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Investigation
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E&C/OII: Team

June 11, 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 Determination of the
Countervailing Duty Investigation of Pentafluoroethane (R-125)
from the People's Republic of China

I. SUMMARY

The Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of pentafluoroethane (R-125) from the People's Republic of China (China), as provided in section 703 of the Tariff Act of 1930, as amended (the Act). Pursuant to section 701(f) of the Act, Commerce is applying the countervailing duty (CVD) law to countries designated as non-market economies under section 771(18) of the Act, such as China.

II. BACKGROUND

A. Initiation and Case History

On January 11, 2021, Commerce received antidumping duty (AD) and CVD petitions concerning imports of R-125 from China, filed on behalf of Honeywell International Inc. (the petitioner).¹

On February 1, 2021, we initiated a CVD investigation on R-125 from China.² In the *Initiation Notice*, Commerce notified parties of an opportunity to comment on the scope of the

¹ See Petitioner's Letter, "Petition for the Imposition of Antidumping and Countervailing Duties Pursuant to Sections 701 and 731 of the Tariff Act of 1930, as Amended on Behalf of Honeywell International Inc.," dated January 11, 2021 (the Petition).

² See *Pentafluoroethane (R-125) From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 86 FR 8589 (February 8, 2021) (*Initiation Notice*).



investigation.³ In February and March, 2021, certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*.⁴

B. Respondent Selection

In the *Initiation Notice*, Commerce notified the public that we would select the companies required to respond to our CVD questionnaire using data collected via quantity and value (Q&V) questionnaires.⁵ In February 2021, Commerce issued Q&V questionnaires via Federal Express (FedEx) to 12 exporters/producers of the subject merchandise listed in the Petition.⁶ Additionally, Commerce made the Q&V questionnaire available on the Enforcement and Compliance website.⁷ On February 10, 2021, the petitioner requested that Commerce also issue a Q&V questionnaire to Zhejiang Quzhou Lianzhou Refrigerants Co., Ltd. (Lianzhou Refrigerants),⁸ which Commerce did via FedEx on February 12, 2021.⁹ Additionally, on March 1, 2021, Commerce issued a Q&V questionnaire to the legal representative of Zhejiang Quzhou Juxin Fluorine Chemical Co., Ltd. (Juxin) through ACCESS.¹⁰ Commerce received timely filed Q&V questionnaire responses from nine companies which received the questionnaire and two additional companies.

On March 9, 2021, based on the Q&V questionnaire responses received, Commerce selected Juxin and Zhejiang Sanmei Chemical Ind. Co., Ltd. (Sanmei) as the mandatory respondents in this investigation.¹¹

C. Questionnaires and Responses

In March 2021, we issued the CVD questionnaire to the Government of China (GOC).¹² On the same date, Commerce requested that the Department of the Treasury (Treasury) provide its evaluation and conclusion on the allegation that China's currency, the renminbi (RMB), was undervalued during the period of investigation (POI).¹³ In March and April 2021, we received timely responses to the "affiliated companies" section of the questionnaires from Sanmei and Juxin, respectively.¹⁴ In April 2021, we issued supplemental questionnaires to Juxin and Sanmei

³ *Id.*, 86 FR at 8590.

⁴ See Petitioner's Letter, "Scope Comments," dated February 22, 2021; The Chemours Company FC, LLC's Letter, "Scope Comments on behalf of the Chemours Company," dated February 22, 2021; and National Refrigerants, Inc.'s (National Refrigerants') Letter, "Scope Comments," dated February 22, 2021; see also Petitioner's Letter, "Rebuttal Scope Comments," dated March 11, 2021; and National Refrigerants Letter, "Rebuttal Scope Comments," dated March 11, 2021.

⁵ See *Initiation Notice*, 86 FR at 8592.

⁶ See Volume I of the Petition at Exhibit I-11.

⁷ See <https://enforcement.trade.gov/questionnaires/questionnaires-ad.html>.

⁸ See Petitioner's Letter, "Quantity & Value Questionnaires," dated February 10, 2021.

⁹ See Commerce's Letter, "Q&V Questionnaire," dated February 12, 2021.

¹⁰ See Commerce's Letter, "Q&V Questionnaire," dated March 1, 2021.

¹¹ See Memorandum, "Respondent Selection," dated March 9, 2021.

¹² See Commerce's Letter, "Countervailing Duty Questionnaire," dated March 9, 2021 (IQR).

¹³ See Commerce's Letter to Treasury, "Currency Undervaluation," dated March 9, 2021.

¹⁴ See Sanmei's Letter, "Submission of Zhejiang Sanmei's Affiliation Response," dated March 30, 2021 (Sanmei March 30, 2021 AFFR); and Juxin's Letter, "Juxin Affiliation Response," dated April 1, 2021 (Juxin April 1, 2021 AFFR).

regarding their “affiliated companies” responses; we received timely responses to these supplemental questionnaires in the same month.¹⁵

In April 2021, we received a timely response from Sanmei to the remainder of its initial questionnaire, except for the section related to the currency undervaluation program.¹⁶ In April and May 2021, we received a timely response from the GOC to the initial questionnaire, as well as a timely response from Juxin to the remainder of its initial questionnaire.¹⁷ On May 18, 2021, we received Sanmei’s untimely response to the currency undervaluation program, which we rejected and removed from the record of this investigation because it was not filed as part of Sanmei’s initial questionnaire response and was untimely.¹⁸

On May 3, 2021, the petitioner timely filed a new subsidy allegation.¹⁹ Also in May 2021, Commerce issued a supplemental questionnaire regarding the new subsidy allegation,²⁰ to which the petitioner responded in the same month.²¹ Also in May 2021, we issued supplemental questionnaires to Juxin, Sanmei, and the GOC; we received timely responses to these supplemental questionnaires in the same month.²²

On May 27, 2021, the petitioner timely filed an allegation regarding the uncreditworthiness of Juxin and Sanmei.²³ Given the proximity of this allegation to the date of the preliminary determination, we are unable to consider this information for the preliminary determination. However, we intend to analyze this information and investigate the creditworthiness of Juxin and Sanmei, as appropriate, after the publication of the preliminary determination.

On May 28, 2021, Treasury responded to our request for information.²⁴ On June 3, 2021, we issued a memorandum initiating an investigation of the programs contained in the petitioner’s new subsidy allegation and subsequently issued questionnaires to the GOC, Juxin, and Sanmei

¹⁵ See Juxin’s Letter, “Juxin Supplemental Affiliation Response,” dated April 28, 2021; and Sanmei’s Letter, “Submission of Zhejiang Sanmei’s Section III Response and Supplemental Affiliations Response,” dated April 22, 2021 (Sanmei April 22, 2021 IQR & AFF SQR).

¹⁶ See Sanmei April 22, 2021 IQR & AFF SQR; Sanmei’s Letter, “Submission of Fujian Qingliu’s Section III Response,” dated April 23, 2021; and Sanmei’s Letter, “Submission of Question D, Zhejiang Sanmei Section III Response,” dated April 27, 2021 (Sanmei April 27, 2021 DQR).

¹⁷ See GOC’s Letter, “GOC Initial Questionnaire Response,” dated April 22, 2021 (GOC April 22, 2021 IQR); Juxin’s Letter, “Juxin Initial Questionnaire Response,” dated April 22, 2021 (Juxin April 22, 2021 IQR); and Juxin’s Letter, “Juhua Mining Initial Questionnaire Response,” dated May 4, 2021 (Juhua Mining May 4, 2021 IQR).

¹⁸ See Commerce’s Letter, “Rejection of Sanmei’s Currency Undervaluation Program Response,” dated May 19, 2021.

¹⁹ See Petitioner’s Letter, “New Subsidy Allegations,” dated May 3, 2021.

²⁰ See Commerce’s Letter, “New Subsidies Allegation Supplemental Questionnaire,” dated May 10, 2021.

²¹ See Petitioner’s Letter, “New Subsidies Allegation Supplemental Response,” dated May 17, 2021.

²² See Juxin’s Letter, “Juxin Supplemental Questionnaire Response,” dated May 14, 2021; Juxin’s Letter, “Juxin Second Supplemental Questionnaire Response,” dated May 21, 2021; Sanmei’s Letter, “SUPPLEMENTAL SECTION III RESPONSE AND SUPPLEMENTAL AFFILIATIONS RESPONSE OF ZHEJIANG SANMEI CHEMICAL IND. CO. LTD.,” dated May 21, 2021; Sanmei’s Letter, “Submission of Zhejiang Sanmei’s Second Supplemental Section III Response,” dated May 21, 2021 (Sanmei SQR2); and GOC’s Letter, “GOC Supplemental Questionnaire Response,” dated May 24, 2021 (GOC SQR).

²³ See Petitioner’s Letter, “Petitioner’s Uncreditworthy Allegations,” dated May 27, 2021.

²⁴ See Treasury’s Letter, “Currency Undervaluation,” dated May 28, 2021 (Treasury Letter).

regarding these programs.²⁵ We intend to address the responses to these new subsidy allegation questionnaires in a post-preliminary determination.

On June 4, 2021, we received a critical circumstances allegation from the petitioner. On June 10, 2021, we requested shipment data from Juxin and Sanmei. We intend to analyze the petitioner's critical circumstances allegation, including the respondents' shipment data, after the publication of the preliminary determination.

On June 7, 2021, the petitioner submitted information in response to Treasury's filing.²⁶ Because we received this information too close to the date of the preliminary determination to consider it, we will consider it for the final determination.

Finally, after the issuance of the preliminary determination, we intend to issue a supplemental questionnaire to Juxin to clarify certain issues involving its reporting of its electricity usage during the POI.

D. Postponement of the Preliminary Determination

On March 2, 2021, the petitioner requested that Commerce postpone the preliminary determination of this investigation.²⁷ Commerce granted the petitioner's request and, on March 16, 2021, we postponed the date of the preliminary determination until June 11, 2021, in accordance with section 703(c)(1)(A) of the Act and 19 CFR 351.205(b)(2).²⁸

E. Period of Investigation

The POI is January 1, 2020, through December 31, 2020.

F. Alignment

On May 21, 2021, the petitioner requested that Commerce align the date of the CVD final determination with that of the companion AD final determination. Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), and based on the petitioner's request,²⁹ we are aligning the final CVD determination in this investigation with the final determination in the companion AD investigation of R-125 from China. Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is scheduled to be issued no later than October 25, 2021, unless postponed.

²⁵ See Memorandum, "New Subsidy Allegations," dated June 3, 2021; *see also* Commerce's Letter to the GOC, dated June 7, 2021; Commerce's Letter to Juxin, "New Subsidy Allegations Questionnaire," dated June 7, 2021; and Commerce's Letter to Sanmei, "New Subsidy Allegations Questionnaire," dated June 7, 2021.

²⁶ See Petitioner's Letter, "Rebuttal Factual Information for Treasury Letter," dated June 7, 2021.

²⁷ See Petitioner's Letter, "Petitioner's Request to Postpone the Preliminary Determination," dated March 2, 2021.

²⁸ See *Pentafluoroethane (R-125) from the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*, 86 FR 14406 (March 16, 2021).

²⁹ See Petitioner's May 21, 2021 Request for Alignment.

III. SCOPE OF THE INVESTIGATION

The product covered by this investigation is R-125 from China. A full description of the products covered by this investigation is provided in Appendix I of the *Federal Register* notice accompanying this memorandum.

IV. INJURY TEST

Because China is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, the U.S. International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from China materially injure, or threaten material injury to, a U.S. industry. On March 4, 2021, the ITC determined that there is a reasonable indication that an industry in the United States is threatened with injury by reason of imports of R-125 from China.³⁰

V. DIVERSIFICATION OF CHINA’S ECONOMY

Concurrently with this decision memorandum, we are placing “The Extent of Diversification of Economic Activities in the People’s Republic of China (China) for the Purpose of Determining Specificity of a Domestic Subsidy for Countervailing Duty (CVD) Purposes,” dated September 13, 2018, on the record of this investigation.³¹ This information reflects a wide diversification of economic activities in China across 19 industry groups. The industrial sector in China alone is comprised of 37 listed industries and economic activities, indicating the diversification of China’s economy.

VI. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

A. Legal Standard

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

Section 776(b) of the Act further provides that Commerce may use an adverse inference in 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) 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

³⁰ See *Pentafluoroethane (R-125) From China; Determinations*, 86 FR 12712 (March 4, 2021).

³¹ See Memorandum, “The Extent of Diversification of Economic Activities in the People’s Republic of China (China) for the Purpose of Determining Specificity of a Domestic Subsidy for Countervailing Duty (CVD) Purposes,” dated concurrently with this memorandum.

information placed on the record. When selecting an adverse facts available (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 adverse facts available rule to induce respondents to provide Commerce with complete and accurate information in a timely manner."³² Commerce's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."³³

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."³⁴ It is Commerce's practice to consider information to be corroborated if it has probative value.³⁵ In analyzing whether information has probative value, it is Commerce's practice to examine the reliability and relevance of the information to be used.³⁶ However, the SAA emphasizes that Commerce need not prove that the selected facts available are the best alternative information.³⁷

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 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 776(c), or any other purpose, to estimate what the countervailable subsidy rate would have been if the non-cooperating interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an "alleged commercial reality" of the interested party.³⁸

For purposes of this preliminary determination, we are applying AFA in the circumstances outlined below.

B. Application of AFA: Non-Responsive Q&V Questionnaire Recipients

As noted above, Commerce issued Q&V questionnaires via FedEx to 12 companies identified in the Petition. We also issued an additional Q&V questionnaire through ACCESS to a company identified by the petitioner. We confirmed that nine of the 12 Q&V questionnaires issued via

³² 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); see also *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).

³³ See Statement of Administrative Action accompanying the Uruguay Round Agreements Act (SAA), H.R. Doc. 103-316, Vol. I at 870 (1994), reprinted at 1994 U.S.C.C.A.N. 4040, 4199.

³⁴ See, e.g., SAA at 870.

³⁵ *Id.* at 870.

³⁶ *Id.* at 869.

³⁷ *Id.* at 869-870.

³⁸ See section 776(d)(3) of the Act.

FedEx were delivered.³⁹ Of these nine companies that we confirmed had questionnaires delivered to them, only six timely responded to our request for information, and two others responded despite the fact that their Q&V questionnaires were not delivered.⁴⁰ Additionally, one company refused delivery of the Q&V questionnaire and did not file a response electronically via the ACCESS system. Therefore, the following four Q&V recipients did not respond to our request for information: Arkema Daikin Advanced Fluorochemicals (Changsu) Co., Ltd. (Arkema); Daikin Fluorochemicals (China) Co., Ltd. (Daikin); Hongkong Richmax Ltd. (Hongkong); and Weitron International Refrigeration Equipment (Kunshan) Co., Ltd. (Weitron).⁴¹

We preliminarily determine that Arkema, Daikin, Hongkong, and Weitron withheld necessary information that was requested of them, failed to provide information within the deadlines established, and significantly impeded this proceeding. Thus, Commerce will rely on facts otherwise available in making our preliminary determination with respect to these companies, pursuant to sections 776(a)(2)(A)-(C) of the Act.⁴² Moreover, we preliminarily determine that an adverse inference is warranted in selecting from the facts available, pursuant to section 776(b) of the Act, because, by not responding to the Q&V questionnaire, each of these companies did not cooperate to the best of its ability to comply with a request for information in this investigation. Accordingly, we preliminarily find that application of AFA is warranted to ensure that these companies do not obtain a more favorable result by failing to cooperate than if they had fully complied with our requests for information.

As facts otherwise available with an adverse inference, we find that Arkema, Daikin, Hongkong, and Weitron used and benefited from all programs at issue in this proceeding, aside from currency undervaluation (for reasons discussed below), within the meaning of sections 771(5)(B) and (E) of the Act. As explained below under the “Analysis of Programs” section, we preliminarily find that certain programs used by the cooperating mandatory respondents are specific and provided a financial contribution. For the other initiated-upon programs that were used by the cooperating mandatory respondents and for the subsidies the respondents self-reported, the GOC did not respond to our CVD questionnaire and/or supplemental questions on these programs. Furthermore, the GOC also declined to respond to our questions regarding export loans to state owned banks because “to the best of the GOC’s knowledge, none of the respondents applied for, used, or benefited from, this program during the POI.”⁴³ By not responding to our requests for information regarding these programs, the GOC withheld information that was requested of it, failed to provide information within the deadlines established, and significantly impeded this proceeding. It also failed to cooperate by not acting to the best of its ability. Therefore, relying on sections 776(a)(2)(A) through (C) and 776(b) of the Act, we find that these programs constitute financial contributions and meet the specificity requirements of the Act.

³⁹ See Memorandum, “Confirmation of Delivery of Quantity and Value Questionnaires,” dated February 24, 2021 (Q&V Delivery Confirmation Memorandum).

⁴⁰ *Id.*; as noted above, Commerce also issued a Q&V questionnaire via the ACCESS system to Juxin which timely responded to it.

⁴¹ See Q&V Delivery Confirmation Memorandum at Attachment I.

⁴² For the derivation of the preliminary AFA subsidy rate assigned to the companies who did not respond to the Q&V questionnaire, see Appendix II.

⁴³ See GOC April 22, 2021 IQR at 15.

Accordingly, we are including all programs from this investigation other than currency undervaluation in the determination of the AFA rate for Arkema, Daikin, Hongkong, and Weitron. We selected an AFA rate for each program based on the statutory hierarchy provided in section 776(d) of the Act and in accordance with Commerce's practice, and we included them in the determination of the AFA rate applied Arkema, Daikin, Hongkong, and Weitron.⁴⁴ Commerce has previously countervailed these or similar programs. For a description of the selection of the AFA rate and our corroboration of this rate, *see* the "Selection of the AFA Rate" and "Corroboration of the AFA Rate" sections.

Selection of the AFA Rate

It is our practice in CVD proceedings to determine an AFA rate for non-cooperating companies using the highest calculated program-specific rates determined for the cooperating respondents in the instant investigation, or, if not available, rates calculated in prior CVD cases involving the same country.⁴⁵ When selecting AFA rates, section 776(d) of the Act provides that we may use a countervailable subsidy rate determined for the same or a similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a countervailable subsidy rate for a subsidy program from a proceeding that Commerce considers reasonable to use, including the highest of such rates.⁴⁶ Accordingly, when selecting AFA rates, if we have cooperating respondents, as in this investigation, we first determine if there is an identical program in the instant investigation and use the highest calculated rate for the identical program. If there is no identical program for which we calculated a subsidy rate above zero for a cooperating respondent in the investigation, we then determine if an identical program was used in another CVD proceeding involving the same country and apply the highest calculated rate for

⁴⁴ See Appendix II.

⁴⁵ See, e.g., *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) (*Aluminum Sheet from China Prelim*), and accompanying Preliminary Decision Memorandum (PDM) at "X: Use of Facts Otherwise Available and Adverse Inferences: A. Application of Total AFA: Chalco Ruimin and Chalco-SWA," 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) (*Aluminum Sheet from China Final*), and accompanying Issues and Decision Memorandum (IDM); see also *Aluminum Extrusions from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 18521 (April 4, 2011) (*Aluminum Extrusions Final*), and accompanying IDM at "VI. Use of Facts Otherwise Available and Adverse Inferences: Application of Adverse Inferences: Non-Cooperative Companies"; and *Certain Tow-Behind Lawn Groomers and Certain Parts Thereof from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 29180 (June 19, 2009), and accompanying IDM at "Application of Facts Available, Including the Application of Adverse Inferences."

⁴⁶ See *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 12-14; 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").

the identical program (excluding *de minimis* rates).⁴⁷ If no such rate exists, we then determine if there is a similar/comparable program (based on the treatment of the benefit) in another CVD proceeding involving the same country, and apply the highest calculated above-*de minimis* rate for the similar/comparable program. Finally, where no such rate is available, we apply the highest calculated above-*de minimis* rate from any non-company specific program in a CVD case involving the same country that the company's industry could conceivably use.⁴⁸

Commerce's methodology is consistent with section 776(d)(1)(A) of the Act, which states that when applying an adverse inference in selecting from the facts otherwise available, we 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 we consider reasonable to use. Thus, section 776(d)(1)(A) of the Act expressly allows for our existing practice of using an AFA hierarchy in selecting a rate "among the facts otherwise available" in CVD cases, should the facts warrant such a selection.

Section 776(d)(2) of the Act authorizes Commerce to rely on the highest prior rate under certain circumstances. In deriving an AFA rate under section 776(d)(1)(A) of the Act described above, the provision states that we "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."⁴⁹ No legislative history accompanied this provision. Accordingly, we are 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.

The Act anticipates a two-step process for determining an appropriate AFA rate in CVD cases: (1) Commerce may apply its hierarchy methodology, and (2) Commerce may apply the highest rate derived from this hierarchy to a respondent, should it choose to apply that hierarchy in the first place, unless, after an evaluation of the situation that resulted in the use of AFA, Commerce determines that the situation warrants a rate different than the rate derived from the hierarchy be applied.⁵⁰

In applying the AFA rate provision, it is well established that when selecting the rate from among possible sources, we seek 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

⁴⁷ 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 "E. Various Grant Programs: 1. Grant Under the Tertiary Technological Renovation Grants for Discounts Program" and "2. Grant Under the Elimination of Backward Production Capacity Award Fund."

⁴⁸ See *Shrimp from China* IDM at 13-14.

⁴⁹ See section 776(d)(2) of the Act.

⁵⁰ This differs from antidumping proceedings, for which no hierarchy applies under section 776(d)(1)(B) of the Act. Under that provision, "any dumping margin from any segment of the proceeding under the applicable antidumping order" may be applied, which suggests an adverse rate could be derived from different available margins, given the facts on the record.

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.”⁵¹ 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.”⁵² It is pursuant to this knowledge and experience that we have implemented our AFA hierarchy in CVD cases to select an appropriate AFA rate.⁵³

In applying its AFA hierarchy in CVD investigations, Commerce’s goal is as follows: in the absence of necessary information from cooperative respondents, we are seeking to find a rate that is a relevant indicator of how much the government of the country under investigation is likely to subsidize the industry at issue, through the program at issue, while inducing cooperation. Accordingly, in sum, the three factors that we take 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 (*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 we can rely upon for purposes of identifying an AFA rate for a particular program. In investigations, for example, this “pool” of rates could include the rates for the same or similar programs used in either that same investigation, or prior CVD proceedings for that same country. Of those rates, the hierarchy provides a general order of preference to achieve the goal identified above. The hierarchy therefore does not focus on identifying the highest possible rate that could be applied from among that “pool” of rates; rather, it adopts the factors identified above of inducement, relevancy to the industry and to the particular program.

Under the first step of Commerce’s investigation hierarchy, we apply the highest non-zero rate calculated for a cooperating company for the identical program in the investigation. Under this step, we will even use a *de minimis* rate as AFA if that is the highest rate calculated for another cooperating respondent in the same industry for the same program. However, if there is no identical program match within the investigation, or if the rate is zero, then we will shift to the second step of its investigation hierarchy, and either apply the highest non-*de minimis* rate

⁵¹ See SAA at 870; see also *Essar Steel*, 753 F.3d at 1373 (citing *F.Lii De Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F.3d 1027, 1032 (Fed. Cir. 2000) (*De Cecco*) (finding that “{t}he purpose of {the adverse facts statute is} to provide respondents with an incentive to cooperate, with Commerce’s investigation, “not to impose punitive, aberrational, or uncorroborated margins.”).

⁵² See *De Cecco*, 216 F.3d at 1032.

⁵³ We have adopted a practice of applying this 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 CVD investigation); see also *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 80 FR 41003 (July 14, 2015), and accompanying IDM at 11-15 (applying the AFA hierarchical methodology within the context of CVD administrative review). However, depending on the type of program, we may not always apply the 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).

calculated for a cooperating company in another CVD proceeding involving the same country for the identical program, or if the identical program is not available, for a similar program. This step focuses on the amount of subsidies that the government has provided in the past under the investigated program. The assumption under this step is that the non-cooperating respondent under investigation uses the identical program at the highest above *de minimis* rate of any other company using the identical program.

Finally, if no such rate exists, under the third step of Commerce's investigation hierarchy, we apply the highest rate calculated for a cooperating company from any non-company-specific program that the industry subject to the investigation could have used for the production or exportation of subject merchandise.⁵⁴

In all three steps of Commerce's AFA investigation hierarchy, if we were to choose low AFA rates consistently, the result could be a negative determination with no order (or a company-specific exclusion from an order) and a lost opportunity to correct future subsidized behavior. In other words, the "reward" for a lack of cooperation would be no order discipline in the future for all or some producers and exporters. Thus, in selecting the highest rate available in each step of Commerce's investigation AFA hierarchy (which is different from selecting the highest possible rate in the "pool" of all available rates), we strike a balance between the three necessary variables: inducement, industry relevancy, and program relevancy.⁵⁵

Furthermore, we find that section 776(d)(2) of the Act applies as an exception to the selection of an AFA rate under section 776(d)(1) of the Act; that is, after "an evaluation of the situation that resulted in the application of an adverse inference," we may decide that given the unique and unusual facts on the record, the use of the highest rate within that step is not appropriate.

There are no facts on this record that suggest that a rate other than the highest rate envisioned under the appropriate step of the hierarchy applied in accordance with section 776(d)(1) of the Act should be applied as AFA. As explained above, we are preliminarily applying AFA because each of the companies that failed to submit a response to the Q&V questionnaire chose not to cooperate by not providing the information we requested. Therefore, we preliminarily find that the record does not support the application of an alternative rate, pursuant to section 776(d)(2) of the Act.

⁵⁴ In an investigation, unlike an administrative review, Commerce is just beginning to achieve an understanding of how the industry under investigation uses subsidies. Commerce may have no prior understanding of the industry and no final calculated and verified rates for the industry.

⁵⁵ It is significant that all interested parties, since at least 2007, that choose not to provide requested information have been put on notice that Commerce, in the application of facts available with an adverse inference, may apply its hierarchy methodology and select the highest rate in accordance with that hierarchy. See, e.g., *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 2 ("As AFA in the instant case, the Department is relying on the highest calculated final subsidy rates for income taxes, VAT and policy lending programs of the other producer/exporter in this investigation, Gold East Paper (Jiangsu) Co., Ltd. (GE). GE did not receive any countervailable grants, so for all grant programs, we are applying the highest subsidy rate for any program otherwise listed..."). Therefore, when an interested party is making a decision as to whether or not to cooperate and respond to a request for information by Commerce, it does not make this decision in a vacuum; instead, the interested party makes this decision in an environment in which Commerce may apply the highest rate as AFA under its hierarchy.

In determining the AFA rate to apply to Arkema, Daikin, Hongkong, and Weitron, we applied the methodology detailed above. We began by selecting, as AFA, the highest calculated program-specific above-zero rates determined for either Juxin or Sanmei in the instant investigation. Accordingly, we applied the subsidy rate calculated for the mandatory respondents for the following programs:

Rates Calculated for Juxin:

- Policy Loans to the Chemicals Industry
- Provision of Land Use Rights for Less than Adequate Remuneration (LTAR)
- 8.2 million in 2012 audit adjustments to state debt subsidies
- The first batch of park recycling subsidies - R125 project
- the first batch of special funds for high-tech development Zhen Cai Guo Zi No. 227
- 2013 Annual Cleaner Production Project Subsidy 9 Caijian (2013.481)
- Government relocation compensation 2
- Subsidy funds for shantytown
- Qu Development and Reform Development No. 7 HFC-245fa Project Government Subsidy
- Qu Development and Reform Development No. 7 10kt/a HFC-125 project government subsidy
- Tax rebate subsidy 7
- Tax rebate subsidy 12
- QEIT Investment No. 84 subsidy for 270kt/a environmental protection type project of Dacommerce
- QEIT Investment No. 84 Grand Techtron Policy Monochloromethane Project Grant
- Qu Economic and Information Investment No. 126 Grand Science and Technology Special Government Subsidy
- Subsidy for the separation and transfer of “three supplies and one industry” from the state-owned capital management budget
- Refund of social security
- Receiving payment from the Quzhou Municipal Bureau of Finance for the subsidies for the technical transformation of acid production in enterprises
- Interest Subsidy under Cai Jin No.5
- December 2019 social security premium rebate
- Financial incentives for completed projects of industrial technological transformation
- Ningbo Science and Technology Innovation 2025 Financial Subsidy Fund
- Ningbo Petrochemical Economic & Technological Development Zone Strategic Emerging Industry and Technological Transformation Award Fund
- Government relocation compensation 1

Rates Calculated for Sanmei:

- Provision of Electricity for LTAR
- 2011 Government-enterprise Interaction Award
- Reward for Large and Powerful Enterprises

- Foreign trade support subsidies for year 2019
- Wuyi County Special Award for Industrial Enterprises' Stable Employment
- Foreign trade support subsidies for 2019 second batch
- Subsidy for Unemployment Insurance in 2020
- Subsidy for Zhejiang Manufacturing Brand in 2019
- Awards for Outstanding tax payment per mu {sic} in 2019
- Subsidy for export credit insurance in the first half of 2020
- Special Fund for Employees' Skills Promotion
- The second batch of R & D investment incentive funds of Wuyi County enterprises in 2020
- Financial subsidies for emergency team in 2019
- Incentives for Increasing Production and Increasing Efficiency for the third quarter of 2019
- Housing and Urban-rural Development Bureau Tax Return
- Incentives for Increasing Production and Increasing Efficiency for the fourth quarter of 2019
- 2018 Segmented Subsidy for Enterprise's Investment in Research and Development
- 2019 Environmental Protection Facilities Upgrade and Renovation Subsidy
- Stabilizing Employment Subsidies for Enterprise in Hardship

For all other programs not identified above, we are applying, where available, the highest above *de minimis* subsidy rate calculated for a comparable program in a CVD proceeding involving China. For this preliminary determination, we are able to match, based on program name, description, and treatment of the benefit, the following programs to the same or similar program from other CVD proceedings involving China:

- Export Loans from Chinese State-Owned Commercial Banks (SOCBs)
- 2020 Municipal-level Special Award Funds for Large Science and Innovation - Green Development
- Government Grant for Qu Emergency No. 26
- Quzhou City Supervision and Knowledge No. 8, 2019 Municipal Patent Award
- Quzhou Kecheng District Market Supervision Administration 2018-2019 Authorized Invention
- Tax rebate subsidy 1
- Tax rebate subsidy 2
- Tax rebate subsidy 3
- Tax rebate subsidy 4
- Tax rebate subsidy 5
- Tax rebate subsidy 6
- Tax rebate subsidy 8
- Tax rebate subsidy 9
- Tax rebate subsidy 10
- Tax rebate subsidy 11

- 10Kt/aHF soil and water conservation compensation fee refunded by the Municipal Finance Treasury Payment Centre
- Quzhou Municipal Bureau of Commerce-Appropriation of export subsidy for large trade and commerce in 2019
- Qu Development and Reform Development No. 30 Industrial Green Development Project Grant
- Quzhou City Supervision and Knowledge No. 23 Market Supervision Administration 2020 Patent Incentive Funds
- Interest Subsidy under Cai Jin No.5
- Skill Master Funding
- Recycling Program Funding
- Special funds for air and soil pollution prevention and control from Quzhou Finance Bureau
- Incentive fund for direct financing of enterprises in 2019
- Quzhou Municipal Bureau of Finance Emergency Management Special Subsidy Fund
- Skill Talent Support Fund
- Encouraging Enterprise digital transformation
- Finance Bureau 2019 Green Enterprise and Green Project Loan Interest Subsidy
- Science and Technology Incentive of Finance Bureau
- Zhejiang Provincial Department of Finance (Treasury account) other energy reserves
- Subsidy for the construction of emergency disposal centre, Bureau of Ecology and Environment
- Bureau of Finance subsidy for online monitoring of pollution sources in 2020
- Emergency Management Bureau Annual Hazardous Chemical Emergency Rescue Subsidy
- Quzhou Talent and Employment Enterprise Highly Skilled Personnel Training Demonstration Base
- Phase II Pipe Corridor Project of High-tech Park
- Work-based training allowance
- Collection of 2019 annual subsidies for safety and environmental insurance from the Municipal Bureau of Emergency Response of Quzhou Finance Bureau
- Receipt of refund from joint-stock companies for the government's reduction of December social insurance
- Tax handling fee
- Social security return
- Municipal Emergency Bureau 2019 annual security and environmental insurance subsidy
- Return to the government to reduce the December social insurance
- Collection of Quzhou Leibo human resources return
- Epidemic social security return
- 2019 Municipal Subsidy for Comprehensive Liability Insurance for Safety and Environmental Pollution
- Government remission of December social insurance
- Annual fee for 19 years of granted patent inventions
- Refund of 2019 ad valorem property tax

- Subsidy for investment in the production of emergency supplies for enterprises against epidemics
- 13 Annual Municipal Finance Bureau Municipal-level Patent Implementation and Demonstration Enterprise Incentive
- 2020 Subsidy for competitive allocation of the Great Science and Technology Policy and special funding for industrial robot acquisition projects
- 2020 Subsidy for Competitive Allocation of Great Science and Technology Policy and Special Funds for Industrial Robot Acquisition Projects
- Provincial-level subsidies for technical improvement of epidemic prevention and emergency supplies
- Subsidies for the green development category of the Great Science and Technology Policy
- Subsidies for work-based training
- Municipal Bureau of Economy and Information Technology competitive allocation of special funds
- Received from Zhejiang Normal University
- Quxian Emergency No. 26, Government Subsidy
- 2020 Municipal-level special award fund for large science and innovation - green development
- Interest Subsidy under Cai Jin No.5
- Quzhou Municipal Administration of Market Supervision to undertake the National Professional Standards and Technology Committee Policy Grants
- Quzhou Municipal Bureau of Finance Leading and Participating in Standard Making and Revision
- Pilot funds for the construction of comprehensive service system for offshore foreign trade and economic cooperation
- Quzhou Leibo Human Resources Development Co., Ltd. government subsidy for work-based training during the epidemic
- Enterprise recruitment of retired soldiers deduction preference
- 2019 Authorized invention patent subsidy (Juhua) 273001 Ke Cheng District, Quzhou
- Quzhou City Trade Bureau allocated special funds for big trade
- Financial support funds for factory IOT projects *Quzhou Bureau of Economy and Information Technology
- Refund of social security premiums
- Post-grant for R&D expenses
- Subsidy for payroll stabilization
- Yong City Supervision Zhi Fa (2019) 33
- The advanced unit award for emergency rescue in the Petrochemical Economic Development Zone
- Yong Finance Development (2018) 1176
- 2019 Municipal Employment Practice Base for College Students from Zhenren Social Welfare Bureau (2020) 45
- Zhenhai Fair Trade Subsidy for Zhenhai District Commerce Bureau 2019
- Zhenjiang District Commerce (2020) No. 35
- Zhenjiang District Commerce (2020) No. 37

- Receiving subsidies for entrepreneurship and absorbing employment
- Industrial Technical Transformation Completion Yong Jing Xin Technical Reform (2017) No. 134
- Safety Team of Petrochemical Economic and Technological Development Zone
- Yong Commercial Trade Management (2020) No. 40
- Zhenhai Energy-saving Renovation Award for Zhenhai Development and Reform (2020) No. 385
- Ningbo Petroleum and Chemical Industry Association Skills Competition Vocational Training Title Assessment
- Zhen District Business (2020) No. 41 Exhibition Policy Incentive
- Ningbo City Business Promotion Special Fund
- Ningbo Commerce and Foreign Trade (2019) No. 4 2020 Commerce Promotion Export Credit Insurance
- Credit insurance payment
- Talent attraction training incentives
- Zhen Renren Social Hair (2019) 65 special funds for talents
- Domestic authorized invention patent annual fee and job invention patent 2*660
- Zhenhai District Financial Support Special Fund for Economic Development
- Subsidies for work-based training Yong Rengshe Fa (2020) No. 44
- Social security subsidies for absorbing college students Yongzhengfa (2015) No. 112
- Subsidy for the online vocational skills training against epidemic
- Subsidies for internship in colleges and universities in Zhen Renmin Social Hair (2019) 65
- Zhen City Supervision (2020) No. 50 issued to Zhenhai District 2019 domestic and foreign authorized invention
- Yong Finance Fa (2020) No. 1156 Special Funds for the Development of Foreign Trade and Economic Cooperation in 2020
- Receiving No. 35 of Domestic Authorized Invention Patents for Jobs from Yong Science and Technology (2018)
- Subsidies after investment of Ningbo R&D funding
- Subsidy for absorbing social security for college students
- New materials remission refund absorption merged to Ning Hua
- Qu Emergency No. 26, Government Subsidies
- social security subsidies for recruiting college graduates by small and micro enterprises
- Qu Development and Reform Development No. 30, Subsidy for Industrial Green Development Projects
- QEIT transfer ascending No. 116 special green development category award funds for large science and innovation
- Quzhou City Talent and Employment Management Center Quzhou City Work-for-Work Training Subsidy
- Grants for online monitoring environment
- Grants for electricity
- Work-for-training rebate
- Return of social insurance

- Wuyi County “100 million” high skilled Leading Talent Training Award
- The third batch of patent awards in 2019
- Talent training subsidy in 2019
- The first batch of epidemic transportation subsidies in 2020
- Reward fund for integration of industrialization and industrialization in 2019
- Enterprise brand building Award
- Subsidy for operation and maintenance of pollution source automatic monitoring system in 2019
- The first batch of patent subsidies in 2020
- Special Fund Award for energy conservation in 2019
- Occupational health monitoring subsidy
- Project subsidy of provincial special financial fund for business promotion in 2020
- Subsidy for hazardous chemical emergency drill
- Export sales commission tax relief
- Unemployment insurance rebate for employment stabilization
- 2019 Subsidy for non-public party construction
- 2019 Unemployment benefits subsidy for employment stabilization
- 2019 authorized patent award
- Patent application subsidy
- Lump-sum subsidy for employment
- Subsidy for recruitment of new employees
- Subsidies for cross-provincial poor employees

Based on the methodology described above, we preliminarily determine the AFA net countervailable subsidy rate for Arkema, Daikin, Hongkong, and Weitron to be 291.26 percent *ad valorem*. Appendix II contains a chart summarizing our calculation of this rate.

Corroboration of AFA Rate

Section 776(c)(1) 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.”⁵⁶ The SAA provides that to “corroborate” secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.⁵⁷

Commerce will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that Commerce need not prove that the selected facts available are the best alternative information.⁵⁸ Furthermore, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party

⁵⁶ See SAA at 870.

⁵⁷ *Id.*

⁵⁸ *Id.* at 869-870.

failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.⁵⁹

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.⁶⁰

In the absence of record evidence concerning Arkema’s, Daikin’s, Hongkong’s, and Weitron’s usage of the subsidy programs at issue due to their decision not to participate in the investigation, we have reviewed the information concerning Chinese subsidy programs in other cases. Where we have a program-type match, we find that, because these are the same or similar programs, they are relevant to the programs in this investigation. The relevance of these rates is that they are actual calculated subsidy rates for Chinese programs, from which Arkema, Daikin, Hongkong, and Weitron could actually receive a benefit. Due to the lack of participation by these companies 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 this preliminary determination.

C. Application of AFA: Provision Electricity for LTAR

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

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

⁵⁹ See section 776(d) of the Act.

⁶⁰ See, e.g., *Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).

schedules that were applicable to the POI; the cost elements and adjustments that were discussed between the provinces and the NDRC in the price adjustment conferences; and how the NDRC determines that the provincial-level price bureaus have accurately reported all relevant cost elements in their price proposals with respect to generation, transmission, and distribution.⁶¹ Commerce requested this information to determine the process by which electricity prices and price adjustments are derived, identify entities that manage and impact price adjustment processes, and examine cost elements included in the derivation of electricity prices in effect throughout China during the POI.

In its initial questionnaire response, the GOC stated that, since January 1, 2016, “all of the provincial governments have been given authority to prepare and publish electricity tariff rates for their own jurisdictions.”⁶² Therefore, according to the GOC, Provincial Price Proposals no longer exist and did not exist during the POI.⁶³ Consequently, according to the GOC, the “NDRC’s role in regulating provincial electricity pricing is at the macro level; however, the NDRC no longer determines the specific electricity sales prices.”⁶⁴

Commerce preliminarily determines that the record indicates the NDRC continues to play a significant and determinative role in setting electricity prices, and that the GOC’s failure to provide detailed information concerning the establishment of varying prices across provinces by the NDRC and the provinces constitutes a lack of cooperation. Because of this failure to cooperate fully, Commerce lacks information that would allow it to determine whether the varying provincial prices established under the NDRC-administered program are the result of market considerations or the result of a design to subsidize certain regions or industries. In particular, the Notice of the NDRC on “Adjusting Schedule of Coal-fired Power Generation Grid Purchase Price and Sale Price of Industrial and Commercial Electricity of Each Province (District or City)” (Notice 748) is based upon consultations between the NDRC and the “State Energy Bureau.”⁶⁵ Article 1 contained therein stipulates a lowering of the coal-fired power grid benchmark price of “about 2 cents” per kilowatt hour.⁶⁶ Annex 1 of Notice 748 applies this adjustment in varying amounts to the provinces.⁶⁷ Article 2 indicates that the reduction shall be “mainly used for reducing the price of industrial and commercial electricity.”⁶⁸ Articles 3 and 4 specifically direct the reduction of the sales price of industrial and commercial electricity.⁶⁹ Article 6 requires that provincial pricing authorities “develop and issue specific adjustment plan of electricity price and sales price in accordance with the average price adjustment standards of Annex 1, and reported to our Commission for the record.”⁷⁰

NDRC Notice 3105, also based upon consultations between the NDRC and the National Energy Administration, directs additional price reductions, and stipulates at Article II that local price

⁶¹ See IQR at Section II, Electricity Appendix.

⁶² See GOC April 22, 2021 IQR at 19.

⁶³ *Id.* at 21-22.

⁶⁴ *Id.* at 17.

⁶⁵ *Id.* at Exhibit E-11.

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ *Id.*

authorities shall implement the price reductions included in its appendix and report the resulting prices to the NDRC.⁷¹ Consequently, both Notice 748 and Notice 3015 explicitly direct provinces to reduce prices and to report the enactment of such changes to the NDRC. Neither Notice 748 nor Notice 3105 stipulates that relevant provincial pricing authorities determine and issue electricity prices within their own jurisdictions, as the GOC claims.⁷² Instead, both notices indicate that the NDRC continues to play a seminal role in setting and adjusting electricity prices by mandating price adjustment targets.

Notice 748 and Notice 3105, issued by the NDRC, direct provinces to reduce prices by amounts specific to provinces. They neither explicitly eliminate Provincial Price Proposals nor define distinctions in price-setting roles between national and provincial pricing authorities. The GOC failed to explain fully the roles of each level of government and the nature of the cooperation between the NDRC and the provinces in deriving electricity price adjustments. The information provided by the GOC indicates that, despite its claim that the responsibility for setting prices within each province has moved from the NDRC to the provincial governments, the NDRC continues to play a major role in setting and adjusting prices. Furthermore, the GOC failed to explain both the derivation of price reductions required of the provinces by the NDRC and the derivation of the provincial prices themselves. Consequently, we preliminarily determine that the GOC withheld information that was requested of it for our analysis of financial contribution and specificity and, thus, Commerce must rely on “facts available” in making our preliminary determination.⁷³ 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. Thus, an adverse inference is warranted in the application of facts available.⁷⁴ In drawing an adverse inference, we find that the GOC’s provision of electricity constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act. The GOC failed to provide certain requested information regarding the relationship (if any) between provincial tariff schedules and cost, as well as requested information regarding cooperation (if any) in price setting practices between the NDRC and the provincial governments. Therefore, we are also drawing an adverse inference in selecting the benchmark for determining the existence and amount of the benefit.⁷⁵ The benchmark rates were selected from the record of this investigation and are the highest electricity rates on the record for the applicable rate and user categories. For details regarding the remainder of our analysis, *see* the “Provision of Electricity for LTAR” section, below.

D. Application of AFA: Provision of “Other Subsidies”

Juxin and Sanmei reported in their initial questionnaire responses that they received certain “Other Subsidies” during the POI.⁷⁶ The GOC did not provide information regarding these “Other Subsidies” in its initial questionnaire responses, stating that sufficient evidence did not exist in regard to these self-reported programs and therefore that no reply is required to questions

⁷¹ *Id.* at Exhibit E-2.

⁷² *Id.* at Exhibits E-2 and E-11.

⁷³ *See* section 776(a)(2)(A) of the Act.

⁷⁴ *See* section 776(b) of the Act.

⁷⁵ *See* section 776(b)(4) of the Act.

⁷⁶ *See* Juxin April 22, 2021 IQR at 18 and Exhibit III.D.4.1; *see also* Sanmei April 27, 2021 DQR at Exhibit 18; and Sanmei’s April 26, 2021 Questionnaire Response (Fujian Qingliu April 26 IQR) at 1-2 and Exhibit 13.

concerning “Other Subsidies.”⁷⁷ Therefore, we issued a supplemental questionnaire requesting that the GOC provide full questionnaire responses regarding the “Other Subsidies” reported by the respondents for which we could estimate a measurable benefit. However, the GOC did not provide the requested information but instead simply reiterated its position from its initial questionnaire response.⁷⁸

Thus, we preliminarily determine that necessary information is not available on the record and the GOC has withheld information that was requested of it. As a result, we must rely on the facts available in making our preliminary determination, in accordance with sections 776(a)(1) and 776(a)(2)(A) of the Act. Moreover, for the reasons outlined above, we preliminarily determine that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information. Consequently, an adverse inference is warranted in the application of facts available, pursuant to section 776(b)(1) of the Act. In applying AFA, we find that each of the “Other Subsidies” reported by Juxin and Sanmei constitute a financial contribution, pursuant to section 771(5)(D) of the Act, and are specific, within the meaning of section 771(5A) of the Act. We determined the benefit for each of these “Other Subsidies” by dividing the amount of any measurable grant applicable to the POI by the appropriate sales denominator for Juxin or Sanmei. For details regarding the remainder of our analysis, *see* “Other Subsidies,” below.

VII. SUBSIDIES VALUATION

A. Allocation Period

Commerce normally allocates the benefits from non-recurring subsidies over the average useful life (AUL) of renewable physical assets used in the production of subject merchandise.⁷⁹ Commerce finds the AUL in this proceeding to be 10 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service’s Depreciation Range System, as revised.⁸⁰ Commerce notified the respondents of the 10-year AUL period in the initial questionnaire and requested data accordingly. No party in this proceeding has disputed this allocation period.

Furthermore, for non-recurring subsidies, we have applied the “0.5 percent test,” as described in 19 CFR 351.524(b)(2). Under this test, we divide the amount of a subsidy 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 subsidy 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 period.

⁷⁷ See GOC April 22, 2021 IQR at 41.

⁷⁸ See GOC SQR at 4-5.

⁷⁹ See 19 CFR 351.524(b).

⁸⁰ See U.S. Internal Revenue Service Publication 946 (2015), “How to Depreciate Property,” at Table B-2: Table of Class Lives and Recovery Periods.

B. Attribution of Subsidies

Cross-Ownership

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.

According to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. This section of Commerce's regulations states that this standard will normally be met where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. The *CVD Preamble*⁸¹ to Commerce's regulations further clarifies Commerce's cross-ownership standard. 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.⁸²

Thus, Commerce's regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists.

The U.S. Court of International Trade (CIT) has upheld Commerce's authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.⁸³

Juxin

Juxin responded to Commerce's questionnaire on behalf of itself and its following cross-owned affiliates:

⁸¹ See *Countervailing Duties; Final Rule*, 63 FR 65348 (November 25, 1998) (*CVD Preamble*).

⁸² *Id.* at 65401.

⁸³ See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

- Juhua Group Corporation (Juhua Group);
- Zhejiang Juhua Co., Ltd. (Juhua Stock);
- Ningbo Juhua Chemical & Science Co., Ltd. (Ningbo Juhua);
- Zhejiang Quzhou Fluoxin Chemicals Co., Ltd. (Fluoxin); and
- Zhejiang Juhua Chemical Mining Co., Ltd. (Juhua Mining).

Juxin identified itself as the producer and exporter of subject merchandise to the United States during the POI. According to Juxin, it is wholly owned by its immediate parent company, Juhua Stock. Additionally, Juxin identified Juhua Group as the ultimate holding company of both Juxin and Juhua Stock.⁸⁴ Thus, we preliminarily determine that, pursuant to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between Juxin, Juhua Group, and Juhua Stock, and that subsidies received by the latter two companies are attributable to Juxin under 19 CFR 351.525(b)(6)(iii).

Juxin also identified Ningbo Juhua, Fluoxin, and Juhua Mining as cross-owned affiliates and suppliers of inputs used in the production of R-125.⁸⁵ Based on record information,⁸⁶ we preliminarily determine that, pursuant to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between Juxin, Ningbo Juhua, Fluoxin, and Juhua Mining, and that subsidies received by Ningbo Juhua, Fluoxin, or Juhua Mining are attributable to the combined sales of each company, as applicable, and of Juxin under 19 CFR 351.525(b)(6)(iv).

Finally, Juxin identified 156 other companies with which it was affiliated during the POI.⁸⁷ However, Juxin provided information showing that these affiliates were either not involved in the production or sale of subject merchandise or were not operational during the POI.⁸⁸ Therefore, we preliminarily determine that these affiliated companies do not meet any of the conditions set forth in 19 CFR 351.525(b)(6)(ii)-(iv). As a result, we have not included them in our subsidy analysis.

Sanmei

Sanmei responded to Commerce's questionnaire on behalf of itself and its cross-owned affiliate Fujian Qingliu Dongying Chemical Ind. Co. Ltd. (Fujian Qingliu).

Sanmei reported that Fujian Qingliu is both a wholly-owned subsidiary of Sanmei and a producer of subject merchandise.⁸⁹ We preliminarily find that Sanmei, the producer of subject merchandise, is cross-owned with Fujian Qingliu within the meaning of 19 CFR 351.525(b)(6)(vi), by virtue of Sanmei's ownership of Fujian Qingliu. In accordance with 19 CFR 351.525(b)(6)(i), we are preliminarily attributing subsidies received by Sanmei to its own

⁸⁴ See Juxin April 1, 2021 AFFR at 4-5 and Exhibit I.1.

⁸⁵ *Id.* at 5, 9, and Exhibit I.1.

⁸⁶ *Id.*

⁸⁷ *Id.* at 5.

⁸⁸ *Id.*

⁸⁹ See Sanmei March 30, 2021 AFFR at 2 and Exhibit 1.

sales. Moreover, in accordance with 19 CFR 351.525(b)(6)(ii), we are preliminarily attributing subsidies received by Fujian Qingliu to its own sales and those of Sanmei.

Further, Sanmei identified 20 other companies with which it was affiliated during the POI.⁹⁰ However, Sanmei stated that these affiliates were either not involved in the production or sale of subject merchandise or did not use any of the subsidy programs identified in Commerce's CVD questionnaire.⁹¹ Therefore, we preliminarily determine that these affiliated companies do not meet any of the conditions set forth in 19 CFR 351.525(b)(6)(ii)-(iv). As a result, we have not included them in our subsidy analysis.

C. Denominators

When selecting an appropriate denominator for use in calculating the *ad valorem* subsidy rate, Commerce considers the basis for the respondents' receipt of benefits under each program. As discussed in further detail below in the "Programs Preliminarily Determined to be Countervailable" section, where the program has been found to be countervailable as a domestic subsidy, we used the recipient's total combined sales, less intercompany sales, as the denominator, as described above. Where the program has been found to be contingent upon export activities, we used the recipient's total combined export sales as the denominator. All sales used in our net subsidy rate calculations are net of inter-company sales. For a further discussion of the denominators used, *see* Juxin Preliminary Calculation Memorandum and Sanmei Preliminary Calculation Memorandum.⁹²

VIII. BENCHMARKS AND INTEREST RATES

Commerce is investigating loans received by Juxin and its cross-owned affiliates from SOCBs, as well as non-recurring, allocable subsidies for both Juxin and Sanmei.⁹³ The derivation of the benchmark and discount rates used to value these subsidies is discussed below.

A. Short-Term and Long-Term Renminbi (RMB)-Denominated Loans

Section 771(5)(E)(ii) of the Act provides 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," indicating that a benchmark must be a market-based rate. Normally, Commerce uses comparable commercial loans reported by the company as a benchmark.⁹⁴ If the firm did not have any

⁹⁰ *Id.* at Exhibit 1.

⁹¹ *Id.* at 4 and Exhibit 1.

⁹² *See* Memorandum, "Preliminary Determination Calculation Memorandum for Juxin" (Juxin Preliminary Calculation Memorandum); and Memorandum, "Countervailing Duty Investigation of Pentafluoroethane (R-125) from the People's Republic of China: Preliminary Calculation Memorandum for Zhejiang Sanmei Chemical Ind. Co., Ltd. (Sanmei)" (Sanmei Preliminary Calculation Memorandum), both dated concurrently with this memorandum.

⁹³ *See* 19 CFR 351.524(b)(1).

⁹⁴ *See* 19 CFR 351.505(a)(3)(i).

comparable commercial loans during the period, Commerce’s regulations provide that we “may use a national average interest rate for comparable commercial loans.”⁹⁵

As noted above, section 771(5)(E)(ii) of the Act indicates that the benchmark should be a market-based rate. For the reasons first explained in *CFS from China*, loans provided by Chinese banks reflect significant government intervention in the banking sector and do not reflect rates that would be found in a functioning market.⁹⁶ In an analysis memorandum dated July 21, 2017, Commerce conducted a reassessment of the lending system in China.⁹⁷ Based on this reassessment, Commerce concluded that, despite reforms to date, the GOC’s role in the system continues to fundamentally distort lending practices in China in terms of risk pricing and resource allocation, precluding the use of interest rates in China for CVD benchmarking or discount rate purposes. Consequently, we preliminarily find that any loans received by Juxin from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(2)(i). For the same reasons, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii). Therefore, because of the special difficulties inherent in using a Chinese benchmark for loans, Commerce selected an external market-based benchmark interest rate. The use of an external benchmark is consistent with Commerce’s practice.⁹⁸

In past proceedings involving imports from China, we calculated the external benchmark using the methodology first developed in *CFS from China* and more recently updated in *Thermal Paper from China*.⁹⁹ 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.¹⁰⁰ Beginning in 2010, however, China fell within the upper-middle income category and remained there from 2011 to 2017.¹⁰¹ Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the benchmark and discount rates for 2003-2009, and we used the interest rates of upper-middle income countries to construct the benchmark and discount rates for 2010-2017. This is consistent with Commerce’s calculation of interest rates for recent CVD proceedings involving Chinese merchandise.¹⁰²

⁹⁵ See 19 CFR 351.505(a)(3)(ii).

⁹⁶ See *CFS from China* IDM at Comment 10.

⁹⁷ See Memorandum, “Analysis of China’s Financial System,” dated March 10, 2021.

⁹⁸ 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).

⁹⁹ See *CFS from China* IDM at Comment 10; see also *Lightweight Thermal Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from China*), and accompanying IDM at 8-10.

¹⁰⁰ See World Bank Country Classification, <http://data.worldbank.org/about/country-and-lending-groups>; see also Memorandum, “Loan Interest Rate Benchmarks,” dated March 10, 2021 (Interest Rate Benchmark Memorandum).

¹⁰¹ See World Bank Country Classification, <http://data.worldbank.org/about/country-and-lending-groups>.

¹⁰² See, e.g., *Certain Frozen Warmwater Shrimp from the People’s Republic of China: Preliminary Countervailing Duty Determination*, 78 FR 33346 (June 4, 2013), and accompanying PDM at “Benchmarks and Discount Rates,” unchanged in *Shrimp from China*.

After Commerce identifies the appropriate interest rates, the next step in constructing the benchmark has been to incorporate an important factor in interest rate formation, the strength of governance as reflected in the quality of the countries' institutions. The strength of governance has been built into the analysis by using a regression analysis that relates the interest rates to governance indicators.

In each of the years from 2003-2009 and 2011-2017, the results of the regression analysis reflected the expected, common-sense result: stronger institutions meant relatively lower real interest rates, while weaker institutions meant relatively higher real interest rates.¹⁰³ For 2010, however, the regression does not yield that outcome for China's income group.¹⁰⁴ This contrary result for a single year does not lead us to reject the strength of governance as a determinant of interest rates. Therefore, we continue to rely on the regression-based analysis used since *CFS from China* to compute the benchmarks for the years from 2001-2009 and 2011-2017. For the 2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

Many of the countries in the World Bank's upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund, and they are included in that agency's International Financial Statistics (IFS). With the exceptions noted below, we used the interest and inflation rates reported in the IFS for the countries identified as "upper middle income" by the World Bank for 2010-2017 and "lower middle income" for 2001-2009.¹⁰⁵ First, we did not include those economies that Commerce considered to be non-market economies for AD purposes for any part of the years in question, for example: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Turkmenistan. Second, the pool necessarily excludes any country that did not report both lending and inflation rates to IFS for those years. Third, we removed any country that reported a rate that was not a lending rate or that based its lending rate on foreign-currency denominated instruments. Finally, for each year Commerce calculated an inflation-adjusted short-term benchmark rate, we also excluded any countries with aberrational or negative real interest rates for the year in question.¹⁰⁶ Because the resulting rates are net of inflation, we adjusted the benchmark to include an inflation component.¹⁰⁷

The lending rates reported in the IFS represent short- and medium-term lending, and there are not sufficient publicly available long-term interest rate data upon which to base a robust benchmark for long-term loans. To address this problem, Commerce developed an adjustment to the short- and medium-term rates to convert them to long-term rates using Bloomberg U.S. corporate BB-rated bond rates.¹⁰⁸

In *Citric Acid from China*, this methodology was revised by switching from a long-term mark-up based on the ratio of the rates of BB-rated bonds to applying a spread which is calculated as the

¹⁰³ See Interest Rate Benchmark Memorandum.

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ See, e.g., *Thermal Paper from China* IDM at 10.

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.¹⁰⁹ Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.¹¹⁰

The resulting inflation-adjusted benchmark lending rates are provided in the Juxin Preliminary Calculation Memorandum.

B. Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i)(A), we used, as our discount rate, the long-term interest rate calculated according to the methodology described above for the year in which the GOC provided non-recurring subsidies.¹¹¹ The interest rate benchmarks and discount rates used in our preliminary calculations are provided in the Juxin Preliminary Calculation Memorandum and Sanmei Preliminary Calculation Memorandum.

C. Benchmark for Government Provision of Land for LTAR

As explained in detail in previous investigations, Commerce cannot rely on the use of the so-called “tier one” and “tier two” benchmarks described above to assess the benefits from the provision of land for LTAR in China. Specifically, in *Sacks from China*, Commerce determined that “Chinese land prices are distorted by the significant government role in the market,” and hence, no usable “tier one” benchmarks exist.¹¹² Furthermore, Commerce also found that “tier two” benchmarks (world market prices that would be available to purchasers in China) are not appropriate.¹¹³

On October 2, 2018, Commerce completed a memorandum analyzing developments in China’s land market since 2007.¹¹⁴ The Land Analysis Memorandum was prepared to assess the continued application of Commerce’s land for LTAR benchmark methodology, as established in 2007 in *Sacks from China*.¹¹⁵ As discussed in the Land Analysis Memorandum, although reforms in China’s land markets have improved the use-rights of some landholders, such improvements have not been comprehensive, and reforms have been implemented on an *ad hoc*

¹⁰⁹ 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.

¹¹⁰ See Interest Rate Benchmark Memorandum.

¹¹¹ *Id.*; see also Interest Rate Benchmark Memorandum.

¹¹² 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*, 72 FR 67893, 67906-08 (December 3, 2007), unchanged in *Laminated Woven Sacks from the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances*, 73 FR 35639 (June 24, 2008) (*Sacks from China*).

¹¹³ *Id.*

¹¹⁴ See Memorandum, “Land Analysis Memo,” dated March 10, 2021 (Land Analysis Memorandum) (containing Memorandum, “Benchmark Analysis of the Government Provision of Land-Use Rights in China for Countervailing Duty Purposes,” dated October 2, 2018).

¹¹⁵ *Id.* at Attachment 1, page 2.

basis.¹¹⁶ The reforms to date have not addressed the fundamental institutional factors that underlie the GOC'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.¹¹⁷ 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.¹¹⁸

As a result, and consistent with our methodology established in *Sacks from China*, we determine that we cannot use any 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 prices as a benchmark 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 a third-tier benchmark. 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.

In this investigation, no party submitted benchmark information for land prices. Therefore, we are placing on the record benchmark information to value land from "Asian Marketview Reports" by CB Richard Ellis (CBRE) for Thailand for 2010.¹¹⁹ We used this benchmark in the CVD investigations of *Solar Cells from China* and *ITDCs from China*,¹²⁰ and more recently in *Small Vertical Engines*.¹²¹ 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.¹²² We find that these benchmarks are suitable for this preliminary determination, adjusted accordingly for inflation, to account for any countervailable land received by Juxin and Sanmei during the AUL period of this investigation.¹²³

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ See Memorandum, "Asian Marketview Report," dated March 10, 2021.

¹²⁰ See *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*, 77 FR 63788 (October 17, 2012) (*Solar Cells from China*), and accompanying IDM at 6 and Comment 11; 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) (*ITDCs from China*), and accompanying IDM at 13.

¹²¹ See *Certain Vertical Shaft Engines Between 99cc and up to 225cc, and Parts Thereof, From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 85 FR 52086 (August 24, 2020) (*Small Vertical Engines*), and accompanying PDM at 24-25.

¹²² The complete history of our reliance on this benchmark is discussed in the above-referenced *Solar Cells from China* IDM. In that discussion, we reviewed our analysis from the *Sacks from China* investigation and concluded the CBRE data remained a valid land benchmark.

¹²³ See Juxin Preliminary Calculation Memorandum; see also Sanmei Preliminary Calculation Memorandum.

IX. ANALYSIS OF PROGRAMS

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

A. Programs Preliminarily Determined to Be Countervailable

1 Loans and Credit

Policy Loans to the Chemicals Industry

Commerce is examining whether the GOC has encouraged the development of the chemicals industry through financial support from SOCBs. Commerce has found that policy lending programs confer countervailable subsidies in previous investigations.¹²⁴

Juxin's cross-owned affiliates Juhua Group and Juhua Stock reported having loans that were outstanding during the POI.¹²⁵ Juxin also reported receiving benefits under this program.¹²⁶ Commerce preliminarily finds that these loans provide countervailable subsidies under a policy lending program directed at the chemicals industry. Sanmei reported no outstanding loans during the POI.¹²⁷

When examining a policy lending program, Commerce looks to whether government plans or other policy directives lay out objectives or goals for developing the industry and call for lending to support such objectives or goals. Where such plans or policy directives exist, it is Commerce's practice to find that a policy lending program exists that is *de jure* specific to the targeted industry (or producers that fall under that industry) within the meaning of section 771(5A)(D)(i) of the Act. Once that finding is made, we rely upon the analysis undertaken in *CFS from China* to conclude that national and local government control over the SOCBs renders the loans government financial contributions.¹²⁸

Record evidence indicates that financial support is directed specifically toward certain encouraged industries listed in the GOC's Guidance Catalogue. The GOC has identified the chemical industry for priority development in the Guidance Catalogue, and the development of production technology within it, as encouraged.¹²⁹ Moreover, in the 13th Five-Year Plan, the GOC highlighted the development of equipment, technology, standards, and services with a focus on chemical engineering as well as plans to regulate and improve industrial parks/zones.¹³⁰ The GOC's Decision 40 identifies the Guidance Catalogue as "the important basis for guiding

¹²⁴ See, e.g., *Drawn Stainless Steel Sinks from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 13017 (February 26, 2013), and accompanying IDM at 24-25.

¹²⁵ See Juxin April 22, 2021 IQR at 9-11 and Exhibits III.A.1.a and III.A.1.b.

¹²⁶ *Id.*

¹²⁷ See Sanmei April 22, 2021 IQR & AFF SQR at 13; Fujian Qingliu April 26 IQR at 10; and Sanmei SQR2 at 1-4.

¹²⁸ See *CFS from China* IDM at Comment 8.

¹²⁹ See GOC April 22, 2021 IQR at Exhibit A-21.

¹³⁰ See the Petition at 2 and Exhibit III-3.

investment directions, and for the governments to administer investment projects, to formulate and enforce policies on public finance, taxation, credit, land, import and export, *etc.*”¹³¹

The 13th Five-Year Plan for the Fujian Province calls for the vigorous promotion of industrial transformation and upgrading, stating: “Active docking of ‘made in China 2025’, ‘Internet+’, promoting great increments and optimizing stocks, active developing service-oriented manufacturing, thoroughly implementing the ‘industry leader promotion plan’, cultivating hundreds of billions of industrial clusters, tens of billions of brand enterprises and one billion of brand products, building an important base for advanced manufactory {sic} industry in the eastern coastal areas, realizing the great development of modern service industry, promoting the development of industry towards high-end, and creating upgrading {sic} industry in Fujian province.”¹³²

Decision 40 also directs all local, provincial, and municipal governments under the Central Government’s control to cooperate closely and intensify the effectiveness of implementing industrial policies. Consistent with the central planning documents, the Petrochemical and Chemical Industry Development Plan (2016-2020) states, “In order to implement the ‘outline of the Thirteenth Five-Year Plan...to promote the petrochemical and chemical industries from large to strong, to guide the continuous scientific and healthy development of the petrochemical and chemical industries, this plan is specifically formulated.”¹³³ Juxin is a producer of chemical products which would appear to fall under the purview of petrochemical and chemical industries promoted in this industrial plan.

Thus, we preliminarily determine that a program exists to provide preferential lending to producers of chemicals within the meaning of section 771(5)(A)(D)(i) of the Act. For Juxin’s cross-owned affiliates, the loans provide a benefit equal to the difference between what the recipients paid on their loans and the amount they would have paid on comparable commercial loans.¹³⁴ To calculate the benefit from this program, we used the benchmarks discussed under “Benchmarks and Interest Rates,” above.¹³⁵ To calculate 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 subsidy rate of 1.51 percent *ad valorem* for Juxin for this program.¹³⁶

2 Less Than Adequate Remuneration

Provision of Electricity for LTAR

For the reasons explained above in the section “Use of Facts Otherwise Available and Adverse Inferences,” we based our preliminary determination regarding the GOC’s provision of electricity for LTAR on AFA. Therefore, we preliminarily determine that the GOC’s provision

¹³¹ See GOC April 22, 2021 IQR at Exhibit A-22, “Decisions of the State Council on Promulgating the Interim Provisions on Promoting Industrial Structure Adjustment for Implementation (Decision 40).”

¹³² *Id.* at Exhibit A-18, Section III, Chapter III.

¹³³ See Petition at Exhibit III-1.

¹³⁴ See section 771(5)(E)(ii) of the Act; and 19 CFR 351.505(a).

¹³⁵ See 19 CFR 351.505(c).

¹³⁶ See Juxin Preliminary Calculation Memorandum.

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(5)(A)(D) of the Act.

Consistent with our approach for determining the existence and amount of any benefit under this program as outlined above, we selected the highest non-seasonal provincial rates in China for each electricity category (e.g., “large industry,” “general industry and commerce”) and “base charge” (either maximum demand or transformer capacity) used by Juxin and Sanmei. Additionally, where applicable, we identified and applied the peak, normal, and valley rates within a category.

Consistent with our approach in *Wind Towers*, we first calculated Juxin’s and Sanmei’s variable electricity costs by multiplying the monthly kilowatt hours (kWh) consumed at each price category (e.g., peak, normal, valley, where appropriate) by the corresponding electricity rates paid during each month of the POI.¹³⁷ Next, we calculated the benchmark variable electricity costs by multiplying the monthly kWh consumed at each price category by the highest electricity rate charged at each price category. To calculate the benefit for each month, we subtracted the variable electricity costs paid by Juxin and Sanmei during the POI from the monthly benchmark variable electricity costs.

To measure whether Juxin and Sanmei received a benefit with regard to its base rate (i.e., either maximum demand or transformer capacity charge), we first multiplied the monthly base rate charged to the company by the corresponding consumption quantity. Next, we calculated the benchmark base rate cost by multiplying each company’s consumption quantities by the highest maximum demand or transformer capacity rate. To calculate the benefit, we subtracted the maximum demand or transformer capacity costs paid by Juxin and Sanmei during the POI from the benchmark base rate costs. We then calculated the total benefit received during the POI under this program by summing the benefits stemming from Juxin’s and Sanmei’s variable electricity payments and base rate payments.¹³⁸

To calculate the net subsidy rates attributable to each company, we divided each company’s benefit by the appropriate sales denominators, as described in the “Subsidies Valuation” section, above. On this basis, we preliminarily determine subsidy rates of 0.64 percent *ad valorem* for Juxin and 1.20 percent *ad valorem* for Sanmei for this program.¹³⁹

Provision of Land Use Rights to Favored Industries for LTAR

Commerce is examining whether the GOC has encouraged the development of the R-125 industry through the provision of land use rights for LTAR. Juxin and Sanmei reported purchasing or leasing land during the POI and the AUL period.

In examining this program, Commerce looks to whether government plans or other policy directives lay out objectives or goals for developing the industry and call for preferential land

¹³⁷ See *Utility Scale Wind Towers from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 75978 (December 26, 2012) (*Wind Towers*), and accompanying IDM at 21-22.

¹³⁸ See Juxin Preliminary Calculation Memorandum; see also Sanmei Preliminary Calculation Memorandum.

¹³⁹ *Id.*

pricing to support such objectives or goals. The GOC's national five-year plans identify the provision of land and land financing as policy tools to direct economic development for key objectives. For example, the national 13th Five Year Plan discusses an emphasis on strengthening basic capabilities of manufacturing and the promotion of energy-intensive industries, including the chemical industry.¹⁴⁰ Moreover, the 13th Five Year Plan states that, "approval procedures related to the projects and initiatives included in this plan will be streamlined and priority will be given to them in site selection, land availability, and funding arrangements."¹⁴¹

Furthermore, the development of the chemical industry, and in particular, "Production of organic fluorine products" are mentioned in the "Catalogue of Major Industries, Products, and Technologies Encouraged for Development in China."¹⁴² The "Directory Catalogue on Readjustment of Industrial Structure" (*Guidance Catalogue*) specifically discusses many types of chemicals,¹⁴³ and is consistent with Decision 40 regarding support for such industries through land policies.¹⁴⁴

In addition, the 12th Five Year Plan similarly identifies land management policies as development tools, referencing the importance of the Guidance Catalogue's encouraged industries alongside implementing differential land management policy: "Modify and perfect the current industrial guidance catalogue, clarify the encouraged, limited and prohibited industrial for different principle function areas. Implement the differential land management policy, scientifically set the different land using scale, and carry out strict land use control."¹⁴⁵

The GOC has previously explained that Decision 40 provides for encouragement policies for the industries in the encouraged industry category and, unless an industry is in the encouraged category, land or other policies are not directed to support those industries.¹⁴⁶ The GOC also submitted "Provisions on the Assignment of State-owned Construction Land Use Right through Bid Invitation Auction and Quotation," Article 10 of which allows for "The department of land and resources under the people's government of the city or county" to determine the base price of land according to government industrial policy.¹⁴⁷

As detailed above, national development plans in China provide for priority land supply and financing arrangements for priority development projects. The documents discussed above also consistently identify the chemical industry as a target for economic development and preferential land policies. Thus, we preliminarily find that the GOC's use of preferential land policies to develop the chemical sector at the national level indicates there is a program to provide land for LTAR to producers of R-125 within the meaning of section 771(5)(A)(D)(i) of the Act. Because the Chinese government owns all land in China, we preliminarily determine that the entities that provided the land to the respondents are "authorities" within the meaning of section 771(5)(B) of

¹⁴⁰ See GOC April 22, 2021 IQR at Exhibit A-18.

¹⁴¹ *Id.*

¹⁴² *Id.* at Exhibit A-21.

¹⁴³ *Id.* at Exhibit A-20.

¹⁴⁴ *Id.* at Exhibit A-22.

¹⁴⁵ *Id.* at Exhibit A-18.

¹⁴⁶ See *Aluminum Sheet from China Prelim* PDM at 47, unchanged in *Aluminum Sheet from China Final*.

¹⁴⁷ See GOC April 22, 2021 IQR at Exhibit E-14.

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. Given the total government ownership of the land market, we preliminarily determine that the domestic market for land was distorted through the GOC's ownership.

To determine the benefit pursuant to section 771(5)(E)(iv) of the Act, we first multiplied the Thailand industrial land benchmarks, discussed under the "Benchmarks and Interest Rates" section, above, by the total area of the countervailable land. We then subtracted the net price actually paid for the land to derive the total unallocated benefit. To measure the land benefits allocable to the POI, we first conducted the "0.5 percent test" by dividing the total benefit for the respective year(s) by the relevant sales in that year. For those benefits that pass the 0.5 percent test, we allocated the total benefit amounts across the terms of the land use agreement, using the standard allocation formula of 19 CFR 351.524(d), and determined the amount attributable to the POI. To calculate the countervailable subsidy rate, we then divided this amount by the appropriate total sales denominator, as discussed in the "Subsidies Valuation" section, above. On this basis, we preliminarily determine subsidy rates of 0.52 percent *ad valorem* for Juxin and 0.27 percent *ad valorem* for Sanmei for this program.¹⁴⁸

3 Other Subsidies

Juxin self-reported receiving measurable benefits pursuant to various non-recurring grants from the GOC during the POI.¹⁴⁹ These grants are as follows:

1. 8.2 million in 2012 audit adjustments to state debt subsidies
2. The first batch of park recycling subsidies - R125 project
3. the first batch of special funds for high-tech development Zhen Cai Guo Zi No. 227
4. 2013 Annual Cleaner Production Project Subsidy 9 Caijian (2013.481)
5. Government relocation compensation 2
6. Subsidy funds for shantytown
7. Qu Development and Reform Development No. 7 HFC-245fa Project Government Subsidy
8. Qu Development and Reform Development No. 7 10kt/a HFC-125 project government subsidy
9. Tax rebate subsidy 7
10. Tax rebate subsidy 12
11. QEIT Investment No. 84 subsidy for 270kt/a environmental protection type project of Dacommerce
12. QEIT Investment No. 84 Grand Techtron Policy Monochloromethane Project Grant
13. Qu Economic and Information Investment No. 126 Grand Science and Technology Special Government Subsidy
14. Subsidy for the separation and transfer of "three supplies and one industry" from the state-owned capital management budget
15. Refund of social security

¹⁴⁸ See Juxin Preliminary Calculation Memorandum; *see also* Sanmei Preliminary Calculation Memorandum.

¹⁴⁹ See Juxin April 22, 2021 IQR at 18 and Exhibit III.D.4.1; and Juhua Mining May 4, 2021 IQR at 14-15 and Exhibits III.D.4.2-1 through III.D.4.2-3.

16. Receiving payment from the Quzhou Municipal Bureau of Finance for the subsidies for the technical transformation of acid production in enterprises
17. Interest Subsidy under Cai Jin No.5
18. December 2019 social security premium rebate
19. Financial incentives for completed projects of industrial technological transformation
20. Ningbo Science and Technology Innovation 2025 Financial Subsidy Fund
21. Ningbo Petrochemical Economic & Technological Development Zone Strategic Emerging Industry and Technological Transformation Award Fund
22. Government relocation compensation 1

As discussed above in the section “Use of Facts Otherwise Available and Adverse Inferences,” we preliminarily determined that these grants constitute a financial contribution under section 771(5)(D)(i) of the Act and are specific under section 771(5A) of the Act. Further, we preliminarily determined that each of these grants confers a benefit equal to the amount of the grant provided in accordance with 19 CFR 351.504(a). To calculate the benefit received under these programs, Commerce followed the methodology described in 19 CFR 351.524. To calculate the *ad valorem* subsidy rate for these grants, Commerce divided the benefit conferred under each of these programs by the appropriate POI sales denominator. Based on the methodology outlined above, we preliminarily determined a cumulative *ad valorem* subsidy rate of 0.56 percent for Juxin for these programs.

Sanmei self-reported receiving measurable benefits pursuant to various non-recurring grants from the GOC during the POI.¹⁵⁰ These grants are as follows:

1. 2011 Government-enterprise Interaction Award
2. Reward for Large and Powerful Enterprises
3. Foreign trade support subsidies for year 2019
4. Wuyi County Special Award for Industrial Enterprises’ Stable Employment
5. Foreign trade support subsidies for 2019 second batch
6. Subsidy for Unemployment Insurance in 2020
7. Subsidy for Zhejiang Manufacturing Brand in 2019
8. Awards for Outstanding tax payment per mu {sic} in 2019
9. Subsidy for export credit insurance in the first half of 2020
10. Special Fund for Employees’ Skills Promotion
11. The second batch of R & D investment incentive funds of Wuyi County enterprises in 2020
12. Financial subsidies for emergency team in 2019
13. Incentives for Increasing Production and Increasing Efficiency for the third quarter of 2019
14. Housing and Urban-rural Development Bureau Tax Return
15. Incentives for Increasing Production and Increasing Efficiency for the fourth quarter of 2019
16. 2018 Segmented Subsidy for Enterprise’s Investment in Research and Development
17. 2019 Environmental Protection Facilities Upgrade and Renovation Subsidy
18. Stabilizing Employment Subsidies for Enterprise in Hardship

¹⁵⁰ See Sanmei April 27, 2021 DQR at 1-3 and Exhibit 18.

As discussed above in the section “Use of Facts Otherwise Available and Adverse Inferences,” we preliminarily determined that these grants constitute a financial contribution under section 771(5)(D)(i) of the Act and are specific under section 771(5A) of the Act. Further, we preliminarily determined that each of these grants confers a benefit equal to the amount of the grant provided in accordance with 19 CFR 351.504(a). To calculate the benefit received under these programs, Commerce followed the methodology described in 19 CFR 351.524. To calculate the *ad valorem* subsidy rate for these grants, Commerce divided the benefit conferred under each of these programs by the appropriate POI sales denominator. Based on the methodology outlined above, we preliminarily determined a cumulative *ad valorem* subsidy rate of 0.84 percent for Sanmei for these programs.

B. Programs Preliminarily Determined Not to Provide Measurable Benefits to Juxin and Sanmei During the POI

The respondents reported receiving benefits under various programs, some of which were specifically alleged and others of which were self-reported. Based on the record evidence, we preliminarily determine that the benefits from certain programs: (1) were fully expensed prior to the POI; or (2) are less than 0.005 percent *ad valorem* when attributed to the respondent’s applicable sales as discussed above in the “Attribution of Subsidies” section above. Consistent with Commerce’s practice,¹⁵¹ we have not included the programs which provided no measurable benefit in our preliminary subsidy rate calculations for Juxin and Sanmei.

For a list of the subsidy programs that do not provide a benefit and programs that were not used for each respondent, *see* Appendix I attached to this memorandum.

C. Programs Preliminarily Determined Not to Provide a Benefit in 2020

Currency Undervaluation

Commerce’s analysis regarding the benefit calculation for this program is guided by 19 CFR 351.528. Pursuant to 19 CFR 351.528(a), Commerce considers whether a benefit is conferred from the exchange of currency under a unified exchange rate system only if that currency is undervalued. Pursuant to 19 CFR 351.528(a)(2), we normally will make an affirmative finding of undervaluation only if there has been government action on the exchange rate that contributes to that undervaluation. Consistent with 19 CFR 351.528(c), we requested that “the Secretary of the Treasury provide Treasury’s evaluation and conclusion as to the determinations” under 19 CFR 351.528(a) and (b)(1). On May 28, 2021, we received Treasury’s analysis on currency undervaluation.¹⁵² While Treasury determined that the RMB was undervalued during the POI, it

¹⁵¹ See, e.g., *CFS from China* IDM at “Analysis of Programs, Programs Determined Not To Have Been Used or Not To Have Provided Benefits During the POI for GE;” *2012 Steel Wheels Final* IDM at “Income Tax Reductions for Firms Located in the Shanghai Pudong New District;” *Aluminum Extrusions 2010-11 AR* IDM at “Programs Used by the Alnan Companies;” and *Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products from the Russian Federation: Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination*, 81 FR 49935 (July 29, 2016), and accompanying IDM at “Tax Deduction for Research and Development (R&D) Expenses.”

¹⁵² See Treasury Letter.

also found that this undervaluation was not the result of government action on the exchange rate in 2020.¹⁵³ Treasury's assessment was made using a multilaterally consistent model assessing external imbalances and exchange rate misalignments. In addition to considering net sales of foreign exchange reserves in the subject country and other macroeconomic and policy variables, the model evaluated the extent of a foreign currency's undervaluation *vis-à-vis* the U.S. dollar and assessed the degree to which that may have occurred because of government intervention. Therefore, in accordance with 19 CFR 351.528(a)(2), we preliminarily find that the RMB's undervaluation did not provide a benefit to producers/exporters of R-125 during the 2020 POI. As a result, we did not analyze the financial contribution or specificity of this program for the purposes of this preliminary determination.

X. RECOMMENDATION

We recommend that you approve the preliminary findings described above.

☒

Agree

☐

Disagree

6/11/2021

X



Signed by: CHRISTIAN MARSH

Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance

¹⁵³ *Id.* at 2.

APPENDIX I

NOT-USED AND NOT-MEASURABLE PROGRAMS, BY COMPANY

Juxin

Programs Preliminarily Determined Not to Provide Measurable Benefits to Juxin During the POI

Count	Title
1	2020 Municipal-level Special Award Funds for Large Science and Innovation - Green Development
2	Government Grant for Qu Emergency No. 26
3	Quzhou City Supervision and Knowledge No. 8, 2019 Municipal Patent Award
4	Quzhou Kecheng District Market Supervision Administration 2018-2019 Authorized Invention
5	Tax rebate subsidy 1
6	Tax rebate subsidy 2
7	Tax rebate subsidy 3
8	Tax rebate subsidy 4
9	Tax rebate subsidy 5
10	Tax rebate subsidy 6
11	Tax rebate subsidy 8
12	Tax rebate subsidy 9
13	Tax rebate subsidy 10
14	Tax rebate subsidy 11
15	10Kt/aHF soil and water conservation compensation fee refunded by the Municipal Finance Treasury Payment Centre
16	Quzhou Municipal Bureau of Commerce-Appropriation of export subsidy for large trade and commerce in 2019
17	Qu Development and Reform Development No. 30 Industrial Green Development Project Grant
18	Quzhou City Supervision and Knowledge No. 23 Market Supervision Administration 2020 Patent Incentive Funds
19	Interest Subsidy under Cai Jin No.5
20	Skill Master Funding
21	Recycling Program Funding
22	Special funds for air and soil pollution prevention and control from Quzhou Finance Bureau
23	Incentive fund for direct financing of enterprises in 2019
24	Quzhou Municipal Bureau of Finance Emergency Management Special Subsidy Fund
25	Skill Talent Support Fund

26	Encouraging Enterprise digital transformation
27	Finance Bureau 2019 Green Enterprise and Green Project Loan Interest Subsidy
28	Science and Technology Incentive of Finance Bureau
29	Zhejiang Provincial Department of Finance (Treasury account) other energy reserves
30	Subsidy for the construction of emergency disposal centre, Bureau of Ecology and Environment
31	Bureau of Finance subsidy for online monitoring of pollution sources in 2020
32	Emergency Management Bureau Annual Hazardous Chemical Emergency Rescue Subsidy
33	Quzhou Talent and Employment Enterprise Highly Skilled Personnel Training Demonstration Base
34	Phase II Pipe Corridor Project of High-tech Park
35	Work-based training allowance
36	Collection of 2019 annual subsidies for safety and environmental insurance from the Municipal Bureau of Emergency Response of Quzhou Finance Bureau
37	Receipt of refund from joint-stock companies for the government's reduction of December social insurance
38	Tax handling fee
39	Social security return
40	Municipal Emergency Bureau 2019 annual security and environmental insurance subsidy
41	Return to the government to reduce the December social insurance
42	Collection of Quzhou Leibo human resources return
43	Epidemic social security return
44	2019 Municipal Subsidy for Comprehensive Liability Insurance for Safety and Environmental Pollution
45	Government remission of December social insurance
46	Annual fee for 19 years of granted patent inventions
47	Refund of 2019 ad valorem property tax
48	Subsidy for investment in the production of emergency supplies for enterprises against epidemics
49	13 Annual Municipal Finance Bureau Municipal-level Patent Implementation and Demonstration Enterprise Incentive
50	2020 Subsidy for competitive allocation of the Great Science and Technology Policy and special funding for industrial robot acquisition projects
51	2020 Subsidy for Competitive Allocation of Great Science and Technology Policy and Special Funds for Industrial Robot Acquisition Projects
52	Provincial-level subsidies for technical improvement of epidemic prevention and emergency supplies
53	Subsidies for the green development category of the Great Science and Technology Policy
54	Subsidies for work-based training

55	Municipal Bureau of Economy and Information Technology competitive allocation of special funds
56	Received from Zhejiang Normal University
57	Quxian Emergency No. 26, Government Subsidy
58	2020 Municipal-level special award fund for large science and innovation - green development
59	Interest Subsidy under Cai Jin No.5
60	Quzhou Municipal Administration of Market Supervision to undertake the National Professional Standards and Technology Committee Policy Grants
61	Quzhou Municipal Bureau of Finance Leading and Participating in Standard Making and Revision
62	Pilot funds for the construction of comprehensive service system for offshore foreign trade and economic cooperation
63	Quzhou Leibo Human Resources Development Co., Ltd. government subsidy for work-based training during the epidemic
64	Enterprise recruitment of retired soldiers deduction preference
65	2019 Authorized invention patent subsidy (Juhua) 273001 Ke Cheng District, Quzhou
66	Quzhou City Trade Bureau allocated special funds for big trade
67	Financial support funds for factory IOT projects *Quzhou Bureau of Economy and Information Technology
68	Refund of social security premiums
69	Post-grant for R&D expenses
70	Subsidy for payroll stabilization
71	Yong City Supervision Zhi Fa (2019) 33
72	The advanced unit award for emergency rescue in the Petrochemical Economic Development Zone
73	Yong Finance Development (2018) 1176
74	2019 Municipal Employment Practice Base for College Students from Zhenren Social Welfare Bureau (2020) 45
75	Zhenhai Fair Trade Subsidy for Zhenhai District Commerce Bureau 2019
76	Zhenjiang District Commerce (2020) No. 35
77	Zhenjiang District Commerce (2020) No. 37
78	Receiving subsidies for entrepreneurship and absorbing employment
79	Industrial Technical Transformation Completion Yong Jing Xin Technical Reform (2017) No. 134
80	Safety Team of Petrochemical Economic and Technological Development Zone
81	Yong Commercial Trade Management (2020) No. 40
82	Zhenhai Energy-saving Renovation Award for Zhenhai Development and Reform (2020) No. 385
83	Ningbo Petroleum and Chemical Industry Association Skills Competition Vocational Training Title Assessment
84	Zhen District Business (2020) No. 41 Exhibition Policy Incentive

85	Ningbo City Business Promotion Special Fund
86	Ningbo Commerce and Foreign Trade (2019) No. 4 2020 Commerce Promotion Export Credit Insurance
87	Credit insurance payment
88	Talent attraction training incentives
89	Zhen Renren Social Hair (2019) 65 special funds for talents
90	Domestic authorized invention patent annual fee and job invention patent 2*660
91	Zhenhai District Financial Support Special Fund for Economic Development
92	Subsidies for work-based training Yong Rengshe Fa (2020) No. 44
93	Social security subsidies for absorbing college students Yongzhengfa (2015) No. 112
94	Subsidy for the online vocational skills training against epidemic
95	Subsidies for internship in colleges and universities in Zhen Renmin Social Hair (2019) 65
96	Zhen City Supervision (2020) No. 50 issued to Zhenhai District 2019 domestic and foreign authorized invention
97	Yong Finance Fa (2020) No. 1156 Special Funds for the Development of Foreign Trade and Economic Cooperation in 2020
98	Receiving No. 35 of Domestic Authorized Invention Patents for Jobs from Yong Science and Technology (2018)
99	Subsidies after investment of Ningbo R&D funding
100	Subsidy for absorbing social security for college students
101	New materials remission refund absorption merged to Ning Hua
102	Qu Emergency No. 26, Government Subsidies
103	social security subsidies for recruiting college graduates by small and micro enterprises
104	Qu Development and Reform Development No. 30, Subsidy for Industrial Green Development Projects
105	QEIT transfer ascending No. 116 special green development category award funds for large science and innovation
106	Quzhou City Talent and Employment Management Center Quzhou City Work-for-Work Training Subsidy
107	Grants for online monitoring environment
108	Grants for electricity
109	Work-for-training rebate
110	Return of social insurance

Programs Preliminarily Determined Not to Be Used by Juxin During the POI

Count	Title
1	Export Loans from Chinese SOCBs (Government Directed Lending)

Sanmei

Programs Preliminarily Determined Not to Provide Measurable Benefits to Sanmei During the POI

Count	Title
1	Wuyi County “100 million” high skilled Leading Talent Training Award
2	The third batch of patent awards in 2019
3	Talent training subsidy in 2019
4	The first batch of epidemic transportation subsidies in 2020
5	Reward fund for integration of industrialization and industrialization in 2019
6	Enterprise brand building Award
7	Subsidy for operation and maintenance of pollution source automatic monitoring system in 2019
8	The first batch of patent subsidies in 2020
9	Special Fund Award for energy conservation in 2019
10	Occupational health monitoring subsidy
11	Project subsidy of provincial special financial fund for business promotion in 2020
12	Subsidy for hazardous chemical emergency drill
13	Export sales commission tax relief
14	Unemployment insurance rebate for employment stabilization
15	2019 Subsidy for non-public party construction
16	2019 Unemployment benefits subsidy for employment stabilization
17	2019 authorized patent award
18	Patent application subsidy
19	Lump-sum subsidy for employment
20	Subsidy for recruitment of new employees
21	Subsidies for cross-provincial poor employees

Programs Preliminarily Determined Not to Be Used by Sanmei During the POI

Count	Title
1	Policy Loans to the Chemicals Industry
2	Export Loans from Chinese SOCBs (Government Directed Lending)

APPENDIX II

AFA Rate Calculation

Program	AFA Rate (%)
Loan Programs	
Policy Loans to the Chemicals Industry	1.51% ¹⁵⁴
Export Loans from SOCBs	10.54% ¹⁵⁵
LTAR Programs	
Provision of Electricity for LTAR	1.20% ¹⁵⁶
Provision of Land Use Rights for LTAR	0.52% ¹⁵⁷
Other Subsidies Programs – Other Tax Programs	
Tax rebate subsidy 1	9.71% ¹⁵⁸
Tax rebate subsidy 2	9.71% ¹⁵⁹
Tax rebate subsidy 3	9.71% ¹⁶⁰
Tax rebate subsidy 4	9.71% ¹⁶¹
Tax rebate subsidy 5	9.71% ¹⁶²
Tax rebate subsidy 6	9.71% ¹⁶³
Tax rebate subsidy 8	9.71% ¹⁶⁴

¹⁵⁴ See Juxin Preliminary Calculation Memorandum at Attachment 1.

¹⁵⁵ 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, 70202 (November 17, 2010) (identifying a revised ad valorem subsidy rate of 10.54 percent under “Preferential Lending to the Coated Paper Industry”).

¹⁵⁶ See Sanmei Preliminary Calculation Memorandum at Attachment 1.

¹⁵⁷ See Juxin Preliminary Calculation Memorandum at Attachment 1.

¹⁵⁸ 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 *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) (collectively, *OTR Tires from China*).

¹⁵⁹ *Id.*

¹⁶⁰ *Id.*

¹⁶¹ *Id.*

¹⁶² *Id.*

¹⁶³ *Id.*

¹⁶⁴ *Id.*

Tax rebate subsidy 9	9.71% ¹⁶⁵
Tax rebate subsidy 10	9.71% ¹⁶⁶
Tax rebate subsidy 11	9.71% ¹⁶⁷
Tax handling fee	9.71% ¹⁶⁸
Refund of 2019 ad valorem property tax	9.71% ¹⁶⁹
Tax rebate subsidy 7	0.01% ¹⁷⁰
Tax rebate subsidy 12	0.01% ¹⁷¹
Awards for Outstanding tax payment per mu {sic} in 2019	0.01% ¹⁷²
Housing and Urban-rural Development Bureau Tax Return	0.01% ¹⁷³
Export sales commission tax relief	9.71% ¹⁷⁴
Other Subsidies Programs – Grant Programs	
2020 Municipal-level Special Award Funds for Large Science and Innovation - Green Development	1.27% ¹⁷⁵
Government Grant for Qu Emergency No. 26	1.27% ¹⁷⁶
Quzhou City Supervision and Knowledge No. 8, 2019	1.27% ¹⁷⁷

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ *Id.*

¹⁷⁰ See Juxin Preliminary Calculation Memorandum at Attachment 1

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ *Id.*

¹⁷⁴ See *OTR Tires from China*.

¹⁷⁵ See *High Pressure Steel Cylinders: Final Results of Countervailing Duty Administrative Review; 2017*, 84 FR 71713 (December 29, 2019) (*Steel Cylinders*), and accompanying IDM at Comment 6.

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

Quzhou Kecheng District Market Supervision Administration 2018-2019 Authorized Invention	1.27% ¹⁷⁸
10Kt/aHF soil and water conservation compensation fee refunded by the Municipal Finance Treasury Payment Centre	1.27% ¹⁷⁹
Quzhou Municipal Bureau of Commerce-Appropriation of export subsidy for large trade and commerce in 2019	1.27% ¹⁸⁰
Qu Development and Reform Development No. 30 Industrial Green Development Project Grant	1.27% ¹⁸¹
Quzhou City Supervision and Knowledge No. 23 Market Supervision Administration 2020 Patent Incentive Funds	1.27% ¹⁸²
Interest Subsidy under Cai Jin No.5	1.27% ¹⁸³
Skill Master Funding	1.27% ¹⁸⁴
Recycling Program Funding	1.27% ¹⁸⁵
Special funds for air and soil pollution prevention and control from Quzhou Finance Bureau	1.27% ¹⁸⁶
Incentive fund for direct financing of enterprises in 2019	1.27% ¹⁸⁷
Quzhou Municipal Bureau of Finance Emergency Management Special Subsidy Fund	1.27% ¹⁸⁸
Skill Talent Support Fund	1.27% ¹⁸⁹
Encouraging Enterprise digital transformation	1.27% ¹⁹⁰
Finance Bureau 2019 Green Enterprise and Green Project Loan Interest Subsidy	1.27% ¹⁹¹
Science and Technology Incentive of Finance Bureau	1.27% ¹⁹²

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² *Id.*

¹⁸³ *Id.*

¹⁸⁴ *Id.*

¹⁸⁵ *Id.*

¹⁸⁶ *Id.*

¹⁸⁷ *Id.*

¹⁸⁸ *Id.*

¹⁸⁹ *Id.*

¹⁹⁰ *Id.*

¹⁹¹ *Id.*

¹⁹² *Id.*

Zhejiang Provincial Department of Finance (Treasury account) other energy reserves	1.27% ¹⁹³
Subsidy for the construction of emergency disposal centre, Bureau of Ecology and Environment	1.27% ¹⁹⁴
Bureau of Finance subsidy for online monitoring of pollution sources in 2020	1.27% ¹⁹⁵
Emergency Management Bureau Annual Hazardous Chemical Emergency Rescue Subsidy	1.27% ¹⁹⁶
Quzhou Talent and Employment Enterprise Highly Skilled Personnel Training Demonstration Base	1.27% ¹⁹⁷
Phase II Pipe Corridor Project of High-tech Park	1.27% ¹⁹⁸
Work-based training allowance	1.27% ¹⁹⁹
Collection of 2019 annual subsidies for safety and environmental insurance from the Municipal Bureau of Emergency Response of Quzhou Finance Bureau	1.27% ²⁰⁰
Receipt of refund from joint-stock companies for the government's reduction of December social insurance	1.27% ²⁰¹
Social security return	1.27% ²⁰²
Municipal Emergency Bureau 2019 annual security and environmental insurance subsidy	1.27% ²⁰³
Return to the government to reduce the December social	1.27% ²⁰⁴
Collection of Quzhou Leibo human resources return	1.27% ²⁰⁵
Epidemic social security return	1.27% ²⁰⁶
2019 Municipal Subsidy for Comprehensive Liability Insurance for Safety and Environmental Pollution	1.27% ²⁰⁷

¹⁹³ *Id.*

¹⁹⁴ *Id.*

¹⁹⁵ *Id.*

¹⁹⁶ *Id.*

¹⁹⁷ *Id.*

¹⁹⁸ *Id.*

¹⁹⁹ *Id.*

²⁰⁰ *Id.*

²⁰¹ *Id.*

²⁰² *Id.*

²⁰³ *Id.*

²⁰⁴ *Id.*

²⁰⁵ *Id.*

²⁰⁶ *Id.*

²⁰⁷ *Id.*

Government remission of December social insurance	1.27% ²⁰⁸
Annual fee for 19 years of granted patent inventions	1.27% ²⁰⁹
Subsidy for investment in the production of emergency supplies for enterprises against epidemics	1.27% ²¹⁰
13 Annual Municipal Finance Bureau Municipal-level Patent Implementation and Demonstration Enterprise Incentive	1.27% ²¹¹
2020 Subsidy for competitive allocation of the Great Science and Technology Policy and special funding for industrial robot acquisition projects	1.27% ²¹²
2020 Subsidy for Competitive Allocation of Great Science and Technology Policy and Special Funds for Industrial Robot	1.27% ²¹³
Provincial-level subsidies for technical improvement of epidemic prevention and emergency supplies	1.27% ²¹⁴
Subsidies for the green development category of the Great Science and Technology Policy	1.27% ²¹⁵
Subsidies for work-based training	1.27% ²¹⁶
Municipal Bureau of Economy and Information Technology competitive allocation of special funds	1.27% ²¹⁷
Received from Zhejiang Normal University	1.27% ²¹⁸
Quxian Emergency No. 26, Government Subsidy	1.27% ²¹⁹
2020 Municipal-level special award fund for large science and innovation - green development	1.27% ²²⁰
Interest Subsidy under Cai Jin No.5	1.27% ²²¹
Quzhou Municipal Administration of Market Supervision to undertake the National Professional Standards and Technology Committee Policy Grants	1.27% ²²²

²⁰⁸ *Id.*

²⁰⁹ *Id.*

²¹⁰ *Id.*

²¹¹ *Id.*

²¹² *Id.*

²¹³ *Id.*

²¹⁴ *Id.*

²¹⁵ *Id.*

²¹⁶ *Id.*

²¹⁷ *Id.*

²¹⁸ *Id.*

²¹⁹ *Id.*

²²⁰ *Id.*

²²¹ *Id.*

²²² *Id.*

Quzhou Municipal Bureau of Finance Leading and Participating in Standard Making and Revision	1.27% ²²³
Pilot funds for the construction of comprehensive service system for offshore foreign trade and economic cooperation	1.27% ²²⁴
Quzhou Leibo Human Resources Development Co., Ltd. government subsidy for work-based training during the epidemic	1.27% ²²⁵
Enterprise recruitment of retired soldiers deduction preference	1.27% ²²⁶
2019 Authorized invention patent subsidy (Juhua) 273001 Ke Cheng District, Quzhou	1.27% ²²⁷
Quzhou City Trade Bureau allocated special funds for big trade	1.27% ²²⁸
Financial support funds for factory IOT projects *Quzhou Bureau of Economy and Information Technology	1.27% ²²⁹
Refund of social security premiums	1.27% ²³⁰
Post-grant for R&D expenses	1.27% ²³¹
Subsidy for payroll stabilization	1.27% ²³²
Yong City Supervision Zhi Fa (2019) 33	1.27% ²³³
The advanced unit award for emergency rescue in the Petrochemical Economic Development Zone	1.27% ²³⁴
Yong Finance Development (2018) 1176	1.27% ²³⁵
2019 Municipal Employment Practice Base for College Students from Zhenren Social Welfare Bureau (2020) 45	1.27% ²³⁶
Zhenhai Fair Trade Subsidy for Zhenhai District Commerce Bureau 2019	1.27% ²³⁷
Zhenjiang District Commerce (2020) No. 35	1.27% ²³⁸

²²³ *Id.*

²²⁴ *Id.*

²²⁵ *Id.*

²²⁶ *Id.*

²²⁷ *Id.*

²²⁸ *Id.*

²²⁹ *Id.*

²³⁰ *Id.*

²³¹ *Id.*

²³² *Id.*

²³³ *Id.*

²³⁴ *Id.*

²³⁵ *Id.*

²³⁶ *Id.*

²³⁷ *Id.*

²³⁸ *Id.*

Zhenjiang District Commerce (2020) No. 37	1.27% ²³⁹
Receiving subsidies for entrepreneurship and absorbing	1.27% ²⁴⁰
Industrial Technical Transformation Completion Yong Jing Xin Technical Reform (2017) No. 134	1.27% ²⁴¹
Safety Team of Petrochemical Economic and Technological Development Zone	1.27% ²⁴²
Yong Commercial Trade Management (2020) No. 40	1.27% ²⁴³
Zhenhai Energy-saving Renovation Award for Zhenhai Development and Reform (2020) No. 385	1.27% ²⁴⁴
Ningbo Petroleum and Chemical Industry Association Skills Competition Vocational Training Title Assessment	1.27% ²⁴⁵
Zhen District Business (2020) No. 41 Exhibition Policy	1.27% ²⁴⁶
Ningbo City Business Promotion Special Fund	1.27% ²⁴⁷
Ningbo Commerce and Foreign Trade (2019) No. 4 2020 Commerce Promotion Export Credit Insurance	1.27% ²⁴⁸
Credit insurance payment	1.27% ²⁴⁹
Talent attraction training incentives	1.27% ²⁵⁰
Zhen Renren Social Hair (2019) 65 special funds for talents	1.27% ²⁵¹
Domestic authorized invention patent annual fee and job invention patent 2*660	1.27% ²⁵²
Zhenhai District Financial Support Special Fund for Economic Development	1.27% ²⁵³
Subsidies for work-based training Yong Rengshe Fa 2020) No. 44	1.27% ²⁵⁴
Social security subsidies for absorbing college students Yongzhengfa (2015) No. 112	1.27% ²⁵⁵

²³⁹ *Id.*

²⁴⁰ *Id.*

²⁴¹ *Id.*

²⁴² *Id.*

²⁴³ *Id.*

²⁴⁴ *Id.*

²⁴⁵ *Id.*

²⁴⁶ *Id.*

²⁴⁷ *Id.*

²⁴⁸ *Id.*

²⁴⁹ *Id.*

²⁵⁰ *Id.*

²⁵¹ *Id.*

²⁵² *Id.*

²⁵³ *Id.*

²⁵⁴ *Id.*

²⁵⁵ *Id.*

Subsidy for the online vocational skills training against epidemic	1.27% ²⁵⁶
Subsidies for internship in colleges and universities in Zhen Renmin Social Hair (2019) 65	1.27% ²⁵⁷
Zhen City Supervision (2020) No. 50 issued to Zhenhai District 2019 domestic and foreign authorized invention	1.27% ²⁵⁸
Yong Finance Fa (2020) No. 1156 Special Funds for the Development of Foreign Trade and Economic Cooperation in	1.27% ²⁵⁹
Receiving No. 35 of Domestic Authorized Invention Patents for Jobs from Yong Science and Technology (2018)	1.27% ²⁶⁰
Subsidies after investment of Ningbo R&D funding	1.27% ²⁶¹
Subsidy for absorbing social security for college students	1.27% ²⁶²
New materials remission refund absorption merged to Ning Hua	1.27% ²⁶³
Qu Emergency No. 26, Government Subsidies	1.27% ²⁶⁴
social security subsidies for recruiting college graduates by small and micro enterprises	1.27% ²⁶⁵
Qu Development and Reform Development No. 30, Subsidy for Industrial Green Development Projects	1.27% ²⁶⁶
QEIT transfer ascending No. 116 special green development category award funds for large science and innovation	1.27% ²⁶⁷
Quzhou City Talent and Employment Management Center Quzhou City Work-for-Work Training Subsidy	1.27% ²⁶⁸
Grants for online monitoring environment	1.27% ²⁶⁹
Grants for electricity	1.27% ²⁷⁰
Work-for-training rebate	1.27% ²⁷¹

²⁵⁶ *Id.*

²⁵⁷ *Id.*

²⁵⁸ *Id.*

²⁵⁹ *Id.*

²⁶⁰ *Id.*

²⁶¹ *Id.*

²⁶² *Id.*

²⁶³ *Id.*

²⁶⁴ *Id.*

²⁶⁵ *Id.*

²⁶⁶ *Id.*

²⁶⁷ *Id.*

²⁶⁸ *Id.*

²⁶⁹ *Id.*

²⁷⁰ *Id.*

²⁷¹ *Id.*

Return of social insurance	1.27% ²⁷²
Qu Development and Reform Development No. 7 HFC-245fa	0.03% ²⁷³
Qu Development and Reform Development No. 7 10kt/a HFC-125 project government subsidy	0.05% ²⁷⁴
QEIT Investment No. 84 subsidy for 270kt/a environmental protection type project of Dacommerce	0.02% ²⁷⁵
QEIT Investment No. 84 Grand Techtron Policy	0.01% ²⁷⁶
Qu Economic and Information Investment No. 126 Grand Science and Technology Special Government Subsidy	0.01% ²⁷⁷
Subsidy for the separation and transfer of “three supplies and one industry” from the state-owned capital management budget	0.04% ²⁷⁸
Refund of social security	0.01% ²⁷⁹
8.2 million in 2012 audit adjustments to state debt subsidies	0.02% ²⁸⁰
The first batch of park recycling subsidies - R125 project	0.04% ²⁸¹
Receiving payment from the Quzhou Municipal Bureau of Finance for the subsidies for the technical transformation of acid production in enterprises	0.01% ²⁸²
Interest Subsidy under Cai Jin No.5	0.01% ²⁸³
December 2019 social security premium rebate	0.02% ²⁸⁴
the first batch of special funds for high-tech development Zhen Cai Guo Zi No. 227	0.02% ²⁸⁵
2013 Annual Cleaner Production Project Subsidy 9 Caijian	0.03% ²⁸⁶
Government relocation compensation 2	0.16% ²⁸⁷
Subsidy funds for shantytown	0.02% ²⁸⁸
Government relocation compensation 1	0.01% ²⁸⁹
Financial incentives for completed projects of industrial technological transformation	0.01% ²⁹⁰

²⁷² *Id.*

²⁷³ *See* Juxin Preliminary Calculation Memorandum at Attachment 1.

²⁷⁴ *Id.*

²⁷⁵ *Id.*

²⁷⁶ *Id.*

²⁷⁷ *Id.*

²⁷⁸ *Id.*

²⁷⁹ *Id.*

²⁸⁰ *Id.*

²⁸¹ *Id.*

²⁸² *Id.*

²⁸³ *Id.*

²⁸⁴ *Id.*

²⁸⁵ *Id.*

²⁸⁶ *Id.*

²⁸⁷ *Id.*

²⁸⁸ *Id.*

²⁸⁹ *Id.*

²⁹⁰ *Id.*

Ningbo Science and Technology Innovation 2025 Financial	0.01% ²⁹¹
Ningbo Petrochemical Economic & Technological	0.01% ²⁹²
Foreign trade support subsidies for year 2019	0.04% ²⁹³
Wuyi County Special Award for Industrial Enterprises' Stable Employment	0.04% ²⁹⁴
Foreign trade support subsidies for 2019 second batch	0.02% ²⁹⁵
Subsidy for Unemployment Insurance in 2020	0.05% ²⁹⁶
Subsidy for Zhejiang Manufacturing Brand in 2019	0.04% ²⁹⁷
Foreign trade support subsidies for 2019 thrid {sic} batch	0.01% ²⁹⁸
Subsidy for export credit insurance in the first half of 2020	0.04% ²⁹⁹
Grants for Listing Company on Stock Exchange	0.13% ³⁰⁰
Special Fund for Employees' Skills Promotion	0.02% ³⁰¹
The second batch of R & D investment incentive funds of Wuyi County enterprises in 2020	0.03% ³⁰²
Financial subsidies for emergency team in 2019	0.03% ³⁰³
2011 Government-enterprise Interaction Award	0.07% ³⁰⁴
Reward for Large and Powerful Enterprises	0.18% ³⁰⁵
Incentives for Increasing Production and Increasing Efficiency for the third quarter of 2019	0.01% ³⁰⁶
Incentives for Increasing Production and Increasing Efficiency for the fourth quarter of 2019	0.01% ³⁰⁷
2018 Segmented Subsidy for Enterprise's Investment in Research and Development	0.01% ³⁰⁸

²⁹¹ *Id.*

²⁹² *Id.*

²⁹³ *See* Sanmei Preliminary Calculation Memorandum at Attachment 1.

²⁹⁴ *Id.*

²⁹⁵ *Id.*

²⁹⁶ *Id.*

²⁹⁷ *Id.*

²⁹⁸ *Id.*

²⁹⁹ *Id.*

³⁰⁰ *Id.*

³⁰¹ *Id.*

³⁰² *Id.*

³⁰³ *Id.*

³⁰⁴ *Id.*

³⁰⁵ *Id.*

³⁰⁶ *Id.*

³⁰⁷ *Id.*

³⁰⁸ *Id.*

2019 Environmental Protection Facilities Upgrade and Renovation Subsidy	0.01% ³⁰⁹
Stabilizing Employment	0.08% ³¹⁰
Wuyi County “100 million” high skilled Leading Talent Training Award	1.27% ³¹¹
The third batch of patent awards in 2019	1.27% ³¹²
Talent training subsidy in 2019	1.27% ³¹³
The first batch of epidemic transportation subsidies in 2020	1.27% ³¹⁴
Reward fund for integration of industrialization and industrialization in 2019	1.27% ³¹⁵
Enterprise brand building Award	1.27% ³¹⁶
Subsidy for operation and maintenance of pollution source automatic monitoring system in 2019	1.27% ³¹⁷
The first batch of patent subsidies in 2020	1.27% ³¹⁸
Special Fund Award for energy conservation in 2019	1.27% ³¹⁹
Occupational health monitoring subsidy	1.27% ³²⁰
Project subsidy of provincial special financial fund for business promotion in 2020	1.27% ³²¹
Subsidy for hazardous chemical emergency drill	1.27% ³²²
Unemployment insurance rebate for employment stabilization	1.27% ³²³
2019 Subsidy for non-public party construction	1.27% ³²⁴
2019 Unemployment benefits subsidy for employment stabilization	1.27% ³²⁵
2019 authorized patent award	1.27% ³²⁶

³⁰⁹ *Id.*

³¹⁰ *Id.*

³¹¹ *See Steel Cylinders* IDM at Comment 6.

³¹² *Id.*

³¹³ *Id.*

³¹⁴ *Id.*

³¹⁵ *Id.*

³¹⁶ *Id.*

³¹⁷ *Id.*

³¹⁸ *Id.*

³¹⁹ *Id.*

³²⁰ *Id.*

³²¹ *Id.*

³²² *Id.*

³²³ *Id.*

³²⁴ *Id.*

³²⁵ *Id.*

³²⁶ *Id.*

Patent application subsidy	1.27% ³²⁷
Lump-sum subsidy for employment	1.27% ³²⁸
Subsidy for recruitment of new employees	1.27% ³²⁹
Subsidies for cross-provincial poor employees	1.27% ³³⁰
TOTAL AFA RATE:	291.26

³²⁷ *Id.*

³²⁸ *Id.*

³²⁹ *Id.*

³³⁰ *Id.*