



C-570-971
Administrative Review
POR: 01/01/2018—12/31/2018
Public Document
E&C/OVIII: DM/STL

April 19, 2021

MEMORANDUM TO: Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for the Preliminary Results in the
Countervailing Duty Administrative Review of Multilayered Wood
Flooring from the People's Republic of China; 2018

I. SUMMARY

The Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of multilayered wood flooring (wood flooring) from the People's Republic of China (China), pursuant to section 703 of the Tariff Act of 1930, as amended (the Act).

II. BACKGROUND

A. Case History

On December 8, 2011, Commerce published the countervailing duty (CVD) order on wood flooring from China.¹ On December 6, 2019, we published a notice of "Opportunity to Request Administrative Review" of the *Order*.² We received timely requests for an administrative review

¹ See *Multilayered Wood Flooring from the People's Republic of China: Countervailing Duty Order*, 76 FR 76693 (December 8, 2011); see also *Multilayered Wood Flooring from the People's Republic of China: Amended Antidumping and Countervailing Duty Orders*, 77 FR 5484 (February 3, 2012), wherein the scope of the *Order* was modified (collectively, *Order*).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 84 FR 66880 (December 6, 2019).



from the petitioner³ and other interested parties.⁴ In accordance with 19 CFR 351.221(c)(1)(i), we published a notice initiating the review on February 6, 2020.⁵

On February 19, 2020, we released and solicited comments on data obtained from U.S. Customs and Border Protection (CBP) regarding entries of the subject merchandise from China during the period of review (POR) for all of the exporters and/or producers for which a review was requested.⁶ On February 26, 2020, Fusong Jinlong Wooden Group Co., Ltd., Fusong Qianqiu Wooden Product Co., Ltd., Dalian Qianqiu Wooden Product Co., Ltd., Fusong Jinqiu Wooden Product Co., Ltd., Jiangsu Guyu International Trading, Co., Ltd., Jiangsu Senmao Bamboo and Wood Industry Co., Ltd. (Jiangsu Senmao), Jiaxing Hengtong Wood Co., Ltd., Baroque Timber Industries (Zhongshan) Co., Ltd. (Baroque Timber), Riverside Plywood Corp. (Riverside Plywood) and Suzhou Times Flooring Co., Ltd. (Suzhou Times) submitted comments on the CBP data and respondent selection.⁷ On April 22, 2020, we selected Jiangsu Senmao Bamboo and Wood Industry Co., Ltd. (Jiangsu Senmao) and Riverside Plywood Corp. (Riverside Plywood) as mandatory respondents in this administrative review.⁸ On June 25, 2020, the

³ See American Manufacturers of Multilayered Wood Flooring's Letter, "Request for Administrative Review," dated December 31, 2019. The petitioner is the American Manufacturers of Multilayered Wood Flooring and its individual members.

⁴ See Anhui Boya Bamboo & Wood Products Co., Ltd.'s *et al* Letter, "Request for Administrative Review," dated December 20, 2019; *see also* Armstrong Hardwood Flooring Company's *et al* Letter, "Request for Review – 2018 CVD Review Period," dated December 31, 2019; CDC Distributors, Inc.'s *et al* Letter, "Request for Administrative Review," dated December 31, 2019; Changzhou Hawd Flooring Co., Ltd.'s *et al* Letter, "Request for Administrative Review," dated December 31, 2019; Dun Hua Sen Tai Wood Co., Ltd.'s Letter, "Request for Administrative Review," dated December 27, 2019; Dunhua Shengda Wood Industry Co., Ltd.'s Letter, "Request for Administrative Review," dated December 23, 2019; Fine Furniture (Shanghai) Limited's *et al* Letter, "Request for Review," dated December 31, 2019; Hailin Linjing Wooden Products Co., Ltd.'s Letter, "Request for Administrative Review," dated December 27, 2019; Hunchun Xingjia Wooden Flooring Inc.'s Letter, "Request for Administrative Review," dated December 27, 2019; Huzhou Chenghang Wood Co., Ltd.'s Letter, "Request for Administrative Review," dated December 27, 2019; Huzhou Fulinmen Imp. & Exp. Co., Ltd.'s Letter, "Request for Administrative Review," dated December 27, 2019; Huzhou Sunergy World Trade Co., Ltd.'s Letter, "Request for Administrative Review," dated December 31, 2019; Jiangsu Senmao Bamboo and Wood Industry Co., Ltd.'s Letter, "Request for Administrative Review," dated December 19, 2019; Jilin Xinyuan Wooden Industry Co., Ltd.'s Letter, "Request for Administrative Review," dated December 27, 2019; Kember Flooring, Inc.'s Letter, "Request for Administrative Review," dated December 31, 2019; Riverside Plywood Corporation's *et al* Letter, "Request for Administrative Review," dated December 31, 2019; Yihua Lifestyle Technology Co., Ltd.'s Letter, "Request for Administrative Review," dated December 31, 2019; Zhejiang Dadongwu GreenHome Wood Co., Ltd.'s *et al* Letter, "Request for Administrative Review," dated December 30, 2019; Zhejiang Fuerjia Wooden Co., Ltd.'s Letter, "Request for Administrative Review," dated December 27, 2019; and Zhejiang Longsen Lumbering Co., Ltd.'s Letter, "Request for Administrative Review," dated December 27, 2019.

⁵ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 6896 (February 6, 2020).

⁶ See Memorandum, "Customs and Border Protection Data for Respondent Selection," dated March 14, 2019.

⁷ See Fusong Jinlong Wooden Group Co., Ltd.'s *et al* Letter, "Comments on CBP Data and Respondent Selection," dated February 26, 2020; *see also* Jiangsu Guyu International Trading, Co., Ltd.'s Letter, "Comments on Respondent Selection and CBP Data," dated February 26, 2020; Jiaxing Hengtong Wood Co., Ltd.'s Letter, "Comments on CBP Data and Respondent Selection," dated February 26, 2020; Jiangsu Senmao's Letter, "Comments on CBP Data and Request for Issuance Q&V Questionnaires," dated February 26, 2020; Jiaxing Hengtong Wood Co., Ltd.'s Letter, "Comments on CBP Data and Respondent Selection," dated February 26, 2020; and Baroque Timber's *et al* Letter, "Baroque Timber Comments on CBP Data and Respondent Selection," dated February 26, 2020.

⁸ See Memorandum, "Respondent Selection," dated April 22, 2020.

petitioner submitted a partial withdrawal request for 91 companies.⁹ On July 16, 2020, we rescinded this administrative review, in part, with respect to 91 companies, based on timely withdrawal requests from the petitioner and a domestic interested party.¹⁰

On August 5, 2020, the petitioner timely submitted new subsidy allegations (NSAs) with respect to two programs: (1) Provision of Wood Glue and Adhesives for Less than Adequate Remuneration (LTAR); and (2) Provision of Paint, Primer, and Stain for LTAR.¹¹ No interested parties commented on the petitioner's NSA submission. On September 15, 2020, Commerce initiated an investigation on the two NSAs.¹²

We issued initial, NSA, and supplemental questionnaires to Riverside Plywood, Jiangsu Senmao, and the Government of China (GOC) between May 14, 2020, and February 18, 2021.¹³ Riverside Plywood and Jiangsu Senmao submitted affiliation responses, initial responses, NSA responses, and supplemental responses between July 6, 2020, and March 10, 2020.¹⁴ The GOC

⁹ See Petitioner's Letter, "Partial Withdrawal of Request for Administrative Review," dated June 25, 2020.

¹⁰ See *Multilayered Wood Flooring from the People's Republic of China: Partial Rescission of Countervailing Duty Administrative Review*; 2018, 85 FR 43207 (July 16, 2020); see also AHF's Letter, "Withdrawal of Request for Review," dated May 6, 2021.

¹¹ See Petitioner's Letter, "New Subsidy Allegations," dated August 5, 2020 (Petitioner NSA Letter).

¹² See Memorandum, "New Subsidy Allegations," dated September 15, 2020 (Commerce NSA Memo).

¹³ See Commerce's Letter, "Countervailing Duty Questionnaire," dated May 14, 2020 (Commerce CVD Questionnaire); see also Commerce's Letter to Riverside Plywood, "Affiliated Companies Questionnaire Response," dated June 26, 2020 (Riverside Plywood AQ); Commerce's Letter to Riverside Plywood, "Affiliated Companies and Section III Initial Questionnaire Responses," dated August 19, 2020 (Riverside Plywood SQ); Commerce's Letter to Jiangsu Senmao, "Section III Supplemental Questionnaire," dated August 21, 2020 (Jiangsu Senmao SQ); Commerce's Letter to GOC, "Section II Supplemental Questionnaire," dated August 21, 2020 (GOC SQ); Commerce's Letter to Jiangsu Senmao, "New Subsidy Allegations Questionnaire," dated September 22, 2020 (Jiangsu Senmao NSA Questionnaire); see also Commerce's Letter to Riverside Plywood, "New Subsidy Allegations Questionnaire," dated September 22, 2020 (Riverside Plywood NSA Questionnaire); Commerce's Letter to GOC, "New Subsidy Allegations Questionnaire," dated September 22, 2020 (GOC NSA Questionnaire); Commerce's Letter to Riverside Plywood, "Supplemental Questionnaire Response," dated September 22, 2020 (Riverside Plywood Second SQ); Commerce's Letter to Riverside Plywood, "New Subsidy Allegation Supplemental Questionnaire Response," dated November 4, 2020 (Riverside Plywood NSA SQ); Commerce's Letter to GOC, "Supplemental Questionnaire to the Government of China's Questionnaire Response," dated November 12, 2020 (GOC NSA SQ); Commerce's Letter to Jiangsu Senmao, "Section III Supplemental Questionnaire and New Subsidy Allegations (NSA) Questionnaire Response," dated November 16, 2020 (Jiangsu Senmao Second SQ); and Commerce's Letter to Riverside Plywood, "Third Supplemental Questionnaire," dated February 18, 2021 (Riverside Plywood Third SQ).

¹⁴ See Jiangsu Senmao's Letter, "Section III Questionnaire Response," dated July 6, 2020 (Jiangsu Senmao IQR); see also Riverside Plywood's Letter, "Riverside Plywood Affiliation Response," dated June 4, 2020 (Riverside Plywood AQR); Riverside Plywood's Letter, "Riverside Plywood Supplemental Affiliation Response," dated July 10, 2020 (Riverside Plywood Second AQR); Riverside Plywood's Letter, "Riverside Plywood Initial Questionnaire Response," dated July 13, 2020 (Riverside Plywood IQR); Jiangsu Senmao's Letter, "Section III Supplemental Questionnaire Response," dated September 8, 2020 (Jiangsu Senmao SQR); Riverside Plywood's Letter, "Riverside Plywood Response to Supplemental Questionnaire," dated September 8, 2020 (Riverside Plywood SQR); Riverside Plywood's Letter, "Riverside Plywood Second Supplemental Response," dated October 2, 2020 (Riverside Plywood Second SQR); Riverside Plywood's Letter, "Riverside Plywood New Subsidy Allegations Response," dated October 16, 2020 (Riverside Plywood NSA Response); Jiangsu Senmao's Letter, "New Subsidy Allegations Questionnaire Response," dated October 20, 2020 (Jiangsu Senmao NSA Response); Riverside Plywood's Letter, "Riverside Plywood Supplemental New Subsidy Allegations Response," dated November 20, 2020 (Riverside Plywood NSA SQR); Jiangsu Senmao's Letter, "2nd Supplemental Questionnaire Response," dated November 30, 2020 (Jiangsu

submitted an initial response, NSA response, and supplemental responses between July 16, 2020, and November 27, 2020.¹⁵

Between December 7, 2020, and January 26, 2021, the petitioner, Jiangsu Senmao, and Riverside Plywood submitted data for Commerce to consider using as benchmarks in the LTAR subsidy rate calculations.¹⁶ On December 17, 2020, Jiangsu Senmao and Riverside Plywood submitted rebuttal comments to the petitioner's benchmark submissions.¹⁷

On April 7, 2021, the petitioner submitted pre-preliminary results comments.¹⁸ On April 12, 2021, Riverside Plywood and Baroque Timber submitted rebuttal comments to the pre-preliminary results comments filed by the petitioner.¹⁹

B. Postponement of Preliminary Results

On April 24, 2020, Commerce tolled all deadlines in administrative reviews by 50 days.²⁰ On July 21, 2020, Commerce tolled all deadlines for preliminary and final results in administrative reviews by an additional 60 days.²¹ On December 9, 2020, Commerce postponed the preliminary results, in part, until February 18, 2021.²² On February 2, 2021, Commerce fully postponed the deadline for the preliminary results until April 19, 2021, in accordance with section 751(a)(3)(A) of the Act and 19 CFR 351.213(h)(2).²³

C. Period of Review

The POR is January 1, 2018, through December 31, 2018.

Senmao Second SQR); and Riverside Plywood's Letter, "Riverside Plywood Third Supplemental Questionnaire Response," March 10, 2021 (Riverside Plywood Third SQR).

¹⁵ See GOC's Letter, "GOC Section II Questionnaire Response," dated July 16, 2020 (GOC IQR); *see also* GOC's Letter, "GOC Supplemental Questionnaire Response," dated September 8, 2020 (GOC SQR); GOC's Letter, "GOC NSA Questionnaire Response," dated October 20, 2020 (GOC NSA Response); and GOC's Letter, "GOC Second Supplemental Questionnaire Response," dated November 27, 2020 (GOC Second SQR).

¹⁶ See Petitioner's Letter, "Other Factual Information and Benchmark Pricing Information," dated December 7, 2020 (Petitioner Benchmark Data); *see also* Riverside Plywood's Letter, "Benchmark Data Submission," dated December 7, 2020 (Riverside Plywood Benchmark Data); Jiangsu Senmao's Letter, "Benchmark Submission," dated December 7, 2020 (Jiangsu Senmao Benchmark Data); and Riverside Plywood's Letter, "Second Benchmark Data Submission," dated January 26, 2021 (Riverside Plywood Second Benchmark Data).

¹⁷ See Jiangsu Senmao's Letter, "Rebuttal Benchmark Submission," dated December 17, 2020 (Jiangsu Senmao Rebuttal Benchmark); *see also* Riverside Plywood's Letter, "Benchmark Rebuttal Submission," dated December 17, 2020 (Riverside Plywood Rebuttal Benchmark).

¹⁸ See Petitioner's Letter, "Pre-Preliminary Results Comments," dated April 6, 2021.

¹⁹ See Riverside Plywood's Letter, "Riverside Plywood Response to Petitioner's Pre-Preliminary Comments," dated April 12, 2021.

²⁰ See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews in Response to Operational Adjustments Due to COVID-19," dated April 24, 2020.

²¹ See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews," dated July 21, 2020.

²² See Memorandum, "Extension of Deadline for Preliminary Results of 2018 Countervailing Duty Administrative Review," dated December 9, 2020 (postponing the preliminary results, in part, until February 18, 2021).

²³ See Memorandum, "Second Extension of Deadline for Preliminary Results of 2018 Countervailing Duty Administrative Review," dated February 2, 2021 (fully postponing the preliminary results until April 19, 2021).

D. Intent to Rescind the Administrative Review, In Part

We received timely filed no-shipment certifications from four companies.²⁴ We issued no-shipment inquiries to CBP requesting any information that might contradict the no-shipment claims.²⁵ We have not received information from CBP to date that contradicts the claims made by Innomaster Home (Zhongshan) Co., Ltd., Jiangsu Yuhui International Trade Co., Ltd., Jiashan On-Line Lumber Co., Ltd., and Shandong Longteng Wood Co., Ltd. that they made no sales, shipments, or entries of subject merchandise to the United States during the POR.²⁶ Because these companies timely filed their no-shipment certifications and there is no information on the record that contradicts the companies' claims, we preliminarily intend to rescind the review of these companies. Absent any evidence of shipments being placed on the record, pursuant to 19 CFR 351.213(d)(3), we intend to rescind the administrative review of these companies in the final results of review.

III. NON-SELECTED COMPANIES UNDER REVIEW

The statute and Commerce's regulations do not address the establishment of a rate to be applied to individual respondents not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(e)(2) of the Act. Generally, Commerce looks to section 705(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents which it did not examine in an administrative review. Section 705(c)(5)(A)(i) of the Act articulates a preference that we are not to calculate an all-others rate using rates which are zero, *de minimis*, or based entirely on facts available. Accordingly, to determine the rate for companies not selected for individual examination, Commerce's practice is to weight average the net subsidy rates for the selected mandatory respondent companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.²⁷ Section 705(c)(5)(A)(ii) of the Act also provides that, where all rates are zero, *de minimis*, or based entirely on facts available, we may use "any reasonable method" for assigning the all-others rate.

As indicated in the accompanying *Federal Register* notice of the preliminary results, dated concurrently with this preliminary decision memorandum, we preliminarily determine that Riverside Plywood and Jiangsu Senmao received countervailable subsidies that are above *de minimis*. Therefore, we are applying to the non-selected companies the weighted average of the net subsidy rates calculated for Riverside Plywood and Jiangsu Senmao, which we calculated using publicly ranged sales data submitted by the mandatory respondents.²⁸ Accordingly, for

²⁴ See Innomaster Home (Zhongshan) Co., Ltd.'s Letter, "No Shipments Certification," dated March 5, 2020; see also Jiashan On-Line Lumber Co., Ltd.'s Letter, "No Shipments Certification," dated March 5, 2020; Jiangsu Yuhui International Trade Co., Ltd.'s Letter, "No Shipments Certification," dated March 5, 2020; and Shandong Longteng Wood Co., Ltd.'s Letter, "No Shipments Certification," dated March 5, 2020.

²⁵ See Memorandum, "No Shipment Inquiry for certain companies during the period 01/01/2018 through 12/31/2018," dated March 26, 2021.

²⁶ *Id.*

²⁷ See, e.g., *Certain Pasta from Italy: Final Results of the 13th (2008) Countervailing Duty Administrative Review*, 75 FR 37386, 37387 (June 29, 2010).

²⁸ See Memorandum, "Calculation of the Non-Selected Rate for the Preliminary Results, 2018," dated concurrently with this memorandum.

each of the 67 companies for which a review was requested and not rescinded, and which were not selected as mandatory respondents, we are applying a preliminary subsidy rate of 8.12 percent *ad valorem*, consistent with section 705(c)(5) of the Act.²⁹

IV. SCOPE OF THE ORDER³⁰

Multilayered wood flooring is composed of an assembly of two or more layers or plies of wood veneer(s)³¹ in combination with a core.³² The several layers, along with the core, are glued or otherwise bonded together to form a final assembled product. Multilayered wood flooring is often referred to by other terms, *e.g.*, “engineered wood flooring” or “plywood flooring.” Regardless of the particular terminology, all products that meet the description set forth herein are intended for inclusion within the definition of subject merchandise.

All multilayered wood flooring is included within the definition of subject merchandise, without regard to: dimension (overall thickness, thickness of face ply, thickness of back ply, thickness of core, and thickness of inner plies; width; and length); wood species used for the face, back and inner veneers; core composition; and face grade. Multilayered wood flooring included within the definition of subject merchandise may be unfinished (*i.e.*, without a finally finished surface to protect the face veneer from wear and tear) or “prefinished” (*i.e.*, a coating applied to the face veneer, including, but not exclusively, oil or oil-modified or water-based polyurethanes, ultra-violet light cured polyurethanes, wax, epoxy-ester finishes, moisture-cured urethanes and acid-curing formaldehyde finishes). The veneers may be also soaked in an acrylic-impregnated finish. All multilayered wood flooring is included within the definition of subject merchandise regardless of whether the face (or back) of the product is smooth, wire brushed, distressed by any method or multiple methods, or hand-scraped. In addition, all multilayered wood flooring is included within the definition of subject merchandise regardless of whether or not it is manufactured with any interlocking or connecting mechanism (for example, tongue-and-groove construction or locking joints). All multilayered wood flooring is included within the definition of the subject merchandise regardless of whether the product meets a particular industry or similar standard.

The core of multilayered wood flooring may be composed of a range of materials, including but not limited to hardwood or softwood veneer, particleboard, medium-density fiberboard, high-density fiberboard (“HDF”), stone and/or plastic composite, or strips of lumber placed edge-to-edge.

Multilayered wood flooring products generally, but not exclusively, may be in the form of a strip, plank, or other geometrical patterns (*e.g.*, circular, hexagonal). All multilayered wood flooring products are included within this definition regardless of the actual or nominal

²⁹ For a list of the non-selected companies, *see* the *Federal Register* notice, signed concurrently with this decision memorandum.

³⁰ *See Order*; *see also* *Multilayered Wood Flooring from the People’s Republic of China: Final Clarification of the Scope of the Antidumping and Countervailing Duty Orders*, 82 FR 27799 (June 19, 2017).

³¹ A “veneer” is a thin slice of wood, rotary cut, sliced or sawed from a log, bolt or flitch. Veneer is referred to as a ply when assembled.

³² Commerce Interpretive Note: The Department interprets this language to refer to wood flooring products with a minimum of three layers.

dimensions or form of the product. Specifically excluded from the scope are cork flooring and bamboo flooring, regardless of whether any of the sub-surface layers of either flooring are made from wood. Also excluded is laminate flooring. Laminate flooring consists of a top wear layer sheet not made of wood, a decorative paper layer, a core-layer of HDF, and a stabilizing bottom layer.

Imports of the subject merchandise are provided for under the following subheadings of the Harmonized Tariff Schedule of the United States³³ (“HTSUS”): 4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.0620; 4412.31.0640; 4412.31.0660; 4412.31.2510; 4412.31.2520; 4412.31.2610; 4412.31.2620; 4412.31.3175; 4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4070; 4412.31.4075; 4412.31.4080; 4412.31.4140; 4412.31.4160; 4412.31.4175; 4412.31.5125; 4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.5175; 4412.31.5225; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0560; 4412.32.0565; 4412.32.0570; 4412.32.0640; 4412.32.0665; 4412.32.2510; 4412.32.2520; 4412.32.2525; 4412.32.2530; 4412.32.2610; 4412.32.2625; 4412.32.3125; 4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.3225; 4412.32.5600; 4412.32.5700; 4412.39.1000; 4412.39.3000; 4412.39.4011; 4412.39.4012; 4412.39.4019; 4412.39.4031; 4412.39.4032; 4412.39.4039; 4412.39.4051; 4412.39.4052; 4412.39.4059; 4412.39.4061; 4412.39.4062; 4412.39.4069; 4412.39.5010; 4412.39.5030; 4412.39.5050; 4412.94.1030; 4412.94.1050; 4412.94.3105; 4412.94.3111; 4412.94.3121; 4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3171; 4412.94.4100; 4412.94.5100; 4412.94.6000; 4412.94.7000; 4412.94.8000; 4412.94.9000; 4412.94.9500; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040; 4412.99.3110; 4412.99.3120; 4412.99.3130; 4412.99.3140; 4412.99.3150; 4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5100; 4412.99.5105; 4412.99.5115; 4412.99.5710; 4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000; 4412.99.9500; 4418.71.2000; 4418.71.9000; 4418.72.2000; 4418.72.9500; 4418.74.2000; 4418.74.9000; 4418.75.4000; 4418.75.7000; 4418.79.0100; and 9801.00.2500.

While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

V. DIVERSIFICATION OF CHINA’S ECONOMY

In evaluating the specificity factors for domestic subsidies, pursuant to section 771(5A)(D)(iii) of the Act, Commerce must take into account the extent of diversification of economic activities within the jurisdiction of the authority providing the subsidy. According to the Statement of Administrative Action,³⁴ the additional criteria of the extent of diversification of economic activities (and length of time during which the subsidy program in question has been in

³³ On October 31, 2018, we added the following HTS numbers to update the ACE Case Reference File: 4412.33.0640, 4412.33.0665, 4412.33.0670, 4412.33.2625, 4412.33.2630, 4412.33.3225, 4412.33.3235, 4412.33.3255, 4412.33.3275, 4412.33.3285, 4412.33.5700, 4412.34.2600, 4412.34.3225, 4412.34.3235, 4412.34.3255, 4412.34.3275, 4412.34.3285, 4412.34.5700, 4418.74.2000, 4412.74.9000, 4418.75.4000, and 4418.75.7000. See Memorandum “Request from Customs and Border Protection to Update the ACE AD/CVD Case Reference File,” dated October 31, 2018.

³⁴ See Statement of Administrative Action (SAA), H. R. Doc. No. 103-316 103rd Congress, 2nd Session, Volume I, 911, 931.

operation) serve to inform the application of, rather than supersede or substitute for, the enumerated specificity factors.

To determine the extent of diversification of economic activities within a given jurisdiction, Commerce will normally consider publicly available data and information from expert third party sources, including such information as provided by interested parties in a proceeding. Available and reliable information sources necessarily vary from case to case. For this proceeding, Commerce has relied on data found in the National Bureau of Statistics of China's *China Statistical Yearbook*. Accordingly, on January 26, 2021, Commerce placed the following excerpts from the National Bureau of Statistics of China's *China Statistical Yearbook* on the record of this review: Index Page; Table 14-7: Main Indicators on Economic Benefit of State-owned and State-holding Industrial Enterprise by Industrial Sector; and Table 14-11: Main Indicators on Economic Benefit of Private Industrial Enterprise by Industrial Sector.³⁵ This information reflects a wide diversification of economic activities in China. The industrial sector in China alone is comprised of 37 listed industries and economic activities, indicating the diversification of China's economy.

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

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under investigation and the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce may rely on adverse facts available (AFA) to preliminarily find that a financial contribution exists under the alleged program or that the program is specific.³⁶ However, where possible, Commerce will rely on the responsive producer's or exporter's records to determine the existence and amount of the benefit, to the extent that those records are useable and verifiable.

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

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

³⁵ See Memorandum, "Public Bodies Analysis Memo," dated January 26, 2021 (Public Bodies Memorandum).

³⁶ See, e.g., *Hardwood and Decorative Plywood from the People's Republic of China: Final Affirmative Countervailing Duty Determination; 2011*, 78 FR 58283 (September 23, 2013) (*Hardwood Plywood from China Final*), and accompanying Issues and Decision Memorandum (IDM) at Comment 3.

Section 776(b) of the Act provides that Commerce may use an adverse inference in selecting from the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. In doing so, Commerce is not required to determine, or make any adjustments to, a countervailable subsidy rate based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information.³⁷ Further, section 776(b)(2) of the Act states that an adverse inference may include reliance on information derived from the petition, the final determination from the CVD investigation, a previous administrative review, or other information placed on the record.³⁸

Section 776(c) of the Act provides that, in general, when Commerce relies on secondary information rather than information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal.³⁹ Secondary information is defined as information derived from the petition that gave rise to the investigation, the determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise.⁴⁰

Finally, under section 776(d) of the Act, when using an adverse inference when selecting from the facts otherwise available, Commerce may use a countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or if there is no same or similar program, use a countervailable subsidy rate for a subsidy program from a proceeding that Commerce considers reasonable to use.⁴¹ When selecting from the facts otherwise available with an adverse inference, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.⁴² For purposes of these preliminary results, we are applying AFA to the programs as outlined below.

A. Application of AFA: Provision of Inputs for LTAR

GOC – Markets Distorted by Government Presence

In this review, we are examining the following provision of inputs for LTAR programs:

1. Provision of Cut Timber for LTAR
2. Provision of Fiberboard for LTAR
3. Provision of Paint, Primer, and Stain for LTAR
4. Provision of Plywood for LTAR
5. Provision of Wood Glue and Adhesive for LTAR

³⁷ See section 776(b)(1)(B) of the Act.

³⁸ See 19 CFR 351.308(c).

³⁹ See 19 CFR 351.308(d).

⁴⁰ See SAA, H.R. Doc. 103-316, vol 1 (1994) at 870.

⁴¹ See section 776(d)(1) of the Act.

⁴² See section 776(d)(3) of the Act.

6. Provision of Veneers for LTAR

We requested Jiangsu Senmao and Riverside Plywood (including its cross-owned affiliates Baroque Timber and Suzhou Times) to report their purchases of these inputs during the POR.⁴³ Jiangsu Senmao reported that it purchased wood glue and adhesive; paint, primer, and stain; fiberboard; plywood; cut timber; and veneers during the POR. Riverside Plywood reported that it purchased paint, primer, and stain; plywood; and veneers during the POR, and its cross-owned affiliate, Baroque Timber purchased wood glue and adhesive; paint, primer, and stain; fiberboard; plywood; and veneers during the POR.⁴⁴ Riverside Plywood and Baroque Timber also reported that they purchased back boards during the POR.⁴⁵ As discussed in the “Provision of Veneers for LTAR” section below, Commerce is preliminarily determining that Riverside Plywood’s and Baroque Timber’s reported back boards are veneers.

In order to determine the appropriate benchmark with which to measure the benefit from the provision of these inputs for LTAR in accordance with 19 CFR 351.511(a)(2), Commerce requested that the GOC provide information concerning the industries, as well as the government’s role in these industries during the POR.⁴⁶ Specifically, we requested that the GOC provide the following information for each input:

- a. The total number of producers.
- b. The total volume and value of Chinese domestic consumption of {input} and the total volume and value of Chinese domestic production of {input}.
- c. The percentage of domestic consumption accounted for by domestic production.
- d. The total volume and value of imports of {input}.
- e. The percentage of total volume and (separately) value of domestic production that is accounted for by companies in which the Government maintains a majority ownership or a controlling management interest, either directly or through other Government entities. Please also provide a list of the companies that meet these criteria.
- f. If the share of total volume and/or value of production that is accounted for by the companies identified in paragraph “e”, above, is less than 50 percent, please provide the following information:
 - i. The percentage of total volume and value of domestic production that is accounted for by companies in which the Government maintains some, but not a

⁴³ See Jiangsu Senmao NSA Questionnaire at 1-2; *see also* Riverside Plywood NSA Questionnaire at 1-2; and Commerce CVD Questionnaire at II-8 to II-12, II-15 to II-19, and II-22 to II-25.

⁴⁴ See Jiangsu Senmao IQR at 13 -15, 26-27, Exhibits 9-10 and Exhibits 15 -16; *see also* Jiangsu Senmao NSA Response at Attachment I and Exhibits 1-2.

⁴⁵ See Riverside Plywood Second SQR at 1-2, Exhibit SS-1 and Exhibit SS-2.

⁴⁶ See Commerce CVD Questionnaire at II-8 to II-12, II-14 to II-19, and II-22 to II-25; *see also* GOC NSA Questionnaire at 4-10.

majority, ownership interest or some, but not a controlling, management interest, either directly or through other Government entities.

- ii. A list of the companies that meet the criteria under sub-paragraph “i”, above.
 - iii. A detailed explanation of how it was determined that the government has less than a majority ownership or less than a controlling interest in such companies, including identification of the information sources relied upon to make this assessment.
- g. A discussion of what laws, plans or policies address the pricing of the input, the levels of production of the input, the importation or exportation of the input, or the development of the input capacity. Please state which, if any, central and subcentral level industrial policies pertain to the input industry.⁴⁷

Commerce requested such information to determine to what extent the GOC is involved as a provider of wood glue and adhesive; paint, primer, and stain; cut timber; fiberboard; plywood; and veneer in China and whether its presence in these markets is such that it distorts transaction prices. Commerce asked the GOC several questions regarding the level of government involvement in and structure of the wood glue and adhesive; paint, primer, and stain; cut timber; fiberboard; plywood; and veneer industries in China. Specifically, for these inputs, we requested the GOC to provide information on the total number of producers, the total volume and value of domestic production and domestic consumption, the total volume and value of imports, and the percentage of volume and value of production accounted for by companies in which the GOC maintains a majority ownership or controlling management interest.⁴⁸ Further, if the percentage of production accounted for by those companies is less than 50 percent, we requested the GOC to provide the percentage of volume and value of production accounted for by companies in which the GOC maintains some, but less than a majority, ownership interest.⁴⁹ We also requested information, such as, relevant laws, plans, policies, price controls, and export restrictions.⁵⁰

For the provision of cut timber and veneers for LTAR, the GOC did not report total volume and value of domestic consumption and total volume and value of domestic production for these inputs.⁵¹ The GOC stated that cut timber and veneer are widely used in the wood products industry and that the GOC does not collect official data regarding the industries in China that purchase or consume cut timber and veneer.⁵² The GOC further reported that to the best of its knowledge no cut timber or veneer producer compiles its sales volume and value “by the industry in which the mandatory respondent companies operate, as well as the totals purchased by every other industry.”⁵³ For the provision of wood glue and adhesive and the provision of paint, primer, and stain for LTAR, the GOC reported that the National Bureau of Statistics (NBS, formerly the State Statistics Bureau) does not collect such information, and thus, the GOC is not

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ See GOC IQR at 15-16.

⁵² *Id.* at 15 and 19.

⁵³ *Id.* at 19.

able to respond to Commerce's request for the total number of producers, total volume and value of domestic consumption and the total volume and value of domestic production.⁵⁴ For the provision of fiberboard and plywood for LTAR, the GOC did not report the total volume and value of domestic fiberboard and plywood production, that is accounted for by companies in which the GOC maintains some, but less than a majority, ownership interest.⁵⁵ In its response, the GOC stated that the State Statistics Bureau only compiled data for production in which the government maintains a majority ownership or a controlling management interest, either directly or through other Government entities.⁵⁶

We note that the GOC has previously provided, and Commerce has verified, information from other GOC-maintained databases concerning the value and volume of production by enterprises producing input products.⁵⁷ Specifically, Commerce has verified the operation of the GOC's "Enterprise Credit Information Publicity System," which requires that the administrative authorities release detailed information of enterprises and other entities and which is intended to bring clarity to companies registered in China.⁵⁸ Based on this experience, we are aware that this system is a national-level internal portal that holds certain information regarding any China registered company, regardless of whether the government maintains a majority ownership or a controlling management interest. Among other information, each company must upload its annual report, make public whether it is still operating, and update any changes in ownership. The GOC has stated that all companies operating within China maintain a profile in the system, regardless of whether they are a private or a state-owned enterprise.⁵⁹ Therefore, information related to the operation and ownership of companies within the wood glue and adhesive; paint, primer, and stain; cut timber; fiberboard; plywood; and veneer industries is in fact available to the GOC.

The requested information on the wood glue and adhesive; paint, primer, and stain; cut timber; fiberboard; plywood; and veneer industries is necessary for Commerce to conduct a full analysis of the GOC's involvement in the market and thus determine if the domestic prices are distorted (*i.e.*, unusable as a "tier one" benchmark). We preliminarily determine that the necessary information on these input markets is not available on the record. Because the GOC withheld information that was requested of it and significantly impeded this proceeding, Commerce must rely on "facts available" in making its preliminary determination, in accordance with sections 776(a)(1) and (a)(2)(A) and (C) of the Act. Moreover, we preliminarily determine that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information. Consequently, an adverse inference is warranted in the application of facts

⁵⁴ See GOC NSA Response at 2-3 and 12-14.

⁵⁵ See GOC IQR at 36 - 38 and 45 - 48.

⁵⁶ *Id.*

⁵⁷ See, e.g., *Citric Acid and Certain Citrate Salts {from the People's Republic of China}: Final Results of Countervailing Duty Administrative Review*; 2013, 80 FR 77318 (December 14, 2015), and accompanying IDM at Comment 2.

⁵⁸ See *Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 46643 (July 18, 2016), and accompanying Preliminary Decision Memorandum (PDM) at 21-22, unchanged in *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.

⁵⁹ *Id.*

available pursuant to section 776(b)(1) of the Act. Accordingly, as AFA, we preliminarily determine that the GOC's involvement in the wood glue and adhesive; paint, primer, and stain; cut timber; fiberboard; plywood; and veneer markets in China results in the significant distortion of the prices of multilayered wood flooring, such that they cannot be used as a tier one benchmark under 19 CFR 351.511(a)(2)(i), and hence, the use of external benchmarks, as described under 19 CFR 351.511(a)(2)(ii), is warranted to calculate the benefit for the provision of wood glue and adhesive; paint, primer, and stain; cut timber; fiberboard; plywood; and veneers for LTAR.

GOC -- Producers of Wood Glue and Adhesive; Paint, Primer, and Stain; Cut Timber; Fiberboard; Plywood; and Veneers Are "Authorities"

As discussed above, Commerce is investigating the provision of wood glue and adhesive; paint, primer, and stain; cut timber; fiberboard; plywood; and veneers for LTAR. We requested information from the GOC regarding the specific companies that produced the input products that Riverside Plywood (including its cross-owned affiliate, Baroque Timber) and Jiangsu Senmao purchased during the POR. Specifically, we sought information from the GOC that would allow us to determine whether the producers are "authorities" within the meaning of section 771(B) of the Act.⁶⁰ Furthermore we asked the GOC to: (1) provide information about the involvement of the Chinese Communist Party (CCP) in any input supplier identified by Jiangsu Senmao and Riverside Plywood (including Baroque Timber), including whether individuals in management positions are CCP members, in order to evaluate whether the input suppliers which supplied Jiangsu Senmao and Riverside Plywood (including Baroque Timber) are "authorities" with the meaning of section 771(5)(B) of the Act; and (2) identify any owners, members of the board of directors, or managers of the input suppliers who were government or CCP officials during the POR.⁶¹

While the GOC provided a narrative explanation of the role of the CCP, when asked to identify any owners, members of the board of directors, or managers of the input suppliers who were government or CCP officials during the POR, the GOC explained that there is "no central informational database to search for the requested information."⁶² Therefore, the GOC directed that we should obtain this information directly from the respondents' privately-owned input suppliers.⁶³ In *Citric Acid 2012 AR*, we found that the GOC was able to obtain the information requested independently from the companies involved, and that statements from companies, rather than from the GOC or CCP themselves, were not sufficient for these purposes.⁶⁴ Therefore, we find that the GOC failed to provide the information requested of it for the privately-owned input suppliers of Jiangsu Senmao and Riverside Plywood (including its cross-owned affiliate Baroque Timber).

⁶⁰ See Commerce CVD Questionnaire at II-8 to II-12, II-15 I-19, and II-22 to II-26.

⁶¹ *Id.*

⁶² See GOC IQR at Exhibit Cut-1, Exhibit Veneer-1, Exhibit Ply-1; *see also* GOC NSA Response at Exhibit Glue-1 and Exhibit Primer-1.

⁶³ *Id.*

⁶⁴ See *Citric Acid and Certain Citrate Salts {from the People's Republic of China}: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78799 (December 31, 2014) (*Citric Acid 2012 AR*), and accompanying IDM at Comment 5.

By failing to respond to the questionnaire, the GOC withheld information requested of it regarding the CCP's role in the ownership and management of Jiangsu Senmao's and Riverside Plywood's (including Baroque Timber) input suppliers. Record evidence demonstrates that the CCP exerts significant control over economic activities in China.⁶⁵ Record evidence also demonstrates that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector.⁶⁶ With respect to the reportedly non-majority government-owned plywood producers that supplied inputs to Jiangsu Senmao and Riverside Plywood (including its cross-owned affiliate Baroque Timber) during the POR, while the GOC provided website screenshots of the business registrations, the GOC failed to provide other relevant documentation specifically requested by Commerce, such as company by-laws, annual reports, tax registration documents, and articles of association.⁶⁷ Thus, Commerce finds, as it has in prior CVD proceedings,⁶⁸ that the information requested regarding the role of CCP officials and CCP committees in the management and operations of Jiangsu Senmao's and Riverside Plywood's (including Baroque Timber) input suppliers are necessary to its determination of whether these producers are "authorities" within the meaning of section 771(5)(B) of the Act.

Therefore, we find that the GOC withheld necessary information that was requested of it and that Commerce must rely on facts available in conducting its analysis of the producers that supplied Jiangsu Senmao and Riverside Plywood (including Baroque Timber) with these inputs during the POR.⁶⁹ As a result of the GOC's failure to provide the necessary information, we find that the GOC failed to cooperate by not acting to the best of its ability to comply with our requests for information. Consequently, we determine that the GOC withheld information, and that an adverse inference is warranted in the application of facts available.⁷⁰ In drawing an adverse inference, we find that CCP officials are present in each of Jiangsu Senmao's and Riverside Plywood's (including Baroque Timber) input suppliers as individual owners, managers and members of the boards of directors, and that this gives the CCP, as the government, meaningful control over the companies and their resources. As explained in the Additional Documents Memorandum, an entity with significant CCP presence on its board or in management or in party committees may be controlled, such that it possesses, exercises, or is vested with governmental authority.⁷¹ Therefore, we preliminarily find that all the domestic producers that supplied Jiangsu Senmao and Riverside Plywood (including Baroque Timber) with wood glue and adhesive; paint, primer, and stain; cut timber; fiberboard; plywood; and veneers during the POR are "authorities" within the meaning of section 771(5)(B) of the Act.

⁶⁵ See Memorandum "Placing Additional Documents on the Record," dated January 26, 2021 (Additional Documents Memorandum) at Attachments "Section 129 Determination of the Countervailing Duty Investigation of Circular Welded Carbon Quality Steel Pipe; Light-Walled Rectangular Pipe and Tube; Laminated Woven Sacks; and Off-the-Road Tires from the People's Republic of China: An Analysis of Public Bodies in the People's Republic of China in Accordance with the WTO Appellate Body's Findings in WTO DS379" and "The relevance of the Chinese Communist Party for the limited purpose of determining whether particular enterprises should be considered to be 'public bodies' within the context of a countervailing duty investigation."

⁶⁶ *Id.* at 35-36 and sources cited therein.

⁶⁷ See GOC IQR at Exhibit PLY-2.

⁶⁸ See, e.g., *Citric Acid 2012 AR* IDM at Comment 5.

⁶⁹ See sections 776(a)(1) and 776(a)(2)(A) of the Act.

⁷⁰ See section 776(b) of the Act.

⁷¹ See, e.g., Additional Documents Memorandum at WTO DS379 at 33-36, 38.

GOC—Provision of Wood Glue and Adhesives and Provision of Paint, Primer, and Stain Inputs Are Specific

For purposes of Commerce’s *de facto* specificity analysis, we asked the GOC to provide a list of industries in China that purchase wood glue and adhesives, and paint, primer, and stain directly, and to provide the amounts (volume and value) purchased by each of the industries.⁷² Specifically, our questionnaire asked the GOC to provide lists of the industries in China that purchase adhesives and primer directly, using consistent levels of industrial classification, and to:

Provide the amounts (volume and value) purchased by the industry in which the mandatory respondent companies operate, as well as the totals purchased by every other industry. In identifying the industries, please use the resource or classification scheme the Government normally relies upon to define industries and to classify companies within an industry. Please provide the relevant classification guidelines, and please ensure the list provided reflects consistent levels of industrial classification. Please clearly identify the industry in which the companies under investigation are classified.⁷³

The GOC did not provide this information, nor did it explain the efforts it made to compile this information.⁷⁴ Instead, the GOC made assertions that there are a vast number of uses for adhesives and primer without providing any substantial evidentiary support.⁷⁵ The GOC stated in regard to both adhesives and primer that it “does not collect official data regarding the industries in China that purchase or consume {the input}, and instead provided a screen shot of a Wikipedia website that claims primer is widely used in the technology and industrial industries, without providing an industrial classification, volumes and values, or supporting documentation for these inputs, as requested.”⁷⁶ In our supplemental questionnaire to the GOC, we provided the GOC with an additional opportunity to report the requested information.⁷⁷ In response to Commerce’s supplemental questionnaire, in which Commerce reiterated the same requests for information, the GOC repeated that it “is not able to access the information and therefore cannot provide this information.”⁷⁸

The response submitted by the GOC is insufficient because it does not report the actual Chinese industries that purchased these inputs, the volume and value of each industry’s respective purchases for the POR, and the prior two years, as requested, and which is necessary for our *de facto* specificity analysis. Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that necessary information is not available on the record, that the GOC withheld information that was requested of it, and that the GOC significantly impeded this proceeding, respectively. Thus, we are relying on “facts available” in making our preliminary determination.

⁷² See GOC NSA Questionnaire at 5 and 8.

⁷³ See GOC NSA Response at 5-6 and 16-17.

⁷⁴ *Id.*

⁷⁵ *Id.* at 5 and 16.

⁷⁶ *Id.* at 5-6 and 16-17.

⁷⁷ See GOC NSA SQ 3-4 and 6-7.

⁷⁸ See GOC Second SQR at 4 and 16-17.

Moreover, by refusing to provide the requested, necessary information, we preliminarily determine that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information. Consequently, we preliminarily determine that an adverse inference is warranted in selecting from among the facts available pursuant to section 776(b) of the Act. In drawing an adverse inference from among the facts available, we find that the GOC is providing wood glue and adhesives, and paint, primer, and stain for LTAR to a limited number of industries or enterprises, and, hence, that the subsidies under this program are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

B. Application of AFA: Provision of Electricity for LTAR

During the review, Commerce requested Jiangsu Senmao and Riverside Plywood (including its cross-owned affiliates) to report their electricity supplier(s) and electricity rates during the POR.⁷⁹ Jiangsu Senmao reported its POR electricity rates and electricity suppliers.⁸⁰ Riverside Plywood reported the POR electricity rates and electricity suppliers for itself and Baroque Timber.⁸¹

As discussed below under the section “Programs Preliminarily Found to Be Countervailable,” Commerce is investigating whether the GOC provided electricity for LTAR. The GOC did not provide complete responses to Commerce’s questions regarding the alleged provision of electricity for LTAR. These questions requested information needed to determine whether the provision of electricity constituted a financial contribution within the meaning of section 771(5)(D) of the Act, whether such a provision provided a benefit within the meaning of section 771(5)(E) of the Act, and whether such a provision was specific within the meaning of section 771(5A) of the Act.

In order to analyze the financial contribution and specificity of this program, we requested that the GOC provide information regarding the roles of provinces, the National Development and Reform Commission (NDRC), and cooperation between the provinces and the NDRC on electricity price adjustments. Specifically, we requested, *inter alia*: Provincial Price Proposals for each province in which the mandatory respondents or any company “cross-owned” with those respondents is located for applicable tariff schedules that were in effect during the POR; all original NDRC Electricity Price Adjustment Notice(s) that were in effect during the POR; the procedure for adjusting retail electricity tariffs and the role of the NDRC and the provincial governments in this process; the price adjustment conferences that took place between the NDRC and the provinces, grids and power companies with respect to the creation of all tariff schedules that were applicable to the POR; the cost elements and adjustments that were discussed between the provinces and the NDRC in the price adjustment conferences; and how the NDRC determines that the provincial level price bureaus have accurately reported all relevant cost elements in their price proposals with respect to generation, transmission and distribution.⁸² Commerce requested this information in order to determine the process by which

⁷⁹ See Commerce CVD Questionnaire at III-11.

⁸⁰ See Jiangsu Senmao IQR at 15 and at Exhibit 11.

⁸¹ See Riverside Plywood IQR at 24 and at Exhibit 14a and 914b.

⁸² See Commerce CVD Questionnaire at Section II, Electricity Appendix.

electricity prices and price adjustments are derived, identify entities that manage and impact price adjustment processes, and examine cost elements included in the derivation of electricity prices in effect throughout China during the POR.

In its initial questionnaire response, the GOC reported that the NDRC has no authority to make any change to the adjusted electricity prices and that the provinces have the authority to set their own prices, under the Notice of NDRC on *Lowering Coal-Fired Electricity On-Grid Price and General Industrial and Commercial Electricity Price* (Notice 3105).⁸³ According to the GOC, the creation of this new structure has eliminated the need for Provincial Price Proposals that had previously been used by the NDRC to set prices for each province.⁸⁴ However Notice 3105 explicitly directs provinces to reduce prices and to report the enactment of those changes to the NDRC. Specifically, Article 2 of Notice 3105 stipulates a lowering of the on-grid sales price of coal-fired electricity by an average amount per kilowatt hour.⁸⁵ The Appendix to Notice 3105 indicates that this average price adjustment applies to all provinces and at varying amounts.⁸⁶ The “Notice of National Development and Reform Commission on the use of measures of expanding the scale of cross-provincial power transactions to reduce the general industrial and commercial electricity prices (No. 1053 {2018} of the NDRC)” (Notice 1053) states that its goal is to “implement the target set by the Central Economic Work Conference on reducing the energy cost used by enterprises and the target set by the government work report on reducing the average price of general industrial and commercial electricity prices by 10%, we hereby notify the following concerning measures to reduce the price of general industrial and commercial electricity by expanding the scale of electricity transactions across provinces and regions.”⁸⁷ Notice 1053 describes the methods the NDRC will use to further reduce the general industrial and commercial electricity prices.⁸⁸ NDRC Notice 3105 also directs additional price reductions, and stipulates, at Articles II and X, that local price authorities shall implement in time the price reductions included in its Annex and report resulting prices to the NDRC.⁸⁹ Neither Notice 1053 nor Notice 3105 explicitly stipulate that relevant provincial pricing authorities determine and issue electricity prices within their own jurisdictions, as the GOC states to be the case.⁹⁰ Rather, both notices indicate that the NDRC continues to play a seminal role in setting and adjusting electricity prices, by mandating average price adjustment targets with which the provinces are obligated to comply in setting their own specific prices.⁹¹ The notices do not explicitly eliminate Provincial Price Proposals and do not define distinctions in price setting roles between national and provincial pricing authorities.

In a previous segment of this proceeding, Commerce found the provision of electricity for LTAR to be countervailable, in part because this program constituted a financial contribution by an

⁸³ See GOC IQR at Electricity Appendix at 3 and Exhibit ELEC-4.

⁸⁴ *Id.*

⁸⁵ *Id.* at Exhibit ELEC-4.

⁸⁶ *Id.*

⁸⁷ *Id.* at Exhibit ELEC-8.

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *Id.* at Exhibit 2 and 4.

⁹¹ *Id.* at 12-14.

authority and was specific.⁹² It is Commerce’s practice not to revisit financial contribution and specificity determinations made in a prior segment of the same proceeding, absent the presentation of new facts or evidence.⁹³ The United States Court of Appeals for the Federal Circuit (CAFC) has affirmed this practice, under section 751(a)(1)(A) of the Act.⁹⁴ In this administrative review, the GOC withheld information requested of it, including information regarding the financial contribution and specificity of this program. In light of the lack of new information on the record, and consistent with our practice and *Magnola Metallurgy*, we are continuing to find this program to constitute a financial contribution by an authority and to be specific. For details regarding the remainder of our analysis, see the “Provision of Electricity for LTAR” section.

As explained above, the GOC’s response does not constitute a full explanation regarding the roles and nature of cooperation between the NDRC and provinces in deriving electricity price adjustments. In fact, the information provided by the GOC indicates that despite its claim that the responsibility for setting prices within each province has moved from the NDRC to the provincial governments, the NDRC continues to play a major role in setting and adjusting prices. Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that information necessary to our analysis of financial contribution and specificity is not available on the record, that the GOC withheld information requested by Commerce, and that the GOC significantly impeded this proceeding. Thus, we must rely on “facts available” in making our preliminary determination.⁹⁵ Moreover, we preliminarily determine, in accordance with section 776(b) of the Act, that the GOC failed to cooperate to the best of its ability to comply with our repeated requests for information. As a result, an adverse inference is warranted in the application of facts available.⁹⁶ In applying AFA, we find that the GOC’s provision of electricity constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act. The GOC failed to provide certain requested information regarding the relationship (if any) between provincial tariff schedules and cost, as well as requested information regarding cooperation (if any) in price setting practices between the NDRC and provincial governments. Therefore, we are also relying on AFA in selecting the benchmark for determining the existence and amount of the benefit. The benchmark rates we selected are derived from the record of this investigation

⁹² See *Cast Iron Soil Pipe Fittings from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 83 FR 60178 (December 19, 2017), and accompanying PDM, unchanged in *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.

⁹³ See *Countervailing Duty Investigation of Certain Crystalline Silicon Photovoltaic Products from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 76962 (December 23, 2014) (*Solar Cells from China 2012*), and accompanying IDM at 27 n.130 (“In a CVD administrative review, we do not revisit past determinations of countervailability made in the proceeding, absent new information.”).

⁹⁴ See *Magnola Metallurgy, Inc. v. United States*, 508 F. 3d 1349, 1353-56 (Fed. Cir. 2007) (*Magnola Metallurgy*). In this administrative review, the GOC withheld information requested of it, including new information regarding the financial contribution and specificity of these programs. In light of the lack of new information on the record, and consistent with our practice and *Magnola Metallurgy*, we are continuing to find these programs to be countervailable.

⁹⁵ See section 776(a) of the Act.

⁹⁶ See section 776(b) of the Act.

and are the highest electricity rates on the record for the applicable rate and user categories. For details regarding the remainder of our analysis, see “Provision of Electricity for LTAR,” below.

C. Application of AFA: Export Buyer’s Credit

In this review, we are investigating the Export Buyer’s Credit program. Commerce preliminarily determines that the use of AFA is warranted in determining the countervailability of the Export Buyer’s Credit Program, because the GOC did not provide the requested information needed to allow Commerce to fully analyze this program. During the review, Commerce requested that Jiangsu Senmao and Riverside Plywood (including its cross-owned affiliates) report all types of financing provided by the China ExIm Bank.⁹⁷ Riverside Plywood and Baroque Timber reported that none of their customers used this program,⁹⁸ and to support this claim they provided customer declarations⁹⁹ demonstrating their customers did not use this program. Jiangsu Senmao reported that none of its customers used this program during the POR.¹⁰⁰ To support this claim, Jiangsu Senmao provided customer declarations¹⁰¹ demonstrating its customers did not use this program.¹⁰²

Commerce preliminarily determines that the use of AFA is warranted in determining the countervailability of the Export Buyer’s Credit program, because the GOC did not provide the requested information needed to allow Commerce to fully analyze this program. In the initial questionnaire, we requested that the GOC provide original and translated copies of laws, regulations or other governing documents for this program.¹⁰³ This request included the 2013 *Administrative Measures* revisions (2013 Revisions) to the Export Buyer’s Credit program; however, the GOC did not provide the 2013 amendment to these laws.¹⁰⁴ In a supplemental questionnaire, Commerce provided the GOC with another opportunity to provide this information,¹⁰⁵ and the GOC again failed to provide the information requested stating, “{t}he GOC has confirmed that none of the respondents or its cross-owned affiliates has applied or received benefits under this program. Thus, the GOC believes this question is not applicable.”¹⁰⁶ Furthermore, in response to our request that the GOC provide a list of all partner/correspondent banks involved in the disbursement of funds, the GOC stated that, “{b}ased on information available to the GOC at this stage, the GOC confirms that it collected the U.S. customer lists from the respondents, and that none of the U.S. customers of the respondents used the alleged program during the POR. Therefore, this question is not applicable.”¹⁰⁷ However, the GOC provided the *Administrative Measures of Export Buyer’s Credit of the Export-Import Bank of China (Administrative Measures)* and *Detailed Implementation Rules Governing Export Buyer’s*

⁹⁷ See Commerce CVD Questionnaire at II-6.

⁹⁸ See Riverside Plywood IQR at 22.

⁹⁹ *Id.* at Exhibit 11a and Exhibit 11b. Riverside Plywood and Baroque Timber provided customer declarations for approximately 30 percent of their reported customers.

¹⁰⁰ See Jiangsu Senmao IQR at 12-13.

¹⁰¹ *Id.* at Exhibit 7. Jiangsu Senmao provided customer declarations for all of its reported customers.

¹⁰² *Id.*

¹⁰³ See Commerce CVD Questionnaire at II-5 and II-6.

¹⁰⁴ See GOC IQR at 8-11.

¹⁰⁵ See GOC SQ at 4.

¹⁰⁶ See GOC SQR at 4.

¹⁰⁷ *Id.* at 9.

Credit of the Export-Import Bank of China (Implementing Rules), and according to the GOC, in accordance with the requirements set forth in these documents, the Chinese exporter should be aware of the buyer's receipt of loans and should be involved in the loan evaluation proceeding and in the post-lending loan management.¹⁰⁸ Therefore, the GOC argued that the Chinese exporter is in a position to verify and confirm the existence of any sales contracts that were supported by the Export Buyer's Credit program. Specifically, the GOC explained that in accordance with the *Rules*: (1) the EXIM Bank must investigate and verify the performance capability of the Chinese exporters in its loan evaluation and approval proceeding; (2) in making decisions on loan approval, the EXIM Bank also pays great attention to the credit level of the exporters; (3) the lending contract has specific provisions regarding the conditions of the disbursement of the credit (that the EXIM Bank must notify the buyer of this disbursement on the day it occurs, which occurs after it receives the shipping documents from the exporter and, once the shipping documents are received and the shipment is confirmed, the EXIM Bank will debit the buyer's account and credit the funds to the exporter's account). The exporter is the entity that actually receives the money directly from the EXIM Bank.¹⁰⁹ However, the GOC stated that the 2013 revisions to the *Administrative Measures of Export Buyer's Credits of the EXIM Bank*, and Commerce's request for a list of all partner/correspondent banks involved in disbursement of funds under the Export Buyer's Credit program are not applicable, because none of the mandatory respondents' U.S. customers obtained export buyer's credits during the POR.

Information obtained in a prior CVD proceeding indicates that the GOC revised the *Administrative Measures* regarding this program in 2013.¹¹⁰ This information provides that the EXIM Bank may disburse export buyer's credits directly or through third-party partner and/or correspondent banks.¹¹¹ Because of the complicated structure of loan disbursements for this program, Commerce's complete understanding of how this program is administered is necessary.

In its initial and supplemental questionnaire responses, the GOC refused to provide the requested information or any information concerning the 2013 program revisions and the partner/correspondent banks, which is necessary for Commerce to understand how the program operates and which is thus also necessary for Commerce to be able to verify claims of non-usage.¹¹² Absent this information, Commerce has no assurance of its ability to differentiate ordinary commercial lending from GOC-supported credit in the books and records of the respondents' U.S. customers, or to differentiate disbursements of funds to the respondents themselves pursuant to ordinary lending from disbursements pursuant to GOC-supported credit. Therefore, without the necessary information, we are not able to make a determination as to whether this program constitutes a financial contribution and is specific. Accordingly, we find that the GOC has not cooperated to the best of its ability in response to Commerce's specific information requests.¹¹³ As a result, we preliminarily determine, as AFA, that this program constitutes a financial contribution and meets the specificity requirements of the Act.

¹⁰⁸ *Id.* at 8-9, Exhibit Export-2, and Exhibit Export-3.

¹⁰⁹ *Id.* at 10-11.

¹¹⁰ See GOC IQR at Exhibit Export-1, containing the September 6, 2016, GOC 7th Supplemental Response in the Countervailing Duty Investigation of Certain Amorphous Silica Fabric from China at Export Buyer's Credit Program.

¹¹¹ See, e.g., Public Bodies Memorandum.

¹¹² See GOC IQR at 8-11; see also GOC SQR at 4.

¹¹³ See section 776(b) of the Act.

Moreover, the GOC is the only party that can answer questions about the internal administration of this program. The GOC's refusal to provide the 2013 revisions to the *Administrative Measures*, which provide internal guidelines for how this program is administered by the EXIM Bank, and a list of partner/correspondent banks that are used to disperse funds through this program, constitutes withholding necessary information and impeded Commerce's ability to analyze the program's operation or determine how the program could be properly verified. Thus, the GOC's failure to provide the requested information further undermines Commerce's ability to verify Jiangsu Senmao's and Riverside Plywood's (and its cross-owned affiliate Baroque Timber) claims of non-use. Therefore, we preliminarily find that the GOC has not cooperated to the best of its ability and, as AFA, find that Jiangsu Senmao, Riverside Plywood, and Baroque Timber used and benefited from this program, despite its claims that its U.S. customers did not obtain export buyer's credits from the EXIM Bank during the POR.¹¹⁴

Under the new section 776(d) of the Act, Commerce may use as AFA a countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, a CVD rate for a subsidy program from a proceeding that the administering authority considers reasonable to use, including the highest of such rates. Additionally, when selecting an AFA rate, Commerce is not required for purposes of 776(c) of the Act, or any other purpose, to estimate what the countervailable subsidy rate would have been if the non-cooperating interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an "alleged commercial reality" of the interested party.¹¹⁵

Consistent with section 776(d) of the Act and our established practice, we select the highest calculated rate for the same or similar program as AFA.¹¹⁶ When selecting rates in an administrative review, we first determine if there is an identical program from any segment of the proceeding and use the highest calculated rate for the identical program (excluding *de minimis* rates). If no such identical program exists, we then determine if there is a similar/comparable program (based on the treatment of the benefit) within the same proceeding and apply the highest calculated rate for the similar/comparable program, excluding *de minimis* rates. Where there is no comparable program, we apply the highest calculated rate from any non-company specific program in any CVD case involving the same country, but we do not use a rate from a program if the industry in the proceeding cannot use that program.¹¹⁷

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as "information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or

¹¹⁴ See Riverside Plywood IQR at 22, Exhibit 11a and Exhibit 11b; see also Jiangsu Senmao IQR at 12-13 and Exhibit 7.

¹¹⁵ See section 776(d)(3) of the Act.

¹¹⁶ See, e.g., *Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013) (*Shrimp from China*), and accompanying IDM at 13; see also *Essar Steel Ltd. v. United States*, 753 F. 3d 1368, 1373-1374 (Fed. Cir. 2014) (*Essar Steel*) (upholding "hierarchical methodology for selecting an AFA rate").

¹¹⁷ See *Shrimp from China* IDM at 13-14.

any previous review under section 751 concerning the subject merchandise.”¹¹⁸ The SAA provides that to “corroborate” secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.¹¹⁹

Commerce will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that Commerce need not prove that the selected facts available are the best alternative information.¹²⁰ Furthermore, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.¹²¹

Pursuant to section 776(a)(1) of the Act, when necessary information is not available on the record, and sections (2)(A) and (C) of the Act, when an interested party withholds information requested by Commerce and significantly impedes a proceeding, Commerce uses facts otherwise available to reach a determination. Here, the record is missing necessary information because the GOC withheld the requested information described above, thereby impeding this proceeding. Accordingly, we preliminarily determine that the use of facts available is warranted based on the record. Further, pursuant to section 776(b) of the Act, we find that the GOC, by virtue of its withholding information and significantly impeding this proceeding, failed to cooperate by not acting to the best of its ability. Accordingly, we find that the application of AFA is warranted.

Selection of the AFA Rate

Consistent with section 776(d) of the Act and our established practice, we applied our CVD hierarchy to determine the AFA rate for the Export Buyer’s Credit Program.¹²² Under the first step of Commerce’s CVD AFA hierarchy for administrative reviews, Commerce applies the highest non-*de minimis* rate calculated for the identical program in any segment of the same proceeding. If there is no identical program match within the same proceeding, or if the rate is *de minimis*, under step two of the hierarchy, Commerce applies the highest non-*de minimis* rate calculated for a similar program within any segment of the same proceeding. If there is no non-*de minimis* rate calculated for a similar program within the same proceeding, under step three of the hierarchy, Commerce applies the highest non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country. Finally, if there is no non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country, under step four, Commerce applies the highest calculated rate for any program from the same country that the industry subject to the review could have used.¹²³

Commerce’s methodology is consistent with section 776(d)(1)(A) of the Act. Section 776(d)(1)(A) of the Act states that when applying an adverse inference in selecting from the facts otherwise available, Commerce may: (i) use a countervailable subsidy rate applied for the same

¹¹⁸ See SAA at 870 (1994), reprinted at 1994 U.S.C.C.A.N. 4040, 4199.

¹¹⁹ *Id.*

¹²⁰ *Id.* at 869-870.

¹²¹ See section 776(d) of the Act.

¹²² See, e.g., *Shrimp from China* IDM at 13; see also *Essar Steel*, 753 F.3d at 1373-1374.

¹²³ See section 776(d) of the Act; see also *SolarWorld Americas, Inc. v. United States*, 229 F. Supp. 3d 1362 (CIT 2017) (*SolarWorld*) (sustaining Commerce’s CVD AFA hierarchy and selection of AFA rate for CVD reviews).

or similar program in a CVD proceeding involving the same country; or (ii) if there is no same or similar program, use a countervailable subsidy for a subsidy rate from a proceeding that Commerce considers reasonable to use. Thus, section 776(d)(1)(A) of the Act expressly allows for Commerce's existing practice of using an AFA hierarchy in selecting a rate "among the facts otherwise available" in CVD cases, should the facts warrant such a selection.

Section 776(d)(2) of the Act authorizes Commerce to rely on the highest prior rate under certain circumstances. In deriving an AFA rate under section 776(d)(1)(A) of the Act described above, the provision states that Commerce "may apply any of the countervailable subsidy rates or dumping margins specified under that paragraph, including the highest such rate or margin, based on the evaluation by the administering authority of the situation that resulted in the administering authority using an adverse inference in selecting among the facts otherwise available."¹²⁴ No legislative history accompanied this provision of the Trade Preferences Extension Act. Accordingly, Commerce is left to interpret this "evaluation by the administering authority of the situation" language in light of existing agency practice, and the structure and provisions of section 776(d) of the Act itself.

We find that the Act anticipates a two-step process for determining an appropriate AFA rate in CVD cases: 1) Commerce may apply its hierarchy methodology and 2) Commerce may apply the highest rate derived from this hierarchy to a respondent, should it choose to apply that hierarchy in the first place, unless, after an evaluation of the situation that resulted in the use of AFA, Commerce determines that the situation warrants a rate different than the rate derived from the hierarchy be applied.¹²⁵

In applying the AFA rate provision, it is well established that when selecting the rate from among possible sources, Commerce seeks to use a rate that is sufficiently adverse to effectuate the statutory purpose of section 776(b) of the Act to induce respondents to provide Commerce with complete and accurate information in a timely manner. This ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."¹²⁶ Further, "in the case of an uncooperative respondent, Commerce is in the best position, based on its expert knowledge of the market and the individual respondent, to select adverse facts that will create the proper deterrent to non-cooperation with its investigations and assure a reasonable margin."¹²⁷ It is pursuant to this knowledge and experience that Commerce has implemented its AFA hierarchy in CVD cases to select an appropriate AFA rate.¹²⁸

¹²⁴ See section 776(d)(2) of the Act.

¹²⁵ This differs from antidumping proceedings, for which no hierarchy applies, under section 776(d)(1)(B) of the Act. Under that provision, "any dumping margin from any segment of the proceeding under the applicable antidumping order" may be applied, which suggests an adverse rate could be derived from different available margins, given the facts on the record.

¹²⁶ See SAA, at 870; see also *Essar Steel*, 678 at 1276 (citing *F. Lii De Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F.3d 1027, 1032 (Fed. Cir. 2000) (*De Cecco*) (finding that "the purpose of the adverse facts statute is 'to provide respondents with an incentive to cooperate with Commerce's investigation, not to impose punitive damages.'")).

¹²⁷ See *De Cecco*, 216 F.3d at 1032.

¹²⁸ Commerce has adopted a practice of applying its hierarchy in CVD cases. See, e.g., *Finished Carbon Steel Flanges from India: Final Affirmative Countervailing Duty Determination*, 82 FR 29479 (June 29, 2017), and accompanying IDM at Comment 4 (applying the AFA hierarchical methodology within the context of CVD

In applying its AFA hierarchy in CVD reviews, Commerce's goal is as follows: in the absence of necessary information from cooperative respondents, Commerce is seeking to find a rate that is a relevant indicator of how much the government of the country under review is likely to subsidize the industry at issue, through the program at issue, while inducing cooperation. Accordingly, in sum, the three factors that Commerce takes into account in selecting a rate are: (1) the need to induce cooperation; (2) the relevance of a rate to the industry in the country under investigation or review (*i.e.*, can the industry use the program from which the rate is derived); and (3) the relevance of a rate to a particular program, though not necessarily in that order of importance.

Furthermore, the hierarchy (as well as section 776(d)(1) of the Act) recognizes that there may be a "pool" of available rates that Commerce can rely upon for purposes of identifying an AFA rate for a particular program. In reviews, for example, this "pool" of rates could include a non-*de minimis* rate calculated for the identical program in any segment of the proceeding, a non-*de minimis* rate calculated for a similar program in any segment of that proceeding, or prior CVD proceedings for that same country. Of those rates, the hierarchy provides a general order of preference to achieve the goal identified above. The hierarchy, therefore, does not focus on identifying the highest possible rate that could be applied from among that "pool" of rates; rather, it adopts the factors identified above of inducement, relevancy to the industry and to the particular program.

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as "information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise."¹²⁹ The SAA provides that to "corroborate" secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.¹³⁰

Commerce will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that Commerce need not prove that the selected facts available are the best alternative information.¹³¹ Furthermore, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party

investigation); see also *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People's Republic of China: Final Results of Countervailing Duty Administrative Review*; 2012, 80 FR 41003 (July 14, 2015), and accompanying IDM at 11-15 (*Crystalline Silicon Photovoltaic Cell from China Final 2015*) (applying the AFA hierarchical methodology within the context of CVD administrative review). However, depending on the type of program, Commerce may not always apply its AFA hierarchy. See e.g., *Certain Uncoated Paper from Indonesia: Final Affirmative Countervailing Duty Determination*, 81 FR 3104 (January 20, 2016), and accompanying IDM at 7-8 (applying, outside of the AFA hierarchical context, the highest combined standard income tax rate for corporations in Indonesia).

¹²⁹ See SAA at 870.

¹³⁰ *Id.*

¹³¹ *Id.* at 869-870.

failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.¹³²

With regard to the reliability aspect of corroboration, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs. With respect to the relevance aspect of corroboration, Commerce will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. Commerce will not use information where circumstances indicate that the information is not appropriate as AFA.¹³³

Consistent with section 776(d) of the Act and our established practice, we applied our CVD hierarchy to determine the AFA rate for the Export Buyers’ Credit Program.¹³⁴ Our examination of the results of all the segments of this proceeding leads us to conclude that there are no calculated rates for this program in this proceeding - and thus no rates are available under step one of the CVD AFA hierarchy. Because we have not calculated a rate for an identical program in this proceeding, we then determine, under step two of the hierarchy, if there is a calculated rate for a similar/comparable program (based on the treatment of the benefit) in the same proceeding, excluding *de minimis* rates. When Commerce selects a similar program, it looks for a program with the same type of benefit. For example, it selects a loan program to establish the rate for another loan program, or it selects a grant program to establish the rate for another grant program.¹³⁵ Consistent with this practice, upon examination of the available above *de minimis* programs from the current review and the underlying investigation, Commerce selected the Policy Loans Program because it confers the same type of benefit as the Export Buyer’s Credit Program, as both programs are subsidized loans from the GOC.¹³⁶ On this basis, we are using an AFA rate of 0.84 percent *ad valorem*, the highest rate determined for a similar program in a prior segment in this proceeding¹³⁷ as the AFA rate for this program, applicable to both respondent companies.

¹³² See section 776(d) of the Act.

¹³³ See, e.g., *Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People’s Republic of China: Final Affirmative Determination*, 82 FR 8405 (January 25, 2017), and accompanying IDM at 14 (citing *Fresh Cut Flowers from Mexico: Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996)).

¹³⁴ See, e.g., *Shrimp from China* IDM at 13; see also *Essar*, 753 F.3d at 1373-1374.

¹³⁵ See *Crystalline Silicon Photovoltaic Cell from China Final 2015* IDM at 14, 44; see also *Narrow Woven Ribbons With Woven Selvedge from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78036 (December 29, 2014), and accompanying IDM at 5; *Large Residential Washers from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012–2013*, 80 FR 55336 (September 15, 2015), and accompanying IDM at 5.

¹³⁶ See Policy Loans section below.

¹³⁷ See *Multilayered Wood Flooring from the People’s Republic of China: Preliminary Results of Countervailing Duty Administrative Review, and Intent To Rescind Review, in Part; 2017*, 85 FR 6908 (February 6, 2020), and accompanying PDM at 23-31 and 39 (*Multilayered Wood Flooring from China Prelim AR 2017*), unchanged in *Multilayered Wood Flooring from the People’s Republic of China: Final Results and Partial Rescission of Countervailing Duty Administrative Review; 2017*, 85 FR 76011 (November 27, 2020) (*Multilayered Wood Flooring from China Final AR 2017*), and accompanying IDM at Comment 9.

D. Application of AFA: Provision of Land-Use Rights to Certain Industrial Zones for LTAR

During the review, Commerce requested that Jiangsu Senmao and Riverside Plywood (including its cross-owned affiliates, Baroque Timber and Suzhou Times) report land-use rights purchased from any governmental authority (including zones) for land located in the province, municipality, zone, *etc.*, during the period covering December 11, 2001, through the end of the POR.¹³⁸ Riverside Plywood and Baroque Timber reported that they have previously reported that their facilities are located in industrial zones.¹³⁹ Jiangsu Senmao also previously reported that its facilities are located in an industrial zone.¹⁴⁰ Commerce also requested that the GOC provide information on the mandatory respondents' land-use rights purchases.¹⁴¹

In its initial questionnaire to the GOC, Commerce requested that the GOC identify any instances in which mandatory respondents received land-use rights in industrial zones. Specifically, we asked the GOC to identify all instances in which it provided land or land-use rights to the mandatory respondents during the period between December 11, 2001, and the end of the POR.¹⁴² The GOC did not identify instances in which land or land-use rights were provided by the GOC to the mandatory respondents and stated that Commerce should refer to the mandatory respondents' questionnaire responses for this information.¹⁴³ The GOC also contends that no land was provided to any of the mandatory respondents or their cross-owned affiliates for LTAR.¹⁴⁴

In response to our request to explain the basis upon which the land or land-use rights were provided (*i.e.*, status or activity) to the mandatory respondents, the GOC stated, “{p}lease refer to the instances identified in the mandatory respondents' initial questionnaire responses, in which land or land-use rights were provided by the GOC to the Baroque Timber, Riverside, and Senmao.”¹⁴⁵ The information requested regarding the provision of land and land-use rights to Riverside Plywood, Baroque Timber, and Jiangsu Senmao and the basis upon which they were provided is crucial for our analysis to determine whether an alleged program is a financial contribution and specific. This type of information has been provided and verified in previous CVD proceedings involving China.¹⁴⁶

Given that the GOC has provided information regarding the provision of land and land-use rights in previous proceedings,¹⁴⁷ we preliminarily determine that the GOC has the necessary

¹³⁸ See Commerce CVD Questionnaire at II-7 and II-8.

¹³⁹ See Riverside Plywood IQR at 25-26.

¹⁴⁰ See Jiangsu Senmao IQR at 16.

¹⁴¹ See Commerce CVD Questionnaire at III-15.

¹⁴² *Id.* at II-7.

¹⁴³ See GOC IQR at 14.

¹⁴⁴ *Id.* at 12.

¹⁴⁵ *Id.* at 14.

¹⁴⁶ See, e.g., *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 72 FR 71360, 71363 (December 17, 2007), and accompanying PDM at 10 (“{W}e examined these companies' land-use rights agreements and discussed the agreements with the relevant government authorities.”), unchanged in *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Negative Determination of Critical Circumstances*, 73 FR 40480 (July 15, 2008), and accompanying IDM.

¹⁴⁷ *Id.*

information that was requested of it and that, lacking the information, Commerce must rely on “facts otherwise available” in issuing its preliminary results, pursuant to section 776(a)(2)(A) of the Act. Moreover, because the GOC provided inconsistent information and failed to provide information it is otherwise able to provide, we preliminarily find that the GOC did not act to the best of its ability to comply with our request for information. Consequently, we find that an adverse inference is warranted in the application of facts available pursuant to section 776(b) of the Act. In drawing an adverse inference, we find that the GOC’s provision of land-use rights constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act. For details regarding the remainder of our analysis for this program, *see* the “Provision of Land for LTAR” section below.

E. Application of AFA: Other Subsidies

Jiangsu Senmao and Riverside Plywood (including its cross-owned affiliates Baroque Timber and Suzhou Times) reported receiving benefits under certain “Other Subsidies” during the POR and over the average useful life (AUL) period.¹⁴⁸ Commerce requested information from the GOC regarding these grants in the initial questionnaire and again in a supplemental questionnaire.¹⁴⁹ The GOC did not provide a complete response regarding any of these self-reported grant programs.¹⁵⁰ Rather, the GOC stated that “an answer to this question would not be appropriate.”¹⁵¹

We issued a supplemental questionnaire requesting that, for each of these programs, the GOC provide copies of the applicable laws/regulations and other official documents referenced in the chart.¹⁵² In addition, for each of these programs, we requested that the GOC: (1) explain if the assistance was provided by an entity other than a national, state or local government entity (*e.g.*, a government ministry, department, agency, office, *etc.*); (2) explain the eligibility for and actual use of the assistance provided; and (3) provide the number of recipient companies and industries and the amount of assistance approved under this program for the year in which Jiangsu Senmao and Riverside Plywood (including its cross-owned affiliates, Baroque Timber and Suzhou Times) was approved for assistance.¹⁵³ In its response, the GOC stated that it does not believe Commerce has the authority under the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures (SCM Agreement) to require reporting for programs that were not alleged and did not provide any copies of the laws/regulations or other official documents referenced in the questionnaire.¹⁵⁴

In order to conduct the analysis of whether a program is specific and constitutes a financial contribution under sections 771(5A) and 771(5)(D) of the Act, respectively, it is essential that the government provides a complete response to the questions that are contained in the Standard Questions Appendix to enable Commerce to conduct statutory analyses to determine if an

¹⁴⁸ *See* Riverside Plywood IQR at 28-29, 32-33, 39-39, and at Exhibits 23a, 23b, and 23c; *see also* Jiangsu Senmao IQR at 29-30 and Exhibit 17.

¹⁴⁹ *See* Commerce CVD Questionnaire at II-15; *see also* GOC SQ at 6-7.

¹⁵⁰ *See* GOC IQR at 58; *see also* GOC SQR at 9.

¹⁵¹ *See* GOC SQR at 9.

¹⁵² *See* GOC SQ at 6-7.

¹⁵³ *See* Commerce CVD Questionnaire at II-15; *see also* GOC SQ at 6-7.

¹⁵⁴ *See* GOC IQR at 58; *see also* GOC SQR at 9.

alleged program is countervailable. To that end, government cooperation is essential because the government has sole access to the information required for a complete analysis of specificity and financial contribution with respect to government subsidy programs. By failing to provide complete responses to the Standard Questions Appendices as requested, Commerce finds that the record is missing necessary information because the GOC withheld necessary information and significantly impeded this administrative review within the meaning of section 776(a)(1), (2)(A), and (2)(C) of the Act and also failed to cooperate by not acting to the best of its ability to comply with Commerce's requests for information within the meaning of section 776(b) of the Act. Based on application of AFA regarding these programs, we preliminarily determine that the self-reported grants listed in the "Other Subsidies" section below constitute a financial contribution under section 771(5)(D)(i) of the Act, and are specific, within the meaning of section 771(5A) of the Act. Where such subsidies appear to be contingent upon export performance, we have found these subsidies to be specific within the meaning of section 771(5A)(B) of the Act.

VII. SUBSIDIES VALUATION

A. Allocation Period

Commerce normally allocates the benefits from non-recurring subsidies over the AUL of renewable physical assets used in the production of subject merchandise.¹⁵⁵ Commerce finds the AUL for this segment of this proceeding to be 10 years (*i.e.*, 2009-2018), pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System, as updated.¹⁵⁶ Commerce notified the respondents of the 10-year AUL in the initial questionnaire and requested data accordingly.¹⁵⁷ No party in this segment of the proceeding disputed this allocation period.

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

B. Attribution of Subsidies

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

¹⁵⁵ See 19 CFR 351.524(b).

¹⁵⁶ See U.S. Internal Revenue Service Publication 946 (2015), *How to Depreciate Property*, U.S. Internal Revenue Service Publication 946 (2008), at Table B-2: Table of Class Lives and Recovery Periods.

¹⁵⁷ See Commerce CVD Questionnaire at II-1 and at II-15.

351.525(c) provides that benefits from subsidies provided to a trading company which exports subject merchandise shall be cumulated with benefits from subsidies provided to the firm producing the subject merchandise that is sold through the trading company, regardless of affiliation.

According to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. This regulation states that this standard will normally be met where there is a majority voting interest between two corporations or through common ownership of two (or more) corporations. The Court of International Trade (CIT) has upheld Commerce’s authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.¹⁵⁸

Jiangsu Senmao

Jiangsu Senmao did not report any companies with which it is cross-owned that would require subsidy attributions within the meaning of 19 CFR 351.525(b)(6)(ii)-(v).¹⁵⁹

Riverside Plywood

Riverside Plywood reports that it was established as a wholly foreign-owned company.¹⁶⁰ Riverside Plywood has responded on behalf of itself, Baroque Timber, and Suzhou Times.¹⁶¹ These companies are cross-owned within the meaning of 19 CFR 351.525(b)(6)(vi) by virtue of common ownership.¹⁶²

Furthermore, Riverside Plywood identified Baroque Timber and Suzhou Times as producers of wood flooring.¹⁶³ We preliminarily determine that Baroque Timber and Suzhou Times produce subject merchandise and, thus, for purposes of the preliminary results, to the extent that any subsidies were provided to Baroque Timber and Suzhou Times, we are attributing those subsidies to Riverside Plywood pursuant to 19 CFR 351.525(b)(6)(ii), by dividing the benefit amounts by the combined sales of Riverside Plywood, Baroque Timber, and Suzhou Times (net of intercompany sales).

C. Denominators

In accordance with 19 CFR 351.525(b), when selecting an appropriate denominator for use in calculating the *ad valorem* subsidy rate, Commerce considers the basis for the respondent’s receipt of benefits under each program. As discussed in further detail below in the “Programs Preliminarily Determined to Be Countervailable” section, where the program has been found to

¹⁵⁸ See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

¹⁵⁹ See Jiangsu Senmao AQR at 5-6.

¹⁶⁰ See Riverside Plywood IQR at 9.

¹⁶¹ See Riverside Plywood AQR at 2.

¹⁶² *Id.* at 4, Exhibit 1, Exhibit 2, Exhibit 4, and Exhibit 5.

¹⁶³ See Riverside Plywood IQR at 10.

be countervailable as a domestic subsidy, we used the recipient's total sales as the denominator. Where the program has been found to be countervailable as an export subsidy, we used the recipient's total export sales as the denominator. In the sections below, we describe the denominators we used to calculate the countervailable subsidy rates for the various subsidy programs.¹⁶⁴

VIII. INTEREST RATE BENCHMARKS, DISCOUNT RATES, INPUTS, LAND-USE AND ELECTRICITY

Commerce is examining loans received by the respondents and their cross-owned affiliates from Chinese policy banks and state-owned commercial banks (SOCBs), as well as non-recurring, allocable subsidies received by the mandatory respondents.¹⁶⁵ The derivation of the benchmark and discount rates used to value these subsidies is discussed below.

A. Short-Term and Long-Term RMB-Denominated Loans

Section 771(5)(E)(ii) of the Act explains that the benefit for loans is the “difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market.” Normally, Commerce uses comparable commercial loans reported by the company as a benchmark.¹⁶⁶ If the firm did not have any comparable commercial loans during the period, Commerce's regulations provide that we “may use a national average interest rate for comparable commercial loans.”¹⁶⁷

As noted above, section 771(5)(E)(ii) of the Act indicates that the benchmark should be a market-based rate. For the reasons first explained in *CFS from China*, loans provided by Chinese banks reflect significant government intervention in the banking sector and do not reflect rates that would be found in a functioning market.¹⁶⁸ In an analysis memorandum dated July 21, 2017, Commerce conducted a re-assessment of the lending system in China.¹⁶⁹ Based on this re-assessment, Commerce has concluded that, despite reforms to date, the GOC's role in the system continues to fundamentally distort lending practices in China in terms of risk pricing and resource allocation, precluding the use of interest rates in China for CVD benchmarking or discount rate purposes. Consequently, we preliminarily find that any loans received by the respondents from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(3)(i). For the same reasons, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii). Therefore, because of the special difficulties inherent in using a Chinese benchmark for loans, Commerce is

¹⁶⁴ See Memorandum, “Calculation Memorandum for Jiangsu Senmao Bamboo and Wood Industry Co., Ltd.,” dated concurrently with this memorandum (Jiangsu Senmao Prelim Calc Memo) and Memorandum, “Calculation Memorandum for Riverside Plywood Corp.,” dated concurrently with this memorandum (Riverside Plywood Prelim Calc Memo).

¹⁶⁵ See 19 CFR 351.524(b)(1).

¹⁶⁶ See 19 CFR 351.505(a)(3)(i).

¹⁶⁷ See 19 CFR 351.505(a)(3)(ii).

¹⁶⁸ See *Coated Free Sheet Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (*CFS from China*), and accompanying IDM at Comment 10.

¹⁶⁹ See Memorandum, “Analysis of China's Financial System,” dated January 26, 2021.

selecting an external market-based benchmark interest rate. The use of an external benchmark is consistent with Commerce's practice. For example, in *Lumber from Canada*, Commerce used U.S. timber prices to measure the benefit for government-provided timber in Canada.¹⁷⁰

In past proceedings involving imports from China, we calculated the external benchmark using the methodology first developed in *CFS from China* and later updated in *Thermal Paper from China*.¹⁷¹ Under that methodology, we first determine which countries are similar to China in terms of gross national income, based on the World Bank's classification of countries as: low income; lower-middle income; upper-middle income; and high income. As explained in *CFS from China*, this pool of countries captures the broad inverse relationship between income and interest rates. For 2003 through 2009, China fell in the lower-middle income category.¹⁷² Beginning in 2010, however, China was classified in the upper-middle income category and remained there from 2011 to 2017.¹⁷³ Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the benchmark and discount rates for 2003-2009, and the interest rates of upper-middle income countries to construct the benchmark and discount rates for 2010-2017. This is consistent with Commerce's calculation of interest rates for recent CVD proceedings involving Chinese merchandise.¹⁷⁴

After Commerce identifies the appropriate interest rates, the next step in constructing the benchmark is to incorporate an important factor in the interest rate formation, the strength of governance as reflected in the quality of the countries' institutions. The strength of governance has been built into the analysis by using a regression analysis that relates the interest rates to governance indicators. In each of the years from 2003-2009 and 2011-2017, the results of the regression analysis reflected the expected, common-sense result: stronger institutions meant relatively lower real interest rates, while weaker institutions meant relatively higher real interest rates.¹⁷⁵ For 2010, however, the regression does not yield that outcome for China's income group.¹⁷⁶ This contrary result for a single year does not lead us to reject the strength of governance as a determinant of interest rates. Therefore, we continue to rely on the regression-based analysis used since *CFS from China* to compute the benchmarks for the years from 2001-2009 and 2011-2017. For the 2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

¹⁷⁰ See Notice of Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: *Certain Softwood Lumber Products from Canada*, 67 FR 15545 (April 2, 2002) (*Lumber from Canada*), and accompanying IDM at "Analysis of Programs: Provincial Stumpage Programs Determined to Confer Subsidies, Benefit."

¹⁷¹ See *CFS from the China* IDM at Comment 10; see also *Lightweight Thermal Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from China*), and accompanying IDM at 8-10.

¹⁷² See World Bank Country Classification, <http://data.worldbank.org/about/country-and-lending-groups> (World Bank Country Classification).

¹⁷³ *Id.*

¹⁷⁴ See, e.g., *Certain Frozen Warmwater Shrimp from the People's Republic of China: Preliminary Countervailing Duty Determination*, 78 FR 33346 (June 4, 2013), and accompanying IDM at "VII. Subsidies Valuation: Benchmarks and Discount Rates," unchanged in *Shrimp from China*.

¹⁷⁵ See Memorandum, "Loan Interest Rate Benchmarks – Updated to Include 2018," dated January 26, 2021 (Interest Rate Benchmark Memorandum).

¹⁷⁶ *Id.*

Many of the countries in the World Bank’s upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund (IMF), and they are included in that agency’s *International Financial Statistics (IFS)*. With the exceptions noted below, we used the interest and inflation rates reported in the *IFS* for the countries identified as “upper middle income” by the World Bank for 2010-2017 and “lower middle income” for 2001-2009.¹⁷⁷ First, we did not include those economies that Commerce considered to be non-market economies for AD purposes for any part of the years in question, for example: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Turkmenistan. Second, the pool necessarily excludes any country that did not report both lending and inflation rates to *IFS* for those years. Third, we removed any country that reported a rate that was not a lending rate or that based its lending rate on foreign-currency denominated instruments. Finally, for each year Commerce calculated a short-term benchmark rate, we also excluded any countries with aberrational or negative real interest rates for the year in question.¹⁷⁸ Because the resulting rates are net of inflation, we adjusted the benchmark to include an inflation component.¹⁷⁹

The lending rates reported in the *IFS* represent short- and medium-term lending, and there are not sufficient publicly available long-term interest rate data upon which to base a robust benchmark for long-term loans. To address this problem, Commerce developed an adjustment to the short- and medium-term rates to convert them to long-term rates using Bloomberg U.S. corporate BB-rated bond rates.¹⁸⁰

In *Citric Acid from China*, this methodology was revised by switching from a long-term markup based on the ratio of the rates of BB-rated bonds to applying a spread which is calculated as the difference between the two-year BB bond rate and the n-year BB bond rate, where “n” equals or approximates the number of years of the term of the loan in question.¹⁸¹ Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component. The resulting inflation-adjusted benchmark lending rates are provided in the Interest Rate Benchmark Memorandum.

B. Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i)(A), we used as the discount rate the long-term interest rate calculated for the year in which the non-recurring subsidy was approved by the government. The interest rate benchmarks and discount rates used in our preliminary calculations are provided in the Riverside Plywood Prelim Calc Memo and Jiangsu Senmao Prelim Calc Memo.¹⁸²

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ See, e.g., *Thermal Paper from China* IDM at 10.

¹⁸¹ See *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 16836 (April 13, 2009) (*Citric Acid from China*), and accompanying IDM at Comment 14.

¹⁸² See Riverside Plywood Prelim Calc Memo at Attachment 2; see also Jiangsu Senmao Prelim Calc Memo at Attachment 2.

C. Benchmarks to Determine Adequacy of Remuneration

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

Input Benchmarks

For all of the inputs, as discussed in the “Use of Facts Otherwise Available and Adverse Inferences” section above, we preliminarily determine that Jiangsu Senmao and Riverside Plywood (including Riverside Plywood’s cross-owned affiliates Baroque Timber and Suzhou Times) domestically purchased cut timber; fiberboard; plywood; paint, primer, and stain; wood glue and adhesives; and veneers from suppliers that are “authorities.” We selected the benchmarks for measuring the adequacy of the remuneration for cut timber; fiberboard; plywood; paint, primer, and stain; wood glue and adhesives; and veneers in accordance with 19 CFR 351.511(a)(2).

As discussed in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section above, as the GOC did not respond to Commerce’s CVD Questionnaire with respect to these material inputs, we preliminarily find, as AFA, that the domestic market for these inputs are distorted by the government’s involvement in those markets. Accordingly, to measure the adequacy of remuneration for the provision of the material inputs, we are relying instead on world market prices (tier two) to derive our benchmarks as provided for in 19 CFR 351.511(a)(2)(ii).

We received submissions from the petitioner, Riverside Plywood (including its cross-owned affiliate Baroque Timber), and Jiangsu Senmao regarding benchmark data for cut timber; fiberboard; paint, primer, and stain; plywood; wood glue and adhesives; and veneers.¹⁸³ Specifically, we received the following benchmark submissions:

- For plywood, we received UN Comtrade world export data under HS subheadings 4412.10, 4412.14, 4412.19, 4412.29, 4412.31, 4412.32, 4412.33, 4412.34, 4412.39,

¹⁸³ See *e.g.*, Petitioner Benchmark Data, Jiangsu Senmao Benchmark Data, Riverside Plywood Benchmark Data, and Riverside Plywood Second Benchmark data.

4412.92, and 4412.99;¹⁸⁴ and International Tropical Timber Organization (ITTO) export price data from Brazil, Ghana, Malaysia and Peru.¹⁸⁵

- For veneers, we received UN Comtrade world export data under HS subheadings 4408.10, 4408.39, 4408.90.¹⁸⁶
- For fiberboard, we received UN Comtrade world export data under HS subheadings 4411.12, 4411.13, 4411.14, 4411.92, 4411.93, and 4411.94.¹⁸⁷
- For cut timber, we received UN Comtrade world export data under HS subheadings 4403.99, 4407.99, 4403.91, 4403.20.¹⁸⁸
- For wood glue and adhesives, we received UN Comtrade world export data under HS subheadings 3506.10, 3506.91, 3906.10, and 3906.90.¹⁸⁹
- For paint, primer and stain, we received UN Comtrade world export data under HS subheadings 3208.10, 3208.20, 3208.90, 3209.10 and 3209.90.¹⁹⁰

Riverside Plywood and Baroque Timber submitted rebuttal comments contending that the plywood HS subheadings 4412.14, 4412.19, 4412.29, and 4412.92, submitted by the petitioner, are not applicable to the plywood benchmark calculation, because these HS subheadings did not exist during the POR.¹⁹¹ Riverside Plywood and Baroque Timber further contend that their plywood is of a specific wood species, and therefore only specific HS subheadings are applicable to their benchmark calculation.¹⁹² Jiangsu Senmao submitted rebuttal comments demonstrating that it only purchases glue in containers greater than one kilogram.¹⁹³

We have evaluated all the benchmark information provided for each input and for the purposes of these preliminary results, we are excluding HS subheadings 4412.14, 4412.19, 4412.29, and 4412.92 from Riverside Plywood's, Baroque Timber's, and Jiangsu Senmao's plywood benchmark calculation, because these HS subheadings did not exist during the POR. Furthermore, we have reviewed Riverside Plywood's and Baroque Timber's claims that the

¹⁸⁴ See Petitioner Benchmark Data at 2 and Exhibit 3; *see also* Jiangsu Senmao Benchmark Data at 2 and Attachment 4.

¹⁸⁵ See Jiangsu Senmao Benchmark Data at 2; *see also* Riverside Plywood Second Benchmark Data at 1, Exhibit S-1; and Riverside Plywood Benchmark Data at 1-2 and Exhibit 1.

¹⁸⁶ See Jiangsu Senmao Benchmark Data at 2 and Attachment 2; *see also* Riverside Plywood Benchmark Data at 2 and Exhibit 2; and Petitioner Benchmark Data at 2-3 and Exhibit 5.

¹⁸⁷ See Jiangsu Senmao Benchmark Data at 2 and Attachment 3; *see also* Riverside Plywood Benchmark Data at 2 and Exhibit 2; and Petitioner Benchmark Data at 3 and Exhibit 4.

¹⁸⁸ See Jiangsu Senmao Benchmark Data at 2 and Attachment 1; *see also* Petitioner Benchmark Data at 4 and Exhibit 8.

¹⁸⁹ See Jiangsu Senmao Benchmark Data at 2 and Attachment 5; *see also* Riverside Plywood Benchmark Data at 2 and Exhibit 2; and Petitioner Benchmark Data at 3 and Exhibit 6.

¹⁹⁰ See Jiangsu Senmao Benchmark Data at 2 and Attachment 6; *see also* Riverside Plywood Benchmark Data at 2 and Exhibit 2; and Petitioner Benchmark Data at 4 and Exhibit 7.

¹⁹¹ See Riverside Plywood Rebuttal Benchmark at 2-3.

¹⁹² *Id.* at 3.

¹⁹³ See Jiangsu Senmao Rebuttal Benchmark at 2 and Exhibit 1.

plywood they purchase is made of a specific species, and we find that using HS subheadings that do not represent this specific species would not properly represent Baroque Timber or Riverside Plywood's plywood purchases.¹⁹⁴ To support their claim, Riverside Plywood and Baroque Timber provided purchase orders, supplier certifications, and inventory in-slips demonstrating that the plywood they purchase is made from a specific wood species.¹⁹⁵ Accordingly, we are using HS subheadings 4412.31, 4412.33, 4412.39, 4412.34, 4412.32, and 4412.99, and the ITTO plywood export data to calculate Riverside Plywood's and Baroque Timber's plywood benchmark. Jiangsu Senmao did not report that its plywood is made from a specific species, therefore, Commerce is using HS categories 4412.10, 4412.31, 4412.33, 4412.39, 4412.34, 4412.32, and 4412.99, and the ITTO plywood export data to calculate Jiangsu Senmao's plywood benchmark.¹⁹⁶

We are also excluding HS subheadings 3506.10 and 3506.69 from the wood glue and adhesives benchmark calculation, because these HS subheadings do not properly represent Baroque Timber's and Jiangsu Senmao's wood glue and adhesive purchases. Specifically, HS subheading 3506.10 is for "retail sale," and Baroque Timber's and Jiangsu Senmao's purchases are for commercial use.¹⁹⁷ Furthermore, both subheadings are for glue and adhesives "not exceeding a net weight of 1 kilogram," and all of Baroque Timber's and Jiangsu Senmao's purchases are greater than 1 kilogram.¹⁹⁸ Accordingly, we are using HS subheadings 3906.10, 3506.91 and 3906.90 to calculate Baroque Timber's and Jiangsu Senmao's wood glue and adhesives benchmark.

Under 19 CFR 351.511(a)(2)(iv), when calculating a tier-two world market price, "Commerce will adjust the comparison price to reflect the price that a firm actually paid or would pay if it imported the product. This adjustment will include delivery charges and import duties." Thus, we have added ocean freight to the monthly, weighted-average benchmark prices for cut timber; fiberboard; paint, primer, and stain; plywood; wood glue and adhesives; and veneers. The petitioner and Jiangsu Senmao submitted monthly ocean freight rates for the POR, sourced from Descartes and Maersk, respectively, for freight shipped from various starting points around the world to ports in China.¹⁹⁹ Accordingly, for each month, we calculated a simple average of the various ocean freight rates and added these ocean freight rates to the monthly, weighted-average benchmark prices for cut timber; fiberboard; paint, primer, and stain; plywood; wood glue and adhesives; and veneers.²⁰⁰

¹⁹⁴ See Baroque Timber Rebuttal Benchmark at 2.

¹⁹⁵ *Id.* at 2 and Exhibit 2; see also Riverside Plywood's Letter, "Riverside Plywood Third Supplemental Questionnaire Response," dated March 10, 2021 (Riverside Plywood Third SQR), at 1-2, Exhibit TS-2, and Exhibit TS-3.

¹⁹⁶ See Jiangsu Senmao IQR at 26 and Exhibit 16.

¹⁹⁷ See Petitioner Benchmark Data at 4 and Exhibit 7; see also Riverside Plywood NSA Response at 1-2 and Exhibit NS-1; and Jiangsu Senmao NSA Response at Attachment 1 and Exhibit 1.

¹⁹⁸ See Petitioner Benchmark Data at 4 and Exhibit 7; see also Jiangsu Senmao Rebuttal Benchmark at 2 and Exhibit 1.

¹⁹⁹ See Petitioner Benchmark Data at 1 and Exhibit 2-A; see also Jiangsu Senmao Benchmark Data at 1 and Attachment 8.

²⁰⁰ See Jiangsu Senmao Prelim Calc Memo at 2-7; see also Riverside Plywood Prelim Calc Memo at 5-9.

Additionally, consistent with 19 CFR 351.511(a)(2)(iv), we added to the benchmarks the applicable import duty and value added tax (VAT) for cut timber; fiberboard; paint, primer, and stain; plywood; wood glue and adhesives; and veneers, as provided by the GOC.²⁰¹ For inland freight, Riverside Plywood, Baroque Timber and Jiangsu Senmao reported that they did not incur freight expenses for the transportation of their inputs from the seaport, and subsequently provided the distance from the nearest seaport to their respective factories.²⁰² On December 7, 2020, the petitioner provided benchmark information for the domestic transportation cost from China.²⁰³ No other interested parties submitted benchmark information for the domestic transportation costs. Accordingly, we used the domestic transportation costs provided by the petitioner from the World Bank's *Doing Business in China 2020 Report*, to calculate the domestic transportation rate.²⁰⁴ Lastly, consistent with 19 CFR 351.511(a)(2)(iv), we calculated the inland freight by multiplying the domestic transportation rate with the company-specific factory to seaport distances submitted by Riverside Plywood, Baroque Timber and Jiangsu Senmao.²⁰⁵

Land Benchmark

As explained in detail in previous investigations, Commerce cannot rely on the use of tier one and/or tier two benchmarks to assess the benefits from the provision of land for LTAR in China.²⁰⁶ Specifically, in *Laminated Woven Sacks from China Prelim 2007*, Commerce determined that “Chinese land prices are distorted by the significant government role in the market,” and hence, no usable “tier one” benchmarks exist.²⁰⁷ Furthermore, Commerce also found that “tier two” benchmarks (world market prices that would be available to purchasers in China) are not appropriate.²⁰⁸ Accordingly, consistent with Commerce’s past practice, we are relying on the use of “tier three” benchmarks for purposes of calculating a benefit for this program.²⁰⁹

For this review, we relied on the Thailand benchmark information, *i.e.*, “Asian Marketview Reports” by CB Richard Ellis (CBRE), which was used to calculate land benchmarks in the

²⁰¹ See GOC IQR at Exhibit GEN-3 and GOC NSA Response at 5 and 15.

²⁰² See Riverside Plywood IQR at 24 and 34; *see also* Riverside Plywood NSA Response at 2-3; Jiangsu Senmao IQR at 14 and 27; and Jiangsu Senmao NSA Response at 2.

²⁰³ See Petitioner Benchmark Data at Exhibit 9A and 9B.

²⁰⁴ *Id.*

²⁰⁵ See Jiangsu Senmao Prelim Calc Memo at 2-7; *see also* Riverside Plywood Prelim Calc Memo at 5-9.

²⁰⁶ 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 10-11 (*Passenger Vehicle and Light Truck Tires from China*); and *Laminated Woven Sacks from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination; Preliminary Affirmative Determination of Critical Circumstances, In Part; and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*, 72 FR 67893, 67906-08 (December 3, 2007) (*Laminated Woven Sacks from China Prelim 2007*), unchanged in *Laminated Woven Sacks from the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances*, 73 FR 35639 (June 24, 2008) (*Laminated Woven Sacks from China Final 2007*).

²⁰⁷ See, e.g., *Laminated Woven Sacks from China Prelim 2007*, unchanged in *Laminated Woven Sacks from China Final 2007*.

²⁰⁸ *Id.*

²⁰⁹ See Memorandum, “Land Analysis Memo,” dated January 26, 2021.

Solar Cells from China Investigation.²¹⁰ We first selected this information in the *Laminated Woven Sacks from China Prelim 2007* investigation after considering a number of factors, including national income levels, population density, and producers' perceptions that Thailand is a reasonable alternative to China as a location for production in the region.²¹¹ We preliminarily find that these benchmarks, adjusted for inflation, are suitable for these preliminary results to measure any benefit received by the respondent companies through the provision of land by the government during the AUL period of this review.

Provision of Electricity for LTAR Benchmark

As discussed above in the section, "Use of Facts Otherwise Available and Adverse Inferences," we are relying on AFA to select the highest electricity rates that are on the record of this review as our benchmark for measuring the adequacy of remuneration.²¹²

IX. ANALYSIS OF PROGRAMS

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

A. Programs Preliminarily Determined to Be Countervailable

1. Provision of Fiberboard for LTAR
2. Provision of Plywood for LTAR
3. Provision of Veneers for LTAR

Commerce determined in the prior administrative review segment of this proceeding that these programs were countervailable.²¹³ Commerce is examining whether Riverside Plywood (and its cross-owned affiliate Baroque Timber) and Jiangsu Senmao were provided with fiberboard, plywood, and veneers for LTAR during the POR. We preliminarily determine that these programs confer a countervailable subsidy. As discussed in "Use of Fact Otherwise Available and Adverse Inferences," above, we are basing our preliminary finding regarding the government's provision of fiberboard, plywood, and veneers for LTAR on AFA. The record information in this segment of the proceeding supports the same findings as in the prior segment, and there is no other information on the record that leads us to reconsider that determination. Therefore, consistent with our practice not to revisit financial contribution and specificity determinations made in a prior segment of the same proceeding, absent the presentation of new

²¹⁰ See *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*, 77 FR 63788 (October 17, 2012) (*Solar Cells from China Investigation*), and accompanying IDM at 6 and Comment 11.

²¹¹ The complete history of our reliance on this benchmark is discussed in *Solar Cells from China Investigation* IDM at 6 and Comment 11. In that discussion, we reviewed our analysis from the *Laminated Woven Sacks from China Prelim 2007* investigation and concluded the CBRE data were still a valid land benchmark.

²¹² See Jiangsu Senmao Prelim Calc Memo at 2; see also Riverside Plywood Prelim Calc Memo at 2.

²¹³ See *Multilayered Wood Flooring from China Prelim AR 2017* PDM at 18-20 and 34, unchanged in *Multilayered Wood Flooring from China Final AR 2017*.

facts or evidence,²¹⁴ we preliminarily determine that the GOC's provision of fiberboard, plywood, and veneers for LTAR is a financial contribution in the form of the provision of a good or service under section 771(5)(D)(iii) of the Act, and is specific within the meaning of section 771(5A)(D) of the Act.

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under review and from the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce, as AFA, typically finds that a financial contribution exists under the alleged program and that the program is specific.²¹⁵ However, where possible, Commerce will rely on a respondent's reported information to determine the existence and the amount of the benefit to the extent that such information is useable and verifiable.

During the POR, Riverside Plywood, Baroque Timber, and Jiangsu Senmao reported purchasing plywood and veneers.²¹⁶ Baroque Timber and Jiangsu Senmao reported purchasing fiberboard during the POR.²¹⁷ Riverside Plywood and Baroque Timber also reported purchasing back boards for the production of multilayered wood flooring.²¹⁸ For these preliminary results, we have included these back board purchases in our subsidy calculations of the veneers for LTAR program, because, as described by the plain language of the scope, a "veneer" is a thin slice of wood."²¹⁹ Furthermore, all veneers are covered under the veneers for LTAR program, regardless of whether the veneer is used as an outer or inner layer for multilayered wood flooring.²²⁰

Riverside Plywood, Baroque Timber, and Jiangsu Senmao identified their suppliers for fiberboard, plywood, and veneers, and according to the GOC, Riverside Plywood, Baroque Timber, and Jiangsu Senmao reported that they purchased fiberboard, plywood and veneers from privately-owned producers during the POR.²²¹ As discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we are relying on AFA to determine that the producers of fiberboard, plywood, and veneers purchased by Riverside Plywood, Baroque Timber, and Jiangsu Senmao during the POR are "authorities" within the meaning of section 771(5)(B) of the Act and that Riverside Plywood, Baroque Timber, and Jiangsu Senmao received financial contributions from them in the form of the provision of a good, pursuant to section 771(5)(D)(iii) of the Act.

Furthermore, as discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we are preliminarily relying on AFA to determine that actual transaction prices for fiberboard, plywood and veneers in China are significantly distorted by the government's involvement in the market. As such, we preliminarily determine that domestic prices in China cannot serve as viable, tier one benchmark prices. For the same reasons, we determine that

²¹⁴ See *Solar Cells from China 2012* IDM at 27 n.130.

²¹⁵ See, e.g., *Hardwood Plywood from China Final* and accompanying IDM at Comment 3.

²¹⁶ See Riverside Plywood IQR at 22-24; see also Jiangsu Senmao IQR at 13-14.

²¹⁷ See Jiangsu Senmao IQR at 26.

²¹⁸ See Riverside SQR at 1-2; see also Riverside Plywood Second SQR at 1-2.

²¹⁹ See, e.g., "Scope of the Order" section above at footnote 31.

²²⁰ See Petitioner's Letter, "Comments on Riverside's and Senmao's Supplemental Questionnaire Responses," dated August 5, 2020, at 2-5.

²²¹ See GOC IQR at Exhibit Veneer-1, Exhibit Ply-1, and Exhibit FIB-1.

import prices into China cannot serve as a benchmark.²²² Accordingly, to determine whether the provision of fiberboard, plywood, and veneers conferred a benefit within the meaning of section 771(5)(E)(iv) of the Act, we applied a tier two benchmark (*i.e.*, world market prices available to purchasers in China).²²³ To the extent that the prices paid by Riverside Plywood, Baroque Timber, and Jiangsu Senmao fall below the benchmark price, we preliminarily find that a benefit exists under section 771(5)(E) of the Act and 19 CFR 351.511. To calculate the benefit from this program, we used the benchmarks discussed under the “Benchmarks to Determine Adequacy of Remuneration” section.

On this basis, we preliminarily determine, for fiberboard, a subsidy rate of 0.17 percent *ad valorem* for Riverside Plywood (including its cross-owned affiliate Baroque Timber), and a subsidy rate of 1.00 percent *ad valorem* for Jiangsu Senmao.²²⁴ For plywood, we preliminarily determined a subsidy rate of 0.13 percent *ad valorem* for Riverside Plywood (including its cross-owned affiliate Baroque Timber) and a *de minimis* rate for Jiangsu Senmao.²²⁵ For veneers, we preliminarily determine a subsidy rate of 3.52 percent for *ad valorem* Riverside Plywood (including its cross-owned affiliate Baroque Timber), and a *de minimis* rate for Jiangsu Senmao.²²⁶

4. Provision of Cut Timber for LTAR

Commerce determined in *Multilayered Wood Flooring from China AR 2016* that this program was countervailable.²²⁷ Commerce is examining whether Riverside Plywood (and its cross-owned affiliate Baroque Timber) and Jiangsu Senmao were provided with cut timber for LTAR during the POR. We preliminarily determine that this program confers a countervailable subsidy. As discussed in “Use of Fact Otherwise Available and Adverse Inferences,” above, we are basing our preliminary finding regarding the government’s provision of cut timber for LTAR on AFA. The information on the record of this review supports the same findings as those in the 2016 administrative review, and there is no other information on the record that leads us to reconsider that prior determination.²²⁸ Therefore, consistent with our practice not to revisit financial contribution and specificity determinations made in a prior segment of the same proceeding, absent the presentation of new facts or evidence,²²⁹ we preliminarily determine that the GOC’s provision of cut timber for LTAR is a financial contribution in the form of the provision of a good or service under section 771(5)(D)(iii) of the Act, and is specific within the meaning of section 771(5A)(D) of the Act.

²²² See, e.g., “Benchmarks to Determine Adequacy of Remuneration” section above.

²²³ See 19 CFR 351.511(a)(2)(ii).

²²⁴ See Jiangsu Senmao Prelim Calc Memo at 5-6; see also Riverside Plywood Prelim Calc Memo at 7.

²²⁵ See Jiangsu Senmao Prelim Calc Memo at 4-5; see also Riverside Plywood Prelim Calc Memo at 6.

²²⁶ See Jiangsu Senmao Prelim Calc Memo at 3-4; see also Riverside Plywood Prelim Calc Memo at 5.

²²⁷ See *Multilayered Wood Flooring from the People’s Republic of China: Preliminary Results of Countervailing Duty Administrative Review, Rescission of Review, in Part, and Intent to Rescind Review, in Part*; 2016, 83 FR 67229 (December 29, 2018), and accompanying IDM at 15-16 and 33-34 (*Multilayered Wood Flooring from China Prelim AR 2016*), unchanged in *Multilayered Wood Flooring from the People’s Republic of China: Final Results and Partial Rescission of Countervailing Duty Administrative Review*; 2017, 84 FR 38221 (August 6, 2019) (*Multilayered Wood Flooring from China Final AR 2016*).

²²⁸ *Id.*

²²⁹ See *Solar Cells from China 2012* IDM at 27 n.130.

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under investigation and from the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce, as AFA, typically finds that a financial contribution exists under the alleged program and that the program is specific. However, where possible, Commerce will rely on a respondent's reported information to determine the existence and the amount of the benefit to the extent that such information is useable and verifiable.

During the POR, Riverside Plywood and its cross-owned affiliates Baroque Timber and Suzhou Times reported that they did not use this program.²³⁰ Jiangsu Senmao, however, reported purchasing cut timber and identified its suppliers of cut timber, and, according to the GOC, Jiangsu Senmao reported that it purchased cut timber from privately-owned producers during the POR.²³¹ As discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we are relying on AFA to determine that the producers of the cut timber purchased by Jiangsu Senmao during the POR are "authorities" within the meaning of section 771(5)(B) of the Act and that Jiangsu Senmao received financial contributions from them in the form of the provision of a good, pursuant to section 771(5)(D)(iii) of the Act.

Furthermore, as discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we are preliminarily relying on AFA to determine that actual transaction prices for cut timber in China are significantly distorted by the government's involvement in the market. As such, we preliminarily determine that domestic prices in China cannot serve as viable, tier one benchmark prices. For the same reasons, we determine that import prices into China cannot serve as a benchmark.²³² Accordingly, to determine whether the provision of cut timber conferred a benefit within the meaning of section 771(5)(E)(iv) of the Act, we applied a tier two benchmark (*i.e.*, world market prices available to purchasers in China).²³³ To the extent that the prices paid by Jiangsu Senmao fall below the benchmark price, we preliminarily find that a benefit exists under section 771(5)(E) of the Act and 19 CFR 351.511. To calculate the benefit from this program, we used the benchmarks discussed under the "Benchmarks to Determine Adequacy of Remuneration" section.

On this basis, we preliminarily determine a subsidy rate of 0.10 percent *ad valorem* for Jiangsu Senmao for cut timber.²³⁴

5. Provision of Wood Glue and Adhesives for LTAR

Riverside Plywood's cross-owned affiliate, Baroque Timber, and Jiangsu Senmao reported purchasing wood glue and adhesives and identified the suppliers of wood glue and adhesives from whom they purchased during the POR.²³⁵ We preliminarily determine that this program

²³⁰ See Riverside Plywood IQR at 23.

²³¹ See Jiangsu Senmao IQR at 13-16; see also GOC IQR at Exhibit Cut-1.

²³² See, *e.g.*, "Benchmarks to Determine Adequacy of Remuneration" section above.

²³³ See 19 CFR 351.511(a)(2)(ii).

²³⁴ See Jiangsu Senmao Prelim Calc Memo at 3.

²³⁵ See Riverside Plywood NSA Response at 1-2 and Exhibit NS-1; see also Jiangsu Senmao NSA Response at 1, Exhibit 1 and Exhibit 2.

confers a countervailable subsidy. As discussed in “Use of Fact Otherwise Available and Adverse Inferences,” above, we are basing our preliminary finding regarding the government’s provision of wood glue and adhesives for LTAR on AFA. The petitioner reported that the GOC controls 60 percent of the Chinese chemicals industry, (which includes wood glue and adhesives).²³⁶ The petitioner also reported that certain state-owned enterprises (SOEs), specifically the Sinochem Hebei Corporation, produce glues and adhesives.²³⁷ Based on the GOC’s involvement in the glue and adhesives industry, and because the GOC failed to provide the requested information with respect to financial contribution and specificity, we preliminarily find, based on AFA, that this program provides a financial contribution under section 771(5)(D)(iii) of the Act, and is specific under section 771(5A)(D)(iii)(I) of the Act.

Furthermore, as discussed under “Use of Facts Otherwise Available and Adverse Inferences,” above, we are preliminarily relying on AFA to determine that actual transaction prices for wood glue and adhesives in China are significantly distorted by the government’s involvement in the market. As such, we preliminarily determine that domestic prices in China cannot serve as viable, tier one benchmark prices. For the same reasons, we determine that import prices into China cannot serve as a benchmark.²³⁸ Accordingly, to determine whether the provision of wood glue and adhesives conferred a benefit within the meaning of section 771(5)(E)(iv) of the Act, we applied a tier two benchmark (*i.e.*, world market prices available to purchasers in China).²³⁹ To the extent that the prices paid by Baroque Timber and Jiangsu Senmao fall below the benchmark price, we preliminarily find that a benefit exists under section 771(5)(E) of the Act and 19 CFR 351.511. To calculate the benefit from this program, we used the benchmarks discussed under the “Benchmarks to Determine Adequacy of Remuneration” section.

On this basis, we preliminarily determine a subsidy rate of 2.78 percent *ad valorem* for Riverside Plywood (including its cross-owned affiliate Baroque Timber)²⁴⁰ and a subsidy rate of 2.26 percent *ad valorem* for Jiangsu Senmao.²⁴¹

6. Provision of Paint, Primer, and Stain for LTAR

Riverside Plywood (and its cross-owned affiliate Baroque Timber) and Jiangsu Senmao reported purchasing paint, primer, and stain, and identified the suppliers of paint, primer, and stain from whom they purchased during the POR.²⁴² We preliminarily determine that this program confers a countervailable subsidy. As discussed in “Use of Fact Otherwise Available and Adverse Inferences,” above, we are basing our preliminary finding regarding the government’s provision of paint, primer, and stain for LTAR on AFA.

²³⁶ See Memorandum, “New Subsidy Allegations,” dated September 15, 2020 (NSA Memorandum), at 2.

²³⁷ *Id.*

²³⁸ See, e.g., “Benchmarks to Determine Adequacy of Remuneration” section above.

²³⁹ See 19 CFR 351.511(a)(2)(ii).

²⁴⁰ See Riverside Plywood Prelim Calc Memo at 8.

²⁴¹ See Jiangsu Senmao Prelim Calc Memo at 6.

²⁴² See Riverside Plywood NSA Response at 1-2 and Exhibit 1; see also Jiangsu Senmao NSA Response at 1-2 and Exhibit 2.

As explained above, the petitioner reported that the GOC controls 60 percent of the Chinese chemicals industry (which includes paint, primer and stain).²⁴³ The petitioner also reported that certain SOEs, specifically the Shanghai Huayi Group, which owns Shanghai Huayi Fine Chemical and Shanghai Huayi Resin Co., and China National Chemical Corp., produce resins and coatings, as well as many of the inputs used to manufacture coatings and adhesives.²⁴⁴ Based on the GOC's involvement in the paint, primer, and stain industries, and because the GOC failed to provide the requested information with respect to financial contribution and specificity, we preliminarily find, based on AFA, that this program provides a financial contribution under section 771(5)(D)(iii) of the Act, and is specific under section 771(5A)(D)(iii)(I) of the Act.

Furthermore, as discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we are preliminarily relying on AFA to determine that actual transaction prices for paint, primer, and stain in China are significantly distorted by the government's involvement in the market. As such, we preliminarily determine that domestic prices in China cannot serve as viable, tier one benchmark prices. For the same reasons, we determine that import prices into China cannot serve as a benchmark.²⁴⁵ Accordingly, to determine whether the provision of paint, primer and stain conferred a benefit within the meaning of section 771(5)(E)(iv) of the Act, we applied a tier two benchmark (*i.e.*, world market prices available to purchasers in China).²⁴⁶ To the extent that the prices paid by Riverside Plywood, Baroque Timber, and Jiangsu Senmao fall below the benchmark price, we preliminarily find that a benefit exists under section 771(5)(E) of the Act and 19 CFR 351.511. To calculate the benefit from this program, we used the benchmarks discussed under the "Benchmarks to Determine Adequacy of Remuneration" section.

On this basis, we preliminarily determine a subsidy rate of 0.25 percent *ad valorem* for Riverside Plywood (including its cross-owned affiliate Baroque Timber)²⁴⁷ and a *de minimis* rate for Jiangsu Senmao.²⁴⁸

7. Provision of Electricity for LTAR

In the original investigation, Commerce determined this program to be countervailable based, in part, on the application of AFA.²⁴⁹ Commerce is examining whether the GOC provided Riverside Plywood (and its cross-owned affiliate Baroque Timber) and Jiangsu Senmao with electricity for LTAR during the POR. We determine that this program confers a countervailable subsidy. As discussed in "Use of Facts Otherwise Available and Application of Adverse Inferences," above, we are preliminarily basing our finding on the government's provision of electricity, in part, on AFA. We preliminarily determine that the GOC's provision of electricity

²⁴³ See NSA Memorandum at 2-3.

²⁴⁴ *Id.* at 3-4.

²⁴⁵ See, *e.g.*, "Benchmarks to Determine Adequacy of Remuneration" section above.

²⁴⁶ See 19 CFR 351.511(a)(2)(ii).

²⁴⁷ See Riverside Plywood Prelim Calc Memo at 8-9.

²⁴⁸ See Jiangsu Senmao Prelim Calc Memo at 7.

²⁴⁹ See *Multilayered Wood Flooring from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 76 FR 19034 (April 6, 2011), unchanged in *Multilayered Wood Flooring from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 64313 (October 18, 2011).

confers a financial contribution in the form of the provision of a good or a service under section 771(5)(D)(iii) of the Act and is specific under section 771(5A)(D) of the Act.

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under investigation or review and the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce, as AFA, may preliminarily find that a financial contribution exists under the alleged program and that the program is specific.²⁵⁰ However, where possible, Commerce will rely on the responsive producer's or exporter's records to determine the existence and amount of the benefit, to the extent that those records are useable and verifiable.

Riverside Plywood (including its cross-owned affiliate Baroque Timber) and Jiangsu Senmao reported using this program, and provided data on their electricity consumption and the electricity rates paid during the POR.²⁵¹ To measure the benefit under the program, we compared the rates paid by each respondent for its electricity to the highest rates that it could have paid in China during the POR.

In deriving the benchmark,²⁵² we selected the highest non-seasonal provincial rates in China during the POR for each applicable user category (*e.g.*, “large industrial user,” and “normal industrial and commercial user”), voltage class (*e.g.*, 1-10kv, 35kv), time period (general, peak, normal, and valley), and basic fee (*e.g.*, “base charge/maximum demand”) as provided by the GOC.²⁵³ We calculated benchmark electricity payments by multiplying consumption volumes by the benchmark electricity rate corresponding to the user category, voltage class, and time period (*i.e.*, peak, normal, and valley), where applicable. We then compared the calculated benchmark payments to the actual electricity payments made by the company during the POR. Where the benchmark payments exceeded the payments made by the company, a benefit was conferred. Based on this comparison, we preliminarily find that electricity was provided for LTAR to Riverside Plywood (including Baroque Timber) and Jiangsu Senmao.

To calculate the countervailable subsidy rates for the POR, we summed each individual company's benefits and divided the amount by the appropriate sales denominator for the POR. On this basis, we preliminarily determine a subsidy rate of 0.20 percent *ad valorem* for Riverside Plywood (including its cross-owned affiliate Baroque Timber),²⁵⁴ and a subsidy rate of 0.15 percent *ad valorem* rate for Jiangsu Senmao.²⁵⁵

²⁵⁰ See, *e.g.*, *Hardwood Plywood from China Final* and accompanying IDM at Comment 3, “Provision of Electricity.”

²⁵¹ See Riverside Plywood IQR at 24-25 and Exhibit 14a and 14b; see also Jiangsu Senmao IQR at 15 and Exhibit 11.

²⁵² See 19 CFR 351.511(a)(2).

²⁵³ See GOC IQR at Exhibit ELEC-12.

²⁵⁴ See Riverside Plywood Prelim Calc Memo at 2.

²⁵⁵ See Jiangsu Senmao Prelim Calc Memo at 2.

8. Policy Loans to the Wood Flooring Industry

Commerce determined in the prior administrative review that this program was countervailable.²⁵⁶ Specifically, we found that policy lending was *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act because of the GOC's policy, as illustrated in the government plans and directives, to encourage and support the growth and development of the plywood and timber industry. Additionally, we found that loans to wood flooring producers from policy banks and SOCBs in China constitute financial contributions from "authorities" within the meaning of section 771(5)(B), and in the form of a direct transfer of funds in accordance with 771(5)(D)(i) of the Act. Additionally, they provide a benefit equal to the difference between what the recipients paid on their loans and the amount they would have paid on comparable commercial loans.²⁵⁷

Baroque Timber and Jiangsu Senmao reported having loans outstanding from Chinese policy banks or SOCBs during the POR under this program.²⁵⁸ To calculate the benefit from this program, we used the benchmarks discussed under the "Subsidy Valuation" section. On this basis, we preliminarily determine a subsidy rate of 0.22 percent *ad valorem* for Riverside Plywood (including its cross-owned affiliate Baroque Timber)²⁵⁹ and a subsidy rate of 0.12 percent *ad valorem* for Jiangsu Senmao.²⁶⁰

9. Provision of Land-Use Rights to Certain Industrial Zones for LTAR

Commerce determined in the prior administrative review that this program was countervailable.²⁶¹ Specifically, we found that land-use rights are specific under section 771(5A)(B) of the Act because the land-use rights are granted to promote exports of enterprises or industries located in industrial zones. Additionally, we found that land-use rights provided to wood flooring producers in China constitute financial contributions in the form of a provision of a good under section 771(5)(D)(iii) of the Act and a benefit is provided within the meaning of section 771(5)(E)(iv) of the Act because the provision is for below-market prices.

Riverside Plywood is located in the Economic and Technological Development Zone, Nantong City, Jiangsu Province, and Baroque Timber is located in the Suian Industrial Zone, Gangkou Town, Zhongshan, Guangdong.²⁶² Jiangsu Senmao is located in the Jinzhangzhu Industrial Zone.²⁶³ Riverside Plywood, Baroque Timber, and Jiangsu Senmao reported purchasing land-

²⁵⁶ See *Multilayered Wood Flooring from China Prelim AR 2017* IDM at 37-38 unchanged in *Multilayered Wood Flooring from China Final AR 2017*.

²⁵⁷ See section 771(5)(E)(ii) of the Act.

²⁵⁸ See Riverside Plywood IQR at 21 and Exhibit 9a; see also Jiangsu Senmao IQR at 11 and Exhibit 6.

²⁵⁹ See Riverside Plywood Prelim Calc Memo at 2.

²⁶⁰ See Jiangsu Senmao Prelim Calc Memo at 2.

²⁶¹ See, e.g., *Multilayered Wood Flooring from China Prelim 2017* IDM at 15-16 and 30-31 unchanged in *Multilayered Wood Flooring from China Final 2017*.

²⁶² *Id.*; see also Riverside Plywood IQR at 25-26 and Riverside Plywood Third SQR at Exhibit TS-1.

²⁶³ See *Multilayered Wood Flooring from China Prelim AR 2016* PDM at 12-14 and 34-35 unchanged in *Multilayered Wood Flooring from China Final AR 2016*.

use rights in these industrial zones during the AUL and have provided supporting documentation.²⁶⁴

To determine the benefit pursuant to section 771(5)(E)(iv) of the Act and 19 CFR 351.511, we first multiplied the Thailand industrial land benchmarks discussed above under the “Interest Rate Benchmarks, Discount Rates, Inputs, Land-Use, and Electricity” section, by the total land areas of the land-use rights held by Riverside Plywood, Baroque Timber, Jiangsu Senmao. We then subtracted the net price actually paid for the land to derive the total unallocated benefit. We next conducted the “0.5 percent test” provided for under 19 CFR 351.524(b)(2) for the year(s) of the relevant land-rights agreement by dividing the total unallocated benefit by the appropriate sales denominator. As a result, we found that the benefits were greater than 0.5 percent of relevant sales and, therefore, allocated the benefits to the POR over the applicable land-use rights period (*i.e.*, 50 years) and determined the amounts attributable to the POR. We divided this amount by the appropriate total sales denominator, as discussed in the “Subsidies Valuation” section.

On this basis, we preliminarily determine a subsidy rate of 0.39 percent *ad valorem* for Riverside Plywood (including its cross-owned affiliate Baroque Timber)²⁶⁵ and a subsidy rate of 0.72 percent *ad valorem* for Jiangsu Senmao.²⁶⁶

10. Export Buyers’ Credit

Based upon the preliminary application of AFA discussed above, we preliminarily determine the Export Buyers’ Credit program to be countervailable, and the subsidy rate to be 0.84 percent for both respondents.²⁶⁷

11. “Other Subsidies”

a. Grants

Riverside Plywood (including its cross-owned affiliates, Baroque Timber and Suzhou Times), and Jiangsu Senmao self-reported receiving various other grants from the GOC during the AUL.²⁶⁸ Additionally, for the reasons explained in the “Application of AFA: ‘Other Subsidies’” section above, we are basing our preliminary results partly on AFA, because the GOC did not provide the required information for these programs. Therefore, we determine that the following grants confer a financial contribution as a direct transfer of funds under section 771(5)(D)(i) of the Act, and are specific either under sections 771(5A)(A)-(B) or 771(5A)(D) of the Act (as appropriate, depending on whether the respondent reported the grant as export-related or as a domestic subsidy). On this basis, we find that Riverside Plywood (including Baroque Timber and Suzhou Times) received the following non-recurring grants during the POR or AUL period.²⁶⁹

²⁶⁴ See Riverside Plywood Third SQR at Exhibit TS-1 and Jiangsu Senmao IQR at Exhibit 1.

²⁶⁵ See Riverside Plywood Prelim Calc Memo at 4-5.

²⁶⁶ See Jiangsu Senmao Prelim Calc Memo at 7-8.

²⁶⁷ See Jiangsu Senmao Prelim Calc Memo at 8-9; *see also* Riverside Plywood Prelim Calc Memo at 9-10.

²⁶⁸ See Riverside Plywood IQR at 28-29, 32-33, 39-39, and at Exhibits 23a, 23b, and 23c; *see also* Jiangsu Senmao IQR at 29-30 and Exhibit 17.

²⁶⁹ See Riverside Plywood IQR at Exhibits 23a, 23b, and 23c.

Riverside Plywood's (including Baroque Timber and Suzhou Times) Other Subsidies

- Draft Standard
- Province Engineering Center
- Province Research and Development
- Personal Income Tax Return
- Export Credit Insurance 2017
- Attorney's Fee (Special Funds for Business Development in 2011 to Support the Transformation and Upgrading of International Trade)
- Science and Technology Plan Project Support Grants

To calculate the benefit received under these programs, Commerce followed the methodology described in 19 CFR 351.524. In accordance with 19 CFR 351.524(b)(2), we determined whether to allocate the non-recurring benefit from the grants over the AUL by dividing the approved grant amount by the company's total sales in the year of approval. If the approved amount was less than 0.5 percent of the company's relevant sales, we expensed the amounts received under the grants in the year received. To calculate the *ad valorem* subsidy rate for these grants, we divided the benefit conferred under each of these programs during the POR by the appropriate sales denominator, depending on the nature of the subsidy program. Based on this methodology, Commerce preliminarily calculated a cumulative *ad valorem* subsidy rate of 0.22 percent for Riverside Plywood (including Baroque Timber and Suzhou Times)²⁷⁰ for the programs listed above.

As discussed in “Programs Preliminarily Determined Not to Confer a Measurable Benefit,” section below, the benefits received under all of Jiangsu Senmao's self-reported subsidy programs did not pass the “0.5 percent test” provided in CFR 351.524(b)(2), and therefore, are allocated to the year of receipt. As a result, we find that these programs result in a subsidy rate for Jiangsu Senmao that is less than 0.005 percent *ad valorem*. Accordingly, Commerce preliminarily finds that these subsidies provided no measurable benefits under our practice.²⁷¹ Additionally, Jiangsu Senmao did not report use of any other subsidies during the POR.²⁷²

b. Direct Taxes

Riverside Plywood and Baroque Timber reported receiving benefits from two tax programs: (1) Income Tax Reduction for High and New Technology Enterprises and (2) Income Tax Deductions for Research and Development Expenses Under the Enterprise Income Tax Law.²⁷³

Because the GOC did not respond to the “other subsidies” portion of Commerce's initial questionnaire with respect to these programs, we are basing our preliminary determination, in

²⁷⁰ See Riverside Plywood Prelim Calc Memo at 3.

²⁷¹ See *Chlorinated Isocyanurates from the People's Republic of China: Final Affirmative Countervailing Duty Determination*; 2012, 79 FR 56560 (September 22, 2014) (*Chlorinated Isocyanurates from China Final*), and accompanying IDM at Section B.1.

²⁷² See Jiangsu Senmao IQR at Exhibit 17.

²⁷³ See Riverside Plywood IQR at 15-20.

part, on AFA. Therefore, we preliminarily determine that these tax programs confer a financial contribution in the form of revenue forgone by the government under section 771(5)(D)(ii) of the Act, and are specific under section 771(5A)(D) of the Act. We find that Riverside Plywood and Baroque Timber received a recurring benefit in the form of the tax savings, consistent with 19 CFR 351.524(c)(1).

To compute the amount of the tax savings, we calculated the amount of tax Baroque Timber and Riverside Plywood would have paid absent the tax deductions. We then divided the benefit by the appropriate total sales denominator, as discussed in the “Subsidies Valuation” section. On this basis, we preliminarily determine that Riverside Plywood (including Baroque Timber) received a net countervailable subsidy rate of 0.64 percent *ad valorem* under the Income Tax Reduction for High or New Technology Enterprises program, and 0.16 percent *ad valorem* under the Income Tax Deductions for Research and Development Expenses Under the Enterprise Income Tax Law program.²⁷⁴ Jiangsu Senmao reported it did not use these programs.²⁷⁵

B. Programs Preliminarily Determined Not to Confer a Countervailable Benefit

1. Provision of Water for LTAR

Commerce determined in the prior administrative review that this program was countervailable, but did not confer a countervailable benefit.²⁷⁶ In this review, the GOC provided the “Water Law of the People’s Republic of China” which did not indicate that there is a national government program for assigning or approving water tariff rates. Rather, laws and regulations at the national level only set the general guidelines on the use of the water.²⁷⁷

Furthermore, in response to Commerce’s initial questionnaire, the respondents reported that Jiangsu Senmao and Riverside Plywood are both located in Jiangsu Province.²⁷⁸ In the previous administrative review, we determined that this program was terminated on June 24, 2002, in Jiangsu Province. As evidence, the GOC provided, “The Decision of the Government of Jiangsu Province for the Abolishment of Some Regulations Promulgated before 2001,” wherein 375 existing government regulations were annulled at the end of 2001, upon China’s accession to the WTO. Specifically, with regards to water, the “Interim Measures of Jiangsu Province for Town Water Resources Management” regulations were annulled. This regulation provided a reward of 20 percent on saved water fees for enterprises and institutions that achieved water conservation, but is no longer in effect. Furthermore, as noted by the GOC, in *Passenger Vehicle and Light Truck Ties from China*,²⁷⁹ the GOC provided information demonstrating the revocation of this program in the Jiangsu Province.²⁸⁰

²⁷⁴ See Riverside Plywood Prelim Calc Memo at 3-4.

²⁷⁵ See Jiangsu Senmao IQR at 7-10.

²⁷⁶ See *Multilayered Wood Flooring from China Prelim 2017 PDM* at 41, unchanged in *Multilayered Wood Flooring from China Final 2017*.

²⁷⁷ See GOC IQR at Exhibits Water-2.

²⁷⁸ See Riverside Plywood IQR at 8 and Jiangsu Senmao IQR at 2.

²⁷⁹ See *Passenger Vehicle and Light Truck Tires from China*.

²⁸⁰ See *Multilayered Wood Flooring from China Prelim 2017 PDM* at 41 (footnotes have been removed from the quote), unchanged in *Multilayered Wood Flooring from China Final 2017*.

Further, the GOC explained that there are no programs providing the mandatory respondents with preferential water rates.²⁸¹ Baroque Timber reported that it is located in Guangdong province, and paid the Guangdong province water tariff rate which is not a preferential rate.²⁸² Evidence placed on the record by the GOC regarding the water tariff rate and evidence provided by Baroque Timber demonstrate that the rate paid by Baroque Timber is the industrial rate and is not a preferential rate because customer-pricing is not classified based on specific industries.²⁸³ Therefore, we preliminarily determine that this program did not confer a benefit during the POR.

C. Programs Preliminarily Determined Not to Confer a Measurable Benefit

1. “Other Subsidies”

Riverside Plywood (including its cross-owned affiliates, Baroque Timber and Suzhou Times) and Jiangsu Senmao self-reported that they received the grants below during the AUL.²⁸⁴ However, these benefits either do not pass the “0.5 percent test” provided in CFR 351.524(b)(2) and are allocated to the pre-POR year of receipt, or they are less than 0.005 percent *ad valorem* during the POR, and thus not measurable under our practice.²⁸⁵ Therefore, we are not including these grants in our calculation of each company’s total subsidy rate for the POR:

Riverside Plywood

1. Staff’s Maternity Allowance and Nutrition Fee
2. 2017 Science and Technology Award
3. Social Security for Landless Farmers
4. Position Maintenance Subsidy
5. Incentives for Growth in International Trade
6. Local Tax Subsidy
7. National Tax Subsidy
8. Elimination of Coal-Burning Boilers in Nantong Development Zone
9. Patent Subsidy

Baroque Timber

1. Enterprise Employment Stabilize Subsidy
2. Funding for Party Member’s Activities
3. High Tech Product Reward
4. Patent Subsidy
5. Salary Survey
6. Unemployment Survey

²⁸¹ See GOC IQR at Exhibit Water-1.

²⁸² See Riverside Plywood IQR at 31-32.

²⁸³ See GOC IQR at Exhibit Water-3; *see also* Riverside Plywood IQR at Exhibit 19a.

²⁸⁴ See Riverside Plywood IQR at 36-39 and at Exhibits 23a, 23b, and 23c.

²⁸⁵ See *Chlorinated Isocyanurates from China Final IDM* at Section B.1.

Suzhou

1. 2008 Grant

Jiangsu Senmao

1. Allowance of Overseas Trademark Registration
2. Allowance of Product Quality Certification
3. Award of Financial Bureau
4. Electronic Port Subsidy
5. Financial Appropriation
6. Financial Subsidy
7. Foreign Economic Bureau Award
8. Grain Subsidy
9. Hygiene Expense Subsidy
10. Labor Security Bonus
11. Other Grain Subsidy
12. Small and Medium-Sized Enterprises Developing Abroad Funds
13. Subsidy of Economic and Trade Bureau
14. Subsidy of Financial Bureau

D. Programs Preliminarily Determined Not to Be Used

1. VAT and Tariff Exemptions on Imported Equipment
2. Income Tax Subsidies for Foreign-Invested Enterprises (FIEs) Based on Geographic Location
3. Certification of National Inspection-Free on Products and Reputation of Well Known Firm – Jiashan County
4. International Market Development Fund Grants for Small and Medium Enterprises
5. GOC and Sub-Central Government Grants, Loans, and Other Incentives for Development of Famous Brands
6. Minhang District Little Giant Enterprise Support
7. Minhang District Pujiang Town Enterprise Support
8. Technology Innovation Support
9. Support for Developing a National Technology Standard
10. Jinzhou New District 2012 Technology Innovation Award
11. Jinzhou District 2013 New and High Technology Research & Development Plan Industrialization Special Fund
12. 2005 Enterprise Development Special Funds Awarded to Penghong Wood
13. Technical Innovation Fund from Linyi Bureau of Finance
14. Local Income Tax Exemption and Reductions for “Productive” FIEs
15. Provision of Electricity at LTAR for FIEs and “Technology Advanced” Enterprises by Jiangsu Province
16. Program of Loan Interest Discount
17. Program of Provincial Famous Brand and New Product

18. Program of VAT Refunds for Production and Processing Comprehensive Utilization Products by Using Three Leftover Materials and Down-Graded Small Woods
19. Patent Application Support
20. Patent Fund
21. Provision of Standing Timber for LTAR
22. Provision of Formaldehyde for LTAR
23. Provision of Urea for LTAR
24. Provision of Particleboard for LTAR
25. Provision of Sawn Wood and Continuously Shaped Wood for LTAR
26. Provision of Land-Use Rights to SOEs for LTAR
27. Provision of Export Credits – Export Sellers’ Credits
28. Income Tax Credits for Domestically-Owned Companies Purchasing Domestically-Produced Equipment
29. Preferential Loans to SOEs

X. RECOMMENDATION

We recommend that you approve the preliminary findings described above.



Agree

Disagree

4/19/2021

X



Signed by: CHRISTIAN MARSH

Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance