



C-570-041

Administrative Review  
POR: 02/15/2019-12/31/2019  
**Public Document**  
E&C/Office I: Team

June 21, 2021

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

FROM: Alex Villanueva  
Senior Director, Office I  
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of 2019  
Countervailing Duty Administrative Review: Truck and Bus Tires  
from the People's Republic of China and Rescission of  
Administrative Review, in Part

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## I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of countervailing duty (CVD) order on truck and bus tires from the People's Republic of China (China) for the period of review (POR) February 15, 2019 through December 31, 2019. We preliminarily find that Qingdao Ge Rui Da Rubber Co., Ltd. (GRT) and Prinx Chengshan (Shandong) Tire Co., Ltd. (PCT), the mandatory respondents in this administrative review, received countervailable subsidies during the POR. In addition, we are rescinding this review with respect to Sailun Group Co., Ltd.; Sailun (Shenyang) Tire Co., Ltd.; Sailun Group (Hong Kong) Co., Limited (previously known as Sailun Jinyu Group (Hong Kong) Co., Limited) (collectively, Sailun).

## II. BACKGROUND

### A. Initiation and Case History

On February 15, 2019, we published in the *Federal Register* the CVD order on truck and bus tires from the China.<sup>1</sup> On February 3, 2020, we published a notice of opportunity to request an administrative review of the *Order*.<sup>2</sup> On April 8, 2020, we initiated this administrative review.<sup>3</sup>

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<sup>1</sup> See *Truck and Bus Tires from the People's Republic of China: Amended Final Determination and Countervailing Duty Order*, 84 FR 4434 (February 15, 2019) (the *Order*).

<sup>2</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 85 FR 5938 (February 3, 2020).

<sup>3</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 19730 (April 8, 2020).



On April 14, 2020, Sailun withdrew its requests for review of Sailun Group Co., Ltd., Sailun (Shenyang) Tire Co., Ltd., and Sailun Group (Hong Kong) Co., Limited (previously known as Sailun Jinyu Group (Hong Kong) Co., Limited) and asked Commerce to rescind the review with respect to these companies.<sup>4</sup>

## **B. Respondent Selection**

On April 16, 2020, we released entry data we obtained from the U.S. Customs and Border Protection (CBP) for comment by interested parties regarding our selection of the respondents for this review.<sup>5</sup> On April 21, 2020, PCT commented on the CBP Data.<sup>6</sup> On April 23, 2020, Cooper Tire and Rubber Company (Cooper), a U.S. importer of subject merchandise and affiliate with GRT, also provided comments on the CBP Data.<sup>7</sup> On June 18, 2020, we conducted an additional CBP data query using additional “wildcard” variations to capture all potential names for GRT in addition to the names of the previously requested companies and their respective ten digit case numbers (where applicable).<sup>8</sup> On June 22, 2020, Cooper commented on the updated CBP Data.<sup>9</sup> On June 30, 2020, we selected PCT and GRT as mandatory respondents for individual examination in this review.<sup>10</sup>

## **C. Questionnaires and Responses**

On August 6, 2020, we issued an initial questionnaire to the Government of China (GOC) requesting information on programs which may constitute subsidies under U.S. law that were used by the mandatory respondents: GRT and PCT (collectively, the respondents).<sup>11</sup> We received timely responses from PCT and GRT, respectively, for their affiliation questionnaires.<sup>12</sup> Further,

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<sup>4</sup> See Sailun’s Letter, “Sailun Withdrawal of Review Request in POR 1 of the Countervailing Duty Review of Truck and Bus Tires from the People’s Republic of China (C-570-041)”, dated April 14, 2020 (Sailun’s Withdrawal Letter).

<sup>5</sup> See Memorandum, “U.S. Customs and Border Protection (CBP) Data Release,” dated April 16, 2020 (CBP Data).

<sup>6</sup> See PCT’s Letter, “Truck and Bus Tires from the People’s Republic of China: Respondent Selection Comments,” dated April 21, 2020.

<sup>7</sup> See Cooper’s Letter, “Truck and Bus Tires from the People’s Republic of China / Cooper Comments on CBP Data Release,” dated April 23, 2020.

<sup>8</sup> See Memorandum, “U.S. Customs and Border Protection (CBP) Data Release,” dated June 18, 2020 (updated CBP Data).

<sup>9</sup> See Cooper’s Letter, “Truck and Bus Tires from the People’s Republic of China / Cooper Comments on Second CBP Data Release,” dated June 22, 2020.

<sup>10</sup> See Memorandum, “Countervailing Duty Administrative Review of Truck and Bus Tires from the People’s Republic of China: Respondent Selection,” dated June 30, 2020 (Respondent Selection Memorandum).

<sup>11</sup> See Commerce’s Letter, “First Administrative Review of Truck and Bus Tires from the People’s Republic of China: Countervailing Duty Questionnaire,” dated August 6, 2020 (Initial Questionnaire).

<sup>12</sup> See PCT’s Letter, “Truck and Bus Tires from the People’s Republic of China – Identifying Affiliates Questionnaire Response,” dated August 24, 2020 (PCT Affiliation Response); *see also* GRT’s Letter, “Truck and Bus Tires from the People’s Republic of China; GRT Response to Section III of the Initial Questionnaire Identifying Affiliated Companies,” dated August 27, 2020 (GRT Affiliation Response).

on September 28, 2020, we timely received responses to the initial questionnaire from both the GOC and the respondents.<sup>13</sup>

From February through June 2021, we issued supplemental questionnaires to the GOC and the respondents and received timely responses.<sup>14</sup> On May 19, 2021, the GOC, the respondents, and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (the petitioner) provided benchmark information.<sup>15</sup> On May 20, 2021, Commerce requested that the petitioner resubmit its

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<sup>13</sup> See GOC's Letter, "Government of China's Initial Questionnaire Response Truck and Bus Tires from the People's Republic of China," dated September 28, 2020 (GOCIQR); see also GRT's Letter, "Truck and Bus Tires from the People's Republic of China/GRT Response to Initial Questionnaire," dated September 28, 2020 (GRTIQR); and PCT's Letter, "Truck and Bus Tires from the People's Republic of China – Section III Questionnaire Response," dated September 28, 2020 (PCTIQR).

<sup>14</sup> See Commerce's Letters, "Truck and Bus Tires from the People's Republic of China: Supplemental Questionnaire," dated February 19, 2021; see also Commerce's Letter, "Truck and Bus Tires from the People's Republic of China: Supplemental Questionnaire," dated February 19, 2021 (GOCSQ); see also PCT's Letter, "Truck and Bus Tires from the People's Republic of China – Response to 1<sup>st</sup> Supplemental Questionnaire," dated March 5, 2021 (PCTSQR); GOC's Letter, "Government of China's Supplemental Questionnaire Response Truck and Bus Tires from the People's Republic of China," dated March 12, 2021 (GOCSQR); GRT's Letter, "Truck and Bus Tires from the People's Republic of China/GRT Response to the First Supplemental Questionnaire," dated March 12, 2021 (GRTSQR); Commerce's Letter, "2019 Administrative Review of Truck and Bus Tires from the People's Republic of China: Supplemental Questionnaire," dated April 16, 2021; Commerce's Letter, "Truck and Bus Tires from the People's Republic of China: Supplemental Questionnaire," dated April 16, 2021; PCT's Letter, "Truck and Bus Tires from the People's Republic of China – Response to 2<sup>nd</sup> Supplemental Questionnaire," dated April 30, 2021 (PCTSQR2); Commerce's Letter, "2019 Administrative Review of Truck and Bus Tires from the People's Republic of China (China): Supplemental Questionnaire," dated May 10, 2021 (GOCSQ2); GRT's Letter, "Truck And Bus Tires from the People's Republic Of China/GRT Response To Second Supplemental Questionnaire," dated May 12, 2021; Commerce's Letter, "2019 Administrative Review of Truck and Bus Tires from the People's Republic of China: Supplemental Questionnaire," dated May 13, 2021; and GRT's Letter, "Truck and Bus Tires from the People's Republic Of China/Request to Resubmit a Corrected APO Version of GRT's Response to the Second Supplemental Questionnaire," dated May 13, 2021.

<sup>14</sup> GRT's Letter, "Truck and Bus Tires from the People's Republic Of China/GRT Response to Second Supplemental Questionnaire," filed May 13, 2021 (GRTSQR2); see also PCT's Letter, "Truck and Bus Tires from the People's Republic of China – Request for Clarification of Supplemental Questionnaire," dated May 14, 2021; Commerce's Letter, "2019 Administrative Review of Truck and Bus Tires from the People's Republic of China: Supplemental Questionnaire Clarification," dated May 17, 2021; GOC's Letter, "Government of China's Second Supplemental Questionnaire Response Truck and Bus Tires from the People's Republic of China," dated May 20, 2021 (GOCSQR2); GOC's Letter, "2019 Administrative Review of Truck and Bus Tires from the People's Republic of China (China): Supplemental Questionnaire," dated June 25, 2021 (GOCSQ3); PCT's Letter, "Truck and Bus Tires from the People's Republic of China – Response to 3<sup>rd</sup> Supplemental Questionnaire," dated June 1, 2021; Commerce's Letter, "Truck and Bus Tires from the People's Republic of China: Supplemental Questionnaire," dated June 3, 2021; GOC's Letter, "Government of China's Third Supplemental Questionnaire Response Truck and Bus Tires from the People's Republic of China," dated June 4, 2021 (GOCSQR3); Commerce's Letter, "Truck and Bus Tires from the People's Republic of China: Supplemental Questionnaire," dated June 9, 2021; GRT's Letter, "Truck And Bus Tires from the People's Republic Of China/GRT Response To Third Supplemental Questionnaire," dated June 10, 2021 (GRTSQR3); GRT's Letter, "Truck and Bus Tires from the People's Republic Of China/GRT Response To Fourth Supplemental Questionnaire," dated June 14, 2021; and Commerce's Letter, "Truck and Bus Tires from the People's Republic of China: Supplemental Questionnaire," dated June 17, 2021 (GRTSQ5).

<sup>15</sup> See GOC's Letter, "GOC's Initial Benchmark Submission Truck and Bus Tires from the People's Republic of China," dated May 19, 2021; see also GRT's Letter, "Truck and Bus Tires from the People's Republic Of China/GRT Benchmark Data," dated May 19, 2021 (GRT Benchmark Submission); PCT's Letter, "Truck and Bus Tires from the People's Republic of China – Benchmark Submission," dated May 19, 2021 (PCT Benchmark

benchmark submission with Microsoft Excel versions of certain exhibits, and, consequently, the petitioner resubmitted its benchmark submission.<sup>16</sup>

#### **D. Extension of Time Limit for Preliminary Results**

On April 24, 2020, Commerce tolled all deadlines in administrative reviews by 50 days, thereby tolling the deadline for the preliminary results of review.<sup>17</sup> On July 21, 2020, Commerce tolled all deadlines in administrative reviews by an additional 60 days.<sup>18</sup> On January 21, 2021, Commerce extended the preliminary results of this review to June 18, 2021.<sup>19</sup> On June 17, 2021, the President signed into law the Juneteenth National Independence Day Act, making June 19 a Federal holiday.<sup>20</sup> Because the Federal holiday fell on a Saturday, it was observed on Friday, June 18, 2021. Where a deadline falls on a weekend or Federal holiday, the appropriate deadline is the next business day.<sup>21</sup> Accordingly, the deadline for these preliminary results is on June 21, 2021.

#### **E. New Subsidy Allegation**

On October 20, 2020, the petitioner submitted four new subsidy allegations (NSAs) with respect to GRT and PCT.<sup>22</sup> On February 9, 2021, after considering the information on the record, Commerce initiated an investigation on all four alleged new programs.<sup>23</sup> In the same month, Commerce issued questionnaires to GRT, PCT, and the GOC related to these programs.<sup>24</sup> Between February 22, 2021, and March 4, 2021, we received timely responses to the initial NSA questionnaires from the GOC, GRT, and PCT.<sup>25</sup> GRT and PCT reported non-use of the

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Submission); and Petitioner's Letter, "Truck and Bus Tires from the People's Republic of China: Benchmark Data Submission," dated May 19, 2021 (Petitioner Benchmark Submission).

<sup>16</sup> See Memorandum, "Countervailing Duty Administrative Review of Truck and Bus Tires from the People's Republic of China; 2019: *Ex Parte* Communication Regarding Petitioner Benchmark Submission," dated May 20, 2021; see also Petitioner's Letter, "Truck and Bus Tires from the People's Republic of China: Benchmark Data Re-submission," dated May 20, 2021.

<sup>17</sup> See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews in Response to Operational Adjustments Due to COVID-19 Government," dated April 24, 2020.

<sup>18</sup> See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews," dated July 21, 2020.

<sup>19</sup> See Memorandum, "Truck and Bus Tires from the People's Republic of China: Extension of Deadline for Preliminary Results of 2019 Countervailing Duty Administrative Review," dated January 21, 2021.

<sup>20</sup> See Juneteenth National Independence Day Act, S. 475, Pub. L. No. 117-17 (2021).

<sup>21</sup> See *Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

<sup>22</sup> See Petitioner's Letter, "Truck and Bus Tires from the People's Republic of China: New Subsidy Allegations," dated October 20, 2020.

<sup>23</sup> See Memorandum, "Truck and Bus Tires from the People's Republic of China: New Subsidy Allegations in Countervailing Duty Administrative Review," dated February 9, 2021.

<sup>24</sup> See Commerce's Letters, "Truck and Bus Tires from the People's Republic of China: New Subsidy Allegation Questionnaire," dated February 11, 2021.

<sup>25</sup> See GRT's Letter, "Truck and Bus Tires from the People's Republic of China / GRT Response to NSA Questionnaire," dated February 22, 2021 (GRTNSAR); see also PCT's Letter, "Truck and Bus Tires from the People's Republic of China – Response to New Subsidy Allegations Questionnaire," dated March 1, 2021 (PCTNSAR); and GOC's Letter, "Government of China's New Subsidy Allegation Questionnaire Response Truck and Bus Tires from the People's Republic of China," dated March 4, 2021.

programs.<sup>26</sup>

### III. SCOPE OF THE *ORDER*

The scope of the *Order* covers truck and bus tires. Truck and bus tires are new pneumatic tires, of rubber, with a truck or bus size designation. Truck and bus tires covered by this investigation may be tube-type, tubeless, radial, or non-radial.

Subject tires have, at the time of importation, the symbol “DOT” on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have one of the following suffixes in their tire size designation, which also appear on the sidewall of the tire:

TR – Identifies tires for service on trucks or buses to differentiate them from similarly sized passenger car and light truck tires; and

HC – Identifies a 17.5 inch rim diameter code for use on low platform trailers.

All tires with a “TR” or “HC” suffix in their size designations are covered by this investigation regardless of their intended use.

In addition, all tires that lack one of the above suffix markings are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the “Truck-Bus” section of the *Tire and Rim Association Year Book*, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Truck and bus tires, whether or not mounted on wheels or rims, are included in the scope. However, if a subject tire is imported mounted on a wheel or rim, only the tire is covered by the scope. Subject merchandise includes truck and bus tires produced in the subject country whether mounted on wheels or rims in the subject country or in a third country. Truck and bus tires are covered whether or not they are accompanied by other parts, *e.g.*, a wheel, rim, axle parts, bolts, nuts, etc. Truck and bus tires that enter attached to a vehicle are not covered by the scope.

Specifically excluded from the scope of the *Order* are the following types of tires: (1) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires; (2) non-pneumatic tires, such as solid rubber tires; and (3) tires that exhibit each of the following physical characteristics: (a) the designation “MH” is molded into the tire’s sidewall as part of the size designation; (b) the tire incorporates a warning, prominently molded on the sidewall, that the tire is for “Mobile Home Use Only;” and (c) the tire is of bias construction as evidenced by the fact that the construction code included in the size designation molded into the tire’s sidewall is not the letter “R.”

The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.20.1015 and 4011.20.5020. Tires meeting the scope

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<sup>26</sup> See GRTNSAR; *see also* PCTNSAR.

description may also enter under the following HTSUS subheadings: 4011.69.0020, 4011.69.0090, 4011.70.00, 4011.90.80, 4011.99.4520, 4011.99.4590, 4011.99.8520, 4011.99.8590, 8708.70.4530, 8708.70.6030, 8708.70.6060, and 8716.90.5059.<sup>27</sup>

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

Also, excluded from the scope of the *Order* are size 8-14.5 truck and bus tires imported by America Koryo, Inc. from China. Included within the scope are size 11-22.5 truck and bus tires imported by America Koryo, Inc. from China.<sup>28</sup>

#### IV. NON-SELECTED COMPANIES UNDER REVIEW

The statute and Commerce's regulations do not address the establishment of a rate to be applied to individual respondents not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(e)(2) of the Tariff Act of 1930, as amended (the Act). Generally, Commerce looks to section 705(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for the respondents which it did not examine in an administrative review. Section 705(c)(5)(A)(i) of the Act articulates a preference that we are not to calculate an all-others rate using rates which are zero, *de minimis*, or based entirely on facts available. Accordingly, to determine the rate for companies not selected for individual examination, Commerce's practice is to weight average the net subsidy rates for the selected mandatory respondent companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.<sup>29</sup> Section 705(c)(5)(A)(ii) of the Act also provides that, where all rates are zero, *de minimis*, or based entirely on facts available, we may use "any reasonable method" for assigning the all-others rate.

We preliminarily determine that GRT and PCT received countervailable subsidies that are above *de minimis*. Therefore, we are applying to the non-selected companies the average of the net subsidy rates calculated for GRT and PCT, which we calculated using the publicly ranged sales data submitted by the respondents.<sup>30</sup> Accordingly, for each of the 37 companies for which a

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<sup>27</sup> On August 26, 2016, Commerce included HTSUS subheadings 4011.69.0020, 4011.69.0090, and 8716.90.5059 to the case reference files, pursuant to requests by CBP and the petitioner. See Memorandum, "Requests from Customs and Border Protection and the Petitioner to Update the ACE Case Reference File," dated August 26, 2016. On January 19, 2017, Commerce included HTSUS subheadings 4011.70.00 and 4011.90.80 to the case reference files, pursuant to requests by CBP. See Memorandum to the File entitled, "Requests from Customs and Border Protection to Update the ACE Case Reference File," dated January 19, 2017.

<sup>28</sup> See *Notice of Scope Rulings* 85 FR 35261 (June 9, 2020).

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

<sup>30</sup> With two respondents under examination, Commerce normally calculates (A) a weighted-average of the estimated subsidy rates calculated for the examined respondents; (B) a simple average of the estimated subsidy rates calculated for the examined respondents; and (C) a weighted-average of the estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged U.S. sale quantities for the merchandise under consideration. Commerce then compares (B) and (C) to (A) and selects the rate closest to (A) as the most appropriate rate for all other producers and exporters. See, e.g., *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews*, Final

review was requested and not rescinded, and which were not selected as mandatory respondents, we are applying a preliminary subsidy rate of 16.76 percent *ad valorem*, consistent with section 705(c)(5) of the Act.<sup>31</sup>

## V. DIVERSIFICATION OF CHINA'S ECONOMY

In evaluating the specificity factors for domestic subsidies, pursuant to section 771(5A)(D)(iii) of the Act, Commerce must take into account the extent of diversification of economic activities within the jurisdiction of the authority providing the subsidy. According to the Statement of Administrative Action,<sup>32</sup> the additional criteria of the extent of diversification of economic activities (and length of time during which the subsidy program in question has been in operation) serve to inform the application of, rather than supersede or substitute for, the enumerated specificity factors.

To determine the extent of diversification of economic activities within a given jurisdiction, Commerce will normally consider publicly available data and information from expert third party sources, including such information as provided by interested parties in a proceeding. Available and reliable information sources necessarily vary from case to case. For this proceeding, Commerce has relied on data found in the National Bureau of Statistics of China's *China Statistical Yearbook*. Accordingly, on May 20, 2021, Commerce placed the following excerpts from the National Bureau of Statistics of China's *China Statistical Yearbook* on the record of this review: Index Page; Table 14-7: Main Indicators on Economic Benefit of State-owned and State-holding Industrial Enterprise by Industrial Sector; and Table 14-11: Main Indicators on Economic Benefit of Private Industrial Enterprise by Industrial Sector.<sup>33</sup> This information reflects a wide diversification of economic activities in China. The industrial sector in China alone is comprised of 37 listed industries and economic activities, indicating the diversification of China's economy.

## VI. PARTIAL RESCISSION OF ADMINISTRATIVE REVIEW

On April 14, 2020, Sailun withdrew its request for review of Sailun Group Co., Ltd., Sailun (Shenyang) Tire Co., Ltd., and Sailun Group (Hong Kong) Co., Limited (previously known as Sailun Jinyu Group (Hong Kong) Co., Limited) and requested Commerce to rescind the administrative review with respect to these companies.<sup>34</sup> In the Respondent Selection Memorandum, we stated our intent to rescind the review of the Sailun companies because the

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*Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010); see also PCTIQR at Exhibit GQ-5A; and GRTIQR at Exhibit 6.

<sup>31</sup> For a list of the non-selected companies, see the *Federal Register* notice, signed concurrently with this decision memorandum; see also Memorandum, "2019 Countervailing Duty Administrative Review of Truck and Bus Tires from the People's Republic of China: Subsidy Rate Calculations for Respondents Not Selected for Individual Examination," dated concurrently with this memorandum.

<sup>32</sup> See Statement of Administrative Action (SAA), H. R. Doc. No. 103-316 103rd Congress, 2nd Session, Volume I, 911, 931.

<sup>33</sup> See Memorandum, "Countervailing Duty Administrative Review of Truck and Bus Tires from the People's Republic of China: Economic Diversification in China Memo," dated May 20, 2021.

<sup>34</sup> See Sailun's Withdrawal Letter.

withdrawal of review was timely filed and no other party requested a review of it.<sup>35</sup> For this reason, we are now rescinding the review of the *Order* with respect to these Sailun companies.

## **VII. USE OF FACTS OTHERWISE AVAILABLE AND APPLICATION OF ADVERSE INFERENCES**

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

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

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

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

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<sup>35</sup> See Respondent Selection Memorandum at 3.

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

<sup>37</sup> See section 776(b)(1)(B) of the Act.

<sup>38</sup> See 19 CFR 351.308(c).



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

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

#### **A. Application of Fact Available: Sales Data for Qingdao Yiyuan**

GRT reported receiving a transfer of land-use rights for less than adequate remuneration (LTAR) from its cross-owned parent company, Qingdao Yiyuan, at the time of its establishment. In order to calculate the subsidy rate for this program, we need sales data from Qingdao Yiyuan, which we currently do not have on the record. For this reason, we are preliminarily applying facts otherwise available pursuant to section 776(a)(1) of the Act and using GRT’s most recent sales data to calculate the subsidy rate for this program. We issued a supplemental questionnaire requesting this information and will update the program subsidy rate accordingly in the *Final Results*.<sup>43</sup>

#### **B. Application of AFA: Export Buyer’s Credit**

In this review, we are investigating the Export Buyer’s Credit program. We preliminarily determine that the use of AFA is warranted in determining the countervailability of the Export Buyer’s Credit program, because the GOC did not provide the requested information needed to allow Commerce to fully analyze this program. During the review, we requested that the respondents report all types of financing provided by the China Ex-Im Bank.<sup>44</sup> PCT reported that none of its customers used this program, and to support this claim it provided customer declarations or “non-use certificates” demonstrating its customers did not use this program.<sup>45</sup>

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<sup>39</sup> See 19 CFR 351.308(d).

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

<sup>41</sup> See section 776(d)(1) of the Act.

<sup>42</sup> See section 776(d)(3) of the Act.

<sup>43</sup> See GRTSQ5.

<sup>44</sup> See Initial Questionnaire at III-20.

<sup>45</sup> See PCTIQR at 48-49 and at Exhibit F-2.

GRT also reported that none of its customers used this program but did not provide any evidence or declarations to demonstrate its customers did not use this program.<sup>46</sup>

We preliminarily determine that the use of AFA is warranted in determining the countervailability of the Export Buyer's Credit program, because the GOC did not provide the requested information needed to allow us to fully analyze this program. In the initial questionnaire, we requested that the GOC provide original and translated copies of laws, regulations or other governing documents for this program.<sup>47</sup> This request included the 2013 *Administrative Measures* revisions (2013 Revisions) to the Export Buyer's Credit program; however, the GOC did not provide the 2013 amendment to these laws.<sup>48</sup> In a supplemental questionnaire, we provided the GOC with another opportunity to provide this information,<sup>49</sup> and the GOC again failed to provide the information requested stating, "{t}o the extent that none of the Respondents' customers applied for, used, or benefited from the alleged program during the POR, the GOC understands that this question is not applicable."<sup>50</sup>

However, the GOC provided the *Administrative Measures of Export Buyer's Credit of the Export-Import Bank of China (Administrative Measures)* and *Detailed Implementation Rules Governing Export Buyer's Credit of the Export-Import Bank of China (Implementing Rules)*, and according to the GOC, in accordance with the requirements set forth in these documents, the Chinese exporter should be aware of the buyer's receipt of loans and should be involved in the loan evaluation proceeding and in the post-lending loan management.<sup>51</sup> Therefore, the GOC argued that the Chinese exporter is in a position to verify and confirm the existence of any sales contracts that were supported by the Export Buyer's Credit program. Specifically, the GOC explained that in accordance with the *Rules*: (1) the Ex-Im Bank must investigate and verify the performance capability of the Chinese exporters in its loan evaluation and approval proceeding; (2) in making decisions on loan approval, the Ex-Im Bank also pays great attention to the credit level of the exporters; and (3) for post-lending management, for securing loan recovery, the Ex-Im Bank may do necessary supervision and inspection of the loan usage, contacting the Chinese exporter after the issuance of loans to confirm the funds are properly used.<sup>52</sup> However, the GOC stated that the 2013 revisions to the *Administrative Measures of Export Buyer's Credits of the Ex-Im Bank*, and Commerce's request for a list of all partner/correspondent banks involved in disbursement of funds under the Export Buyer's Credit program are not applicable,<sup>53</sup> because none of the mandatory respondents' U.S. customers obtained export buyer's credits during the POR.<sup>54</sup>

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<sup>46</sup> See GRTIQR at 25-26

<sup>47</sup> See Initial Questionnaire at II-21 – II-22.

<sup>48</sup> See GOCIQR at 8-11.

<sup>49</sup> See GOCSQR at 3.

<sup>50</sup> See GOCSQR at 2-3.

<sup>51</sup> See GOCIQR at 188-190 and at Exhibits II.F.1 and II.F.2.

<sup>52</sup> *Id.*

<sup>53</sup> *Id.* at 188, 191.

<sup>54</sup> *Id.* at 187.

Information obtained in a prior CVD proceeding indicates that the GOC revised the *Administrative Measures* regarding this program in 2013.<sup>55</sup> This information provides that the Ex-Im Bank may disburse export buyer's credits directly or through third-party partner and/or correspondent banks and that the threshold for potential loans is no longer 2 million USD.<sup>56</sup> Because of the complicated structure of loan disbursements for this program, Commerce's complete understanding of how this program is administered is necessary.

Regarding the threshold requirement, as was stated in *Clearon I*,<sup>57</sup> "an important limitation to the universe of potential loans under the program and can assist us in targeting our verification of non-use. However, if the program is no longer limited to USD 2 million contracts, this increases the difficulty of verifying loans without any such parameters . . . Therefore, by refusing to provide the requested information, and instead providing unverifiable assurances that other rules regarding the program remained in effect, the GOC impeded Commerce's understanding of how this program operates and how it can be verified." Furthermore, we stated in *Clearon I* that, "{g}iven the complicated structure of loan disbursements which can involve various banks for this program, Commerce's complete understanding of how this program is administered is necessary to verify claims of non-use. Thus, the GOC's refusal to provide the 2013 revisions, which provide internal guidelines for how this program is administered by the China Export-Import Bank, as well as other requested information, such as key information and documentation pertaining to the application and approval process, interest rates, and partner/correspondent banks, impeded Commerce's ability to conduct its investigation of this program and to verify the claims of non-use by {the respondent's} customers."<sup>58</sup>

Furthermore, in order to verify non-use of the program as provided in the non-use certificates submitted by the respondents, Commerce would require knowing the names of the intermediary partner/correspondent banks. As Commerce stated in *Clearon I*, "it would be their names, not the name China Ex-Im Bank, that would appear in the subledgers of the U.S. customers if they received the credits. As explained recently in the investigation of aluminum sheet:

Record evidence indicates that the loans associated with this program are not limited to direct disbursements through the China Ex-Im Bank. Specifically, the record information indicates that customers can open loan accounts for disbursements through this program with other banks, whereby the funds are first sent to . . . the importer's account, which could be at the China Ex-Im Bank or other banks, and that these funds are then sent to the exporter's bank account.

In other words, there will not necessarily be an account in the name China Ex-Im Bank in the books and records (*e.g.*, subledger, tax return, bank statements) of the U.S. customer. Thus, if we cannot verify claims of non-use at the GOC, having a list of the correspondent banks is

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<sup>55</sup> See *Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People's Republic of China: Final Affirmative Determination*, 82 FR 8405 (January 25, 2017), and accompanying IDM at 11-14.

<sup>56</sup> *Id.* .

<sup>57</sup> *Clearon Corp. v. United States*, 43 CIT 359 F. Supp. 3d 1344, 1347.

<sup>58</sup> *Id.*

critical for us to perform verification at the U.S. customers.”<sup>59</sup>

In its initial and supplemental questionnaire responses, the GOC refused to provide requested information, including all laws, regulations or governing documents, the September 6, 2016, *GOC 7th Supplemental Response in the Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People's Republic of China*, or a list of partner/correspondent banks, which is necessary for Commerce to understand how the program operates and which is thus also necessary for Commerce to be able to verify claims of non-usage.<sup>60</sup> Absent this information, we have no assurance of our ability to differentiate ordinary commercial lending from GOC-supported credit in the books and records of the respondents’ U.S. customers, or to differentiate disbursements of funds to the respondents themselves pursuant to ordinary lending from disbursements pursuant to GOC-supported credit. Therefore, without the necessary information, we are not able to make a determination as to whether this program constitutes a financial contribution and is specific. Accordingly, we find that the GOC has not cooperated to the best of its ability in response to our specific information requests.<sup>61</sup> As a result, we preliminarily determine, as AFA, that this program constitutes a financial contribution and meets the specificity requirements of the Act.

Moreover, the GOC is the only party that can answer questions about the internal administration of this program. Non-use certificates cannot replace the cooperation of the GOC. The GOC’s refusal to provide the 2013 revisions to the *Administrative Measures*, which provide internal guidelines for how this program is administered by the Ex-Im Bank, the September 6, 2016, *GOC 7th Supplemental Response in the Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People's Republic of China*, and a list of partner/correspondent banks that are used to disperse funds through this program, constitutes withholding necessary information and impeded our ability to analyze the program’s operation or determine how the program could be properly verified. Thus, the GOC’s failure to provide the requested information further undermines our ability to verify the respondents claims of non-use. Therefore, we preliminarily find that the GOC has not cooperated to the best of its ability and, as AFA, find that GRT and PCT used and benefited from this program, despite its claims that its U.S. customers did not obtain export buyer’s credits from the Ex-Im Bank during the POR.<sup>62</sup>

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

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<sup>59</sup> *Id.* at 17 (citing *Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People’s Republic of China: Final Affirmative Determination*, 83 FR 57427 (November 15, 2018), and accompanying IDM at 30 (internal quotations and citations omitted))

<sup>60</sup> See GOCIQR at 187-192; see also GOCSQR at 2-3.

<sup>61</sup> See section 776(b) of the Act.

<sup>62</sup> See GRTIQR at 25-26; see also PCTIQR at 49 and at Exhibit F-2.

withholding information and significantly impeding this proceeding, failed to cooperate by not acting to the best of its ability. Accordingly, we find that the application of AFA is warranted.

### *Selection of the AFA Rate*

Consistent with section 776(d) of the Act and our established practice, we applied our CVD hierarchy to determine the AFA rate for the Export Buyer's Credit Program.<sup>63</sup> Under the first step of Commerce's CVD AFA hierarchy for administrative reviews, Commerce applies the highest non-*de minimis* rate calculated for the identical program in any segment of the same proceeding. If there is no identical program match within the same proceeding, or if the rate is *de minimis*, under step two of the hierarchy, Commerce applies the highest non-*de minimis* rate calculated for a similar program within any segment of the same proceeding. If there is no non-*de minimis* rate calculated for a similar program within the same proceeding, under step three of the hierarchy, Commerce applies the highest non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country. Finally, if there is no non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country, under step four, Commerce applies the highest calculated rate for any program from the same country that the industry subject to the review could have used.<sup>64</sup>

Commerce's methodology is consistent with section 776(d)(1)(A) of the Act. Section 776(d)(1)(A) of the Act states that when applying an adverse inference in selecting from the facts otherwise available, Commerce may: (i) use a countervailable subsidy rate applied for the same 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 rate from a proceeding that Commerce considers reasonable to use. Thus, section 776(d)(1)(A) of the Act expressly allows for Commerce's existing practice of using an AFA hierarchy in selecting a rate "among the facts otherwise available" in CVD cases, should the facts warrant such a selection.

Section 776(d)(2) of the Act authorizes Commerce to rely on the highest prior rate under certain circumstances. In deriving an AFA rate under section 776(d)(1)(A) of the Act described above, the provision states that Commerce "may apply any of the countervailable subsidy rates or dumping margins specified under that paragraph, including the highest such rate or margin, based on the evaluation by the administering authority of the situation that resulted in the administering authority using an adverse inference in selecting among the facts otherwise available."<sup>65</sup> No legislative history accompanied this provision of the Trade Preferences Extension Act. Accordingly, Commerce is left to interpret this "evaluation by the administering authority of the situation" language in light of existing agency practice, and the structure and provisions of section 776(d) of the Act itself.

We find that the Act anticipates a two-step process for determining an appropriate AFA rate in CVD cases: 1) Commerce may apply its hierarchy methodology; and 2) Commerce may apply

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<sup>63</sup> See, e.g., *Shrimp from China* IDM at 13; and *Essar Steel*, 753 F.3d at 1373-1374.

<sup>64</sup> See section 776(d) of the Act; see also *SolarWorld Americas, Inc. v. United States*, 229 F. Supp. 3d 1362 (CIT 2017) (*SolarWorld*) (sustaining Commerce's CVD AFA hierarchy and selection of AFA rate for CVD reviews).

<sup>65</sup> See section 776(d)(2) of the Act.

the highest rate derived from this hierarchy to a respondent, should it choose to apply that hierarchy in the first place, unless, after an evaluation of the situation that resulted in the use of AFA, Commerce determines that the situation warrants a rate different than the rate derived from the hierarchy be applied.<sup>66</sup>

In applying the AFA rate provision, it is well established that when selecting the rate from among possible sources, Commerce seeks to use a rate that is sufficiently adverse to effectuate the statutory purpose of section 776(b) of the Act to induce respondents to provide Commerce with complete and accurate information in a timely manner. This ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”<sup>67</sup> Further, “in the case of an uncooperative respondent, Commerce is in the best position, based on its expert knowledge of the market and the individual respondent, to select adverse facts that will create the proper deterrent to non-cooperation with its investigations and assure a reasonable margin.”<sup>68</sup> It is pursuant to this knowledge and experience that Commerce has implemented its AFA hierarchy in CVD cases to select an appropriate AFA rate.<sup>69</sup>

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

Furthermore, the hierarchy (as well as section 776(d)(1) of the Act) recognizes that there may be a “pool” of available rates that Commerce can rely upon for purposes of identifying an AFA rate

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<sup>66</sup> 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.

<sup>67</sup> See SAA at 870; see also *Essar Steel*, 678 at 1276 (citing *F. Lii De Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F.3d 1027, 1032 (Fed. Cir. 2000) (*De Cecco*) (finding that “{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 damages.’”))

<sup>68</sup> See *De Cecco*, 216 F.3d at 1032.

<sup>69</sup> Commerce has adopted a practice of applying its hierarchy in CVD cases. See, e.g., *Finished Carbon Steel Flanges from India: Final Affirmative Countervailing Duty Determination*, 82 FR 29479 (June 29, 2017), and accompanying IDM at Comment 4 (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 (*Crystalline Silicon Photovoltaic Cell from China Final 2015*) (applying the AFA hierarchical methodology within the context of CVD administrative review). However, depending on the type of program, Commerce may not always apply its AFA hierarchy. See, e.g., *Certain Uncoated Paper from Indonesia: Final Affirmative Countervailing Duty Determination*, 81 FR 3104 (January 20, 2016), and accompanying IDM at 7-8 (applying, outside of the AFA hierarchical context, the highest combined standard income tax rate for corporations in Indonesia).

for a particular program. In reviews, for example, this “pool” of rates could include a non-*de minimis* rate calculated for the identical program in any segment of the proceeding, a non-*de minimis* rate calculated for a similar program in any segment of that proceeding, or prior CVD proceedings for that same country. Of those rates, the hierarchy provides a general order of preference to achieve the goal identified above. The hierarchy, therefore, does not focus on identifying the highest possible rate that could be applied from among that “pool” of rates; rather, it adopts the factors identified above of inducement, relevancy to the industry and to the particular program.

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.”<sup>70</sup> The SAA provides that to “corroborate” secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.<sup>71</sup>

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.<sup>72</sup> Furthermore, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.<sup>73</sup>

With regard to the reliability aspect of corroboration, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs. With respect to the relevance aspect of corroboration, Commerce will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. Commerce will not use information where circumstances indicate that the information is not appropriate as AFA.<sup>74</sup>

Consistent with section 776(d) of the Act and our established practice, we applied our CVD hierarchy to determine the AFA rate for the Export Buyers’ Credit Program.<sup>75</sup> Our examination of the results of all the segments of this proceeding leads us to conclude that there are no calculated rates for this program in this proceeding - and thus no rates are available under step

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<sup>70</sup> See SAA at 870.

<sup>71</sup> *Id.*

<sup>72</sup> *Id.* at 869-870.

<sup>73</sup> See section 776(d) of the Act.

<sup>74</sup> See, e.g., *Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People’s Republic of China: Final Affirmative Determination*, 82 FR 8405 (January 25, 2017), and accompanying IDM at 14 (citing *Fresh Cut Flowers from Mexico: Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996)).

<sup>75</sup> See, e.g., *Shrimp from China* IDM at 13; and *Essar*, 753 F.3d at 1373-1374.

one of the CVD AFA hierarchy. Because we have not calculated a rate for an identical program in this proceeding, we then determine, under step two of the hierarchy, if there is a calculated rate for a similar/comparable program (based on the treatment of the benefit) in the same proceeding, excluding *de minimis* rates. When Commerce selects a similar program, it looks for a program with the same type of benefit. For example, it selects a loan program to establish the rate for another loan program, or it selects a grant program to establish the rate for another grant program.<sup>76</sup> Consistent with this practice, upon examination of the available above *de minimis* programs from the current review and the underlying investigation, Commerce selected the Government Policy Lending program because it confers the same type of benefit as the Export Buyer's Credit Program, as both programs are subsidized loans from the GOC.<sup>77</sup> On this basis, we are using an AFA rate of 1.78 percent *ad valorem*, the highest rate determined for a similar program in a prior segment in this proceeding as the AFA rate for this program, applicable to both respondent companies.<sup>78</sup>

### **C. Application of AFA: Provision of Inputs for LTAR: Suppliers of Inputs are “Authorities”**

We are investigating the provision of four inputs for LTAR: carbon black; nylon cord; synthetic rubber and butadiene; and natural rubber. We requested information from the GOC regarding the specific companies that produced the input products that GRT and PCT, and their respective cross-owned companies, purchased during the POR. Specifically, we sought information from the GOC that would allow us to determine whether the producers are “authorities” within the meaning of section 771(B) of the Act.<sup>79</sup>

We asked the GOC, “{p}lease coordinate immediately with the company respondents to obtain a complete list of each company’s input suppliers.”<sup>80</sup> Furthermore we asked the GOC to: (1) provide information about the involvement of the Chinese Communist Party (CCP) in any input supplier identified by GRT and PCT, including whether individuals in management positions are CCP members, in order to evaluate whether the input suppliers that supplied the respondents are “authorities” with the meaning of section 771(5)(B) of the Act; and (2) identify any owners, members of the board of directors, or managers of the input suppliers who were government or CCP officials during the POR.<sup>81</sup>

While the GOC provided a long narrative explanation of the role of the CCP, when asked to

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<sup>76</sup> See *Crystalline Silicon Photovoltaic Cell from China Final 2015 IDM* at 14, 44; see also *Narrow Woven Ribbons With Woven Selvedge from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78036 (December 29, 2014), and accompanying IDM at 5; and *Large Residential Washers from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012–2013*, 80 FR 55336 (September 15, 2015), and accompanying IDM at 5.

<sup>77</sup> See Government Policy Loans section below.

<sup>78</sup> See *Truck and Bus Tires from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 8606 (January 27, 2017) (*Truck and Bus Tires Final Determination*), and accompanying IDM at 20.

<sup>79</sup> See Initial Questionnaire at II-9 – II-19, II-34 – II-38.

<sup>80</sup> *Id.* at II-5, II-9, II-12, and II-16.

<sup>81</sup> *Id.* at II-34 – II-38



identify any owners, members of the board of directors, or managers of the input suppliers who were government or CCP officials during the POR, the GOC explained that there is “no central informational database to search for the requested information.”<sup>82</sup> The GOC concluded its response to this question by stating “{i}f the Department insists on the necessity of this information, the Department should collect this information through the respondents, via their suppliers directly.”<sup>83</sup> In *Citric Acid 2012 AR*, we found that the GOC was able to obtain the information requested independently from the companies involved, and that statements from companies, rather than from the GOC or CCP themselves, were not sufficient for these purposes.<sup>84</sup> Therefore, we find that the GOC failed to provide the information requested of it for the privately-owned input suppliers of the respondents.

By failing to respond to the questionnaire, the GOC withheld information requested of it regarding the CCP’s role in the ownership and management of GRT and PCT’s input suppliers. Record evidence demonstrates that the CCP exerts significant control over economic activities in China.<sup>85</sup> Record evidence also demonstrates that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector.<sup>86</sup> With respect to the reportedly non-majority government-owned input producers that supplied the respondents during the POR, while the GOC provided website screenshots of the business registrations, the GOC failed to provide other relevant documentation specifically requested by Commerce, such as company by-laws, annual reports, tax registration documents, and articles of association.<sup>87</sup> Thus, we find, as we have in prior CVD proceedings and continue to do so in this proceeding,<sup>88</sup> that the information requested regarding the role of CCP officials and CCP committees in the management and operations of the respondents input suppliers is necessary to our determination of whether these producers are “authorities” within the meaning of section 771(5)(B) of the Act.

Therefore, we find that the GOC withheld necessary information that was requested of it and that Commerce must rely on facts available in conducting its analysis of the producers that supplied the respondents with these inputs during the POR.<sup>89</sup> As a result of the GOC’s failure to provide the necessary information, we find that the GOC failed to cooperate by not acting to the best of

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<sup>82</sup> See, e.g., GOC IQR at 47.

<sup>83</sup> *Id.* at 48.

<sup>84</sup> See *Citric Acid and Certain Citrate Salts [from the People’s Republic of China]: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78799 (December 31, 2014) (*Citric Acid 2012 AR*), and accompanying IDM at Comment 5.

<sup>85</sup> See Memorandum “Countervailing Duty Administrative Review of Truck and Bus Tires from the People’s Republic of China: Placing Documents on the Record,” dated October 1, 2020 (Public Bodies Memorandum) at “Section 129 Determination of the Countervailing Duty Investigation of Circular Welded Carbon Quality Steel Pipe; Light-Walled Rectangular Pipe and Tube; Laminated Woven Sacks; and Off-the-Road Tires from the People’s Republic of China: An Analysis of Public Bodies in the People’s Republic of China in Accordance with the WTO Appellate Body’s Findings in WTO DS379” and “The Relevance of the Chinese Communist Party for the Limited Purpose of Determining Whether Particular Enterprises Should Be Considered to Be ‘Public Bodies’ Within the Context of a Countervailing Duty Investigation.”

<sup>86</sup> *Id.* at 35-36 and sources cited therein.

<sup>87</sup> See GOC IQR at Exhibits II.E1.1, II.E1.2, II.E2.1, II.E2.2, II.E3.1, II.E3.2, II.E4.1, and II.E4.2.

<sup>88</sup> See, e.g., *Citric Acid 2012 AR* IDM at Comment 5.

<sup>89</sup> See sections 776(a)(1) and 776(a)(2)(A) of the Act.

its ability to comply with our requests for information. Consequently, we determine that the GOC withheld information, and that an adverse inference is warranted in the application of facts available.<sup>90</sup> In drawing an adverse inference, we find that CCP officials are present in each of the respondents' input suppliers as individual owners, managers and members of the boards of directors, and that this gives the CCP, as the government, meaningful control over the companies and their resources. As explained in the Public Bodies Memorandum, an entity with significant CCP presence on its board or in management or in party committees may be controlled, such that it possesses, exercises, or is vested with governmental authority.<sup>91</sup> Therefore, as AFA, we preliminarily find that the non-majority government-owned domestic producers that supplied GRT and PCT with carbon black, nylon cord, natural rubber, and synthetic rubber and butadiene during the POR are "authorities" within the meaning of section 771(5)(B) of the Act.

#### **D. Application of AFA: Provision of Inputs for LTAR: Specificity**

For purposes of Commerce's *de facto* specificity analysis, we asked the GOC to provide a list of industries in China that purchase carbon black, nylon cord, natural rubber, and synthetic rubber and butadiene directly, and to provide the amounts (volume and value) purchased by each of the industries.<sup>92</sup> Specifically, our questionnaire asked the GOC to provide lists of the industries in China that purchase carbon black, nylon cord, natural rubber, and synthetic rubber and butadiene directly, using consistent levels of industrial classification, and to:

Provide the amounts (volume and value) purchased by the industry in which the mandatory respondent companies operate, as well as the totals purchased by every other industry. In identifying the industries, please use the resource or classification scheme the Government normally relies upon to define industries and to classify companies within an industry. Please provide the relevant classification guidelines, and please ensure the list provided reflects consistent levels of industrial classification. Please clearly identify the industry in which the companies under investigation are classified.<sup>93</sup>

The GOC did not provide this information, nor did it explain the efforts it made to compile this information.<sup>94</sup> Instead, the GOC made assertions that there are a vast number of uses for the inputs, that "{s}ales and purchases are dictated by the market and driven by supply and demand forces," and that "{t}herefore, no specificity exists in the provision of the materials" without providing any substantial evidentiary support.<sup>95</sup>

The response submitted by the GOC is insufficient because it does not report the actual Chinese industries that purchased these inputs, the volume and value of each industry's respective purchases for the POR, and the prior two years, as requested, and which is necessary for our *de*

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<sup>90</sup> See section 776(b) of the Act.

<sup>91</sup> See, e.g., Public Bodies Memorandum at WTO DS379 at 33-36, 38.

<sup>92</sup> See GOCSQ3 at 3.

<sup>93</sup> *Id.* at 3.

<sup>94</sup> See GOCSQR3 at 2-3.

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

*facto* specificity analysis. Therefore we lack the required information to conduct a *de facto* specificity analysis. Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that necessary information is not available on the record, that the GOC withheld information that was requested of it, and that the GOC significantly impeded this proceeding. Thus, we are relying on “facts available” in making our preliminary specificity determination with respect to these four LTAR programs.

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

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

We are investigating whether the GOC provided electricity for LTAR. The GOC did not provide complete responses to Commerce’s questions regarding the alleged provision of electricity for LTAR. These questions requested information needed to determine whether the provision of electricity constituted a financial contribution within the meaning of section 771(5)(D) of the Act, whether such a provision provided a benefit within the meaning of section 771(5)(E) of the Act, and whether such a provision was specific within the meaning of section 771(5A) of the Act.

In order to analyze the financial contribution and specificity of this program, we requested that the GOC provide information regarding the roles of provinces, the National Development and Reform Commission (NDRC), and cooperation between the provinces and the NDRC on electricity price adjustments. Specifically, we requested, *inter alia*: Provincial Price Proposals for each province in which the mandatory respondents or any company “cross-owned” with those respondents is located for applicable tariff schedules that were in effect during the POR; all original NDRC Electricity Price Adjustment Notice(s) that were in effect during the POR; the procedure for adjusting retail electricity tariffs and the role of the NDRC and the provincial governments in this process; the price adjustment conferences that took place between the NDRC and the provinces, grids and power companies with respect to the creation of all tariff schedules that were applicable to the POR; the cost elements and adjustments that were discussed between the provinces and the NDRC in the price adjustment conferences; and how the NDRC determines that the provincial level price bureaus have accurately reported all relevant cost elements in their price proposals with respect to generation, transmission and distribution.<sup>96</sup> We requested this information in order 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 POR.

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<sup>96</sup> See Initial Questionnaire at Section II, Electricity Appendix.

In its initial questionnaire response, the GOC reported that the NDRC has no authority to make any change to the adjusted electricity prices and that the provinces have the authority to set their own prices, under the Notice of NDRC on *Lowering Coal-Fired Electricity On-Grid Price and General Industrial and Commercial Electricity Price* (Notice 3105).<sup>97</sup> According to the GOC, the creation of this new structure has eliminated the need for Provincial Price Proposals that had previously been used by the NDRC to set prices for each province.<sup>98</sup> However Notice 3105 explicitly directs provinces to reduce prices and to report the enactment of those changes to the NDRC. Specifically, Article 2 of Notice 3105 stipulates a lowering of the on-grid sales price of coal-fired electricity by an average amount per kilowatt hour.<sup>99</sup> The Appendix to Notice 3105 indicates that this average price adjustment applies to all provinces and at varying amounts.<sup>100</sup> NDRC Notice 3105 also directs additional price reductions, and stipulates, at Articles II and X, that local price authorities shall implement in time the price reductions included in its Annex and report resulting prices to the NDRC.<sup>101</sup>

Notice 3105 does not explicitly stipulate that relevant provincial pricing authorities determine and issue electricity prices within their own jurisdictions, as the GOC states to be the case.<sup>102</sup> Rather, the notice indicates that the NDRC continues to play a seminal role in setting and adjusting electricity prices, by mandating average price adjustment targets with which the provinces are obligated to comply in setting their own specific prices.<sup>103</sup> The notice does not explicitly eliminate Provincial Price Proposals and does not define distinctions in price setting roles between national and provincial pricing authorities.

In addition, in Notice 842, which applies to the POR, the NDRC instructs that to “implement the requirements of the ‘Government Work Project’ regarding the average electricity price of general industry and commerce” that provinces “{p}roperly extend the depreciation period of fixed assets of power grid enterprises, reduce the average depreciation rate of fixed assets of power grid companies by 0.5 percentage points,” among other measures.<sup>104</sup> In addition, Notice 559 provides for a reduction in VAT for power-grid enterprises and provides an implementation date for the provinces.<sup>105</sup> Thus, the notices do not indicate that the provinces act independently of the NDRC. Instead, the provinces are directed to follow the NDRC’s direction and provided specific dates by which to comply.

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

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<sup>97</sup> See GOC IQR at 177-178 and at Exhibit II.E8.4.

<sup>98</sup> *Id.*

<sup>99</sup> *Id.* at Exhibit II.E8.4.

<sup>100</sup> *Id.*

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> *Id.*

<sup>104</sup> *Id.* at Exhibit II.E8.7

<sup>105</sup> *Id.* at Exhibit II.E8.6

authority and was specific.<sup>106</sup> It is Commerce’s practice not to revisit financial contribution and specificity determinations made in a prior segment of the same proceeding, absent the presentation of new facts or evidence.<sup>107</sup> The United States Court of Appeals for the Federal Circuit has affirmed this practice, under section 751(a)(1)(A) of the Act.<sup>108</sup> In this administrative review, the GOC withheld information requested of it, including information regarding the financial contribution and specificity of this program. In light of the lack of new information on the record, and consistent with our practice and *Magnola Metallurgy*, we are continuing to find this program to constitute a financial contribution by an authority and to be specific. For details regarding the remainder of our analysis, see the “Provision of Electricity for LTAR” section.

As explained above, the GOC’s response does not constitute a full explanation regarding the roles and nature of cooperation between the NDRC and provinces in deriving electricity price adjustments. In fact, the information provided by the GOC indicates that despite its claim that the responsibility for setting prices within each province has moved from the NDRC to the provincial governments, the NDRC continues to play a major role in setting and adjusting prices. Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that information necessary to our analysis of financial contribution and specificity is not available on the record, that the GOC withheld information requested by Commerce, and that the GOC significantly impeded this proceeding. Thus, we must rely on “facts available” in making our preliminary determination with respect to this program.<sup>109</sup> Moreover, we preliminarily determine, in accordance with section 776(b) of the Act, that the GOC failed to cooperate to the best of its ability to comply with our repeated requests for information. As a result, an adverse inference is warranted in the application of facts available.<sup>110</sup> In applying AFA, we find that the GOC’s provision of electricity constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act. The GOC failed to provide certain requested information regarding the relationship (if any) between provincial tariff schedules and cost, as well as requested information regarding cooperation (if any) in price setting practices between the NDRC and provincial governments. Therefore, we are also relying on AFA in selecting the benchmark for determining the existence and amount of the benefit. The benchmark rates we

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<sup>106</sup> See *Truck and Bus Tires from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination with Final Antidumping Determination*, 81 FR 43577 (July 5, 2016) (*Truck and Bus Tires Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM) at 31-32, unchanged in *Truck and Bus Tires Final Determination*.

<sup>107</sup> See *Countervailing Duty Investigation of Certain Crystalline Silicon Photovoltaic Products from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 76962 (December 23, 2014), and accompanying IDM at 27 n.130 (“In a CVD administrative review, we do not revisit past determinations of countervailability made in the proceeding, absent new information.”)

<sup>108</sup> See *Magnola Metallurgy, Inc. v. United States*, 508 F. 3d 1349, 1353-56 (Fed. Cir. 2007) (*Magnola Metallurgy*). In this administrative review, the GOC withheld information requested of it, including new information regarding the financial contribution and specificity of these programs. In light of the lack of new information on the record, and consistent with our practice and *Magnola Metallurgy*, we are continuing to find these programs to be countervailable.

<sup>109</sup> See section 776(a) of the Act.

<sup>110</sup> See section 776(b) of the Act.

selected are derived from the record of this review and are the highest electricity rates on the record for the applicable rate and user categories.

## **F. Application of AFA: Provision of Land-Use Rights for LTAR**

Commerce is investigating the provision of four land-use rights programs for LTAR: Land-Use Rights to Truck and Bus Tire Producers; Land-Use Rights to State-Owned Enterprises (SOEs); Land-Use Rights to Foreign-Invested Enterprises (FIEs); and Land-Use Rights in Industrial and Other Special Economic Zones (SEZs). We requested information from the GOC regarding these four programs.

Our review of the GOC's initial questionnaire response shows that the GOC did not respond fully to certain sections of the questionnaire regarding these programs. Specifically, we asked the GOC to identify all instances in which it provided land or land-use rights to the mandatory respondents during the AUL.<sup>111</sup> Rather than responding directly to this question, the GOC instead referred us to the respondents' questionnaire responses.<sup>112</sup> Similarly, we asked the GOC to identify the instances in which land or land-use rights were provided in industrial and other economic zones and for FIEs. In response to both questions, the GOC referred us to its previous answer regarding the instances in which the GOC provided land or land-use rights to the mandatory respondents,<sup>113</sup> *i.e.*, the GOC again directed us to the respondents' questionnaire responses.

In a supplemental questionnaire, Commerce requested further information, including *all* relevant central, provincial, city, and county government laws and regulations under which the land-use agreements and certificates obtained by the respondents were issued with explicit focus on those of the specific authorities identified by the respondents in their initial questionnaire responses.<sup>114</sup> In addition, we requested that the GOC provide explanation regarding the basis upon which the land or land-use rights were provided (*i.e.*, status or activity) to the mandatory respondents.<sup>115</sup>

In response, the GOC provided provincial laws related to land-use rights but did not provide the local laws and regulations specifically affecting the local authorities identified by the respondents in their respective initial questionnaire responses as directly involved in the provision of land-use rights.<sup>116</sup> In addition, regarding the firms' status or activity, the GOC provided a nondefinitive response, stating only that it "believes" these land or land-use rights provisions were not contingent upon the firms' status or activity.<sup>117</sup>

Furthermore, GRT reported that its majority shareholder at the time of its establishment, Qingdao Yiyuan, purchased land parcels at a public auction.<sup>118</sup> The Shandong Pingdu People's

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<sup>111</sup> See, e.g., Initial Questionnaire at II-31.

<sup>112</sup> See GOCIQR at 171.

<sup>113</sup> *Id.* at 174.

<sup>114</sup> See GOCSQ2 at 3-4.

<sup>115</sup> *Id.*

<sup>116</sup> See GOCSQR2 at 1-2.

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

<sup>118</sup> See GRTSQR3 at 2

Court declared Qingdao Yiyuan to be the winner of the public auction and directed the Pingdu Bureau of Land and Resources to transfer the land parcels to Qingdao Yiyuan.<sup>119</sup> These land parcels would later be transferred to GRT at the time of its establishment. Because the GOC did not provide the local laws and regulations affecting these local authorities, we are unable to determine how this public auction was conducted.

Thus, the GOC did not provide all information necessary for us to properly analyze the program. The basis by which land-use rights were obtained and the local land laws and regulations governing the authorities from whom the respondents directly obtained land-use rights are crucial for our analysis to determine whether an alleged program constitutes a financial contribution and is specific. Furthermore, given that Commerce has found the provision of land and land-use rights to be countervailable in previous Chinese CVD proceedings, including recent tires proceedings,<sup>120</sup> on the basis of status/activity, we find unpersuasive the GOC's response that it "believes," that none of the land-use rights reported by respondents in this review were not contingent upon status or activities. Moreover, the GOC provided no other evidence to demonstrate the basis for its unsubstantiated claims. Information regarding the circumstances under which the respondents obtained land-use rights has been provided and verified in previous China proceedings.<sup>121</sup> Thus, we preliminarily find that the information requested, but not provided, was available to the GOC.

Consequently, we preliminarily determine that the necessary information to determine financial contribution and specificity is not on the record of this review because the GOC has withheld requested information, and, thus, that we must rely on "facts otherwise available" in issuing our preliminary determination regarding this program, pursuant to section 776(a)(2)(A) of the Act. Moreover, because the GOC failed to provide information it is able to provide, including local laws and regulations governing the authorities identified by the respondents as providing land-use rights, we preliminarily find that the GOC did not act to the best of its ability to comply with our request for information. Consequently, we find that an adverse inference is warranted in the application of facts available pursuant to section 776(b) of the Act. In drawing an adverse inference, we find that the GOC's provision of land-use rights constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act.

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<sup>119</sup> *Id.*

<sup>120</sup> See, e.g., *Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Affirmative Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Final Antidumping Duty Determination* 79 FR 71093 (December 1, 2014), and accompanying PDM at pages 29-30 (Provision of Land-Use Rights for FIEs for LTAR).

<sup>121</sup> See, e.g., *See Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 72 FR 71360, 71363 (December 17, 2007), and accompanying PDM at 10 ("we examined these companies' land-use rights agreements and discussed the agreements with the relevant government authorities"), unchanged in *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 40480 (July 15, 2008) (collectively, *OTR Tires*).

## G. Application of AFA: Certain Initiated Grant Programs

In the underlying investigation of this order, Commerce found that certain self-reported grant programs were countervailable and that other grants, upon which Commerce initiated an investigation, did not provide a measurable benefit, and thus Commerce did not make a determination in regard to countervailability of those programs.<sup>122</sup> In the initial questionnaire in this review, Commerce requested that, for these programs, the GOC “please answer all questions in the Standard Questions Appendix. If there were no changes to a program, then please so state for each program,” and “{i}f any of the companies under review applied for, received, or accrued assistance under a program listed below during the POR, please so state and respond to the Usage Appendix.”<sup>123</sup> In response, the GOC stated that it was “still seeking the necessary information to confirm the usage of these programs” for both the countervailable and non-measurable grants.<sup>124</sup> In a supplemental questionnaire, Commerce requested the GOC provide a full response for the missing programs.<sup>125</sup> In response, the GOC stated that the respondents “have provided their respective utilization information pertaining to the above programs” and did not provide a response for any of the programs.<sup>126</sup>

Consequently, we preliminarily determine that the necessary information to determine financial contribution and specificity is not on the record of this review because the GOC has withheld requested information, and, thus, that Commerce must rely on “facts otherwise available” in issuing its preliminary determination, pursuant to section 776(a)(2)(A) of the Act. Moreover, because the GOC refused to provide the requested information multiple times, to the extent of failing to confirm even if there were no changes to a program, we preliminarily find that the GOC did not act to the best of its ability to comply with our requests for information. Consequently, we find that an adverse inference is warranted in the application of facts available pursuant to section 776(b) of the Act. In drawing an adverse inference, we find that the GOC’s provision of the programs listed below constitute a financial contribution within the meaning of section 771(5)(D)(i) of the Act and are specific within the meaning of section 771(5A) of the Act. Where such subsidies appear to be contingent upon export performance, we have found these subsidies to be specific within the meaning of section 771(5A)(B) of the Act.

1. Famous Brands Program (*no benefit in investigation*)
2. Commercial Enterprises Innovation Funds (*countervailable in investigation*)
3. Special Fund for Energy-Saving Technology Reform (*no benefit in investigation*)

## H. Application of AFA: Other Subsidies

PCT and GRT reported receiving benefits under certain “Other Subsidies” during the POR and over the average useful life (AUL) period.<sup>127</sup> We requested information from the GOC regarding

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<sup>122</sup> See *Truck and Bus Tires Final Determination* at 22-24.

<sup>123</sup> See Initial Questionnaire at II-4 -II-5 and II-22 – II-24.

<sup>124</sup> See GOCIQR at 26 and 195.

<sup>125</sup> See GOCSQ at 3.

<sup>126</sup> See GOCSQR at 1.

<sup>127</sup> See GRTIQR at 28 and Attachment 1; see also PCTIQR at 19, 52, and Exhibits D-1 and D-2; and PCTSQR at 6-7. PCT provided a list of additional uncategorized grants received from the GOC in response to Part D. Grants of



these grants in the initial questionnaire<sup>128</sup> The GOC did not provide a response and instead stated that it would not reply because “Article 11.2 of the WTO Agreement on Subsidies and Countervailing Measures dictates that investigations may not be initiated on the basis of ‘simple assertion, unsubstantiated by relevant evidence.’”<sup>129</sup> We issued a supplemental questionnaire requesting that, for each of these programs, the GOC provide a full Standard Questions Appendix Response, which includes the information necessary to determine whether each program is specific and constitutes a financial contribution.<sup>130</sup> In addition, we requested that, for each program, the GOC provide a Grant Programs Appendix response, indicate the amount approved, date of approval, amount disbursed, and date(s) of disbursement.<sup>131</sup> The GOC did not provide a complete response regarding any of these self-reported grant programs.<sup>132</sup> Rather, the GOC stated that “an answer to this question is premature absent a more direct inquiry supported by credible evidence and the initiation of a discrete investigation by the Department.”<sup>133</sup>

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

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Segment II. Programs Previously Found to Be Countervailable of the Initial Questionnaire. However, grants received as additional support, which Commerce has not previously found countervailable or to be non-used, should have been reported in response to Segment IV. Other Subsidies pursuant to Section 775(1) of the Act.

<sup>128</sup> See Initial Questionnaire at II-24; see also GOCSQ at 3-4.

<sup>129</sup> See GOCIQR at 201.

<sup>130</sup> See GOCSQ at 3-4.

<sup>131</sup> *Id.*

<sup>132</sup> See GOCSQR at 4.

<sup>133</sup> *Id.*

## VIII. SUBSIDIES VALUATION

### A. Allocation Period

Commerce normally allocates the benefits from non-recurring subsidies over the AUL of renewable physical assets used in the production of subject merchandise.<sup>134</sup> We find the AUL in this proceeding to be 14 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System.<sup>135</sup> We notified the respondents of the AUL in the Initial Questionnaire and requested data accordingly.<sup>136</sup> No party in this proceeding disputed this allocation period.

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

### B. Attribution of Subsidies

In accordance with 19 CFR 351.525(b)(6)(i), Commerce normally attributes a subsidy to the products produced by the company that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(v) provide additional rules for the attribution of subsidies received by the respondents with cross-owned affiliates. These attribution rules cover subsidies to the following types of cross-owned affiliates: (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 *Preamble* to Commerce's regulations further clarifies Commerce's cross-ownership standard is met 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

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<sup>134</sup> See 19 CFR 351.524(b).

<sup>135</sup> See U.S. Internal Revenue Service Publication 946 (2015), "How to Depreciate Property" at Table B-2: Table of Class Lives and Recovery Periods.

<sup>136</sup> Commerce's questionnaire incorrectly identified the AUL as 13 years; in our supplemental questionnaires to the respondent companies, we identified the correct 14-year AUL and requested information for programs that provide non-recurring benefits for the correct AUL.

other corporation in essentially the same way it can use its own assets (or subsidy benefits) . . . Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a “golden share” may also result in cross-ownership.<sup>137</sup>

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) upheld Commerce’s authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.<sup>138</sup>

## GRT

As discussed above, we selected GRT as a mandatory respondent. GRT, a producer of subject merchandise provided responses for itself; a parent company with its own operations, Cooper Tire (China) Investment Co. Ltd. (CTIC); and an affiliate that produces non-subject passenger vehicle and light tires but resold inputs purchased from a third party to GRT, Cooper (Kunshan) Tire Co., Ltd. (CKT).<sup>139</sup> CKT is cross-owned within the definition of 19 CFR 351.525(b)(6)(vi).<sup>140</sup> GRT also reported that Qingdao Yiyuan Investment Co., Ltd. (Qingdao Yiyuan) was the majority shareholder at the time of its establishment.<sup>141</sup> Pursuant to 19 CFR 351.525(b)(6)(vi), Qingdao Yiyuan was cross-owned with GRT from calendar year 2014 to the start of calendar year 2016 and CTIC has been cross-owned with GRT from 2016 to the present.<sup>142</sup> Pursuant to 19 CFR 351.525(b)(6)(iii), we preliminarily determine that Qingdao Yiyuan served as a conduit to transfer subsidies, related to purchasing land-use rights for LTAR, from itself to GRT at the time of its establishment<sup>143</sup> and, therefore, we are attributing this subsidy to the sales of GRT. Pursuant to 19 CFR 351.525(b)(6)(iii), we are attributing any subsidies provided to CTIC to the sales of CTIC. Regarding CKT, we preliminarily determine that it received subsidies, regarding purchases of inputs for LTAR, and transferred this subsidy to GRT upon reselling these inputs to GRT,<sup>144</sup> and therefore, we are attributing these subsidies to the sales of GRT pursuant to 19 CFR 351.525(b)(6)(v).

## PCT

As discussed above, we selected PCT as a mandatory respondent. PCT, a producer of

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<sup>137</sup> See *Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998).

<sup>138</sup> See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

<sup>139</sup> See GRT Affiliation Response at III-5; see also GRTSQR2 at CKT 5-6.

<sup>140</sup> See GRT Affiliation Response at III-5; see also GRTSQR at Exhibit S-1 and S-2.

<sup>141</sup> See GRTIQR at 5-6.

<sup>142</sup> *Id.*

<sup>143</sup> See GRTIQR at 20-21; see also GRTSQR3 at 1-2.

<sup>144</sup> *Id.* at III-5.

subject merchandise provided responses for itself; a parent company with its own operations, Chengshan Group Co., Ltd. (CSG); a holding company, Shanghai Chengzhan Information and Technology Center (SCITC); and affiliates engaged in tire research and development services for PCT, Prinx Chengshan (Qingdao) Industrial Research & Design Co., Ltd. (Prinx Qingdao) and Shandong Prinx Chengshan Tire Technology Research Co., Ltd. (Prinx Tech).<sup>145</sup> All affiliates are cross-owned within the definition of 19 CFR 351.525(b)(6)(vi).<sup>146</sup> The specific nature of the relationship between PCT and its cross-owned affiliates is business proprietary information, and we have provided a full analysis in the PCT Calculation Memorandum.<sup>147</sup> We are attributing any subsidies received by PCT to its own sales, pursuant to 19 CFR 351.525(b)(6)(i). Pursuant to 19 CFR 351.525(b)(6)(iii), we are attributing any subsidies provided to CSG and SCITC to the consolidated sales of each parent company (including consolidated subsidiaries). Regarding Prinx Qindao and Prinx Tech, we preliminarily determine that they are input suppliers,<sup>148</sup> and we are attributing any subsidies provided to the combined sales of the respective input supplier and PCT, net of intercompany sales, pursuant to 19 CFR 351.525(b)(6)(iv).

### **C. Denominators**

In accordance with 19 CFR 351.525(b)(1)-(5), Commerce considers the basis for the respondent's receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondent's export sales (where the program is determined to be countervailable as an export subsidy) or total sales (where the program is determined to be countervailable as a domestic subsidy). The denominators we used to calculate the countervailable subsidy rate for the various subsidy programs described below are explained in further detail in the preliminary calculation memoranda prepared for these preliminary results.<sup>149</sup>

## **IX. INTEREST RATE BENCHMARKS, DISCOUNT RATES, INPUT, ELECTRICITY, AND LAND BENCHMARKS**

We are examining loans received by the respondents from Chinese policy banks and state-owned commercial banks (SOCBs). We are also examining non-recurring, allocable subsidies.<sup>150</sup> The derivation of the benchmark interest rates and discount rates used to measure the benefit from these subsidies are discussed below.

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<sup>145</sup> See PCTIQR; *see also* PCTSQR2.

<sup>146</sup> See PCT Affiliation Response at Exhibit 2.

<sup>147</sup> See Memorandum, "2019 Countervailing Duty Administrative Review of Truck and Bus Tires from the People's Republic of China: Preliminary Determination Calculations for Prinx Chengshan (Shandong) Tire Co., Ltd.," dated concurrently with this memorandum (PCT Calculation Memorandum).

<sup>148</sup> *Id.* at 2.

<sup>149</sup> See Memorandum, "Preliminary Results Calculations for Qingdao Ge Rui Da Rubber Co., Ltd.," dated concurrently with this memorandum (GRT Calculation Memorandum) at 2; *see also* PCT Calculation Memorandum at 2.

<sup>150</sup> See 19 CFR 351.524(b)(1).

## A. Loan Benchmark and Discount Rates

### 1. Short-Term RMB-Denominated Loans

Section 771(5)(E)(ii) of the Act explains that the benefit for loans is the “difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market.” Normally, Commerce uses comparable commercial loans reported by the company as a benchmark.<sup>151</sup> If the firm did not have any comparable commercial loans during the period, Commerce’s regulations provide that we “may use a national average interest rate for comparable commercial loans.”<sup>152</sup>

As noted above, section 771(5)(E)(ii) of the Act indicates that the benchmark should be a market-based rate. For the reasons 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.<sup>153</sup> In an analysis memorandum dated July 21, 2017, Commerce conducted a re-assessment of the lending system in China.<sup>154</sup> Based on this re-assessment, Commerce has concluded that, despite reforms to date, the GOC’s role in the system continues to fundamentally distort lending practices in China in terms of risk pricing and resource allocation, precluding the use of interest rates in China for CVD benchmarking or discount rate purposes. Consequently, we preliminarily find that any loans received by the respondents from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(3)(i). For the same reasons, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii). Therefore, because of the special difficulties inherent in using a Chinese benchmark for loans, we are selecting an external market-based benchmark interest rate. The use of an external benchmark is consistent with Commerce’s practice.<sup>155</sup>

In past proceedings involving imports from China, we calculated the external benchmark using the methodology first developed in *CFS from China* and later updated in *Thermal Paper from China*.<sup>156</sup> Under that methodology, we first determine which countries are similar to China in terms of gross national income, based on the World Bank’s classification of countries as: low income; lower-middle income; upper-middle income; and high income. As explained in *CFS from China*, this pool of countries captures the broad inverse relationship between income and

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<sup>151</sup> See 19 CFR 351.505(a)(3)(i).

<sup>152</sup> See 19 CFR 351.505(a)(3)(ii).

<sup>153</sup> See *Coated Free Sheet Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (*CFS from China*), and accompanying IDM at Comment 10.

<sup>154</sup> See Memorandum, “Countervailing Duty Administrative Review of Truck and Bus Tires from the People’s Republic of China: Analysis of China’s Financial System,” dated October 1, 2020.

<sup>155</sup> See, e.g., *Certain New Pneumatic Off-The-Road Tires from the People’s Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2015*, 82 FR 46754 (October 6, 2017), and accompanying PDM at 21, unchanged in *Certain New Pneumatic Off-the-Road Tires from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2015*, 83 FR 16055 (April 13, 2018).

<sup>156</sup> See *CFS from the China* IDM at Comment 10; see also *Lightweight Thermal Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from China*), and accompanying IDM at 8-10.

interest rates. For 2003 through 2009, China fell in the lower-middle income category.<sup>157</sup> Beginning in 2010, however, China was classified in the upper-middle income category and remained there from 2011 to 2019.<sup>158</sup> Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the benchmark and discount rates for 2003-2009, and the interest rates of upper-middle income countries to construct the benchmark and discount rates for 2010-2019. This is consistent with Commerce’s calculation of interest rates for recent CVD proceedings involving Chinese merchandise.<sup>159</sup>

After Commerce identifies the appropriate interest rates, the next step in constructing the benchmark is to incorporate an important factor in the interest rate formation, the strength of governance as reflected in the quality of the countries’ institutions. The strength of governance has been built into the analysis by using a regression analysis that relates the interest rates to governance indicators. In each of the years from 2003-2009 and 2011-2019, 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.<sup>160</sup> For 2010, however, the regression does not yield that outcome for China’s income group.<sup>161</sup> This contrary result for a single year does not lead us to reject the strength of governance as a determinant of interest rates. Therefore, we continue to rely on the regression-based analysis used since *CFS from China* to compute the benchmarks for the years from 2001-2009 and 2011-2019. For the 2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

Many of the countries in the World Bank’s upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund (IMF), and they are included in that agency’s *International Financial Statistics (IFS)*. With the exceptions noted below, we used the interest and inflation rates reported in the *IFS* for the countries identified as “upper middle income” by the World Bank for 2010-2019 and “lower middle income” for 2001-2009.<sup>162</sup> First, we did not include those economies that Commerce considered to be non-market economies for antidumping duty (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 that we calculated a short-term benchmark rate, we also excluded any countries with aberrational

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<sup>157</sup> See World Bank Country Classification at <http://data.worldbank.org/about/country-and-lending-groups> (World Bank Country Classification).

<sup>158</sup> *Id.*

<sup>159</sup> See, e.g., *Certain Frozen Warmwater Shrimp from the People’s Republic of China: Preliminary Countervailing Duty Determination*, 78 FR 33346 (June 4, 2013), and accompanying IDM at “VII. Subsidies Valuation: Benchmarks and Discount Rates,” unchanged in *Shrimp from China*.

<sup>160</sup> See Memorandum, “Countervailing Duty Administrative Review of Truck and Bus Tires from the People’s Republic of China: Loan Interest Rate Benchmarks,” dated May 20, 2021 (Loan Interest Benchmark Memorandum).

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

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

or negative real interest rates for the year in question.<sup>163</sup> Because the resulting rates are net of inflation, we adjusted the benchmark to include an inflation component.<sup>164</sup>

## 2. Long-Term RMB-Denominated Loans

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.<sup>165</sup>

In *Citric Acid from China Final*, this methodology was revised by switching from a long-term markup based on the ratio of the rates of BB-rated bonds to applying a spread which is calculated as the difference between the two-year BB bond rate and the n-year BB bond rate, where ‘n’ equals or approximates the number of years of the term of the loan in question.<sup>166</sup> Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.<sup>167</sup>

## 3. Foreign Currency-Denominated Loans

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

For any long-term foreign currency-denominated loans, we added the applicable short-term LIBOR rate to a spread which is calculated as the difference between the one-year BB bond rate and the n-year BB bond rate, where ‘n’ equals or approximates the number of years of the term of the loan in question.<sup>168</sup>

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

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

<sup>165</sup> See *Light-Walled Rectangular Pipe and Tube from the People’s Republic of China: Final Affirmative Countervailing Duty Investigation Determination*, 73 FR 35642 (June 24, 2008), and accompanying IDM at 8.

<sup>166</sup> See *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 16836 (April 13, 2009) (*Citric Acid from China Final*), and accompanying IDM at Comment 14.

<sup>167</sup> See Loan Interest Benchmark Memorandum for the resulting inflation adjusted benchmark lending rates.

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

#### 4. Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i)(A), we are using as the discount rate the long-term interest rate calculated according to the methodology described above for the year in which the government provided non-recurring subsidies.<sup>169</sup>

#### B. Provision of Inputs for LTAR

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

In order to determine the appropriate benchmark with which to measure the benefits of inputs provided at LTAR under 19 CFR 351.511, we asked the GOC several questions concerning the structure of the industries for carbon black, nylon cord, synthetic rubber and butadiene, and natural rubber. In response, the GOC provided the requested information regarding the number of domestic producers of each input, the number of such producers in which the GOC maintains and ownership or management interest, the total volume of production of each input, the volume and value of imports, exports and domestic consumption, and the rate of import tariffs in effect.<sup>170</sup> For each of the inputs, we have analyzed this information to determine whether domestic prices for the input in question can be used as the Tier 1 benchmark provided in 19 CFR 351.511(a)(2)(i):

{Commerce} will normally seek to measure the adequacy of remuneration by comparing the government price to a market-determined price for the good . . . resulting from actual transactions in the country in question. Such a price could include prices stemming from actual transactions between private parties, {or} actual imports. . . In choosing such transactions or sales, {Commerce} will consider product similarity; quantities sold {or} imported; and any other factors affecting comparability.

For all of the inputs, as discussed above in the section, “Use of Facts Otherwise Available and Application of Adverse Inferences,” we preliminarily determine that PCT’s and GRT’s suppliers are “authorities.” Therefore, prices from their suppliers do not constitute market-determined prices. Below we analyze the information provided and the selection of a benchmark for each input.

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

<sup>170</sup> See GOC IQR at 51-53, 88-90, 123-124 and 158-160. The exact quantities and percentages of the GOC’s ownership of input producers and the quantity of production accounted for therein are business proprietary information.



## 1. Carbon Black

The GOC reported that of the carbon black producers in operation during the POR, the GOC maintains an ownership or management interest in a certain number accounting for a significant amount of production.<sup>171</sup> This level of GOC-controlled production is substantial.<sup>172</sup> The exact percentages of GOC-control are business proprietary information, and, consequently, we have addressed them in the Input Distortion Memorandum.<sup>173</sup> Furthermore, the GOC did not state that there have been changes to the program or provide a standard questions appendix response for this review.<sup>174</sup> Record evidence from the investigation regarding the distortion of the carbon black market shows that the GOC has various policy plans in place to support the tire industry, including the development of carbon black.<sup>175</sup> *Article 19 of the Notice of the Ministry and Information and Technology on Issuing the Tire Industry Policy (2010)* contains such language “encourage the development of...special black carbon and other raw materials.” Likewise *Article 38 of the Notice* indicates the State should “fully play the role of the tax rate on industrial development, tariff items and tax rate of tire products and tire inputs for the purpose of development of the tire and tire related industries.”<sup>176</sup> Based on these facts together, we may reasonably conclude that domestic prices in China for carbon black are distorted such that they cannot be used as a Tier 1 benchmark. For the same reasons, we preliminarily determine that import prices into China cannot serve as a Tier 1 benchmark.<sup>177</sup> Thus, to measure the adequacy of remuneration for the provision of carbon black, we are relying on world market prices as the Tier 2 benchmark provided for in 19 CFR 351.511(a)(2)(ii).

GRT and the petitioner submitted benchmarks for the provision of carbon black for LTAR.<sup>178</sup> However, of the benchmarks submitted for carbon black, only two submissions are for Tier 2 benchmarks as Commerce had determined appropriate; of those, both GRT and the petitioner submitted Tier 2 carbon black benchmarks composed of UN Comtrade data excluding exports to and from China.<sup>179</sup> Consequently, the benchmark options are substantively identical with only minor variations for certain details related to the handling of certain special situations, such as European Union data agglomeration. However, GRT provides an explanation of the steps it undertook to provide the exact benchmark data.<sup>180</sup> Consequently, we have used GRT’s version of the UN Comtrade data because the steps in its production are clearer.

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<sup>171</sup> *Id.* at 51-53.

<sup>172</sup> See Memorandum, “2019 Administrative Review of Truck and Bus Tires from the People’s Republic of China: Input Market Distortion Analysis,” dated concurrently with this memorandum (Input Distortion Memorandum).

<sup>173</sup> *Id.*

<sup>174</sup> See GOC IQR at 26-27.

<sup>175</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 23, unchanged in *Truck and Bus Tires Final*.

<sup>176</sup> See *Truck and Bus Tires Preliminary Determination* at 23-24.

<sup>177</sup> See, e.g., *Countervailing Duty Investigation of Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People’s Republic of China*, 75 FR 59212 (September 27, 2010), and accompanying IDM at 22 and Comment 14.

<sup>178</sup> See GRT Benchmark Submission at Exhibit 1-A; see also Petitioner Benchmark Submission at Exhibits 1 and 3.

<sup>179</sup> See GRT Benchmark Submission at Exhibit 1-A; see also Petitioner Benchmark Submission at Exhibit 1.

<sup>180</sup> See GRT Benchmark Submission at footnote 1.

## 2. *Nylon Cord*

The GOC reported that, of the nylon cord producers in operation during the POR, the GOC maintained an ownership or management interest in a relatively low number accounting for a relatively small proportion of the overall production of nylon cord.<sup>181</sup> The exact percentages of GOC-control are business proprietary information, and, consequently, we have addressed them in the Input Distortion Memorandum.<sup>182</sup> However, because we have deemed the respondents' producers to be "authorities," we cannot use the prices from those producers as Tier 1 benchmarks. Therefore, to measure the adequacy of remuneration for the provision of nylon cord, we are relying on Chinese import prices as the Tier 1 benchmark provided for in 19 CFR 351.511(a)(2)(i).

Of the benchmark submissions, only the petitioner submitted Tier 1 benchmark information for nylon cord.<sup>183</sup> Consequently, we have used the petitioner's submission of Global Trade Atlas data for imports into China of nylon cord.<sup>184</sup>

## 3. *Natural Rubber and Synthetic Rubber and Butadiene*

According to data provided by the GOC, during the POR, state-owned producers accounted for large percentages of the natural rubber and synthetic rubber produced in the country.<sup>185</sup> This level of GOC-controlled production is substantial. The exact percentages of GOC-control are business proprietary information, and, consequently, we have addressed them in the Input Distortion Memorandum.<sup>186</sup> However, the data provided by the GOC also show that the volume of imports was significant,<sup>187</sup> importing a large quantity of rubber relative to domestic production during the POR.<sup>188</sup> Furthermore, given the relatively low rubber exports during the year, we find that Chinese imports accounted for a large percentage of the rubber consumed in the country during the POR.<sup>189</sup> Thus, given the large penetration of imports of rubber in the Chinese market and evidence on the record to show that GOC-controlled companies or government agencies through other methods do not control, or otherwise distort, these markets during the POR, we do not find government distortion of the Chinese rubber market.<sup>190</sup>

As a Tier 1 benchmark, as set forth in 19 CFR 351.511(a)(2)(i), we are permitted to rely on prices resulting from actual transactions within the country of review. Because we have deemed the respondents' suppliers/producers to be "authorities," such that prices from the suppliers do

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<sup>181</sup> See GOCIQR at 88-90; *see also* Input Distortion Memorandum.

<sup>182</sup> See Input Distortion Memorandum.

<sup>183</sup> See Petitioner Benchmark Submission at Exhibit 3. Exhibit 3 also includes information for a Tier 1 carbon black benchmark, which we exclude for the calculation of a nylon cord benchmark.

<sup>184</sup> *Id.*

<sup>185</sup> See GOCIQR at 123-124 and 158-160.

<sup>186</sup> See Input Distortion Memorandum.

<sup>187</sup> *Id.*

<sup>188</sup> *Id.*

<sup>189</sup> *Id.*

<sup>190</sup> We make this finding based solely on the facts of this particular case. In other cases, even if there are similar levels of import penetration and SOE production as here, we may consider other indicators of market distortion in determining whether domestic prices can serve as an appropriate benchmark.

not meet the requirements for a Tier 1 benchmark, we look to actual import prices. Both respondents reported imports of natural rubber and synthetic rubber during the POR. We find these import purchases to be an appropriate basis for calculating Tier 1 benchmark prices for natural and synthetic rubber. As such, we have used each company's monthly weighted-average prices of imports of natural and synthetic rubber as benchmarks.

#### 4. *Ocean Freight – Adjustment to Input Benchmarks*

PCT and the petitioner submitted ocean freight benchmarks for the calculation of the provision of inputs for LTAR.<sup>191</sup> The petitioner's benchmark submission consists of Maersk data for carbon black ocean shipping between Newark, New Jersey and Long Beach, California to the Port of Qingdao,<sup>192</sup> which was identified by both GRT and PCT as their nearest seaport.<sup>193</sup> PCT's benchmark submission consists of Maersk and Descartes data for multiple ports under the general product listings of chemical and rubber.<sup>194</sup> Additionally, PCT's benchmark contains several lanes reported in reverse, exporting from China to the United States. Consequently, we have preliminarily determined to use the petitioner's benchmark ocean freight submission to calculate shipping costs for the provision of carbon black and nylon cord because the petitioner's data is for to the respondents' nearest seaport, Qingdao; is specifically for the input product carbon black and not a general product such as chemical or rubber; and is for exports from the United States to China instead of the reverse.

#### C. Provision of Electricity for LTAR

As discussed above in the section, "Use of Facts Otherwise Available and Application of Adverse Inferences," we are relying on AFA to select the highest electricity rates that are on the record of this investigation as our benchmark for measuring the adequacy of remuneration.<sup>195</sup>

#### D. Provision of Land-Use Rights for LTAR

As explained in detail in previous investigations, we cannot rely on the use of tier one and tier two benchmarks to assess the benefits from the provision of land for LTAR in China. Specifically, in *Sacks from China*, we determined that "Chinese land prices are distorted by the significant government role in the market," and hence, no usable tier one benchmarks exist.<sup>196</sup> Furthermore, we found that tier two benchmarks (world market prices that would be available to purchasers in China) are not appropriate.<sup>197</sup>

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<sup>191</sup> See PCT Benchmark Submission at Exhibits 1-3; see also Petitioner Benchmark Submission at Exhibit 4.

<sup>192</sup> See Petitioner Benchmark Submission at Exhibit 4.

<sup>193</sup> See GRTIQR at 17-18; see also PCTIQR at 28.

<sup>194</sup> See PCT Benchmark Submission at Exhibits 1-3.

<sup>195</sup> See GOCIQR at Exhibit II.E8.9.

<sup>196</sup> See, e.g., *Laminated Woven Sacks from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination; Preliminary Affirmative Determination of Critical Circumstances, In Part; and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 72 FR 67893, 67906-08 (December 3, 2007) (*Sacks from China*).

<sup>197</sup> *Id.*

On October 2, 2018, Commerce completed a memorandum analyzing developments in China's land market since 2007.<sup>198</sup> The Land Benchmark Analysis was prepared to assess the continued application of Commerce's land for LTAR benchmark methodology, as established in 2007 in *Sacks from China*.<sup>199</sup> As discussed in the Land Benchmark Analysis, although reforms in China's land markets have improved the use-rights of some landholders, such improvements have not been comprehensive, and reforms have been implemented on an *ad hoc* basis.<sup>200</sup> The reforms to date have not addressed the fundamental institutional factors that underlie the Chinese government's monopoly control over land-use, which precludes landholders from putting their land to its best use and realizing the market value of their landholdings.<sup>201</sup> The GOC still owns all land in China, and exercises direct control over the sale of land-use rights and land pricing in the primary market and indirect control in the secondary market.<sup>202</sup>

As a result, and consistent with our methodology established in *Sacks from China*, we determine that we cannot use 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 tier two world prices as a benchmark for land-use rights. Finally, because land prices in China are not established 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, consistent with our practice, as a tier three benchmark for purposes of calculating a benefit for this program.

We placed on the record benchmark information to value land from "Asian Marketview Reports" by CB Richard Ellis (CBRE) for Thailand for 2010.<sup>203</sup> We used this benchmark in the CVD investigations of *Solar Cells from China* and *IMTDCs from China*.<sup>204</sup> We initially selected this information in the *Sacks from China* investigation after considering a number of factors, including national income levels, population density, and producers' perceptions that Thailand is

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<sup>198</sup> See Memorandum, "Countervailing Duty Administrative Review of Truck and Bus Tires from the People's Republic of China: Land Analysis Memo," dated October 1, 2020 (containing a memorandum titled "Benchmark Analysis of the Government Provision of Land-Use Rights in China for Countervailing Duty Purposes," dated October 2, 2018) (Land Benchmark Analysis).

<sup>199</sup> *Id.* at 2.

<sup>200</sup> *Id.*

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

<sup>202</sup> *Id.*

<sup>203</sup> See Memorandum, "Countervailing Duty Administrative Review of Truck and Bus Tires from the People's Republic of China: Asian Marketview Report," dated October 1, 2020 (containing "Asian Marketview Report" pricing data).

<sup>204</sup> 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) (*IMTDCs from China*), and accompanying PDM at 13.

a reasonable alternative to China as a location for Asian production.<sup>205</sup> We find that the benchmark continues to be suitable for these preliminary results, and we relied on it for our calculation of benefits to GRT and PCT from their land purchases. We will continue to examine benchmark prices on a case-by-case basis and will consider the extent to which proposed benchmarks represent prices in a comparable setting (*e.g.*, a country proximate to China; the country's level of economic development, etc.).

## **X. 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. Income Tax Reductions for High- and New-Technology Enterprises*

In the underlying investigation, Commerce found that this program constitutes a financial contribution in the form of revenue forgone by the GOC pursuant to section 771(5)(D)(ii) of the Act, is *de jure* specific pursuant to section 771(5A)(D)(i) of the Act to certain high- and new-technology enterprises listed in the *Measures on Recognition of HNTes*, and provides a benefit to the recipient in the amount of tax savings, pursuant to 19 CFR 351.509(a)(1).<sup>206</sup> No new evidence has been presented in this review to cause us to alter our financial contribution and specificity findings.<sup>207</sup> Given that there is no new information on the record, and consistent with our practice and *Magnola Metallurgy*, we are continuing to find this program to constitute a financial contribution by an authority and to be specific.

PCT reported use of this program.<sup>208</sup> To calculate the benefit, in accordance with 19 CFR 351.509(a)(1), we used the 10 percent difference between the tax actually paid at the reduced 15 percent rate and the tax that would otherwise be paid at the standard 25 percent tax rate. We divided the benefits by the appropriate denominator for PCT. On this basis, we calculated a net countervailable subsidy rate for PCT of 0.79 percent *ad valorem*. GRT and its cross-owned companies reported that they did not use this program.<sup>209</sup>

#### *2. Enterprise Income Tax Law, Research and Development Program*

In the underlying investigation, Commerce found that this program constitutes a financial contribution in the form of revenue forgone by the GOC pursuant to section 771(5)(D)(ii) of the Act, is *de jure* specific pursuant to section 771(5A)(D)(i) of the Act to certain enterprises

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<sup>205</sup> 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.

<sup>206</sup> See *Truck and Bus Tires Preliminary Determination* IDM at 34-35, unchanged in *Truck and Bus Tires Final Determination*.

<sup>207</sup> See GOCIQR at 3-6.

<sup>208</sup> See PCTIQR at 13-15.

<sup>209</sup> See GRTIQR at 11.

engaged in research and development in high technology fields, and provides a benefit to the recipient in the amount of tax savings, pursuant to 19 CFR 351.509(a)(1).<sup>210</sup> No new evidence has been presented in this review to cause us to alter our financial contribution and specificity findings.<sup>211</sup> However, the GOC did provide a full response to the Income Tax Appendix and Standard Questions Appendix because the program was altered to further raise the rates of the pre-tax deduction from January 1, 2018, through December 31, 2020.<sup>212</sup> Given that there is no new information on the record regarding specificity and financial contribution, and consistent with our practice and *Magnola Metallurgy*, we are continuing to find this program to constitute a financial contribution by an authority and to be specific.

PCT reported use of this program.<sup>213</sup> To calculate the benefit from this program to PCT, we treated the tax deduction as a recurring benefit, consistent with 19 CFR 351.524(c)(1). To compute the amount of the tax savings, we calculated the amount of tax PCT would have paid absent the tax deductions at the tax rate that would otherwise apply (*i.e.*, 15 percent as allowed under the program, Income Tax Reductions for High- and New- Technology Enterprises, discussed above). The benefit is thus equal to 15 percent of PCT's deduction, which is 75 percent of its research and development expenses. We then divided the tax savings by the appropriate total sales denominator for PCT. On this basis, we calculated a net countervailable subsidy rate for PCT of 0.23 percent *ad valorem*. GRT and its cross-owned companies reported that they did not use this program.<sup>214</sup>

### 3. Famous Brands Program

In the investigation, we found this program to have not provided a benefit during the POI.<sup>215</sup> As stated above in the section "Use of Facts Otherwise Available and Application of AFA: F. Certain Initiated Grant Programs," the GOC did not provide information necessary to evaluate financial contribution or specificity in response to the initial questionnaire or supplemental questionnaire. Instead, the GOC delayed its required response and then directed Commerce to the respondents' questionnaire responses, which are not the appropriate resource for determinations regarding financial contribution and specificity.<sup>216</sup> Consequently, we preliminarily determine, as AFA, that the program constitutes a financial contribution pursuant to section 771(5)(D)(i) of the Act and is specific within the meaning of section 771(5A) of the Act.

PCT and CSG reported use of this program.<sup>217</sup> As a grant program, we preliminarily find that the program confers a benefit equal to the amount of the grant provided, in accordance with 19 CFR 351.504(a). We divided the benefit by the appropriate denominator for CSG. On this basis, we calculated a net countervailable subsidy rate for PCT of 0.01 percent *ad valorem*. GRT and

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<sup>210</sup> See *Truck and Bus Tires Preliminary Determination* IDM at 35-36, unchanged in *Truck and Bus Tires Final Determination*.

<sup>211</sup> See GOCIQR at 6-24.

<sup>212</sup> *Id.* at 7.

<sup>213</sup> See PCTIQR at 15-18.

<sup>214</sup> See GRTIQR at 11.

<sup>215</sup> See *Truck and Bus Tires Final Determination* IDM at 24.

<sup>216</sup> See GOCIQR at 199; see also GOCSQR at 3.

<sup>217</sup> See PCTIQR at 50-51 and Exhibit D-1.

its cross-owned companies reported that they did not use this program.<sup>218</sup>

#### 4. *Commercial Enterprises Innovation Funds*

In the investigation, we found this program countervailable.<sup>219</sup> As stated above in the section “Use of Facts Otherwise Available and Application of AFA: F. Certain Initiated Grant Programs,” in this review, the GOC again did not provide information necessary to evaluate financial contribution or specificity in response to the initial questionnaire or supplemental questionnaire. Instead, the GOC delayed its required response and then directed Commerce to the respondents’ questionnaire responses, which are not the appropriate resource for determinations regarding financial contribution and specificity.<sup>220</sup> Consequently, we preliminarily determine, as AFA, that the program constitutes a financial contribution pursuant to section 771(5)(D)(i) of the Act and is specific within the meaning of section 771(5A) of the Act.

PCT and CSG reported use of this program.<sup>221</sup> As a grant program, we preliminarily find that the program confers a benefit equal to the amount of the grant provided, in accordance with 19 CFR 351.504(a). We divided the benefit by the appropriate denominators for PCT and CSG. On this basis, we calculated a net countervailable subsidy rate for PCT of 0.02 percent *ad valorem*. GRT and its cross-owned companies reported that they did not use this program.<sup>222</sup>

#### 5. *Special Fund for Energy-Saving Technology Reform*

In the investigation, we found this program to have provided no benefit.<sup>223</sup> As stated above in the section “Use of Facts Otherwise Available and Application of AFA: F. Certain Initiated Grant Programs,” the GOC did not provide information necessary to evaluate financial contribution or specificity in response to the initial questionnaire or supplemental questionnaire. Instead, the GOC delayed its required response and then directed Commerce to the respondents’ questionnaire responses, which are not the appropriate resource for determinations regarding financial contribution and specificity.<sup>224</sup> Consequently, we preliminarily determine, as AFA, that the program constitutes a financial contribution pursuant to section 771(5)(D)(i) of the Act and is specific within the meaning of section 771(5A) of the Act.

PCT and CSG companies reported use of this program.<sup>225</sup> As a grant program, we preliminarily find that the program confers a benefit equal to the amount of the grant provided, in accordance with 19 CFR 351.504(a). We divided the benefit by the appropriate denominators for PCT and CSG. On this basis, we calculated a net countervailable subsidy rate for PCT of 0.01 percent *ad valorem*. GRT and its cross-owned companies reported that they did not use this program.<sup>226</sup>

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<sup>218</sup> See GRTIQR at 27-28.

<sup>219</sup> See *Truck and Bus Tires Final Determination* IDM at 23.

<sup>220</sup> See GOCIQR at 26; *see also* GOCSQR at 3.

<sup>221</sup> See PCTIQR at 26-27 and Exhibits D-1 and D-2.

<sup>222</sup> See GRTIQR at 27-28.

<sup>223</sup> See *Truck and Bus Tires Final Determination* IDM at 24.

<sup>224</sup> See GOCIQR at 199; *see also* GOCSQR at 3.

<sup>225</sup> See PCTIQR at 51 and Exhibits D-1 and D-2.

<sup>226</sup> See GRTIQR at 27-28.

## 6. *Export Buyer's Credits*

Commerce determined in the investigation of this proceeding that this program was countervailable as AFA and that the GOC provides preferential financing to exporters by offering local and foreign currency loans to overseas borrowers through the Export-Import Bank of China.<sup>227</sup> For the reasons explained in the “Application of AFA: Export Buyer’s Credits” section, our preliminary determination regarding whether the GOC’s provision of export buyer’s credits constitutes a financial contribution, is specific, and confers a benefit is based on AFA, pursuant to sections 776(a) and (b) of the Act.

As AFA, we preliminarily determine that the GOC’s provision of export buyer’s credits confers a financial contribution within the meaning of section 771(5)(D) of the Act. As AFA, we preliminarily determine that the Export Buyer’s Credit program is specific because the credits are contingent upon export performance under sections 771(5A)(A) and (B) of the Act. As AFA, we preliminarily determine that this program confers a benefit to the mandatory respondents, pursuant to section 771(5)(E) of the Act. As discussed above in “Application of AFA: Export Buyer’s Credits” section “Selection of AFA Rate,” we are using an AFA rate of 1.78 percent *ad valorem*, the highest rate determined for a similar program in a prior segment in this proceeding as the AFA rate for this program, applicable to both respondent companies.<sup>228</sup>

## 7. *Government Policy Lending*

Commerce determined in the investigation of this proceeding that this program was countervailable.<sup>229</sup> However, in doing so, Commerce relied upon information provided by the petitioner and without reference to information provided by the GOC.<sup>230</sup> In order to develop the record of this review further regarding the program, we requested information from the GOC regarding lending to the truck and bus tire industry to confirm whether the program constitutes a financial contribution, pursuant to section 771(5) of the Act, and is specific, pursuant to section 771(5A) of the Act.<sup>231</sup>

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 calls for lending to support such objectives or goals. Where such plans or policy directives exist, then it is our 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 further conclude that national and local government control over the SOCBs render the loans a government financial contribution.

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<sup>227</sup> See *Truck and Bus Tires Final Determination* IDM at 11-13, 20.

<sup>228</sup> *Id.* at 20 (Government Policy Lending).

<sup>229</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 26-28, unchanged in *Truck and Bus Tires Final Determination*. Commerce did find AFA with regard to Guizhou Tyre’s benefit from the program in *Truck and Bus Tires Final Determination*.

<sup>230</sup> See *Truck and Bus Tires Preliminary Determination* PDM at footnotes 120, 122-127.

<sup>231</sup> See GOCSQ3 at 3.



Information provided by the GOC indicates that certain industries receive preferential lending because the tire industry is “encouraged” for development.<sup>232</sup> Specifically, *Decision of the State Council on Promulgating the Interim Provisions Promoting Industrial Structure Adjustment for Implementation (2005) (Industrial Structure Decision)* directs that “governments of all provinces, autonomous regions, and municipalities directly under the Central Government shall take the promotion of industrial structure adjustment as an important reform and development task,” and that “{a}ll relevant administrative departments shall speed up the formulation and amendment of policies on public finance, taxation, credit, land, import and export, etc., effectively intensify the coordination and cooperation with industrial policies, and further improve and promote the policy system on industrial structure adjustment.”<sup>233</sup> Thus, the GOC, through all of its components, directs that all levels of government and administrative departments will work to promote the policy of industrial structure adjustment, including explicitly through public finance and credit. Furthermore, Article 12 of the *Industrial Structure Decision* states that the “Catalogue for the Guidance of Industrial Structure Adjustment is the important basis for guiding 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.”<sup>234</sup> Article 13 of *Industrial Structure Decision* establishes that certain industries, which are identified in the Catalogue for the Guidance of Industrial Structure Adjustment, are specifically encouraged.<sup>235</sup>

The Catalogue for the Guidance of Industrial Structure Adjustment explicitly includes the tire industry as an “encouraged” industry and, consequently, truck and bus tire producers are eligible for encouraged investment, including credit.<sup>236</sup> Specifically, in the 2005 version, within Category I. Encouragement Products IX. Chemicals is: “26. Production of advanced belt tyre radial, its supporting materials and equipment production.”<sup>237</sup> In the 2011 version, the GOC includes “17. Production of high-performance radial tyres (including tubeless tyres, low-section tyres and flattened tyres (with flatness ratio lower than 55%).”<sup>238</sup> Thus, the Catalogue for the Guidance of Industrial Structure Adjustment dictates that the truck and bus tire industry is “encouraged” and eligible for preferential treatment for products including loans and credit.

Thus, given the evidence demonstrating the GOC’s objective of developing the tire industry through preferential loans, we preliminarily determine there is a program of preferential policy lending specific to producers of truck and bus tires within the meaning of section 771(5A)(D)(i) of the Act. We also preliminarily find that loans from SOCBs under this program constitute financial contributions, pursuant to sections 771(5)(B)(i) and 771(5)(D)(i) of the Act, because SOCBs are “authorities,” and the preferential loans constitute a direct transfer of funds.

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<sup>232</sup> See GOCSQR3 at Exhibit S3-5.

<sup>233</sup> *Id.* at 1-2.

<sup>234</sup> *Id.* at Article 12 (internal quotations omitted).

<sup>235</sup> *Id.* at Article 13.

<sup>236</sup> *Id.* at Exhibit S3-6 (the *Industrial Structure Decision*’s Catalogue for the Guidance of Industrial Structure is translated in the GOC’s exhibit as the Directory Catalogue on Readjustment of Industrial Structure).

<sup>237</sup> *Id.* at 13.

<sup>238</sup> *Id.*

GRT and CSG reported receiving benefits under this program from SOCBs.<sup>239</sup> Pursuant to section 771(5)(e)(ii) of the Act, 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. To calculate the benefit from this program, we used the benchmarks discussed above under the “Loan Benchmark and Discount Rates” section. 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. On this basis, we preliminarily determine a subsidy rate of 0.03 percent *ad valorem* for GRT and 0.01 percent *ad valorem* for PCT.

#### 8. *Export Seller’s Credits from State-Owned Banks*

Commerce determined in the investigation of this proceeding that this program was countervailable.<sup>240</sup> However, in doing so, Commerce relied upon information provided by the petitioner and without reference to information provided by the GOC.<sup>241</sup> In order to develop the record of this review further regarding the program, we requested information from the GOC regarding export seller’s credits to confirm whether the program constitutes a financial contribution, pursuant to section 771(5) of the Act, and is specific, pursuant to section 771(5A) of the Act.<sup>242</sup>

The China Ex-Im Bank provides support to exporters through a variety of means, including the export seller’s credit.<sup>243</sup> The Export Seller’s Credit program provides loans to Chinese companies to finance their purchases of manufactured vessels, equipment, general mechanical and electronic products, and high and new-technology, as well as agricultural products.<sup>244</sup>

PCT reported having outstanding loans from the China Ex-Im Bank during the POR which were provided under this program.<sup>245</sup> We find that the loans provided by the China Ex-Im Bank under this program constitute financial contributions under sections 771(5)(B)(i) and 771(5)(D)(i) of the Act. The loans also confer a benefit under section 771(5)(E)(ii) of the Act in the amount of the difference between the amounts the recipient paid and would have paid on comparable commercial loans. Finally, the receipt of loans under this program is tied to actual or anticipated exportation or export earnings, and, therefore, this program is specific under sections 771(5A)(A)-(B) of the Act.

To calculate the benefit under this program, we compared the amount of interest PCT paid on the outstanding loans to the amount of interest the company would have paid on comparable commercial loans. In conducting this comparison, we used the interest rates described in the “Loan Benchmark and Discount Rates” section, above. We divided the benefits received by

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<sup>239</sup> See GRTIQR at 11 and Exhibit 7; see also PCTIQR at 12; and PCTSQR at Exhibit A-2.

<sup>240</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 28, unchanged in *Truck and Bus Tires Final Determination*.

<sup>241</sup> See *Truck and Bus Tires Preliminary Determination* PDM at footnotes 141-145.

<sup>242</sup> See GOCSQ3 at 3.

<sup>243</sup> See GOCSQR3 at 7.

<sup>244</sup> *Id.* at Exhibit S3-8.

<sup>245</sup> See PCTIQR at 48 and Exhibit A-1; see also PCTSQR at 4.

PCT by the appropriate sales denominator, as described in the “Subsidies Valuation” section. On this basis, we preliminarily determine a countervailable subsidy rate of 0.64 percent *ad valorem* for PCT.

### 9. *Provision of Carbon Black for LTAR*

Commerce determined in the investigation of this proceeding that this program was countervailable.<sup>246</sup> However, in doing so, Commerce relied upon information provided by the petitioner and without reference to information provided by the GOC.<sup>247</sup> In this review, the GOC reported that certain producers of carbon black purchased by the respondents are majority-owned by the government.<sup>248</sup> As explained in the Public Bodies Memorandum, majority government-owned enterprises in China possess, exercise, or are vested with governmental authority.<sup>249</sup> As such, we find that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector. Therefore, we preliminarily determine that these entities constitute “authorities” within the meaning of section 771(5)(B) of the Act and that the respondents received financial contributions from them in the form of the purchase of a good within the meaning of section 771(5)(D)(iii) of the Act. Further, for the reasons explained in the “Use of Facts Otherwise Available and Adverse Inferences” section above, we determine as AFA that the non-GOC owned producers of carbon black purchased by the respondents are “authorities,” and, as such, that their provision of carbon black constitutes a financial contribution under section 771(5)(D)(iii) of the Act. As explained above in the “Provision of Inputs for LTAR: Specificity”, we requested information from the GOC regarding the carbon black industry to confirm whether the program is specific, pursuant to section 771(5A) of the Act; however, the GOC refused to provide the necessary information.<sup>250</sup> Therefore, we preliminarily find, based on AFA, that the GOC is providing carbon black for LTAR to a limited number of industries or enterprises, and, hence, that the subsidies under this program are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

A benefit is conferred to the extent that carbon black is being provided for LTAR. As discussed above under the “Interest Rate Benchmarks, Discount Rates, Input, Electricity, And Land Benchmarks” section, because we find that the Chinese market for carbon black was distorted by government involvement, we are selecting external benchmark prices, *i.e.* tier two or world market prices, consistent with 19 CFR 351.511(a)(2)(ii). Accordingly, we are basing our carbon black benchmark on the 2019 average annual price for carbon black as published by UN Comtrade. Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under tier two, we will adjust the benchmark price to reflect the price that a firm actually paid or would pay if it imported the product, including delivery charges and import duties. Accordingly, to derive the benchmark prices, we included, as appropriate, any ocean freight and inland freight

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<sup>246</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 29-30, unchanged in *Truck and Bus Tires Final Determination*.

<sup>247</sup> See *Truck and Bus Tires Preliminary Determination* PDM at footnotes 140-145.

<sup>248</sup> See GOC IQR at Exhibit II.E1.1.

<sup>249</sup> See Public Bodies Memorandum.

<sup>250</sup> See GOCSQR3 at 2-3.

that would be incurred to deliver the inputs to the respondents' production facilities. We then added the appropriate import duties and VAT applicable to the imports of carbon black into China, as provided by the GOC. In calculating VAT, we applied the applicable VAT rate to the benchmark after first adding amounts for ocean freight and import duties. We then compared these monthly benchmark prices to the respondents' reported purchase prices for individual transactions, including VAT and delivery charges.

Based on this comparison, we preliminarily determine that carbon black was provided to the respondents for LTAR and that a benefit exists in the amount of the difference between the benchmark prices and prices paid by the respondents.<sup>251</sup> We calculated GRT's and PCT's program rates by dividing the amount of the benefit by each company's total sales denominator. On this basis, we preliminarily determine a countervailable subsidy rate of 6.06 percent *ad valorem* for GRT and 8.27 percent *ad valorem* for PCT.

#### 10. Provision of Nylon Cord for LTAR

Commerce determined in the investigation of this proceeding that this program was countervailable.<sup>252</sup> However, in doing so, Commerce relied upon information provided by the petitioner and without reference to information provided by the GOC.<sup>253</sup> In this review, the GOC reported that certain producers of nylon cord purchased by the respondents are majority-owned by the government.<sup>254</sup> As explained in the Public Bodies Memorandum, majority government-owned enterprises in China possess, exercise, or are vested with governmental authority.<sup>255</sup> As such, we find that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector. Therefore, we preliminarily determine that these entities constitute "authorities" within the meaning of section 771(5)(B) of the Act and that the respondents received financial contributions from them in the form of the purchase of a good within the meaning of section 771(5)(D)(iii) of the Act. Further, for the reasons explained in the "Use of Facts Otherwise Available and Adverse Inferences" section above, we determine as AFA that the non-GOC owned producers of nylon cord purchased by the respondents are "authorities," and, as such, that their provision of nylon cord constitutes a financial contribution under section 771(5)(D)(iii) of the Act. As explained above in the "Provision of Inputs for LTAR: Specificity", Commerce requested information from the GOC regarding the nylon cord industry to confirm whether the program is specific, pursuant to section 771(5A) of the Act; however, the GOC refused to provide the necessary information.<sup>256</sup> Therefore, we preliminarily find, based on AFA, that the GOC is providing nylon cord for LTAR to a limited number of industries or enterprises, and, hence, that the subsidies under this program are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

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<sup>251</sup> See 19 CFR 351.511(a).

<sup>252</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 29-30, unchanged in *Truck and Bus Tires Final Determination*.

<sup>253</sup> See *Truck and Bus Tires Preliminary Determination* PDM at footnotes 140-145.

<sup>254</sup> See GOC IQR at Exhibit II.E2.1.

<sup>255</sup> See Public Bodies Memorandum.

<sup>256</sup> See GOCSQR3 at 2-3.

A benefit is conferred to the extent that nylon cord is being provided for LTAR. As discussed above under the “Interest Rate Benchmarks, Discount Rates, Input, Electricity, And Land Benchmarks” section, because we find that the Chinese market for nylon cord is not distorted and neither respondent has reported imports of nylon cord, we are selecting tier one benchmark prices based on import prices of nylon cord into China, consistent with 19 CFR 351.511(a)(2)(i). Accordingly, we are basing our nylon cord benchmark on the 2019 average import price for nylon cord into China as published by UN Comtrade. Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under tier one, we will adjust the benchmark price to reflect the price that a firm actually paid or would pay if it imported the product, including delivery charges and import duties. Accordingly, to derive the benchmark prices, we included, as appropriate, any ocean freight and inland freight that would be incurred to deliver the inputs to the respondents’ production facilities. We then added the appropriate import duties and VAT applicable to the imports of carbon black into China, as provided by the GOC. In calculating VAT, we applied the applicable VAT rate to the benchmark after first adding amounts for ocean freight and import duties. We then compared these monthly benchmark prices to the respondents’ reported purchase prices for individual transactions, including VAT and delivery charges.

Based on this comparison, we preliminarily determine that nylon cord was provided to the respondents for LTAR and that a benefit exists in the amount of the difference between the benchmark prices and prices paid by the respondents.<sup>257</sup> We calculated GRT’s and PCT’s program rates by dividing the amount of the benefit by each company’s total sales denominator. On this basis, we preliminarily determine a countervailable subsidy rate of 0.18 percent *ad valorem* for GRT and 1.19 percent *ad valorem* for PCT.

#### 11. *Provision of Synthetic Rubber and Butadiene for LTAR*

Commerce determined in the investigation of this proceeding that this program was countervailable.<sup>258</sup> However, in doing so, Commerce relied upon information provided by the petitioner and without reference to information provided by the GOC.<sup>259</sup> In this review, the GOC reported that certain producers of synthetic rubber and butadiene purchased by the respondents are majority-owned by the government.<sup>260</sup> As explained in the Public Bodies Memorandum, majority government-owned enterprises in China possess, exercise, or are vested with governmental authority.<sup>261</sup> As such, we find that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector. Therefore, we preliminarily determine that these entities constitute “authorities” within the meaning of section 771(5)(B) of the Act and that the respondents received financial contributions from them in the form of the purchase of a good within the meaning of section 771(5)(D)(iii) of

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<sup>257</sup> See 19 CFR 351.511(a).

<sup>258</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 29-30, unchanged in *Truck and Bus Tires Final Determination*.

<sup>259</sup> See *Truck and Bus Tires Preliminary Determination* PDM at footnotes 140-145.

<sup>260</sup> See GOC IQR at Exhibit II.E4.1.

<sup>261</sup> See Public Bodies Memorandum.

the Act. Further, for the reasons explained in the “Use of Facts Otherwise Available and Adverse Inferences” section above, we determine as AFA that the non-GOC owned producers of synthetic rubber and butadiene purchased by the respondents are “authorities,” and, as such, that their provision of synthetic rubber and butadiene constitutes a financial contribution under section 771(5)(D)(iii) of the Act. As explained above in the “Provision of Inputs for LTAR: Specificity”, we requested information from the GOC regarding the synthetic rubber and butadiene industry to confirm whether the program is specific, pursuant to section 771(5A) of the Act; however, the GOC refused to provide the necessary information.<sup>262</sup> Therefore, we preliminarily find, based on AFA, that the GOC is providing synthetic rubber and butadiene for LTAR to a limited number of industries or enterprises, and, hence, that the subsidies under this program are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

A benefit is conferred to the extent that synthetic rubber and butadiene are being provided for LTAR. As discussed above under the “Interest Rate Benchmarks, Discount Rates, Input, Electricity, And Land Benchmarks” section, because we find that the Chinese market for synthetic rubber and butadiene is not distorted and both respondents have reported imports of synthetic rubber and butadiene, we are selecting tier one benchmark prices based on the respondents’ respective actual import transactions of synthetic rubber and butadiene, consistent with 19 CFR 351.511(a)(2)(i). Accordingly, we are basing our synthetic rubber and butadiene benchmark on the respective monthly average of actual import transactions of synthetic rubber and butadiene from each respondent. We then compared these monthly benchmark prices to the respondents’ reported domestic purchase prices for individual transactions.

Based on this comparison, we preliminarily determine that synthetic rubber and butadiene was provided to the respondents for LTAR and that a benefit exists in the amount of the difference between the benchmark prices and prices paid by the respondents.<sup>263</sup> We calculated CKT’s and GRT’s program rates by dividing the amount of the benefit by each company’s total sales denominator. We then attributed the subsidy received by CKT to GRT as discussed in the “Subsidies Valuation Information” section above and in the GRT Calculation Memorandum. We calculated GRT’s and PCT’s program rates by dividing the amount of the benefit by each company’s total sales denominator. On this basis, we preliminarily determine a countervailable subsidy rate of 2.40 percent *ad valorem* for GRT and 1.88 percent *ad valorem* for PCT.

## 12. Provision of Electricity for LTAR

In the original investigation, Commerce determined this program to be countervailable based on the application of AFA.<sup>264</sup> For the reasons explained in the “Use of Facts Otherwise Available and Adverse Inferences” section above, we are basing our determination regarding the GOC’s provision of electricity in part on AFA. We preliminarily determine that the GOC’s provision of electricity confers a financial contribution in the form of a provision of a good or service under section 771(5)(D)(iii) of the Act and is specific under section 771(5A)(D) of the Act.

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<sup>262</sup> See GOCSQR3 at 2-3.

<sup>263</sup> See 19 CFR 351.511(a).

<sup>264</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 31-32, unchanged in *Truck and Bus Tires Final Determination*.

To determine the existence and the amount of any benefit under this program pursuant to section 771(5)(E)(iv) of the Act and 19 CFR 351.511, we relied on the respondents' reported consumption volumes and rates paid. Consistent with Commerce practice, we compared the rates paid by the respondents to the benchmark rates, which, as discussed below, are the highest rates charged in China during the POR. Specifically, to calculate the electricity benchmark, in accordance with 19 CFR 351.511(a)(2), we selected the highest rates in China for the user category of the respondents (*e.g.*, "large industrial users") for the non-seasonal general, peak, normal, and valley ranges, as provided in the electricity tariff schedules submitted by the GOC.<sup>265</sup> This benchmark reflects an adverse inference, which we drew as a result of the GOC's failure to cooperate by not acting to the best of its ability to provide requested information about its provision of electricity in this review.<sup>266</sup> We made separate comparisons by price category (*e.g.*, great industry peak, basic electricity, *etc.*). We multiplied the difference between the benchmark and the price paid by the consumption amount reported for that month and price category. We then calculated the total benefit during the POR for the respondents by summing the difference between the benchmark prices and the prices paid by each company.

We calculated the respondents' program rates by dividing the amount of benefit by each company's total sales denominator during the POR. On this basis, we preliminarily determine a countervailable subsidy rate of 2.38 percent *ad valorem* for GRT and 1.33 percent *ad valorem* for PCT.

### 13. *Provision of Land-Use Rights for LTAR*

In the original investigation, Commerce determined this program to be countervailable based on the application of AFA.<sup>267</sup> PCT and GRT reported use of this program.<sup>268</sup> Specifically, PCT reported purchasing land from certain private companies during the AUL and, in 2017, consolidating and extending the leases of those land-use rights with the GOC, which required further payments and changed the terms of PCT's land-use rights.<sup>269</sup> GRT reported that it obtained the land from a previous shareholder, Qingdao Yiyuan, who obtained the land in a public auction.<sup>270</sup> For the reasons explained in the "Use of Facts Otherwise Available and Adverse Inferences" section above, we are basing our determination regarding the GOC's provision of land in part on AFA. For these preliminary results, we determine that GRT and PCT received a countervailable subsidy through land-use rights provided for LTAR.

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<sup>265</sup> See *Carbon and Alloy Steel Threaded Rod from the People's Republic of China: Preliminary Affirmative Countervailing Duty Investigation and Alignment of Final Determination with Final Antidumping Duty Determination*, 84 FR 36578 (July 29, 2019), and accompanying PDM at 38.

<sup>266</sup> See "Application of AFA: Provision of Electricity for LTAR" section, above; see also *Changzhou Trina Solar et al. v. United States*, CIT No. 17-00198 (CIT 2018), stating that "assuming a countervailable subsidy exists, Commerce acted in accordance with the law in using the highest of all provincial rates on the record to calculate the benchmark" for this program.

<sup>267</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 32-33, unchanged in *Truck and Bus Tires Final Determination*.

<sup>268</sup> See PCTIQR at 42; see also GRTSQR3 at 1-3.

<sup>269</sup> See PCTIQR at 42; see also PCTSQR at Exhibit E-10.

<sup>270</sup> See GRTSQR3 at 1-3.

Specifically, we find that the extensions that PCT obtained from the GOC for land-use rights and the land-use rights that GRT obtained through public auction constitute a financial contribution and are specific, as discussed above in the “Use of Facts Otherwise Available and Adverse Inferences” section.<sup>271</sup> Commerce continues to determine as AFA that the provision of land to the respondents constitutes a financial contribution within the meaning of section 771(5)(D) of the Act, and is also specific pursuant to section 771(5A)(D) of the Act.

To calculate the benefit, we first multiplied the Thailand industrial land benchmarks discussed above under the “Land Benchmark” section, by the total area of land that GRT and PCT reported receiving during the relevant period. We then subtracted the price paid for each tract to derive the total unallocated benefit. Because land is related to the respondents’ capital structure, we treated the amount of the unallocated benefit as a non-recurring subsidy, pursuant to 19 CFR 351.524(c)(2)(iii). We thus conducted the “0.5 percent test,” as instructed by 19 CFR 351.524(b)(2), for the year of the relevant land-use agreement by dividing the total unallocated benefit for each tract by the appropriate sales denominator. As a result, we found that the benefits were greater than 0.5 percent of relevant sales and, therefore, allocated the benefits to the POR over the applicable land-use rights period (*e.g.*, 50 years for purchased land or the number of years between the purchase date and the end date of the land-use right for lease extensions) and determined the amounts attributable to the POR.

We calculated the respondents’ program subsidy rates by dividing the amount of the benefit by each company’s total sales denominator during the POR. On this basis, we derived a preliminary subsidy rate of 3.13 percent *ad valorem* for GRT and 0.63 percent *ad valorem* for PCT.

#### 14. Other Subsidy Programs

Both respondents reported that they received various other grants from the GOC during the AUL.<sup>272</sup> We preliminarily determine that the following grants confer a financial contribution as a direct transfer of funds under section 771(5)(D)(i) of the Act. For the reasons explained in the “Application of AFA: Other Subsidies” section above, we are basing our preliminary determination regarding these grants on AFA, in part. Therefore, we determine that the following grants confer a financial contribution as a direct transfer of funds under section 771(5)(D)(i) of the Act, and are specific either under section 771(5A)(B) or 771(5A)(D) of the Act (as appropriate, depending on whether the respondent reported the grant as export-related or as a domestic subsidy). We find that the respondents received the following non-recurring grants during the POR or AUL period:

- Job Stability Program
- Benefit for Boiler Ultra-Low Emission and Glass Furnace Treatment
- Special Funds to Support Economic Development of Changning District for CTIC
- Export Credit Insurance Premium Subsidy
- Processing Trade Innovation Development Subsidy

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<sup>271</sup> See PCTSQR at Exhibit E-10; *see also* PCTIQR at 42; and GRTSQR3 at 1-3.

<sup>272</sup> See GRTIQR at 28 and Attachment I; *see also* PCTIQR at Exhibits D-1 and D-2.



- Foreign Policy Incentive Funds
- Job Stabilization Subsidy
- Subsidy Income from the Industrial Information Bureau
- International Market Development Subsidies
- Energy Management Center Construction Demonstration Project
- Power Quality Comprehensive Treatment Project
- Capital Market Development Subsidy Fund Project
- Government Support
- Dust and Volatile Comprehensive Treatment Project

To calculate the benefits received under these programs, we followed the methodology described in 19 CFR 351.524. In accordance with 19 CFR 524(b)(2), we determine whether to allocate the non-recurring benefit from these grants over the AUL by dividing the approved grant amount by the company's total sales in the year of approval. If the approved amount is less than 0.5 percent of the company's total sales, we expensed the amounts received under the grants in the respective years received. To calculate the *ad valorem* subsidy rate for these grants, we divided the benefit allocable to the POR by the respondents' appropriate total sales denominator. Based on the methodology outlined above, we calculated net countervailable *ad valorem* subsidy rates for all of these programs for GRT of 0.66 percent and for PCT of 0.25 percent for these grants.<sup>273</sup>

#### **B. Programs Preliminarily Determined to Be Not Used**

1. VAT Exemptions on Imported Equipment
2. State Key Technology Renovation Fund Program
3. Special Funds for Giant All Steel Engineering Radial Tire Technology Transformation Project
4. Reward for Technical Renovation Project
5. Interest Subsidy from Economic Development Bureau
6. Refund of Payment for Land Use Right
7. Subsidy Concerning the Second Batch of Industrial Structure Adjustment of Shanghai for 2015
8. Reward for Processing Trade
9. Subsidy on Social Insurance Charges
10. Subsidy on Environmental Protection
11. Compensation of Land Resettlement
12. Subsidy for Staff Training from Finance Bureau of Huangpu District, Shanghai City
13. Fund of Technical Reformation
14. Boiler Bust Collector Transformation Fee
15. SASAC Funds for Allocated Testing Exercise
16. Provincial Human Resources and Social Security Department Allocated
17. Funding of Postdoctoral Work
18. Municipal Industry and Information Technology Committee Circulating

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<sup>273</sup> See GRT Calculation Memorandum at 8; *see also* PCT Calculation Memorandum at 10 and Attachment 2.

19. Capital Subsidies
20. Sum of Petroleum Chemical Industry Innovation Funds Appropriations
21. Preferential Loans to SOEs
22. Discounted Loans for Export-Oriented Enterprises
23. Export Credit Guarantees
24. Income Tax Reduction for Advanced Technology for FIEs
25. Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs
26. VAT Refunds for FIEs on Purchases of Chinese-Made Equipment
27. VAT Exemptions and Deductions for Central Regions
28. Land Use Rights for FIEs for LTAR
29. Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces
30. Funds for “Outward Expansion” of Industries in Guangdong Province
31. Direct Government Grants to Guizhou Tire (GTC)
32. Direct Government Grants to Aeolus
33. Direct Government Grants to Qingdao Doublestar
34. Direct Government Grants to Sailun
35. Import Duty Exemptions for Imported Equipment
36. The Clean Production Technology Fund
37. Direct Government Grants to Double Coin
38. Export Credit Insurance Subsidies (from SINOSURE and PICC)Industrial Cluster Program
39. High-Level Enterprise Technological Transformation Project
40. Quality Brand Promotion Project
41. Pingdu Incentives Program

**C. Programs Preliminarily Determined to Not Provide a Measurable Benefit During the POR**

1. Provision of Natural Rubber for LTAR

In addition, both GRT and PCT reported receiving benefits under various programs that did not confer a measurable benefit.<sup>274</sup> Based on the record evidence, we preliminarily determine that the benefits from these programs result in rates that are less than 0.005 percent *ad valorem* when attributed to the appropriate respondent’s applicable sales, and therefore provide no measurable benefit in the POR.

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<sup>274</sup> See GRTIQR at 28 and at Attachment I; *see also* PCTIQR at Exhibits D-1 and D-2.

## XI. RECOMMENDATION

Based on our analysis, we recommend adopting the preliminary results described above. If this recommendation is accepted, we will publish the preliminary results of review in the *Federal Register*.



\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

6/21/2021

X

*James Maeder*

Signed by: JAMES MAEDER

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James Maeder  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations