



C-570-074  
Administrative Review  
POR: 4/23/2018 – 12/31/2019  
**Public Document**  
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June 17, 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 of the  
Countervailing Duty Administrative Review of Common Alloy  
Aluminum Sheet from the People's Republic of China; 2018-2019

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## I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the countervailing duty (CVD) order on common alloy aluminum sheet (aluminum sheet) from the People's Republic of China (China). The period of review (POR) is April 23, 2018, through December 31, 2019. We preliminarily find that the respondents received countervailable subsidies during the POR.

If these preliminary results are adopted in our final results of this review, we will instruct U.S. Customs and Border Protection (CBP) to assess countervailing duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. Unless the deadline is extended pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act), we will issue the final results no later than 120 days after publication of these preliminary results.

## II. BACKGROUND

### A. Case History

On February 6, 2019, Commerce published in the *Federal Register* a CVD order on aluminum sheet from China.<sup>1</sup> Between February 1, 2020, and March 2, 2020, we received requests for review from the domestic industry<sup>2</sup> and from other interested parties.<sup>3</sup>

On April 8, 2020, Commerce initiated an administrative review of the *Order* for the period April 23, 2018, through December 31, 2019.<sup>4</sup> In the “Respondent Selection” section of the *Initiation Notice*, Commerce stated that, if necessary, it intended to select respondents based on CBP data for entries of aluminum sheet from China made during the POR.<sup>5</sup> Accordingly, on April 16, 2020, Commerce released the CBP data to all interested parties under an administrative protective order, and requested comments regarding the data and respondent selection.<sup>6</sup> On June 24 and 26, 2020, Teknik Aluminyum Sanayi A.S. (Teknik) and Companhia Brasileira De Aluminio (CBA), respectively, filed a no shipment letter and requested Commerce to rescind its review of them.<sup>7</sup> On June 16, 2020, we selected Henan Mingtai Industrial Co., Ltd./Zhengzhou

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<sup>1</sup> See *Common Alloy Aluminum Sheet from the People’s Republic of China: Countervailing Duty Order*, 84 FR 2157 (February 6, 2019) (*Order*).

<sup>2</sup> The domestic industry includes the Aluminum Association Common Alloy Aluminum Sheet Trade Enforcement Working Group and its individual members (collectively, the domestic industry).

<sup>3</sup> See Domestic Industry’s Letter, “First Administrative Review of the Countervailing Duty Order on Common Alloy Aluminum Sheet From the People’s Republic of China- Petitioners’ Request for 2018/2019 Review,” dated March 2, 2020 (Domestic Industry’s March 2, 2020 Request for Review); Texarkana Aluminum, Inc.’s (Texarkana’s) Letter, “Common Aluminum Alloys Sheet from China, Request For Antidumping & Countervailing Duty Administrative Reviews,” dated February 1, 2020 (Texarkana’s February 1, 2020 Request for Review); Texarkana’s Letter, “Common Aluminum Alloys Sheet (CAAS) from China, Request For Antidumping (AD) & Countervailing Duty (CVD) Administrative Reviews,” dated February 28, 2020; and Valeo North America, Inc.’s (Valeo’s) Letter, “Common Alloy Aluminum Sheet from the People’s Republic of China: Request for Administrative Review (C-570-074),” dated February 28, 2020. The domestic industry requested a review of Alcha International Holdings Limited, Henan Gongdian Thermal Co., Ltd., Henan Mingtai Al Industrial Co., Ltd., Jiangsu Alcha Aluminium Co., Ltd., Luoyang Longding Aluminium Industries Co., Ltd., Nanjie Resources Co., Ltd., Yinbang Clad Material Co., Ltd., Yong Jie New Material Co., Ltd., Zhejiang Yongjie Aluminum Co., Ltd., Zhejiang Nanjie Industry Co., Ltd., Zhejiang Yongjie Holding Co., Ltd., and Zhengzhou Mingtai Industry Co., Ltd. Texarkana requested a review of Teknik Aluminyum, PMS Metal Profil Aluminyum San. Ve Tic. A.S. Demirtas Organize Sanayi Bolgesi, United Metal Coating LLC, Multipanel UK Ltd., Choil Aluminium Co., Ltd., and Companhia Brasileira de Aluminio. Valeo requested a review of Yinbang Clad Material Co., Ltd., Jiangsu Alcha Aluminium Co., Ltd., and Alcha International Holdings Limited.

<sup>4</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 19730 (April 8, 2020) (*Initiation Notice*).

<sup>5</sup> *Id.* at 19731.

<sup>6</sup> See Memorandum, “Common Alloy Aluminum Sheet from the People’s Republic of China: Release of U.S. Customs and Border Protection Import Data,” dated April 16, 2020.

<sup>7</sup> See Teknik’s Letter, “Common Alloy Aluminum Sheet from the People’s Republic of China: Teknik Aluminyum Sanayi A.S.’s Notice of No Sales,” dated June 24, 2020; and CBA’s Letter, “Administrative Review of Common Alloy Aluminum Sheet from the People’s Republic of China: Notice of No Shipments,” dated June 26, 2020.

Mingtai Industry Co. (collectively, Mingtai)<sup>8</sup> and Yong Jie New Material Co., Ltd. (Yong Jie New Material)<sup>9</sup> as mandatory respondents in this administrative review.<sup>10</sup>

On July 20, 2020, we issued the Initial CVD Questionnaire to the Government of China (the GOC) for forwarding to the mandatory respondents.<sup>11</sup> The deadline to respond to the affiliation portion of the Initial CVD Questionnaire was August 2, 2020; neither mandatory respondent company submitted a timely response. On August 13, 2020, Yong Jie New Material informed Commerce that it would not participate in the current administrative review.<sup>12</sup> On August 19, 2020, Commerce placed their letter of non-participation on the record of this review, on Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS).<sup>13</sup> On August 18, 2020, Mingtai filed a notice of intent not to participate in the current administrative review.<sup>14</sup> The GOC did not respond to the Initial CVD Questionnaire with regard to Mingtai or Yong Jie New Material by the August 26, 2020, deadline, nor did it request an extension of time.<sup>15</sup>

On July 31, 2020, and again on August 14, 2020, Jiangsu Alcha Aluminum Co., Ltd. (Jiangsu Alcha) and Alcha International Holdings Limited (Alcha International), requested that Commerce select both entities and treat them collectively as one voluntary respondent.<sup>16</sup> On August 3 and 26, 2020, Commerce received timely submitted voluntary responses to the Initial

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<sup>8</sup> In the CVD investigation of aluminum sheet from China, we determined that Henan Mingtai Industrial Co., Ltd. and Zhengzhou Mingtai Industry Co. are cross-owned entities. See *Common Alloy Aluminum Sheet From the People's Republic of China: Preliminary Affirmative Countervailing Duty (CVD) Determination, Alignment of Final CVD Determination With Final Antidumping Duty Determination, and Preliminary CVD Determination of Critical Circumstances*, 83 FR 17651 (April 23, 2018) (*China CAAS CVD INV Prelim*), and accompanying Preliminary Decision Memorandum (PDM), unchanged in *Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China: Final Affirmative Determination*, 83 FR 57427 (November 15, 2018) (*China CAAS CVD INV Final*), and accompanying Issues and Decision Memorandum (IDM) (collectively, *Aluminum Sheet from China Investigation*). Accordingly, the subject merchandise that was produced/exported by these companies entered under a single CBP case number during the POR.

<sup>9</sup> In the *China CAAS CVD INV Final* IDM, we determined that Yong Jie New Material and Nanjie Resources Co. are cross-owned entities. Accordingly, the subject merchandise that was produced/exported by these companies entered under a single CBP case number during the POR.

<sup>10</sup> See Memorandum, "Countervailing Duty Administrative Review of Common Alloy Aluminum Sheet from the People's Republic of China: Respondent Selection," dated June 16, 2020; see also Texarkana's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Comment on CBP Entry Data," dated May 11, 2020; and AA Metals, Inc.'s Letter, "Common Alloy Aluminum Sheet from China: Placing Information on the Record: AA Metals, Inc.'s Rebuttal Comments on Respondent Selection," dated June 15, 2020.

<sup>11</sup> See Commerce's Letter, "Administrative Review of the Countervailing Duty Order on Aluminum Sheet from the People's Republic of China: Initial Questionnaire," dated July 20, 2020 (Initial CVD Questionnaire).

<sup>12</sup> See Memorandum, "Placement of Information on the Record – E-mail and Letter from Yong Jie New Material Co., Ltd.," dated August 19, 2020 (Yong Jie's Notice of Non-Participation).

<sup>13</sup> *Id.*

<sup>14</sup> See Mingtai's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Mingtai Notice of Intent Not to Participate," dated August 18, 2020 (Mingtai's Notice of Non-Participation).

<sup>15</sup> See Initial CVD Questionnaire.

<sup>16</sup> See Jiangsu Alcha's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Request for Voluntary Respondent Treatment," dated July 31, 2020, and Alcha Group's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Request for Selection of Additional Mandatory Respondents," dated August 14, 2020.

CVD Questionnaire from Jiangsu Alcha.<sup>17</sup> On September 23, 2020, Commerce selected Jiangsu Alcha, the next largest Chinese producer/exporter of subject merchandise to the United States during the POR for which a review has been requested, as a mandatory respondent.<sup>18</sup>

On December 22, 2020, we established another deadline for the GOC to respond to the Initial CVD Questionnaire because we selected Jiangsu Alcha as an additional respondent; however, the GOC did not provide a response by the established deadline.<sup>19</sup>

Between November 2, 2020, and May 17, 2021, Commerce issued supplemental questionnaires to Jiangsu Alcha, to which Jiangsu Alcha timely responded.<sup>20</sup> On February 22, 2021, the domestic industry timely filed an allegation that Jinagsu Alcha was unequityworthy at the time it received equity funding from a GOC authority.<sup>21</sup> On May 19, 2021, the domestic industry submitted benchmark price information for use in evaluating the government provision of goods and services for less than adequate remuneration (LTAR).<sup>22</sup> No other parties submitted benchmark data or comments regarding the domestic industry's benchmark submission.

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<sup>17</sup> See Jiangsu Alcha's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Alcha Group's Affiliation Questionnaire Response," dated August 3, 2020 (Jiangsu Alcha's AFFR); *see also* Jiangsu Alcha's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Alcha Group's Initial Questionnaire Response," dated August 26, 2020 (Jiangsu Alcha's IQR).

<sup>18</sup> See Memorandum, "Second Respondent Selection for the Countervailing Duty Administrative Review of Common Alloy Aluminum Sheet from the People's Republic of China," dated September 23, 2020.

<sup>19</sup> See Commerce's Letter, Countervailing Duty Administrative Review of Aluminum Sheet from the People's Republic of China: Initial Questionnaire Section II Deadline, dated December 22, 2020.

<sup>20</sup> See Commerce's Letters, "Countervailing Administrative Review of Aluminum Sheet from the People's Republic of China: First Request for Additional Information Regarding Jiangsu Alcha Aluminum Co., Ltd.'s Questionnaire Responses" dated November 2, 2020; "Countervailing Administrative Review of Aluminum Sheet from the People's Republic of China: Second Request for Additional Information Regarding Jiangsu Alcha Aluminum Group Co., Ltd.'s Questionnaire Responses," dated December 21, 2020; "Countervailing Administrative Review of Aluminum Sheet from the People's Republic of China: Third Request for Additional Information Regarding Jiangsu Alcha Aluminum Group Co., Ltd.'s Questionnaire Responses," dated March 16, 2021; "Countervailing Administrative Review of Aluminum Sheet from the People's Republic of China: Fourth Request for Additional Information Regarding Jiangsu Alcha Aluminum Group Co., Ltd.'s Questionnaire Responses," dated April 28, 2021; and "Countervailing Administrative Review of Aluminum Sheet from the People's Republic of China: Fifth Request for Additional Information Regarding Jiangsu Alcha Aluminum Group Co., Ltd.'s Questionnaire Responses," dated May 12, 2021; *see also* Jiangsu Alcha's Letters, "Common Alloy Aluminum Sheet from the People's Republic of China: Response to the First CVD Supplemental Questionnaire," dated November 20, 2020 (Jiangsu Alcha's First SQR); "Common Alloy Aluminum Sheet from the People's Republic of China: Response to the Second CVD Supplemental Questionnaire," dated January 19, 2021 (Jiangsu Alcha's Second SQR); "Common Alloy Aluminum Sheet from the People's Republic of China: Response to the Third CVD Supplemental Questionnaire," dated March 31, 2020 (Jiangsu Alcha's Third SQR); "Common Alloy Aluminum Sheet from the People's Republic of China: Response to the Fourth CVD Supplemental Questionnaire," dated May 10, 2020; and "Common Alloy Aluminum Sheet from the People's Republic of China: Response to the Fifth CVD Supplemental Questionnaire," dated May 17, 2020.

<sup>21</sup> See Domestic Industry's Letter, "1<sup>st</sup> Administrative Review of the Countervailing Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Comments on Alcha Group's Second Supplemental Questionnaire Response and Unequityworthiness Allegation for Jiangsu Alcha," dated February 22, 2021 (Domestic Industry's Unequityworthiness Allegation).

<sup>22</sup> See Domestic Industry's Letter, "1<sup>st</sup> Administrative Review of the Countervailing Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Submission of Factual Information to Measure Adequacy of Remuneration," dated May 19, 2021 (Domestic Industry's Benchmarks).

## **B. Postponement of Preliminary Results**

On April 24, 2020, Commerce tolled all deadlines in administrative reviews by 50 days.<sup>23</sup> On July 21, 2020, Commerce tolled all deadlines in administrative reviews by an additional 60 days.<sup>24</sup> On January 25, 2021, Commerce extended the deadline for the preliminary results of this review until June 18, 2021.<sup>25</sup>

## **C. Period of Review**

The POR is April 23, 2018, through December 31, 2019.

## **III. RESCISSION OF ADMINISTRATIVE REVIEW, IN PART**

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if the parties that requested a review withdraw the request within 90 days of the date of publication of the notice of initiation of the requested review.

We received timely withdrawals of the requests for review of certain entities, for which no other party requested a review. On April 9, 2020, Texarkana withdrew its request for review of Multipanel UK Limited.<sup>26</sup> On August 19, 2020, the domestic industry withdrew its request for review of the following company: Luoyang Longding Aluminium Industries Co., Ltd.<sup>27</sup> Because all parties that requested a review of these companies timely withdrew their requests for a review, we are rescinding the review with respect to these two companies pursuant to 19 CFR 351.213(d)(1).

## **IV. INTENT TO RESCIND REVIEW, IN PART**

It is Commerce's practice to rescind an administrative review of a CVD order, pursuant to 19 CFR 351.213(d)(3), when there are no reviewable entries of subject merchandise during the POR for which liquidation is suspended. Normally, upon completion of an administrative review, the suspended entries are liquidated at the CVD assessment rate calculated for the review period. Therefore, for an administrative review of a company to be conducted, there must be a

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<sup>23</sup> 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.

<sup>24</sup> See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews," dated July 21, 2020.

<sup>25</sup> See Memorandum, "Common Alloy Aluminum Sheet from the People's Republic of China: Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review; 4/23/2018 – 12/31/2019," dated January 25, 2021.

<sup>26</sup> See Texarkana's Letter, "Common Alloy Aluminum Sheet (CAAS) from China, Antidumping (AD) & Countervailing Duty (CVD) Administrative Reviews," dated April 9, 2020.

<sup>27</sup> See Domestic Industry's Letter, "1st Administrative Review of the Countervailing Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Withdrawal of Certain Requests for Administrative Reviews," dated August 19, 2020. The domestic industry also withdrew its review requests of Henan Gongdian Thermal Co., Ltd., Nanjie Resources Co., Ltd., Zhejiang Yongjie Aluminum Co., Ltd., Zhejiang Nanjie Industry Co., Ltd., and Zhejiang Yongjie Holding Co., Ltd.; however, in the underlying investigation we determined these entities to be cross-owned with Mingtai or Yong Jie New Material. Therefore, we will not be rescinding this review with respect to these companies.

reviewable, suspended entry that Commerce can instruct CBP to liquidate at the CVD assessment rate calculated for the review period.

According to the CBP import data, none of the three companies subject to this review that were not chosen as mandatory respondents and for which the review requests were not withdrawn (*i.e.*, Choil Aluminum Co., Ltd; PMS Metal Profil Aluminyum San. Ve Tic. A.S. Demirtas Organize Sanayi Bolgesi; and United Metal Coating LLC), had reviewable entries of subject merchandise during the POR for which liquidation is suspended. Accordingly, in the absence of reviewable, suspended entries of subject merchandise during the POR by these companies, we intend to rescind this administrative review with respect to these three companies, in accordance with 19 CFR 351.213(d)(3). We intend to issue the final rescission of review with respect to these companies in the final results of this review.

As noted above, Teknik and CBA each notified Commerce that they had no sales, shipments, or entries of subject merchandise into the United States during the POR and requested that Commerce rescind the review. We issued a “No Shipment Inquiry” to CBP for Teknik and CBA because they did not appear in the CBP data.<sup>28</sup> CBP confirmed that they found no shipments during the POR for these companies.<sup>29</sup> Thus, in the absence of reviewable, suspended entries of subject merchandise during the POR by these companies, we intend to rescind this administrative review with respect to these two companies, in accordance with 19 CFR 351.213(d)(3). We intend to issue the final rescission of review with respect to these companies in the final results of this review.<sup>30</sup>

## **V. NON-SELECTED COMPANIES UNDER REVIEW**

The statute and Commerce’s regulations do not directly address the establishment of rates to be applied to companies not selected for individual examination where Commerce limits its examination in an administrative review pursuant to section 777A(e)(2) of the Act. However, Commerce normally determines the rates for non-selected companies in reviews in a manner that is consistent with section 705(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation.

For the companies for which a review was requested that were not selected as mandatory company respondents, and for which we did not receive a timely withdrawal of the request for review, and which we are not finding to be cross-owned with the mandatory company respondents, we are preliminarily basing the subsidy rate for these companies on the countervailable subsidy rate calculated for Jiangsu Alcha (and its cross-owned companies) because Jiangsu Alcha is the sole mandatory company respondent whose calculated subsidy rate is not zero, *de minimis*, or based entirely on facts otherwise available.

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<sup>28</sup> See Commerce’s CBP Inquiry, “No Shipments Inquiry for Common Alloy Aluminum Sheet from the People’s Republic of China produced and/or exported by multiple companies (C-570-074),” dated June 1, 2021.

<sup>29</sup> See Memorandum, “Common Alloy Aluminum Sheet from the People’s Republic of China; No Shipment Inquiry for Teknik Aluminyum Sanayi A.S. and Companhia Brasileira de Aluminio during the period 04/23/2018 through 12/31/2019,” dated June 11, 2021.

<sup>30</sup> The companies for which we intend to rescind this review are Choil Aluminum Co., Ltd; PMS Metal Profil Aluminyum San. Ve Tic. A.S. Demirtas Organize Sanayi Bolgesi; United Metal Coating LLC; Teknik; and CBA.

## **VI. SCOPE OF THE ORDER**

The product covered by this review is aluminum sheet from China. For a full description of the scope of this review, *see* the accompanying *Federal Register* notice at Appendix II.

## **VII. DIVERSIFICATION OF CHINA'S ECONOMY<sup>31</sup>**

On July 22, 2020, Commerce placed the following excerpts from the *China Statistical Yearbook* from the National Bureau of Statistics of China on the record of this review:<sup>32</sup> Index Page; Table 14-7: Main Indicators on Economic Benefit of State owned and State-holding Industrial Enterprise by Industrial Sector; Table 14-11: Main Indicators on Economic Benefit of Private Industrial Enterprise by Industrial Sector. This information reflects that there is a wide diversification of economic activities in China. The industrial sector in China alone is comprised of 37 listed industries and economic activities, indicating the diversification of the economy.

## **VIII. SUBSIDIES VALUATION**

### **A. Allocation Period**

Under 19 CFR 351.524(b), non-recurring subsidies are allocated over a period corresponding to the average useful life (AUL) of the renewable physical assets used to produce the subject merchandise. Pursuant to 19 CFR 351.524(d)(2), there is a rebuttable presumption that the AUL will be taken from the IRS Tables, as updated by the U.S. Department of the Treasury. For the subject merchandise, the IRS Tables prescribe an AUL of twelve years. Commerce notified the respondents of the AUL in the initial questionnaire and requested data accordingly. No party in this proceeding disputed this allocation period.

Furthermore, for non-recurring subsidies, we applied the “0.5 percent test,” as described in 19 CFR 351.524(b)(2). Under this test, we divided 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 allocated 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

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<sup>31</sup> In accordance with section 701(f) of the Act, Commerce continues to apply the CVD law to China.

<sup>32</sup> *See* Memorandum, “Administrative Review of the Countervailing Duty Order of Common Alloy Aluminum Sheet from the People’s Republic of China,” dated July 22, 2020, at Attachment 1.

351.525(c) provides that benefits from subsidies provided to a trading company which exports subject merchandise shall be cumulated with benefits 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 another corporation in essentially the same ways it can use its own assets. This section of Commerce's regulations states that this standard will normally be met where there is a majority voting interest between two corporations, or through common ownership of two (or more) corporations. The *CVD Preamble* to Commerce's regulations further clarifies cross-ownership standard.<sup>33</sup> According to the *CVD Preamble*, relationships captured by the cross-ownership definition include those where:

{T}he interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits) . . . Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership.<sup>34</sup>

Thus, the regulations make clear that Commerce must look at the facts presented in each case in determining whether cross-ownership exists. The U.S. Court of International Trade (CIT) 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.<sup>35</sup> Based on information on the record, we preliminarily determine that cross-ownership exists, in accordance with 19 CFR 351.525(b)(6)(vi), among the companies identified by the respondent.

### *Jiangsu Alcha*

Jiangsu Alcha, a producer and exporter of the subject merchandise during the POR, responded to Commerce's Initial CVD Questionnaire and supplemental questionnaires on behalf of itself and four affiliated companies: Alcha International Holdings Limited (Alcha International), Baotou Alcha Aluminum Co., Ltd. (Baotou Alcha), Jiangsu Alcha New Energy Materials Co., Ltd. (Alcha Materials) and Changshu Aluminum Foil Factory Co., Ltd. (Changshu Foil).<sup>36</sup>

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<sup>33</sup> See *Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998) (*CVD Preamble*).

<sup>34</sup> *Id.*

<sup>35</sup> See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

<sup>36</sup> See, e.g., Jiangsu Alcha's IQR at 1 and 3-4. Note that Jiangsu Alcha uses "Alcha Materials" and "Jiangsu Materials" interchangeably to reference Jiangsu Alcha New Energy Materials Co., Ltd. throughout its questionnaire responses.



Jiangsu Alcha reported that its wholly owned subsidiary Baotou Alcha engaged in the production and sale of subject merchandise during the POR and over the AUL period.<sup>37</sup> Further, Jiangsu Alcha reported that Baotou Alcha provides inputs to Jiangsu Alcha for the production of subject merchandise.<sup>38</sup> As such, because Jiangsu Alcha and Baotou Alcha are corporations producing the same product, pursuant to 19 CFR 351.525(b)(6)(ii), we are attributing subsidies received by each company to the combined sales of both companies (less intercompany sales).

Jiangsu Alcha reported that it exported subject merchandise to the United States through Alcha International, its wholly owned trading company, during the POR.<sup>39</sup> Alcha International is a trading company based in Hong Kong that mainly engages in imports and exports with a focus on sales of aluminum products produced by its affiliated companies.<sup>40</sup> Jiangsu Alcha reported that Alcha International acts as a paper company and does not employ staff in Hong Kong to operate its business.<sup>41</sup> Alcha International is operated by its parent company, Jiangsu Alcha, and all staff involved in Alcha International's business work in Jiangsu Alcha's office in China.<sup>42</sup> Pursuant to 19 CFR 351.525(c), for subsidies provided to a trading company that exports subject merchandise, the benefits are cumulated with benefits from subsidies provided to the firm that is producing subject merchandise that is sold through the trading company, regardless of whether the trading company and the producing firm are affiliated. Thus, we are cumulating the benefits from subsidies received by Alcha International with the benefits from subsidies received by Jiangsu Alcha and Baotou Alcha, which, as discussed above, also produced subject merchandise during the POR.

Jiangsu Alcha reported that its wholly owned subsidiary Alcha Materials sold certain inputs to Jiangsu Alcha during the POR for the production of subject merchandise.<sup>43</sup> Based on the case record, we preliminarily find that the production of this input is primarily dedicated to the downstream production of Jiangsu Alcha within the meaning of 19 CFR 351.525(b)(6)(iv). For subsidies received by a cross-owned input supplier whose production of an input is primarily dedicated to the production of the downstream product, Commerce attributes the benefit to the combined sales of the input and downstream products produced by both corporations, excluding the sales between the two corporations. Therefore, for all subsidies received by Alcha Materials, we are attributing the benefit to Jiangsu Alcha in accordance with 19 CFR 351.525(b)(6)(iv).

Finally, Jiangsu Alcha identified Changshu Foil as a holding company/investment company of Jiangsu Alcha that did not produce, sell, or distribute any input product or downstream products used to produce the subject merchandise during the POR.<sup>44</sup> Changshu Foil established Jiangsu Alcha in 2002 and remained the largest shareholder in Jiangsu Alcha during the POR.<sup>45</sup> Due to the proprietary nature of Jiangsu Alcha's corporate structure and affiliations, we have included in the preliminary calculation memorandum our analysis of the ownership relationship between

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<sup>37</sup> See Jiangsu Alcha's AFFR at 6; *see also* Jiangsu Alcha's Third SQR at Exhibit SSS-Q.4.

<sup>38</sup> See Jiangsu Alcha's IQR at 4.

<sup>39</sup> See Jiangsu Alcha's AFFR at 5-6; *see also* Jiangsu Alcha's First SQR at 2.

<sup>40</sup> See Jiangsu Alcha's AFFR at 5-6; *see also* Jiangsu Alcha's IQR at 4.

<sup>41</sup> See Jiangsu Alcha's First SQR at 2; *see also* Jiangsu Alcha's Second SQR at 15-16.

<sup>42</sup> *Id.*

<sup>43</sup> See Jiangsu Alcha's AFFR at 6; *see also* Jiangsu Alcha's IQR at 1 and 3.

<sup>44</sup> See Jiangsu Alcha IQR at 1; and Jiangsu Alcha's Second SQR at 28-30 and Exhibit SSQ-2C.

<sup>45</sup> See Jiangsu Alcha's AFFR at Exhibit 1; Jiangsu Alcha's IQR at 2-3; and Jiangsu Alcha's Second SQR at 28.

Changshu Foil and Jiangsu Alcha.<sup>46</sup> Based on the corporate structure and affiliation information provided by Jiangsu Alcha, we preliminarily find that the relationship between Changshu Foil and Jiangsu Alcha does not meet the definition of our cross-ownership provided in 19 CFR 351.525(b)(6)(vi). Therefore, we are not attributing subsidies received by Changshu Foil to products sold by its subsidiary, Jiangsu Alcha, or any of its cross-owned companies (*i.e.*, Alcha International, Baotou Alcha, and Alcha Materials).

### **C. Denominators**

In accordance with 19 CFR 351.525(b)(1)-(5), Commerce considers the basis for a respondent's receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondent's export or total sales. As discussed in further detail below in the "Programs Preliminarily Determined to be Countervailable" section, where the program has been found to be countervailable as a domestic subsidy, we used the recipient's total sales as the denominator (or the appropriate total combined sales of the cross-owned affiliates, as described above). For any program found to be countervailable as an export subsidy, we used the recipient's total export sales as the denominator. For a further discussion of the denominators used, *see* the Jiangsu Alcha Preliminary Calculation Memorandum.<sup>47</sup>

## **IX. UNEQUITYWORTHINESS**

The domestic industry alleged the Jiangsu Alcha was unequityworthy in 2015 at the time of its non-public share offering, by which, according to the domestic industry, GOC authorities contributed capital through the purchase of shares in Jiangsu Alcha.<sup>48</sup> We have included a discussion of Commerce's unequityworthiness standard and analysis of the domestic industry's allegation below. For further information, *see* Commerce's Equityworthiness Memorandum.<sup>49</sup>

### **A. Equityworthiness Standard**

Section 771(5)(E)(i) of the Act and 19 CFR 351.507(a)(1) state that, in the case of a government provided equity infusion, a benefit is conferred if an equity investment decision is inconsistent with the usual investment practice of private investors. Pursuant to 19 CFR 351.507(a)(2), an equity infusion is considered inconsistent with the usual investment practice if the price paid by the government for newly issued shares is greater than the price paid by private investors for the same (or similar form of) newly issued shares.

If private investor prices are not available, then pursuant to 19 CFR 351.507(a)(3), Commerce will determine whether the firm funded by the government-provided infusion was equityworthy

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<sup>46</sup> *See* Memorandum, "Administrative Review of the Countervailing Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China: Preliminary Determination Calculation Memorandum for Jiangsu Alcha," dated concurrently with this memorandum (Jiangsu Alcha Preliminary Calculation Memorandum).

<sup>47</sup> *Id.*

<sup>48</sup> *See* Domestic Industry's Unequityworthiness Allegation at 12-13.

<sup>49</sup> *See* Memorandum, "Countervailing Duty Administrative Review of Common Alloy Aluminum Sheet from the People's Republic of China: Analysis of Equityworthiness of Jiangsu Alcha Aluminum Group Co., Ltd. at the Time of Its 2015 Non-Public Share Issuance," dated concurrently with this memorandum (Equityworthiness Memorandum).

or unequityworthy at the time of the equity infusion. Under 19 CFR 351.507(a)(4)(i), Commerce will consider a firm to be equityworthy if it determines that, from the perspective of a reasonable private investor examining the firm at the time of the government-provided equity infusion was made, the firm showed an ability to generate a reasonable rate of return within a reasonable period of time. In making this determination, Commerce may examine the following factors, among others: (1) objective analyses of the future financial prospects of the recipient firm or the project, as indicated by, *inter alia*, market studies, economic forecasts, and project or loan appraisals prepared prior to the government-provided equity infusion in question; (2) current and past indicators of the recipient firm's financial health calculated from the firm's statements and accounts, adjusted, if appropriate, to conform to generally accepted accounting principles; (3) rates of return on equity in the three years prior to the government infusion; and (4) equity investments in the firm by private investors.

As further provided by 19 CFR 351.507(a)(4)(ii), Commerce will "normally require from the respondents the information and analysis completed prior to the infusion, upon which the government based its decision to provide the equity infusion." Absent an analysis containing information typically examined by potential private investors considering an equity investment, Commerce will normally determine that the equity infusion provides a countervailable benefit. Commerce will not necessarily make such a determination if the absence of an objective analysis is consistent with actions of a reasonable private investor in the country in question.

If a firm is found to be equityworthy, Commerce must still examine the terms and the nature of the equity purchased to determine whether the investment was otherwise inconsistent with the usual investment practice of private investors.

## **B. Equityworthiness Analysis**

To conduct our analysis, we requested information needed to analyze the factors, outlined above, to determine Jiangsu Alcha's equityworthiness. This information is provided in Jiangsu Alcha's IQR, Second SQR, Third SQR, and Fourth SQR. Due to the nature of the information as business proprietary, *see* the Equityworthiness Memorandum for the detailed discussion.<sup>50</sup>

As discussed in the Equityworthiness Memorandum, we preliminarily find that the information on the record demonstrates that, at the time of the equity infusions (*i.e.*, non-public share issuance), Jiangsu Alcha did not show an ability to generate a reasonable rate of return within a reasonable period of time from the perspective of a reasonable private investor. We also preliminarily find that there is sufficient record evidence to demonstrate that Jiangsu Alcha's non-public share issuance was inconsistent with the usual practice of private investors.<sup>51</sup> As a result, we preliminarily determine that Jiangsu Alcha was not equityworthy at the time of its non-public share issuance. For an analysis of Jiangsu Alcha's non-public share issuance, *see* the "Analysis of Programs," section, below.

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<sup>50</sup> *See* Equityworthiness Memorandum.

<sup>51</sup> *Id.*

## X. INTEREST RATES, DISCOUNT RATES, AND BENCHMARKS

We are examining loans received by Jiangsu Alcha and its cross-owned affiliates from Chinese policy banks and state-owned commercial banks (SOCBs), as well as certain non-recurring, allocable subsidies.<sup>52</sup> The derivation of the benchmark interest rates and discount rates used to measure the benefit from these subsidies is discussed below.

### Short-Term and Long-Term Renminbi (RMB)-Denominated Loans

Section 771(5)(E)(ii) of the Act explains that the benefit for loans is the “difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market.” Normally, Commerce uses comparable commercial loans reported by the company as a benchmark.<sup>53</sup> 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.”<sup>54</sup>

As noted above, section 771(5)(E)(ii) of the Act indicates that the benchmark should be a market-based rate. For the reasons explained in *CFS from China*,<sup>55</sup> 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. On July 21, 2017, Commerce conducted a re-assessment of China’s financial system for CVD benchmarking purposes.<sup>56</sup> Pursuant to our re-assessment, we determined that there continues to be significant government intervention in the financial sector such that interest rates within China cannot be used for CVD loan rate benchmarking or discount rate purposes.<sup>57</sup> Consequently, we preliminarily find that any loans received by the recipients from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(2)(i). For the same reasons, we cannot use a national average 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 selecting an external market-based benchmark interest rate. The use of an external benchmark under these circumstances is consistent with Commerce’s practice.<sup>58</sup>

In past proceedings involving imports from China, we calculated the external benchmark using the methodology first developed in *CFS from China*,<sup>59</sup> and later updated in *Thermal Paper from*

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<sup>52</sup> See 19 CFR 351.524(b)(1), 19 CFR 351.524(c) and, 19 CFR 351.524(d).

<sup>53</sup> See 19 CFR 351.505(a)(3)(i).

<sup>54</sup> See 19 CFR 351.505(a)(3)(ii).

<sup>55</sup> 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.

<sup>56</sup> See Memorandum, “Administrative Review of the Countervailing Duty Order on Aluminum Sheet from the People’s Republic of China: Analysis of China’s Financial System Memorandum,” dated July 22, 2020.

<sup>57</sup> *Id.*

<sup>58</sup> See, e.g., *Certain New Pneumatic Off-The-Road Tires from the People’s Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2015*, 82 FR 46754 (October 6, 2017), and accompanying PDM at 21, unchanged in *Certain New Pneumatic Off-the-Road Tires from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2015*, 83 FR 16055 (April 13, 2018).

<sup>59</sup> See *CFS from China* IDM at Comment 10.

China.<sup>60</sup> 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.<sup>61</sup> Beginning in 2010, however, China was classified in the upper-middle income category and remained there through 2011 to 2017.<sup>62</sup> Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the benchmark and discount rates for the years 2003 through 2009, and the interest rates of upper-middle income countries to construct the benchmark and discount rates for the years 2010 through 2017. This is consistent with Commerce’s calculation of interest rates for recent CVD proceedings involving Chinese merchandise.<sup>63</sup>

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 year from 2003 through 2009, and 2011 through 2019, the results of the regression-based analysis reflected the intended, common sense result: stronger institutions meant relatively lower real interest rates, while weaker institutions meant relatively higher real interest rates.<sup>64</sup> For 2010, however, the regression does not yield that outcome for China’s income group.<sup>65</sup> 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 benchmark for the years from 2001 through 2009, and 2011 through 2019. For the 2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

Many of the countries in the World Bank’s upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund, and they are included in that agency’s International Financial Statistics (IFS). With the exceptions noted below, we used the interest and inflation rates reported in the IFS for the countries identified as “upper-middle income” by the World Bank for 2010 through 2019, and “lower-middle income” for 2001

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<sup>60</sup> See *Lightweight Thermal Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from China*), and accompanying IDM at 8-10.

<sup>61</sup> See World Bank Country Classification, <http://data.worldbank.org/about/country-and-lending-groups> (World Bank Country Classification); see also Memorandum, “Administrative Review of the Countervailing Duty Order on Aluminum Sheet from the People’s Republic of China: Loan Interest Rate Benchmarks,” dated July 22, 2020 (Interest Rate Benchmark Memorandum).

<sup>62</sup> See World Bank Country Classification.

<sup>63</sup> See, e.g., *Certain Frozen Warmwater Shrimp from the People’s Republic of China: Preliminary Countervailing Duty Determination*, 78 FR 33346 (June 4, 2013), and accompanying PDM at the section “Benchmarks and Discount Rates,” unchanged in *Certain Frozen Warmwater Shrimp from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013) (*Shrimp from China*).

<sup>64</sup> See Interest Rate Benchmark Memorandum.

<sup>65</sup> *Id.*

through 2009.<sup>66</sup> First, we did not include those economies that Commerce considers to be non-market economies for antidumping 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 an inflation-adjusted short-term benchmark rate we excluded any countries with aberrational or negative real interest rates for the year in question.<sup>67</sup> Because the resulting rates are net of inflation, we adjusted the benchmark rates to include an inflation component.<sup>68</sup>

The lending rates reported in the IFS represent short-and medium-term lending, and there is 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.<sup>69</sup>

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.<sup>70</sup> Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.<sup>71</sup>

### Foreign Currency Denominated Loans

To calculate benchmark interest rates for foreign currency-denominated loans, Commerce is following the methodology developed over a number of successive proceedings regarding China.<sup>72</sup> For U.S. dollar short-term loans, Commerce used as a benchmark the one-year dollar London Interbank Offering Rate (LIBOR), plus the average spread between LIBOR and the one-year corporate bond rates for companies with a BB rating. Likewise, for any short-term loans denominated in other foreign currencies, we used as a benchmark the one-year LIBOR for the given currency plus the average spread between the LIBOR rate and the one-year corporate bond rate for companies with a BB rating.

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<sup>66</sup> *Id.*

<sup>67</sup> *Id.*

<sup>68</sup> *Id.*

<sup>69</sup> See, e.g., *Thermal Paper from China* IDM at 10.

<sup>70</sup> 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.

<sup>71</sup> See Interest Rate Benchmark Memorandum for the resulting inflation adjusted benchmark lending rates.

<sup>72</sup> See, e.g., *Aluminum Extrusions from the People’s Republic of China: Final Results, and Partial Rescission of Countervailing Duty Administrative Review; 2013*, 80 FR 77325 (December 14, 2015), and accompanying IDM at 14.

## Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i)(A), we are using as the discount rate, the long-term interest rate calculated according to the methodology described above for the year in which the GOC provided non-recurring subsidies.<sup>73</sup>

## Benchmarks to Determine the 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 review (*e.g.*, actual sales, actual imports or competitively run government auctions) (tier one); (2) world market prices that would be available to purchasers in the country under review (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 review (*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 review.

### *Land Benchmark*

As explained in detail in previous investigations, we cannot rely on the use of “tier one” and “tier two” benchmarks to assess the benefits from the provision of land for LTAR in China. Specifically, in *Sacks from China*, we determined that “Chinese land prices are distorted by the significant government role in the market,” and hence, no usable “tier one” benchmarks exist.<sup>74</sup> Furthermore, we found that “tier two” benchmarks (world market prices that would be available to purchasers in China) are not appropriate.<sup>75</sup>

On October 2, 2018, Commerce completed a memorandum analyzing developments in China’s land market since 2007.<sup>76</sup> The Land Benchmark Analysis was prepared to assess the continued application of Commerce’s land for LTAR benchmark methodology, as established in 2007 in *Sacks from China*.<sup>77</sup> As discussed in the Land Benchmark Analysis, although reforms in China’s land markets have improved the use-rights of some landholders, such improvements have not

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<sup>73</sup> See Jiangsu Alcha Preliminary Calculation Memorandum.

<sup>74</sup> See, *e.g.*, *Laminated Woven Sacks from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination; Preliminary Affirmative Determination of Critical Circumstances, In Part; and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 74 FR 67893, 67906-08 (December 3, 2007) (*Sacks from China*).

<sup>75</sup> *Id.*

<sup>76</sup> See Memorandum, “Administrative Review of the Countervailing Duty Order on Aluminum Sheet from the People’s Republic of China: Land Analysis Memo,” dated July 22, 2020 (Land Analysis Memo) (containing a memorandum titled, “Benchmark Analysis of the Government Provision of Land-Use Rights in China for Countervailing Duty Purposes,” dated October 2, 2018 (Land Benchmark Analysis)).

<sup>77</sup> *Id.* at 2.

been comprehensive, and reforms have been implemented on an *ad hoc* basis.<sup>78</sup> The reforms to date have not addressed the fundamental institutional factors that underlie the Chinese government's monopoly control over land-use, which precludes landholders from putting their land to its best use and realizing the market value of their landholdings.<sup>79</sup> The GOC still owns all land in China, and exercises direct control over the sale of land-use rights and land pricing in the primary market and indirect control in the secondary market.<sup>80</sup>

As a result, and consistent with our methodology established in *Sacks from China*, we determine that we cannot use first-tier, domestic Chinese land prices for benchmarking purposes. We also determine that because land is generally not simultaneously available to an in-country purchaser while located and sold out-of-country on the world market, we cannot use second tier "world market prices" as benchmarks for land-use rights. Finally, because land prices in China are not consistent with market principles, and they reflect the government's control and allocation of land-use on an administrative basis, we will continue to use land-use prices outside of China as third-tier benchmarks. Accordingly, consistent with our past practice, we are relying on the use of so-called "tier three" benchmarks for purposes of calculating a benefit for this program.

On July 22, 2020, we placed on the record benchmark information to value land from "Asian Marketview Reports" by CB Richard Ellis for Thailand 2010.<sup>81</sup> We used this benchmark in a prior segment of this proceeding, and in other proceedings such as the CVD investigation of certain iron mechanical transfer drive components from China.<sup>82</sup> We initially selected this information in the *Sacks from China* 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 Asian production. We find that this benchmark, appropriately indexed, continues to be suitable for these preliminary results, and we relied on it for our calculation of benefits relating to the company respondents' land purchases.

### *Input Benchmarks*

We selected benchmarks for determining the benefit from the provision of primary aluminum at LTAR in accordance with 19 CFR 351.511. The basis for identifying comparative benchmarks for determining whether a government good or service is provided for LTAR is set forth in 19 CFR 351.511(a)(2). These potential benchmarks are listed in hierarchical order by preference: (1) market prices from actual transactions within the country under investigation (*e.g.*, actual sales, actual imports or competitively run government auctions) (tier one); (2) world market prices that would be available to purchasers in the country under investigation (tier two); or (3) an assessment of whether the government price is consistent with market principles (tier three).

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<sup>78</sup> *Id.*

<sup>79</sup> *Id.*

<sup>80</sup> *Id.*

<sup>81</sup> See Memorandum, "Administrative Review of the Countervailing Duty Order of Aluminum Sheet from the People's Republic of China: Asian Marketview Report," dated July 22, 2020 (Land Benchmark Data Memorandum) (containing "Asian Marketview Report" pricing data).

<sup>82</sup> See *China CAAS CVD INV Prelim PDM* at 16-17; see also *Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 21316 (April 11, 2016), and accompanying IDM at 13.



In the Initial CVD Questionnaire, we asked the GOC several questions concerning the structure of the primary aluminum industry to determine the appropriate benchmarks for which to measure the benefits of inputs provided at LTAR under 19 CFR 351.511.<sup>83</sup> However, because the GOC did not respond to our initial questionnaire, we do not have the information necessary to evaluate the primary aluminum industry for market distortion. Therefore, as discussed in the “Use of Facts Otherwise Available and Adverse Inferences” section, we preliminarily find that the market for primary aluminum is distorted. Thus, we cannot rely on tier one prices to measure the adequacy of remuneration for the provision of primary aluminum; instead, we are relying on “tier two” (world market) prices for the input benchmarks for this program.

We received a data submission from the domestic industry for Commerce to consider using as a “tier two” benchmark for primary aluminum. The domestic industry submitted United Nations International Trade Statistics Database (Comtrade) data specific to several tariff numbers for primary aluminum.<sup>84</sup> This included Comtrade 2018 and 2019 monthly pricing data for HTS subheadings 7601.10 (aluminum not alloyed) and 7601.20 (aluminum alloys) as potential benchmarks for primary aluminum.<sup>85</sup>

For the preliminary results, we are relying on the Comtrade pricing data from the domestic industry related to HTS subheadings 7601.10 and 7601.20, which reflect the primary aluminum purchased by Jiangsu Alcha and Baotou Alcha to use in the production of subject merchandise. These data are contemporaneous with the POR and are the only data available on the record with which to value primary aluminum for LTAR.

### *Ocean Freight Charges*

With respect to ocean freight expenses, the domestic industry submitted ocean freight data for shipping a twenty-foot container to Shanghai from various ports around the world from Drewry Maritime Research, a freight rate market intelligence firm.<sup>86</sup> No other parties submitted data to value ocean freight. Therefore, for the preliminary results, we are relying on the ocean freight data submitted by the domestic industry, which are contemporaneous with the POR.

### *Inland Freight Charges*

Regarding inland freight, Jiangsu Alcha and Baotou Alcha reported that they did not incur freight expenses for primary aluminum from unaffiliated suppliers.<sup>87</sup> Therefore, to value inland freight, we relied on domestic goods transportation costs from the price lists of the logistics companies used by Jiangsu Alcha and Baotou Alcha.<sup>88</sup> These price lists pertained to the cost of

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<sup>83</sup> See Initial CVD Questionnaire at II-7-II-8 and II11-II12.

<sup>84</sup> See Domestic Industry’s Letter, “1<sup>st</sup> Administrative Review of the Countervailing Duty Order on Common Alloy Aluminum Sheet from the People’s Republic of China – Domestic Industry’s Submission of Factual Information to Measure Adequacy of Remuneration,” dated May 19, 2021, at 406 and Attachment 3 (Domestic Industry’s Benchmark Submission).

<sup>85</sup> *Id.*

<sup>86</sup> *Id.* at 6 and Exhibit 4.

<sup>87</sup> See Jiangsu Alcha’s Second SQR at 11 and 23.

<sup>88</sup> *Id.* at Exhibit SSQ-18 and SSQ-27.

transportation of finished product to the nearest seaport during the POR. We used the freight expenses from these price lists in the benchmark calculations for all of Jiangsu Alcha and Baotou Alcha's purchases of primary aluminum during the POR.

### *Provision of Electricity for LTAR*

As discussed below in the section, "Use of Facts Otherwise Available and Adverse Inferences," we are relying on adverse facts available (AFA) for this program, because the GOC failed to submit responses to Commerce's questionnaires, including Chinese provincial electricity rate tables. Absent these tables, Commerce is unable to conduct our normal benefit analysis by which we apply the relevant tariff rates to the respondent's reported usage data. Consequently, we are applying facts available, and selecting from the available facts based upon an adverse inference, and we are selecting an AFA rate based on the hierarchy provided in section 776(d) of the Act.

## **XI. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES**

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

Section 776(b) of the Act further provides that Commerce may use an adverse inference in selecting from among 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. 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 investigation, a previous administrative review, or other information placed on the record. When selecting an AFA rate from among the possible sources of information, Commerce's practice is to ensure that the rate is sufficiently adverse "as to effectuate the statutory purposes of the AFA rule to induce respondents to provide Commerce with complete and accurate information in a timely manner."<sup>89</sup> Commerce's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it

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<sup>89</sup> See, e.g., *Drill Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination*, 76 FR 1971 (January 11, 2011); and *Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors from Taiwan*, 63 FR 8909, 8932 (February 23, 1998).

had cooperated fully.”<sup>90</sup> At the same time, section 776(b)(1)(B) of the Act states that Commerce is not required to determine, or make any adjustments to, a countervailable subsidy rate based on any assumptions about information the interested party would have provided if the interested party had complied with the request for information.

In *Nippon Steel*, the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) held that, while the statute does not provide an express definition of the “failure to act to the best of its ability” standard, the ordinary meaning of “best” is “one’s maximum effort.”<sup>91</sup> Thus, according to the Federal Circuit, the statutory mandate that a respondent act to the “best of its ability” requires the respondent to do the maximum it is able to do. The Federal Circuit indicated that inadequate responses to an agency’s inquiries would suffice to find that a respondent did not act to the best of its ability. While the Federal Circuit noted that the “best of its ability” standard does not require perfection, it does not condone inattentiveness, carelessness, or inadequate record keeping.<sup>92</sup> The “best of its ability” standard recognizes that mistakes sometimes occur; however, it requires a respondent to, among other things, “have familiarity with all of the records it maintains,” and “conduct prompt, careful, and comprehensive investigations of all relevant records that refer or relate to the imports in question to the full extent of” its ability to do so.<sup>93</sup> Further, affirmative evidence of bad faith on the part of a respondent is not required before Commerce may make an adverse inference.<sup>94</sup>

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 “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.”<sup>95</sup> It is Commerce’s practice to consider information to be corroborated if it has probative value.<sup>96</sup> In analyzing whether information has probative value, it is Commerce’s practice to examine the reliability and relevance of the information to be used.<sup>97</sup> However, the SAA emphasizes that Commerce need not prove that the selected facts available are the best alternative information.<sup>98</sup> Furthermore, Commerce is not required to corroborate any countervailing subsidy rate applied in a separate segment of the same proceeding.<sup>99</sup>

Finally, under section 776(d) of the Act, Commerce may use any countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if

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<sup>90</sup> See Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol. 1 (1994) (SAA) at 870.

<sup>91</sup> See *Nippon Steel Corp. v. United States*, 337 F. 3d 1373, 1382-1383 (Fed. Cir. 2003) (*Nippon Steel*).

<sup>92</sup> *Id.* at 1382.

<sup>93</sup> *Id.*

<sup>94</sup> See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Circular Seamless Stainless Steel Hollow Products from Japan*, 65 FR 42985 (July 12, 2000); *Antidumping Duties; Countervailing Duties: Final Rule*, 62 FR 27296, 27340 (May 19, 1997); and *Nippon Steel*, 337 F. 3d at 1382-1383.

<sup>95</sup> *Id.*

<sup>96</sup> *Id.*

<sup>97</sup> See SAA at 869.

<sup>98</sup> *Id.* at 869-870.

<sup>99</sup> See section 776(c)(2) of the Act.

there is no same or similar program, use 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 section 776(c) of the Act, or any other purposes, to estimate what the countervailable subsidy rate would have been if the interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.<sup>100</sup>

For purposes of these preliminary results, we are applying AFA as outlined below.

### **A. Application of AFA to Mingtai and Yong Jie New Material**

As discussed in the “Background” section above, Commerce selected Mingtai and Yong Jie New Material as mandatory respondents.<sup>101</sup> Mingtai and Yong Jie New Material informed Commerce that they did not intend to participate in the administrative review on August 13 and August 18, 2020, respectively.<sup>102</sup> Accordingly, we preliminarily find that Mingtai and Yong Jie New Material withheld information that had been requested, failed to provide information within the established deadlines, and thus significantly impeded this proceeding. Thus, Commerce is relying on facts available in making this preliminary finding with respect to Mingtai and Yong Jie New Material, pursuant to sections 776(a)(1) and (a)(2)(A) through (C) of the Act.

Moreover, we preliminarily determine that AFA is warranted, pursuant to section 776(b)(1) of the Act, because by not responding to the Initial CVD Questionnaire, Mingtai and Yong Jie New Material did not cooperate to the best of their ability to comply with Commerce’s requests for information in this review. Accordingly, we preliminarily find that based on their failure to cooperate to the best of their ability, the application of AFA is warranted. As AFA we preliminarily find that Mingtai and Yong Jie New Material used and benefited from all of the programs we found to be countervailable in a previous segment of this proceeding and all of the programs that Jiangsu Alcha and its cross-owned affiliates reported using; we selected program-specific AFA rates pursuant to Commerce’s AFA hierarchy for administrative reviews, as discussed below.

### **B. Selection of the AFA Rates**

Consistent with section 776(d) of the Act, it is Commerce’s practice in CVD proceedings to apply an AFA rate for a non-cooperating company using the highest calculated program-specific rates determined for the identical or similar programs.<sup>103</sup> Specifically, 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

<sup>100</sup> See Section 776(d)(3) of the Act.

<sup>101</sup> See Memorandum, “Countervailing Duty Administrative Review of Common Alloy Aluminum Sheet from the People’s Republic of China: Respondent Selection,” dated June 16, 2020.

<sup>102</sup> See Mingtai’s Notice of Non-Participation; and Yong Jie’s Notice of Non-Participation.

<sup>103</sup> See, e.g., *Chlorinated Isocyanurates from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review, and Partial Rescission of Countervailing Duty Administrative Review; 2014*, 82 FR 27466 (June 15, 2017) (*Chlorinated Isocyanurates from China; 2014*), and accompanying IDM at “Use of Facts Otherwise Available and Adverse Inferences”; see also *Certain Frozen Warmwater Shrimp from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013), and accompanying IDM at 13.

proceeding.<sup>104</sup> 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.<sup>105</sup>

Furthermore, Commerce’s methodology is consistent with section 776 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 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, section 776(d)(2) of the Act 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.” No legislative history accompanied this provision of the TPEA.<sup>106</sup> 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.

In this review, the record does not suggest that we should apply a rate other than the highest rate envisioned under the appropriate step of the hierarchy, pursuant to section 776(d)(1) of the Act for all programs included in the AFA rate for the mandatory respondents. As explained above, the mandatory respondents withdrew their participation in the administrative review, and, as such, they have failed to cooperate to the best of their ability. Additionally, pursuant to section 776(d)(2) of the Act, we find that the record does not support the application of an alternative rate.

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<sup>104</sup> For purposes of selecting AFA program rates, we normally consider rates less than 0.5 percent to be *de minimis*. See, e.g., *Pre-Stressed Concrete Steel Wire Strand from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 28557 (May 21, 2010), and accompanying IDM at “1. Grant Under the Tertiary Technological Renovation Grants for Discounts Program” and “2. Grant Under the Elimination of Backward Production Capacity Award Fund.”

<sup>105</sup> See section 776(d) of the Act; see also *SolarWorld Americas, Inc. v. United States*, 229 F. Supp. 3d 1362 (CIT 2017) (*Solar World*) (sustaining Commerce’s CVD AFA hierarchy and selection of AFA rate for CVD reviews).

<sup>106</sup> See Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (2015) (TPEA).

Section 776(d)(1) of the Act anticipates a two-step process for determining an appropriate AFA rate in CVD cases: (1) Commerce may apply its hierarchical 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.<sup>107</sup>

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.”<sup>108</sup> 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.”<sup>109</sup> It is pursuant to this knowledge and experience that Commerce has implemented its AFA hierarchy in CVD cases to select an appropriate rate.<sup>110</sup>

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

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<sup>107</sup> This differs from antidumping proceedings, for which no hierarchy applies, under section 776(d)(1)(B). 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.

<sup>108</sup> See SAA at 870; see also *Essar Steel Ltd. v. United States*, 678 F. 3d 1268, 1276 (Fed. Cir. 2012) (citing *F. Lii De Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F. 3d 1027, 1032 (Fed. Cir. 2000) (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.’”) (*De Cecco*)).

<sup>109</sup> See *De Cecco*, 216 F. 3d at 1032.

<sup>110</sup> 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 28-31 (applying the AFA hierarchical methodology within the context of a CVD investigation); and *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 (applying the AFA hierarchical methodology within the context of a 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).

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 the “pool” of rates; rather, it adopts the factors identified above of inducement, relevancy to the industry and to the particular program.

In selecting AFA rates for the non-cooperating companies (*i.e.*, Mingtai and Yong Jie New Material), we are guided by Commerce’s methodology detailed above. We begin by selecting, as AFA, the highest calculated program-specific above-zero rates determined for the cooperating respondents in the instant administrative review. Accordingly, we are applying the highest applicable subsidy rate calculated for Jiangsu Alcha in this review for the following programs, which we found to be countervailable in a prior segment of this proceeding (*i.e.*, the final determination in the underlying investigation) or these preliminary results:<sup>111</sup>

- Policy Loans to the Aluminum sheet Industry
- Export Loans from Chinese State-Owned Banks
- Government Provision of Primary Aluminum for LTAR
- Production Line Technology Transformation Project
- Fund for Independent Innovation and High-Tech Industrialization Project\*<sup>112</sup>
- 110 KW Line Dredging Project
- Full Oil Recovery and Residual Heat Utilization Project
- Subsidy for Purchase of Aluminum Trollers
- Patent Award\*
- Patent Subsidy\*
- Subsidy for Patent Application and Reward for Patent Authorization\*
- Stable Employment Award\*
- Interest Subsidy for Technological transformation of Key Industries\*
- Fund Subsidies for Energy Savings Projects\*
- Subsidies for Energy Conservation and Circular Economy\*
- Foreign Trade Guarantee Growth Support Fund\*
- Science and Technology Progress Award\*
- Electricity Subsidies\*
- 2007 National and Provincial Recognized Enterprise Technology Center Award
- Subsidies for Technological Upgrading Projects
- The Import and Export Structure of Electromechanical High-Tech Products Subsidy
- Brand Development Special Help
- New Product Development Subsidies for Enterprises

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<sup>111</sup> We note that respondents benefited from additional programs that were reported or discovered during the course of this proceeding. For the purposes of calculating the AFA rate, however, we are only referencing those programs for which we initiated this administrative review.

<sup>112</sup> An “\*” denotes that subsidies with the same name were awarded on multiple separate occasions during the AUL period.

- Subsidies for Energy Audit Fees
- Special Funds for Key Structural Adjustment
- Patent Information Platform Subsidy
- Discount Interest for Imported Equipment
- Subsidies for Energy-Saving Technological Upgrading Projects
- Provincial Energy Conservation and Emission Reduction Special Guiding Funds
- Provincial Special Guiding Fund for Key Industrial Technological Transformation
- Subsidy for the Structure of Import and Export of Electromechanical and High-Tech Products
- Provincial Special Guiding Funds for Energy Conservation and Emission Reduction
- Provincial-Level Special Fund for the Development of Small and Medium-Sized Technological Enterprises
- Science and Technology Project Awards
- Award for Famous Brand Products
- Discount on Imported Equipment
- Guiding Funds for Industrial Transformation and Upgrading
- 2009 Annual Award
- High-Tech Product Incentives
- Reward for Large Exporters of Open Economy in 2010
- Postdoctoral Workstation Subsidy
- Fund Subsidies for Industrial Transformation and Upgrading
- 2011 Open Economy Support Fund
- 2011 Town Economic Special Award
- Cleaner Production Reward
- Science and Technology Award
- Fund Subsidies for Industrial Transformation and Upgrading
- Industrial Transformation and Upgrading and Technological Innovation Awards
- Fund Subsidies for Energy Conservation Projects in 2013
- Guli Town Annual Economic Special Award
- Special Funds for Business Development Support the Transformation and Upgrading of Foreign Economic and Trade
- 2013 Special Award for Strong Province
- 2013 Changshu Pollution Source Automatic Monitoring Facilities Maintenance Award
- 2014 Changshu City Foreign Trade Special Fund
- Industry Transfer Incentives
- Molten Aluminum Subsidy\*
- Statistics Online direct Reporting Line Subsidy
- 2014 Eight Policy Incentives for Stabilizing work
- 2014 Municipal Industrial Economic Transformation and Development Funds
- Provincial Application for Project Funds in 2015
- Water Conservancy Bureau Water Balance Measurement Subsidy Funds
- Guli Town 2014 Economic Special Award
- 2015 Provincial Innovation Capability Construction Special Fund
- 2015 Special Reward Funds for Promoting Transformation



- Incremental Foreign Trade Subsidies
- 2015 Municipal Industrial Economic Transformation Development Fund
- Technology Awards
- Molten Aluminum Procurement Support Fund
- Special Fund for Transformation and Upgrade of the Second Batch of Provincial Industry and Information Industries in 2017
- Industrial Economic Transformation and Development Fund in 2016
- Special Fund for Business Development in 2017
- Enterprise Capacity Construction Fund in 2016
- Rewards for Qualified Secondary Security Standardization Construction
- Creation of Application of Provincial Intellectual Property Rights in 2017
- Special Awards for Guli Town in 2016
- Subsidies to Main Drafters of National and Industrial Standards
- 2017 Municipal Incentive Funds for Improving Stock Enterprise Competitiveness
- Post-Project Subsidy Funds for 2016 Changshu Science and Technology Development Program (for Tackling Industrial Key Problems)
- 2017 Changshu Business Transformation and Development Program
- 2018 Provincial Special Funds for Business Development of the Finance Bureau (for Type V Project in the First Batch)
- 2017 Financial Rewards at Town Level
- Second Funds for Projects Passing the In-Process Inspection for Leading Talents in Technological Innovation and Entrepreneurship in the First Half of 2018
- Rewards for Security Grade II Standardization of Jiangsu Province
- 2016 Key Water Consumption
- Second Funds for Invention Application of Finance Sub-Bureau of Guli Town in 2017
- 2018 the Second Batch of Special Funds for the Transformation and Upgrading of Provincial Industrial and Information Industries
- Special Funds for Business Development in 2019
- 2018 Changshu City Business Transformation Development Project
- 2018 Special Economic Award
- Changshu Human Resources Management Service Center Unemployment and Stabilization Subsidies
- 2018 Municipal-Level Incentive Funds for Improving the Competitiveness of Existing Enterprises
- 2018 Enterprise Technology Research and Development (R&D) Investment Reward
- 2019 Fund for Passing Inspection of the Leading Talents of Science and Technology Innovation
- 2018 Rewards for Enterprise R&D Expenses
- Changshu City 2018 Excellent Talent Contribution Award
- 2019 Provincial Intellectual Property Special Fund
- Unemployment Monitoring Subsidy
- Export Incremental Subsidies
- Party Construction Funds
- 2014 Subsidies for Industry-University-Research Cooperation Funds

- Postgraduate Workstation Subsidies
- Special Fund for Development of Small and Medium-Sized Science and Technology Enterprises at Provincial Level

For the income tax reduction programs, we are applying an adverse inference that Mingtai and Yong Jie New Material paid no income taxes during the POR. The standard income tax rate for corporations in China in effect during the POR was 25 percent.<sup>113</sup> Thus, the highest possible benefit for all income tax programs is 25 percent. Accordingly, we are applying the 25 percent AFA rate on a combined basis (*i.e.*, the four programs listed below as “Income Tax Programs,” combined, provide a 25 percent benefit). Consistent with past practice, application of this AFA rate for preferential income tax programs does not apply to tax credit, tax rebate, or import tariff and value-added tax (VAT) exemption programs, because such programs may provide a benefit in addition to a preferential tax rate.<sup>114</sup>

#### Income Tax Programs

- Income Tax Deductions for R&D Expenses Under the Enterprise Income Tax Law (EITL)
- Income Tax Deductions/Credits for Purchase of Special Equipment
- Income Tax Reduction for High or New Technology Enterprises
- Income Tax Concessions for Enterprises Engaged in Comprehensive Resource Utilization

For other programs listed below, we selected, as AFA, the highest calculated program-specific non-*de minimis* rates in a prior segment of this proceeding (*i.e.*, the final determination in the underlying investigation).<sup>115</sup> For programs where there were no above *de minimis* subsidy rates calculated in the underlying investigation for the identical or similar programs, we applied the highest above *de minimis* subsidy rate calculated in another China proceeding for the identical program (where possible) or similar program.

#### Loans and Credits

- Preferential Loans for State-Owned Enterprises (SOEs)

#### Other Tax Programs

- VAT Rebates on Domestically-Produced Equipment

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<sup>113</sup> See *Vertical Metal File Cabinets from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 84 FR 37622 (August 1, 2019), and accompanying PDM at 20, unchanged in *Vertical Metal File Cabinets from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 84 FR 57394 (October 25, 2019).

<sup>114</sup> See, e.g., *Certain Steel Wheels 12 to 16.5 Inches in Diameter from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 84 FR 5989 (February 25, 2019), and accompanying PDM at 28-29, unchanged in *Certain Steel Wheels 12 to 16.5 Inches in Diameter from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, and *Final Affirmative Determination of Critical Circumstances*, 84 FR 32723 (July 9, 2019).

<sup>115</sup> See *PVLT Investigation; PVLT 2014-2015; PVLT 2016; and PVLT 2017; see also Chlorinated Isocyanurates from China; 2014; and Countervailing Duty Investigation of 1,1,1,2 Tetrafluoroethane from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 62594 (October 20, 2014) (*1,1,1,2 Tetrafluoroethane from China*), and accompanying IDM at 30.

- Import Tariff and VAT Exemptions on Imported Equipment in Encouraged Industries
- Stamp Tax Exemption on Share Transfers Under Non-Tradeable Share Reform (NTSR)
- Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring

#### Equity Infusions and Exemptions for SOEs from Distributing Dividends

- Equity Infusions into Nanshan Aluminum
- Exemptions for SOEs from Distributing Dividends

#### Provision of Goods or Services for LTAR

- Provision of Steam Coal for LTAR
- Provision of Land for LTAR
- Provision of Electricity for LTAR

#### Export Credits from China Ex-Im

- Export Seller's Credits
- Export Buyer's Credits

#### Grant Programs

- GOC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands
- The State Key Technology Project Fund
- Foreign Trade Development Fund Grants
- Grants for Energy Conservation and Emission Reduction
- Grants for the Retirement of Capacity
- Grants for the Relocation of Productive Facilities
- Grants for Nanshan Aluminum

Based on the methodology described above, we preliminarily determine the net AFA countervailable subsidy rate for Mingtai and Yong Jie New Material to be 275.98 percent in 2018 and 2019 *ad valorem*. The Appendix to this memorandum contains a chart summarizing the selection of the AFA rates.

### **C. Corroboration of the AFA Rate**

Section 776(c) of the Act provides that, in general, 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.”<sup>116</sup> The SAA provides that to “corroborate” secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.<sup>117</sup>

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<sup>116</sup> See SAA at 870.

<sup>117</sup> *Id.*

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 FA are the best alternative information.<sup>118</sup> 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.<sup>119</sup>

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.<sup>120</sup>

In the absence of record evidence concerning Mingtai and Yong Jie’s usage of the subsidy programs at issue, due to their decision not to participate in this review, we have reviewed the information concerning Chinese subsidy programs in past proceedings of this case, as well as other China CVD cases. For all programs where we selected the program-specific rates from the underlying investigation, Commerce is not required to corroborate the AFA rates for these programs because the selected program-specific rates are from a prior segment of this proceeding.<sup>121</sup> For other programs where we selected rates from other China CVD cases, we find that, because these are the same or similar programs, they are relevant to the programs in this review. The relevance of these rates is that they are actual calculated subsidy rates for Chinese programs, from which the non-responsive companies could actually receive a benefit. Due to the lack of participation by Mingtai and Yong Jie New Material and the resulting lack of record information concerning these programs, we have corroborated the rates we selected to use as AFA to the extent practicable pursuant to section 776(c)(1) for these preliminary results. For purposes of these preliminary results, we are relying on AFA in the circumstances outlined below.

#### **D. Application of AFA: Programs Provide Financial Contribution and Are Specific**

As noted above in the “Case History” section, the GOC did not submit requested information related to Mingtai, Yong Jie New Material, or Jiangsu Alcha in response to the Initial CVD Questionnaire. With respect to the programs that we found to be countervailable in the original investigation, the information requested from the GOC in the Initial CVD Questionnaire concerns whether there is a change in terms of each program’s financial contribution and specificity. Because the GOC did not respond to the Initial CVD Questionnaire, as AFA, we preliminarily find that there is no change concerning each program’s financial contribution and ~~specificity and that, as a result,~~

<sup>118</sup> *Id.*

<sup>119</sup> See section 776(d)(3) of the Act.

<sup>120</sup> 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)).

<sup>121</sup> See section 776(c)(2) of the Act.

these programs continue to confer a financial contribution that is specific. In addition, the information requested in the Initial CVD Questionnaire concerns the implementation and operation of each of the programs, which allows Commerce to determine whether receipt of benefits provides a financial contribution within the meaning of section 771(5)(D) of the Act and whether this financial contribution is specific within in section 771(5A) of the Act. By failing to respond to the Initial CVD Questionnaire, the GOC did not provide necessary information to determine whether a financial contribution was conferred and specific. Accordingly, as AFA, we preliminarily find that these programs to confer a financial contribution that is specific.

Further, we requested that the GOC provide the necessary information regarding the programs which Commerce initiated in the original investigation and which Jiangsu Alcha and its cross-owned affiliates reported using in this review. We also requested that the GOC coordinate with the respondent to answer questions related to any “Other Subsidies” Jiangsu Alcha and its cross-owned affiliates may have received. By failing to respond to the Initial CVD Questionnaire, the GOC did not provide necessary information to determine whether these programs (*i.e.*, the programs initiated in the original investigation and used by the respondents in this review or “Other Subsidies,” also listed below) provide a financial contribution or are specific.

Consequently, we find that the GOC has withheld necessary information that was requested of it, thereby significantly impeding this administrative review, and, thus, that Commerce must rely on “facts otherwise available” for the preliminary results, pursuant to sections 776(a)(2)(A) and (C) of the Act. Moreover, we preliminarily find that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information because it provided no response. Consequently, we find that the application of AFA is warranted pursuant to section 776(b) of the Act.

As AFA, we preliminarily find that the following programs from which Jiangsu Alcha and its cross-owned affiliates reported receiving benefits during the POR provided financial contributions within the meaning of section 771(5)(D) of the Act and are specific within the meaning of section 771(5A) of the Act:

- Policy Loans to the Aluminum sheet Industry
- Export Loans from Chinese State-Owned Banks
- Income Tax Deductions for R&D Expenses Under the EITL
- Income Tax Reduction for High or New Technology Enterprises
- Government Provision of Primary Aluminum for LTAR
- Provision of Land for LTAR
- Provision of Electricity for LTAR
- Export Buyer’s Credit

For details on the calculation of the subsidy rate for these programs, *see* below at “Programs Preliminarily Determined to Be Countervailable.”

## E. GOC – Market Distortion in the Primary Aluminum and Steam Coal Markets

In this review, we are examining the provision of primary aluminum and steam coal for LTAR. Commerce requested that the GOC provide information concerning the domestic market in China for these inputs during the POR. Specifically, we requested that the GOC provide the following information for these inputs:<sup>122</sup>

- 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 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 {input}, the levels of production of {input}, the importation or exportation of {input}, or the development of {input} capacity. Please state which, if any, central and sub-central level industrial policies pertain to the {input} industry.

Commerce requested such information to determine to what extent the GOC is involved as a provider of this input in China and whether its presence in the market is such that it distorts all transaction prices. As noted above, the GOC failed to respond to the Initial CVD Questionnaire for this POR. Therefore, we preliminarily determine that the GOC withheld necessary information that was requested of it and, thus, we must rely on facts available in these preliminary results.<sup>123</sup> 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,

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<sup>122</sup> See Initial CVD Questionnaire at II-7-II-8 and II10-II11.

<sup>123</sup> See section 776(a)(2)(A) of the Act.

an adverse inference is warranted in the application of facts available.<sup>124</sup> In drawing an adverse inference, we preliminarily find that prices from actual transactions involving Chinese buyers and sellers are significantly distorted by the involvement of the GOC such that they cannot be used as a tire one benchmark.<sup>125</sup> Therefore, we preliminarily find that the use of an external benchmark, as described under 19 CFR 351.511(a)(2)(ii), is warranted to calculate the benefit for the provision of primary aluminum for LTAR and steam coal for LTAR.

For further information on this program, *see* the “Government Provision of Primary Aluminum for LTAR,” and “Provision of Steam Coal for LTAR” sections, below.

#### **F. Certain Producers of Primary Aluminum and Steam Coal are “Authorities”**

As discussed below in the section “Programs Preliminarily Determined to be Countervailable,” Commerce examined whether the GOC provided primary aluminum and steam coal for LTAR. We asked the GOC to provide information regarding the specific companies that produced the input products that Mingtai, Yong Jie New Material, and Jiangsu Alcha 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.<sup>126</sup> In prior CVD proceedings involving China, Commerce has determined that when a respondent purchases an input from a trading company or non-producing supplier, a subsidy is conferred if the producer of the input is an “authority” within the meaning of section 771(5)(B) of the Act and if the price paid by the respondent for the input was for LTAR.<sup>127</sup> Furthermore, we asked the GOC to: (1) provide information about the involvement of the Chinese Communist Party (CCP) in any input supplier identified by the respondents, including whether individuals in management positions are CCP members, in order to evaluate whether the input suppliers which supplied the respondents are “authorities” within the meaning of section 771(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.<sup>128</sup>

As we explained in the Additional Documents Memorandum,<sup>129</sup> we understand the CCP to exert significant control over economic activities in China. Thus, Commerce finds, as it has in prior CVD proceedings,<sup>130</sup> that the information requested regarding the role of CCP officials and CCP

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<sup>124</sup> See section 776(b) of the Act.

<sup>125</sup> See *CVD Preamble*, 63 FR at 65377.

<sup>126</sup> See Initial CVD Questionnaire at II-8-II-9 and II-12-II-13.

<sup>127</sup> See, e.g., *Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 73 FR 31966 (June 5, 2008), and accompanying IDM at “Hot-Rolled Steel for Less Than Adequate Remuneration”; *Kitchen Shelving and Racks from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 37012 (July 27, 2009), and accompanying IDM at “Provision of Wire Rod for Less than Adequate Remuneration.”

<sup>128</sup> *Id.* at the *Input Producer Appendices*.

<sup>129</sup> See Memorandum, “Administrative Review of the Countervailing Duty Order on Aluminum Sheet from the People’s Republic of China: Placing Documents on the Record,” at Attachment I, which includes the Public Body Memorandum, and Attachment II, which includes the CCP Memorandum, dated July 22, 2020 (Additional Documents Memorandum).

<sup>130</sup> See, e.g., *Citric Acid and Certain Citrate Salts: Final Results of Countervailing Duty Administrative Review*; 2012, 79 FR 78799 (December 31, 2014), and accompanying IDM at Comment 5.

committees in the management and operations of the respondents' input suppliers is necessary to our determination of whether these producers are "authorities" within the meaning of section 771(5)(B) of the Act. The GOC failed to respond to the Initial CVD Questionnaire. As a result, we preliminarily find that the GOC withheld information requested of it, including the GOC's ownership in the respondents' input suppliers and the CCP's role in the ownership and management of the respondents' input suppliers.

Therefore, we find that Commerce must rely on facts available in conducting our analysis of the producers that supplied the respondents with these inputs during the POR.<sup>131</sup> As a result of the GOC's failure to participate in this review, we also 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.<sup>132</sup> In drawing an adverse inference, we find that CCP officials are present in each of the respondents' input suppliers as individual owners, managers and members of the boards of directors, and that this gives the CCP, as the government, meaningful control over the companies and their resources. As explained in the Public Body Memorandum, an entity with significant CCP presence on its board or in management or in party committees may be controlled, such that it possesses, exercises, or is vested with governmental authority.<sup>133</sup> Thus, we preliminarily find that all the producers that supplied the respondents with primary aluminum and steam coal during the POR, regardless of whether they are majority government-owned enterprises or not, are "authorities" within the meaning of section 771(5)(B) of the Act.

### **G. Application of AFA: Provision of Electricity for LTAR**

As noted above, the GOC failed to provide responses to our request for information needed to determine whether the provision of electricity constituted a financial contribution within the meaning of section 771(5)(D) of the Act and whether this financial contribution was specific within the meaning of section 771(5A) of the Act. Further, by not responding to the Initial CVD Questionnaire, the GOC also failed to provide certain information necessary for the determination of benefit under section 771(5)(E) of Act. Specifically, we asked Mingtai, Yong Jie New Material, and Jiangsu Alcha to identify their electricity suppliers during the POR and to report the rates they paid, by month, during the POR.<sup>134</sup> We also asked the GOC to provide all electricity rate schedules in effect during 2019 for all provinces and municipalities within China.<sup>135</sup> Additionally, we asked the GOC to provide information regarding the relationship (if any) between provincial tariff schedules and cost, as well as information regarding cooperation (if any) in price setting practices between the National Development and Reform Commission and provincial governments. The GOC provided none of the information requested.

Because the GOC did not provide any of the requested information, we preliminarily determine, in accordance with section 776(a)(2)(A) of the Act, that the GOC withheld information that was requested of it for our analysis of benefit. In particular, the GOC failed to provide the provincial

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<sup>131</sup> See sections 776(a)(1) and 776(a)(2)(A) of the Act.

<sup>132</sup> See section 776(b) of the Act.

<sup>133</sup> See, e.g., Additional Documents Memorandum at Attachment I: Public Body Memorandum at 33-36 and 38.

<sup>134</sup> See Initial CVD Questionnaire at III-13.

<sup>135</sup> *Id.* at II-36.



tariff schedules with which Commerce could otherwise normally rely on the respondent's reported usage data to calculate benefit. We also preliminarily determine that by withholding this information, the GOC has significantly impeded this administrative review within the meaning of section 776(a)(2)(C) of the Act. Thus, Commerce must rely on facts available in making its preliminary analysis.<sup>136</sup> Moreover, we preliminarily determine, in accordance with section 776(b) of the Act, that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information. We find, based on AFA, that the GOC's provision of electricity conferred a benefit to respondent within the meaning of section 771(5)(E) of the Act, for which we must rely on selecting a rate based on Commerce's AFA rate selection methodology.

In the "Selection of the AFA Rates" section above, to select the highest rate as AFA, Commerce may select a rate from the following sources in descending order:<sup>137</sup>

- (1) The highest non-*de minimis* rate calculated for the identical program in any segment of the same proceeding;
- (2) The highest non-*de minimis* rate calculated for a similar program within any segment of the same proceeding;
- (3) The highest non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country; or
- (4) The highest calculated rate for any program from the same country that the industry subject to the review could have used.

As stated above, the GOC failed to provide the provincial electricity rate schedules required for Commerce to calculate a benefit for Jiangsu Alcha, the sole mandatory respondent that submitted electricity usage data for the POR. Consequently, we are unable to determine a benefit to Jiangsu Alcha using a calculation that applies provincial tariff rates to the company's usage data for the POR. Instead, consistent with section 776(b) of the Act and following Commerce's AFA hierarchy, we are selecting as the AFA rate the rate calculated for Mingtai for the identical program in the underlying investigation, which is the first step under the methodology for selecting an AFA rate in administrative reviews. Thus, the AFA rate for this program is 0.86 percent *ad valorem* for 2018 and 2019.<sup>138</sup> Additionally, because we are using a calculated rate from the underlying investigation, Commerce is not required to corroborate the CVD rate for this program, pursuant to section 776(c)(2) of the Act.

## **H. Application of AFA: Export Buyer's Credit**

As discussed under "Programs Preliminarily Determined to be Countervailable," below, we examined export buyer's credits provided by the Export-Import Bank of China (EXIM Bank). Because the GOC failed to respond to the Initial CVD Questionnaire, the record does not contain information needed to allow Commerce to analyze this program fully. Thus, we continue to find

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<sup>136</sup> See section 776(a)(2)(A) of the Act.

<sup>137</sup> See section 776(d) of the Act; *see also Solar World*.

<sup>138</sup> See Jiangsu Alcha's Preliminary Calculation Memorandum.

that the record of this review does not support a finding of non-use for this program for Jiangsu Alcha.

In the Initial CVD Questionnaire, we requested that the GOC answer all the questions in the Standard Questions Appendix and other specific questions relating to the EXIM Bank's export buyer's credits program, which are necessary for Commerce to analyze how the program is administered and how it functions.<sup>139</sup> But as noted above, the GOC did not respond to the questionnaire for this review period. Thus, as described above in the "Application of AFA: Programs Provide Financial Contribution and Are Specific" section, we preliminarily determine based on AFA that this program constitutes a financial contribution and meets the specificity requirements of the Act.

The GOC is the only party that can answer questions about the internal administration of this program. Both the 2013 Revisions and the *Standard Questions Appendix* response are necessary for Commerce to analyze how the program functions. By refusing to provide the requested information, the GOC impeded Commerce's understanding of how this program operates and how it can be properly verified. We preliminarily find that by failing to provide the 2013 revisions to the administrative measures that constitute internal guidelines for how this program is administered by the EXIM Bank, as well as a list of partner/correspondent banks that participate in disbursing funds through this program, the GOC has withheld necessary information requested by Commerce and impeded Commerce's ability to analyze the program's operation or determine how usage of the program could be properly verified.

As indicated above, Commerce cannot verify non-use at EXIM Bank without a complete set of administrative measures on the record that would provide guidance to Commerce in querying the records and electronic databases of EXIM Bank. In that regard, in the context of this program, credit management system database screenshots are insufficient for Commerce to find this program to be not used. As explained above, without understanding how this program operates we cannot ascertain what a proper database search would entail. For example, we do not know whether the searches should have been performed using the U.S. customers' names or on other entities (for example, the partner/correspondent banks that worked with the U.S. customers rather than the U.S. customers themselves). In addition, we do not know whether there are different electronic systems for different types of credits and, as a result, we cannot ascertain that the screen shots are for searches of the proper system. Similar to the obstacles we would face in attempting to verify usage at the exporter or U.S. customer, Commerce would not know what indicia to look for in searching for usage or even what records or databases we need to examine in conducting the verification (*i.e.*, without a complete set of laws, regulations, administrative measures, Commerce would not even know what books and records the EXIM Bank maintains in the ordinary course of its operations). Essentially, Commerce is unable to verify the little information on the record indicating non-usage (*e.g.*, the claims and screen shots of the GOC and emails and certifications from U.S. customers),<sup>140</sup> with the exporters, U.S. customers, or at the China EXIM Bank itself given the refusal of the GOC to provide the 2013 revisions and a complete list of correspondent/partner/intermediate banks.

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<sup>139</sup> See Initial CVD Questionnaire at II-14 and II-15.

<sup>140</sup> In this proceeding, Jiangsu Alcha did not submit any declarations from its U.S. customers claiming non-use of this program.

Pursuant to sections 776(a)(2)(A) and (a)(2)(C) of the Act, when an interested party withholds information requested by Commerce and/or significantly impedes a proceeding, Commerce uses facts otherwise available to reach a determination. Because the GOC withheld the requested information described above, thereby impeding this proceeding, we preliminarily determine that the use of facts available is appropriate.

Further, pursuant to section 776(b) of the Act, we find that the GOC, by virtue of not providing this information to Commerce, failed to cooperate by not acting to the best of its ability. Accordingly, we find that the application of AFA is warranted. Specifically, the GOC has not provided complete information concerning the administration and operation of the program, including how loans are disbursed (*e.g.*, the 2013 Revisions), such as through intermediate or correspondent banks, the identities of which the GOC has withheld from Commerce, or whether EXIM Bank employs threshold criteria, such as minimum USD 2 million contract value. This information is necessary to understand fully how the Export Buyer's Credit program operates and is, therefore, critical to Commerce's ability to verify the operation of the program and the accuracy of the GOC's claims, including with respect to the respondent's claimed non-use of this program. By not providing us with this critical information, we find that the GOC failed "to do the maximum it is able to do."<sup>141</sup> Therefore, we determine that the GOC has not cooperated to the best of its ability and, as AFA, find that Mingtai, Yong Jie New Material, and Jiangsu Alcha used and benefited from this program.

Thus, the GOC's failure to provide the requested information further undermines Commerce's ability to verify Jiangsu Alcha's 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 Alcha used and benefited from this program, despite its claims that it has no knowledge as to whether its U.S. customers applied for export buyer's credits from the EXIM Bank during the POR.<sup>142</sup> Finally, Commerce has found this program to be an export subsidy in past CVD proceedings involving China. Thus, taking all such information into consideration indicates that the provision of export buyer's credits is contingent upon exports within the meaning of sections 771(5)(A) and (B) of the Act.

Consistent with section 776(d) of the Act and our established practice, we selected the highest calculated rate for the same or similar program as AFA.<sup>143</sup> Because we have not previously calculated an above-*de minimis* rate for this program in this proceeding, we are relying on the highest rate determined for a similar program in another CVD proceeding involving China. Specifically, consistent with the *Aluminum Sheet from China Investigation*,<sup>144</sup> we assigned an

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<sup>141</sup> See *Nippon Steel*, 337 F. 3d at 1382.

<sup>142</sup> *Id.*; see also Jiangsu Alcha's IQR at 20.

<sup>143</sup> See, *e.g.*, *Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013) (*Shrimp from China*), and accompanying IDM at 13; see also *Essar Steel Ltd. v. United States*, 753 F. 3d 1368, 1373-1374 (Fed. Cir. 2014) (upholding "hierarchical methodology for selecting an AFA rate").

<sup>144</sup> See *China CAAS CVD INV Final IDM* at Comment 4.

AFA rate of 10.54 percent *ad valorem*, the highest rate calculated for a similar program in *Coated Paper from China*, as the rate for this program.<sup>145</sup>

## **I. Application of AFA: Other Subsidies**

Jiangsu Alcha and its cross-owned companies also self-reported various other subsidy programs.<sup>146</sup> Given the GOC's failure to respond to our requests for information in this review, we preliminarily determine that the use of facts available pursuant to sections 776(a)(1) and (2)(A) of the Act is warranted in determining the countervailability of these subsidies reported by Jiangsu Alcha. Due to the GOC's failure to respond to the Initial CVD Questionnaire, necessary information regarding whether these programs provide a financial contribution, within the meaning of section 771(5)(D) of the Act, and whether these programs are specific, within the meaning of section 771(5A) of the Act, is not on the record of this review.<sup>147</sup> Further, the GOC withheld information that was requested of it by not providing information regarding these subsidies in response to our questionnaire.<sup>148</sup> Because the GOC failed to provide the requested information, we find that the GOC failed to cooperate to the best of its ability regarding our request for information on the assistance which the GOC provided. Therefore, we find that an adverse inference is warranted with respect to these subsidies, pursuant to section 776(b) of the Act. As a result, we preliminarily find that, as AFA, these subsidies reported by Jiangsu Alcha and its cross-owned companies provide a financial contribution and are specific within the meaning of sections 771(5)(D) and 771(5A) of the Act, respectively. To determine whether benefits were provided as a result of these subsidies within the meaning of section 771(5)(E) of the Act, Commerce relied on the respondent's usage information in these preliminary results.

## **XII. ANALYSIS OF PROGRAMS**

### **A. Programs Preliminarily Found to be Countervailable**

#### **1. Policy Loans to the Aluminum sheet Industry**

Jiangsu Alcha reported that it and its cross-owned affiliates (*i.e.*, Alcha International, and Baotou Alcha) held loans from policy banks or state-owned commercial banks (SOCBs) outstanding during the POR.<sup>149</sup> Commerce determined in the original investigation that this program was countervailable based on AFA.<sup>150</sup> For the reasons explained in the section "Application of AFA: Programs Provide Financial Contribution and Are Specific," we are again basing our determination regarding this program in this review on AFA, in part. As AFA, we preliminarily determine that this program confers a financial contribution, pursuant to sections 771(5)(B)(i)

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<sup>145</sup> See *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 70201 (November 17, 2010) (*Coated Paper from China*) (revised rate for "Preferential Lending to the Coated Paper Industry" program).

<sup>146</sup> See Jiangsu Alcha's IQR at Exhibit 46 and Jiangsu Alcha's 2SQR at Exhibits SSQ-7, SSQ-22, and SSQ-35.

<sup>147</sup> See section 776(a)(1) of the Act.

<sup>148</sup> See section 776(a)(2)(A) of the Act.

<sup>149</sup> See Jiangsu Alcha's IQR at 10; see also Jiangsu Alcha's Third SQR at 3-7 and Exhibit SSS-Q.6.

<sup>150</sup> See *China CAAS CVD INV Final IDM* at 12-15 and Comments 6 and 8.

and 771(5)(D)(i) of the Act and is specific within the meaning of section 771(5A)(D)(i) of the Act.

To determine whether a benefit was conferred under section 771(5)(E)(ii) of the Act, we compared the amount of interest paid by Jiangsu Alcha, Alcha International, and Baotou Alcha on loans outstanding during the POR to the amount of interest these companies would have paid on comparable commercial loans.<sup>151</sup> In conducting this comparison, we used the interest rate benchmarks described above in the section “Benchmarks and Interest Rates.” We then attributed the subsidies received by Alcha International and Baotou Alcha to Jiangsu Alcha according to the methodologies described above in the “Subsidies Valuation” section. On this basis, we preliminarily determine net countervailable subsidy rates of 1.74 percent and 2.19 percent *ad valorem* in 2018 and 2019, respectively, for Jiangsu Alcha.<sup>152</sup>

## 2. Export Loans from Chinese State-Owned Banks

Jiangsu Alcha reported that Baotou Alcha and Alcha International participated in “exporting factoring” from policy banks or SOCBs during the POR.<sup>153</sup> Commerce determined in the original investigation that this program was countervailable based on AFA.<sup>154</sup> Specifically, we found, as AFA, that this program confers a financial contribution and is specific within the meaning of sections 771(5)(D) and 771(5A) of the Act, respectively.<sup>155</sup> We also determined on the basis of AFA that that one the mandatory respondents benefited from this program within the meaning of section 771(5)(E) of the Act.<sup>156</sup> For the reasons explained in the section “Application of AFA: Programs Provide Financial Contribution and Are Specific,” we are again basing our determination regarding this program on AFA, in part. As AFA, we preliminarily determine that that this program confers a financial contribution, pursuant to sections 771(5)(B)(i) and 771(5)(D)(i) of the Act, and that it is specific within the meaning of section 771(5A)(A) and (B) of the Act.

To determine whether a benefit was conferred under section 771(5)(E)(ii) of the Act, we compared the amount of interest paid during the POR on Baotou Alcha and Alcha International’s “exporting factoring” to the amount of interest the companies would have paid on comparable commercial loans.<sup>157</sup> In conducting this comparison, we used the interest rate benchmarks described above in the section “Benchmarks and Interest Rates.” We then attributed the subsidies received by Baotou Alcha and Alcha International to Jiangsu Alcha according to the methodologies described above in the “Subsidies Valuation” section. On this basis, we preliminarily determine net countervailable subsidy rates of 1.00 percent and 0.75 percent *ad valorem* in 2018 and 2019, respectively, for Jiangsu Alcha.<sup>158</sup>

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<sup>151</sup> See 19 CFR 351.505(a).

<sup>152</sup> See Jiangsu Alcha Preliminary Calculation Memorandum.

<sup>153</sup> See Jiangsu Alcha’s Third SQR at 6-7.

<sup>154</sup> See *China CAAS CVD INV Final IDM* at 12-15 and Comments 6 and 8.

<sup>155</sup> See *China CAAS CVD INV Prelim PDM* at 42.

<sup>156</sup> *Id.*

<sup>157</sup> See 19 CFR 351.505(a).

<sup>158</sup> See Jiangsu Alcha Preliminary Calculation Memorandum.

### 3. Income Tax Deduction for R&D Expenses under the EITL

Jiangsu Alcha reported benefiting from this program during the POR.<sup>159</sup> Commerce determined this program to be countervailable in the original investigation.<sup>160</sup> Under Article 30.1 of the EITL, which became effective January 1, 2008, companies may deduct R&D expenses incurred in the development of new technologies, products, or processes from their taxable income.<sup>161</sup> Article 95 of the Regulations on the Implementation of EITL (Decree 512 of the State Council, 2007) provides that, if eligible research expenditures do not form part of the intangible assets value, an additional 50 percent deduction from taxable income may be taken on top of the actual accrual amount.<sup>162</sup> Where these expenditures form the value of certain intangible assets, the expenditures may be amortized based on 150 percent of the intangible assets' costs.<sup>163</sup>

Article 4 of the “Circular of the State Administration of Taxation on Printing and Issuing the Administrative Measures for the Pre-tax Deduction of Enterprises' Expenditures for Research and Development (for Trial Implementation)” (Circular 116) states that enterprises engaged in hi-tech R&D, including aluminum producers, may deduct certain expenditures, as listed in the “Hi-tech Sectors with Primary Support of the State Support and the Guideline of the Latest Key Priority Developmental Areas in the High Technology Industry (2007).”<sup>164</sup>

We found that that this income tax deduction is a financial contribution in the form of revenue forgone by the government, which provides a benefit to the recipient in the amount of the tax savings, pursuant to section 771(5)(D)(ii) of the Act and 19 CFR 351.509(a)(1), respectively. We also found that the income tax deduction afforded by this program is limited as a matter of law to certain enterprises, *i.e.*, those with R&D in eligible high-technology sectors and, thus, is *de jure* specific under section 771(5A)(D)(i) of the Act.

For the reasons explained in the section “Application of AFA: Programs Provide Financial Contribution and Are Specific,” we are basing our determination regarding this program on AFA, in part. As AFA and also consistent with our practice not to revisit financial contribution and specificity determinations made in a prior segment of the proceeding, absent the presentation of new facts or evidence,<sup>165</sup> we preliminarily continue to determine that this program confers a financial contribution pursuant to section 771(5)(D)(ii) of the Act and 19 CFR 351.509(a)(1) and is *de jure* specific under section 771(5A)(D)(i) of the Act.

To calculate the benefit, we treated the tax deduction as a recurring benefit, consistent with 19 CFR 351.524(c)(1). To compute the amount of the tax savings, we compared the amount of tax

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<sup>159</sup> See Jiangsu Alcha's IQR at 11 and Exhibits 36 and 37.

<sup>160</sup> See *China CAAS CVD INV Prelim PDM* at 43, unchanged in *China CAAS CVD INV Final*.

<sup>161</sup> *Id.*

<sup>162</sup> *Id.*

<sup>163</sup> *Id.*

<sup>164</sup> *Id.*

<sup>165</sup> See *Solar Cells from China Investigation*, 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.”); see also the Initial CVD Questionnaire at I-1 (stating “{a}bsent new information or evidence or changed circumstances, however, we do not intend to reexamine the countervailability of programs previously found to be countervailable, or not countervailable”)

Jiangsu Alcha paid with this deduction to the tax it would have paid absent the tax deduction at the standard tax rate of 25 percent (*i.e.*, 25 percent of the amount deducted from taxable income), and treated the difference as the benefit to Jiangsu Alcha during the POR. We then divided the tax savings by the appropriate total sales denominator.

On this basis, we preliminarily determine net countervailable subsidy rates of 0.05 percent and 0.01 percent *ad valorem* in 2018 and 2019, respectively, for Jiangsu Alcha.

#### 4. Income Tax Reduction for High or New Technology Enterprises

Jiangsu Alcha reported benefiting from this program during 2018, but reported not receiving benefits from this program during 2019.<sup>166</sup> Commerce has previously found this program to be countervailable in the original investigation based on AFA.<sup>167</sup> Specifically, we found that this tax incentive constitutes a financial contribution in the form of revenue forgone by the GOC and confers a benefit in the amount of tax savings, as provided under sections 771(5)(D)(ii) and 771(5)(E) of the Act, respectively.<sup>168</sup> We further determined that the income tax reduction afforded by this program is limited as a matter of law to certain enterprises whose products are designated as being in “high-tech fields with state support,” and, hence, is *de jure* specific, under section 771(5A)(D)(i) of the Act.<sup>169</sup>

As explained above, the GOC did not respond to Commerce’s requests for information. For the reasons explained in the section “Application of AFA: Programs Provide Financial Contribution and Are Specific,” we are basing our determination regarding this program on AFA, in part. As AFA, we preliminarily find that the GOC bestowed a financial contribution pursuant to section 771(5)(D)(ii) of the Act and is *de jure* specific under section 771(5A)(D)(i) of the Act.

We calculated the benefit in terms of the tax savings as the difference between taxes Jiangsu Alcha and its cross-owned companies would have paid under the standard 25 percent tax rate and the taxes that the companies actually paid under the preferential 15 percent tax rate.<sup>170</sup> We treated the tax savings as a recurring benefit consistent with 19 CFR 351.524(c)(1). To calculate

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<sup>166</sup> See Jiangsu Alcha’s IQR at 11 and Exhibit 36.

<sup>167</sup> See, e.g., *Certain Aluminum Foil from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 82 FR 37844 (August 14, 2017), and accompanying PDM at 45-46, unchanged in *Countervailing Duty Investigation of Certain Aluminum Foil From the People’s Republic of China: Final Affirmative Determination*, 83 FR 9274 (March 5, 2018) and accompanying IDM at 7 (*Aluminum Foil from China*); see also *Certain Non-Refillable Steel Cylinders From the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 85 FR 53323 (August 28, 2020), and accompanying PDM at 44-45, unchanged *Certain Non-Refillable Steel Cylinders From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 86 FR 15192 (March 22, 2021), and accompanying IDM at 10 (*Steel Cylinders from China*); and *Forged Steel Fluid End Blocks From the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*, 85 FR 31457 (May 26, 2020), and accompanying PDM at 41, unchanged in *Forged Steel Fluid End Blocks From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 85 FR 80020 (December 11, 2020), and accompanying IDM at 6.

<sup>168</sup> *Id.*

<sup>169</sup> *Id.*

<sup>170</sup> *Id.* at Exhibit 36.

the net countervailable subsidy rate under this program we divided the benefit by the appropriate sales denominator, as described in the “Subsidies Valuation” section above.

On this basis, we preliminarily determine a net countervailable subsidy rate of 0.32 percent *ad valorem* in 2018 for Jiangsu Alcha.

##### 5. Government Provision of Primary Aluminum for LTAR

Jiangsu Alcha and Baotou Alcha reported purchasing primary aluminum from various producers during the POR.<sup>171</sup> Commerce determined this program to be countervailable in the original investigation based, in part, on AFA.<sup>172</sup> For the reasons explained in the section “Application of AFA: Programs Provide Financial Contribution and Are Specific,” we are again basing our determination regarding this program on AFA, in part. As AFA, we preliminarily determine that the producers of primary aluminum purchased by Jiangsu Alcha and Baotou Alcha are “authorities” within the meaning of section 771(5)(B) of the Act and, as such, that the provision of primary aluminum constitutes a financial contribution under section 771(5)(D)(iii) of the Act. We also preliminarily determine, as AFA, that this program is specific within the meaning of section 771(5A)(D)(iii) of the Act.

In addition, as discussed in the “GOC – Market Distorted by Government Presence” section above, we preliminarily determine, as AFA, that the GOC plays a significant, distortive role in the primary aluminum industry, rendering tier one benchmarks inappropriate for the benefit analysis. Accordingly, Commerce is selecting external benchmark prices, *i.e.*, “tier two” or world market prices, for the LTAR analysis, consistent with Commerce’s regulations.<sup>173</sup> The external benchmarks are derived through the method discussed in the “Input Benchmarks” section above.

A benefit is conferred to the extent that primary aluminum is being provided for LTAR. As discussed above under the “Interest rates, Discount Rates, and Benchmarks” section, because Commerce is finding that the market for primary aluminum was distorted by government involvement, we are selecting external benchmark prices, *i.e.*, “tier two” or world market prices, consistent with 19 CFR 351.511(a)(2)(ii) and the *CVD Preamble*. Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under “tier two,” Commerce will adjust the benchmark price to reflect the price that a firm actually paid or would pay if it imported the product, including delivery charges and import duties.

As discussed above under the “Interest rates, Discount Rates, and Benchmarks” section, we are basing the benchmark on the Comtrade pricing data submitted by the domestic industry for primary aluminum under HTS subheadings 7601.10 and 7601.20.<sup>174</sup> We adjusted the benchmark price to include delivery charges, import duties, and VAT pursuant to 19 CFR 351.511(a)(2)(iv). Because information regarding VAT and import duty rates would normally be provided by the GOC in response to the Initial CVD Questionnaire, and the GOC did not respond to Initial CVD

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<sup>171</sup> See Jiangsu Alcha’s IQR at 13; *see also* Jiangsu Alcha’s Second SQR at Exhibits SSQ-17 and SSQ-28.

<sup>172</sup> See *China CAAS CVD INV Prelim PDM* at 48-50, unchanged in *China CAAS CVD INV Final*.

<sup>173</sup> See 19 CFR 351.511.

<sup>174</sup> See Domestic Industry’s Benchmarks at Attachment 3.



Questionnaire in this review, we added import duties and VAT to the benchmarks at the rates from the underlying investigation.<sup>175</sup> To value inland freight, we used information provided in the price lists by Jiangsu Alcha and Baotou Alcha.<sup>176</sup> We applied the applicable VAT rate to the benchmark after first adding amounts for ocean freight and import duties. We then compared these monthly benchmark prices to the respondents' reported purchase prices for individual transactions, including VAT and delivery charges.

Based on this comparison, we preliminarily determine that primary aluminum was provided to respondents for LTAR and that a benefit exists to the extent that the prices paid by the respondents were below the benchmark prices.<sup>177</sup> We divided Jiangsu Alcha and Baotou Alcha's total benefits by the appropriate total sales denominator, as discussed in the "Subsidies Valuation" section above. On this basis, we preliminarily determine net countervailable subsidy rates of 20.17 percent and 14.31 percent *ad valorem* in 2018 and 2019, respectively, for Jiangsu Alcha.<sup>178</sup>

## 6. Government Provision of Land for LTAR

Jiangsu Alcha reported that it and Baotou Alcha acquired land-use rights from the local government during the AUL.<sup>179</sup> Commerce determined this program to be countervailable in the original investigation.<sup>180</sup> Specifically, we determined that the entities that provided the land to the respondents are "authorities" within the meaning of section 771(5)(B) of the Act, and that the respondents received a financial contribution from them in the form of a provision of a good, pursuant to section 771(5)(D)(iii) of the Act.<sup>181</sup> We further determined that the GOC, in conjunction with certain provincial authorities, pursues a program to provide land for LTAR to producers of aluminum sheet that is specific within the meaning of section 771(5A)(D) of the Act.<sup>182</sup>

For the reasons explained in the section "Application of AFA: Programs Provide Financial Contribution and Are Specific," we are basing our determination regarding this program on AFA, in part. As AFA, we preliminarily determine that the land was provided by "authorities" within the meaning of section 771(5)(B) of the Act and, thus, constitutes a financial contribution within the meaning of section 771(5)(D) of the Act, and is also specific pursuant to section 771(5A)(D) of the Act.

To measure the benefit, we are relying on the Thailand industrial land benchmarks discussed above under the "Land Benchmark" section. To calculate the benefit pursuant to section 771(5)(E)(iv) of the Act and 19 CFR 351.511, we first multiplied the Thai industrial land benchmarks by the total land areas of the land-use rights held by Jiangsu Alcha and Baotou

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<sup>175</sup> See Jiangsu Alcha Preliminary Calculation Memorandum.

<sup>176</sup> *Id.*

<sup>177</sup> See 19 CFR 351.511(a).

<sup>178</sup> See Jiangsu Alcha Preliminary Calculation Memorandum.

<sup>179</sup> See Jiangsu Alcha's IQR at 18 and Exhibit 33; *see also* Jiangsu Alcha's Third SQR at 11-12 and Exhibit SSSQ.30.1.

<sup>180</sup> See *China CAAS CVD INV Prelim PDM* at 45-48, unchanged in *China CAAS CVD INV Final*.

<sup>181</sup> *Id.* at 48.

<sup>182</sup> *Id.* at 47-48.

Alcha. We then subtracted the net price actually paid for the land to derive the total benefit. We next conducted the “0.5 percent test” provided for under 19 CFR 351.524(b)(2) for the years of the relevant land-rights agreements by dividing the total unallocated benefit by the appropriate sales denominators for the relevant years. 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. We allocated the total benefit amounts across the terms of the land-use agreements, using the standard allocation formula as provided in 19 CFR 351.524(d), and we 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 net countervailable subsidy rates of 0.30 percent and 0.29 percent *ad valorem* in 2018 and 2019, respectively, for Jiangsu Alcha.

#### 7. Government Provision of Electricity for LTAR

Jiangsu Alcha, Baotou Alcha, and Alcha Materials reported benefitting from this program.<sup>183</sup> Commerce determined this program to be countervailable in the original investigation based, in part, on the application of AFA.<sup>184</sup> For the reasons explained in the section “Application of AFA: Programs Provide Financial Contribution and Are Specific,” we are again basing our determination regarding this program on AFA. As AFA, we preliminarily determine that the GOC’s provision of electricity confers a financial contribution as a provision of a good under section 771(5)(D)(iii) of the Act and is specific under section 771(5A)(D) of the Act.

Further, as discussed above under the “Application of AFA: Provision of Electricity for LTAR” section, because the GOC failed to provide the provincial electricity tariff rate schedules, we are unable to measure the benefit to respondent by applying the rates from such schedules to the actual usage data reported by the respondent. Instead, as AFA, we selected the rate for the identical program from the original investigation, consistent with section 776(b) of the Act and Commerce’s AFA rate selection hierarchy. Specifically, we selected the 0.86 percent *ad valorem* rate calculated for a respondent in the original investigation as the AFA rate in 2018 and 2019 for Jiangsu Alcha.

#### 8. Export Buyer’s Credits from China Export-Import Bank

Commerce determined this program to be countervailable in the original investigation based on AFA.<sup>185</sup> For the reasons explained in the “Application of AFA: Export Buyer’s Credits” section above, we are again basing our determination in this review on AFA. Accordingly, we preliminarily determine that the program constitutes a financial contribution within the meaning of section 771(5)(D) of the Act, pursuant to sections 776(a) and (b) and of the Act. We also preliminarily determine that the program is contingent upon export performance and thus specific under sections 771(5A)(A) and (B) of the Act.

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<sup>183</sup> See Jiangsu Alcha’s IQR at 15-16.

<sup>184</sup> See *China CAAS CVD INV Prelim PDM* at 53-54, unchanged in *China CAAS CVD INV Final*.

<sup>185</sup> See *China CAAS CVD INV Prelim PDM* at 23-25 and 44-45, unchanged in *China CAAS CVD INV Final*.

Consistent with Commerce’s AFA hierarchy and pursuant to the methodologies described above in the “Subsidies Valuation” section, we preliminarily determine a countervailable subsidy rate of 10.54 percent *ad valorem* in 2018 and 2019 for Jiangsu Alcha.

#### 9. 2015 Equity Infusion

As discussed above and in the Equityworthiness Memorandum, Jiangsu Alcha raised capital in 2015 from Chinese SOCB’s and government-owned conglomerates through a non-public share issuance. The details and reason for raising these funds is proprietary in nature. For further discussion, *see* Commerce’s Equityworthiness Memorandum.

Based on our examination, we preliminarily determine that Jiangsu Alcha was unequityworthy in 2015, pursuant to 19 CFR 351.507(a)(6). Regarding the non-public share issuance, we preliminarily determine that the equity infusion constitutes a financial contribution from GOC-owned banks and GOC-owned companies, *i.e.*, government authorities, in the form of a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act. We further preliminarily determine that the equity infusion was company-specific to Jiangsu Alcha and thus specific within the meaning of section 771(5A)(D)(i) of the Act, and that it conferred a benefit in the amount of the equity infusion, pursuant to 19 CFR 351.507(a)(1) and (6).

An equity infusion confers a non-recurring benefit under 19 CFR 351.524(c), consistent with 19 CFR 351.507(c). Thus, we first performed the “0.5 percent test” under 19 CFR 351.524(b), and determined that the amount of the equity infusion is allocable. We then allocated the amount according to the formula detailed in 19 CFR 351.524(d) over the 12-year AUL. Because Jiangsu Alcha was unequityworthy in 2015, we used the discount rate identified in the “Interest Rates, Discount Rates, and Benchmarks” section above to determine the benefit amount allocable to the POR.

We then divided the POR benefit by the appropriate total sales denominator in the POR, as discussed in the “Subsidies Valuation” section. On this basis, we preliminarily determine a countervailable subsidy of 1.66 percent and 1.55 percent *ad valorem* in 2018 and 2019, respectively, for Jiangsu Alcha.

#### 10. Other Subsidies

Jiangsu Alcha and Baotou Alcha reported receiving various other subsidies during the POR and AUL.<sup>186</sup> As discussed under “Application of AFA: Other Subsidies” section above, we preliminarily determine, based on AFA, that these 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) of the Act.

With regard to benefit, we relied on the amounts reported by the companies and preliminarily find that these grants constitute non-recurring subsidies within the meaning of 19 CFR 351.524(b). In accordance with 19 CFR 351.524(b)(2), we applied the “0.5 percent test” to determine whether to allocate the benefit over the AUL by dividing the total amounts approved

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<sup>186</sup> *See* Jiangsu Alcha’s IQR at 21; *see also* Jiangsu Alcha’s Second SQR at Exhibits SSQ-7, SSQ-22, and SSQ-35.

in a given year of the AUL by the relevant sales for that year. Where we found that a grant was greater than 0.5 percent of relevant sales, we allocated the benefit over the AUL. For those grants that did not pass 0.5 percent of relevant sales, we expensed the benefit in the year the grant was received.<sup>187</sup> Where the amounts received in or allocable to the POR were less than 0.005 percent of the appropriate total sales, we determined there was no measurable benefit. To calculate the POR *ad valorem* subsidy rates for these grants, we divided the benefit expensed or allocated to the POR by the appropriate total sales, as discussed in the “Subsidies Valuation” section above. We then attributed the subsidy received by Baotou Alcha to Jiangsu Alcha according to the methodologies described above in the “Subsidies Valuation” section.

Based on the methodology outlined above, we calculated net countervailable subsidy rates of 0.12 percent and 0.14 percent *ad valorem* in 2018 and 2019, respectively, for Jiangsu Alcha.<sup>188</sup>

**C. *Programs Preliminarily Determined to be Not Used by Jiangsu Alcha During the POR***

Commerce preliminarily determines that the following programs were not used by Jiangsu Alcha or its cross-owned affiliates during the POR:

1. Preferential Loans for SOEs
2. Income Tax Deductions/Credits for Purchase of Special Equipment
3. Income Tax Concessions for Enterprises Engaged in Comprehensive Resource Utilization
4. VAT Rebates on Domestically-Produced Equipment
5. Import Tariff and VAT Exemptions on Imported Equipment in Encouraged Industries
6. Stamp Tax Exemption on Share Transfers Under NTSR
7. Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring
8. Equity Infusions into Nanshan Aluminum
9. Exemptions for SOEs from Distributing Dividends
10. Provision of Steam Coal for LTAR
11. Export Seller’s Credits
12. GOC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands
13. The State Key Technology Project Fund
14. Foreign Trade Development Fund Grants
15. Grants for Energy Conservation and Emission Reduction
16. Grants for the Retirement of Capacity
17. Grants for the Relocation of Productive Facilities
18. Grants to Nanshan Aluminum

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<sup>187</sup> See 19 CFR 351.524(b)(2).

<sup>188</sup> See Jiangsu Alcha Preliminary Calculation Memorandum.

### **XIII. RECOMMENDATION**

We recommend applying the above methodology for these preliminary results.



\_\_\_\_\_  
Agree



\_\_\_\_\_  
Disagree

X



Signed by: CHRISTIAN MARSH  
Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance

## APPENDIX

### AFA Rate Calculation

	Program Name	AFA Rate	Source
<b>Preferential Lending</b>			
1.	Policy Loans to the Aluminum sheet Industry	2.19%	Calculated Rate for Jiangsu Alcha for these preliminary results
2.	Export Loans from Chinese State-Owned Banks	1.00%	Calculated Rate for Jiangsu Alcha for these preliminary results
3.	Preferential Loans for SOEs <sup>189</sup>	2.08%	Highest Rate for Identical Program in a CVD Proceeding of Same Country
<b>Export Credit Subsidies</b>			
4.	Export Seller's Credit <sup>190</sup>	4.25%	Highest Rate for Identical Program in a CVD Proceeding of Same Country
5.	Export Buyer's Credit <sup>191</sup>	10.54%	Highest Rate for Similar Program based on Benefit Type
<b>Equity Infusions and Exemptions for SOEs from Distributing Dividends</b>			
6.	Equity Infusions into Nanshan <sup>192</sup> Aluminum	N/A	N/A

<sup>189</sup> See *High Pressure Steel Cylinders from the People's Republic of China: Final Results of Countervailing Duty Administrative Review*; 2017, 84 FR 71337 (December 27, 2019) (*HPSC from China - 2017 Administrative Review*), and accompanying IDM at 5.

<sup>190</sup> See *Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Results of Countervailing Duty Administrative Review*, 76 FR 77206 (December 12, 2011), and accompanying IDM at 12.

<sup>191</sup> See *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 70201 (November 17, 2010) (*Coated Paper from China*), and accompanying Ministerial Error Memorandum (MEM) at "Revised Net Subsidy Rate for the Gold Companies" (regarding "Preferential Lending to the Coated Paper Industry").

<sup>192</sup> Because this program is specific to Nanshan Aluminum, we are not finding that either of the non-cooperative respondents benefited from it during the POR.

7.	Exemptions for SOEs from Distributing Dividends <sup>193</sup>	0.62%	Highest Rate for Similar Program based on Benefit Type: Special Fund for Energy Saving Technology
Preferential Tax Programs <sup>194</sup>			
8.	Income Tax Reductions for HNTes	25.00%	Chinese Corporate Income Tax Rate
9.	Income Tax Deductions for R&D Expenses Under the EITL		
10.	Income Tax Concessions for Enterprises Engaged in Comprehensive Resource Utilization		
11.	Income Tax Deductions/Credits for Purchase of Special Equipment		
Preferential Indirect Tax Programs			
12.	Import Tariff and VAT Exemptions on Imported Equipment in Encouraged Industries <sup>195</sup>	1.07%	Highest Rate for Identical Program in a CVD Proceeding of Same Country
13.	VAT Rebates on Domestically-Produced Equipment <sup>196</sup>	0.51%	Highest Rate for Identical Program in a CVD Proceeding of Same Country

<sup>193</sup> See *Chlorinated Isocyanurates from the People's Republic of China: Final Results of Countervailing Duty Administrative Review, and Partial Rescission of Countervailing Duty Administrative Review*; 2014, 82 FR 27466 (June 15, 2017) (*Chlorinated Isocyanurates from China*; 2014).

<sup>194</sup> See *Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China: Final Affirmative Determination*, 83 FR 57427 (November 15, 2018), accompanying IDM at Appendix.

<sup>195</sup> See *Forged Steel Fittings from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 83 FR 50342 (October 5, 2018) (*Forged Steel Fittings from China*), and accompanying IDM at 5.

<sup>196</sup> See *Certain Magnesite Carbon Bricks from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 45472 (August 2, 2010) (*MC Bricks from China*), and accompanying IDM at 10.

14.	Stamp Tax Exemption on Share Transfers Under NTSR <sup>197</sup>	9.71%	Highest Rate for Similar Program based on Benefit Type
15.	Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring <sup>198</sup>	9.71%	Highest Rate for Similar Program based on Benefit Type
<b>Provision of Goods and Services for LTAR</b>			
16.	Government Provision of Land for LTAR <sup>199</sup>	5.24%	Highest Rate for Identical Program in a CVD Proceeding of Same Country
17.	Government Provision of Primary Aluminum for LTAR	20.17%	Calculated Rate for Jiangsu Alcha for these preliminary results
18.	Provision of Steam Coal for LTAR	5.20%	Calculated rate for Mingtai from Investigation
19.	Provision of Electricity for LTAR	0.86%	Calculated rate for Henan Mingtai from Investigation
<b>Grants</b>			
20.	GOC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands <sup>200</sup>	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
21.	The State Key Technology Project Fund <sup>201</sup>	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
22.	Foreign Trade Development Fund Grants <sup>202</sup>	0.03%	Highest Rate for Identical Program in a CVD Proceeding of Same Country

<sup>197</sup> See *New Pneumatic Off-the-Road Tires from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review*, 75 FR 64268, 64275 (October 19, 2010), unchanged in the final (see *New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review*, 76 FR 23286 (April 26, 2011)) (*OTR Tires from China*).

<sup>198</sup> *Id.*

<sup>199</sup> See *Countervailing Duty Investigation of Certain Hardwood Plywood Products from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 53473 (November 16, 2017) (*Hardwood Plywood from China*), and accompanying IDM at 11.

<sup>200</sup> See *High Pressure Steel Cylinders from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2017*, 84 FR 71337 (December 27, 2019) (*HPSC from China - 2017 Administrative Review*), and accompanying IDM at 6.

<sup>201</sup> *Id.*

<sup>202</sup> See *Certain Aluminum Foil from the People's Republic of China: Final Results of the Countervailing Duty Administrative Review; 2017-2018*, 86 FR 12171 (March 2, 2021), and accompanying IDM at 10.



23.	Grants for Energy Conservation and Emission Reduction <sup>203</sup>	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
24.	Grants for the Retirement of Capacity <sup>204</sup>	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
25.	Grants for the Relocation of Productive Facilities <sup>205</sup>	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
26.	Grants to Nanshan Aluminum and Henan Mingtai <sup>206</sup>	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
<b>Self-Reported Subsidies<sup>207</sup></b>			
27.	Production Line Technology Transformation Project	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
28.	Fund for Independent Innovation and High-Tech Industrialization Project*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
29.	Fund for Independent Innovation and High-Tech Industrialization Project*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
30.	110 KW Line Dredging Project	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

<sup>203</sup> See HPSC from China - 2017 Administrative Review.

<sup>204</sup> *Id.*

<sup>205</sup> *Id.*

<sup>206</sup> *Id.*

<sup>207</sup> See HPSC from China - 2017 Administrative Review.

31.	Full Oil Recovery and Residual Heat Utilization Project	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
32.	Subsidy for Purchase of Aluminum Trollers	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
33.	Patent Award* <sup>208</sup>	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
34.	Patent Award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
35.	Patent Award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
36.	Patent Award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
37.	Patent Award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
38.	Patent Award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
39.	Patent subsidy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
40.	Patent subsidy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

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<sup>208</sup> An “\*” denotes that a subsidy with the same program name was received on multiple separate occasions during the AUL period.

41.	Patent subsidy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
42.	Patent subsidy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
43.	Patent subsidy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
44.	Patent subsidy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
45.	Subsidy for patent application and reward for patent authorization*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
46.	Subsidy for patent application and reward for patent authorization*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
47.	Subsidy for patent application and reward for patent authorization*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
48.	Subsidy for patent application and reward for patent authorization*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
49.	Subsidy for patent application and reward for patent authorization*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
50.	Subsidy for patent application and reward for patent authorization*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
51.	Subsidy for patent application and reward for patent authorization*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

52.	Water - saving enterprise award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
53.	Water - saving enterprise award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
54.	Independent innovation rewards*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
55.	Independent innovation rewards*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
56.	Stable employment award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
57.	Stable employment award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
58.	Interest subsidy for technological transformation of key industries*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
59.	Interest subsidy for technological transformation of key industries*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
60.	Interest subsidy for technological transformation of key industries*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
61.	Interest subsidy for technological transformation of key industries*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
62.	Fund subsidies for energy saving projects*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

63.	Fund subsidies for energy saving projects*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
64.	Subsidies for energy conservation and circular economy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
65.	Subsidies for energy conservation and circular economy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
66.	Foreign trade guarantee growth support fund*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
67.	Foreign trade guarantee growth support fund*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
68.	Foreign trade guarantee growth support fund*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
69.	Foreign trade guarantee growth support fund*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
70.	Science and Technology Progress Award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
71.	Science and Technology Progress Award*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
72.	Electricity subsidies*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
73.	Electricity subsidies*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

74.	2007 National and Provincial Recognized Enterprise Technology Center Award	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
75.	Subsidies for Technological Upgrading Projects	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
76.	The Import and Export Structure of Electromechanical and High-Tech Products Subsidy	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
77.	Brand Development Special Help	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
78.	New Product Development Subsidies for Enterprises	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
79.	Subsidies for Energy Audit Fees	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
80.	Special Funds for Key Structural Adjustment	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
81.	Patent Information Platform Subsidy	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
82.	Discount Interest for Imported Equipment	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
83.	Subsidies for Energy-Saving Technological Upgrading Projects	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
84.	Provincial Energy Conservation and Emission Reduction Special Guiding Funds	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

85.	Provincial Special Guiding Fund for Key Industrial Technological Transformation	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
86.	Subsidy for the Structure of Import and Export of Electromechanical and High-Tech Products	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
87.	Provincial Special Guiding Funds for Energy Conservation and Emission Reduction	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
88.	Provincial-Level Special Fund for the Development of Small and Medium-Sized Technological Enterprises	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
89.	Science and Technology Project Awards	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
90.	Award for Famous Brand Products	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
91.	Discount on Imported Equipment	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
92.	Guiding Funds for Industrial Transformation and Upgrading	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
93.	2009 Annual Award	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
94.	High-Tech Product Incentives	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
95.	Reward for Large Exporters of Open Economy in 2010	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

96.	Postdoctoral Workstation Subsidy	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
97.	Fund Subsidies for Industrial Transformation and Upgrading	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
98.	2011 Open Economy Support Fund	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
99.	2011 Town Economic Special Award	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
100.	Cleaner Production Reward	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
101.	Science and Technology Award	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
102.	Fund Subsidies for Industrial Transformation and Upgrading	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
103.	Industrial Transformation and Upgrading and Technological Innovation Awards	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
104.	Fund Subsidies for Energy Conservation Projects in 2013	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
105.	Guli Town Annual Economic Special Award	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
106.	Special Funds for Business Development Support the Transformation and	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment



	Upgrading of Foreign Economic and Trade		
107.	2013 Special Award for Strong Province	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
108.	2013 Changshu Pollution Source Automatic Monitoring Facilities Maintenance Award	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
109.	2014 Changshu City Foreign Trade Special Fund	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
110.	Industry Transfer Incentives	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
111.	Molten Aluminum Subsidy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
112.	Statistics Online Direct Reporting Line Subsidy	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
113.	Molten Aluminum Subsidy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
114.	2014 Eight Policy Incentives for Stabilizing Work	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
115.	2014 Municipal Industrial Economic Transformation and Development Funds	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
116.	Provincial Application for Project Funds in 2015	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

117.	Water Conservancy Bureau Water Balance Measurement Subsidy Funds	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
118.	Guli Town 2014 Economic Special Award	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
119.	2015 Provincial Innovation Capability Construction Special Fund	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
120.	2015 Special Reward Funds for Promoting Transformation	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
121.	Incremental Foreign Trade Subsidies	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
122.	Electricity Subsidies*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
123.	2015 Municipal Industrial Economic Transformation Development Fund	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
124.	Technology Awards	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
125.	Molten Aluminum Procurement Support Fund	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
126.	Special Fund for Transformation and Upgrade of the Second Batch of Provincial Industry and Information Industries in 2017	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

127.	Industrial Economic Transformation and Development Fund in 2016	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
128.	Special Fund for Business Development in 2017	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
129.	Enterprise Capacity Construction Fund in 2016	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
130.	Rewards for Qualified Secondary Security Standardization Construction	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
131.	Creation of Application of Provincial Intellectual Property Rights in 2017	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
132.	Special Awards for Guli Town in 2016	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
133.	Subsidies to Main Drafters of National and Industrial Standards	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
134.	2017 Municipal Incentive Funds for Improving Stock Enterprise Competitiveness	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
135.	Post-Project Subsidy Funds for 2016 Changshu Science and Technology Development Program (for Tackling Industrial Key Problems)	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
136.	2017 Changshu Business Transformation and Development Program	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

137.	2018 Provincial Special Funds for Business Development of the Finance Bureau (for Type V Project in the First Batch)	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
138.	2017 Financial Rewards at Town Level	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
139.	Second Funds for Projects Passing the In-Process Inspection for Leading Talents in Technological Innovation and Entrepreneurship in the First Half of 2018	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
140.	Rewards for Security Grade II Standardization of Jiangsu province	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
141.	2016 Key Water Consumption	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
142.	Second Funds for Invention Application of Finance Sub-Bureau of Guli Town in 2017	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
143.	2018 the Second Batch of Special Funds for the Transformation and Upgrading of Provincial Industrial and Information Industries	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
144.	Special Funds for Business Development in 2019	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
145.	2018 Changshu City Business Transformation Development Project	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

146.	2018 Special Economic Award	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
147.	Changshu Human Resources Management Service Center Unemployment and Stabilization Subsidies	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
148.	2018 Municipal-Level Incentive Funds for Improving the Competitiveness of Existing Enterprises	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
149.	2018 Enterprise Technology R&D Investment Reward	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
150.	2019 Fund for Passing Inspection of the Leading Talents of Science and Technology Innovation	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
151.	2018 Rewards for Enterprise R&D Expenses	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
152.	Changshu City 2018 Excellent Talent Contribution Award	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
153.	2019 Provincial Intellectual Property Special Fund	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
154.	Unemployment Monitoring Subsidy	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
155.	Molten Aluminum Subsidy*	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment

156.	Export Incremental Subsidies	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
157.	Party Construction Funds	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
158.	2014 Subsidies for Industry-University-Research Cooperation Funds	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
159.	Postgraduate Workstation Subsidies	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
160.	Special Fund for Development of Small and Medium-Sized Science and Technology Enterprises at Provincial Level	1.27%	Highest Rate for Similar Program based on Benefit Type: Project of Production Base Construction for Gas Storage and Transportation Equipment
	Total	<b>275.98%</b>	