C-570-017
Administrative Review
POR: 01/1/2019-12/31/2019
Public Document
E&C/OI: Team

August 31, 2021

MEMORANDUM TO: Ryan Majerus
Deputy Assistant Secretary
for Policy and Negotiations

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

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

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of countervailing duty (CVD) order on certain passenger vehicle and light truck tires from the People's Republic of China (China) for the period of review (POR) January 1, 2019, through December 31, 2019. We preliminarily find that Sumitomo Rubber (Hunan) Co. Ltd. (Sumitomo Rubber) and Triangle Tyre Co., Ltd. (Triangle Tyre), 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 August 10, 2015, Commerce published the countervailing duty (CVD) order on certain passenger vehicle and light truck tires (PVLT) from the People's Republic of China (China) in the *Federal Register*.[1] On August 4, 2020, Commerce published a notice of opportunity to request an administrative review of the *CVD Order* on PVLT from China for the period January 1, 2019, through December 31, 2019. Several interested parties requested that Commerce conduct an administrative review of the *CVD Order*, and on October 6, 2020,

[1] *See Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 FR 47902 (August 10, 2015) (*CVD Order*).

Commerce published in the *Federal Register* a notice of initiation of an administrative review of the *CVD Order* for 32 producers/exporters for the POR. On October 7, 2020, we released U.S. Customs and Border Protection (CBP) entry data for comment by interested parties regarding selection of mandatory respondents for this review.[2]

On October 21, 2020, Shandong New Continent Tire Co., Ltd. (New Continent), Shandong Linglong Tyre Co., Ltd. (Linglong), Sailun Group Co., Ltd. (formerly known as Sailun Jinyu Group Co., Ltd.) (Sailun Group), Sailun Group (Hong Kong) Co., Limited (formerly known as Sailun Jinyu Group (Hong Kong) Co., Limited) (Sailun Group Hong Kong), Sailun International Corp (Sailun International), and Sailun Tire Americas Inc. (formerly known as SJI North America Inc) (Sailun America), all submitted timely withdrawals of their self-requests for administrative reviews.[3] We did not receive any comments on respondent selection or requests for voluntary treatment in this administrative review.

B. Respondent Selection

On December 8, 2020, Commerce selected for individual examination Giti Radial Tire (Anhui) Company Ltd., GITI Tire (Anhui) Company Ltd., and Giti (Fujian) Company Ltd. (collectively Giti), and Shandong Guofeng Rubber Plastics Co., Ltd. (Guofeng).[4] On December 14, 2020, Guofeng timely withdrew its request for review of itself,[5] and ITG Voma Corporation (ITG Voma) timely withdrew its request for review with respect to Guofeng and Boto.[6] On December 17, 2020, Giti timely withdrew its request for review of itself.[7]

From December 9, through December 21, 2020, the following companies also withdrew their requests for review: Haohua Orient International Trade Ltd. (Haohua); [8] Qingdao Lakesea Tyre Co., Ltd. (Lakesea);[9] Riversun Industry Limited (Riversun);[10] Safe & Well (HK) International

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[2] *See* Memorandum, "U.S. Customs and Border Protection (CBP) Data Release," dated October 7, 2020.
[3] *See* Shandong New Continent Tire Co., Ltd., Shandong Linglong Tyre Co., Ltd., Sailun Group Co., Ltd, Sailun Group (HongKong) Co., Limited., Sailun Tire International Corp, and Sailun Tire Americas Inc.'s Letter, "Withdrawal of Request for the Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires ("PVLT") from the People's Republic of China (C-570-017)," dated October 21, 2020 (Shandong New Continent Withdrawal); *see also* Shandong Guofeng Rubber Plastics Co., Ltd.'s Letter, "Passenger Vehicle and Light Truck Tires from People's Republic of China: Withdrawal of Request for Administrative Review," dated December 14, 2020 (Guofeng Withdrawal).
[4] *See* Memorandum, "Countervailing Duty Review of Passenger Vehicle and Light Truck Tires from China: Respondent Selection," dated December 8, 2020.
[5] *See* Guofeng's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Withdrawal of Request for Administrative Review," dated December 14, 2020.
[6] *See* ITG Voma Corporation's Letter, "Passenger Vehicle and Light Truck Tires from People's Republic of China: Withdrawal of Request for Administrative Review," dated December 14, 2020 (ITG Voma Withdrawal).
[7] *See* Giti Tire Global Trading Pte. Ltd.'s Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Withdrawal of Request for Administrative Review," dated December 17, 2020 (Giti Withdrawal).
[8] *See* Haohua Orient International Trade Ltd., Qingdao Lakesea Tyre Co., Ltd., Riversun Industry Limited, Safe & Well (HK) International Trading Limited, Windforce Tyre Co., Limited, and Zhaoqing Junhong Co., Ltd.'s Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Partial Withdrawal of Request for Administrative Review," dated December 9, 2020 (Haohua Withdrawal).
[9] *Id*.
[10] *Id*.

Trading Limited;[11] Windforce Tyre Co., Limited (Windforce);[12] Zhaoqing Junhong Co., Ltd (Zhaoqing);[13] Shandong Wanda Boto Tyre Co., Ltd. (Boto);[14] and Shouguang Firemax Tyre Co., Ltd. (Firemax).[15]

Because both mandatory respondents withdrew their request for review, Commerce issued a second respondent selection memorandum on January 28, 2021, and selected Sumitomo Rubber and Triangle Tyre as mandatory respondents.[16] On February 23, 2021, Triangle Tyre informed Commerce that it was no longer participating in this administrative review.[17]

C. Questionnaires and Responses

On January 29, 2021, we issued our initial request for information to the Government of China (GOC) seeking information with respect to programs that were allegedly used by the mandatory respondents Sumitomo Rubber and Triangle Tyre (collectively, the respondents), which may constitute subsidies under U.S. law.[18] On March 29, 2021, we timely received responses to the initial questionnaire from both the GOC and Sumitomo Rubber.[19]

On January 29, 2021, we issued affiliation questionnaires to Sumitomo Rubber and Triangle Tyre, to which we received a timely response from Sumitomo Rubber.[20] Triangle Tyre did not submit a response.

[11] *Id*.
[12] *Id*.
[13] *Id*.
[14] *See* Shandong Wanda Boto Tyre Co., Ltd.'s Letter, "Passenger Vehicle and Light Truck Tires from People's Republic of China: Withdrawal of Request for Administrative Review," dated December 14, 2020 (Boto Withdrawal).
[15] *See* Shouguang Firemax Tyre Co., Ltd.'s Letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Withdrawal of Request for Administrative Review," dated December 21, 2020 (Firemax Withdrawal).
[16] *See* Memorandum, "Countervailing Duty Review of Passenger Vehicle and Light Truck Tires from China: Additional Respondent Selection," dated January 28, 2021.
[17] *See* Triangle Tyre's Letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Withdrawal from Participation as a Mandatory Respondent, Triangle Tyre Co., Ltd.," dated February 28, 2021.
[18] *See* Commerce's Letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Countervailing Duty Questionnaire," dated January 29, 2021 (Initial Questionnaire).
[19] *See* GOC's Letter, "Certain Passenger Vehicles and Light Truck Tires from the People's Republic of China, Case No. C-570-017: Government of China's Initial Questionnaire Response," dated March 29, 2021 (GOCIQR); *see also* Sumitomo Rubber's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Response to Section III of the Department's Initial Questionnaire," dated September 28, 2020 (SRHIQR).
[20] *See* Sumitomo Rubber's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Response to the Affiliation Section of the Department's Initial Questionnaire," dated February 19, 2021 (Sumitomo Affiliation Response).

On July 9, 2021, we issued supplemental questionnaires to the GOC and Sumitomo Rubber to which we received timely responses.[21] Sumitomo Rubber and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (the petitioner) provided benchmark information to Commerce on July 30, 2021, and August 2, 2021, respectively.[22]

D. Extension of Time Limit for Preliminary Results

On April 14, 2021, Commerce extended the preliminary results of this review to August 31, 2021.[23]

III. SCOPE OF THE *ORDER*[24]

The scope of this order is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by this order may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.

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 the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

Prefix designations:

P - Identifies a tire intended primarily for service on passenger cars

LT- Identifies a tire intended primarily for service on light trucks

Suffix letter designations:

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[21] *See* Commerce's Letter, "Administrative Review of the Countervailing Duty Order on Certain Passenger Vehicles and Light Truck Tires from the People's Republic of China: Supplemental Questionnaire for the GOC," dated July 9, 2021 (GOCSQ); *see also* Commerce's Letter, "Administrative Review of the Passenger and Light Truck Tires from China Order: Supplemental Questionnaire," dated July 9, 2021; GOC's Letter, "Certain Passenger Vehicles and Light Truck Tires from the People's Republic of China, Case No. C-570-017: Government of China's First Supplemental Questionnaire Response," dated July 23, 2021 (GOCSQR); and Sumitomo Rubber's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Response to the Department's Supplemental Questionnaire," dated July 28, 2021.

[22] *See* Sumitomo Rubber's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Submission of Benchmark Information," dated July 30, 2021; *see also* Petitioner's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Benchmark Data Submission," dated August 2, 2021.

[23] *See* Memorandum, "Certain Passenger Vehicles and Light Truck Tires from the People's Republic of China: Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review; 2019," dated April 14, 2021.

[24] *See* Memorandum, "Request from Customs and Border Protection to Update the ACE AD/CVD Case Reference File; Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China (A-570-016 and C-570-017)," dated April 20, 2021.

LT - Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service.

All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this investigation regardless of their intended use.

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall 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 passenger car section or light truck section of the Tire and Rim Association Yearbook, as updated annually, unless the tire falls within one of the specific exclusions set out below

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope. Specifically excluded from the scope are the following types of tires:

(1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;

(2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the Tire and Rim Association Yearbook;

(3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;

(4) non-pneumatic tires, such as solid rubber tires;

(5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire’s sidewall are listed in Table PCT-1B (“T” Type Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Yearbook,

(b) the designation “T” is molded into the tire’s sidewall as part of the size designation, and,

(c) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Yearbook, and the rated speed is 81 MPH or a “M” rating;

(6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:

(a) the size designation molded on the tire’s sidewall is listed in the ST sections of the Tire and Rim Association Yearbook,

(b) the designation "ST" is molded into the tire's sidewall as part of the size designation,

(c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is "For Trailer Service Only" or "For Trailer Use Only",

(d) the load index molded on the tire's sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Yearbook for the relevant ST tire size, and

(e) either

(i) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Yearbook, and the rated speed does not exceed 81 MPH or an "M" rating; or

(ii) the tire's speed rating molded on the sidewall is 87 MPH or an "N" rating, and in either case the tire's maximum pressure and maximum load limit are molded on the sidewall and either

(1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Yearbook; or

(2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;

(7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Yearbook,

(b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not for Highway Service" or "Not for Highway Use",

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Yearbook, and the rated speed does not exceed 55 MPH or a "G" rating, and

(d) the tire features a recognizable off-road tread design.

The products covered by this order are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00,

4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.30, 8708.70.45.45, 8708.70.45.46, 8708.70.45.48, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

IV. NON-SELECTED COMPANIES UNDER REVIEW

The statute and Commerce's regulations do not address directly the establishment of a rate to be applied to respondents not selected for individual 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). However, Commerce normally determines the rates for non-selected companies in reviews in a manner that is consistent with section 705(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation.

There are three companies for which a review was requested and not rescinded, and which were not selected for individual examination as mandatory respondents or found to be cross-owned with a mandatory respondent.[25] For these companies, we are basing the subsidy rate on the subsidy rate calculated for Sumitomo Rubber, the only mandatory respondent with a preliminary subsidy rate that is not zero, *de minimis* or based entirely on AFA.[26] Accordingly, for each of these three non-selected respondents, we are applying a preliminary subsidy rate of 25.49 percent *ad valorem*, consistent with section 705(c)(5) of the Act.[27]

V. DIVERSIFICATION OF CHINA'S ECONOMY[28]

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, 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.[29]

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*

[25] *See* accompanying *Federal Register* notice at section "Preliminary Results."
[26] *See* section "VIII. Use of Facts Otherwise Available and Adverse Inferences," below.
[27] For a list of the non-selected companies, *see* the *Federal Register* notice, signed concurrently with this decision memorandum; *see also* Memorandum, "Countervailing Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China; Sumitomo Rubber (Hunan) Co. Ltd. Preliminary Results Analysis," dated concurrently with this memorandum.
[28] In accordance with section 701(f) of the Act, Commerce continues to apply the CVD law to China.
[29] *See* Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol. 1 (1994) (SAA) at 911 and 931.

China Statistical Yearbook. Accordingly, Commerce placed excerpts from the *China Statistical Yearbook* from the National Bureau of Statistics of China on the record of this review.[30] This information reflects a wide diversification of economic activities in China. The industrial sector in China alone is comprised of 19 listed industries and economic activities, indicating the diversification of the economy.

VI. PARTIAL RESCISSION OF ADMINISTRATIVE REVIEW

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if the parties that requested a review withdraw the request within 90 days of the date of the publication of the notice of initiation. We received timely withdrawals of the requests for review, for which no other parties requested a review, for the following companies: Boto, Guofeng, Giti, Anhui, Fujian, Haohua, Lakesea, Riversun, HK, Windforce, Zhaoqing, Firemax, New Continent, Linglong, Sailun Group, Sailun Group Hong Kong, Sailun International, and Sailun America.[31] Therefore, in accordance with 19 CFR 351.213(d)(1), Commerce is rescinding this review of the CVD order on passenger tires from China with respect to these companies.

VII. INTENT TO RESCIND ADMINISTRATIVE REVIEW, IN PART

It is Commerce's practice to rescind an administrative review of a countervailing duty order, pursuant to 19 CFR 351.213(d)(3), when there are no reviewable entries of subject merchandise during the POR for which liquidation is suspended.[32] Normally, upon completion of an administrative review, the suspended entries are liquidated at the countervailing duty assessment rate calculated for the review period.[33] Therefore, for an administrative review of a company to be conducted, there must be a reviewable, suspended entry that Commerce can instruct CBP to liquidate at the CVD assessment rate calculated for the POR.[34]

According to the CBP import data, eight companies subject to this review did not have reviewable entries of subject merchandise during the POR for which liquidation is suspended.[35] Accordingly, in the absence of reviewable, suspended entries of the subject merchandise during the POR, we intend to rescind the review with respect to: Hankook Tire China Co., Ltd.; Prinx Chengshan (Shandong) Tire Company Ltd.; Qingdao Fullrun Tyre Tech Corp., Ltd.; Qingdao

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[30] *See* Memorandum, "The Extent of Diversification of Economic Activities in the People's Republic of China (China) for the Purpose of Determining Specificity of a Domestic Subsidy for Countervailing Duty (CVD) Purposes," dated August 18, 2020.

[31] *See* Shandong New Continent Withdrawal; Haohua Withdrawal; Boto Withdrawal; Guofeng Withdrawal; ITG Voma Withdrawal; Giti Withdrawal; and Firemax Withdrawal.

[32] *See, e.g., Lightweight Thermal Paper from the People's Republic of China: Notice of Rescission of Countervailing Duty Administrative Review; 2015*, 82 FR 14349 (March 20, 2017); and *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Rescission of Countervailing Duty Administrative Review; 2017*, 84 FR 14650 (April 11, 2019).

[33] *See* 19 CFR 351.212(b)(2).

[34] *See* 19 CFR 351.213(d)(3).

[35] These companies are: Hankook Tire China Co., Ltd.; Prinx Chengshan (Shandong) Tire Company Ltd.; Qingdao Fullrun Tyre Tech Corp., Ltd.; Qingdao Honghuasheng Trade Co., Ltd; Qingdao Kapsen Trade Co.; Shandong Habilead Rubber Co., Ltd.; Shandong Hongsheng Rubber Technology Co., Ltd.; and Shandong Qilun Rubber Co., Ltd.

Honghuasheng Trade Co., Ltd; Qingdao Kapsen Trade Co.; Shandong Habilead Rubber Co., Ltd.; Shandong Hongsheng Rubber Technology Co., Ltd.; and Shandong Qilun Rubber Co., Ltd., in accordance with 19 CFR 351.213(d)(3).

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

Legal Framework

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

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

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

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

[36] *See, e.g., Hardwood and Decorative Plywood from the People's Republic of China: Final Affirmative Countervailing Duty Determination; 2011*, 78 FR 58283 (September 23, 2013), and accompanying Issues and Decision Memorandum (IDM) at Comment 3.
[37] *See* section 776(b)(1)(B) of the Act.
[38] *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.[39] Secondary information is defined as information derived from the petition that gave rise to the investigation, the determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise.[40]

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

In this review, we are investigating the Export Buyer's Credit program. Sumitomo Rubber reported that none of its customers used this program, and provided non-use certifications from all but one customer from whom Sumitomo Rubber was unable to gain confirmation.[43]

Because Sumitomo Rubber did not provide non-use certifications from all of its U.S. customers, we did not take further steps to confirm that all of its customers did not, in fact, receive export buyer's credits from the China Ex-Im Bank. Accordingly, we find that Sumitomo Rubber did not support is claim of non-use of this program. This, combined with the failures of the GOC to respond fully to our requests for information regarding this program, described immediately below, leads us to preliminarily conclude, on the basis of AFA, that Sumitomo Rubber used 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 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.[44] This request included the 2013 revisions to *Administrative Measures of Export Buyer's Credit of the Export-Import Bank of China* (*Administrative Measures*) to the Export Buyer's Credit program; however, the GOC did

[39] *See* 19 CFR 351.308(d).
[40] *See* SAA, H.R. Doc. 103-316, vol 1 (1994) at 870.
[41] *See* section 776(d)(1) of the Act.
[42] *See* section 776(d)(3) of the Act.
[43] *See* SRHIQR at 19-22 and Exhibit 13.
[44] *See* Initial Questionnaire at II-17 – II-18.

not provide the 2013 amendment to these laws.[45] In a supplemental questionnaire, we provided the GOC with another opportunity to provide this information,[46] and the GOC again failed to provide the information requested stating, "…to the best of the GOC's knowledge, none of the U.S. customers of SRH, SRZ, or SRC applied for, used, or benefited from the Export Buyer's Credit program from the China Export-Import Bank during the POR. The GOC has explained in the response to question F.3 of the GOC's IQR how it determined this fact. Therefore, the GOC understands that this question is not applicable."[47]

However, the GOC provided the *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.[48] Based on this information, 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 *Implementing Rules*: (1) the China 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 China 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 China 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.[49] However, the GOC stated that the 2013 revisions to the *Administrative Measures*, 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,[50] because none of the mandatory respondents' U.S. customers obtained export buyer's credits during the POR.[51]

Information obtained in a prior CVD proceeding indicates that the GOC revised the *Administrative Measures* regarding this program in 2013.[52] This information provides that the China 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.[53] Because of the complicated structure of loan disbursements for this program, Commerce's complete understanding of how this program is administered is necessary.

As Commerce found in a remand redetermination issued in the *Clearon* litigation, if the program continues to be limited to 2 million USD contracts between a mandatory respondent and its

[45] *See* GOCIQR at 57-61 and Exhibit EBC-2.
[46] *See* GOCSQR at 2-3.
[47] *Id*. at 3. (Sumitomo Rubber (Hunan) Co., Ltd. (SRH); Sumitomo Rubber (China) Co., Ltd. (SRZ), Sumitomo Rubber (Changshu)Co. Ltd. (SRC))
[48] *See* GOCIQR at 59-61 and at Exhibits EBC-2 and EBC-3.
[49] *Id*. at 60.
[50] *Id*. at 58.
[51] *See* GOCIQR at 59; *see also* GOCSQR at 3.
[52] *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.
[53] *Id*.

customers, this is, "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." [54]

Furthermore, we stated in *Clearon I* that, given 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 administrated 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.[55]

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 the *Clearon* remand redetermination:

> {I}t 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 critical for us to perform verification at the U.S. customers.[56]

In its initial and supplemental questionnaire responses, the GOC refused to provide requested information including: (1) all laws, regulations or governing documents, (2) the September 6, 2016, *GOC 7th Supplemental Response in the Countervailing Duty Investigation of Certain*

[54] *See Clearon Corp. v. United States*, 474 F. Supp. 3d 1339, 1347 (CIT 2020) (quoting from Commerce remand redetermination) (*Clearon*).
[55] *Id*.
[56] *See* Final Results of Remand Redetermination Pursuant to Court Remand, *Clearon Corp. v. United States* (May 16, 2019) 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)).

Amorphous Silica Fabric from the People's Republic of China, or (3) a list of partner/correspondent banks, all of which are necessary for Commerce to understand how the program operates and to be able to verify claims of non-usage.[57] 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 these necessary pieces of 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.[58] 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. The GOC's refusal to provide the 2013 revisions to its *Administrative Measures*, which provide internal guidelines for how this program is administered by the China 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 disburse 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. This is especially true in this review, in which we did not receive non-use certifications from all of Sumitomo Rubber's U.S. customers. Therefore, we preliminarily find that the GOC has not cooperated to the best of its ability and, as AFA, find that Sumitomo Rubber used and benefited from this program, notwithstanding its claims that its U.S. customers did not obtain export buyer's credits from the China Ex-Im Bank during the POR.[59]

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

Selection of the AFA Rate

[57] *See* GOCIQR at 59-61; *see also* GOCSQR at 2-3.
[58] *See* section 776(b) of the Act.
[59] *See* SRHIQR at 19-22 and at Exhibit 13.

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.[60] In administrative reviews, under the first step of this hierarchy Commerce applies the highest non-*de minimis* rate calculated for an identical program in any segment of the same proceeding.[61] In step two of the hierarchy, if there is no identical program to match to, within the same proceeding, or if the rate is *de minimis*, Commerce applies the highest non-*de minimis* rate calculated for a similar program within any segment of the same proceeding. Next, in step three of the hierarchy, if there is no non-*de minimis* rate calculated for a similar program within the same proceeding, Commerce applies the highest non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country. Finally, in the fourth step of the hierarchy, if there is no non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country, Commerce applies the highest calculated rate for any program from the same country that the industry subject to the review could have used.[62]

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."[63] Commerce is left to interpret what constitutes an "evaluation by the administering authority of the situation" in light of existing agency practice, as well as, the structure and provisions of section 776(d) of the Act itself because no legislative history accompanied this provision of the Trade Preferences Extension Act,

We find that the Act anticipates a two-step process for determining an appropriate AFA rate in CVD cases: 1) Commerce may apply its hierarchy methodology; and 2) Commerce may apply the highest rate derived from this hierarchy to a respondent, should it choose to apply that

[60] *See, e.g., Shrimp from China* IDM at 13; and *Essar Steel*, 753 F.3d at 1373-1374.
[61] For purposes of selecting AFA program rates, we normally treat rates less than 0.5% to be *de minimis*. *See, e.g., Pre-Stressed Concrete Steel Wire Strand from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 28557 (May 21, 2010), and accompanying IDM at "1. Grant Under the Tertiary Technological Renovation Grants for Discounts Program" and "2. Grant Under the Elimination of Backward Production Capacity Award Fund."
[62] *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).
[63] *See* section 776(d)(2) of the Act.

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.[64]

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."[65] 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."[66] It is pursuant to this knowledge and experience that Commerce has implemented its AFA hierarchy in CVD cases to select an appropriate AFA rate.[67]

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 (and section 776(d)(1) of the Act) recognizes that there may be a "pool" of available rates that Commerce can rely upon for purposes of identifying an AFA rate for a particular program. In reviews, for example, this "pool" of rates could include a non-*de minimis* rate calculated for the identical program in any segment of the proceeding, a non-*de*

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[64] 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.

[65] *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.'")).

[66] *See De Cecco*, 216 F.3d at 1032.

[67] 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 3003 (July 14, 2015) (*Crystalline Silicon Photovoltaic Cell from China Final 2015*), and accompanying IDM at 11-15 (applying the AFA hierarchical methodology within the context of CVD administrative review). However, depending on the type of program, 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).

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."[68] The SAA provides that to "corroborate" secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.[69]

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.[70] 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.[71]

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.[72]

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.[73] Our examination of the results of all the segments of this proceeding leads us to conclude that there are no calculated rates for this program in this proceeding - and thus no rates are available under step one of the CVD AFA hierarchy. Because we have not calculated a rate for an identical program in this proceeding, we then determine, under step two of the hierarchy, if there is a calculated rate for a similar/comparable program (based on the treatment of the benefit) in the same

[68] *See* SAA at 870.
[69] *Id*.
[70] *Id*. at 869-870.
[71] *See* section 776(d) of the Act.
[72] *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)).
[73] *See, e.g., Shrimp from China* IDM at 13; and *Essar*, 753 F.3dat 1373-1374.

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.[74] Consistent with this practice, upon examination of the available above-*de minimis* programs from the current review, previous reviews, and the underlying investigation, Commerce selected the calculated rate for the government policy lending program in the 2017 administrative review,[75] because it was the highest calculated loan program rate in any segment under this order. On this basis, we are using an AFA rate of 4.99 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.[76]

B. 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; natural rubber, nylon cord, and synthetic rubber and butadiene. We requested information from the GOC regarding the specific companies that produced the input products that Sumitomo Rubber, and its 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.[77]

We asked the GOC to, "coordinate immediately with the company respondents to obtain a complete list of each company's input suppliers."[78] Furthermore we asked the GOC to: (1) provide information about the involvement of the Chinese Communist Party (CCP) in any input supplier identified by Sumitomo Rubber, 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.[79]

While the GOC provided a long narrative explanation of the role of the CCP, when asked to identify any owners, members of the board of directors, or managers of the input suppliers who were government or CCP officials during the POR, the GOC explained that there is "no central informational database to search for the requested information."[80] The GOC concluded its response to this question by stating "{i}f the Department insists on the necessity of this

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[74] *See Crystalline Silicon Photovoltaic Cell from China Final 2015* IDM at 14 and 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.
[75] *See Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2017*, 85 FR 22718 (April 23, 2020), and accompanying IDM at 7.
[76] *Id*.
[77] *See* Initial Questionnaire at II-4 – II-16, II-29 – II-32.
[78] *Id.* at II-4, II-7, II-10, and II-14.
[79] *Id.* at II-29 – II-32.
[80] *See, e.g.*, GOCIQR at Exhibit CB-3.

information, the Department should collect this information through the respondents, via their suppliers directly."[81] In the *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.[82] 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 Sumitomo Rubber's input suppliers. Record evidence demonstrates that the CCP exerts significant control over economic activities in China.[83] 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.[84] 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.[85] Thus, we find, as we have in prior CVD proceedings and continue to do so in this proceeding,[86] 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.[87] As a result of the GOC's failure to provide the necessary information, we find that the GOC failed to cooperate by not acting to the best of its ability to comply with our requests for information. Consequently, we determine that the GOC withheld information, and that an adverse inference is warranted in the application of facts available.[88] 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

[81] *Id*.
[82] *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.
[83] *See* Memorandum "Countervailing Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China; Public Bodies Analysis Memo," dated August 18, 2021 (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."
[84] *Id.* at 35-36 and sources cited therein.
[85] *See* GOCIQR at Exhibits CB-I, CB-2, NC-1, NC-2, SRB-1, SRB-2, NR-1 and NR-2.
[86] *See, e.g., Citric Acid 2012 AR* IDM at Comment 5.
[87] *See* sections 776(a)(1) and 776(a)(2)(A) of the Act.
[88] *See* section 776(b) of the Act.

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.[89] Therefore, as AFA, we preliminarily find that the non-majority government-owned domestic producers that supplied Sumitomo Rubber with carbon black, natural rubber, nylon cord, and synthetic rubber and butadiene during the POR are "authorities" within the meaning of section 771(5)(B) of the Act.

C. 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, natural rubber, nylon cord, and synthetic rubber and butadiene directly, and to provide the amounts (volume and value) purchased by each of the industries.[90] Specifically, our questionnaire asked the GOC to provide complete lists of the respondents' input producers, including the producers of inputs purchased by the respondents through a supplier.[91] In response, the GOC provided estimated volume and value data for each product, claiming that the only data available is on a company-specific basis rather than a product-specific basis, and it stated:

> With regard to value, value statistics are not collected on a product basis but rather on a company basis and, thus, may include other products. Besides, the GOC cannot obtain value information through any other government database, including the ECIPS system, as the ECIPS does not contain value of specific merchandise. Thus, the GOC can only include the "volume" regarding the quantity in its response as data regarding value is not available to it.[92]

Thus, the GOC did not provide reliable volume and value information, nor did it explain the efforts it made to compile this information.[93] Instead, the GOC asserts that "…the provision of {inputs} is dictated by market forces and not by any plan that sets the levels of production of {inputs} or the development of {inputs}."[94]

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

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[89] *See, e.g.*, Public Bodies Memorandum at WTO DS379 at 33-36, 38.
[90] *See* Initial Questionnaire at II-5, II-8, II-11, II-14.
[91] *Id*.
[92] *See, e.g.*, GOCIQR at 24, (similar language was stated with regard to all LTAR input programs at 13, 14, 25, 34, 35, 45, and 46).
[93] *Id*.
[94] *Id*. at 15, 25, 36, and 47.

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 because the GOC has reasonable access to this information and could comply with Commerce's request. 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 these programs are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

D. Application of AFA: Provision of Electricity for LTAR

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

In order for Commerce to analyze the financial contribution and specificity of this program, we requested that the GOC provide information regarding the roles of provinces, the National Development and Reform Commission (NDRC), and cooperation between the provinces and the NDRC 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.[95] 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.

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).[96] According to the GOC, the creation of this new structure has eliminated the need for Provincial Price Proposals that had

[95] *See* Initial Questionnaire at Section II, Electricity Appendix.
[96] *See* GOCIQR at 55-57 and at Exhibit ELEC-1.

previously been used by the NDRC to set prices for each province.[97] 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.[98] The Appendix to Notice 3150 indicates that this average price adjustment applies to all provinces and at varying amounts.[99] 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.[100]

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.[101] 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.[102] 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.[103] In addition, Notice 559 provides for a reduction in VAT for power-grid enterprises and provides an implementation date for the provinces.[104] 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 authority and was specific.[105] 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.[106] The United States Court of Appeals for the Federal

[97] *Id.*
[98] *Id.* at Exhibit ELEC-1.
[99] *Id.*
[100] *Id.*
[101] *Id.*
[102] *Id.*
[103] *Id.* at Exhibit ELEC-7
[104] *Id.*
[105] *See Decision Memorandum for the Preliminary Affirmative Countervailing Duty Determination in the Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China*, 79 FR 71093 (December 1, 2014) (*Passenger Tires from China Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM) at 35-36, unchanged in *Passenger Tires from China Final Determination*.
[106] *See 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

Circuit has affirmed this practice, under section 751(a)(1)(A) of the Act.[107] 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.[108] 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.[109] In applying AFA, we find that the GOC's provision of electricity constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act. The GOC failed to provide certain requested information regarding the relationship (if any) between provincial tariff schedules and cost, as well as requested information regarding cooperation (if any) in price setting practices between the NDRC and provincial governments. Therefore, we are also relying on AFA in selecting the benchmark for determining the existence and amount of the benefit. The benchmark rates we selected are derived from the record of this review and are the highest electricity rates on the record for the applicable rate and user categories.

E. Application of AFA: Other Subsidies

Sumitomo Rubber reported receiving benefits under certain "Other Subsidies" during the POR and over the average useful life (AUL) period.[110] We requested information from the GOC regarding these grants in the initial questionnaire[111] The GOC did not provide a response and instead stated that it would not reply because no reply to this question is warranted or required

accompanying IDM at 27 ("In a CVD administrative review, we do not revisit past determinations of countervailability made in the proceeding, absent new information.")

[107] *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.

[108] *See* section 776(a) of the Act.

[109] *See* section 776(b) of the Act.

[110] *See* SRHIQR at 27 and Exhibit 16.

[111] *See* Initial Questionnaire at II-20; *see also* GOCSQ at 4.

pursuant to Article 11.2 of the WTO Agreement on Subsidies and Countervailing Measures, which dictates that investigations may not be initiated on the basis of 'simple assertion, unsubstantiated by relevant evidence.[112] 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.[113] The GOC did not provide a response regarding any of these self-reported grant programs.[114] Rather, the GOC stated that an answer to this question would not be appropriate absent a more direct inquiry supported by credible evidence and the initiation of a discrete investigation, again citing to Article 11.2 of the WTO Agreement on Subsidies and Countervailing Measures.[115]

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 programs 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.

F. Application of AFA to Triangle Tyre

As discussed in the "Background" section above, Commerce selected Sumitomo Rubber and Triangle Tyre as mandatory respondents. However, Triangle Tyre chose not to participate in this administrative review. Accordingly, we preliminarily find that Triangle Tyre withheld information that had been requested, failed to provide information within the established deadlines, and thus significantly impeded this proceeding.

Thus, Commerce is relying on facts available in making this preliminary finding with respect to Triangle Tyre pursuant to sections 776(a)(1) and (a)(2)(A) through (C) of the Act. Moreover, we preliminarily determine that AFA is warranted, pursuant to section 776(b)(1) of the Act, because by not responding to the Initial Questionnaire Triangle Tyre did not cooperate to the best of its ability to comply with Commerce's requests for information in this review.

[112] *See* GOCIQR at 68.
[113] *See* GOCSQ at 4.
[114] *See* GOCSQR at 4.
[115] *Id*.

Accordingly, we preliminarily find that based on its failure to cooperate to the best of its ability, the application of AFA is warranted. As AFA, we preliminarily find that Triangle Tyre used and benefitted from all of the programs we found countervailable in previous segments of this proceeding and all of the programs that Sumitomo Rubber and its cross-owned affiliates reported using in this administrative review. Regarding benefit, we selected program-specific AFA rates pursuant to Commerce's AFA hierarchy for administrative reviews, as discussed below.

G. Selection of the AFA Rates for Triangle Tyre

Consistent with section 776(d) of the Act, it is Commerce's practice in CVD proceedings to apply an AFA rate for a non-cooperating company using the highest calculated program-specific rates determined for the identical or similar programs.[116] Specifically, under the first step of Commerce's CVD AFA hierarchy for administrative reviews, Commerce applies the highest non-*de minimis* rate calculated for the identical program in any segment of the same proceeding.[117] 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.[118]

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

Section 776(d)(2) of the Act authorizes Commerce to rely on the highest prior rate under certain circumstances. In deriving an AFA rate under section 776(d)(1)(A) of the Act described above,

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[116] *See, e.g., Chlorinated Isocyanurates from the People's Republic of China: Final Results of Countervailing Duty Administrative Review, and Partial Rescission of Countervailing Duty Administrative Review; 2014*, 82 FR 27466 (June 15, 2017) (*Chlorinated Isocyanurates from China 2014*), and accompanying IDM at "Use of Facts Otherwise Available and Adverse Inferences.

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

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

section 776(d)(2) of the Act states that Commerce "may apply any of the countervailable subsidy rates or dumping margins specified under that paragraph, including the highest such rate or margin, based on the evaluation by the administering authority of the situation that resulted in the administering authority using an adverse inference in selecting among the facts otherwise available." No legislative history accompanied this provision of the TPEA.[119] Accordingly, Commerce is left to interpret this "evaluation by the administering authority of the situation" language in light of existing agency practice, and the structure and provisions of section 776(d) of the Act itself.

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

Section 776(d)(1) of the Act anticipates a two-step process for determining an appropriate AFA rate in CVD cases: (1) Commerce may apply its hierarchical methodology; and (2) Commerce may apply the highest rate derived from this hierarchy to a respondent, should it choose to apply that hierarchy in the first place, unless, after an evaluation of the situation that resulted in the use of AFA, Commerce determines that the situation warrants a rate different than the rate derived from the hierarchy be applied.[120]

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."[121] 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."[122] It is pursuant to this knowledge and experience that Commerce has implemented its AFA hierarchy in CVD cases to select an appropriate rate.[123]

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[119] *See Trade Preferences Extension* Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (2015) (TPEA).

[120] 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.

[121] *See* SAA at 870; *see also Essar Steel Ltd. v. United States*, 678 F. 3d 1268, 1276 (Fed. Cir. 2012) (citing *F. Lii De Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F. 3d 1027, 1032 (Fed. Cir. 2000) (finding that "{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.'") (*De Cecco*)).

[122] *See De Cecco*, 216 F. 3d at 1032.

[123] Commerce has adopted a practice of applying its hierarchy in CVD cases. *See, e.g.*, *Finished Carbon Steel Flanges from India: Final Affirmative Countervailing Duty Determination*, 82 FR 29479 (June 29, 2017), and accompanying IDM at 28-31 (applying the AFA hierarchical methodology within the context of a CVD investigation); and *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the*

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

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

In selecting AFA rates for Triangle Tyre, we are guided by Commerce's methodology detailed above. We begin by selecting, as AFA, the highest calculated above-*de minimis* rates for the identical programs from any segment of the proceeding. Accordingly, for these preliminary results, we are applying the highest applicable subsidy rate calculated for the identical programs for the following:

1. Provision of Carbon Black for LTAR
2. Provision of Nylon Cord for LTAR
3. Provision of Synthetic Rubber and Butadiene for LTAR
4. Provision of Natural Rubber for LTAR
5. Provision of Electricity for LTAR
6. Provision of Land-Use Rights for FIEs for LTAR
7. Assistance for Companies' Development and Improvement of Production Line and Range of Products
8. Assistance for Deployment of Trade
9. Assistance for Human Resources with High Technology
10. Deductions for Withholding Tax Payment
11. Income Tax Relief Regarding Environmental and Safety Investment

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

For the direct tax (income tax reduction) programs, we are applying an adverse inference that Triangle Tyre paid no income taxes during the POR. The standard income tax rate for corporations in China in effect during the POR was 25 percent.[124] Thus, the highest possible benefit for all income tax programs is 25 percent. Accordingly, we are applying the 25 percent AFA rate on a combined basis (*i.e.*, the four programs listed below as "Income Tax Programs," combined, provide a 25 percent benefit). Consistent with past practice, application of this AFA rate for preferential income tax programs does not apply to tax credit, tax rebate, or import tariff and value-added tax (VAT) exemption programs, because such programs may provide a benefit in addition to a preferential tax rate.[125]

1. Income Tax Reductions for HNTEs
2. Income Tax Reduction for Advanced-Technology FIEs
3. Enterprise Income Tax Law, R&D Program
4. Two Free, Three Half Program for FIEs

For other programs listed below, we selected, as AFA, the highest calculated non-*de minimis* rates for similar programs from any segment of this proceeding (*i.e.*, the final determination in the underlying investigation or the final results of prior administrative reviews).[126] For programs where there are no above *de minimis* subsidy rates calculated for the identical or similar programs within the proceeding, we applied the highest above-*de minimis* subsidy rate calculated in another China proceeding for the identical program (where possible) or similar program.[127] Finally, where an above *de minimis* rate for an identical or for a similar program within the country has not been previously calculated, we applied find the highest calculated rate from any program in any CVD proceeding for that country.

Loans and Credits

1. Government Policy Lending
2. Export Credit Guarantees

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

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

[126] *See Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 80 FR 34888 (June 15, 2015) and accompanying IDM (*PVLT Investigation*); *see also Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Results of Countervailing Duty Administrative Review, 2014-2015*, 83 FR 19219 (May 2, 2018) (*PVLT 2014-2015*); *Countervailing Duty Order on Certain Vehicle and Light Truck Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review, 2016*, 84 FR 17382 (April 25, 2019) (*PVLT 2016*); and *Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review, 2017*, 85 FR 22718 (April 23, 2020) (*PVLT 2017*).

[127] *See Chlorinated Isocyanurates from China 2014*.

3. Discounted Loans for Export-Oriented Enterprises
4. Preferential Loans to SOEs
5. Export Credit Insurance Subsidies
6. Export Seller's Credits from State-Owned Banks
7. Export Buyers Credit

Other Tax Programs

1. Import Tariff and VAT Exemptions for Imported Equipment
2. Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs
3. Income Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment
4. VAT Refunds on FIE Purchases of Chinese-Made Equipment
5. VAT Refunds for Domestic Firms on Purchases of Chinese-Made Equipment
6. VAT Exemptions and Deductions for Central Regions
7. Government Petty Allowance Regarding the fee for Proxy Payment of Personal Income Tax

Provision of Goods or Services for LTAR

1. Provision of Land-Use Rights to Passenger Tire Producers for LTAR
2. Provision of Land-Use Rights to SOEs for LTAR
3. Provision of Land-Use Rights in Industrial and Other Special Economic Zones for LTAR

Other Grants

1. Special Fund for Energy-Saving Technology Reform
2. Fixed Asset Investment Subsidies
3. Tax Awards
4. Famous Brands Program
5. The Clean Production Technology Fund
6. Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces
7. Funds for "Outward Expansion" of Industries in Guangdong Province
8. Provincial International Market Development Fund Grant
9. Provincial Import Discount Loan Subsidy
10. Subsidies for Companies Located in the Hefei Economic and Technology Development Zone
11. Anhui Province Subsidies for FIEs
12. Hefei Municipal Export Promotion Policies
13. Cooper-Specific Subsidies
14. Subsidies for Companies Located in the Kunshan Economic and Technological Development Zone
15. Weihai Municipality Subsidies for the Automobile and Tire Industries
16. Subsidies for Companies Located in the Rongcheng Economic Development Zone
17. State Key Technology Renovation Project Fund Program

18. Other Grants
19. Allowance For Investment Companies
20. Environment Related Program

Based on the methodology described above, we preliminarily determine the net AFA countervailable subsidy rate for Triangle Tyre to be 124.92 percent, *ad valorem*. The Appendix to this memorandum contains a chart summarizing the selection of the AFA rates.

IX. 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.[128] 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.[129] We notified the respondents of the AUL in the Initial Questionnaire and requested data accordingly.[130] 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

[128] *See* 19 CFR 351.524(b).
[129] *See* U.S. Internal Revenue Service Publication 946 (2015), "How to Depreciate Property" at Table B-2: Table of Class Lives and Recovery Periods.
[130] *See* Initial Questionnaire at II-1.

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 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.[131]

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.[132]

Sumitomo Rubber is a wholly-owned subsidiary of Sumitomo Rubber (China) Co., Ltd. (SRZ), a Chinese holding company, which is wholly-owned by Sumitomo Rubber Industries Ltd. (SRI) in Japan. Sumitomo Rubber is cross-owned with Sumitomo Rubber (Changshu) Co., Ltd. (SRC), another Chinese producer and exporter of subject merchandise, which is also owned by SRI through SRZ.[133] Sumitomo Rubber was cross-owned, through common ownership by SRI, with Sumitomo Rubber (Suzhou) Co. Ltd., a Chinese producer of tires that was merged into SRC in 2010. We find that these companies are cross-owned within the meaning of 19 CFR 351.525(b)(6)(vi) by virtue of common ownership. We are attributing any subsidies received by Sumitomo Rubber and SRC to the combined sales of these two companies, minus any intercompany sales, pursuant to 19 CFR 351.525(b)(6)(ii). Pursuant to 19 CFR 351.525(b)(6)(iii), we are attributing any subsidies provided to SRZ to the consolidated sales of SRZ.

[131] *See Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998).
[132] *See Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).
[133] *See* Sumitomo Affiliation Response.

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 memorandum prepared for these preliminary results.[134]

X. INTEREST RATE BENCHMARKS, DISCOUNT RATES, INPUT AND ELECTRICITY 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.[135] The derivation of the benchmark interest rates and discount rates used to measure the benefit from these subsidies are discussed below.

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.[136] 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."[137]

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.[138] In an analysis memorandum dated July 21, 2017, Commerce conducted a re-assessment of the lending system in China.[139] 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

[134] *See* Memorandum, "Sumitomo Rubber (Hunan) Co. Ltd. Final Results Analysis," dated concurrently with this memorandum (Sumitomo Rubber Preliminary Calculation Memorandum) at 2.
[135] See 19 CFR 351.524(b)(1).
[136] *See* 19 CFR 351.505(a)(3)(i).
[137] *See* 19 CFR 351.505(a)(3)(ii).
[138] *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.
[139] *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 August 17, 2021.

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). Also, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii) because of distorted lending practices. 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.[140]

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*.[141] Under that methodology, we first determine which countries are similar to China in terms of gross national income, based on the World Bank's classification of countries as: low income; lower-middle income; upper-middle income; and high income. As explained in *CFS from China*, this pool of countries captures the broad inverse relationship between income and interest rates. For 2003 through 2009, China was classified in the lower-middle income category.[142] Beginning in 2010, however, China was classified in the upper-middle income category and remained there from 2011 to 2019.[143] 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.[144]

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.[145] For 2010, however, the regression does not yield that outcome for China's income group.[146] This contrary result, for a single year, does not lead us to reject the strength of

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[140] *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).
[141] *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.
[142] *See* World Bank Country Classification at http://data.worldbank.org/about/country-and-lending-groups (World Bank Country Classification).
[143] *Id*.
[144] *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*.
[145] *See* Memorandum, "Countervailing Duty Administrative Review of Truck and Bus Tires from the People's Republic of China: Loan Interest Rate Benchmarks," dated August 17, 2021 (Loan Interest Benchmark Memorandum).
[146] *Id*.

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 their data is 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.[147] 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 or negative real interest rates for the year in question.[148] Because the resulting rates are net of inflation, we adjusted the benchmark to include an inflation component.[149]

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.[150]

In the *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.[151] Finally, because these long-term rates are net of inflation as explained above, we adjusted the benchmark to include an inflation component.[152]

[147] *Id*.
[148] *Id*.
[149] *Id*.
[150] *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.
[151] *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.
[152] *See* Loan Interest Benchmark Memorandum for the resulting inflation adjusted benchmark lending rates.

3. 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.[153]

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 for various information concerning the structure of the industries for carbon black, natural rubber, nylon cord, and synthetic rubber and butadiene. 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 an 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.[154] 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.

As discussed below is "Programs Preliminarily Determined to be Countervailable," we preliminarily determine that the producers for all the inputs in question purchased by Sumitomo Rubber are "authorities." Therefore, prices from these suppliers do not constitute market-determined prices. Below we analyze the information provided and the selection of a benchmark for each input.

1. Natural Rubber

According to data provided by the GOC, supply of the input from producers in which the GOC maintains an ownership or management accounted for 20 percent of total consumption during the

[153] *Id.*
[154] *See* GOCIQR at 13-15, 23-25, 33-35 and 45-47.

POR.[155] Given this relatively low level of government involvement in the market for natural rubber, and given the lack of record information indicating government policies restricting exports of the input or other indications of government control of the input market, we derived our benchmarks from Tier 1 prices, *i.e.*, from actual domestic transactions or from actual imports. As discussed above, we preliminarily find that all of the domestic supplying producers are "authorities" within the meaning of section 771(5)(B) of the Act. Therefore, we preliminarily find that none of the domestic natural rubber purchases reported by Sumitomo Rubber is appropriate for benchmarking. However, Sumitomo Rubber reported imports for this input. Accordingly, we used the monthly weighted-average prices of its imports of natural rubber as the Tier 1 benchmark, consistent with 19 CFR 351.511(a)(2)(i).

2. Synthetic Rubber and Butadiene

According to data provided by the GOC, supply of the input from producers in which the GOC maintains an ownership or management accounted for 38 percent of total consumption during the POR.[156] While this level of government-controlled production is substantial, record data also shows even higher volumes of synthetic rubber and butadiene imports during the POR.[157] Moreover, the record evidence shows no government export restraint measures on this input during the POR or any other indications of government control of the input market. Consistent with previous proceedings with similar fact patterns,[158] given the large penetration of imports in the domestic market and the lack of other evidence on the record to show that GOC-controlled companies or government agencies through other methods had control of, or otherwise distorted, these markets during the POI, we preliminarily find no support in the record to find that the Chinese synthetic rubber and butadiene market was distorted.[159] Therefore, we may rely on Tier 1 benchmarks to measure the benefit under this program.

As discussed above, we preliminarily find that all of the domestic supplying producers are "authorities" within the meaning of section 771(5)(B) of the Act. Therefore, we preliminarily find that none of the domestic synthetic rubber and butadiene purchases reported by Sumitomo Rubber is appropriate for benchmarking. However, Sumitomo Rubber reported imports for this input. Accordingly, we used the monthly weighted-average prices of its imports of synthetic rubber and butadiene as the Tier 1 benchmark, consistent with 19 CFR 351.511(a)(2)(i).

3. Nylon Cord

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[155] *Id.* at 45 and 46 (45 (MT) / 472 (MT) = 9.53 percent).
[156] *Id.* at 34 and 35 (196 (MT) / 516 (MT) = 37.98 percent).
[157] *Id.* at 35 (4,122,337,601 kg = 4,122,337 MT).
[158] *See, e.g., 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 from China*), and accompanying IDM at 24 (unchanged in *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)).
[159] We make this finding based solely on the facts of this particular case. In other cases, even if there are similar levels of imports and/or SOE production, we may consider other indicators of market distortion in determining whether domestic prices can serve as an appropriate benchmark.

According to data provided by the GOC, supply of the input from producers in which the GOC maintains an ownership or management accounted for 47 percent of total consumption during the POR.[160] While this level of government-controlled production is substantial, the record data also shows an even higher volume of nylon cord imports during the POR.[161] Moreover, the record evidence shows no government export restraint measures on this input during the POR or any other indications of government control of the input market. Consistent with previous proceedings with similar fact patterns,[162] given the large penetration of imports in the domestic market and the lack of other evidence on the record to show that GOC-controlled companies or government agencies through other methods had control of, or otherwise distorted, these markets during the POI, we preliminarily find no support in the record to find that the Chinese nylon cord market was distorted.[163] Therefore, we may rely on Tier 1 benchmarks to measure the benefit under this program.

As discussed above, we preliminarily find that all of the domestic supplying producers are "authorities" within the meaning of section 771(5)(B) of the Act. Therefore, we preliminarily find that none of the domestic nylon cord purchases reported by Sumitomo Rubber is appropriate for benchmarking. However, Sumitomo Rubber reported imports for this input. Accordingly, we used the monthly weighted-average prices of its imports of nylon cord as the Tier 1 benchmark, consistent with 19 CFR 351.511(a)(2)(i).

4. Carbon Black

According to data provided by the GOC, supply of the input from producers in which the GOC maintains an ownership or management accounted for 20 percent of total consumption during the POR.[164] Given this relatively low level of government involvement in the market for carbon black, and given the lack of record information indicating government policies restricting exports of the input, or other indications of government control of the input market, we derived our benchmarks from Tier 1 prices, *i.e.*, from actual domestic transactions or from actual imports. As discussed above, we preliminarily find that all of the domestic supplying producers are "authorities" within the meaning of section 771(5)(B) of the Act. Therefore, we preliminarily find that none of the respondents' domestic purchases of the input is appropriate for benchmarking. However, Sumitomo Rubber reported imports for this input. Accordingly, we used the monthly weighted-average prices of its imports of carbon black as the Tier 1 benchmark, consistent with 19 CFR 351.511(a)(2)(i).

[160] *Id.* at 23 and 24 (5.93 (MT) / 12.49 (MT) = 47.47 percent).
[161] *Id.* at 24 (15,859,128 kg = 15,859 MT).
[162] *See, e.g.*, *Truck and Bus Tires from China* IDM at 24.
[163] We make this finding based solely on the facts of this particular case. In other cases, even if there are similar levels of imports and/or SOE production, we may consider other indicators of market distortion in determining whether domestic prices can serve as an appropriate benchmark.
[164] *Id.* at 13 and 14 (135 (MT) / 659 (MT) = 20.48 percent).

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 review as our benchmark for measuring the adequacy of remuneration.[165]

D. Provision of Land-Use Rights for LTAR

As explained in detail in previous cases, we cannot rely on the use of Tier 1 and Tier 2 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.[166] Furthermore, we found that Tier 2 benchmarks (world market prices that would be available to purchasers in China) are not appropriate.[167]

On October 2, 2018, Commerce completed a memorandum analyzing developments in China's land market since 2007.[168] 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*.[169] 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.[170] 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.[171] 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.[172]

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 controlled by the GOC's allocation of land-use (*i.e.*, not established through market principles) we will continue to

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[165] *See* GOCIQR at Exhibit ELEC-10.
[166] *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*).
[167] *Id*.
[168] *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).
[169] *Id*. at 2.
[170] *Id*.
[171] *Id*.
[172] *Id*.

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.[173] We used this benchmark in the CVD investigations of *Solar Cells from China* and *IMTDCs from China*.[174] We initially selected this information in the *Sacks from China* investigation after considering a number of factors, including national income levels, population density, and producers' perceptions that Thailand is a reasonable alternative to China as a location for Asian production.[175] We find that the benchmark continues to be suitable for these preliminary results, and we relied on it for our calculation of benefits to Sumitomo Rubber 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.).

XI. 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. *Export Buyer's Credits*

Commerce determined this program to be countervailable in the original investigation based on AFA.[176] Through this program, the Ex-Im Bank provides loans at preferential rates for the purchase of exported goods from China. As further explained in the "Use of Facts Otherwise Available and Adverse Inferences" section above, for this review we preliminarily determine, relying upon AFA, that this program provides a countervailable subsidy, and that Sumitomo Rubber used this program during the POR. On this basis, as explained above, we determine a countervailable subsidy rate of 4.99 percent *ad valorem* for Sumitomo Rubber for export buyer's credits.

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[173] *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).

[174] *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.

[175] 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.

[176] *See Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination in Part*, 80 FR 34888 (*Passenger Tires from China*), and accompanying IDM at 23.

2. Provision of Inputs for LTAR

a. Provision of Carbon Black, Nylon Cord, Synthetic Rubber and Butadiene, and Natural Rubber for LTAR

In the investigation, we determined that carbon black, natural rubber, nylon cord, and synthetic rubber and butadiene, were provided for LTAR and that a benefit existed for each respondent in the amount of the difference between the benchmark prices and the prices each respondent paid.[177] Our analysis of the limited information provided by the GOC indicates that certain producers of these inputs are SOEs.[178] As explained in the Public Bodies Memorandum, majority government-owned enterprises in China possess, exercise, or are vested with governmental authority.[179] 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. Further, for the reasons explained in the "Use of Facts Otherwise Available and Adverse Inferences" section above, we also preliminarily determine as AFA that the non-GOC-owned producers of carbon black, natural rubber, nylon cord, and synthetic rubber and butadiene purchased by the respondents are "authorities," and, as such, that their provision of carbon black, natural rubber, nylon cord, or 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 carbon black, natural rubber, nylon cord, and synthetic rubber and butadiene industries to confirm whether the programs are specific, pursuant to section 771(5A) of the Act; however, the GOC refused to provide the necessary information.[180] Therefore, we preliminarily find, based on AFA, that the GOC is providing carbon black, natural rubber, nylon cord, and synthetic rubber and butadiene for LTAR to a limited number of industries or enterprises, and, hence, that the subsidies under these programs are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act. Further, no new information has been presented on the record of this review to warrant revisiting our findings of specificity from the investigation.[181]

A benefit is conferred to the extent that carbon black, natural rubber, nylon cord, or synthetic rubber and butadiene are being provided for LTAR. As discussed above under the "Interest Rate Benchmarks, Discount Rates, Input, and Electricity Benchmarks" section, because we find that the Chinese markets for carbon black, natural rubber, nylon cord, and synthetic rubber and butadiene, were not distorted by government involvement, we are selecting Tier 1 benchmark prices, *i.e.*, market prices from actual transactions within the country under investigation, consistent with 19 CFR 351.511(a)(2)(i). Accordingly, we are basing our carbon black, natural

[177] *See Passenger Tires from China Preliminary Determination* PDM at 25-29, unchanged in *Passenger Tires from China Final Determination*; *see also* 19 CFR 351.511(a).
[178] *See* GOCIQR at 13, 23, 34, and 45.
[179] *See* Public Bodies Memorandum.
[180] *See* GOCIQR at 11-12.
[181] *See Magnola Metallurgy*, 508 F.3d at 1355; *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, 41005, (July 14, 2015), and accompanying IDM at 27.

rubber, nylon cord, and synthetic rubber and butadiene benchmarks on Sumitomo's import purchases of each of these inputs.

Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under Tier 1, 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 natural rubber, nylon cord, or synthetic rubber and butadiene 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 these comparisons, we preliminarily determine that carbon black, natural rubber, nylon cord, and synthetic rubber and butadiene were provided to the respondent for LTAR and that a benefit exists in the amount of the difference between the benchmark prices and prices paid by the respondent.[182] We calculated Sumitomo Rubber's program rates by dividing the amount of the benefit by appropriate total sales denominator. On this basis, we preliminarily determine a countervailable subsidy rate of 10.24 percent *ad valorem* for carbon black, 0.02 percent *ad valorem* for natural rubber, 0.08 percent *ad valorem* for nylon cord, and 5.03 percent *ad valorem* for synthetic rubber and butadiene.

b. Provision of Electricity for LTAR

In the original investigation, Commerce determined this program to be countervailable based on the application of AFA.[183] Likewise, for this review, as explained in the "Use of Facts Otherwise Available and Adverse Inferences" section above, we are preliminarily basing our determination regarding the GOC's provision of electricity, in part, on AFA. For these preliminary results, we determine that Sumitomo Rubber received a countervailable subsidy from electricity provided for LTAR.

As described above in more detail above, the GOC did not provide certain information requested regarding its provision of electricity to the company respondents and, as a result, we determine, as AFA, that the GOC is providing a financial contribution that is specific within the meaning of sections 771(5)(D)(iii) and 771(5A)(D) of the Act, respectively. 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 actual consumption volumes and rates paid reported by Sumitomo Rubber. We compared the rates paid by Sumitomo Rubber to the benchmark rates, which, as discussed below, are the highest rates charged in China during the POR. 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 to Sumitomo

[182] *See* 19 CFR 351.511(a).
[183] *See Passenger Tires from China* IDM at 17.

Rubber during the POR by summing the difference between the benchmark prices and the prices paid by Sumitomo Rubber.

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.[184] As explained earlier, 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.[185]

To calculate the subsidy rate, we divided the benefit amount by the appropriate total sales denominator, as discussed in the Sumitomo Rubber Preliminary Calculation Memorandum. On this basis, we preliminarily determine a countervailable *ad valorem* subsidy rate of 1.26 percent for Sumitomo Rubber.

c. Provision of Land-Use Rights for FIEs for LTAR

During the investigation, Commerce countervailed the provision of land to foreign-invested enterprises (FIEs) by the Kunshun Economic & Technical Development Zone, which Commerce found to be a financial contribution in the form of a provision of a good under section 771(5)(D)(iii) of the Act, and that the subsidy was export-contingent and, thus, specific within the meaning of section 771(5A)(A)-(B) of the Act. Commerce found that the benefit was greater than 0.5 percent of relevant sales and thus allocable.

For this review, Sumitomo Rubber reported that it is an FIE and that it and its affiliate SRC obtained land-use rights to six parcels of land from the GOC between 2002 and 2017.[186] We allocated the total unallocated benefit amounts across the terms of the land-use agreement, or a 50-year period where no time period was specified, using the standard allocation formula set forth under 19 CFR 351.524(d).[187] We divided the amount attributable to the POR by the appropriate sales denominator to determine as subsidy rate of 3.34 percent for Sumitomo Rubber.

3. *Other Subsidy Programs*

We preliminarily determine that the following grants and tax programs confer a financial contribution as a direct transfer of funds or foregoing of revenue otherwise due, under section 771(5)(D)(i) or (ii) 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 or forgoing of revenue otherwise due under section 771(5)(D)(i) or (ii) 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

[184] *See* GOCIQR at Exhibit ELEC-10.
[185] *See* "Application of AFA: Provision of Electricity for LTAR" section.
[186] *See* SRHIQR at Exhibit 8.
[187] *See Passenger Tires from China* IDM at 30.

domestic subsidy). We find that the respondent received the following non-recurring grants during the POR or AUL period:

- Assistance for Companies' Development and Improvement of Production Line and Range of Products
- Assistance for Deployment of Trade
- Assistance for Human Resources with High Technology
- Deductions for Withholding Tax Payment
- Income Tax Relief Regarding Environmental and Safety Investment

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 the grants over the AUL by dividing the approved grant amount by the company's total sales in the year of approval. If the approved amount 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 Sumitomo Rubber at 0.53 percent.[188]

B. Programs Preliminarily Determined to Be Not Used

1. Government Policy Lending
2. Export Credit Guarantees
3. Enterprise Income Tax Law, R&D Program
4. Two Free, Three Half Program for FIEs
5. Import Tariff and VAT Exemptions for Imported Equipment
6. Special Fund for Energy-Saving Technology Reform*
7. Fixed Asset Investment Subsidies*
8. Tax Awards
9. Export Seller's Credits from State-Owned Banks
10. Export Credit Insurance Subsidies
11. Preferential Loans to SOEs
12. Discounted Loans for Export-Oriented Enterprises
13. Provision of Land-Use Rights to Passenger Tire Producers for LTAR
14. Provision of Land-Use Rights for SOEs for LTAR
15. Provision of Land-Use Rights in Industrial and Other Special Economic Zones for LTAR
16. Income Tax Reductions for HNTEs
17. Income Tax Reduction for Advanced-Technology FIEs
18. Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs
19. Income Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment
20. VAT Refunds on FIE Purchases of Chinese-Made Equipment

[188] *See* Sumitomo Rubber Preliminary Calculation Memorandum at 5.

21. VAT Refunds for Domestic Firms on Purchases of Chinese-Made Equipment
22. VAT Exemptions and Deductions for Central Regions
23. State Key Technology Renovation Project Fund Program
24. Famous Brands Program
25. The Clean Production Technology Fund
26. Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces
27. Funds for "Outward Expansion" of Industries in Guangdong Province
28. Provincial International Market Development Fund Grant
29. Provincial Import Discount Loan Subsidy
30. Subsidies for Companies Located in the Hefei Economic and Technology Development Zone
31. Anhui Province Subsidies for FIEs
32. Hefei Municipal Export Promotion Policies
33. Cooper-Specific Subsidies
34. Subsidies for Companies Located in the Kunshan Economic and Technological Development Zone
35. Weihai Municipality Subsidies for the Automobile and Tire Industries
36. Subsidies for Companies Located in the Rongcheng Economic Development Zone

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

Sumitomo Rubber reported receiving benefits under various programs that did not confer a measurable benefit.[189] Based on the record evidence, we preliminarily determine that the benefits allocable to the POR 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.

1. Allowance For Investment Companies
2. Environment Related Program
3. Government Petty Allowance Regarding the fee for Proxy Payment of Personal Income Tax

[189] *See* SRHIQR at 27 and Exhibit 16.

XII. 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

8/31/2021

X 

Signed by: RYAN MAJERUS

Ryan Majerus
Deputy Assistant Secretary
for Policy and Negotiations

Appendix

Program	Rate	Source
Provision of Carbon Black for LTAR	10.24%	*current review*
Provision of Nylon Cord for LTAR	2.63%	*PVLT 2016*
Provision of Synthetic Rubber for LTAR	5.80%	*PVLT 2014-2015*
Provision of Natural Rubber for LTAR	8.15%	*PVLT Investigation*
Provision of Land-Use Rights for FIEs for LTAR	4.98%	*PVLT 2017*
Provision of Electricity for LTAR	2.08%	*PVLT 2014-2015*
Assistance for Companies' Development and Improvement of Production Line and Range of Products	0.48%	*current review*
Assistance for Deployment of Trade	0.02%	
Assistance for Human Resources with High Technology	0.01%	
Deductions for Withholding Tax Payment	0.01%	
Income Tax Relief Regarding Environmental and Safety Investment	0.01%	
Income Tax Programs	25.00%	
Government Policy Lending	4.99%	*PVLT 2017*
Export Credit Guarantees	4.99%	
Discounted Loans for Export-Oriented Enterprises	4.99%	
Preferential Loans to SOEs	4.99%	
Export Credit Insurance Subsidies	4.99%	
Export Seller’s Credits from State-Owned Banks	0.69%	*PVLT 2014-2015*
Export Buyers Credit	4.99%	*PVLT 2017*
Import Tariff and VAT Exemptions for Imported Equipment	0.62%	*PVLT 2016*
Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs	0.62%	
Income Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment	0.62%	
VAT Refunds on FIE Purchases of Chinese-Made Equipment	0.62%	
VAT Refunds for Domestic Firms on Purchases of Chinese-Made Equipment	0.62%	
VAT Exemptions and Deductions for Central Regions	0.62%	
Government Petty Allowance Regarding the fee for Proxy Payment of Personal Income Tax	0.62%	
Provision of Land-Use Rights to Passenger Tire Producers for LTAR	4.98%	*PVLT 2017*
Provision of Land-Use Rights to SOEs for LTAR	4.98%	
Provision of Land-Use Rights in Industrial and Other Special Economic Zones for LTAR	4.98%	
Other Grants	3.82%	

Special Fund for Energy-Saving Technology Reform	0.62%	*Chlorinated Isocyanurates from China;2014*
Fixed Asset Investment Subsidies	0.62%	
Tax Awards	0.62%	
Famous Brands Program	0.62%	
The Clean Production Technology Fund	0.62%	
Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces	0.62%	
Funds for "Outward Expansion" of Industries in Guangdong Province	0.62%	
Provincial International Market Development Fund Grant	0.62%	
Provincial Import Discount Loan Subsidy	0.62%	
Subsidies for Companies Located in the Hefei Economic and Technology Development Zone	0.62%	
Anhui Province Subsidies for FIEs	0.62%	
Hefei Municipal Export Promotion Policies	0.62%	
Cooper-Specific Subsidies	0.62%	
Subsidies for Companies Located in the Kunshan Economic and Technological Development Zone	0.62%	
Weihai Municipality Subsidies for the Automobile and Tire Industries	0.62%	
Subsidies for Companies Located in the Rongcheng Economic Development Zone	0.62%	
State Key Technology Renovation Project Fund Program	0.62%	
Allowance For Investment Companies	0.62%	
Environment Related Program	0.62%	
Total	**124.92%**	