



C-570-009
Investigation
POI: 01/01/2012 – 12/31/2012
Public Document
E&C/OV: KM

May 19, 2014

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Christian Marsh 
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for Preliminary Determination of
Countervailing Duty Investigation: Calcium Hypochlorite from
the People's Republic of China

I. SUMMARY

The Department of Commerce (Department) preliminarily determines that countervailable subsidies are being provided to producers and exporters of calcium hypochlorite in the People's Republic of China (the PRC), as provided in section 703 of the Tariff Act of 1930, as amended (the Act).

II. BACKGROUND

A. Initiation and Case History

On December 18, 2013, Arch Chemicals, Inc. (hereinafter, Petitioner) filed a petition with the Department seeking the imposition of antidumping and countervailing duties (CVDs) on calcium hypochlorite from the PRC.¹ Supplements to the Petition and our consultations with the Government of the PRC (GOC) are described in the Initiation Checklist.² On January 14, 2014, the Department published a notice of initiation for this CVD investigation on calcium hypochlorite from the PRC.³

¹ See Letter from Petitioner, "Petition for the Imposition of Countervailing Duties on Imports of Calcium Hypochlorite from the People's Republic of China," dated December 18, 2013 ("Petition").

² See "Initiation Checklist: Calcium Hypochlorite from the People's Republic of China" (January 7, 2014) (Initiation Checklist).

³ See Calcium Hypochlorite from the People's Republic of China: Initiation of Countervailing Duty Investigation, 79 FR 2417 (January 14, 2014) ("CVD Initiation").



The Department stated in the CVD Initiation that we intended to select respondents based on data obtained from U.S. Customs and Border Protection (CBP).⁴ On January 8, 2014, we released the CBP entry data under administrative protective order (APO) for certain of the Harmonized Tariff Schedule of the United States (HTSUS) subheadings included in the scope of the CVD Initiation.⁵ We invited comments on these data and received a submission from Petitioner on January 15, 2014.⁶ On February 6, 2014, we selected Hubei Dinglong Chemical Co., Ltd. (“Hubei Dinglong”) and W&W Marketing Corporation (“W&W Marketing”) for individual examination, *i.e.*, as mandatory company respondents.⁷

On February 6, 2014, the Department issued the initial CVD questionnaires to Hubei Dinglong, W&W Marketing, and the GOC. On February 14, 2014, Tianjin Jinbin International Trade Co., Ltd. (“Tianjin Jinbin”) filed a request to be a voluntary respondent. On February 15, 2014, W&W Marketing filed a statement of non-participation informing the Department that it would not respond to questionnaires in this investigation.⁸ On February 28, 2014, Hubei Dinglong also withdrew from the investigation.⁹ Additionally, we did not receive a response to our initial CVD questionnaire from the GOC.

On March 17, 2014, the original questionnaire response deadline set for the mandatory respondents, Tianjin Jinbin and its supplier, Jiangnan Salt and Chemical Complex (“JSCC”)¹⁰ filed voluntary responses to the Department’s countervailing duty questionnaire. On March 19, 2014, the Department selected Tianjin Jinbin as an additional mandatory respondent.¹¹ On March 27, 2014, the Department issued a deficiency letter to JSCC.¹² On April 1, 2014, and April 2, 2014, JSCC submitted comments on the scope of information requested by the Department, and met with Department officials regarding its concerns.¹³ In its comments, JSCC explained that it is an “independent operating unit” within China Petrochemical Corporation (“Sinopec Group”).¹⁴ On April 15, 2014, Tianjin Jinbin withdrew from the investigation.¹⁵ On

⁴ See CVD Initiation at 2419.

⁵ See Memorandum to the File, “Customs Data for Respondent Selection Purposes” (January 8, 2014).

⁶ See Letter from Petitioner, “Countervailing Duty Investigation: Calcium Hypochlorite from the People’s Republic of China: Petitioner’s Respondent Selection Comments” (January 15, 2014).

⁷ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from James C. Doyle, Director, Office V, regarding Calcium Hypochlorite from the People’s Republic of China: Respondent Selection, dated February 6, 2014 (“Respondent Selection Memo”).

⁸ See Letter from W&W Marketing, Re: Entry of Appearance and Statement of Non-participation, dated February 15, 2014 (“W&W Marketing Withdrawal Letter”).

⁹ See Letter from Hubei Dinglong, Re: Notification of Withdrawal from the CVD Investigation of Hubei Dinglong Chemical Co., Ltd., dated February 28, 2014 (“Hubei Dinglong Withdrawal Letter”).

¹⁰ On February 20, 2014, Tianjin Jinbin submitted notification of its trading company status. See Letter from Tianjin Jinbin, Re: Trading Company Status, dated February 20, 2014. Additionally, on March 17, 2014, JSCC submitted a questionnaire response as a supplier to Tianjin Jinbin. See Letter from JSCC, Re: JSCC Original CVD Questionnaire Response, dated March 17, 2014 (“JSCC Questionnaire Response”).

¹¹ See Memorandum to Christian Marsh, Deputy Assistant Secretary, from James C. Doyle, Director, Office V, Re: Selection of Additional Mandatory Respondent, March 19, 2014 (“Additional Respondent Selection Memo”).

¹² See Letter to JSCC, Re: Deficiency Letter, dated March 27, 2014.

¹³ See Letter from JSCC to the Department, Re: JSCC Reporting Scope, dated April 1, 2014 (“JSCC Reporting Scope Letter”); see also Memorandum to the File, from Katie Marksberry, International Trade Compliance Analyst, Re: Meeting with Counsel for Respondents, dated April 2, 2014.

¹⁴ See JSCC Reporting Scope Letter at 1. Additionally, in the JSCC Questionnaire Response, JSCC explained that it is an operational unit within Sinopec Group, which is in turn owned by Sinopec Corp.

April 18, 2014, Sinopec Group, China Petroleum & Chemical Corporation (“Sinopec Corp.”), China Petrochemical International Corporation (“Sinopec International”), and China Petrochemical International (Wuhan) Co., Ltd. (“CPIW”) (collectively, “the Sinopec Companies”)¹⁶ submitted a questionnaire response and request for mandatory respondent status.¹⁷ Specifically, the Sinopec Companies submitted a questionnaire response and requested treatment as a mandatory or voluntary respondent for CPIW, an affiliated exporter. On April 24, 2014, Petitioner submitted comments regarding the questionnaire response filed by the Sinopec Companies.

As explained in the Respondent Selection Memo, the Department determined that it was not practicable to examine more than two respondents in the instant investigation.¹⁸ Therefore, the Department selected, based on data from CBP, the two exporter/producers accounting for the largest volume of calcium hypochlorite exported from the PRC during the POI: Hubei Dinglong and W&W Marketing.¹⁹ Additionally, because Hubei Dinglong and W&W Marketing did not participate in this investigation, and the Department determined that there was sufficient time to select an additional company to fully examine, the Department selected Tianjin Jinbin as an additional mandatory respondent because it is the next largest exporter/producer.²⁰

The Sinopec Companies request that CPIW be selected for individual examination in this investigation as either a voluntary or mandatory respondent, and argue that selecting CPIW would not delay the Department’s investigation as JSCC (CPIW’s supplier) has been participating in the investigation since Tianjin Jinbin was selected as an additional mandatory respondent.²¹ However, the Department finds that it is inappropriate to select CPIW as a voluntary respondent as it did not file a timely voluntary response to the Department’s questionnaire in accordance with section 782(a)(1)(A) of the Act.

Further, the Department determines that it is inappropriate to select CPIW as a mandatory respondent, because CPIW is not the next largest exporter/producer by volume of calcium hypochlorite exported from the PRC during the POI, as shown in the data from CBP.²² As the Department explained in the Respondent Selection Memo, where it is not practicable to examine all known exporters and producers of subject merchandise, section 777A(e)(2) of the Act permits the Department to determine individual CVD subsidy rates for (1) a sample of exporters, producers or types of products that is statistically valid based on the information available at the time of selection, or (2) exporters and producers accounting for the largest volume of the subject merchandise that the Department determines can be reasonably examined. In this case, the Department determined to select respondents for individual examination based on volume of

¹⁵ See Letter from Tianjin Jinbin; Re: Withdrawal from Investigation, dated April 15, 2014 (“Tianjin Jinbin Withdrawal Letter”).

¹⁶ The Sinopec Companies stated that Sinopec International is owned by Sinopec Corp, and CPIW is an affiliated exporter. See Letter to the Department, from the Sinopec Companies, Re: CVD Questionnaire Response and Request for Mandatory Respondent Status, dated April 18, 2014 (“Sinopec Companies’ Questionnaire Response”).

¹⁷ Id.

¹⁸ See Respondent Selection Memo.

¹⁹ Id.

²⁰ See Additional Respondent Selection Memo.

²¹ See Sinopec Companies’ Questionnaire Response at 2.

²² See Additional Respondent Selection Memo at Attachment 1.

subject merchandise, consistent with section 777A(e)(2)(A)(ii) of the Act. CPIW is not the next largest exporter/producer by volume of calcium hypochlorite exported from the PRC during the POI, as shown in the data from CBP.²³ Consequently, the Department determines that it would be inconsistent with section 777A(e)(2)(A)(ii) of the Act, and a departure from agency practice, to select CPIW as a mandatory respondent in this investigation.²⁴

Period of Investigation

The period of investigation (POI) is January 1, 2012, through December 31, 2012.

III. SCOPE COMMENTS

In accordance with the preamble to the Department's regulations, we set aside a period of time in our CVD Initiation for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of that notice.²⁵ We did not receive any comments on the scope of the investigation.

IV. SCOPE OF THE INVESTIGATION

The product covered by this investigation is calcium hypochlorite, regardless of form (e.g., powder, tablet (compressed), crystalline (granular), or in liquid solution), whether or not blended with other materials, containing at least 10% available chlorine measured by actual weight. The scope also includes bleaching powder and hemibasic calcium hypochlorite.

Calcium hypochlorite has the general chemical formulation $\text{Ca}(\text{OCl})_2$, but may also be sold in a more dilute form as bleaching powder with the chemical formulation, $\text{Ca}(\text{OCl})_2 \cdot \text{CaCl}_2 \cdot \text{Ca}(\text{OH})_2 \cdot 2\text{H}_2\text{O}$ or hemibasic calcium hypochlorite with the chemical formula of $2\text{Ca}(\text{OCl})_2 \cdot \text{Ca}(\text{OH})_2$ or $\text{Ca}(\text{OCl})_2 \cdot 0.5\text{Ca}(\text{OH})_2$. Calcium hypochlorite has a Chemical Abstract Service ("CAS") registry number of 7778-54-3, and a U.S. Environmental Protection Agency ("EPA") Pesticide Code ("PC") Number of 014701. The subject calcium hypochlorite has an International Maritime Dangerous Goods ("IMDG") code of Class 5.1 UN 1748, 2880, or 2208 or Class 5.1/8 UN 3485, 3486, or 3487.

Calcium hypochlorite is currently classifiable under the subheading 2828.10.0000 of the Harmonized Tariff Schedule of the United States ("HTSUS"). The subheading covers commercial calcium hypochlorite and other calcium hypochlorite. When tableted or blended with other materials, calcium hypochlorite may be entered under other tariff classifications, such as 3808.94.5000 and 3808.99.9500, which cover disinfectants and similar products. While the HTSUS subheadings, the CAS registry number, the U.S. EPA PC number, and the IMDG codes are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

²³ See Additional Respondent Selection Memo at Attachment 1.

²⁴ See e.g. id. at page 2.

²⁵ See Antidumping Duties; Countervailing Duties, 62 FR 27296, 27323 (May 19, 1997); see also CVD Initiation 79 FR 2417.

V. INJURY TEST

Because the PRC is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, the International Trade Commission (“ITC”) is required to determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry. On March 24, 2014, the ITC determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of calcium hypochlorite from the PRC.²⁶

VI. APPLICATION OF THE COUNTERVAILING DUTY LAW TO IMPORTS FROM THE PRC

On October 25, 2007, the Department published its final determination on coated free sheet paper from the PRC.²⁷ In CFS from the PRC, the Department found that

... given the substantial difference between the Soviet-style economies and China’s economy in recent years, the Department’s previous decision not to apply the CVD law to these Soviet-style economies does not act as {a} bar to proceeding with a CVD investigation involving products from the PRC.²⁸

The Department has affirmed its decision to apply the CVD law to the PRC in numerous subsequent determinations.²⁹ Furthermore, on March 13, 2012, Public Law 112-99 was enacted which makes clear that the Department has the authority to apply the CVD law to non-market economies such as the PRC.³⁰ The effective date provision of the enacted legislation makes clear that this provision applies to this proceeding.³¹

Additionally, for the reasons stated in CWP from the PRC,³² we are using the date of December 11, 2001, the date on which the PRC became a member of the WTO, as the date from which the Department will identify and measure subsidies in the PRC for purposes of this investigation.

VII. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

Sections 776(a)(1) and (2) of the Act provide that the Department shall, subject to section 782(d) of the Act, apply “facts otherwise available” if necessary information is not on the record or if an interested party or any other person: (A) withholds information that has been requested; (B) fails to provide information within the deadlines established, or in the form and manner requested by

²⁶ See Investigation Nos. 701–TA–510 and 731–TA–1245(Preliminary) Calcium Hypochlorite From China: Determinations, 79 FR 16054 (March 24, 2014).

²⁷ 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 the PRC”), and accompanying Issues and Decision Memorandum (“IDM”).

²⁸ See CFS from the PRC and accompanying IDM at Comment 6.

²⁹ See, e.g., Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances, 73 FR 31966 (June 5, 2008) (“CWP from the PRC”), and accompanying IDM at Comment 1.

³⁰ Section 1(a) is the relevant provision of Public Law 112-99 and is codified at section 701(f) of the Act.

³¹ See Public Law 112-99, 126 Stat. 265§ 1(b).

³² See CWP from the PRC, and accompanying IDM at Comment 2.

the Department, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly impedes a proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Section 776(b) of the Act further provides that the Department may use an adverse inference in applying the facts otherwise available when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information.

As discussed above, GOC, Hubei Dinglong, and W&W Marketing did not respond to the Department's initial questionnaire and, therefore, withheld information that has been requested by the Department. Additionally, all three of the selected mandatory company respondents refused to participate in this investigation.³³ Therefore, we have relied on facts available, in accordance with section 776(a) of the Act, because the GOC, Hubei Dinglong and W&W marketing withheld information requested by the Department, and because these entities as well as Tianjin Jinbin refused to participate as respondents, and therefore significantly impeded the investigation. Thus, we must rely on facts otherwise available in accordance with sections 776(a)(2)(A) and (C) of the Act.

In selecting from among the facts available, the Department determined that an adverse inference is warranted, pursuant to section 776(b) of the Act. Hubei Dinglong, W&W Marketing, and the GOC refused to submit a response to the Department's initial CVD questionnaire. Furthermore, Hubei Dinglong, W&W Marketing, and Tianjin Jinbin withdrew from participating in this investigation. For these reasons, we find that Hubei Dinglong, W&W Marketing, Tianjin Jinbin and the GOC failed to cooperate by not acting to the best of their ability to comply with the Department's requests for information in this investigation, and as such, this preliminary determination is based on total adverse facts available (AFA).

A. Selection of the Adverse Facts Available Rate

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) authorize the Department to rely on information derived from (1) the petition, (2) a final determination in the investigation, (3) any previous review or determination, or (4) any information placed on the record. The Department's practice when selecting an adverse rate from among the possible sources of information is to ensure that the result is sufficiently adverse "as to effectuate the statutory purposes of the AFA rule to induce respondents to provide the Department with complete and accurate information in a timely manner."³⁴ The Department's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."³⁵

Because the GOC, Hubei Dinglong, W&W Marketing, and Tianjin Jinbin failed to act to the best of their ability in this investigation, as discussed above, we made an adverse inference that the programs on which the Department initiated this investigation, descriptions of which are contained in Attachment I,³⁶ provide a financial contribution within the meaning of section

³³ See W&W Marketing Withdrawal Letter; Hubei Dinglong Withdrawal Letter; and Tianjin Jinbin Withdrawal Letter.

771(5)(D) of the Act, are specific in accordance with section 771(5A) of the Act, and confer a benefit in accordance with section 771(5)(E) of the Act.

It is the Department's practice in a CVD investigation to select, as AFA, the highest calculated rate for the same or similar program.³⁷ When selecting rates, we first determine if there is an identical program in the investigation with a rate above de minimis (or if none in the investigation, we look for the identical program with an above de minimis rate in previous cases from the same country), and take the highest calculated rate for the identical program.³⁸ If there is no identical program, we then determine if there is a similar/comparable program (based on treatment of the benefit) in any proceeding from that country and apply the highest calculated rate for a similar/comparable program.³⁹ Where there is no comparable program, we apply the highest calculated rate from any non-company specific program but do not use a rate from a program if the industry in the proceeding cannot use that program.^{40,41}

To calculate the program rate for the alleged income tax program pertaining to either the reduction of income tax paid or the payment of no income tax, we applied an adverse inference that Hubei Dinglong, W&W Marketing, and Tianjin Jinbin paid no income tax during the POI. The standard income tax rate for corporations in the PRC in effect during the POI was 25 percent.⁴² Thus, the highest possible benefit for this income tax programs is 25 percent. Accordingly, we are applying the 25 percent AFA rate. Consistent with past practice, the 25 percent AFA rate does not apply to the income tax credit and rebate, accelerated depreciation, or

³⁴ See, e.g., Certain Frozen Warmwater Shrimp From Ecuador: Final Affirmative Countervailing Duty Determination, 78 FR 50389 and accompanying Issues and Decision Memorandum, at Section IV, "Use of Facts Otherwise Available and Adverse Inferences" (August 19, 2013); see also Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors From Taiwan, 63 FR 8909, 8932 (February 23, 1998).

³⁵ See Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreements Act (URAA), H. Doc. 316, 103d Cong. 2d Session at 870 (1994).

³⁶ See Attachment 1 to this Preliminary Decision Memorandum entitled "Description of Programs Being Investigated As Alleged In The Petition."

³⁷ See, e.g., Laminated Woven Sacks From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances, 73 FR 35639 (June 24, 2008), and accompanying IDM at "Selection of the Adverse Facts Available;" Aluminum Extrusions From the People's Republic of China: Final Affirmative Countervailing Duty Determination, 76 FR 18521 (April 4, 2011), and accompanying IDM ("Aluminum Extrusions Investigation") at "Application of Adverse Inferences: Non-Cooperative Companies;" and Galvanized Steel Wire From the People's Republic of China: Final Affirmative Countervailing Duty Determination, 77 FR 17418 (March 26, 2012) (Steel Wire Investigation), and accompanying IDM at "Use of Facts Otherwise Available and Adverse Inferences."

³⁸ See, e.g., Aluminum Extrusions From the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2010 and 2011, 79 FR 106 (January 2, 2014), and accompanying IDM at 8-9.

³⁹ Id.

⁴⁰ See, e.g., Aluminum Extrusions Investigation and accompanying IDM at "Application of Adverse Inferences: Non-Cooperative Companies;" and Steel Wire Investigation and accompanying IDM at "Use of Facts Otherwise Available and Adverse Inferences."

⁴¹ Petitioner submitted argument regarding the valuation of an AFA rate for certain programs, however, Petitioner did not submit the data until 14 days prior to the preliminary determination, giving us insufficient time to evaluate the data. Therefore, we did not use it for the preliminary determination. However, we intend to consider these arguments for the final determination.

⁴² See Petition, Volume VIII at 19-20.

import tariff and value add tax (VAT) exemption programs because such programs may not affect the tax rate.⁴³

For all programs other than those involving income tax rate reduction or exemptions, we are applying, where available, the highest subsidy rate calculated for the same or similar program in a PRC CVD investigation or administrative review. For this preliminary determination, we are able to match based on program name, descriptions, and treatment of the benefit, the following programs to the same programs from other PRC CVD proceedings:

- Policy Loans;⁴⁴
- VAT and Tariff Exemptions on Imported Equipment for Favored Industries;⁴⁵
- VAT Rebates on Domestically Produced Equipment;⁴⁶ and
- Provision of Electricity for Less Than Adequate Remuneration (LTAR).⁴⁷

We are able to match based on program type and treatment of the benefit the following programs to similar programs from other PRC CVD proceedings:

- Preferential Loans Provided by the Export-Import Bank "Going-Out" for Outbound Investment;⁴⁸
- Loans for State-Owned Enterprises (SOEs);⁴⁹
- Shareholder Loans (Debt Forgiveness);⁵⁰

⁴³ See, e.g., Aluminum Extrusions Investigation at “Application of Adverse Inferences: Non-Cooperative Companies.”

⁴⁴ See Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From the People’s Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order, 75 FR 70201 (November 17, 2010) (“Coated Paper Investigation Amended Final”), and accompanying Ministerial Error Memorandum (MEM) at “Revised Net Subsidy Rate for the Gold Companies.” This document is proprietary in nature. However, the public version states the revised subsidy rates which include, *infra*, the policy lending rate (Policy Loans to Coated Paper Producers and Related Pulp Producers from State-Owned Commercial Banks and Government Policy Banks program).

⁴⁵ See 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 “C. Import Tariff and Value Added Tax Exemptions for FIES and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries.”

⁴⁶ See Certain Magnesia Carbon Bricks From the People’s Republic of China: Final Affirmative Countervailing Duty Determination, 75 FR 45472 (August 2, 2010) (“Bricks Investigation”), and accompanying IDM at “1. VAT Rebates on Purchases of Domestically Produced Equipment.”

⁴⁷ See Certain Oil Country Tubular Goods From the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2011, 78 FR 49475 (August 14, 2013) (“OCTG 2011 Review”), and accompanying IDM at “B. Provision of Electricity for LTAR.”

⁴⁸ See Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination, 75 FR 57444 (September 21, 2010) (“Seamless Pipe Investigation”), and accompanying IDM at “B. Export Loans from the Export-Import Bank of China.”

⁴⁹ See Coated Paper Investigation Amended Final and accompanying MEM at “Revised Net Subsidy Rate for the Gold Companies.” (Policy Loans to Coated Paper Producers and Related Pulp Producers from State-Owned Commercial Banks and Government Policy Banks program.)

⁵⁰ See Lightweight Thermal Paper From the People’s Republic of China: Final Affirmative Countervailing Duty Determination, 73 FR 57323 (October 2, 2008), and accompanying IDM at “Comment 10: Whether to Countervail Certain Loans Received from Shareholders.”

- Preferential Lending for Industrial Readjustments;⁵¹
- Export Credits from China's Export-Import Bank;⁵²
- Discounted Loans for Export-Oriented Enterprises;⁵³
- Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies;⁵⁴
- Stamp Tax Exemption on Share Transfers under Non-Tradeable Share Reform (NTSR);⁵⁵
- Provision of Land-Use and Land Rents to SOEs - Free Allocation of Land;⁵⁶
- Provision of Land-Use and Land Rents to SOEs - Land Acquisition Through Agreement;⁵⁷
- Provision of Land-Use and Land Rents to SOEs - Retention of Land Rents;⁵⁸
- State Key Technology Renovation Fund;⁵⁹
- Famous Brands Awards;⁶⁰
- Special Fund for Energy Saving Technology Reform;⁶¹
- Foreign Trade Development Fund;⁶²
- Funds for Clean Production and Water Treatment;⁶³ and
- Export Credit Insurance from China Export and Credit Insurance Corporation (Sinosure).⁶⁴
- Provision of Shipping for LTAR⁶⁵

Section 776(c) of the Act provides that, when the Department 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

⁵¹ See Coated Paper Investigation Amended Final, and accompanying Ministerial Error Memorandum (MEM) at “Revised Net Subsidy Rate for the Gold Companies.”

⁵² Id.

⁵³ Id.

⁵⁴ See Bricks Investigation, and accompanying IDM at “1. VAT Rebates on Purchases of Domestically Produced Equipment.”

⁵⁵ Id.

⁵⁶ See Oil Country Tubular Goods from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Negative Critical Circumstances Determination, 74 FR 64045 (December 7, 2009), and accompanying IDM at “I. Subsidies Provided in the TBNA and the Tianjin Economic and Technological Development Area – Land.”

⁵⁷ Id.

⁵⁸ Id.

⁵⁹ See Utility Scale Wind Towers from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, 77 FR 75978 (December 26, 2012) (“Wind Towers Investigation”), and accompanying IDM at “8. Support Funds for Construction of Project Infrastructure Provided by Administration Commission of LETDZ.”

⁶⁰ Id.

⁶¹ Id.

⁶² Id.

⁶³ Id.

⁶⁴ Id.

⁶⁵ See OCTG 2011 Review, and accompanying IDM at “B. Provision of Electricity for LTAR.”

merchandise, or any previous review under section 751 concerning the subject merchandise.”⁶⁶ The SAA provides that to “corroborate” secondary information, the Department will satisfy itself that the secondary information to be used has probative value.⁶⁷

The Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that the Department need not prove that the selected facts available are the best alternative information.⁶⁸

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. Additionally, as stated above, we are applying subsidy rates which were calculated in previous PRC CVD investigations or administrative reviews. Additionally, no information has been presented which calls into question the reliability of these previously calculated subsidy rates. With respect to the relevance aspect of corroboration, the Department will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. The Department will not use information where circumstances indicate that the information is not appropriate as AFA.⁶⁹

In the absence of record evidence from the mandatory respondents concerning the alleged programs due to their decision not to participate in the investigation, the Department reviewed the information concerning PRC subsidy programs in other cases. Where we have a program-type match, we find that, because these are the same or similar programs, they are relevant to the programs in this case. Additionally, the relevance of these rates is that they are actual calculated CVD rates for PRC programs, from which the non-cooperative respondent could actually receive a benefit. Due to the lack of participation by the respondents and the resulting lack of record information concerning these programs, the Department has corroborated the rates it selected to use as AFA to the extent practicable for this preliminary determination.

On this basis, we determine the AFA countervailable subsidy rate for Hubei Dinglong, W&W Marketing, and Tianjin Jinbin to be 71.72 percent ad valorem. Additionally, with respect to the all-others rate, section 705(c)(5)(A)(ii) of the Act provides that if the countervailable subsidy rates established for all exporters and producers individually investigated are determined entirely in accordance with section 776 of the Act, the Department may use any reasonable method to establish an all-others rate for exporters and producers not individually investigated. In this case, the countervailable subsidy rate calculated for the investigated companies is based entirely on facts available under section 776 of the Act. There is no other information on the record upon which to determine an all-others rate. As a result, we have used the rate assigned for Hubei

⁶⁶ See SAA, at 870.

⁶⁷ Id.

⁶⁸ Id., at 869-870.

⁶⁹ See, e.g., Fresh Cut Flowers From Mexico: Final Results of Antidumping Duty Administrative Review, 61 FR 6812 (February 22, 1996).

Dinglong, W&W Marketing, and Tianjin Jinbin as the all-others rate. This method is consistent with the Department's past practice.⁷⁰

B. Subsidy Rate Chart

Program Name	AFA Rate
Preferential Lending for Industrial Readjustments	10.54%
Preferential Loans Provided by the Export-Import Bank "Going-Out" for Outbound Investment	1.06%
Export Credits from China's Export-Import Bank	1.06%
Policy Loans	10.54%
Shareholder Loans (Debt Forgiveness)	2.32%
Discounted Loans for Export-Oriented Enterprises	1.06%
Loans for State-Owned Enterprises (SOEs)	10.54%
Corporate Income Tax Law Article 33	25.00%
Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies	0.51%
Stamp Tax Exemption on Share Transfers under Non-Tradable Share Reform (NTSR)	0.51%
VAT and Tariff Exemptions on Imported Equipment for Favored Industries	1.14%
VAT Rebates on Domestically Produced Equipment	0.51%
Provision of Land-Use and Land Rents to SOEs - Free Allocation of Land	2.55%
Provision of Land-Use and Land Rents to SOEs - Land Acquisition Through Agreement	2.55%
Provision of Shipping for LTAR	5.34%
Provision of Electricity for LTAR	5.34%
The State Key Technology Renovation Fund	0.55%
Funds for Clean Production and Water Treatment	0.55%
Special Fund for Energy Saving Technology Reform	0.55%
Export Credit Insurance from China Export and Credit Insurance Corporation (Sinosure)	1.06%
Provision of Land-Use and Land Rents to SOEs - Retention of Land Rents	2.55%
Famous Brands Program	0.55%
Foreign Trade Development Fund	0.55%
Total Estimated Countervailable Subsidy =	71.72%

⁷⁰ See, e.g., Circular Welded Carbon-Quality Steel Pipe From India: Final Affirmative Countervailing Duty Determination, 77 FR 64468 (October 22, 2012); see also Certain Potassium Phosphate Salts From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Termination of Critical Circumstances Inquiry, 75 FR 30375 (June 1, 2010); Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Argentina, 66 FR 37007, 37008 (July 16, 2001); Final Affirmative Countervailing Duty Determination: Prestressed Concrete Steel Wire Strand From India, 68 FR 68356 (December 8, 2003); Sodium Nitrite from the People's Republic of China: Final Affirmative Countervailing Duty Determination, 73 FR 38981 (July 8, 2008).

VIII. ITC NOTIFICATION

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Enforcement and Compliance.

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

IX. DISCLOSURE AND PUBLIC COMMENT

All calculations in this preliminary determination are contained in the instant memorandum. Therefore, we hereby disclose to interested parties the calculations performed in connection with this preliminary determination.⁷¹ Case briefs or other written comments for all non-scope issues may be submitted to Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS) no later than 30 days after the publication of this preliminary determination in the Federal Register, and rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.⁷² Case briefs or other written comments on scope issues may be submitted no later than 30 days after the publication of this preliminary determination in the Federal Register, and rebuttal briefs, limited to issues raised in the case briefs, may be submitted no later than five days after the deadline for the case briefs. For any briefs filed on scope issues, parties must file separate and identical documents on the record for the concurrent antidumping duty investigation.

Parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.⁷³ This summary should be limited to five pages total, including footnotes.

Interested parties who wish to request a hearing, or to participate if one is requested, must do so in writing within 30 days after the publication of this preliminary determination in the Federal Register.⁷⁴ Requests should contain the party's name, address, and telephone number; the number of participants; and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a date, time and location to be determined. Parties will be notified of the date, time and location of any hearing.

⁷¹ 19 CFR 351.224(b) calls for the Department to normally disclose calculations performed in connection with a preliminary determination within five dates of its public announcement.

⁷² See 19 CFR 351.309.

⁷³ See 19 CFR 351.309(c)(2) and (d)(2).

⁷⁴ See 19 CFR 351.310(c).

Parties must file their case and rebuttal briefs, and any requests for a hearing, electronically using the IA ACCESS.⁷⁵ Electronically filed documents must be received successfully in their entirety by 5:00 p.m. Eastern Time,⁷⁶ on the due dates established above.

X. CONCLUSION

We recommend that you approve the preliminary findings described above.

✓
Agree

Disagree

Paul Piquado
Paul Piquado
Assistant Secretary
for Enforcement and Compliance

19 MAY 2014
(Date)

⁷⁵ See 19 CFR 351.303(b)(2)(i).

⁷⁶ See 19 CFR 351.03(b)(1).

Attachment I

Description of Programs Being Investigated as Alleged in the Petition

Below is a description of the programs initiated on by the Department as alleged and described by Petitioner.⁷⁷

1. Provision of Electricity for Less Than Adequate Remuneration

Description: The GOC, through the National Development and Reform Commission (“NDRC”), regulates the power rates for certain industries, including the chemical industry.

Financial Contribution: The provision of electricity is a government financial contribution in the form of a provision of a good or service. 19 U.S.C. § 1677(5)(D)(iii)

Specificity: The GOC has provided preferential electricity pricing for companies located within a defined geographic area. Subsidy programs limited to certain geographic areas within a government’s jurisdiction are specific under section 771(5A)(D)(iv) of the Act.

Benefit: This program confers a benefit to recipients to the extent that electricity is being sold for less than adequate remuneration (“LTAR”), pursuant to section 771(5)(E)(iv) the Act.

2. Provision of Shipping for Less Than Adequate Remuneration

Description: Due to the nature of calcium hypochlorite as an oxidizer, it requires careful handling during transport. Most major shipping companies insure through the Protection and Indemnity (“P&I”) Clubs, which require certain handling measures and restrictions (e.g. limiting containers to no more than 14 MT of calcium hypochlorite per container, and requiring that calcium hypochlorite be shipped in more expensive refrigerated containers, etc.). Cosco is a shipping company which is owned by the PRC government, and provides preferential shipping rates to certain PRC calcium hypochlorite producers.

Financial Contribution: Because Cosco, a state-owned enterprise, provides shipping, this program qualifies as a financial contribution pursuant to 19 U.S.C. § 1677(5)(D)(iii).

Specificity: This shipping is provided only to certain Chinese calcium hypochlorite manufacturers and is, thus, specific pursuant to 19 U.S.C. § 1677(5A)(D)(iii)(I). Moreover, because the shipping only pertains to exports, it is an export subsidy and specific pursuant to 19 U.S.C. § 1677(5A)(B).

Benefit: The benefit is the difference between the cost to ship on Cosco and the cost to ship through other means in accordance with 19 C.F.R. § 351.511.

⁷⁷ See Initiation Checklist.

3. Stamp Tax Exemption on Share Transfers under Non-Tradeable Share Reform (NTSR)

Description: The GOC waives stamp taxes otherwise due upon the transfer of tradable shares. The underlying criterion for participation in non-tradable share reform (“NTSR”) is that listed companies must have non-tradable shares, regardless of what entity issued the non-tradable shares.

Financial contribution: The waiver of stamp taxes constitutes a financial contribution within the meaning of section 771(5)(D)(ii) of the Act in the form of revenue foregone.

Specificity: In OTR Tires, the Department found that the NTSR, including the stamp tax exemption, is specific within the meaning of section 771(5A)(D)(i) of the Act, in that it is limited to only those that participated in the NTSR.⁷⁸

Benefit: The GOC confers a benefit in the form of tax savings to the extent that the stamp tax was not paid, pursuant to section 771(5)(E) of the Act.

4. Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies

Description: A domestic PRC company may claim tax credits on the purchase of PRC made equipment if the project is compatible with the industrial policies of the GOC. A tax credit of up to 40 percent of the purchase price of domestic equipment may apply to the incremental increase in tax liability from the previous year. This tax measure was allegedly terminated at the end of 2007; however, in Steel Wheels the Department found that companies were still benefiting under this provision during 2010.

Financial contribution: Income tax reductions constitute a financial contribution in the form of revenue forgone, under section 771(5)(D)(ii) of the Act.

Specificity: This program is specific because the receipt of the tax savings is contingent upon the use of domestic over imported goods under section 771(5A)(A) of the Act.

Benefit: The benefit is an amount equal to the tax savings under section 771(5)(E) of the Act.

5. VAT Rebate on Domestically Produced Equipment

Description: For both domestic and foreign invested enterprise (“FIE”) projects, which are in the encouraged category, equipment purchased for self-use shall be exempted from tariff and VAT. This program was terminated at the end of 2008; however, in Solar Cells the Department found this program countervailable during 2010.

⁷⁸ See Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Negative Determination of Critical Circumstances, 73 FR 40480 (July 15, 2008) (“OTR Tires”) and accompanying Issues and Decision Memorandum at Section IV.A.5.

Financial contribution: These VAT exemptions provide a financial contribution in the form of government revenue forgone under section 771(5)(D)(ii) of the Act.

Specificity: The VAT exemptions are specific because they are limited to a group of encouraged enterprises or industries under section 771(5A)(D)(i) of the Act.

Benefit: The benefit is an amount equal to the amount of revenue forgone by the government under 19 CFR 351.510.

6. VAT and Tariff Exemptions on Imported Equipment for Favored Industries

Description: FIEs and certain domestic enterprises need not pay import tariffs and value added taxes (“VAT”) on imported equipment provided that these goods are not for resale. The objective of the program is to encourage foreign investment and to introduce foreign, advanced technology equipment, and industry technology upgrades. FIEs, and certain domestic enterprises, are exempted from the VAT and tariffs on imported equipment used for development projects, which are encouraged by the GOC in their production as long as the equipment does not fall into prescribed lists of non-eligible items.

Financial Contribution: This VAT and tariff exemption provides a financial contribution in the form of government revenue foregone under section 771(5)(D)(ii) of the Act.

Specificity: These exemptions are limited by law to encouraged enterprises with certain permitted imported equipment offsets by law and are specific within the meaning of 19 U.S.C. § 1677(5A)(D)(iii)(I).

Benefit: This VAT and tariff exemption confers a benefit equal to the amount of revenue foregone by the government under 19 CFR 351.510.

7. Corporate Income Tax Law Article 33: Reduction of Taxable Income for Revenue Derived from the Manufacture of Products that are in line with State Industrial Policy and Involve Synergistic Utilization of Resources

Description: When calculating its taxable income, a company may take into account 90 percent of the revenue derived from the use of raw materials of the prescribed resources included in the Catalogue of Preferential Corporate Income Tax Treatments for Synergistic Utilization of Resources. The prescribed resources are associated minerals and by-products, waste water or liquid, waste gas, and waste residue, and recyclable resources. Petitioner maintains that the chemical industry falls under the second of these categories.

Financial contribution: This program provides a financial contribution in the form of government revenue foregone under section 771(5)(D)(ii) of the Act.

Specificity: The program is specific for purposes of section 771(5A)(D)(iii)(I) because the recipients of the subsidy are limited in number.

Benefit: The tax reduction confers a benefit equal to the amount of revenue foregone by the government under 19 CFR 351.510.

8. Policy Loans

Description: The GOC provides preferred loan terms and reduced interest rates to select enterprises and industries based on policy goals as opposed to market factors.

Financial contribution: Government loans provide a direct financial contribution by the GOC, pursuant to section 771(5)(D)(i) of the Act, and that state-owned commercial banks are considered government authorities. In the Chlor-Alkali Industry Second Five-Year Plan, the government encouraged the use of finance measures “to vigorously promote the chlor-alkali industry.” Additionally, Petitioner asserts that Chlor-Alkali Industry Second Five-Year Plan states that the Guiding Catalog of Industrial Structural Adjustment and other policy platforms should be the basis by which the GOC should give “financial, tax and other aspects of subsidies and incentives.”

Specificity: The PRC’s state-owned banks have generally directed policy loans to industries favored by the government, such as the chlor-alkali industry. As such, the GOC’s preferential loans and directed credit are granted on a specific basis, pursuant to section 771(5A)(D)(i) of the Act.

Benefit: Government policy lending provides benefits to recipients equal to the difference between what the recipients paid on loans from government-owned banks, and the amount they would have paid on comparable commercial loans, pursuant to 19 C.F.R. 351.505.

9. Shareholder Loans (Debt Forgiveness)

Description: Certain wholly state-owned non-bank financial institutions have provided loans to companies. The Department has previously found payments on these types of loans to be overdue and that certain portions of the loans were forgiven after the cut-off date either by explicit agreement or by default. Therefore the respondents in that case had failed to meet their obligations under contracts such that that the loans provided a countervailable subsidy.

Financial contribution: The forgiven portion of the loan is treated as a grant bestowed at the point of the loan forgiveness, providing a financial contribution in the form of direct transfers of funds under section 771(5)(D)(i) of the Act.

Specificity: The program is specific under section 771(5A)(D)(iii)(I) because it is limited to companies which have state-owned non-bank financial institutions as shareholders.

Benefit: The benefit is equal to the amount the government has assumed or forgiven under 19 CFR 351.508(a).

10. Discounted Loans for Export-Oriented Enterprises

Description: The PRC designates certain “honorably enterprises for collection of export receipts of foreign exchange” to encourage large-scale enterprises to export, if their annual export value reached \$200 million, their ratio of exports to foreign exchange is above 85 percent, and their ratio of surrendered verification forms of export receipts are above 80 percent. The lending rates of RMB loans extended by commercial banks to “honorably” companies can be lowered up to 10 percent on the basis of the lending rates fixed by the People’s Bank of China but can be raised up to 30 percent for high-risk enterprises. Although the PRC repealed this practice in 2007, preferential loans received in earlier years would be countervailable based on their repayment schedule.

Financial contribution: These loans constitute a direct financial contribution from the government in the form of a direct transfer of funds, pursuant to section 771(5)(D)(i) of the Act.

Specificity: This program are specific under section 771(5A)(A) of the Act because receipt of the financing is contingent upon exporting.

Benefit: The benefit of this program is the amount of interest paid against the loans compared to the amount of interest that would have been paid on a comparable commercial loan.

11. Preferential Lending for Industrial Readjustments

Description: In April of 2011, the NDRC released a new version of the Directory Catalogue on Readjustment of Industrial Structure. The projects listed in the “encouraged” category qualify for preferential treatment from the government, including receiving priority in the allocation of credit by state-owned banks. The 2011 catalogue lists “chemical products” under encouraged projects, and the chemical industry in the PRC receives preferential loans and financing from state-owned banks.

Financial contribution: The loans provide a financial contribution in the form of the direct transfer of funds from government-owned banks under section 771(5)(D)(i) of the Act.

Specificity: The loans are specific because they are limited by law to a group of encouraged industries under section 771(5A)(D)(i) of the Act.

Benefit: Under section 771(5)(E)(ii) of the Act, the loans confer a benefit equal to the difference between the amount the recipient paid on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could obtain on the market.

12. Preferential Loans Provided by the Export-Import Bank “Going-Out” for Outbound Investment

Description: The GOC has promoted its “Going-out” strategy in the Tenth Five-Year Plan, 2001-2005 and Twelfth Five-Year Plan, 2011-2015. These loans and other means of preferential

financial assistance provide calcium hypochlorite producers with the ability to establish subsidiaries or warehouses overseas, improving their distribution channels and granting them greater access to the export market, as well as provide producers with the ability to purchase inputs from overseas.

Financial contribution: These programs provide a financial contribution in the form of a direct transfer of funds by the GOC under section 771(5)(D)(i) of the Act.

Specificity: This program targets particular industries for international promotion, and is thus specific, pursuant to section 771(5A)(B) of the Act.

Benefit: Government policy lending provides benefits to the recipients equal to the difference between the amount paid on loans from government-owned banks and the amount that they would have paid on comparable commercial loans, pursuant to section 771(5)(E)(ii) of the Act.

13. Export Credits from China's Export-Import Bank

Description: The China ExIm provides support to exporters through a variety of means, including the export seller's credit and the export buyer's credit. China ExIm explains that the purpose of its programs is to support the export of PRC products and improve their competitiveness in the international market, and it describes the export seller's credit as a loan with a large amount, long maturity, and preferential interest rate.

Financial contribution: This program provides a financial contribution in the form of a direct transfer of funds from a government owned financial institution under section 771(5)(D)(i) of the Act.

Specificity: This program is specific within the meaning of section 771(5A)(B) of the Act because it is contingent upon export activity.

Benefit: Under section 771(5)(E)(ii) of the Act, export financing confers a benefit equal to the difference between the amount the recipient 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.

14. State Key Technology Renovation Project Fund

Description: The State Key Technology Renovation Project Fund ("Key Technology Program") was created to promote technologies in targeted sectors, and operates under the regulatory guidelines provided in the circular. Under the Key Technology Program, companies can apply for funds to cover the cost of financing specific technological renovation projects. The funds cover two years of interest payments on loans to fund the project, or up to three years for enterprises located in the northeast, central, or western areas of the PRC.

Financial contribution: This program provides a financial contribution in the form of the direct transfer of funds by the GOC within the meaning of section 771(5)(D)(i) of the Act.

Specificity: This program is specific because it is limited to a group of enterprises under section 771(5A)(D)(i) of the Act, specifically, the group of enterprises that are financing specific renovation projects under this program.

Benefit: Key Technology Program grants are a direct transfer of funds, within the meaning of section 771(5)(D)(i) of the Act, and therefore, provide a benefit equal to the amount of the funds provided under 19 CFR 351.504.

15. Special Fund for Energy Saving Technology Reform

Description: The GOC grants monetary awards that support certain enterprises that undertake technological reform projects to save energy in accordance with the Measures on Administration of Energy Saving Technology Renovation Awards from Fiscal Funds, published by the Ministry of Finance and the NDRC.

Financial contribution: This government grant constitutes a financial contribution in the form of a direct transfer of funds under Section 771(5)(D)(i) of the Act.

Specificity: This program is specific because it is limited to a group of enterprises under section 771(5A)(D)(i) of the Act

Benefit: This grant program confers a benefit equal to the amount of the funds provided under 19 CFR 351.504.

16. Funds for Clean Production and Water Treatment

Description: Cash awards are provided to companies and individuals with "outstanding" achievements in clean production. The GOC also provides financial support for national clean production key technology renovation projects, voluntary resource saving arrangements, and pollution emission reduction projects. Under this law, the expenses incurred by an enterprise for undertaking the clean production examination and verification and related training fees are deductible expenses.

Financial Contribution: Grants provided to enterprises under these clean production and water treatment programs constitute a financial contribution in the form of a direct transfer of funds from the government within the meaning of section 771(5)(D)(i) of the Act.

Specificity: These programs are de facto specific under section 771(5A)(D)(iii)(I) of the Act, because the actual recipients of the grants are limited in number. The benefits provided under these programs are limited to enterprises in key industries and located in specific regions.

Benefit: The benefit provided by this program is equal to the amount of the grants awarded to the enterprise, according to 19 CFR 351.504(a).

17. Export Credit Insurance from China Export and Credit Insurance Corporation

Description: The PRC provides generous export credit insurance through the China Export and Credit Insurance Corporation (“Sinasure”), a state-owned financial institution. Due to the inadequate premiums charged by Sinasure, the company is unable to cover its costs and losses.

Financial contribution: Export insurance provides a financial contribution in the form of the potential direct transfer of funds from a government-owned financial institution under section 771(5)(D)(i) of the Act.

Specificity: This program is specific because it is contingent on export performance under section 771(5A)(B) of the Act.

Benefit: This program confers a benefit on the recipient pursuant to 19 CFR 351.520, equal to the difference between what the recipient paid for insurance premiums and the amount received by the firm under the insurance program.

18. Foreign Trade Development Fund

Description: This national grant program provides firms, with an annual export value of USD \$1,000,000 to \$5,000,000, grants from the Ministry of Foreign Trade and Economic Cooperation.

Financial contribution: These government programs constitute financial contributions in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act.

Specificity: This program is specific within the meaning of section 771(5A)(B) of the Act because it is contingent upon export activity.

Benefit: These programs confer a benefit equal to the amount of the funds provided under 19 CFR 351.504.

19. “Famous Brands” Program

Description: This program provides grants to an exporting company that wins the “Famous Brand” or “Top Brand” award from a local or provincial government for meeting high international standards. The PRC’s “Famous Brands” program is administered at the national, provincial, and local government levels. Enterprises must provide information concerning their export ratio as well as the extent to which their product quality meets international standards.

Financial contribution: This government grant constitutes a financial contribution in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act.

Specificity: This program is specific under section 771(5A)(B) of the Act because it is contingent upon export activity.

Benefit: The benefit is an amount equal to the amount of funds provided under 19 CFR 351.504.

20. Loans to State-Owned Enterprises

Description: State-owned enterprises have access to more preferential borrowing rates than non-state-owned enterprises. The preferential measures in providing loans to SOEs by banks include preferential interest rates and unsecured loans, etc.

Financial Contribution: These programs provide a direct financial contribution by the GOC under section 771(5)(D)(i) of the Act.

Specificity: This loan program is specific because it is limited to a group of enterprises, i.e., state-owned enterprises, under section 771(5A)(D)(i) of the Act.

Benefit: Government lending provides benefits to recipients equal to the difference between what the recipients paid on loans from government-owned banks, and the amount they would have paid on comparable commercial loans, pursuant to section 771(5)(E)(ii) of the Act.

21. Provision of Land Use and Land Rents to SOEs

Description: The GOC has provided numerous benefits to the Sinopec Group, one of the PRC's largest SOEs, relating to land use. Specifically, land is allocated to SOEs for free, it is assigned by agreement, and through bid tendering and auction.

a. Free Allocation of Land

Description: As a state-owned industrial enterprise, Sinopec, JSCC's parent, is allocated additional land each year for free.

Financial Contribution: The provision of land for less than adequate remuneration is a financial contribution under 19 U.S.C. § 1677(5)(D)(iii).

Specificity: The allocation of free land is limited to SOEs and is specific within the meaning of 19 U.S.C. § 1677(5A)(D)(iii)(I).

Benefit: This program confers a benefit to recipients because land is being provided for less than adequate remuneration ("LTAR"), pursuant to section 771(5)(E)(iv) the Act.

b. Land Acquisition Through Agreement

Description: SOEs acquire land for commercial and service purposes through agreements with the GOC, bids, and auctions.

Financial Contribution: The provision of land for less than adequate remuneration is a financial contribution under 19 U.S.C. § 1677(5)(D)(iii).

Specificity: The allocation of land is limited to SOEs and is specific within the meaning of 19 U.S.C. § 1677(5A)(D)(iii)(I).

Benefit: This program confers a benefit to recipients because land is being provided for less than adequate remuneration (“LTAR”), pursuant to section 771(5)(E)(iv) the Act.

c. Retention of Land Rents

Description: According to the Notice of the State Administration of Business Tax Issues Concerning Land Rent Received by China Petrochemical Corporation, in exchange for the operation and management of the land, Sinopec was to collect the land rents and pay a business tax to the competent taxation authorities for the rents it received. In other words, Sinopec obtained the land from the state rent-free and is able to retain the majority of the income earned from rent for the land leased to others.

Financial Contribution: Sinopec’s ability to retain the rent and only pay the GOC business taxes on the rental income is a financial contribution in the form of revenue foregone under 19 U.S.C. § 1677(5)(D)(ii).

Specificity: The land rent collection is limited to Sinopec and is specific within the meaning of 19 U.S.C. § 1677(5A)(D)(iii)(I).

Benefit: With respect to Sinopec’s retention of the collected rent, the benefit is the difference between the rent that would normally be paid to the GOC and the income the GOC receives from Sinopec in the form of business taxes on the rental income.