



C-489-819

Administrative Review
POR: 01/01/2017 - 12/31/2017

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January 9, 2020

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for the Preliminary Results of
Countervailing Duty Administrative Review, and the Preliminary
Intent to Rescind, in Part: Steel Concrete Reinforcing Bar from the
Republic of Turkey; 2017

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the countervailing duty (CVD) order¹ on steel concrete reinforcing bar (rebar) from the Republic of Turkey (Turkey). The period of review (POR) is January 1, 2017 through December 31, 2017. The mandatory respondents are: Icdas Celik Enerji Tersane ve Ulasim Sanayi A.S. (Icdas), and Kaptan Demir Celik Endustrisi ve Ticaret A.S. (Kaptan Demir) and Kaptan Metal Dis Ticaret Ve Nakliyat A.S. (Kaptan Metal) (collectively, Kaptan). We preliminarily find that each mandatory respondent received a *de minimis* net countervailable subsidy rate for the POR.

II. BACKGROUND

We published the *Order* on November 6, 2014. On November 1, 2018, we published the notice of opportunity to request an administrative review of the *Order* for the period January 1, 2017 through December 31, 2017.² On November 29, 2018, Kaptan requested an administrative review.³ On November 30, 2018, Icdas, Colakoglu Dis Ticaret A.S. and Colakoglu Metahuji A.S. (collectively, Colakoglu), and Diler Demir Celik Endüstri ve Tic. A.S. (Diler) each

¹ See *Steel Concrete Reinforcing Bar from the Republic of Turkey: Countervailing Duty Order*, 79 FR 65926 (November 6, 2014) (*Order*).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 83 FR 54912, 54913 (November 1, 2018).

³ See Kaptan's Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Request for administrative review of CVD order," dated November 29, 2018.



requested an administrative review,⁴ and the Rebar Trade Action Coalition (the petitioner)⁵ requested a review of 24 producers/exporters of subject merchandise,⁶ which included Colakoglu, Diler, Icdas, and Kaptan. On February 6, 2019, we published the notice initiating a review of 24 producers/exporters of rebar from Turkey.⁷ In the *Initiation Notice*, we stated our intention to select respondents based on entry data sourced from U.S. Customs and Border Protection (CBP).⁸ We subsequently clarified that entries of subject merchandise produced and exported by Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S. (Habas) are excluded from the *Order*, but with respect to Habas, the *Initiation Notice* covers entries of merchandise: (1) produced by any other entity and exported by Habas; or (2) produced by Habas and exported by another.⁹ On March 14, 2019, we released the CBP data and requested comments from interested parties.¹⁰ The petitioner filed comments on March 21, 2019, and Kaptan filed rebuttal comments on March 27, 2019.¹¹ On May 7, 2019, we selected Icdas and Kaptan as the mandatory respondents in this review.¹²

On July 25, 2019, we extended the deadline for these preliminary results from September 11, 2019 to January 9, 2020.¹³

We issued the initial questionnaire on July 23, 2019.¹⁴ On August 13, 2019, we received timely responses to the affiliation questions contained within section III of the initial questionnaire from

⁴ See Icdas' Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Icdas' Request for CVD Administrative Review (2017 POR)," dated November 30, 2018; see also Colakoglu's Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Colakoglu's Request for CVD Administrative Review (2017 POR)," dated November 30, 2018; and Diler's Letter, "Steel Concrete Reinforcing Bar from Turkey; Request for administrative review of CVD order," dated November 30, 2018.

⁵ The individual members of the Rebar Trade Action Coalition are Byer Steel Group, Inc.; Commercial Metals Company; Gerdau Ameristeel US Inc.; Nucor Corporation; and Steel Dynamics, Inc.

⁶ See Petitioner's Letter, "Steel Concrete Reinforcing Bar from Turkey: Request for Administrative Review," dated November 30, 2018.

⁷ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 84 FR 2159, 2168 (February 6, 2019) (*Initiation Notice*).

⁸ *Id.*, 84 FR at 2159.

⁹ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 84 FR 9297, 9307 n.11 (March 14, 2019) (*Revised Initiation Notice*).

¹⁰ See Memorandum, "Results of Customs and Border Protection Query," dated March 14, 2019.

¹¹ See Petitioner's Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: RTAC's Comments on CBP Data and Respondent Selection," dated March 21, 2019; see also Kaptan's Letter, "Steel Concrete Reinforcing Bar from Turkey; Response to petitioners' comments on CBP data," dated March 27, 2019.

¹² See Memorandum, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Respondent Selection in Countervailing Duty Administrative Review for 2017," dated April 26, 2019 on the front page but signed on May 7, 2019.

¹³ See Memorandum, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Extension of Deadline for Preliminary Results in 2017 Countervailing Duty Administrative Review," dated July 25, 2019.

¹⁴ See Commerce's Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Initial Questionnaire in Countervailing Duty Administrative Review for 2017," dated July 23, 2019.

Icdas and Kaptan.¹⁵ On September 12, 2019, we received timely initial questionnaire responses from the Government of Turkey (GOT), Icdas, and Kaptan.¹⁶

On October 24, 2019, we issued supplemental questionnaires to Icdas and the GOT, requesting questionnaire responses with respect to certain of Icdas' affiliates.¹⁷ We received timely supplemental questionnaire responses from the GOT and Icdas.¹⁸

On September 27, 2019, the petitioner requested an extension of time to submit new subsidy allegations (NSAs), and we subsequently extended the deadline from October 2, 2019 to October 9, 2019. On October 9, 2019, the petitioner timely filed an NSA and requested that Commerce examine one additional program (*i.e.*, Super Incentive Scheme).¹⁹ Icdas submitted a response to the petitioner's NSA allegation,²⁰ and the petitioner replied to Icdas' comments.²¹ On December 30, 2019, we sent the petitioner a supplemental questionnaire regarding its NSA²² to which the petitioner replied on January 6, 2020.²³ Based on the evidence contained within the NSA, Icdas' rebuttal comments, and the petitioner's supplemental response, we find that it is redundant to a program we are already investigating as the Comprehensive Investment Incentives, and thus we are not initiating an investigation of this NSA. *See* New Subsidy Allegation section below.

On December 10, 2018, the petitioner submitted benchmark and other factual information.²⁴

¹⁵ *See* Icdas' August 13, 2018 Affiliation Response; *see also* Kaptan's August 13, 2019 Affiliation Response (Kaptan AFFR). Kaptan's response was dated August 13, 2019, but it was filed in ACCESS on August 12, 2019.

¹⁶ *See* GOT's September 12, 2019 Initial Questionnaire Response (GOT IQR); *see also* Kaptan's September 12, 2019 Initial Questionnaire Response (Kaptan IQR); and Icdas' September 12, 2019 Initial Questionnaire Response (Icdas IQR).

¹⁷ *See* Commerce's Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Supplemental Countervailing Duty Questionnaire for Icdas Celik Enerji Tersane ve Ulasim Sanayi A.S.," dated October 24, 2019, *see also* Commerce's Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Supplemental Countervailing Duty Questionnaire," dated October 24, 2019.

¹⁸ *See* Icdas' November 12, 2019 Supplemental Affiliation Response (Icdas SQR); *see also* GOT's November 18, 2019 Supplemental Questionnaire Response.

¹⁹ *See* Petitioner's Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: New Subsidy Allegation," dated October 9, 2019 (Petitioner's NSA).

²⁰ *See* Icdas' Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Icdas's Response to RTA NSA submission," dated October 14, 2019 (Icdas NSA Response).

²¹ *See* Petitioner's Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: Reply to Comments on New Subsidy Allegation," dated October 15, 2019 (Petitioner NSA Rebuttal).

²² *See* Commerce's Letter, "Countervailing Duty Administrative Review of Steel Concrete Reinforcing Bar from the Republic of Turkey: New Subsidy Allegation Supplemental Questionnaire," dated December 30, 2019 (NSA SuppQ).

²³ *See* Petitioner's Letter, "Steel Concrete Reinforcing Bar from the Republic of Turkey: New Subsidy Allegation Supplemental Questionnaire Response," dated January 6, 2020.

²⁴ *See* Petitioner's Letter, "Steel Concrete Reinforcing Bar from Turkey: Petitioner's Submission of Benchmark Information and All Other Factual Information," dated December 10, 2019.

III. INTENT TO RESCIND THE 2017 ADMINISTRATIVE REVIEW, IN PART

A. Agir Haddecilik A.S. (Agir), Asil Celik Sanayi ve Ticaret A.S. (Asil), Ege Celik Endustrisi Sanayi ve Ticaret A.S. (Ege), Ekinciler Demir ve Celik Sanayi Anonim Sirketi (Ekinciler), and Kocaer Haddecilik Sanayi ve Ticar (Kocaer)

We received timely filed no-shipments certifications from Agir, Asil, Ege, Ekinciler, and Kocaer.²⁵ On December 19, 2019, Commerce issued a no-shipment inquiry to CBP requesting any information that might contradict these companies' no-shipment claims.²⁶ We received no information from CBP that contradicts these companies' claims of no sales, shipments, or entries of subject merchandise to the United States during the POR.

Because there is no evidence on the record to indicate that Agir, Asil, Ege, Ekinciler, or Kocaer had entries, exports, or sales of subject merchandise to the United States during the POR, pursuant to 19 CFR 351.213(d)(3), we intend to rescind the review with respect to these companies.

A final decision on whether to rescind the review with respect to Agir, Asil, Ege, Ekinciler, and Kocaer will be made in the final results of this review.

B. Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S. (Habas)

Entries of merchandise produced and exported by Habas are not subject to countervailing duties under the *Order* because Commerce's final determination in the investigation was negative with respect to subject merchandise produced and exported by Habas.²⁷ However, any entries of merchandise produced by any other entity and exported by Habas or produced by Habas and exported by another entity are subject to the *Order*.

There is no evidence on the record of entries of merchandise produced by another entity and exported by Habas, or entries of merchandise produced by Habas and exported by another entity.

²⁵ See Agir's Letter, "Steel Concrete Reinforcing Bar from Turkey (C-489-819): Countervailing Duty Administrative Review (1/1/17 - 12/31/17)," dated February 22, 2019; see also Asil's Letter, "Steel Concrete Reinforcing Bar from Turkey (C-489-819): Countervailing Duty Administrative Review (1/1/17 - 12/31/17)," dated February 22, 2019; Ege's Letter, "Steel Concrete Reinforcing Bar from Turkey (C-489-819), Countervailing Duty Administrative Review (1/1/17 - 12/31/17), Certification Of No Sales," dated March 5 2019; Ekinciler's Letter, "Steel Concrete Reinforcing Bar from Turkey (C-489-819): Countervailing Duty Administrative Review (1/1/17 - 12/31/17)," dated February 21, 2019; and Kocaer's Letter, "2017 Countervailing Duty Administrative Review Involving Steel Concrete Reinforcing Bar from the Republic of Turkey: Notice of No Sales," dated February 21, 2019.

²⁶ See Memorandum, "Steel Concrete Reinforcing Bar from Turkey: No Shipment Customs Email and Reply from Customs," dated concurrently with this memorandum.

²⁷ See *Steel Concrete Reinforcing Bar from the Republic of Turkey: Final Affirmative Countervailing Duty Determination Final Affirmative Critical Circumstances Determination*, 79 FR 54963 (September 15, 2014) (*Turkey Rebar Final Determination*), and accompanying Issues and Decision Memorandum (IDM); see also *Revised Initiation Notice*, 84 FR at 9297, 9307 n.11 (clarifying that entries produced and exported by Habas are not subject to the *Order*).

Accordingly, we preliminarily find that Habas is not subject to this administrative review. Therefore, pursuant to 19 CFR 351.213(d)(3), we intend to rescind the review with respect to Habas. A final decision regarding the rescission will be made in the final results of this review.

IV. NEW SUBSIDY ALLEGATION

As noted above, the petitioner filed a new subsidy program allegation on October 9, 2019.

*Description:*²⁸ The petitioner alleges that the GOT established the Super Incentive Scheme pursuant to “The Law on Supporting Investment on a Project Basis and Amending Certain Laws and Decree Laws” (Law No. 6745) and Council of Ministries Decree No. 2016/9495 “Granting Project-Based Government Support for the Investment Decision.” According to the petitioner, eligibility for benefits under this program, as well as the package of benefits received, are determined by the Council of Ministers, which considers whether the investment will satisfy the current and future needs of Turkey in terms of the goals set by the economic development plans and the annual programs, ensures the supply security, reduces the foreign dependency, and achieves the technological evolvement. The petitioner further alleges that a variety of benefits are available under this program, including tax benefits, customs duty exemptions, rights of tenancy, coverage of insurance contributions, grants, and state partnerships. The petitioner also alleges that, in 2018, Yildiz Demir Celik, an iron-steel company, received benefits under this program. According to the petitioner, the GOT’s Tenth Development Plan seeks to increase Turkey’s international competitiveness and share of world exports. The petitioner asserts that included among the GOT’s policies to achieve this objective is increasing production and export capacity in areas such as smart building, building and construction materials, public transport and signaling systems, and giving priority to increasing the productivity of small firms in certain sectors, including metals. Thus, the petitioner concludes, promoting companies in the steel industry is consistent with the goals set by Turkey’s economic plans, one of the factors considered by the Council of Ministers in identifying investments that will receive benefits under this program. The petitioner asserts that given that the metals and mining industry is identified as a target of this program, as well as the stated objectives of the Tenth Development Plan, the steel industry including producers of rebar, are likely to use this program.

*Financial Contribution:*²⁹ The investment support, wage and insurance support, compensation for energy expenses, and interest support are funds disbursed by the GOT and, therefore, are financial contributions under section 771(5)(D)(i) of the Tariff Act of 1930, as amended (the Act). The exemption from corporate tax and customs duties are revenue forgone by the GOT and constitute financial contributions under section 771(5)(D)(ii) of the Act. The rent of government land and the free transfer of land is a provision of a good or service for less than adequate remuneration (LTAR) under section 771(5)(D)(iii) of the Act.

*Benefit:*³⁰ For the customs duty exemptions, the benefit is equal to the amount of tax that the recipient did not pay. For investment support, wage and insurance support, compensation for energy expenses, and interest support, the benefit is equal to the amount of funds received from

²⁸ See Petitioner’s NSA at 2-4.

²⁹ *Id.* at 4-5.

³⁰ *Id.* at 5.

the GOT. These are all benefits within the meaning of section 771(5)(E) of the Act. The rent of government land and the free transfer of land provides a benefit to the extent that the land is rent or conveyed for LTAR, with the meaning of section 1677(5)(E)(iv) of the Act.

*Specificity:*³¹ This subsidy is specific within the meaning of section 771(5A) of the Act. Specifically, only a limited number of companies have received benefits under this program (in 2018, only 19 companies received benefits under this program). Thus, this program is specific, pursuant to section 771(5A)(D)(iii)(I) of the Act. Additionally, as this program is aimed at only certain industries and the benefits received are within the discretion of the Council of Ministers, this program may also be specific pursuant to section 771(5A)(D)(iii)(IV) of the Act.

Support: We examined the evidence provided to support the allegation on the Petitioner's NSA, including all referenced exhibits therein.

Recommendation: The team recommends not initiating on the allegation as described in the Petitioner's NSA because we are already investigating this program under the name "Comprehensive Investment Incentives." According to the documentation the petitioner provided, the Super Incentive Scheme is provided under the same law (Law 6745) and the same implementing decree (Council of Ministers Decree No. 2016/9495) as the Comprehensive Investment Incentives that we initiated an investigation of in the last administrative review.³² In the Petitioner NSA Rebuttal, the petitioner stated that two similar programs could result from the same legislation.³³ While it is possible for two similar programs to result from the same legislation, the supporting documentation submitted last year and this year with regard to these programs both point to *the same Article in the same law* (Article 80), *the same decree*, as well as *the same incentive types*. It is less likely for two similar programs to result from the same Article of the same law.³⁴ We asked the petitioner to submit the law and the decree (the documentation it provided this year contained a link to the law and the decree) to demonstrate that there are two similar programs resulting from this law rather than just one program³⁵. The petitioner did not submit the law or the decree as requested, but continued to insist that there could be two different programs.³⁶ The petitioner asserted that it can only rely on the information reasonably available to it in the public domain.

The law and the implementing decree were reasonably available to the petitioner. As noted, above, there was a link in the documentation provided by the petitioner.³⁷ The petitioner failed to provide information reasonably available to it, even when specifically requested by

³¹ *Id.* at 5.

³² See Petitioner's NSA at page 2 of Exhibit 1; *see also* Icdas NSA Response at Exhibit 1 (at page 2 of Exhibit 2 of last year's allegation). Exhibit 1 of Icdas' letter contains excerpts of last year's new subsidy allegation.

³³ See Petitioner's NSA Rebuttal at 1-2.

³⁴ See Petitioner's NSA at page 1 of Exhibit 3; *see also* Icdas NSA Response at Exhibit 1 (at page 1 of Exhibit 1 of last year's allegation). All documentation cites to the investment incentive program being located at Article 80 of the law. They also point to the same incentive types. (*Emphasis added.*)

³⁵ See NSA SuppQ.

³⁶ See NSA SQR.

³⁷ See Petitioner's NSA at page 5 of Exhibit 1.

Commerce. Thus, based on the documentation on the record, we find that the Comprehensive Investment Incentive and the Super Incentive Scheme to be the same program.

Accordingly, we are not initiating on the Super Incentive Scheme as a separate program because we are already investigating this program under the name Comprehensive Investment Incentives. However, we will now refer to the Comprehensive Investment Incentives program as “also known as the Super Incentive Scheme.” Recent documentation submitted by the petitioner shows that the incentive program resulting from Article 80 of Law 6745 is also known as the Super Incentive Scheme (and the law is referred to as the Super Incentive Act).³⁸ Moreover, if during the course of this case we find that there are, in fact, two distinct programs, we may also investigate the Super Incentive Scheme as a separate program.

V. NON-SELECTED RATE

The statute and Commerce’s regulations do not address the establishment of a rate to be applied to individual respondents not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(e)(2) of the Act. Generally, Commerce looks to section 705(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents which we did not examine in an administrative review. Section 705(c)(5)(A)(i) of the Act articulates a preference that we are not to calculate an all-others rate using rates which are zero, *de minimis*, or based entirely on facts available. Accordingly, to determine the rate for companies not selected for individual examination, Commerce’s practice is to weight average the net subsidy rates for the selected mandatory companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.³⁹ Section 705(c)(5)(A)(ii) of the Act also provides that, where all rates are zero, *de minimis*, or based entirely on facts available, we may use “any reasonable method” for assigning the all-others rate.

In CVD proceedings, where the number of respondents being individually examined has been limited, Commerce has determined that a “reasonable method” to use to determine the rate applicable to companies that were not individually examined when all the rates of selected mandatory respondents are zero or *de minimis* is to assign to the non-selected respondents the average of the most recently determined rates that are not zero, *de minimis*, or based entirely on facts available.⁴⁰ However, if a non-selected respondent has its own calculated rate that is contemporaneous with or more recent than such previous rates, Commerce has found it

³⁸ See Petitioner’s NSA at Exhibit 5.

³⁹ See, e.g., *Certain Pasta from Italy: Final Results of the 13th (2008) Countervailing Duty Administrative Review*, 75 FR 37386, 37387 (June 29, 2010).

⁴⁰ See, e.g., *Circular Welded Carbon Steel Pipes and Tubes from Turkey: Final Results of Countervailing Duty Administrative Review; Calendar Year 2012 and Rescission of Countervailing Duty Administrative Review, in Part*, 79 FR 51140 (August 27, 2014); see also *Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 46770 (August 11, 2014), and accompanying IDM at “Non-Selected Rate.”

appropriate to apply that calculated rate to the non-selected respondent, even when that rate is zero or *de minimis*.⁴¹

In the Turkey Rebar Third Review, the most recently completed administrative review of this order, we calculated a net subsidy rate of 1.82 percent *ad valorem* for Colakoglu Dis Ticaret A.S. and Colakoglu Metalurji A.S.⁴² Therefore, consistent with Commerce's practice, described above, we are assigning the rate of 1.82 percent *ad valorem* to Colakoglu Dis Ticaret A.S. and Colakoglu Metalurji A.S., based on the companies' rate calculated in the prior review.

With regard to the 13 remaining non-selected companies, for which an individual rate was not calculated, we are assigning the rate of 2.29 percent *ad valorem*, which is the average of the above *de minimis* rates calculated in the last review.⁴³

VI. SCOPE OF THE ORDER

The merchandise subject to this order is steel concrete reinforcing bar imported in either straight length or coil form (rebar) regardless of metallurgy, length, diameter, or grade. The subject merchandise is classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) primarily under item numbers 7213.10.0000, 7214.20.0000, and 7228.30.8010.

The subject merchandise may also enter under other HTSUS numbers including 7215.90.1000, 7215.90.5000, 7221.00.0015, 7221.00.0030, 7221.00.0045, 7222.11.0001, 7222.11.0057, 7222.11.0059, 7222.30.0001, 7227.20.0080, 7227.90.6085, 7228.20.1000, and 7228.60.6000. Specifically excluded are plain rounds (*i.e.*, non-deformed or smooth rebar). Also excluded from the scope is deformed steel wire meeting ASTM A1064/A1064M with no bar markings (*e.g.*, mill mark, size, or grade) and without being subject to an elongation test. HTSUS numbers are provided for convenience and customs purposes; however, the written description of the scope remains dispositive.

VII. SUBSIDIES VALUATION INFORMATION

A. Allocation Period

Commerce normally allocates the benefits from non-recurring subsidies over the average useful life (AUL) of renewable physical assets used in the production of subject merchandise. The AUL in this proceeding is 15 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System.⁴⁴ No party in this review disputed the allocation period.

⁴¹ See, *e.g.*, *Circular Welded Carbon Steel Pipes and Tubes from Turkey: Final Results of Countervailing Duty Administrative Review; Calendar Year 2012 and Rescission of Countervailing Duty Administrative Review*, in *Part*, 79 FR 51140 (August 27, 2014); see also *Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 46770 (August 11, 2014), and accompanying IDM at "Non-Selected Rate."

⁴² See *Steel Concrete Reinforcing Bar from the Republic of Turkey: Final Results and Partial Rescission of Countervailing Duty Administrative Review; 2016*, 84 FR 36051 (July 26, 2019) (*Final Results 2016 Review*).

⁴³ *Id.*

⁴⁴ See *Turkey Rebar Final Determination* IDM at "Allocation Period."

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), based on the nature of the program, for the same year. If the amount of the subsidies is less than 0.5 percent of the relevant sales value, then the benefits are allocated to the year of receipt rather than across the AUL. Based on this test, we allocated benefits over the AUL in this review.

B. Cross-Ownership

In accordance with 19 CFR 351.525(b)(6)(i), Commerce will normally attribute a subsidy to the products produced by the company that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(v) directs that Commerce will attribute subsidies received by certain other companies to the combined sales of those companies if: (1) cross-ownership exists between the companies; and (2) the cross-owned companies produce the subject merchandise; are a holding or parent company of the subject company; produce an input that is primarily dedicated to the production of the downstream product; or transfer a subsidy to a cross-owned company.

In accordance with 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 standard will normally be met where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. The *Preamble* to Commerce’s regulations further clarifies Commerce’s cross-ownership standard.⁴⁵ According to the *Preamble*, relationships captured by the cross-ownership definition include those where:

{T}he interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits) Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a “golden share” may also result in cross-ownership.⁴⁶

Thus, Commerce’s regulations make clear that the agency must look at the facts presented in each case to determine whether cross-ownership exists. The U.S. Court of International Trade (CIT) has upheld Commerce’s authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.⁴⁷

⁴⁵ See *Countervailing Duties, Final Rule*, 63 FR 65348 (November 25, 1998) (*Preamble*).

⁴⁶ *Id.*, 63 FR at 65401.

⁴⁷ See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

1. Icdas

Icdas is a privately-owned corporation and parent company of a group of companies (*i.e.*, the Icdas Group) whose operations include steel manufacturing, steel trading, ocean and inland transportation, freight brokerage, insurance, electricity generation, and electricity trading, in addition to construction, tourism, travel, and catering.⁴⁸ All companies in the Icdas Group have common family ownership, corporate officers, and interlocking directorates.⁴⁹

Icdas is the Icdas Group's main manufacturer and exporter of rebar to the United States.⁵⁰ In this review, Icdas responded on behalf of itself and the following affiliates, which sold scrap rebar to Icdas: Mardas Marmara Deniz Isletmeciligi A.S. (Mardas), Oraysan Insaat Sanayi ve Ticaret A.S. (Oraysan), Artmak Denizcilik Ticaret ve Sanayi A.S. (Artmak), Artım Demir İnşaat Turizm Sanayi Ticaret Ltd. Sti. (Artım), Anka Entansif Hayvancılık Gıda Tarım Sanayi ve Ticaret A.S. (Anka), and Eras Taşımacılık Taahhut Insaat ve Ticaret A.S. (Eras).⁵¹ Based on common family ownership, all these companies meet the definition of cross-ownership at 19 CFR 351.525(b)(6)(vi). Commerce preliminarily determines that the production of scrap is primarily dedicated to the production of the downstream product (Icdas is a fully integrated producer that produces billet from scrap, and rebar from billet) in accordance with 19 CFR 351.525(b)(6)(iv).⁵² Further, because these were involved in the production of rebar during the POR, either as producers of subject merchandise or as suppliers of scrap for rebar production, we preliminarily find that these companies meet the requirements of the attribution rules under 19 CFR 351.525(i) and (iv); thus, we have included these companies in our subsidy analysis.

Concerning the other Icdas-affiliated companies, which are involved in domestic market sales, port loading and handling services, transportation and accommodation services, vessel services, insurance, freight brokerage, and travel and catering services,⁵³ we preliminarily find that these companies do not meet the attribution rules under 19 CFR 351.525. Therefore, we have not included these companies in our subsidy analysis.

2. Kaptan

Kaptan Demir is a privately-owned corporation and parent company of a group of companies (*i.e.*, the Kaptan Group) whose operations include, but are not limited to, steel manufacturing, steel trading, ocean and inland transportation, construction, shipping agency, and seaport operations.⁵⁴ Kaptan Demir is the sole manufacturing company of subject merchandise.⁵⁵ Kaptan also provided responses on behalf of the following affiliates during the POR: Kaptan Is Makinalari Hurda Alim Satim Ltd. Sti. (Kaptan Is Makinalari) and Efesan Demir San. Ve Tic.

⁴⁸ See Icdas AFFR at 3.

⁴⁹ *Id.* at 5.

⁵⁰ *Id.* at 3.

⁵¹ These companies provided scrap to Icdas. See Icdas AFFR at 5.

⁵² See Kaptan IQR at 4.

⁵³ See Icdas AFFR at 3 and Exhibit 1.

⁵⁴ See Kaptan AFFR at 3 and Exhibit 1.

⁵⁵ See Kaptan AFFR at 3.

A.S. (Efesan), which sold scrap rebar to Kaptan.⁵⁶ Commerce preliminarily determines that the production of scrap is primarily dedicated to the production of the downstream product (Kaptan Demir is a fully integrated producer that produces billet from scrap, and rebar from billet) in accordance with 19 CFR 351.525(b)(6)(iv).⁵⁷

All of the Kaptan Group companies are ultimately owned by members of the Cebi family.⁵⁸ Kaptan Demir's primary shareholders are members of the Cebi family, their children and spouses, and there is significant overlap in the executive management of all Kaptan Group companies.⁵⁹ Because the Kaptan Group companies are either directly or indirectly owned or managed by the Cebi family, they satisfy the definition of cross-ownership at 19 CFR 351.525(b)(6)(vi). Further, because the Kaptan Group companies were involved in the production of rebar during the POR, either as producers of subject merchandise or as suppliers of scrap for rebar production, we preliminarily find that the Kaptan Group companies meet the requirements of the attribution rules under 19 CFR 351.525(i) and (iv); thus, we have included these companies in our subsidy analysis.

C. Denominators

In accordance with 19 CFR 351.525(b)(1)-(5), Commerce considers the basis for a respondent's receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondent's export 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). In the "Programs Preliminarily Determined to Be Countervailable" section below, we describe the denominator used to calculate the subsidy rates.

D. Loan Benchmarks and Discount Rates

We are examining export financing provided by the GOT under the Rediscount Program. To determine whether government provided loans confer a benefit, we use, where possible, company-specific interest rates for comparable commercial loans.⁶⁰ Under 19 CFR 351.505(a)(2)(iv), when calculating a company-specific short-term benchmark interest rate, Commerce will normally "use an annual average of the interest rates on comparable commercial loans during the year in which the government provided loan was taken out, weighted by the principal amount of each loan." Further, when loans are denominated in a foreign currency, 19 CFR 351.505(a)(2)(i) directs us to use a benchmark denominated in the same foreign currency as the government provided loan. Icdas and Kaptan reported that they paid interest against rediscount loans during the POR and provided short-term U.S. dollar (USD) commercial loan data for benchmarking purposes.⁶¹

⁵⁶ *Id.* Kaptan also provided a response on behalf of Martas Marmara Ereglisi Liman Tesisleri A.S. (Martas), which sold scrap rebar to Kaptan in past reviews. In this review, Martas did not sell scrap rebar to Kaptan, so we do not consider to be Martas to be cross-owned for this review.

⁵⁷ See Kaptan IQR at 4.

⁵⁸ See Kaptan AFFR at 4.

⁵⁹ *Id.*

⁶⁰ See 19 CFR 351.505(a)(2)(i).

⁶¹ See Icdas IQR at CVD-22; see also Kaptan IQR at Exhibit 25.

To calculate the benefit from the rediscount loans, we preliminarily used USD short-term commercial loans that originated in 2017 to derive a weighted-average benchmark rate specific to each respondent, because those are comparable commercial loans that the companies could actually obtain on the market during the POR pursuant to 19 CFR 351.505(a)(3).⁶²

To calculate the benefit from the Investment Incentive Certificates program, we relied on long-term interest rates taken from *International Financial Statistics*, published by the International Monetary Fund.

VIII. ANALYSIS OF PROGRAMS

Based on our analysis of the record information, we preliminarily find the following:

A. Programs Preliminarily Determined To Be Countervailable

1. Rediscount Program

Icdas and Kaptan Demir reported that they paid interest on rediscount export loans which were outstanding during the POR.⁶³ We found this export loan program to be countervailable in the underlying investigation and subsequent administrative reviews.⁶⁴ This loan program is administered by the Export Credit Bank of Turkey (Turk Eximbank) and provides financial support to Turkish exporters, manufacturer-exporters, and manufacturers supplying exporters.⁶⁵ The Turk Eximbank provides pre-shipment financing through intermediary commercial banks in foreign currency or Turkish Lira, and requires collateral from the borrower in the form of promissory notes or bonds payable.⁶⁶

In this review, the GOT reported no changes to the program during the POR that would affect the countervailability of the program.⁶⁷ We, therefore, continue to find that this loan program confers a countervailable subsidy within the meaning of section 771(5) of the Act. The loans constitute a financial contribution in the form of a direct transfer of funds from the GOT to the

⁶² This approach is consistent with Commerce's practice in prior cases. See, e.g., *Circular Welded Carbon Steel Pipes and Tubes from Turkey: Final Results of Countervailing Duty Administrative Review; Calendar Year 2015*, 82 FR 47479 (October 12, 2017) (*Turkey Pipe Final Results 2015*), and accompanying IDM at Comment 2; see also *Coated Free Sheet Paper from the Republic of Korea: Notice of Final Affirmative Countervailing Duty Determination*, 72 FR 60639 (October 25, 2007), and accompanying IDM at Comment 19; and *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review*, 77 FR 13093 (March 5, 2012), and accompanying IDM at Comment 1.

⁶³ See Icdas IQR at CVD-37; and Kaptan IQR at 21.

⁶⁴ See *Turkey Rebar Final Determination* IDM at "Rediscount Program"; see also *Steel Concrete Reinforcing Bar from the Republic of Turkey: Final Results and Partial Rescission of Countervailing Duty Administrative Review; 2014*, 82 FR 26907 (June 12, 2017) (*Final Results 2014 Review*), and accompanying IDM at "Rediscount Program"; *Steel Concrete Reinforcing Bar from the Republic of Turkey: Final Results and Partial Rescission of Countervailing Duty Administrative Review; 2015*, 83 FR 16051 (April 13, 2018) (*Final Results 2015 Review*), and accompanying IDM at "Rediscount Program"; and *Final Results 2016 Review* IDM at "Rediscount Program."

⁶⁵ See GOT IQR at 40 and Exhibit 16; see also *Turkey Rebar Final Determination* IDM at "Rediscount Program."

⁶⁶ See GOT IQR at 40 and Exhibit 16; see also *Turkey Rebar Final Determination* IDM at "Rediscount Program."

⁶⁷ See GOT IQR at 40.

respondents under 771(5)(D)(i) of the Act. The program is also specific in accordance with section 771(5A)(B) of the Act because receipt of the loans is contingent upon export performance.

A benefit exists under section 771(5)(E)(ii) of the Act and 19 CFR 351.505(a)(1) equal to the difference between the amount of interest (plus any fees) the company would have paid on comparable commercial loans and the amount of interest (plus any fees) the company actually paid on the rediscount loans during the POR. Because a borrower pays the interest due upfront when the loan is received, to compute the benefit, we applied a discounted benchmark interest rate calculated using each respondent's short-term weighted-average commercial USD interest rate data, as discussed above at "Benchmarks for Short-Term Financing," and following the methodology used for this program in prior reviews. For each respondent, we summed the benefits from the loans and from that amount, in accordance with section 771(6)(A) of the Act, subtracted the fees that each respondent paid for guarantees required for receipt of the loans. We then divided the adjusted benefit amount for each respondent by its total export sales for 2017. On this basis, we preliminarily calculate a net countervailable subsidy rate of 0.19 percent *ad valorem* for Kaptan.⁶⁸ The net countervailable subsidy rate for Icdas was less than 0.005 percent *ad valorem*, which is considered non-measurable under our practice and, thus, excluded from the company's total rate.⁶⁹

2. Purchase of Electricity Generated from Renewable Resources for More Than Adequate Remuneration (MTAR) – Renewable Energy Sources Support Mechanism (YEKDEM)

Icdas, the only respondent company that generates renewable energy, participated in YEKDEM during the POR.⁷⁰ We found this program to be countervailable in the last administrative review.⁷¹

The GOT reported that power producers generating electricity from renewable energy sources can voluntarily participate in an alternative mechanism, known as YEKDEM.⁷² Under this price support program, the GOT guarantees that participating electricity producers using renewable energy sources will obtain a certain minimum price for electricity sold through Enerji Piyasaları İşletme A.Ş. (EPIAS), the electricity marketplace operator.⁷³ The guaranteed minimum price is calculated by the GOT based on the type of renewable energy source and whether the producer purchased domestically produced equipment for its power plant.⁷⁴ If the YEKDEM producer's

⁶⁸ See Memorandum, "Preliminary Results Calculations for Kaptan," dated concurrently with this Preliminary Decision Memorandum (Kaptan Preliminary Calculations).

⁶⁹ See Memorandum, "Preliminary Results Calculations for Icdas," dated concurrently with this Preliminary Decision Memorandum (Icdas Preliminary Calculations).

⁷⁰ See Icdas IQR at CVD-20; and GOT IQR at 38.

⁷¹ See *Final Results 2016 Review* IDM at 8.

⁷² See GOT IQR at 36.

⁷³ *Id.*

⁷⁴ *Id.* at 36-37; see also *Steel Concrete Reinforcing Bar From the Republic of Turkey: Preliminary Results of Countervailing Duty Administrative Review and Intent To Rescind the Review in Part*; 2016, 83 FR 63472

electricity sells for below the guaranteed minimum price, then, pursuant to Law No. 5346, *all* non-YEKDEM EPIAS suppliers are billed for a portion of the difference between the minimum price and the actual EPIAS price, and the YEKDEM suppliers receive commensurate support payments out of the proceeds.⁷⁵ Icdas reported receiving such support payments from YEKDEM for all eligible months of the POR.⁷⁶

Icdas claims that in 2017 and 2018, the Ministry of Energy concluded that the equipment used did not conform to the local equipment requirements, and the local contribution was, therefore, decreased.⁷⁷ Icdas asserts that this consequently led to an effective reduction to the YEKDEM price in 2017.⁷⁸ Icdas provided notifications issued by EPIAS dated after the POR, in which EPIAS requested Icdas to repay the local contribution, including principal and interest.⁷⁹ In the last administrative review, Icdas made similar arguments, and we stated that repayments and demands for repayment were made after the POR.⁸⁰ Thus, we found that whether the repayments constitute an offset to the calculated benefit is something to be considered in a subsequent review. Moreover, we found the only requirement to apply for and benefit from the YEKDEM program is to sell electricity produced by renewable sources, and that Icdas' payments and repayments to EPIAS are not among the permissible offsets enumerated in our statute.⁸¹ The letters referencing additional payment were dated after the POR, and Icdas has provided no new information on how these payments are among the permitted offsets under the statute.⁸² Therefore, we have not deducted the amount from the EPIAS notices from the total benefit for 2017.

In this review, the GOT reported no changes to the program during the POR that would affect the countervailability of the program.⁸³ We, therefore, continue to find that this program confers a countervailable subsidy within the meaning of section 771(5) of the Act. The program provides a financial contribution within the meaning of sections 771(5)(B)(iii) and 771(5)(D)(i) of the Act because, through a government regulation, the GOT is directing a direct transfer funds (*i.e.*, the YEKDEM support amount) from non-YEKDEM EPIAS sellers to YEKDEM participants that sold electricity through the EPIAS marketplace for less than the guaranteed minimum price. This program is *de jure* specific under section 771(5A)(D)(i) of the Act because it is limited by law to renewable energy producers.

This program provides price support payments in the form of recurring grants. The record, as described above, demonstrates that, in this situation, the government is not acquiring or

(December 10, 2018) (*Prelim Results 2016 Review*), and accompanying Preliminary Decision Memorandum (PDM) at 15-16, unchanged in *Final Results 2016 Review*.

⁷⁵ See GOC IQR at 36-37. See also *Prelim Results 2016 Review* PDM at 15-16, unchanged in *Final Results 2016 Review*.

⁷⁶ See Icdas IQR at Exhibit CVD-10.

⁷⁷ *Id.* at CVD-24.

⁷⁸ *Id.*

⁷⁹ See at CVD 24 and Exhibit CVD-11.

⁸⁰ See *Final Results 2016 Review* IDM at Comment 5.

⁸¹ *Id.* (citing section 771(5)(E) of the Act).

⁸² See Icdas IQR at CVD-24 and Exhibit-11.

⁸³ See GOT IQR at 36-38.

procuring goods but, rather, facilitating a market between the respondent and its customer through the provision of assistance to certain companies. This assistance, although referred to as “payments” by the GOT and Icdas, does not constitute payments in exchange for goods, but, rather, grants provided to companies that generate electricity using certain fuel sources, and a direct transfer of funds from the GOT to the respondent.⁸⁴ Therefore, this program provides a benefit in the amount of the support payments to the respondent, as reported by Icdas, in accordance with 19 CFR 351.504(a). Treating the benefit amount as a recurring grant, we divided the total payment amount by the total sales denominator to determine a subsidy rate for the POR.⁸⁵ Thus, we preliminarily calculate a net countervailable subsidy rate of 0.22 percent *ad valorem* for Icdas.⁸⁶

Kaptan reported that neither it nor its responding affiliates used this program.⁸⁷

3. Investment Incentive Certificates

The Council of Ministers’ Decree 2012/3305, which has been in effect since June 2012, provides companies with investment incentive certificates to receive customs duty exemptions on imported machinery and equipment, as well as value-added tax (VAT) exemptions for both imported and domestic purchases of machinery and equipment.⁸⁸ The Ministry of Economy administers this program, also known as the Investment Encouragement Program (IEP).⁸⁹ According to the GOT, this program is designed to, *inter alia*, channel savings into value-added investments, and to increase production and employment rates, international competitiveness, and foreign direct investments.⁹⁰

Decree 2012/3305 stipulates different minimum investment amounts for participation in this program.⁹¹ These minimum amounts are based on the region in which an investment is made (*i.e.*, companies applying for this program in Regions 1 and 2 must make a minimum 1,000,000 Turkish lira (TL) investment, while companies in Regions 3, 4, 5 and 6 must make a minimum 500,000 TL investment).⁹² Article 9 of Decree 2012/3305, which regulates customs duty exemptions, excludes certain items from this benefit (*e.g.*, tow trucks, furniture, forklifts, concrete pumps, and used print, press, and textile equipment).⁹³ Additionally, Article 10, which regulates VAT exemptions, limits this benefit for building construction expenditures to those

⁸⁴ See *Biodiesel from the Republic of Indonesia, Final Affirmative Countervailing Duty Determination*, 82 FR 53471 (November 16, 2017) (*Indonesian Biodiesel*), and accompanying IDM at Comment 2 (where Commerce determined similar support payments provided to biodiesel producers that sold at less than market value to fuel blenders constituted grants, not MTAR).

⁸⁵ Although Commerce typically treats grants as non-recurring, grants of this nature tied to sales of a product (not to capital expenses) that a respondent can expect to receive on an annual basis as the result of the structure of the subsidy program are treated as recurring. See *Indonesian Biodiesel*.

⁸⁶ See Icdas Preliminary Calculations.

⁸⁷ See Kaptan IQR at 15.

⁸⁸ See *Prelim Results 2016 Review* PDM at 16-19, unchanged in *Final Results 2016 Review*.

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*

over a fixed investment amount of 500,000,000 TL.⁹⁴ Moreover, Decree 2012/3305 excludes numerous sectors from participation in this program.⁹⁵ In this review, the GOT reported no changes to the program during the POR that would affect the countervailability of the program.⁹⁶ We therefore continue to find this program is specific under section 771(5A)(D)(i) of the Act, and regionally specific under section 771(5A)(D)(iv) of the Act. Additionally, this program provides a financial contribution pursuant to section 771(5)(D)(ii) of the Act in the form of revenue forgone by the GOT.

In prior segments of the *Order*, Commerce examined this program as a tax program, and countervailed the amounts of import duties and VAT that were exempted during the review or investigation period, based upon each purchase, performed the 0.5 percent test on the forgone taxes and duties, and either expensed the benefit in the year of receipt or allocated the benefit, in accordance with 19 CFR 351.524(c)(2)(iii) and (d)(1). However, in the last administrative review, Commerce revised its analysis of this program.⁹⁷ The GOT reported that under this program, exempted import duties and VAT remain payable to the GOT, with interest, if the exempted company fails its final onsite inspection by the GOT to close out the relevant investment incentive certificate and issue a “completion visa.”⁹⁸ Thus, pending a successful close-out of the investment incentive certificate, the company continues to be liable for the exempted duties and VAT. It is Commerce’s practice to treat any balance on an unpaid liability, that may be waived in the future, as a contingent-liability interest-free loan pursuant to 19 CFR 351.505(d)(1). Accordingly, because the unpaid IEP duties and VAT under the program are a liability contingent on subsequent events, we regard the unpaid amounts as an interest-free contingent-liability loan. Thus, we find that the amount the respondent would have paid during the POR, had it borrowed the full amount of the duty and VAT exemption or reduction at the time of importation, to constitute the first benefit under the IEP customs duty and VAT exemption program.

Furthermore, we find that a second benefit arises based on the amount of customs duties and VAT forgone by the GOT on the imports and/or domestic purchases covered by an IEP certificate at the time the GOT certifies that the investment requirements have been met and issues a completion visa. Pursuant to 19 CFR 351.505(d)(2), under such circumstances, we treat the total customs duty and VAT exemptions under a given IEP certificate as grants received in the year in which the GOT waived the contingent liability on those exemptions. Additionally, in accordance with 19 CFR 351.524(c)(2)(iii), because the import duty and VAT exemptions under this program are approved for the purchase of capital equipment, and thus tied to the company’s capital assets, we are treating the exemptions as a non-recurring benefit as of the date of the receipt of the completion visa from the GOT.

⁹⁴ *Id.*

⁹⁵ *Id.*

⁹⁶ See GOT IQR at 40.

⁹⁷ See *Prelim Results 2016 Review* PDM at 16-19, unchanged in *Final Results 2016 Review*; see also *Welded Line Pipe from the Republic of Turkey*, *Final Results of Countervailing Duty Administrative Review*, 2015, 83 FR 34113 (July 19, 2018) (*Welded Line Pipe from Turkey 2015*), and accompanying IDM at 7-11.

⁹⁸ See *Prelim Results 2016 Review* PDM at 17, unchanged in *Final Results 2016 Review*.

Icdas and its cross-owned companies, Eras, Anka, and Oraysan, reported imports under this program during the POR, and accordingly paid no customs duties or VAT on those imports.⁹⁹ In addition, Eras and Oraysan received income tax reductions related to the investments under this program.¹⁰⁰

Record evidence shows that Icdas' certificates are related to shipbuilding and electricity generation, while Eras, Anka, and Oraysan received certificates related to shipbuilding, livestock raising, and railway conveyance.¹⁰¹ We find that the investment incentive certificates related to shipbuilding, livestock raising, and railway conveyance are tied to the production of and/or investment in non-subject merchandise. However, consistent with the last administrative review, we are countervailing benefits from certificates related to electricity generation.¹⁰²

Certain imports entered pursuant to certificates completed during the POR.¹⁰³ Therefore, the import duty and VAT exemptions received by Icdas constitute deferrals on the payment of the import duties and VAT during the POR, *i.e.*, contingent liabilities within the meaning of 19 CFR 351.505(d) for all or part of the POR. Consistent with *Final Results 2016 Review* and *Welded Line Pipe from Turkey 2015*, we are calculating a subsidy rate based on the interest otherwise payable on the amounts outstanding during the POR before completion.¹⁰⁴

As indicated above, the time period between exempted importation under the program and the final waiver of liabilities, in the form of a "completion visa" issued by the GOT, may span a certain number of years. As such, pursuant to 19 CFR 351.505(d)(1), the benchmark for measuring this benefit is a long-term interest rate, because the event upon which repayment of the duties is contingent (*i.e.*, the date of expiration of the time period to satisfy the contingency) occurs at a point in time that is more than one year after the date of importation of the capital goods. Accordingly, for the benchmark interest rate, we used the long-term interest rate as discussed in the "Loan Benchmarks and Interest Rates" section, above. We calculated a daily interest rate based on the long-term benchmark interest rate for the year in which the capital good was imported. We then multiplied the daily rate by the number of days the loan was outstanding during the POR, and by the amount of unpaid customs duties and VAT under Icdas' investment incentive certificates. We summed these amounts to determine the total benefit from the interest free liability. For certificates completed during the POR, we calculated an additional benefit in the amount of the total import duty and VAT waived for the duration of each certificate pursuant to completion. After first performing the "0.5 percent test" of 19 CFR 351.524, we expensed this amount to the POR in accordance with 19 CFR 351.524(b)(2).

To calculate the net countervailable subsidy rate attributable to Icdas, we divided the total benefit to Icdas, determined as discussed above, by the company's total sales during the POR. On this

⁹⁹ See Icdas IQR at CVD-40-42; and Icdas SQR at S-22-24.

¹⁰⁰ See Icdas SQR at S-27-28.

¹⁰¹ See Icdas IQR at CVD-40-42 and Exhibits CVD 23-26; and Icdas SQR at S-22-24 and Exhibits S-15-18.

¹⁰² See *Prelim Results 2016 Review* PDM at "Investment Incentive Certificates," unchanged in *Final Results 2016 Review*.

¹⁰³ See Icdas IQR at Exhibit CVD-25.

¹⁰⁴ See *Prelim Results 2016 Review* PDM at "Investment Incentive Certificates," unchanged in *Final Results 2016 Review*; see also *Welded Line Pipe from Turkey 2015* IDM at 7-11.

basis, we preliminarily find that Icdas received a net countervailable subsidy rate of 0.19 percent *ad valorem* for this program.¹⁰⁵

Kaptan reported that neither they nor any of their responding affiliates used this program.¹⁰⁶

B. Programs Preliminarily Determined Not To Be Countervailable

1. Social Security Premium Support for Hiring New Employees Who Were Previously Unemployed

Icdas self-reported use of this program.¹⁰⁷ We previously found this program to be not countervailable.¹⁰⁸ There is no new information to change this finding, and, thus, we continue to find it not countervailable.

2. Social Security Premium Support Under Law 4857

Icdas self-reported use of this program.¹⁰⁹ We previously found this program to be not countervailable.¹¹⁰ There is no new information to change this finding, and, thus, we continue to find it not countervailable.

3. 5% Deductions From Social Security Premium Payments Under Law 5510

Icdas self-reported use of this program.¹¹¹ We previously found this program to be not countervailable.¹¹² There is no new information to change this finding, and, thus, we continue to find it not countervailable.

¹⁰⁵ See Icdas Preliminary Calculations.

¹⁰⁶ See Kaptan IQR at 19.

¹⁰⁷ See Icdas IQR at CVD-68.

¹⁰⁸ See, e.g., *Large Diameter Welded Pipe From the Republic of Turkey: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 83 FR 30697 (June 29, 2018), and accompanying PDM at “Social Security Premium Support Program,” unchanged in *Large Diameter Welded Pipe From the Republic of Turkey: Final Affirmative Countervailing Duty Determination*, 84 FR 6367 (February 27, 2019).

¹⁰⁹ See Icdas IQR at CVD-68-69.

¹¹⁰ See, e.g., *Certain Welded Carbon Steel Standard Pipe From Turkey: Preliminary Results of Countervailing Duty Administrative Review*, 75 FR 16439, 16442 (April 1, 2010), unchanged in *Certain Welded Carbon Steel Standard Pipe from Turkey: Final Results of Countervailing Duty Administrative Review*, 75 FR 44766 (July 29, 2010).

¹¹¹ See Icdas IQR at CVD-69.

¹¹² See, e.g., *Circular Welded Carbon Steel Pipes and Tubes From Turkey: Final Results of Countervailing Duty Administrative Review; Calendar Year 2011*, 78 FR 64916 (October 30, 2013), and accompanying IDM at “Deductions on Social Security Payments Program under Law 5510.”

4. Minimum Wage Support

Icdas and Kaptan self-reported use of this program.¹¹³ We previously found this program to be not countervailable.¹¹⁴ There is no new information to change this finding, and, thus, we continue to find it not countervailable.

C. **Programs Preliminarily Determined Not To Confer Countervailable Benefits**

1. Inward Processing Regime (IPR)¹¹⁵

Under the IPR, Turkish manufacturers and exporters that obtain Inward Processing Certificates (IPCs) are able to import raw materials and intermediate unfinished goods that are used in the production of finished goods without paying customs duty or VAT.¹¹⁶ The Ministry of Economy administers the IPR and the Ministry of Trade implements the IPCs.¹¹⁷

Under the IPR, there are two types of IPCs available to companies: (1) D-1 certificates for imported raw materials or intermediate unfinished goods used in the production of exported goods; and (2) D-3 certificates for imported raw materials or intermediate unfinished goods used in the production of goods sold in the domestic market.¹¹⁸ Applicants submit documents including an application form, an input-output table, a capacity report providing information about the production facilities, information about the goods intended to be exported, and information about the raw materials to be imported (appropriate to the kind and amount of the good to be exported).¹¹⁹ An approved certificate lists the goods that can be imported without the obligation to pay the normally applicable duties and taxes.¹²⁰

Companies with a D-1 certificate can choose to use either the Suspension System, wherein they are exempt from the applicable duties and taxes upon importation, but submit a letter of guarantee or a deposit to cover the duties and taxes otherwise owed; or the Drawback System, wherein the duties and taxes are reimbursed after exportation of the finished goods.¹²¹ Companies holding a D-3 certificate may only utilize the Suspension System, as the finished goods are not exported.¹²² Icdas and Kaptan reported importing goods under D-1 certificates using the Suspension System during the POR.¹²³ No company in this review reported utilizing D-3 certificates to import goods.¹²⁴

¹¹³ See Icdas IQR at CVD-68; and Kaptan IQR at 34-36.

¹¹⁴ See, e.g., *Final Results 2016 Review* IDM at “Minimum Wage Support.”

¹¹⁵ This program is also known as Inward Processing Certificate Exemption.

¹¹⁶ See GOT May 14, 2018 IQR at 65.

¹¹⁷ *Id.* at 67.

¹¹⁸ *Id.* at 66-67.

¹¹⁹ *Id.* at 71.

¹²⁰ See *Steel Concrete Reinforcing Bar From the Republic of Turkey: Preliminary Results of Countervailing Duty Administrative Review and Intent To Rescind the Review in Part; 2015*, 82 FR 57574 (December 6, 2017) (*Prelim Results 2015 Review*), and accompanying PDM at “Inward Processing Regime,” unchanged in *Final Results 2015 Review*.

¹²¹ *Id.*

¹²² *Id.*

¹²³ See Icdas IQR at CVD-60; see also Kaptan IQR at 31.

¹²⁴ *Id.*

Concerning D-1 certificates, pursuant to 19 CFR 351.519(a)(1)(ii), a benefit exists to the extent that the exemption extends to inputs that are not consumed in the production of the exported product, making normal allowances for waste, or if the exemption covers charges other than import charges that are imposed on the input. With regard to the VAT exemption granted under this program, pursuant to 19 CFR 351.517(a), in the case of the exemption upon export of indirect taxes, a benefit exists to the extent that Commerce determines that the amount exempted exceeds the amount levied with respect to the production and distribution of like products when sold for domestic consumption.

Consistent with the prior review, we preliminarily find that, in accordance with 19 CFR 351.519(a)(4)(i), the GOT has a system in place to confirm which inputs, and in what amounts, are consumed in the production of the exported product, and that the system is reasonable for the purposes intended.¹²⁵ This finding is consistent with Commerce's determinations in prior proceedings.¹²⁶ We also preliminarily find, consistent with Commerce's prior determinations,¹²⁷ that the exemption granted on certain methods of payments used in purchasing imported raw materials under this program does not constitute a subsidy pursuant to 19 CFR 351.517(a), because the tax exempted upon export does not exceed the amount of tax levied on like products when sold for domestic consumption.

Additionally, as noted above, Icdas and Kaptan each used D-1 certificates and received customs duty and VAT exemptions on certain imported inputs used in the production of exported goods. Based on our examination of the information submitted by the company respondents and the GOT, we preliminarily find no evidence on the record of this review to indicate that the amounts of VAT and duty exemptions on inputs imported under the program with D-1 certificates were excessive or that the companies used the imported inputs for any other product besides those exported.

Therefore, consistent with Commerce's prior determinations on the IPR and D-1 certificates,¹²⁸ we preliminarily find that the tax and duty exemptions, which Icdas and Kaptan received on imported inputs under D-1 certificates, did not confer countervailable benefits as the exemptions

¹²⁵ See *Prelim Results 2015 Review* PDM at "Inward Processing Regime," unchanged in *Final Results 2015 Review*.

¹²⁶ See, e.g., *Final Results of Countervailing Duty Administrative Review: Certain Welded Carbon Steel Standard Pipe from Turkey*, 71 FR 43111 (July 31, 2006), and accompanying IDM at 10-11; *Circular Welded Carbon Steel Pipes and Tubes from Turkey: Final Results of Countervailing Duty Administrative Review; Calendar Year 2013 and Rescission of Countervailing Duty Administrative Review, in Part*, 80 FR 61361 (October 13, 2015), and accompanying IDM at 11-13; and *Turkey Pipe Final Results 2015* IDM at 7.

¹²⁷ See, e.g., *Final Results of Countervailing Duty Administrative Review: Certain Welded Carbon Steel Standard Pipe from Turkey*, 71 FR 43111 (July 31, 2006), and accompanying IDM at 10-11; *Circular Welded Carbon Steel Pipes and Tubes from Turkey: Final Results of Countervailing Duty Administrative Review; Calendar Year 2013 and Rescission of Countervailing Duty Administrative Review, in Part*, 80 FR 61361 (October 13, 2015), and accompanying IDM at 11-13; and *Turkey Pipe Final Results 2015* IDM at 7.

¹²⁸ See, e.g., *Final Results of Countervailing Duty Administrative Review: Certain Welded Carbon Steel Standard Pipe from Turkey*, 71 FR 43111 (July 31, 2006), and accompanying IDM at 10-11; *Circular Welded Carbon Steel Pipes and Tubes from Turkey: Final Results of Countervailing Duty Administrative Review; Calendar Year 2013 and Rescission of Countervailing Duty Administrative Review, in Part*, 80 FR 61361 (October 13, 2015), and accompanying IDM at 11-13; and *Turkey Pipe Final Results 2015* IDM at 7.

were applied only to the imported inputs consumed in the production of the exported product, making normal allowance for waste. Furthermore, we preliminarily find that the VAT exemption did not confer countervailable benefits to Icdas or Kaptan, because the exemption did not exceed the amount levied with respect to the production and distribution of like products when sold for domestic consumption. Consequently, we preliminarily determine that the D-1 certificates under the IPR did not provide any countervailable benefits to Icdas or Kaptan during the POR.

2. Regional Investment Incentives

Icdas reported receiving regional investment incentive certificates in 2014, 2015, and 2017.¹²⁹ In previous administrative reviews of the *Order*,¹³⁰ we found that the 2014 and 2015 investment incentive certificates were tied to the production of and/or investment in non-subject merchandise; therefore, any benefits received by Icdas under these certificates are tied to non-subject merchandise. Like the 2014 and 2015 certificates, the 2017 certificates are tied to the production and/or investment in shipbuilding.¹³¹ Thus, the 2017 investment incentive certificates were also tied to production of non-subject merchandise. Kaptan reported that neither it nor its responding affiliates used this program.¹³² Therefore, none of the respondents received countervailable benefits under this program during the POR.

D. Programs Preliminarily Determined to Provide No Measurable Benefit During the POR

Commerce preliminarily determines that the programs listed below did not confer a measurable benefit during the POR. Consistent with the established practice, we are not including programs with non-measurable benefits (*i.e.*, calculated rates of less than 0.005 percent) in the respondents' net subsidy rate calculations. Furthermore, because the benefits from these programs are non-measurable, we are not making preliminary determinations regarding financial contribution or specificity.

1. Reduction and Exemption of Licensing Fees for Renewable Resource Power Plants¹³³
2. Grants under Law on Energy Efficiency (Law 5627)¹³⁴

Icdas reported receiving payments under this program in the POR from the Ministry of Energy and Natural Resources for its energy effectivity projects.

¹²⁹ See Icdas IQR at CVD-66.

¹³⁰ See *Final Results 2014 Review* IDM at 6; see also *Final Results 2015 Review* IDM at 5.

¹³¹ See Icdas IQR at CVD-66 and Exhibit CVD-26.

¹³² See Kaptan IQR at 33.

¹³³ See Icdas Preliminary Calculations.

¹³⁴ *Id.*

E. Programs Preliminarily Determined to Not Be Used

1. Provision of Lignite for LTAR
2. Purchase of Electricity for MTAR – Sales via Build-Operate-Own, Build-Operate-Transfer, and Transfer of Operating Rights Contracts
3. Research and Development Grant Program
4. Export Credits, Loans, and Insurance from Turk Eximbank
5. Large-Scale Investment Incentives
6. Strategic Investment Incentives
7. Incentives for Research & Development Activities
8. Regional Development Subsidies
9. Comprehensive Investment Incentives (also known as Super Incentive Scheme)
10. Preferential Financing from the Turkish Development Bank
11. Liquefied Natural Gas for LTAR
12. Deduction from Taxable Income for Export Revenue
13. Provision of Natural Gas for LTAR
14. Assistance for Participation in Trade Fairs Abroad
15. Assistance to Offset Costs Related to Antidumping/CVD Investigations

IX. RECOMMENDATION

We recommend that you approve the preliminary results described above.

☒

Agree

☐

Disagree

1/9/2020

X 

Signed by: JEFFREY KESSLER
Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance