[23]

As explained above, Commerce has not completed any administrative reviews of the *Order*, and the GOC has not provided further information concerning any program during any prior sunset review of the *Order*. Consequently, there is no record information indicating any changes in the programs determined to be countervailable subsidies and to confer benefits in the *Final Determination*. Therefore, consistent with our practice,[24] we find that the following subsidy programs continue to exist:

(1) Preferential Lending for Industrial Readjustments
(2) Preferential Loans Provided by the Export-Import Bank "Going-Out" for Outbound Investment
(3) Export Credits from China's Export-Import Bank
(4) Policy Loans
(5) Shareholder Loans (Debt Forgiveness)

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[18] *See*, *e.g.*, *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil: Final Results of Full Sunset Review of Countervailing Duty Order*, 75 FR 75455 (December 3, 2010), and accompanying IDM at Comment 1.
[19] *Id.*
[20] *See Certain Pasta from Italy: Final Results of the Expedited Fourth Sunset Review of the Countervailing Duty Order*, 83 FR 62839 (December 6, 2019) and accompanying IDM at 11; *Preliminary Results of Full Sunset Review: Certain Corrosion-Resistant Carbon Steel Flat Products from France*, 71 FR 30875 (May 31, 2006) and accompanying Preliminary Decision Memorandum at 5-7 (unchanged in *Corrosion-Resistant Carbon Steel Flat Products from France: Final Results of Full Sunset Review*, 71 FR 58584 (October 4, 2006)).
[21] *See, e.g., Fresh and Chilled Atlantic Salmon from Norway: Final Results of Full Third Sunset Review of Countervailing Duty Order*, 76 FR 70411 (November 14, 2011), and accompanying IDM at Comment 1.
[22] *See, e.g., Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products from India*, 66 FR 49635 (September 28, 2001), and accompanying IDM at Comment 7.
[23] *See, e.g., Stainless Steel Plate in Coils from Belgium: Final Results of Full Sunset Review and Revocation of the Countervailing Duty Order*, 76 FR 25666 (May 5, 2011), and accompanying IDM at Comment 1.
[24] *See, e.g., Sulfanilic Acid from India: Final Results of Expedited Sunset Review of Countervailing Duty Order*, 76 FR 33243 (June 8, 2011); *see also Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five Year (Sunset) Review of the Countervailing Duty Order*, 75 FR 13257 (March 19, 2010).

(6) Discounted Loans for Export-Oriented Enterprises
(7) Loans for State-Owned Enterprises (SOEs)
(8) Corporate Income Tax Law Article 33: Reduction of Taxable Income for Revenue Derived from the Manufacture of Products that are in line with State Industrial Policy and Involve Synergistic Utilization of Resources
(9) Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies
(10) Stamp Tax Exemption on Share Transfers under Non-Tradable Share Reform (NTSR)
(11) Value-Added Tax (VAT) and Tariff Exemptions on Imported Equipment for Favored Industries
(12) VAT Rebates on Domestically Produced Equipment
(13) Provision of Land-Use and Land Rents to SOEs - Free Allocation of Land
(14) Provision of Land-Use and Land Rents to SOEs - Land Acquisition Through Agreement
(15) Provision of Shipping for Less Than Adequate Renumeration (LTAR)
(16) Provision of Electricity for LTAR
(17) The State Key Technology Renovation Fund
(18) Funds for Clean Production and Water Treatment
(19) Special Fund for Energy Saving Technology Reform
(20) Export Credit Insurance from China Export and Credit Insurance Corporation (Sinosure)
(21) Provision of Land-Use and Land Rents to SOEs - Retention of Land Rents
(22) Famous Brands Program
(23) Foreign Trade Development Fund.[25]

Because the continuation of these programs is highly probative of the likelihood of the continuation or recurrence of countervailable subsidies,[26] we determine that revocation of the *Order* would likely lead to continuation or recurrence of countervailable subsidies.

2. Net Countervailable Subsidy Rates that Are Likely to Prevail

Interested Party Comments[27]

IWC contends that Commerce should follow the instructions set forth in the SAA, which provides that Commerce normally will select the rates determined in the original investigation, "because that is the only calculated rate that reflects the behavior of exporters…without the discipline of an order or suspension agreement in place."[28] Specifically, IWC argues that Commerce should find that the following net subsidy rates used in the original investigation are likely to prevail:

[25] *See Final Determination* IDM at 3.
[26] *See* Substantive Response (citing SAA at 890).
[27] *Id.* at 8-9.
[28] *Id*. at 8.

Producers/Exporters	Net Subsidy Rate (percent)
Hubei Dinglong Chemical Co. Ltd.	65.85
W&W Marketing Corporation	65.85
Tianjin Jinbin International Trade Co., Ltd.	65.85
All Others	65.85

Commerce's Position

Consistent with the SAA and legislative history, Commerce normally will provide the ITC with the net countervailable subsidy rates that were determined in the investigation. These are the rates likely to prevail if the order is revoked because these are the only calculated rates that reflect the behavior of exporters and foreign governments without the discipline of the order in place.[29] Section 752(b)(1)(B) of the Act provides, however, that Commerce also shall consider "whether any change in the program which gave rise to the net countervailable subsidy" determination in the investigation has occurred that is likely to affect the net countervailable subsidy rate. Therefore, although the SAA provides that Commerce normally will select a rate from the investigation, this rate may not be the most appropriate if the rate was derived from countervailable subsidy programs found in subsequent reviews to be terminated, there has been a program-wide change, or the rate does not include a program or programs found to be countervailable in subsequent reviews.[30]

However, because there has not been an administrative review of the *Order*, and Commerce has not received evidence that any of the subsidy programs found in the original investigation have been terminated or that there has been a change in any of the programs, Commerce finds that the rates determined in the original investigation are likely to prevail, if the *Order* is revoked.

Consistent with section 752(b)(3) of the Act, Commerce will provide to the ITC the net countervailable subsidy rates that are likely to prevail if the *Order* is revoked. The net countervailable subsidy rates which Commerce determines are likely to prevail upon revocation of the *Order* are provided in the "Final Results of Review" section of this memorandum.

3. Nature of the Subsidies

Consistent with section 752(a)(6) of the Act, Commerce is providing the following information to the ITC concerning the nature of the subsidy, and whether the subsidy is a subsidy as described in Article 3 or Article 6.1 of the ASCM. We note that Article 6.1 of the ASCM expired effective January 1, 2000.

[29] *See* SAA at 890; *see also* H.R. Rep. No. 103-826 (1994) at 64.
[30] *See, e.g.*, *Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Final Results of Expedited Second Sunset Review,* 75 FR 62101 (October 7, 2010), and accompanying IDM at Comment 2.

Article 3

In this sunset review, there are programs that fall under Article 3 of the ASCM, which states that the following subsidies shall be prohibited: (a) subsidies contingent, in law or in fact whether solely or as one of several other conditions, upon export performance, and (b) subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods.

(1) Preferential Loans Provided by the Export-Import Bank "Going-Out" for Outbound Investment

The GOC has promoted its "Going-Out" strategy in the *Tenth Five-Year Plan, 2001-2005* and *Twelfth Five-Year Plan, 2011-2015*. These loans and other means of preferential financial assistance provide calcium hypochlorite producers with the ability to establish subsidiaries or warehouses overseas, improving their distribution channels and granting them greater access to the export market, as well as provide producers with the ability to purchase inputs from overseas.[31]

(2) Export Credits from China's Export-Import Bank

The China ExIm Bank provides support to exporters through a variety of means, including the export seller's credit. The purpose of the China ExIm Bank's programs is to support the export of Chinese products and improve their competitiveness in the international market, and the export seller's credit is a loan with a large amount, long maturity, and preferential interest rate.[32]

(3) Discounted Loans for Export Oriented Enterprises

China designates certain "honorable enterprises for collection of export receipts of foreign exchange" to encourage large-scale enterprises to export, if their annual export value reached $200 million, their ratio of exports to foreign exchange is above 85 percent, and their ratio of surrendered verification forms of export receipts are above 80 percent. The lending rates of RMB loans extended by commercial banks to "honorable" companies can be lowered up to 10 percent on the basis of the lending rates fixed by the People's Bank of China but can be raised up to 30 percent for high-risk enterprises. Although China repealed this practice in 2007, preferential loans received in earlier years would be countervailable based on their repayment schedule.[33]

(4) Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies

A domestic Chinese company may claim tax credits on the purchase of China-made equipment if the project is compatible with the industrial policies of the GOC. A tax credit of up to 40 percent of the purchase price of domestic equipment may apply to the incremental increase in tax

[31] *See Final Determination* IDM at 15.
[32] *Id*.
[33] *Id*. at 14.

liability from the previous year. This tax measure was allegedly terminated at the end of 2007; however, in *Steel Wheels,* Commerce found that companies were still benefiting under this provision during 2010.[34]

(5) VAT Rebates on Domestically Produced Equipment

For both domestic and foreign invested enterprise (FIE) projects, which are in the encouraged category, equipment purchased for self-use shall be exempted from tariff and VAT. This program was terminated at the end of 2008; however, in *Solar Cells* Commerce found this program countervailable during 2010.[35]

(6) Export Credit Insurance from China Export and Credit Insurance Corporation

China provides generous export credit insurance through the China Export and Credit Insurance Corporation (Sinosure), a state-owned financial institution. Due to the inadequate premiums charged by Sinosure, the company is unable to cover its costs and losses.[36]

(7) Famous Brands Program

This program provides grants to an exporting company that wins the "Famous Brand" or "Top Brand" award from a local or provincial government for meeting high international standards. China's "Famous Brands" program is administered at the national, provincial, and local government levels. Enterprises must provide information concerning their export ratio as well as the extent to which their product quality meets international standards.[37]

Article 6.1

The following subsidy programs do not fall within the meaning of Article 3.1 of the ASCM, but they may be subsidies described in Article 6.1 of the ASCM if the amount of the subsidy exceeds five percent, as measured in accordance with Annex I of the ASCM. The subsidies may also fall within the meaning of Article 6.1 if they constitute debt forgiveness or a grant to cover debt repayment, or are subsidies to cover operating losses sustained by an industry or enterprise. However, there is insufficient information on the record to make such a determination. We are, in any case, providing the ITC with the following program descriptions:

(8) Preferential Lending for Industrial Readjustments
(9) Policy Loans

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[34] *See Final Determination* IDM at 11; *Certain Steel Wheels from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 17017 (March 23, 2012) (*Steel Wheels*) and accompanying IDM at Section VII.D.
[35] *See Final Determination* IDM at 12; *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, and Affirmative Final Determination of Critical Circumstances*, 77 FR 63788 (October 17, 2012) (*Solar Cells*) and accompanying IDM at Section VI.A.10.
[36] *Id*. at 17.
[37] *Id*. at 17-18.

(10) Loans for State-Owned Enterprises

The GOC provides preferred loan terms and reduced interest rates to select enterprises and industries based on policy goals as opposed to market factors. State-owned enterprises have access to more preferential borrowing rates than non-state-owned enterprises. The preferential measures in providing loans to SOEs by banks include preferential interest rates and unsecured loans, *etc*.[38]

(11) Shareholder Loans (Debt Forgiveness)

Certain wholly state-owned non-bank financial institutions have provided loans to companies. Commerce has previously found payments on these types of loans to be overdue and that certain portions of the loans were forgiven after the cut-off date either by explicit agreement or by default.[39]

(12) Corporate Income Tax Law Article 33: Reduction of Taxable Income for Revenue Derived from the Manufacture of Products that are in line with State Industrial Policy and Involve Synergistic Utilization of Resources

When calculating its taxable income, a company may take into account 90 percent of the revenue derived from the use of raw materials of the prescribed resources included in the *Catalogue of Preferential Corporate Income Tax Treatments for Synergistic Utilization of Resources*. The prescribed resources are associated minerals and by-products, waste-water or liquid, waste gas, and waste residue, and recyclable resources.[40]

(13) Stamp Tax Exemption on Share Transfers under NTSR

The GOC waives stamp taxes otherwise due upon the transfer of tradable shares. The underlying criterion for participation in NTSR is that listed companies must have non-tradable shares, regardless of what entity issued the non-tradable shares.[41]

(14) VAT and Tariff Exemptions on Imported Equipment for Favored Industries

FIEs and certain domestic enterprises need not pay import tariffs and VAT on imported equipment, provided that these goods are not for resale. The objective of the program is to encourage foreign investment and to introduce foreign, advanced technology equipment, and industry technology upgrades. FIEs, and certain domestic enterprises, are exempted from the VAT and tariffs on imported equipment used for development projects, which are encouraged by the GOC in their production as long as the equipment does not fall into prescribed lists of non-eligible items.[42]

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[38] *Id.* at 13, 14.
[39] *Id*. at 13.
[40] *Id*. at 12.
[41] *Id*. at 11.
[42] *Id*. at 12.

(15) Provision of Land-Use and Land Rents to SOEs: Free Allocation of Land
(16) Provision of Land-Use and Land Rents to SOEs: Land Acquisition Through Agreement
(17) Provision of Land-Use and Land Rents to SOEs: Retention of Land Rents

Calcium hypochlorite producers are eligible to benefit from the GOC's provision of land use and land rents for LTAR through their status as SOEs, either for free, and/or through acquiring land for commercial and service purposes through agreements with the GOC, bids, and auctions, and/or by obtaining the land from the state rent-free and retaining the majority of the income earned from rent for the land leased to others.[43]

(18) Provision of Shipping for LTAR

Due to the nature of calcium hypochlorite as an oxidizer, it requires careful handling during transport. Most major shipping companies insure through the Protection and Indemnity Clubs, which require certain handling measures and restrictions (*e.g.* limiting containers to no more than 14 metric tons of calcium hypochlorite per container and requiring that calcium hypochlorite be shipped in more expensive refrigerated containers, *etc.*). Cosco is a shipping company which is owned by the GOC and provides preferential shipping rates to certain calcium hypochlorite producers from China.[44]

(19) Provision of Electricity for LTAR

The GOC, through the National Development and Reform Commission (NDRC), regulates the power rates for certain industries, including the chemical industry. Calcium hypochlorite producers receive electricity from the GOC for LTAR.[45]

(20) The State Key Technology Renovation Fund

The State Key Technology Renovation Project Fund (Key Technology Program) was created to promote technologies in targeted sectors. Under the Key Technology Program, companies can apply for funds to cover the cost of financing specific technological renovation projects. The funds cover two years of interest payments on loans to fund a project, or up to three years for enterprises located in the northeast, central, or western areas of China.[46]

(21) Funds for Clean Production and Water Treatment

Cash awards are provided to companies and individuals with "outstanding" achievements in clean production. The GOC also provides financial support for national clean production key technology renovation projects, voluntary resource saving arrangements, and pollution emission

[43] *Id*. at 18-19.
[44] *Id*. at 10.
[45] *Id*.
[46] *Id*. at 15-16.

reduction projects. Under this law, the expenses incurred by an enterprise for undertaking the clean production examination and verification and related training fees are deductible expenses.[47]

(22) Special Fund for Energy Saving Technology Reform

The GOC grants monetary awards that support certain enterprises that undertake technological reform projects to save energy in accordance with the *Measures on Administration of Energy Saving Technology Renovation Awards from Fiscal Funds*, published by the Ministry of Finance and the NDRC[48].

(23) *Foreign Trade Development Fund*

This national grant program provides firms, with an annual export value of USD $1,000,000 to $5,000,000, grants from the Ministry of Foreign Trade and Economic Cooperation.[49]

VII. FINAL RESULTS OF REVIEW

As a result of this sunset review, Commerce finds that revocation of the *Order* would likely lead to a continuation or recurrence of a countervailable subsidy at the rates listed below:

Producers/Exporters	**Net Subsidy Rate (percent)**
Hubei Dinglong Chemical Co. Ltd.	65.85
W&W Marketing Corporation	65.85
Tianjin Jinbin International Trade Co., Ltd.	65.85
All Others	65.85

[47] *Id*. at 16-17.
[48] *Id*. at 16.
[49] *Id*. at 17.

VIII. RECOMMENDATION

Based on our analysis of the substantive response received, we recommend adopting the above positions. If this recommendation is accepted, we will publish the final results of this sunset review in the *Federal Register* and notify the ITC of our findings.

☒	☐
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Agree	Disagree

3/31/2020

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Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance