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International Trade Administration
Washington, D.C. 20230

C-570-968

Administrative Review

POR: 01/01/2012 – 12/31/2012

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DATE: June 18, 2014

MEMORANDUM TO: Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

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

RE: Decision Memorandum for the Preliminary Results of the
Countervailing Duty Administrative Review: Aluminum
Extrusions from the People's Republic of China

Summary

The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty (CVD) order on aluminum extrusions from the People's Republic of China (PRC). The period of review (POR) is January 1, 2012, through December 31, 2012. The respondents are: the Alnan Companies/Kromet International Inc. (Kromet)¹ (collectively referred to as Alnan/Kromet) and Jiangsu Changfa Refrigeration Co., Ltd. (Jiangsu Changfa). We preliminarily find that the Alnan Companies and Jiangsu Changfa received countervailable subsidies during the POR.

If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection (CBP) to assess CVDs on all appropriate entries of subject merchandise entered during the POR. Interested parties are invited to comment on these preliminary results. Unless the deadline is extended pursuant to section 751(a)(3)(A) of the

¹ The Alnan Companies are Alnan Aluminum Co., Ltd. (Alnan Aluminum), Alnan Aluminum Foil Co., Ltd. (Alnan Foil), Alnan (Shanglin) Industry Co., Ltd. (Shanglin Industry), Shanglin Alnan Aluminum Comprehensive Utilization Power Co., Ltd. (Shanglin Power), Nanning Alnan Aluminum Industry Co., Ltd., Quinzhou Alnan Aluminum Precision Processing Co., Ltd., and Guangxi Alnan Aluminum Technology Research & Development Center. Kromet, one of the selected mandatory respondents in this administrative review, reported that it is a Canadian-based company that sold subject merchandise produced by the Alnan Companies to the United States during the review period.



Tariff Act of 1930, as amended (the Act), we intend to issue the final results no later than 120 days after publication of these preliminary results.

Background

On May 26, 2011, we published a CVD order on aluminum extrusions from the PRC.² On May 1, 2013, we published a notice of “Opportunity to Request Administrative Review” of the CVD order for the calendar year 2012.³ We received requests for review of 153 companies. In accordance with 19 CFR 351.221(c)(1)(i), we published a notice initiating this administrative review on June 28, 2013.⁴

In the *Initiation Notice*, we stated that we intended to select respondents based on CBP data for U.S. imports during the POR.⁵ However, as explained in the Analysis of CBP Data Memorandum, because of data inconsistencies, we could not use the query results for purposes of ranking potential respondents based on volume of subject merchandise shipped to the United States.⁶ Instead, we issued a quantity and value (Q&V) questionnaire to the 34 firms identified in the CBP query results.⁷ Of these 34 companies, 28 companies submitted a Q&V response, and six companies⁸ failed to submit a response.

China Square Industrial Ltd. and Zhaoqing China Square Industry Limited each received a Q&V questionnaire.⁹ China Square Industrial Ltd. responded to the questionnaire,¹⁰ but Zhaoqing China Square Industry Limited did not. In its November 15, 2013 submission,¹¹ China Square Industrial Ltd. reported that Zhaoqing China Square Industry Limited is the producer of all the aluminum extrusions exported to the United States by China Square Industrial Ltd.¹² Idex Dinglee Technology (Tianjin Co., Ltd.) also received a Q&V questionnaire and did not submit a

² See *Aluminum Extrusions from the People’s Republic of China: Countervailing Duty Order*, 76 FR 30653 (May 26, 2011) (*Order*).

³ See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 78 FR 25423 (May 1, 2013).

⁴ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 38924, 38935-38937 (June 28, 2013) (*Initiation Notice*).

⁵ *Id.*, 78 FR at 38924.

⁶ See Department Memorandum regarding “Analysis of CBP Data and Identification of Companies to Receive Q&V Questionnaires” (August 2, 2013) (*Analysis of CBP Data Memorandum*).

⁷ *Id.*, at 3 and Attachment III; see also Department Memorandum regarding “Issuance of Quantity and Value Questionnaires” (August 7, 2013).

⁸ The six companies are: Dragonlux Limited; Henan New Kelong Electrical Appliances Co., Ltd.; Idex Dinglee Technology (Tianjin Co., Ltd.); Press Metal International Ltd.; Tianjin Ruxin Electric Heat Transmission Technology Co., Ltd; and Zhaoqing China Square Industry Limited.

⁹ See Department Memorandum regarding “Delivery Status of Quantity and Value Questionnaires” (August 23, 2013).

¹⁰ See Letter from China Square Industrial Ltd. regarding “Response to Quantity and Value Questionnaire” (August 27, 2013).

¹¹ See “Response to the Inquiry on the Relationship between China Square Industrial Ltd. and Zhaoqing China Square Industry Limited” (November 15, 2013).

¹² For purposes of the non-selected rate, we are applying the rate to China Square Industrial Ltd., the exporter, and Zhaoqing China Square Industry Limited, the producer of subject merchandise. See “Preliminary Ad Valorem Rate for Non-Selected Companies under Review,” section below for discussion of the non-selected rate.

response.¹³ The request for review of IDEX Dinglee Technology (Tianjin Co., Ltd.) was later withdrawn.¹⁴

As stated in the Analysis of CBP Data Memorandum,¹⁵ we provided interested parties an opportunity to demonstrate that companies not listed in CBP query results, but for which a review was initiated, made entries of subject merchandise during the POR. We received 12 such responses to the Q&V questionnaire. Of those 12 responses, only five of them¹⁶ contained the requisite supporting documentation (*e.g.*, 7501 entry summaries) demonstrating a Type 3 entry of subject merchandise during the POR. Because the seven remaining voluntary Q&V responses¹⁷ did not include the necessary supporting entry documentation, we did not consider those companies in our selection of mandatory respondents. Additionally, five companies notified us that they did not have any exports, sales, or entries of subject merchandise to the United States during the POR.¹⁸

We relied on the data in the Q&V responses as the basis for selecting the respondents for individual review.¹⁹ On September 24, 2013, Petitioner²⁰ filed comments on the respondent selection process.²¹ On September 30, 2013, we selected Jiangsu Changfa and Kromet as the two mandatory respondents in this administrative review.²² We issued the initial CVD questionnaire to the companies and the Government of the People's Republic of China (GOC) on October 18, 2013.²³ We received initial questionnaire responses from the GOC, Jiangsu Changfa, and Alnan/Kromet on December 16, 2013.²⁴ In its initial response, Kromet stated that it is a Canadian-based exporter and that the merchandise it sold in the United States was produced by Alnan Aluminum Co., Ltd. (Alnan), a non-affiliated Chinese manufacturer,²⁵ which

¹³ See Department Memorandum regarding "Respondent Selection" (September 30, 2013) (Respondent Selection Memorandum).

¹⁴ See *Aluminum Extrusions from the People's Republic of China: Notice of Partial Rescission of Countervailing Duty Administrative Review*, 78 FR 67116 (November 8, 2013) (*Partial Rescission Notice*).

¹⁵ See Analysis of CBP Data Memorandum at 3.

¹⁶ Those responses were submitted by: Ever Extend Ent. Ltd.; Guang Zhou Sang Yi Imp. & Exp. Co., Ltd.; Shanghai Hong-hong Lumber Co.; Taishan City Kam Kiu Aluminium Extrusion Co., Ltd. and Kam Kiu Aluminium Products Sdn. Bhd.; and Zhejiang Dongfeng Refrigeration Components Co., Ltd.

¹⁷ Those responses were submitted by: Dongguan Aoda Aluminum Co., Ltd.; Hoff Associates d/b/a Global Point Technology, Inc. and Global Point Technology (Far East) Limited; Justhere Company Limited; Nidec Sankyo (Zhejiang) Corporation; Permasteelisa South China Factory and Permasteelisa Hong Kong Limited; Shenyang Yuanda Aluminum Industry Engineering Co., Ltd. and Yuanda USA Corporation; and Taizhou Lifeng Manufacturing Corporation.

¹⁸ Those companies are: Hong Kong Gree Electric Appliances Sales Limited; Ningbo Yili Import and Export Co., Ltd.; Shenzhen Hudson Technology Development Co., Ltd.; Shenzhen Jiuyuan Co., Ltd.; and Zhongshan Gold Mountain Aluminium Factory Ltd.

¹⁹ See Respondent Selection Memorandum.

²⁰ Petitioner is the Aluminum Extrusions Fair Trade Committee.

²¹ See Letter from Petitioner regarding "Comments on Respondent Selection" (September 24, 2013).

²² See Respondent Selection Memorandum.

²³ See Department Letters to Jiangsu Changfa, Kromet, and the GOC regarding "Initial Questionnaire" (October 18, 2013).

²⁴ See Letters from the GOC, Jiangsu Changfa, and Kromet regarding "Initial Questionnaire Responses" (December 16, 2013).

²⁵ See Letter from Alnan/Kromet regarding "Questionnaire Response of Kromet International Inc." (December 16, 2013) (Alnan/Kromet Initial Response) at cover letter.

also submitted a questionnaire response for itself and cross-owned affiliates.²⁶ Thus, hereafter, we refer to Alnan and its cross-owned affiliates (collectively, the Alnan Companies) as the mandatory respondent.

From January 8, 2014, through April 10, 2014, we issued supplemental questionnaires to the Alnan Companies, Jiangsu Changfa, and the GOC. From January 27, 2014, through May 12, 2014, we received responses to the supplemental questionnaires from the Alnan Companies, Jiangsu Changfa, and the GOC.

On January 22, 2014, Petitioner filed new subsidy allegations (NSAs).²⁷ On February 3, 2014, Alnan/Kromet submitted comments on the NSAs.²⁸ On March 18, 2014, we initiated on one newly alleged subsidy (*i.e.*, Provision of Steam Coal for Less Than Adequate Remuneration (LTAR)).²⁹ We issued NSA questionnaires to the Alnan Companies and the GOC on March 21, 2014.³⁰ We received responses to the NSA questionnaires from the Alnan Companies and the GOC on April 4, 2014.³¹

On April 21, 2014, Petitioner and Alnan/Kromet timely submitted new factual information regarding benchmark data.³² On May 1, 2014, Petitioner filed rebuttal comments to Alnan/Kromet's benchmark data, and Alnan/Kromet filed rebuttal comments to Petitioner's data.³³ On May 19, 2014, Petitioner submitted further factual information to measure the adequacy of remuneration for the program "Provision of Primary Aluminum for LTAR."³⁴

Partial Rescission of Review

Between August 13, 2013, and September 26, 2013, several interested parties timely filed with the Department submissions to withdraw review requests of producers/exporters of aluminum

²⁶ *Id.*, at Volumes 2-4; *see also* Letter from Alnan/Kromet regarding "Response to Second Supplemental Response" (May 12, 2014).

²⁷ *See* Letter from Petitioner regarding "New Subsidy Allegations" (January 22, 2014). The Department extended the deadline for the filing of NSAs based on a request made by Petitioner, *see* Department Memorandum regarding "Extension of Deadline for Submission of New Subsidy Allegations" (January 2, 2014).

²⁸ *See* Letter from Alnan/Kromet regarding "Comments on New Subsidy Allegations" (February 3, 2014).

²⁹ *See* Department Memorandum regarding "Decision Memorandum on New Subsidy Allegations" (March 18, 2014).

³⁰ *See* Letters from Department to the Alnan Companies and the GOC regarding "New Subsidy Allegations Questionnaire" (March 21, 2014).

³¹ *See* Letter from Alnan/Kromet regarding "Response to NSA Questionnaire" (April 4, 2014); and Letter from GOC regarding "Response to Department NSA Questionnaire" (April 4, 2014).

³² *See* Letter from Petitioner regarding "Submission of Factual Information – Benchmark Data" (April 21, 2014); and Letter from Alnan/Kromet regarding "Benchmark Data Submission" (April 21, 2014). The deadline for the submission of factual information was extended to April 21, 2014, *see* Department Memorandum regarding "Revision of Deadline for Submission of Factual Information to Measure Adequacy of Remuneration" (January 22, 2014).

³³ *See* Letter from Petitioner regarding "Submission of Information in Rebuttal to Kromet's Benchmark Data Submission" (May 1, 2014); and Letter from Alnan/Kromet regarding "Rebuttal Comments of Kromet International Inc. regarding Petitioner's Benchmark Data Submission" (May 1, 2014).

³⁴ *See* Letter from Petitioner regarding "Submission of Further Factual Information to Measure Adequacy of Remuneration" (May 19, 2014).

extrusions.³⁵ We published the notice of partial rescission of the administrative review on November 8, 2013.³⁶

On August 27, 2013, Hong Kong Gree Electric Appliances Sales Limited (Hong Kong Gree) notified the Department that it had no shipments of subject merchandise to the United States during the POR.³⁷ On November 8, 2013, we published a notice of intent to rescind the review with respect to Hong Kong Gree, and invited interested parties to comment.³⁸ We received no comments and thus determined that the review of the company should be rescinded. We published the notice of partial rescission on January 15, 2014.³⁹

Extension of Preliminary Results

On October 18, 2013, the Department exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 1, through October 16, 2013.⁴⁰ Therefore, all deadlines in this segment of the proceeding were extended by 16 days and the revised deadline for the preliminary results of this review was February 18, 2014. Subsequently, the Department extended the time period for issuing the preliminary results of this review by 120 days, until June 18, 2014.⁴¹

We are conducting this administrative review in accordance with section 751(a)(1)(A) of the Act.

Scope of the Order

The merchandise covered by the *Order* is aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight. The subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise is made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium

³⁵ On August 13, 2013, Manhattan American Terrazzo Strip Co., Inc. withdrew its review request of North Fenghua Aluminum Ltd. On August 26, Shenzhen Hudson Technology Development Co., Ltd. withdrew its review request of itself. On August 27, 2013, Dek Rail Solution withdrew its review request of Nanhai Textiles Import & Export Co., Ltd. of Guangdong. On September 26, 2013, the Petitioner withdrew its review request of 80 companies.

³⁶ See *Aluminum Extrusions from the People's Republic of China: Notice of Partial Rescission of Countervailing Duty Administrative Review*, 78 FR 67116 (November 8, 2013).

³⁷ See Letter from Hong Kong Gree regarding "No Shipment Certification" (August 27, 2013).

³⁸ See *Aluminum Extrusions from the People's Republic of China: Intent to Rescind 2012 Countervailing Duty Administrative Review, in Part*, 78 FR 67115 (November 8, 2013).

³⁹ See *Partial Rescission Notice*.

⁴⁰ See Department Memorandum regarding "Deadlines Affected by the Shutdown of the Federal Government" (October 18, 2013).

⁴¹ See Department Memorandum regarding "Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review" (January 15, 2014).

and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion (drawn aluminum) are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (*i.e.*, without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, *i.e.*, prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swaged, mitered, chamfered, threaded, and spun. The subject merchandise includes aluminum extrusions that are finished (coated, painted, *etc.*), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the definition of aluminum extrusions are included in the scope. The scope includes the aluminum extrusion components that are attached (*e.g.*, by welding or fasteners) to form subassemblies, *i.e.*, partially assembled merchandise unless imported as part of the finished goods 'kit' defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, door thresholds, carpet trim, or heat sinks (that do not meet the finished heat sink exclusionary language below). Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are ready for use at the time of importation.

The following aluminum extrusion products are excluded: aluminum extrusions made from aluminum alloy with an Aluminum Association series designations commencing with the number 2 and containing in excess of 1.5 percent copper by weight; aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows

with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a “finished goods kit.” A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled ‘as is’ into a finished product. An imported product will not be considered a ‘finished goods kit’ and therefore excluded from the scope of the investigation merely by including fasteners such as screws, bolts, *etc.* in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, C355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics: (1) length of 37 millimeters (mm) or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.

Also excluded from the scope of the order are finished heat sinks. Finished heat sinks are fabricated heat sinks made from aluminum extrusions the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.

Also excluded from the scope of the order is certain rectangular wire produced from continuously cast rolled aluminum wire rod, which is subsequently extruded to dimension to form rectangular wire. The product is made from aluminum alloy grade 1070 or 1370, with no recycled metal content allowed. The dimensions of the wire are 5 mm (+/- 0.05 mm) in width and 1.0 mm (+/- 0.02 mm) in thickness. Imports of rectangular wire are provided for under HTSUS category 7605.19.000.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States (HTSUS): 7610.10.00, 7610.90.00, 7615.10.30, 7615.10.71, 7615.10.91, 7615.19.10, 7615.19.30, 7615.19.50, 7615.19.70, 7615.19.90, 7615.20.00, 7616.99.10, 7616.99.50, 8479.89.98, 8479.90.94, 8513.90.20, 9403.10.00, 9403.20.00, 7604.21.00.00, 7604.29.10.00, 7604.29.30.10, 7604.29.30.50, 7604.29.50.30, 7604.29.50.60, 7608.20.00.30, 7608.20.00.90, 7609.00.00.00, 8302.10.30.00, 8302.10.60.30, 8302.10.60.60, 8302.10.60.90, 8302.20.00.00, 8302.30.30.10, 8302.30.30.60, 8302.41.30.00, 8302.41.60.15, 8302.41.60.45, 8302.41.60.50, 8302.41.60.80, 8302.42.30.10, 8302.42.30.15, 8302.42.30.65, 8302.49.60.35, 8302.49.60.45, 8302.49.60.55, 8302.49.60.85, 8302.50.00.00, 8302.60.90.00, 8305.10.00.50, 8306.30.00.00, 8414.59.60.90, 8415.90.80.45,

8418.99.80.05, 8418.99.80.50, 8418.99.80.60, 8419.90.10.00, 8422.90.06.40, 8473.30.20.00, 8473.30.51.00, 8479.90.85.00, 8486.90.00.00, 8487.90.00.80, 8503.00.95.20, 8508.70.00.00, 8516.90.50.00, 8516.90.80.50, 8517.70.00.00, 8529.90.73.00, 8529.90.97.60, 8538.10.00.00, 8543.90.88.80, 8708.29.50.60, 8708.80.65.90, 9013.90.50.00, 9013.90.90.00, 9401.90.50.81, 9403.90.10.40, 9403.90.10.50, 9403.90.10.85, 9403.90.25.40, 9403.90.25.80, 9403.90.40.05, 9403.90.40.10, 9403.90.40.60, 9403.90.50.05, 9403.90.50.10, 9403.90.50.80, 9403.90.60.05, 9403.90.60.10, 9403.90.60.80, 9403.90.70.05, 9403.90.70.10, 9403.90.70.80, 9403.90.80.10, 9403.90.80.15, 9403.90.80.20, 9403.90.80.30, 9403.90.80.41, 9403.90.80.51, 9403.90.80.61, 9506.11.40.80, 9506.51.40.00, 9506.51.60.00, 9506.59.40.40, 9506.70.20.90, 9506.91.00.10, 9506.91.00.20, 9506.91.00.30, 9506.99.05.10, 9506.99.05.20, 9506.99.05.30, 9506.99.15.00, 9506.99.20.00, 9506.99.25.80, 9506.99.28.00, 9506.99.55.00, 9506.99.60.80, 9507.30.20.00, 9507.30.40.00, 9507.30.60.00, 9507.90.60.00, and 9603.90.80.50.

The subject merchandise entered as parts of other aluminum products may be classifiable under the following additional Chapter 76 subheadings: 7610.10, 7610.90, 7615.19, 7615.20, and 7616.99 as well as under other HTSUS chapters. In addition, fin evaporator coils may be classifiable under HTSUS numbers: 8418.99.80.50 and 8418.99.80.60. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.⁴²

There have been numerous scope rulings with regard to this *Order*. For further information, see a listing of these at the webpage titled *Final Scope Rulings of Enforcement and Compliance* website at <http://enforcement.trade.gov/download/prc-ae/scope/prc-ae-scope-index.html>.

Subsidies Valuation Information

Allocation Period

The average useful life (AUL) period in this proceeding, as described in 19 CFR 351.524(d)(2), is 12 years according to the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System, as revised. No party in this proceeding disputed this allocation period.

For non-recurring subsidies, we applied the "0.5 percent expense test" described in 19 CFR 351.524(b)(2). Under this test, we compare the amount of subsidies approved under a given program in a particular year to sales (total sales or total export sales, as appropriate) for the same year. If the amount of subsidies is less than 0.5 percent of the relevant sales, then the benefits are expensed to the year of receipt rather than allocated over the AUL period.

Consistent with other PRC CVD proceedings,⁴³ we continue to find that it is appropriate and administratively desirable to identify a uniform date from which the Department will identify and measure subsidies in the PRC for purposes of the CVD law, and have adopted December 11,

⁴² See *Order*.

⁴³ 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*).

2001, the date on which the PRC became a member of the World Trade Organization, as that date.

Attribution of Subsidies

The Department's regulations at 19 CFR 351.525(b)(6)(i) state that the Department will normally attribute a subsidy to the products produced by the corporation that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(iv) directs the Department to attribute subsidies received by certain other companies to the combined sales of the recipient and other 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.

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

the 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.⁴⁴

Thus, the Department's regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists. The U.S. Court of International Trade (CIT) upheld the Department'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.⁴⁵

Alnan Companies and Kromet

Kromet is a Canadian company that exported to the United States during the POR subject aluminum extrusions that were produced and exported by Alnan Aluminum. Alnan Aluminum is a PRC company located in Nanning City, Guangxi Province of the PRC. Based on the information on the record provided by Kromet and the Alnan Companies, we preliminarily find

⁴⁴ See *Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998) (*Preamble*).

⁴⁵ See *Fabrique de Fer de Charleroi v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

that Alnan Aluminum, Alnan Foil, Shanglin Industry, Shanglin Power, Nanning Alnan Aluminum Industry Co., Ltd., Quinzhou Alnan Aluminum Precision Processing Co., Ltd., and Guangxi Alnan Aluminum Technology Research & Development Center are cross-owned affiliates within the meaning of 19 CFR 351.525(b)(6)(vi) by virtue of direct or common ownership.⁴⁶

Pursuant to 19 CFR 351.525(b)(6)(iii), because Alnan Aluminum is the parent company of Alnan Foil, Shanglin Industry, Shanglin Power, Nanning Alnan Aluminum Industry Co., Ltd., Quinzhou Alnan Aluminum Precision Processing Co., Ltd., and Guangxi Alnan Aluminum Technology Research & Development Center, we are attributing subsidies received by Alnan Aluminum to the consolidated sales of the parent company and its subsidiaries, *i.e.*, the consolidated sales of the Alnan Companies, net of inter-company sales.

Kromet and the Alnan Companies reported that certain of these affiliated companies supplied inputs to Alnan Aluminum during the POR.⁴⁷ Because these affiliated companies were not the producers of the inputs, we are attributing, pursuant to 19 CFR 351.525(b)(6)(v), only those subsidies received by these companies that were transferred to Alnan Aluminum. Our approach in this regard is consistent with the Department's practice.⁴⁸ Because Alnan Aluminum is a parent company, pursuant to 19 CFR 351.525(b)(6)(iii), the denominator for attributing subsidies transferred from these affiliates is the value of the consolidated sales of the Alnan Companies (which is net of inter-company sales).

Jiangsu Changfa

Jiangsu Changfa, a domestically-owned producer and exporter of evaporators, was established in 2002, in Jiangsu Province.⁴⁹ Jiangsu Changfa reported that approximately 50 percent of its shares are owned by Jiangsu Changfa Industry Group Co., Ltd. (Changfa Group), which, in turn, is owned by several individuals.⁵⁰ Jiangsu Changfa's remaining shares are minority-owned by two other PRC companies and public shareholders.⁵¹ Jiangsu Changfa was publicly listed on the Shenzhen Stock Exchange in 2010.⁵² The Changfa Group, established in 2000 in Jiangsu Province, operates as a holding company of diverse industries with a focus on agricultural equipment manufacturing and refrigeration equipment.⁵³ We preliminarily find that Jiangsu

⁴⁶ See Alnan/Kromet Initial Response (December 16, 2013) at Volume 2, III-3 through III-7 and Exhibits 1-3. As the ownership information is business proprietary, for further explanation, *see* Department Memorandum regarding "Preliminary Calculations for Kromet International Inc. and the Alnan Companies" (Preliminary Calculations for Kromet and the Alnan Companies), dated concurrently with and hereby adopted by this memorandum.

⁴⁷ For further details, which are proprietary, *see* Preliminary Calculations for Kromet and the Alnan Companies.

⁴⁸ See *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) (*Aluminum Extrusions from the PRC First Review*), and accompanying Issues and Decision Memorandum (IDM) at "Attribution of Subsidies" (Kromet and the Alnan Companies).

⁴⁹ See Jiangsu Changfa Initial Response (December 16, 2013) at 6-7, and Exhibit 3.B (Jiangsu Changfa's Annual Report 2012) at 92.

⁵⁰ *Id.*, at 3-4.

⁵¹ *Id.*, at 4. The three PRC companies which own shares of Jiangsu Changfa are described as "domestic non-state owned legal person" (*see* Exhibit 3.B at 45).

⁵² *Id.*, at 9.

⁵³ *Id.*, at 6, 9, and Exhibit 3.B at 47.

Changfa and the Changfa Group are cross-owned within the meaning of 19 CFR 351.525(b)(6)(vi) by virtue of direct or common ownership.

Jiangsu Changfa reported that it has three wholly-owned subsidiaries: Changzhou Changfa Cooling Equipment Trading Co., Ltd. (Changfa Cooling), Changzhou Changfa Chengbei Cooling Co., Ltd. (Chengbei Cooling), and Changzhou City Wujin River South Aluminum Oxidation Co., Ltd. (Wujin).⁵⁴ Changfa Cooling is a domestic sales company of refrigeration devices, steel tubes, aluminum plate, strip, and foil, and copper pipe.⁵⁵ Chengbei Cooling, incorporated in 2011, processes and produces cooling parts, rolled or welded steel tube, and machine parts.⁵⁶ Wujin, founded in 2001, copperizes and oxides aluminum machine parts.⁵⁷ All subsidiaries are located in Jiangsu Province.⁵⁸ Because Changfa Cooling, Chengbei Cooling, and Wujin are wholly-owned by Jiangsu Changfa, we preliminarily find that all companies are cross-owned within the meaning of 19 CFR 351.525(b)(6)(vi) by virtue of direct or common ownership.

Jiangsu Changfa reported that Chengbei Cooling and Wujin provided goods and services to it, and that the Changfa Group received and transferred a subsidy to it during the POR.⁵⁹ As such, Jiangsu Changfa submitted a questionnaire for itself, the Changfa Group, Chengbei Cooling, and Wujin. Among the responding companies, Jiangsu Changfa is the only company that produces and exports the subject merchandise.⁶⁰

We preliminarily determine, as discussed below in “Analysis of Programs,” that Jiangsu Changfa and the Changfa Group received benefits from countervailable subsidy programs during the POR. To attribute a subsidy received by Jiangsu Changfa, we used as the denominator the total consolidated sales of the company, net of inter-company sales companies, or total exports, as appropriate, in accordance with 19 CFR 351.525(b)(6)(iii). To attribute a subsidy received by Changfa Group, we used as the denominator the total consolidated revenue of the Changfa Group. Lastly, to attribute a subsidy received by the Changfa Group, but then transferred to Jiangsu Changfa, we used Jiangsu Changfa’s sales as the denominator, in accordance with 19 CFR 351.525(b)(6)(iii).

Grant Programs Discovered Through Analysis of Jiangsu Changfa’s Financial Statements

We examined Jiangsu Changfa’s financial statements and discovered several grants that were not reported in either the company’s or GOC’s initial questionnaire responses. We issued supplemental questionnaires to Jiangsu Changfa and the GOC, and received responses regarding those grants.⁶¹ We preliminarily determine that, in total, 43 grants were received by Jiangsu Changfa and the Changfa Group and that these grants are “non-recurring” consistent with 19

⁵⁴ *Id.*, at 3.

⁵⁵ *Id.*, at Exhibit 3.B at 27.

⁵⁶ *Id.*, at 9-10.

⁵⁷ *Id.*, at 10.

⁵⁸ *Id.*, at 6.

⁵⁹ *Id.*, at 3.

⁶⁰ *Id.*, at 10.

⁶¹ See Jiangsu Changfa Supplemental Response (February 19, 2014), and GOC Supplemental Response (March 18, 2014).

CFR 351.524(c)(1). With regard to those programs, we performed the “0.5 percent test” of 19 CFR 351.524(b)(2). For five programs, we preliminarily determine that Jiangsu Changfa received benefits during the POR that exceeded 0.005 percent *ad valorem*.⁶² Our preliminary determinations with regard to the countervailability of those programs are included below in the “Programs Preliminarily Determined To Be Countervailable” section. For the remaining grant programs for which the benefits did not exceed 0.5 percent and were expensed prior the POR, it is not necessary to make preliminary determinations with regard to their countervailability at this time. Therefore, we listed these grant programs in the section “Programs Preliminarily Determined Not to Confer a Benefit or Not Used.”

Loan Benchmark Rates

The Department is examining loans received by the respondents from Chinese policy banks and state-owned commercial banks (SOCBs), as well as non-recurring, allocable subsidies.⁶³ The derivation of the benchmark and discount rates used to value these subsidies is discussed below.

Short-Term RMB Denominated Loans

Section 771(5)(E)(ii) of the Act explains that the benefit for loans is the “difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market.” Normally, the Department uses comparable commercial loans reported by the company as a benchmark.⁶⁴ If the firm did not have any comparable commercial loans during the period, the Department’s regulations provide that we “may use a national average interest rate for comparable commercial loans.”⁶⁵ As noted above, section 771(5)(E)(ii) of the Act indicates that the benchmark should be a market-based rate.

For the reasons explained in *CFS from the PRC*,⁶⁶ loans provided by Chinese banks reflect significant government intervention in the banking sector and do not reflect rates that would be found in a functioning market. Because of this, any loans received by respondents from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(2)(i). Similarly, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii). There is no new information on the record of this review that would lead us to deviate from our prior determinations regarding government intervention in the PRC’s banking sector. Therefore, because of the special difficulties inherent in using a Chinese benchmark for loans, the Department is selecting an external market-based

⁶² For more information on the grant calculations, see Department Memorandum regarding “Preliminary Results Calculations for Jiangsu Changfa” (June 18, 2014).

⁶³ See 19 CFR 351.524(b)(1).

⁶⁴ See 19 CFR 351.505(a)(3)(i).

⁶⁵ See 19 CFR 351.505(a)(3)(ii).

⁶⁶ 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 IDM at Comment 10. See also Department Memorandum regarding “Placement of China-NME Status Memoranda on the Record” (June 18, 2014).

benchmark interest rate. The use of an external benchmark is consistent with the Department's practice.⁶⁷

We first developed in *CFS from the PRC*,⁶⁸ and more recently updated in *Thermal Paper from the PRC*,⁶⁹ the methodology used to calculate the external benchmark. Under that methodology, we first determine which countries are similar to the PRC in terms of gross national income, based on the World Bank's classification of countries as: low income; lower-middle income; upper-middle income; and high income. For 2001 through 2009, the PRC fell in the lower-middle income category.⁷⁰ Beginning with 2010, however, the PRC is in the upper-middle income category and remained there for 2011 to 2012.⁷¹ Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the benchmark and discount rates for 2001 – 2009, and the interest rates of upper-middle income countries to construct the benchmark and discount rates for 2010 – 2012. As explained in *CFS from the PRC*, by pooling countries in this manner, we capture the broad inverse relationship between income and interest rates.

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

In each year from 2001 – 2009, and 2011 – 2012, the results of the regression-based analysis reflected the intended, common sense result: stronger institutions meant relatively lower real interest rates, while weaker institutions meant relatively higher real interest rates. For 2010, however, the regression does not yield that outcome for the PRC's income group. This contrary result for a single year does not lead the Department to reject the strength of governance as a determinant of interest rates. Therefore, we continue to rely on the regression-based analysis used since *CFS from the PRC* to compute the benchmark for the years from 2001 – 2009, and 2011 – 2012. For the 2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

Many of the countries in the World Bank's upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund, and they are included in that agency's international financial statistics (IFS). With the exceptions noted below, we used the interest and inflation rates reported in the IFS for the countries identified as "upper-middle income" by the World Bank for 2010 – 2012, and "lower-middle income" for 2001 – 2009.⁷²

⁶⁷ See *Notice of Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Softwood Lumber Products from Canada*, 67 FR 15545 (April 2, 2002), and accompanying IDM at "Analysis of Programs, Provincial Stumpage Programs Determined to Confer Subsidies, Benefit."

⁶⁸ See *CFS from the PRC*, and accompanying IDM at Comment 10.

⁶⁹ See *Lightweight Thermal Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from the PRC*), and accompanying IDM at 8-10.

⁷⁰ See World Bank Country Classification, <http://econ.worldbank.org/>; see also Department Memorandum regarding "Interest Rate Benchmark Memorandum," dated concurrently with, and hereby adopted by, this memorandum.

⁷¹ See World Bank Country Classification.

⁷² See Interest Rate Benchmark Memorandum.

First, we did not include those economies that the Department considers to be non-market economies for antidumping purposes for any part of the years in question, for example: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Turkmenistan. Second, the pool necessarily excludes any country that did not report both lending and inflation rates to IFS for those years. Third, we removed any country that reported a rate that was not a lending rate or that based its lending rate on foreign-currency denominated instruments.⁷³ Finally, for each year the Department calculated an inflation-adjusted short-term benchmark rate and excluded any countries with aberrational or negative real interest rates for the year in question.⁷⁴ Because the resulting rates are net of inflation, we adjusted the benchmark rates to include an inflation component before comparing them to the interest rates on loans issued to the respondents by SOCBs.⁷⁵

Long-Term RMB-Denominated Loans

The lending rates reported in the IFS represent short- and medium-term lending, and there are not sufficient publicly available long-term interest rate data upon which to base a robust benchmark for long-term loans. To address this problem, the Department developed an adjustment to the short- and medium-term rates to convert them to long-term rates using Bloomberg U.S. corporate BB-rated bond rates.⁷⁶

In *Citric Acid from the PRC*, this methodology was revised by switching from a long-term mark-up based on the ratio of the rates of BB-rated bonds to applying a spread which is calculated as the difference between the two-year BB bond rate and the n-year BB bond rate, where ‘n’ equals or approximates the number of years of the term of the loan in question.⁷⁷ Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.⁷⁸

Foreign Currency-Denominated Loans

To calculate benchmark interest rates for foreign currency-denominated loans, the Department is following the methodology developed over a number of successive PRC proceedings. For US dollar short-term loans, the Department used as a benchmark the one-year dollar London Interbank Offering Rate (LIBOR), plus the average spread between LIBOR and the one-year corporate bond rates for companies with a BB rating. Likewise, for any short-term loans

⁷³ For example, in certain years Jordan reported a deposit rate, not a lending rate, and Ecuador and Timor L’Este reported dollar-denominated rates; therefore, such rates have been excluded.

⁷⁴ For example, we excluded Brazil from the 2010 and 2011 benchmarks because the country’s real interest rate was 34.95 percent and 37.25 percent, respectively. See Interest Rate Benchmark Memorandum.

⁷⁵ See Interest Rate Benchmark Memorandum for the adjusted benchmark rates including an inflation component.

⁷⁶ See *Light-Walled Rectangular Pipe and Tube from the People’s Republic of China: Final Affirmative Countervailing Duty Investigation Determination*, 73 FR 35642 (June 24, 2008) (*Light-Walled Pipe from the PRC*), and accompanying IDM at 8.

⁷⁷ See *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 16836 (April 13, 2009) (*Citric Acid from the PRC*), and accompanying IDM at Comment 14.

⁷⁸ See Interest Rate Benchmark Memorandum for the resulting inflation adjusted benchmark lending rates.

denominated in other foreign currencies, we used as a benchmark the one-year LIBOR for the given currency plus the average spread between the LIBOR rate and the one-year corporate bond rate for companies with a BB rating.

For any long-term foreign currency-denominated loans, the Department added the applicable short-term LIBOR rate to a spread which is calculated as the difference between the one-year BB bond rate and the n-year BB bond rate, where “n” equals or approximates the number of years of the term of the loan in question.⁷⁹

Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i)(A), we are using as the discount rate the long-term interest rate calculated according to the methodology described above for the year in which the government provided non-recurring subsidies.⁸⁰

Use of Facts Otherwise Available and Adverse Inferences

Sections 776(a)(1) and (2) of the Act provide that the Department shall apply “facts otherwise available,” subject to section 782(d) of the Act, 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 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 fails to cooperate by not acting to the best of its ability to comply with a request for information. The Department’s practice when selecting adverse information from among the possible sources of information is to ensure that the result is sufficiently adverse “as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner.”⁸¹ 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.”⁸²

Application of Total AFA to Non-Cooperative Companies

Dragonlux Limited, Henan New Kelong Electrical Appliances Co., Ltd., Press Metal International Ltd., and Tianjin Ruxin Electric Heat Transmission Technology Co., Ltd. (collectively, the non-cooperative companies) failed to respond to the Department’s August 6,

⁷⁹ *Id.*, for the LIBOR rates.

⁸⁰ *Id.*, for the discount rates.

⁸¹ See *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).

⁸² See Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, vol. 1 at 870 (1994).

2013, Q&V questionnaire.⁸³ We sent a questionnaire via United Parcel Service (UPS) to the address provided for each company⁸⁴ and confirmed that each company received the questionnaire.⁸⁵ None of these companies, however, submitted a response by the August 27, 2013, deadline, or requested an extension to respond to the questionnaire.

As a result of the companies' failure to submit a response to the questionnaire, we preliminarily find them to be non-cooperative. By not responding to the request for information regarding the Q&V of their sales, the companies withheld information that was requested by the Department. Thus, we are basing the CVD rate for these non-cooperative companies on the facts otherwise available, pursuant to sections 776(a)(2)(A) of the Act.

We further preliminarily find that an adverse inference is warranted, pursuant to section 776(b) of the Act. By failing to submit a response to the Department's questionnaire, the companies did not cooperate by not acting to the best of their ability in this review. Accordingly, we preliminarily find that adverse facts available (AFA) is warranted.

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) and (2) 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 other 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 rate is sufficiently adverse "as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner."⁸⁶ 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."⁸⁷

In applying AFA to the non-cooperative companies, we are guided by the Department's approach in earlier segments of this proceeding and other recent PRC CVD investigations and reviews.⁸⁸ Under this practice, the Department computes the total AFA rate for non-cooperative companies generally using program-specific rates calculated for the cooperating respondents in the instant review or in prior segments of the instant proceeding, or calculated in prior CVD cases involving the country under review (in this case, the PRC), unless it is clear that the

⁸³ See Department Memorandum regarding "Issuance of Quantity and Value Questionnaires" (August 7, 2013); see also Respondent Selection Memorandum at "Attachment – Q&V Data."

⁸⁴ See Delivery Status of Q&Vs Memorandum.

⁸⁵ *Id.*

⁸⁶ See e.g., *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).

⁸⁷ See SAA at 870.

⁸⁸ See *Aluminum Extrusions from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 18521 (April 4, 2011) (*Aluminum Extrusions from the PRC Investigation*), and accompanying IDM at "Application of Adverse Inferences: Non-Cooperative Companies;" *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at "Application of Adverse Inferences: Non-Cooperative Companies;" and see e.g., *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Final Results of the Countervailing Duty Administrative Review*, 77 FR 21744 (April 11, 2012), and accompanying IDM at "Use of Facts Otherwise Available and Adverse Inferences;" at "Application of Adverse Inferences: Non-Cooperative Companies."

industry in which the respondents operate cannot use the program for which the rates were calculated.

In these preliminary results, for the income tax rate reduction or exemption programs, we are applying an adverse inference that the non-cooperative companies paid no income taxes during the POR. The standard income tax rate for PRC corporations filing income tax returns during the POR was 25 percent.⁸⁹ We, therefore, preliminarily find that the highest possible benefit for all income tax reduction or exemption programs combined is 25 percent (*i.e.*, the income tax programs combined provide a countervailable benefit of 25 percent). This approach is consistent with the Department's past practice.⁹⁰

The 25 percent AFA rate does not apply to income tax credit and rebate, accelerated depreciation, or import tariff and value add tax exemption programs because such programs may not affect the tax rate. Therefore, for all programs other than those involving income tax rate reduction or exemption programs, we first sought to apply, where available, the highest above *de minimis* subsidy rate calculated for an identical program from any segment of this proceeding.⁹¹ Absent such a rate, we applied, where available, the highest above *de minimis* subsidy rate calculated for a similar program from any segment of this proceeding.

In the absence of an above *de minimis* subsidy rate calculated for the same or similar program in any segment of this proceeding, we applied the highest non-*de minimis* rate calculated for the same or similar program (based on treatment of the benefit) in another PRC CVD proceeding. Absent an above *de minimis* subsidy rate calculated for the same or similar program in any PRC CVD proceeding, we applied the highest calculated subsidy rate for any program otherwise listed from any prior PRC CVD case, so long as the non-cooperating companies conceivably could have used the program for which the rate was calculated. On that basis, we preliminarily determine that the AFA rate for the non-cooperative companies is 154.84 percent *ad valorem*.⁹²

Corroboration of Secondary Information Used to Derive AFA Rates

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 "information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise."⁹³ The Department

⁸⁹ See GOC Initial Response (December 16, 2013) at 22.

⁹⁰ See *e.g.*, *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at "Application of Adverse Inferences: Non-Cooperative Companies."

⁹¹ Because the rates calculated in the underlying investigation were calculated for voluntary respondents we are not using any of those rates as AFA rates in this administrative review. See *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at "Application of Adverse Inferences: Non-Cooperative Companies." As such, for this instant review, the only segment of the proceeding from which we are sourcing program rates is *Aluminum Extrusions from the PRC First Review*.

⁹² See Department Memorandum regarding "AFA Calculation Memorandum for the Preliminary Results" (June 18, 2014) (AFA Calculation Memorandum), for a table detailing the derivation of the AFA rate applied.

⁹³ See SAA at 870.

considers information to be corroborated if it has probative value.⁹⁴ To corroborate secondary information, 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.⁹⁵

With regard to the reliability aspect of corroboration, we note that the rates on which we are relying are subsidy rates calculated in this review or other PRC CVD final determinations. Further, the calculated rates were based on information about the same or similar programs. Moreover, no information has been presented that calls into question the reliability of these calculated rates that we are applying as AFA. Finally, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs.

With respect to the relevance aspect of corroborating the rates selected, the Department will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. Where circumstances indicate that the information is not appropriate as AFA, the Department will not use it.⁹⁶

In the absence of record evidence concerning the programs under review resulting from the non-cooperative companies' decision not to participate in the review, we reviewed the information concerning PRC subsidy programs in this and other cases. For those programs for which the Department found a program-type match, we find that, because these are the same or similar programs, they are relevant to the programs under review in this case. For the programs for which there is no program-type match, we selected the highest calculated subsidy rate for any PRC program from which the non-cooperative companies could receive a benefit to use as AFA. The relevance of these rates is that they are actual calculated CVD rates for a PRC program from which the non-cooperative companies could actually receive a benefit. Further, these rates were calculated for periods close to the POR. Moreover, the failure of these companies to respond to the Department's request for information "resulted in an egregious lack of evidence on the record to suggest an alternative rate."⁹⁷ Due to the lack of participation by the non-cooperative companies and the resulting lack of record information concerning their use of programs under review, the Department corroborated the rates it selected to the extent practicable.

GOC – Whether Primary Aluminum Producers Are “Authorities”

As discussed below under “Programs Preliminarily Found To Be Countervailable,” the Department is examining whether the GOC provided primary aluminum for LTAR to the respondent companies. We asked the GOC to provide information regarding the specific companies that produced primary aluminum which the respondent companies purchased during the POR. Specifically, we sought information from the GOC which would allow us to analyze

⁹⁴ *Id.*

⁹⁵ *Id.*, at 869-870.

⁹⁶ See e.g., *Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).

⁹⁷ See *Shanghai Taoen Int'l Trading Co., Ltd. v. United States*, 360 F. Supp. 2d 1339, 1348 (CIT 2005).

whether the producers are “authorities” within the meaning of section 771(5)(B) of the Act.⁹⁸ In prior PRC CVD proceedings, the Department determined that when a respondent purchases an input from a trading company or non-producing supplier, a subsidy is conferred if the producer of the input is an “authority” within the meaning of section 771(5)(B) of the Act and that the price paid by the respondent for the input was for LTAR.⁹⁹

Jiangsu Changfa stated that it was unable to identify the companies that produced the primary aluminum which it purchased through unaffiliated trading companies during the POR.¹⁰⁰ Jiangsu Changfa explained that it requested the cooperation of the suppliers to provide the identity of the producers, but they were reluctant to provide the information.¹⁰¹ As such, because Jiangsu Changfa was unable to specifically identify the producers for the purchase transactions made in the POR, it listed “unknown” for producer name/address within its input purchases worksheet.¹⁰² The Alnan Companies identified the PRC companies that produced the primary aluminum which it purchased during the POR, with the exception of the producer(s) of primary aluminum purchased from a supplier during one month of the POR.¹⁰³ See “Application of AFA for Producer(s) Not Identified by the Alnan Companies,” below.

In the Department’s initial questionnaire, we asked the GOC to respond to the specific questions regarding the producers of primary aluminum and to respond to the *Input Producer Appendix* for each producer which produced the primary aluminum purchased by the respondent companies.¹⁰⁴ We instructed the GOC to coordinate with the respondents to obtain a complete list of the

⁹⁸ For entities in the PRC, the Department previously described an analytical framework for addressing the question of whether such entities are “authorities” within the meaning of the Act. See Department Memorandum regarding “Additional Documents for Preliminary Decision” (June 18, 2014), which contains the Memorandum for Paul Piquado, Assistant Secretary for Import Administration, through Lynn Fischer Fox, Deputy Assistant Secretary for AD/CVD Policy and Negotiation, Christian Marsh, Deputy Assistant Secretary for AD/CVD Operations, and John D McInerney, Chief Counsel for Import Administration, from Shauna Biby, Christopher Cassel, Timothy Hruby, Office of Policy, Import Administration, “Section 129 Determination of the Countervailing Duty Investigation of Circular Welded Carbon Quality Steel Pipe; Light-Walled Rectangular Pipe and Tube; Laminated Woven Sacks; and Off-the-Road Tires from the People’s Republic of China: An Analysis of Public Bodies in the People’s Republic of China in Accordance with the WTO Appellate Body’s Findings in WTO DS379,” dated May 18, 2012; and its attachment, Memorandum for Paul Piquado, Assistant Secretary for Import Administration, through Lynn Fischer Fox, Deputy Assistant Secretary for AD/CVD Policy and Negotiation, Christian Marsh, Deputy Assistant Secretary for AD/CVD Operations, and John D McInerney, Chief Counsel for Import Administration, from Shauna Biby, Christopher Cassel, Timothy Hruby, Office of Policy, Import Administration, “The relevance of the Chinese Communist Party for the limited purpose of determining whether particular enterprises should be considered to be ‘public bodies’ within the context of a countervailing duty investigation,” dated May 18, 2012.

⁹⁹ See e.g., *CWP from the PRC*, and accompanying IDM at “Hot-Rolled Steel for Less Than Adequate Remuneration;” *Kitchen Shelving and Racks from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 37012 (July 27, 2009), and accompanying IDM at “Provision of Wire Rod for Less than Adequate Remuneration;” and *Circular Welded Austenitic Stainless Pressure Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 4936 (January 28, 2009), and accompanying IDM at Comment 5.

¹⁰⁰ See Jiangsu Changfa Supplemental Response (February 19, 2014) at 135-136.

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ See Alnan/Kromet Initial Response (December 16, 2013) at Exhibit 16, and Supplemental Response (May 12, 2014) at Exhibit 2S-19 and Exhibit 2S-20.

¹⁰⁴ See Letter from the Department to the GOC regarding “Initial Questionnaire” (October 18, 2013) at Section II “Provision of Primary Aluminum for LTAR.”

primary aluminum producers, including the producers of inputs purchased through a supplier.¹⁰⁵ We notified the GOC that it is “the GOC’s responsibility to ensure that the respondent companies provide the identities of their producers in sufficient time to enable the GOC to include the information requested in this questionnaire in the initial response.”¹⁰⁶ As noted above, Jiangsu Changfa was unable to identify its producers and, therefore, did not provide the GOC with any information concerning the identity of its producers, and thus the GOC was unable to provide a response for those companies. The Alnan Companies, however, knew the identities of the companies that produced the primary aluminum which was purchased during the POR, and was instructed to share that information with the GOC.¹⁰⁷

In its initial response, the GOC provided only a table that lists the name, address, and company type for suppliers of primary aluminum and the business registration forms for some of those firms.¹⁰⁸ It did not provide the requested information concerning the producers of primary aluminum identified by the Alnan Companies. In the January 2, 2014, supplemental questionnaire, we again instructed the GOC to respond to the “Questions Regarding the Primary Aluminum Industry”¹⁰⁹ and “Questions Regarding the Producers of Primary Aluminum” for the PRC producers that produced the primary aluminum and not the suppliers from which the aluminum was purchased by the respondent companies.¹¹⁰ In its supplemental response, the GOC submitted an incomplete response to the *Input Producer Appendix* for one supplier, rather than any producers.¹¹¹ The GOC also stated that “the GOC chooses not to provide any additional response to the ‘Questions Regarding the Primary Aluminum Industry’ and ‘Questions Regarding the Producers of Primary Aluminum.’”¹¹²

We preliminarily determine that the GOC withheld necessary information with regard to the Alnan Companies’ producers that was requested of it twice and, thus, the Department must rely on “facts otherwise available” in issuing the preliminary results.¹¹³ Further, we preliminarily find that the GOC failed to cooperate by not acting to the best of its ability regarding the producers of the primary aluminum from which the Alnan Companies purchased during the POR because the GOC did not provide the requested information, which it has in its possession. Consequently, we preliminarily find that an adverse inference is warranted in the application of facts available.¹¹⁴ As AFA, we preliminarily determine that all of the producers that produced the primary aluminum that the Alnan Companies purchased during the POR are “authorities” within the meaning of section 771(5)(B) of the Act.

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ See Letter from the Department to Kromet regarding “Initial Questionnaire” (October 18, 2013) at Section III “Provision of Primary Aluminum for LTAR.”

¹⁰⁸ See GOC Initial Response (December 16, 2013) at 36 and Exhibit E-1-18.

¹⁰⁹ This set of questions includes instruction to respond to the *Input Producer Appendix*.

¹¹⁰ See Letter from the Department to the GOC regarding “First Supplemental Questionnaire” (January 2, 2014) at “Provision of Primary Aluminum for LTAR.”

¹¹¹ See GOC Supplemental Response (January 28, 2014) at 20-27.

¹¹² *Id.*, at 19.

¹¹³ See section 776(a)(2)(A) of the Act.

¹¹⁴ See section 776(b) of the Act.

Application of AFA for Producer(s) Not Identified by Jiangsu Changfa

As discussed above, Jiangsu Changfa was unable to learn the identities of the producers from its suppliers. In such circumstances, the Department may make a facts available assumption that the percentage of supply from authorities is equal to the percentage of production accounted for by state-owned enterprises (SOEs) and collectives.¹¹⁵ However, as noted below, the GOC failed to provide information on the total volume and value of domestic production that is accounted for by companies in which the government maintained an ownership or management interest in 2012. Because those data are not on the record, we are unable to derive the share of primary aluminum produced by SOEs and collectives for 2012. As such, we preliminarily find as AFA that the percentage of primary aluminum produced by SOEs and collectives is equal to 100 percent. Further, because the GOC failed to provide the data requested on the primary aluminum market/industry, we preliminarily determine that all of the producers which produced the primary aluminum purchased by Jiangsu Changfa during the POR are “authorities” within the meaning of section 771(5)(B) of the Act. See “Provision of Primary Aluminum for LTAR,” below.

Application of AFA for Producer(s) Not Identified by the Alnan Companies

For one month’s purchases from a supplier during the POR, the Alnan Companies did not identify the producer(s) of aluminum purchased by one of its affiliated companies, although the purchase information was requested twice.¹¹⁶ Thus, we preliminarily find that the application of facts available is warranted, pursuant to section 776(a)(2)(A) of the Act because the Alnan Companies withheld information that was requested of it. Further, we preliminarily find that the Alnan Companies failed to cooperate by not acting to the best of its ability to comply with the Department’s request for information because the company failed to submit the identity of the producer(s) or to explain why it could not provide that information, and thus that the application of facts available with an adverse inference is warranted, pursuant to section 776(b) of the Act. As partial AFA, we preliminarily determine that all producers of primary aluminum for transactions during that month of the POR are government authorities. For these transactions, we preliminarily determine that a financial contribution was provided to the Alnan Companies in the form of the provision of a good under section 771(5)(D)(iii) of the Act. See “Provision of Primary Aluminum for LTAR,” below.

GOC – Whether Primary Aluminum Market Is Distorted

In the Department’s initial questionnaire, we asked the GOC to respond to specific questions regarding the PRC primary aluminum industry and market for the POR.¹¹⁷ Specifically, we asked the GOC to:

¹¹⁵ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Provision of Primary Aluminum for LTAR;” see also *CWP from the PRC*, and accompanying IDM at “Hot-Rolled Steel for Less Than Adequate Remuneration;” and *Light-Walled Pipe from the PRC*, and accompanying IDM at “Hot-Rolled Steel for Less Than Adequate Remuneration.”

¹¹⁶ See Department Letter to Kromet regarding “Initial Questionnaire” (October 18, 2013), and Department Letter to Kromet regarding “Second Supplemental Questionnaire” (April 10, 2014).

¹¹⁷ See Letter from the Department to the GOC regarding “Initial Questionnaire” (October 18, 2013) at Section II “Provision of Primary Aluminum for LTAR,” at “Questions Regarding the Primary Aluminum Industry.”

- Provide the following information concerning the primary aluminum industry in the PRC for the POR, including an explanation of the sources used to compile the information:
 - a. The total number of producers.
 - b. The total volume and value of Chinese domestic consumption of primary aluminum and the total volume and value of Chinese domestic production of primary aluminum.
 - c. The percentage of domestic consumption accounted for by domestic production.
 - d. The total volume and value of imports of primary aluminum.
 - e. The total volume and value of domestic production that is accounted for by companies in which the government maintains an ownership or management interest either directly or through other government entities.
 - f. A discussion of what laws, plans or policies address the pricing of primary aluminum, the levels of production of primary aluminum, the importation or exportation of primary aluminum, or the development of primary aluminum capacity. Please state which, if any, central and sub-central level industrial policies pertain to the primary aluminum.

- If there is a primary aluminum industry or aluminum industry association in the PRC, please provide the rules or guidelines under which it operates and a list of its members.

- Were there any export or price controls on primary aluminum or any price floors or ceilings established in the POR?

- Please state the value added tax (VAT) and import tariff rates in effect for primary aluminum in 2012.

- Was there an export tariff or quota on primary aluminum during the POR? If so, please report the tariff rate or quota amount in effect and provide a translated copy of the regulation/law in which the export tariff rate or quota is reported.

- Indicate whether export licensing requirements were in place during the POR with regard to primary aluminum. If so, please provide a translated copy of the regulation/law in which the export licensing requirements are explained.

The Department requests such information to inform its analysis of the degree of the GOC's presence in the market and whether such presence results in the distortion of prices. In its initial response, the GOC did not provide a response to the above-listed questions.¹¹⁸ In the January 2, 2014, supplemental questionnaire, we again instructed the GOC to respond to the "Questions Regarding the Primary Aluminum Industry."¹¹⁹ In its supplemental response, the GOC again did not submit a response to the "Questions Regarding the Primary Aluminum Industry."¹²⁰ The GOC also stated that "beyond what the GOC has already provided in its responses in the original

¹¹⁸ See GOC Initial Response (December 16, 2013) at 44-45.

¹¹⁹ See Letter from the Department to the GOC regarding "First Supplemental Questionnaire" (January 2, 2014) at "Provision of Primary Aluminum for LTAR."

¹²⁰ See GOC Supplemental Response (January 28, 2014) at 20-27.

investigation and the first administrative review with regard to this industry, as well as its detailed response to the Department’s initial questionnaire in this review, the GOC chooses not to provide any additional response to the Questions Regarding the Primary Aluminum Industry and Questions Regarding the Producers of Primary Aluminum.”¹²¹

We preliminarily determine that the GOC withheld necessary information with regard to the PRC primary aluminum industry and market for the POR that was requested of it twice and, thus, the Department must rely on “facts otherwise available” in issuing the preliminary results.¹²² Further, we preliminarily find that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information necessary for our analysis of the primary aluminum industry and market during the POR. Consequently, we preliminarily find that an adverse inference is warranted in the application of facts available.¹²³ Because the GOC failed to provide the requested information, we preliminarily find, as AFA, that the market for primary aluminum in the PRC is distorted through the GOC’s predominant role in the market by means of government-owned or managed producers of primary aluminum and market controls. Further, we preliminarily find that the GOC’s involvement in the market in the PRC for this input results in significant distortion of the prices such that they cannot be used as a tier one benchmark and, hence, the use of an external benchmark, as described under 19 CFR 351.511(a)(2)(ii), is warranted to calculate the benefit for the Provision of Primary Aluminum for LTAR.

Application of AFA for Certain Grants Received by the Alnan Companies

In *Aluminum Extrusions from the PRC First Review*, we found 13 programs used by the Alnan Companies to be countervailable based on AFA because the GOC withheld the requested program information and failed to cooperate by not acting to the best of its ability to comply with the Department’s request for information.¹²⁴ For those programs for which the GOC provided the relevant legislation and for which the laws do not provide the basis for *de jure* specificity, we determined, as AFA, that the programs are *de facto* specific.¹²⁵

Similarly, in its initial questionnaire response submitted in this review, with regard to each of the programs listed below under “Grant Programs for Which the GOC Did Not Provide the Requested Laws, Regulations, and Specificity Information,” the GOC did not provide the requested program information or reported that “there were no changes during the POR to this program.”¹²⁶ In its responses to the Department’s supplemental questionnaires, which contain additional requests for information about each of these programs, the GOC again did not provide the requested information regarding the specificity of each of these programs and whether

¹²¹ *Id.*, at 19.

¹²² See section 776(a)(2)(A) of the Act.

¹²³ See section 776(b) of the Act.

¹²⁴ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Grant Programs for Which the GOC Did Not Provide the Requested Laws, Regulations, and Specificity Information;” see also sections 776(a) and (b) of the Act.

¹²⁵ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Grant Programs for Which the GOC Did Not Provide the Requested Laws, Regulations, and Specificity Information.”

¹²⁶ See GOC Initial Response (December 16, 2013) at 29-30.

assistance under each of these programs constitutes a financial contribution.¹²⁷ In addition, the GOC did not provide copies of the laws and regulations pertaining to any of these programs.¹²⁸

Because the GOC twice refused to provide requested information with regard to each of these programs and did not provide any reasons to explain why it unable to provide the requested information, we preliminarily find that the GOC withheld the requested program information and failed to cooperate by not acting to the best of its ability to comply with the Department's request for information.¹²⁹ Therefore, as AFA, we preliminarily find that each of the programs provides countervailable subsidies within the meaning of section 771(5) of the Act in that each is specific within the meaning of section 771(5A) of the Act, constitutes a financial contribution in the form of a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act. Based on information provided by the GOC and the Alan Companies, we preliminarily determine that each of these programs conferred a benefit under section 771(5)(E) of the Act and 19 CFR 351.504(a) during the POR. For those programs which GOC did not provide the legislation and regulations but for which the name of the program indicates that it is an export program, as AFA, we calculated the program rate using export sales as the denominator. See "Grant Programs for Which the GOC Did Not Provide the Requested Laws, Regulations, and Specificity Information," below.

Analysis of Programs

Based on our analysis and the responses to our questionnaires, we preliminarily find the following:

I. Programs Preliminarily Determined To Be Countervailable

A. Policy Loans to Chinese Aluminum Extrusion Producers

In the *Aluminum Extrusions from the PRC Investigation* and *Aluminum Extrusions from the PRC First Review*, we determined that the GOC had a policy in place to encourage the development of the production of aluminum extrusions through policy lending.¹³⁰ As in the first administrative review, the GOC reported that in February 2010, the China Banking Regulatory Commission (CBRC) promulgated the *Interim Measures for the Administration of Working Capital Loans (Interim Measures)*, which state that "banking financial institutions established in China upon the CBRC's approval, including those at issue in this review, all make their decisions on issuance of working capital loans on a pure commercial basis."¹³¹ The GOC also again reported that the *Interim Measures* are "fully consistent with Article 34 of the *Law of the People's Republic of*

¹²⁷ See GOC Supplemental Response (January 27, 2014) at 1-44, and GOC Supplemental Response (March 27, 2014) at 1-9.

¹²⁸ *Id.*

¹²⁹ See sections 776(a) and (b) of the Act.

¹³⁰ See *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at "Policy Loans to Chinese Aluminum Extrusion Producers," and *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at "Policy Loans to Chinese Aluminum Extrusion Producers."

¹³¹ See GOC Initial Response (December 16, 2013) at 6.

China on Commercial Banks (Banking Law), which does not specify any specific obligation imposed by the government on commercial banks.”¹³²

We considered this information in the *Aluminum Extrusions from the PRC First Review* and determined that there is no basis to conclude that the GOC’s policy lending activities ceased with the issuance of the *Interim Measures*.¹³³ As we explained in the *Aluminum Extrusions from the PRC Investigation* and *Aluminum Extrusions from the PRC First Review*, we determined that Article 34 of the *Banking Law* states that banks should carry out their loan business “under the guidance of the state industrial policies.”¹³⁴ Thus, because the *Interim Measures* are “fully consistent” with the *Banking Law*, we determine that they do not constitute evidence that the GOC ceased policy lending to the aluminum extrusions industry. In the instant review, the GOC has not provided any new information to warrant a reconsideration of the Department’s prior finding on the *Interim Measures* and Article 34 of the *Banking Law*.

Because no information has been provided on the record of the instant review that would cause use to reconsider the Department’s prior determination, we preliminarily find that the GOC’s policy lending program to Chinese aluminum extrusions producers continued in the POR. As such, we find that the loans to aluminum extrusion producers from SOCBs and policy banks in the PRC were made pursuant to government directives and, thus, constitute a direct financial contribution from “authorities,” pursuant to section 771(5)(D)(i) of the Act. The policy lending provides a benefit equal to the difference between what the recipients paid on their loans and the amount they would have paid on comparable commercial loans (*see* section 771(5)(E)(ii) of the Act). Further, the loans are *de jure* specific under section 771(5A)(D)(i) of the Act because of the GOC’s policy, as illustrated in the government plans and directives, to encourage and support the growth and development of the aluminum extrusions industry.¹³⁵ Additionally, because the Alnan Companies reported trade financing,¹³⁶ we preliminarily find that such loans are specific under section 771(5A)(B) of the Act because receipt of the financing is contingent upon exporting.

Jiangsu Changfa and, its parent, the Changfa Group, reported receiving loans from SOCBs that were outstanding during the POR.¹³⁷ The Alnan Companies also reported loans from SOCBs that were outstanding during the POR.¹³⁸ To calculate the benefit under this program, pursuant to section 771(5)(E)(ii) of the Act, for each respondent, we compared the amount of interest paid on each outstanding loan to the amount that would have been paid on a comparable commercial loan during the POR.¹³⁹ In conducting this comparison, we used the interest rates described in the “Loan Benchmark Rates” section above. To calculate the subsidy rate for each respondent, we divided the benefit by the total sales or total export sales, as appropriate, for the POR,

¹³² *Id.*, at 7.

¹³³ *See Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Policy Loans to Chinese Aluminum Extrusion Producers” and Comment 6.

¹³⁴ *Id.*, and *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at Comment 28.

¹³⁵ *See Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at “Policy Loans to Chinese Aluminum Extrusion Producers.”

¹³⁶ *See* Alnan/Kromet’s Initial Response (December 16, 2013) at Exhibit 14.

¹³⁷ *See* Jiangsu Changfa Initial Response (December 16, 2013) at Exhibit 30 and 31.

¹³⁸ *See* Alnan/Kromet Initial Response (December 16, 2013) at Volume 2, III-14 through III-15 and Exhibit 14.-

¹³⁹ *See* 19 CFR 351.505(a).

attributing benefits under this program according to the methodology described in the “Subsidies Valuation Information” section.

On this basis, we preliminarily calculate a countervailable subsidy of 1.03 percent *ad valorem* for the Alnan Companies and 0.01 percent *ad valorem* for Jiangsu Changfa.

B. Provision of Primary Aluminum for LTAR

In the *Aluminum Extrusions from the PRC Investigation* and *Aluminum Extrusions from the PRC First Review*, we determined that this program is a countervailable domestic subsidy as described under sections 771(5)(A) and (5A)(D) of the Act.¹⁴⁰ The Alnan Companies and Jiangsu Changfa reported purchasing primary aluminum during the POR.

In the *Aluminum Extrusions from the PRC Investigation* and *Aluminum Extrusions from the PRC First Review*, the Department determined that this subsidy is specific under section 771(5A)(D)(iii)(I) of the Act.¹⁴¹ No new information has been submitted in this review to warrant a reconsideration of the Department’s specificity finding. For the same reasons discussed in the *Aluminum Extrusions from the PRC First Review*, we continue to find that the China Input-Output Table of 2007 does not provide the type of information which the Department requires to determine if the provision of primary aluminum is specific to aluminum extrusion producers, such as the number of enterprises or industries that purchase primary aluminum.¹⁴² As such, consistent with the *Aluminum Extrusions from the PRC Investigation* and *Aluminum Extrusions from the PRC First Review*, we preliminarily find that, based on data provided by the GOC in the investigation on the end uses for primary aluminum, the industries which purchase primary aluminum are limited in number and, hence, the subsidy is specific under section 771(5A)(D)(iii)(I) of the Act.¹⁴³

For the reasons discussed above under “Use of Facts Otherwise Available and Adverse Inferences: *GOC – Whether Certain Primary Aluminum Producers Are ‘Authorities,’*” we are relying on AFA to find that the companies which produced the primary aluminum purchased by the Alnan Companies are “authorities” within the meaning of section 771(5)(B) of the Act. Further, we preliminarily determine that a financial contribution in the form of the provision of a good was provided to the Alnan Companies within the meaning of section 771(5)(D)(iii) of the Act.

Additionally, as discussed above in “Use of Facts Otherwise Available and Adverse Inferences: *GOC – Whether Certain Primary Aluminum Producers Are ‘Authorities,’*” Jiangsu Changfa was unable to identify the producers of the primary aluminum which it purchased from unaffiliated trading companies during the POR and, therefore, the GOC was unable to provide a response for

¹⁴⁰ See *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at “Provision of Primary Aluminum for LTAR,” and *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Provision of Primary Aluminum for LTAR.”

¹⁴¹ *Id.*

¹⁴² See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Provision of Primary Aluminum for LTAR.”

¹⁴³ See *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at “Provision of Primary Aluminum for LTAR.”

those companies. Because the GOC failed to provide information on the total volume and value of domestic production that is accounted for by companies in which the government maintained an ownership or management interest in 2012, we find that the percentage of primary aluminum sourced from Jiangsu Changfa's suppliers which was produced by SOEs and collectives is equal to 100 percent. *See* "Use of Facts Otherwise Available and Adverse Inferences: *Application of AFA for Producer(s) Not Identified by Jiangsu Changfa*," above. Further, because the GOC failed to provide the aluminum market data, we preliminarily determine, based on AFA, that all of the producers of the primary aluminum from which Jiangsu Changfa purchased during the POR are government authorities. As such, we preliminarily determine that a financial contribution was provided to Jiangsu Changfa in the form of the provision of a good under section 771(5)(D)(iii) of the Act.

As discussed above in "Use of Facts Otherwise Available and Adverse Inferences: *Application of AFA for Producer(s) Not Identified by the Alnan Companies*," we preliminarily determine that the application of AFA is warranted where the Alnan Companies did not identify the producer(s) of aluminum purchased by one of its affiliated companies, for one month of the POR. As partial AFA, we preliminarily determine that all producers of primary aluminum for transactions during that month of the POR are government authorities. For these transactions, we preliminarily determine that a financial contribution was provided to the Alnan Companies in the form of the provision of a good under section 771(5)(D)(iii) of the Act.

In order to determine the existence and amount of any benefit conferred by the producers to the respondent companies pursuant to section 771(5)(E)(iv) of the Act, we followed the methodology described in 19 CFR 351.511(a)(2) to identify a suitable benchmark for primary aluminum. 19 CFR 351.511(a)(2) sets forth the basis for identifying appropriate market-determined benchmarks for measuring the adequacy of remuneration for government-provided goods or services. The potential benchmarks listed in the regulation, in order of preference, are: (1) market prices from actual transactions within the country under investigation for the government-provided good (*e.g.*, actual sales, actual imports or competitively run government auctions) (tier one); (2) world market prices that would be available to purchasers in the country under investigation (tier two); or (3) prices consistent with market principles based on an assessment by the Department of the government-set price (tier three).¹⁴⁴

No evidence has been submitted in this review that would cause us to revisit our prior determination that domestic prices in the PRC cannot be used as benchmarks due to the government's extensive involvement in the PRC primary aluminum market. As discussed above under "Use of Facts Otherwise Available and Adverse Inferences: *GOC – Whether Primary Aluminum Market Is Distorted*," the GOC did not respond to the Department's questions regarding the primary aluminum industry during the POR, which covered such items as total PRC domestic consumption and production of primary aluminum, imports of primary aluminum, volume/value of domestic production accounted for by companies in which the GOC maintains an ownership/management interest, export prices/controls, and export licensing requirements.¹⁴⁵

¹⁴⁴ *See* 19 CFR 351.511(a)(2).

¹⁴⁵ *See* Letter from the Department to the GOC regarding "Initial Questionnaire" (October 18, 2013) at "Provision of Primary Aluminum for LTAR."

Because the GOC failed to provide the requested information, we preliminary find, as AFA, that the market for primary aluminum is distorted through the GOC's predominant involvement in the market through government-owned or managed producers of primary aluminum in the market and market controls. Further, we preliminary find that the GOC's involvement in the market in the PRC for this input results in significant distortion of the prices such that they cannot be used as a tier one benchmark pursuant to 19 CFR 351.511(a)(2)(i) and, hence, the use of an external benchmark is warranted to calculate the benefit for the provision of primary aluminum.

As in the first administrative review, the GOC, on the instant record, again submits that the prices for primary aluminum on the Shanghai Futures Exchange parallel prices on the London Market Exchange (LME), suggesting the use of a tier-one benchmark.¹⁴⁶ The GOC asserts that the convergence of prices indicates that there can be no benefit arising from price differentials between the aluminum markets in China and those in foreign countries.¹⁴⁷ For the reasons outlined in the *Aluminum Extrusions from the PRC First Review*,¹⁴⁸ because the Department determines that the prices in the primary aluminum market in the PRC are distorted based on the government's involvement in the market, we find that the use of a price from within the PRC as the benchmark would not be appropriate.

Consistent with the *Aluminum Extrusions from the PRC Investigation* and *Aluminum Extrusions from the PRC First Review*, we preliminarily determine that domestic prices in the PRC cannot serve as viable, "tier one" benchmark prices. Instead, we are relying on "tier two" prices, *i.e.*, world market prices. Parties to this review placed benchmark pricing data on the record for the POR.¹⁴⁹ Specifically, Petitioner submitted (1) Global Trade Information Services, Inc. (GTIS) pricing data for harmonized tariff schedule subheadings 7601.10 (aluminum not alloyed) and 7601.20 (aluminum alloys), which excludes pricing for products exported from and imported into the PRC,¹⁵⁰ and (2) LME pricing data inclusive of regional premiums and upcharges.¹⁵¹ Alnan/Kromet provided (1) LME cash prices for primary aluminum and aluminum alloy, (2) GTIS data for HTS 7601.10 (aluminum not alloyed), and (3) World Bank Commodity Price Data for aluminum.

¹⁴⁶ See GOC Initial Response (December 16, 2013) at 44-45; see also GOC Supplemental Response (January 28, 2014) at 20-27.

¹⁴⁷ *Id.*

¹⁴⁸ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at Comment 13.

¹⁴⁹ See Letter from Petitioner regarding "Submission of Factual Information – Benchmark Data" (April 21, 2014) (Petitioner Benchmark Data) and Letter from Alnan/Kromet regarding "Benchmark Data Submission" (April 21, 2014) (Alnan/Kromet Benchmark Data); see also Letter from Petitioner regarding "Submission of Information in Rebuttal to Kromet's Benchmark Data Submission" (May 1, 2014); Letter from Alnan/Kromet regarding "Rebuttal Comments of Kromet International Inc. regarding Petitioner's Benchmark Data Submission" (May 1, 2014); and Letter from Petitioner regarding "Submission of Further Factual Information to Measure Adequacy of Remuneration" (May 19, 2014).

¹⁵⁰ See Petitioner Benchmark Data (April 21, 2014) at Exhibit 6.

¹⁵¹ *Id.*, at Exhibit 7.

After consideration of Petitioner and Alnan/Kromet’s rebuttal comments on each other’s benchmark data,¹⁵² we preliminarily determine to use the following pricing data to construct the monthly benchmark prices: (1) GTIS pricing data for 7601.10 and 7601.20, where pricing for products exported from and imported into the PRC are excluded, and (2) LME cash settlement prices for primary aluminum and aluminum alloy. We preliminarily determine that the use of these data together results in a robust benchmark.

We relied on GTIS pricing data in the *Aluminum Extrusions from the PRC First Review*,¹⁵³ and LME cash settlement pricing data in the *Aluminum Extrusions from the PRC Investigation*,¹⁵⁴ and preliminarily find that the prices in each are sufficiently reliable and representative for use in the benchmark calculation. As such, we find that the GTIS and LME cash settlement prices can serve as tier-two benchmarks, as described under 19 CFR 351.511(a)(2)(ii), when determining whether the Alnan Companies and Jiangsu Changfa received benefits on their purchases of primary aluminum from government authorities.

Consistent with the *Aluminum Extrusions from the PRC Investigation*¹⁵⁵ and other PRC CVD cases,¹⁵⁶ we are using the LME cash settlement prices, in part, to construct the benchmark prices. Concerning Petitioner’s argument that the Department should use LME pricing data inclusive of regional premiums and upcharges, rather than LME cash settlement prices, we find that Petitioner did not show how the use of the adjusted LME prices inclusive of regional premiums and upcharges (for which the record indicates there are “multiple layers” of premiums applied to the LME cash price that represent the cost to remove metal from a warehouse, transportation, insurance, and financing¹⁵⁷) would not lead to a double counting of transportation and import expenses which the Department already accounts for when deriving the benchmark prices.

Concerning the GTIS data, we are relying, in part, on the 7601 pricing data that Petitioner provided in their April 21, 2014, submission because those data are exclusive of prices for products exported from and imported into the PRC for the POR.¹⁵⁸ The GTIS pricing data provided by Alnan/Kromet in their April 21, 2014, submission, are inclusive of PRC prices and,

¹⁵² See Letter from Petitioner regarding “Submission of Information in Rebuttal to Kromet’s Benchmark Data Submission” (May 1, 2014); Letter from Alnan/Kromet regarding “Rebuttal Comments of Kromet International Inc. regarding Petitioner’s Benchmark Data Submission” (May 1, 2014); and Letter from Petitioner regarding “Submission of Further Factual Information to Measure Adequacy of Remuneration” (May 19, 2014).

¹⁵³ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Provision of Primary Aluminum for LTAR.”

¹⁵⁴ See *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at “Provision of Primary Aluminum for LTAR.”

¹⁵⁵ See Department Memorandum regarding “Information for Preliminary Results” (June 18, 2014) at Attachment I

¹⁵⁶ See e.g., *Drill Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination*, 76 FR 1971 (January 11, 2011), and accompanying IDM at “Provision of Steel Rounds for LTAR,” and *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), and accompanying IDM at “Provision of Steel Rounds for LTAR,” and Comment 9 (at Benchmarks for Steel Rounds – Pricing Data).

¹⁵⁷ See Petitioner Benchmark Data (April 21, 2014) at Exhibit 7B.

¹⁵⁸ *Id.*, at Exhibit 5 and 6.

therefore, are not usable prices in the construction of the benchmark prices.¹⁵⁹ Additionally, we are not relying on the GTIS pricing data provided by Alnan/Kromet in their May 1, 2014, submission, which are weighted-average prices that Alnan/Kromet derived by using quantities reported in Petitioner's GTIS pricing data.¹⁶⁰

We preliminarily determine not to use the World Bank prices because information on the record indicates that the aluminum prices reported by the World Bank are LME prices and those prices are not cash settlement prices.¹⁶¹

Under 19 CFR 351.511(a)(2)(ii), where there are more than one commercially available, comparable world market prices, the Department will average the prices to the extent practicable. As the Department found in previous proceedings, a reasonable methodology is to calculate a simple average of these prices where the datasets on the record do not allow for weight-averaging.¹⁶² In this review, we do not have information on the record that would allow us to weight-average all of the world market prices. Although quantity information is on the record that would permit a weight-averaging of the GTIS pricing data, the LME prices, which are simple-averaged prices in which a month's prices are totaled and averaged over the number of days in the month, cannot be weight-averaged because there is no quantity data reported.¹⁶³

The Department consistently utilizes a simple average of world market prices when the world market prices are not reported in a uniform manner, the Department lacks the information to consistently weight-average the prices, and in order to create a robust world market price.¹⁶⁴ We, therefore, simple-averaged the GTIS and LME cash settlement prices to calculate a single benchmark price by month in this review. The average of these prices represents an average of commercially available world market prices for primary aluminum that would be available to purchasers in the PRC.

Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under "tier two," the Department will adjust the benchmark price to reflect the price that a firm actually paid or would pay if it imported the product, including delivery charges and import duties. Accordingly, to derive the benchmark prices, we included ocean freight and inland freight. Petitioner submitted ocean freight expenses sourced from Maersk Shipping Line for shipping

¹⁵⁹ See Alnan/Kromet Benchmark Data (April 21, 2014) at Exhibit 7 and page 3, where it states "Exhibit 7 includes a summary of export data for products included in HTS 7601.10 from countries around the world into China during 2012"

¹⁶⁰ See Alnan/Kromet Rebuttal Comments to Petitioner's Benchmark Data Submission (May 1, 2014) at Exhibit 1.

¹⁶¹ See Petitioner Rebuttal to Kromet's Benchmark Data Submission" (May 1, 2014) at Exhibit 4. The Series Description for Aluminum states: "Aluminum (LME) London Metal Exchange, unalloyed primary ingots, high grade, minimum 99.7% purity, settlement price beginning 2005; previously cash price."

¹⁶² See e.g., *Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Results of Countervailing Duty Administrative Review*; 2011, 79 FR 108 (January 2, 2014), and accompanying IDM at Comment 13.E.

¹⁶³ See Alnan/Kromet Benchmark Data (April 21, 2014) at Exhibit 1.

¹⁶⁴ See e.g., *Utility Scale Wind Towers from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 75978 (December 26, 2012), and accompanying IDM at Comment 15, and *Certain Oil Country Tubular Goods from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review*; 2011, 78 FR 9368 (February 8, 2013), and accompanying IDM at "Provision of Steel Rounds," and unchanged in the final results.

aluminum, articles of aluminum, and metal products from various points around the world to Shanghai, China.¹⁶⁵ Alnan/Kromet provided ocean freight expenses sourced from Maersk Shipping Line for shipping cargo from Japan and India to Shenzhen, China.¹⁶⁶ Jiangsu Changfa reported that the nearest port to its facility is Shanghai.¹⁶⁷ As such, for construction of the benchmark prices used to calculate the benefit for the provision of primary aluminum for Jiangsu Changfa, we are relying on just the ocean freight expense data for shipping aluminum, articles of aluminum, and metal products to Shanghai. The Alnan Companies reported that the nearest port to its facility is Fangcheng Port in Guangxi Province.¹⁶⁸ There are no data on the record pertaining to ocean freight expenses for shipping to Fangcheng Port. Therefore, to construct the benchmark prices used to calculate the benefit for the provision of primary aluminum for the Alnan Companies, we are relying on the monthly ocean freight expenses for shipping to Fangcheng Port that were used in the benchmark calculations in *Aluminum Extrusions from the PRC First Review*.¹⁶⁹ Because these monthly shipping costs pertain to 2011 rather than the POR, we indexed them using monthly producer prices for industrial commodities as queried from the International Monetary Fund’s website under the heading “International Financial Statistics.”¹⁷⁰

Concerning inland freight, we calculated company-specific inland freight rates using cost data supplied by the Alnan Companies¹⁷¹ and Jiangsu Changfa.¹⁷² Further, we added to the benchmark prices the appropriate import duties applicable to imports of primary aluminum into the PRC as provided by Petitioner.¹⁷³ Because the benchmark includes prices for aluminum not alloyed and aluminum alloys, which have different import duties (five percent and seven percent, respectively),¹⁷⁴ we averaged the import duty rates and applied the result to the construction of the benchmark prices. Additionally, we added to the benchmark prices, the appropriate VAT of 17 percent.¹⁷⁵

In deriving the benchmark prices, we did not include marine insurance. In prior CVD investigations involving the PRC, the Department determined that while the PRC customs authorities impute an insurance cost on certain imports for purposes of levying duties and compiling statistical data, there is no evidence to suggest that PRC customs authorities require importers to pay insurance charges.¹⁷⁶ Further, we have not added separate brokerage, handling, and documentation fees to the benchmark because we find that such costs are already reflected in the ocean freight cost from Maersk that is being used in this determination.

To determine whether the government authorities sold primary aluminum for LTAR, we compared the adjusted benchmark prices to the respondents’ actual purchase prices, inclusive of

¹⁶⁵ See Petitioner Benchmark Data (April 21, 2014) at Exhibit 2.

¹⁶⁶ See Alnan/Kromet Benchmark Data (April 21, 2014) at Exhibit 6.

¹⁶⁷ See Jiangsu Changfa Initial Response (December 16, 2013) at 34.

¹⁶⁸ See Alnan/Kromet Initial Response (December 16, 2013) at 48.

¹⁶⁹ See Preliminary Calculations for Kromet and the Alnan Companies (June 18, 2014) at 2.

¹⁷⁰ *Id.*

¹⁷¹ See Alnan/Kromet Initial Response (December 16, 2013) at “the Alnan Companies” section, page 48.

¹⁷² See Jiangsu Changfa Initial Response (December 16, 2013) at 34.

¹⁷³ See Petitioner Benchmark Data (April 21, 2014) at Exhibit 8.

¹⁷⁴ *Id.*

¹⁷⁵ *Id.*

¹⁷⁶ See e.g., *Pre-Stressed Concrete Steel Wire Strand from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 28557 (May 21, 2010), and accompanying IDM at Comment 13.

taxes and delivery charges. We conducted the comparison on a monthly basis and using the same currency and unit of measure in which each respondent purchased its primary aluminum during the POR.

Comparing the benchmark unit prices to the unit prices paid by the respondents, we preliminarily find that primary aluminum was provided for LTAR and that a benefit exists in the amount of the difference between the benchmark price and the price that the respondent paid.¹⁷⁷ To calculate the subsidy rate for each respondent, we divided the benefit by the total sales for the POR, attributing benefits under this program according to the methodology described in the “Subsidies Valuation Information” section.

On this basis, we preliminarily calculate a countervailable subsidy of 8.03 percent *ad valorem* for the Alnan Companies and 5.01 percent *ad valorem* for Jiangsu Changfa.

C. Special Reward Fund for Industrial Economy Transformation and Upgrading of the Whole District

Jiangsu Changfa reported that it received a grant under this program during the POR because it is within the transformation and upgrading industry of Wujin District.¹⁷⁸ The GOC reported that the program was established in January 2010, with the purpose of promoting transformation and upgrading industries in Wujin District.¹⁷⁹ To be considered for assistance, a company must submit an application to the Wujin District authorities responsible for administration of the program, which are the Bureau of Finance, Economic and Information Technology Bureau, and Bureau of Statistics.¹⁸⁰ The GOC reported that the assistance under the program is provided pursuant to local government notice that establishes the conditions governing the operation of the program, such as eligibility criteria and amounts.¹⁸¹ The GOC stated that the program is specific, explaining that only those industries that achieve a prescribed level of energy savings are considered eligible for assistance under the program.¹⁸²

We preliminarily find that this program provides a financial contribution in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act, confers a benefit pursuant to section 771(5)(E) of the Act and 19 CFR 351.504, and is specific under section 771(5A)(D)(i) of the Act because only those industries that achieve a prescribed level of energy savings are considered eligible for assistance under the program.

To calculate the countervailable subsidy, we divided the grant amount received during the POR by Jiangsu Changfa’s total consolidated sales for the POR. On this basis, we preliminarily calculate a countervailable subsidy of 0.01 percent *ad valorem* for Jiangsu Changfa.

¹⁷⁷ See section 771(5)(E)(iv) of the Act and 19 CFR 351.511(a).

¹⁷⁸ See Jiangsu Changfa Supplemental Response (February 19, 2014) at 7-8.

¹⁷⁹ See GOC Supplemental Response (March 18, 2014) at 1.

¹⁸⁰ *Id.*, at 1 and 7.

¹⁸¹ *Id.*, at 2.

¹⁸² *Id.*, at 5.

D. Import and Export Credit Insurance Supporting Development Fund for Changzhou¹⁸³

Jiangsu Changfa reported that it received a grant under this program during the POR because it is engaged in international trade.¹⁸⁴ The GOC stated that this program was established in 2005, for the purpose of encouraging businesses to cover their exposure to credit risks that arise in import and export trades by purchasing credit insurance.¹⁸⁵ The program is administered by the Department of Finance of Jiangsu Province, the Department of Commerce of Jiangsu Province, and the Bureau of Finance of Changzhou.¹⁸⁶ To obtain assistance, the GOC stated that the exporter needs to file an application together with insurance payment invoice for the grant to be paid.¹⁸⁷ The GOC explained that the grant amount disbursed is based on the amount paid for the credit insurance policy.¹⁸⁸

We preliminarily find that this program provides a financial contribution in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act, confers a benefit pursuant to section 771(5)(E) of the Act and 19 CFR 351.504, and is specific under section 771(5A)(B) of the Act because it is contingent upon export activity.

To calculate the countervailable subsidy, we divided the grant amount received during the POR by Jiangsu Changfa's total export sales for the POR. On this basis, we preliminarily calculate a countervailable subsidy of 0.19 percent *ad valorem* for Jiangsu Changfa.

E. Special Fund for External Economy

During the POR, Jiangsu Changfa stated that it received a grant under this program from the Wujin district government.¹⁸⁹ The GOC reported that this program was established in January 2011, for the purpose of upgrading industrial structures and maintaining a stable economic development by means of opening and internationalizing the economy.¹⁹⁰ The Wujin district agencies responsible for administering the program are the Bureau of Finance and Bureau of Commerce.¹⁹¹ The GOC stated that if a company's application meets the program criteria, then assistance is disbursed.¹⁹² The GOC reported that export performance or export potential of the applicant is considered when determining eligibility for assistance.¹⁹³

¹⁸³ Program is also known as "Credit Insurance Supporting Fund Appropriated Changzhou Financial Bureau," "Export Credit Insurance Support Development Fund," "Export Credit Guarantee Supporting Fund," "Export Credit Subsidy Fund," and "Export Credit Insurance Supporting Development Fund." See Jiangsu Changfa Supplemental Response (February 19, 2014) at 11.

¹⁸⁴ *Id.*, at 12.

¹⁸⁵ See GOC Supplemental Response (March 18, 2014) at 8.

¹⁸⁶ *Id.*

¹⁸⁷ *Id.*, at 11.

¹⁸⁸ *Id.*, at 15.

¹⁸⁹ See Jiangsu Changfa Supplemental Response (February 19, 2014) at 16.

¹⁹⁰ See GOC Supplemental Response (March 18, 2014) at 16.

¹⁹¹ *Id.*

¹⁹² *Id.*, at 18.

¹⁹³ *Id.*, at 19.

We preliminarily find that this program provides a financial contribution in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act, confers a benefit pursuant to section 771(5)(E) of the Act and 19 CFR 351.504, and is specific under section 771(5A)(B) of the Act because it contingent upon export activity.

To calculate the countervailable subsidy, we divided the grant amount received during the POR by Jiangsu Changfa's total export sales for the POR. On this basis, we preliminarily calculate a countervailable subsidy of 0.01 percent *ad valorem* for Jiangsu Changfa.

F. Special Funds for the Development of Five Industries¹⁹⁴

Jiangsu Changfa reported that the Changfa Group received a grant under this program in 2012, which was transferred to several of its subsidiaries, including Jiangsu Changfa.¹⁹⁵ Jiangsu Changfa stated that the “five industries” are the equipment manufacturing industry, new energy industry, new materials industry, electronic information industry, and biological and pharmaceutical industry.¹⁹⁶ In addition to being in one of the five industries, Jiangsu Changfa stated that, to be eligible for assistance, a company needs to be located in Changzhou City, paid taxes that exceed RMB 0.1 billion, or its total investment amount is more than RMB 0.5 billion (or the current year investment exceeds RMB 0.2 billion), or the offsetting amount of the enterprise's fixed assets VAT exceeds RMB 10 million.¹⁹⁷

The GOC reported that the program was established in February 2009, with the objective to facilitate industrial transformation and upgrading in Changzhou City.¹⁹⁸ The GOC stated that the assistance was provided to the Changfa Group pursuant to the guidelines for operation of the program and that the industry or sector to which an applicant operates is taken into account when determining eligibility for assistance under the program.¹⁹⁹ The GOC also reported that a company must file an application for consideration of assistance with the local authorities²⁰⁰ and that such assistance is not recurring.²⁰¹

Jiangsu Changfa also reported that it received a grant under the “Receipt of Financial Subsidy” program in 2012.²⁰² The GOC stated that the “Receipt of Financial Subsidy” is the same program as the “Special Funds for the Development of Five Industries.”²⁰³ Jiangsu Changfa stated that it did not apply for the assistance, but received a grant from the Wujin District and

¹⁹⁴ This program is also known as “Receipt of Financial Subsidy.” See GOC Supplemental Response (March 18, 2014) at 30.

¹⁹⁵ See Jiangsu Changfa Supplemental Response (February 9, 2014) at 19-21.

¹⁹⁶ *Id.*, at 20.

¹⁹⁷ *Id.*

¹⁹⁸ See GOC Supplemental Response (March 18, 2014) at 22.

¹⁹⁹ *Id.*, at 24 and 26.

²⁰⁰ The authorities that administer the program are: Bureau of Economy and Informationization of Changzhou Economy and Information Technology Commission of Changzhou, Bureau of Finance of Changzhou, and Bureau of Finance of Wujin District. *Id.*, at 23.

²⁰¹ *Id.*, at 29.

²⁰² See Jiangsu Changfa Supplemental Response (February 19, 2014) at 24.

²⁰³ See GOC Supplemental Response (March 18, 2014) at 30.

Changzhou City governments because, at their discretion, the agencies determined the company eligible.²⁰⁴

We preliminarily find that this program provides a financial contribution in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act, confers a benefit pursuant to section 771(5)(E) of the Act and 19 CFR 351.504, and is specific under section 771(5A)(D)(i) of the Act because the program is limited to five industries.

For the grant received by the Changfa Group and transferred to Jiangsu Changfa, because the Changfa Group served as a conduit for the transfer of the subsidy from the government to the subsidiary, pursuant to 19 CFR 351.525(b)(6)(iii), we attributed the subsidy to the products sold by the subsidiary. As such, for the subsidy calculation, we used only the amount of the grant that was transferred to Jiangsu Changfa. For the grant received by Jiangsu Changfa, we summed that grant amount with the grant amount that the company received through the Changfa Group. We then divided the total grant amount by Jiangsu Changfa's total consolidated sales for the POR. On this basis, we preliminarily calculate a countervailable subsidy of 0.44 percent *ad valorem* for Jiangsu Changfa.

G. Award for Self-Innovation Brand/Grant for Self-Innovation Brand and Enterprise Listing (aka, Income Tax Reward for Listed Enterprises)²⁰⁵

Jiangsu Changfa reported that it received assistance under this program in 2010 and 2011, because the company publicly listed its shares in 2010.²⁰⁶ The GOC reported that the program is administered jointly by the financial office of the Changzhou municipal government and the finance bureau of Wujin District.²⁰⁷ The official documents of the Changzhou municipal government and Wujin District indicate that purpose of the subsidy program is “to seize the favorable opportunities brought by the development of the current capital market, actively promote the enterprise listing of our district, encourage and guide the enterprises to develop and become stronger through the capital market and promote the faster economic development of the whole district.”²⁰⁸

We preliminarily find that this program provides a financial contribution in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act, confers a benefit pursuant to section 771(5)(E) of the Act and 19 CFR 351.504, and is specific under section 771(5A)(D)(i) of the Act, because only companies that publicly list shares are eligible for assistance.

²⁰⁴ See Jiangsu Changfa Supplemental Response (February 19, 2014) at 24.

²⁰⁵ Within Jiangsu Changfa's financial statements, this program is also listed at “Listing Reward for 2010,” and “Bonus of Listing of Enterprises.” See Jiangsu Changfa Supplemental Response (February 19, 2014) at 27-28.

²⁰⁶ See Jiangsu Changfa Initial Response (December 16, 2013) at 40, and Jiangsu Changfa Supplemental Response (February 19, 2014) at 27-31.

²⁰⁷ See GOC Supplemental Response (January 27, 2014) at 28.

²⁰⁸ See Document by Wujin District People's Government of Changzhou City, WZF (2007) No. 192 “Opinions on Promoting Enterprise Listing,” and Document by Changzhou Municipal People's Government, CZF (2007) No. 89 “Opinions of Municipal Government on Promoting Enterprise Listing,” at Jiangsu Changfa Supplemental Response (March 28, 2014) at Exhibit S-34.

We conducted the “0.5 percent expense test” pursuant to 19 CFR 351.524(b)(2) and preliminarily find that the benefit from the grant received in 2011 is less than 0.5 percent of Jiangsu Changfa’s total sales for the relevant year.²⁰⁹ We preliminarily find that this grant is expensed in the year of receipt, with no benefit allocated to the POR. With regard to the grants received in 2010, we preliminarily calculate that the total amount of the grants it is greater than 0.5 percent of the company’s total sales for the relevant year,²¹⁰ and, thus have allocated the grant amount over the 12-year AUL, using a discount rate as discussed above in “Loan Benchmark Rates.” For that 2010 grant, we preliminarily calculate a countervailable subsidy of 0.16 percent *ad valorem* for Jiangsu Changfa for the POR.

H. Preferential Tax Policies for the Opening and Development of Beibu Gulf Economic Zone of Guangxi Zhuang Autonomous Region (Local Income Tax Exemption)

In *Aluminum Extrusions from the PRC First Review*, we found that the Alnan Companies received a countervailable, allocable benefit under this program.²¹¹ No new information was placed on the record of this administrative review to warrant a change in our finding. As such, we continue to find that this program provides countervailable subsidies within the meaning of section 771(5) of the Act.

In *Aluminum Extrusions from the PRC First Review*, the GOC reported that this program was established in 2008 in accordance with the regulation titled *Several Policies on the Opening and Development of Beibu Gulf Economic Zone of Guangxi (GUIZHENGFA {2008} No.61)* and that that purpose of the program is to promote development of the economic zone.²¹² Under this program, companies which qualify for the program under Article 9 of *GUIZHENGFA {2008} No. 61* are exempted from paying the local portion of their yearly corporate income taxes.²¹³ From January 1, 2008, to December 31, 2010, under Items 1, 2 and 3 of Article 9 of *GUIZHENGFA {2008} No. 61*, enterprises located within the economic zone, which qualify for the reduced corporate income tax rate of 15 percent under the Preferential Tax Policies for the Development of the Western Regions program (*see below*), also qualify for an additional exemption of the portion of the corporate income tax destined for the local government. From January 1, 2008, to December 31, 2012, enterprises located within the economic zone, which qualify for the reduced corporate income tax rate of 15 percent under the Preferential Tax Program for High and New Technology Enterprises program (*see below*), qualify for the same amount of additional exemption of corporate income taxes. Therefore, under this program, qualified enterprises receiving a reduced corporate income tax rate of 15 percent during these years were eligible to have their corporate income tax rate further reduced to 9 percent.

²⁰⁹ Where “date of approval” is not known, we used the “date of receipt” for the annual sales denominator to conduct the 0.5 percent test.

²¹⁰ *Id.*

²¹¹ *See Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Preferential Tax Policies for the Opening and Development of Beibu Gulf Economic Zone of Guangxi Zhuang Autonomous Region (Local Income Tax Exemption).”

²¹² *Id.*

²¹³ *Id.*

The GOC reported that the program is administered by the State Administration of Taxation (SAT) and is implemented by the SAT branches at the local level within their respective jurisdictions and that exemption is claimed on line 36 of the Statement of Tax Preferences Table, which is an appendix the corporate tax return.²¹⁴

We determine that this program constitutes a financial contribution in the form of revenue forgone under section 771(5)(D)(ii) of the Act and a benefit under section 771(5)(E) of the Act. The GOC reported that only the enterprises located within Beibu Gulf Economic Zone of Guangxi Zhuang Autonomous Region may benefit from this tax exemption.²¹⁵ Therefore, we determine that the program is regionally-specific pursuant to section 771(5A)(D)(iv) of the Act.

Alnan Aluminum reported that it received benefits under this program during 2012 as indicated on its tax returns. To calculate the countervailable subsidy rate for the POR, we divided the benefit by a denominator comprised of the consolidated sales of the Alnan Companies (which is net of intercompany sales), according to the methodology described above in the “Subsidies Valuation Information” section.

On this basis, we preliminarily calculate a countervailable subsidy of 0.26 percent *ad valorem* for the Alnan Companies.

I. Preferential Tax Policies for High or New Technology Enterprises

In *Aluminum Extrusions from the PRC First Review*, the GOC reported that this program was established on January 1, 2008. Pursuant to Article 28.2 of the *Enterprise Income Tax Law* (EITL) of the PRC, the government provides for the reduction of the corporate income tax rate from 25 percent to 15 percent for enterprises that are recognized as a High or New Technology Enterprise (HNTEs). The conditions to be met by an enterprise to be recognized as an HNTE set are forth in Article 93 of the *Regulation on the Implementation of the Enterprise Income Tax Law*.²¹⁶

In the *Citric Acid from the PRC First Review* and *Citric Acid from the PRC Second Review*, the Department found this program to be countervailable.²¹⁷ Article 28.2 of the EITL authorizes a reduced income tax rate of 15 percent for HNTEs. The criteria and procedures for identifying eligible HTNEs are provided in the *Measures on Recognition of High and New Technology Enterprises* (GUOKEFAHUO {2008} No. 172) (*Measures on Recognition of HNTEs*) and the *Guidance on Administration of Recognizing High and New Technology Enterprises* (GUOKEFAHUO {2008} No.362). Article 8 of the *Measures on Recognition of HNTEs* provides that the

²¹⁴ *Id.*

²¹⁵ *Id.*

²¹⁶ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Preferential Tax Program for High or New Technology Enterprises.”

²¹⁷ See *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review*, 76 FR 77206 (December 12, 2011) (*Citric Acid from the PRC First Review*), and accompanying IDM at “Reduced Income Tax Rate for High or New Technology Enterprises;” and *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2010*, 77 FR 72323 (December 5, 2012) (*Citric Acid from the PRC Second Review*), and accompanying IDM at “Reduced Income Tax Rate for High or New Technology Enterprises.”

science and technology administrative departments of each province, autonomous region, and municipality directly under the central government or cities under separate state planning shall collaborate with the finance and taxation departments at the same level to recognize HTNEs in their respective jurisdictions.²¹⁸ The GOC reported that the program is administered by the SAT and is implemented by the SAT branches at the local level within their respective jurisdictions and that exemption is claimed on line 28 of the Statement of Tax Preferences Table, which is an appendix to the corporate tax return.²¹⁹ The annex of the *Measures on Recognition of HNTes* lists eight high- and new-technology areas selected for the State’s “primary support:” 1) Electronics and Information Technology; 2) Biology and New Medicine Technology; 3) Aerospace Industry; 4) New Materials Technology; 5) High-tech Service Industry; 6) New Energy and Energy-Saving Technology; 7) Resources and Environmental Technology; and 8) High-tech Transformation of Traditional Industries.²²⁰

The Alnan Companies reported that Alnan Aluminum received tax savings under this program in the amounts indicated on income tax returns filed during the POR. Consistent with the *Citric Acid from the PRC First Review* and *Citric Acid from the PRC Second Review*, we preliminarily find that the reduced income tax rate paid by the Alnan Companies is a financial contribution under section 771(5)(D)(ii) of the Act in the form of revenue foregone by the GOC, and provides a benefit to the recipient in the amount of the tax savings.²²¹ We also determine, consistent with the *Citric Acid from the PRC First Review* and *Citric Acid from the PRC Second Review*, that the reduction afforded by this program is limited as a matter of law to certain new and high technology companies selected by the government pursuant to legal guidelines specified in *Measures on Recognition of HNTes* and, hence, is specific under section 771(5A)(D)(i) of the Act. Both the number of targeted industries (eight) and the narrowness of the identified project areas under those industries support a finding that the legislation expressly limits access to the program to a specific group of enterprises or industries.

To calculate the benefit, we compared the income tax rate that Alnan Aluminum would have paid in the absence of the program (25 percent) to the income tax rate that the companies actually paid. We treated the income tax savings as a recurring benefit, consistent with section 771(5)(E) of the Act and 19 CFR 351.524(c)(1). To calculate the countervailable subsidy rate, we divided the benefit by a denominator comprised of the consolidated sales of the Alnan Companies (which is net of inter-company sales), according to the methodology described above in the “Subsidies Valuation Information” section.

On this basis, we preliminarily calculate a countervailable subsidy of 0.43 percent *ad valorem* for the Alnan Companies.

J. International Market Exploration Fund (SME Fund)

In the *Aluminum Extrusions from the PRC Investigation*, we determined that the SME Fund provides countervailable subsidies that are contingent on export activity because, to qualify for

²¹⁸ *Id.*

²¹⁹ *Id.*

²²⁰ *Id.*

²²¹ See section 771(5)(D)(ii) of the Act, section 771(5)(E) of the Act, and 19 CFR 351.509(a)(1).

the program, a small and medium-sized enterprise (SME) must have export and import rights, exports of less than \$15,000,000 in the previous year, an accounting system, personnel with foreign trade skills, and an international marketing plan.²²²

In *Aluminum Extrusions from the PRC First Review*, the GOC reiterated that this program was established in 2000, pursuant to the *Circular of the Ministry of Finance, the Ministry of Foreign Trade and Economic Cooperation Concerning Printing and Distributing the Measures for the Administration of International Market Developing Funds of Small- and Medium-Sized Enterprises (for Trial Implementation)*, and *Detailed Rules for the Implementation of the Measures for the Administration of International Market Developing Funds of Small- and Medium-Sized Enterprise (for Provisional Implementation)* to support the development of small and medium-sized enterprise.²²³ The GOC added that in May 2010, this program was renewed and the above listed legislation was replaced by the *Measures for Administration of International Market Developing Funds of Small- and Medium-Sized Enterprises (Market Developing Funds Measure)*.²²⁴ The GOC explained that after the promulgation of the *Market Developing Funds Measure*, the export value eligibility criterion was modified to state that an applicant enterprise must have had an export value in the previous year of less than \$45,000,000.²²⁵

Neither the Alnan Companies nor the GOC provided any information to warrant a reconsideration of the Department's determination that this program is a countervailable export subsidy. Therefore, consistent with the *Investigation*, we find that the grant, which Alnan Aluminum received under this program, constitutes a financial contribution and a benefit under sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively, and is specific under section 771(5A)(A) and (B) of the Act because the program supports the international market activities of SMEs and is contingent upon export performance.

Alnan Aluminum reported that received non-recurring grants under this program in 2012.²²⁶ The Department treats grants under this program as non-recurring subsidies under 19 CFR 351.524(c).²²⁷ We, thus, conducted the "0.5 percent test" of 19 CFR 351.524(b)(2), by dividing the total amount of the grants received by Alnan Aluminum over the Alnan Companies' total export sales for the year the grants were approved/received.²²⁸

We find that the grants received in 2012 were less than 0.5 percent of the total export sales denominator for the year of approval/receipt. Therefore, we expensed the grant amounts to the year of receipt. To calculate the subsidy rate, we divided the full amount of the grant by Alnan Companies' total export sales for 2012.

²²² See *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at "International Market Exploration Fund (SME Fund)."

²²³ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at "International Market Exploration Fund (SME Fund)."

²²⁴ *Id.*

²²⁵ *Id.*

²²⁶ See Alnan/Kromet Initial Response (December 16, 2013) at 23-25

²²⁷ See *Aluminum Extrusions from the PRC Investigation*, and accompanying IDM at "International Market Exploration Fund (SME Fund)."

²²⁸ Where the company was unable to report the date/year of approval of the grant, we used the date/year of receipt of the grant for the yearly sales denominator used in the 0.5 percent test.

On this basis, we preliminarily calculate a countervailable subsidy of 0.01 percent *ad valorem* for the Alnan Companies.

K. Special Funds of Guangxi Autonomous Region for Small Highland of Talents

In *Aluminum Extrusions from the PRC First Review*, the GOC reported that this program was established in July 2004 by the Finance Department and the Department of Human Resources and Social Security of Guangxi Autonomous Region. The purpose of the program is to attract and cultivate high-level and innovative talents pursuant to *Measures for Administration of Special Funds of Guangxi Autonomous Region for Small Highland of Talents*. To qualify for an award under the program an enterprise must meet these requirements: (1) “have intensive human resources of high-level talents; (2) the specialization structure of its talents must be in line with the development orientations of important industries, important projects, important disciplinary fields and superior enterprises and government-sponsored institutions that have strong innovation capacity, (3) have a sound innovation environment and relatively strong economic capacity; (4) have a work plan for construction of the small highland of talents.”²²⁹

Based on our analysis of the laws and regulations provided by the GOC for this program, we determine that grants provided under this program are financial contributions in the form of a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act and provide a benefit to the Alnan Companies in the amount of the grant, pursuant to section 771(5)(E) of the Act and 19 CFR 351.504(a). We also determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act due to provisions in the laws and/or regulations indicating that eligibility for benefits under the program is limited to a group of companies or industries, namely enterprises that are “approved and publicly announced carrier entities” which must meet innovation criteria and a criterion requiring involvement in important industries, projects, or fields.²³⁰

Under 19 CFR 351.524(c)(1), we are treating grants received under these programs as “non-recurring.” We performed the “0.5 percent test” of 19 CFR 351.524(b)(2). Because the Alnan Companies did not receive any grants which passed the “0.5 percent test,” we expensed each grant in the year of receipt. To calculate the countervailable subsidy rate for each year, we divided the benefit by a denominator comprised of the sales of the Alnan Companies (which is net of intercompany sales), according to the methodology described above in the “Subsidies Valuation Information” section.

On this basis, we preliminarily calculate a countervailable subsidy of 0.01 percent *ad valorem* for the Alnan Companies.

²²⁹ See *Aluminum Extrusions from the PRC First Review*, and accompanying IDM at “Special Funds of Guangxi Autonomous Region for Small Highland of Talents.”

²³⁰ *Id.*

L. Grant Programs for Which the GOC Did Not Provide the Requested Laws, Regulations, and Specificity Information

As explained above in *Application of AFA for Certain Grants Received by the Alnan Companies*, as AFA, we preliminarily find that each of the following programs provides countervailable subsidies within the meaning of section 771(5) of the Act in that each is specific within the meaning of section 771(5A) of the Act, constitutes a financial contribution in the form of a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act. Based on information provided by the GOC and the Alnan Companies, we also preliminarily determine that each program conferred a benefit under section 771(5)(E) of the Act and 19 CFR 351.504(a) during the POR

Consistent with 19 CFR 351.524(c)(1), we are treating grants received under these programs as “non-recurring.” We performed the “0.5 percent test” of 19 CFR 351.524(b)(2) with regard to each grant program. For those programs that passed the “0.5 percent test,” we allocated the benefit received by the Alnan Companies over 12 years. For those programs, that did not pass the “0.5 percent test,” we expensed the grants amounts in the years they were received.

To calculate the countervailable subsidy rate for each year, we divided the benefit by a denominator comprised of the sales of the Alnan Companies (which is net of inter-company sales), according to the methodology described above in the “Subsidies Valuation Information” section. As explained above in “Use of Facts Otherwise Available and Adverse Inferences: *Application of AFA for Certain Grants Received by the Alnan Companies*,” for those programs which GOC did not provide the legislation and regulations but for which the name of the program indicates that it is an export program, as AFA, we calculated the program rate using export sales as the denominator.

On this basis, we preliminarily find that the following grant programs are countervailable and have calculated the following *ad valorem* countervailable subsidy rates for the Alnan Companies.

	Name of Program	2012 <i>Ad Valorem</i> Rate
1.	Funds of Nanning Municipality for Technology Innovation	0.02%
2.	Funds of Guangxi Autonomous Region for Enterprises’ Technology Renovation	0.24%
3.	Financial Assistance (interest subsidy) of Nanning Municipality for Key Technology Renovation	0.35%
4.	National Funds for the Industry Revitalization and Technology Renovation of the Key Fields	0.12 %
5.	National Funds for Construction of Ten “Key Energy Saving Projects”, “Key Demonstration Bases for Recycling Economy and Resource Saving” and “Key Industrial Pollution Control Projects”	0.08%

6.	Special Funds of Guangxi Beibu Gulf Economic Zone for the Development of Key Industries	0.05%
7.	Awards of Guangxi Autonomous Region for Advancement of Science and Technology	0.01%
8.	Awards of Guangxi Autonomous Region for New Products	0.02%
9.	Awards to Key Enterprises for Large Consumption of Electricity	0.03%
10.	Awards of Nanning Municipality for New Products	0.01%
11.	Supporting Funds for Trade with the Minority Nationalities and Production of Goods Specially Needs by Minority Nationalities	0.01%
12.	Intellectual Property Reward	0.01%
13.	Assistance for Science Research and Technology Development Planning Projects of Nanning Municipality	0.01%

II. Programs Preliminarily Determined Not to Confer Measurable Benefit or Not Used.

We preliminarily find that the respondent companies did not use the following programs, or the following programs did not confer a measurable benefit to the respondent companies during the POR:

1. Exemption from City Construction Tax and Education Tax for Foreign-Invested Enterprises (FIEs)
2. Two Free, Three Half Income Tax Exemptions for FIEs
3. Preferential Tax Program for FIEs Recognized as High or New Technology Enterprises (HNTEs)
4. Provincial Government of Guangdong (PGOG) Tax Offset for Research & Development (R&D)
5. Refund of Land-Use Tax for Firms Located in the Zhaoqing New and High-Tech Industrial Development Zone (ZHTDZ)
6. Tax Reductions for FIEs Purchasing Chinese-Made Equipment
7. Preferential Tax Policies for the Development of Western Regions of China
8. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
9. Refund of VAT on Products Made Through Comprehensive Utilization of Resources
10. GOC and Sub-Central Government Grants, Loans, and Other Incentives for Development of Famous Brands and China World Top Brands (Famous Brands Program)
11. International Market Exploration Fund (SME Fund)
12. Fund for SME Bank-Enterprise Cooperation Projects
13. Special Fund for Significant Science and Technology in Guangdong Province
14. Fund for Economic, Scientific, and Technology Development
15. Provincial Fund for Fiscal and Technological Innovation
16. Provincial Loan Discount Special Fund for SMEs
17. Export Rebate for Mechanic, Electronic, and High-Tech Products
18. PGOG Special Fund for Energy Saving Technology Reform

19. PGOG Science and Technology Bureau Project Fund (*aka*, Guangdong Industry, Research, University Cooperating Fund)
20. Development Assistance Grants from the ZHTDZ Local Authority
21. Expanding Production and Stabilizing Jobs Fund of Jiangsu Province
22. Technical Standards Awards
23. Guangxi Awards for Private Enterprises Designated as Pilot Innovation-Oriented Enterprises
24. Special Funds of Nanning Municipality for Small Highland of Talents
25. Special Funds of Nanning Municipality for Academic and Technical Leaders of the New Century
26. Guangxi Technology R&D Funds
27. Supporting Funds of Nanning Municipality for “Informatization-industrialization Integration” and Development of Information Industry
28. Funds for Projects of Science and Technology Professionals serving the Enterprises
29. Financial Supporting Funds of Nanning Municipality for Technology Renovation for Production Safety
30. Assistancess for R&D projects under Funds of Nanning Municipality for Foreign Trade Development
31. Funds of Nanning Municipality for Sustainable Development of Foreign Trade
32. Awards of Guangxi Autonomous Region for Emission Reduction of Main Pollutants
33. Special Funds of Guangxi Autonomous Region for Production Safety (Supporting Fund for Eliminating Potential and Seriously Dangerous Projects)
34. Funds of Guangxi Autonomous Region for Promotion of Foreign Trade Development of the West Region
35. Awards of Nanning Municipality for Excellent Foreign Trade Enterprises
36. Special Funds for Projects of National Science and Technology Supporting Plan
37. Special Funds of Guangxi Beibu Gulf Economic Zone for the Development of Key Industries
38. Provision of Land-Use Rights and Fee Exemptions To Enterprises Located in the ZHTDZ for LTAR
39. Provision of Land-Use Rights To Enterprises Located in the South Sanshui Science and Technology Industrial Park for LTAR
40. Labor and Social Security Allowance Grants in Sanshui District of Guangdong Province
41. “Large and Excellent” Enterprises Grant
42. Advanced Science/Technology Enterprise Grant
43. Tiaofeng Electric Power Subscription Subsidy Funds
44. Award for Excellent Enterprise
45. Export Incentive Payments Characterized as VAT Rebates
46. PGOG and Foshan City Government Patent and Honor Award Grants
47. Foshan City Government Technology Renovation and Technology Innovation Special Fund Grants
48. Nanhai District Grants to State and Provincial Enterprise Technology Centers and Engineering Technology R&D Centers
49. Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program
50. Provincial Tax Exemptions and Reductions for “Productive” FIEs
51. Tax Reductions for FIEs in Designated Geographic Locations

52. Tax Reductions for Technology- or Knowledge-Intensive FIEs
53. Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment
54. Tax Reductions for Export-Oriented FIEs
55. Tax Refunds for Reinvesting of FIE Profits in Export-Oriented Enterprises
56. Accelerated Depreciation for Enterprises Located in the Northeast Region
57. Forgiveness of Tax Arrears for Enterprises in the Old Industrial Bases of Northeast China
58. VAT Rebates on FIE Purchases of Chinese-Made Equipment
59. Exemptions from Administrative Charges for Companies in the ZHTDZ
60. Grants to Cover Legal Fees in Trade Remedy Cases in Zhenzhen
61. Clean Production Technology Fund
62. Grants for Listing Shares: Liaoyang City (Guangzhou Province), Wenzhou Municipality (Zhejiang Province), and Quanzhou Municipality (Fujian Province)
63. Northeast Region Foreign Trade Development Fund
64. Land Use Rights in the Liaoyang High-Tech Industry Development Zone
65. Allocated Land Use Rights for State-Owned Enterprises
66. Tax Refunds for Enterprises Located in the ZHTDZ
67. Provision of Electricity for LTAR to FIEs Located in the Nanhai District of Foshan City
68. Nanhai District Grants to HNTes
69. Government Provision of Land-Use Rights to Enterprises Located in the Yongji Circular Economic Park for LTAR
70. Support for Disabled Persons
71. Awards of Nanning Municipality for Advancement of Science and Technology
72. Award of Nanning Municipality for Industrial Enterprises Completing Energy Saving Tasks
73. Membership Fee Refunds for Members of Rescue Sub-team of Guangxi Emergency and Rescue Association for Production Safety
74. Funds for Demonstration Bases of Introducing Foreign Intellectual Property
75. Funds of Nanning Municipality for Project Preliminary Works
76. Special Funds of Nanning Municipality for Key Planning Project of Professionals Cultivation
77. Funds of Guangxi Autonomous Region for Energy Saving and Emission Reduction
78. Awards of Nanning High-tech Zone for Annual top Tax Payers of Industrial Enterprises
79. Awarding Funds of Guangxi Autonomous Region for Renovation of Energy-Saving Technologies
80. National Special Funds for Emission of Main Pollutants (Assistance for Construction of Automatic Surveillance of Key Pollutant Sources)
81. Support for the Tax Refund Difference Program
82. Export Credit Subsidy Program: Export Seller's Credits
83. Export Credit Subsidy Program: Export Buyer's Credits
84. Government Purchase of Aluminum Extrusions for More Than Adequate Remuneration
85. 2009 Special Fund
86. Special Fund Subsidy for Export-Oriented Economy
87. Bonus for 2009 Excellent Sewage Treatment Management Companies
88. Special Fund Subsidy for Industrial Development
89. Special Fund for 2010 Provincial-Level Foreign Economy and Foreign Trade Development

90. Special Fund for Environment Protection
91. Special Guiding Fund
92. Special Fund for Foreign Trade
93. Special Fund for Industrial Development
94. Special Guiding Fund for Key Industries
95. Social Insurance Subsidy
96. Migrant Workers Training Subsidy
97. Technical Reform Subsidy for Changzhou City
98. Income Tax Rewards for Key Enterprises
99. Returns for Land-Transferring Fee
100. State Key Technology Renovation Project Fund
101. Provision of Steam Coal for LTAR

On May 18, 2014, the Department initiated on the NSA “Provision of Steam Coal for LTAR” with regard to the Alnan Companies.²³¹ On April 4, 2014, we received the company’s questionnaire response on steam coal.²³² In the response, the Alnan Companies reported that, during the POR, Shanglin Power was not operational and did not purchase any steam coal.²³³ The Alnan Companies provided a copy of Shanglin Power’s 2012 financial statements in support of their statement.²³⁴ Based on the information on the record, we preliminary find that the Alnan Companies did not use this program during the POR.

Preliminary Ad Valorem Rate for Non-Selected Companies under Review

The statute and the Department’s regulations do not directly address the establishment of rates to be applied to companies not selected for individual examination where the Department limited its examination in an administrative review pursuant to section 777A(e)(2) of the Act. However, the Department normally determines the rates for non-selected companies in reviews in a manner that is consistent with section 705(c)(5) of the Act, which provides instructions for calculating the all others rate in an investigation. We also note that section 777A(e)(2) of the Act provides that “the individual countervailable subsidy rates determined under subparagraph (A) shall be used to determine the all others rate under section {705(c)(5) of the Act}.” Section 705(c)(5)(A) of the Act instructs the Department to calculate an all others rate using the weighted average of the subsidy rates established for the producers/exporters individually examined, excluding any zero, *de minimis*, or facts available rates. In this review, the preliminary subsidy rates calculated for the two mandatory respondents are above *de minimis* and neither was determined entirely under facts available.

Calculating the non-selected rate by weight averaging the rates of the respondents, however, risks disclosure of proprietary information. Therefore, for these preliminary results, we calculated the rate for the non-selected companies by weight-averaging the rates of Jiangsu Changfa and the Alnan Companies using publicly-ranged sales data. As such, to each of the 63

²³¹ See Department Memorandum regarding “Decision Memorandum on New Subsidy Allegations” (March 18, 2014).

²³² See Alnan/Kromet NSA Response (April 4, 2014).

²³³ *Id.*, at 5-7.

²³⁴ *Id.*, at Exhibit NSA-1.

companies for which a review was requested and not rescinded, but were not selected as mandatory respondents,²³⁵ we derived a preliminary subsidy rate of 9.54 percent *ad valorem*.²³⁶

Preliminary Ad Valorem Rate for Non-Cooperative Companies under Review

In this administrative review, we must also assign a rate to the four companies which failed to respond to the Department's Q&V questionnaire. As discussed above in the "Use of Facts Otherwise Available and Adverse Inferences – *Application of Total AFA to Non-Cooperative Companies*" section we preliminarily find that it is appropriate to assign to these companies the total AFA rate of 154.84 percent *ad valorem*.²³⁷

Conclusion

We recommend applying the above methodology for these preliminary results.

✓

Agree

Disagree

Ronald K. Lorentzen

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

June 18, 2014

(Date)

²³⁵ For a list of the non-selected companies, see *Aluminum Extrusions from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2012*, signed concurrently with this preliminary decision memorandum.

²³⁶ See Department Memorandum regarding "Non-Selected Rate Calculation for the Preliminary Results" (June 18, 2014).

²³⁷ See AFA Calculations Memorandum.