



C-570-017  
Administrative Review  
**Public Document**  
POR: 12/01/2014-12/31/2015  
E&C Office VII: AH

DATE: March 9, 2018

MEMORANDUM TO: Gary Taverman  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance

FROM: James Maeder  
Associate Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations  
performing the duties of Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Final Results of the Administrative  
Review of the Countervailing Duty Order on Certain Passenger  
Vehicle and Light Truck Tires from the People's Republic of  
China; 2014-2015

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## SUMMARY

The Department of Commerce (Commerce) has completed this administrative review of the countervailing duty (CVD) order on passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (China) for the period of review (POR) December 1, 2014, through December 31, 2015. This administrative review was conducted in accordance with section 751(a)(1)(A) of the Tariff Act of 1930, as amended (the Act). The mandatory company respondents are Cooper (Kunshan) Tire Co., Ltd. (Cooper) and GITI Tire Global Trading Pte. Ltd., GITI Tire (USA) Ltd., GITI Radial Tire (Anhui) Company Ltd. (GITI Anhui Radial), GITI Tire (Fujian) Company Ltd. (GITI Fujian), GITI Tire (Hualin) Company Ltd. (GITI Hualin) (collectively, GITI).<sup>1</sup> We find that the mandatory respondents received countervailable subsidies during the POR. We find that the application of adverse facts available (AFA) is warranted for selecting a rate for Zhongce Rubber Group Company Limited (Zhongce). For the companies for which a review was requested, but which were not selected for individual examination, we are using the mandatory respondents' CVD rates to determine the applicable rate. We have analyzed

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<sup>1</sup> See Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Selection of Respondents for Individual Examination," dated March 9, 2017 (Respondent Selection Memorandum).



the case and rebuttal briefs submitted by interested parties following the *Preliminary Results*,<sup>2</sup> and address the issues raised in the “Analysis of Comments” section below.

## **BACKGROUND**

Commerce published the *Preliminary Results* of this administrative review in the *Federal Register* on September 7, 2017, and we invited comments from interested parties. On December 8, 2017, in accordance with section 751(a)(3)(A) of the Act, Commerce extended the period for issuing the final results of this review by 60 days, to March 6, 2018.<sup>3</sup> On January 23, 2018, Commerce extended the deadline an additional three days, to March 9, 2018, due to the government shutdown.<sup>4</sup>

On September 22, 2017, United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (the petitioner) submitted comments regarding alleged deficiencies in the record.<sup>5</sup> In response to the petitioner’s deficiency comments letter, on September 28, 2017, Commerce issued supplemental questionnaires to GITI and Cooper.<sup>6</sup> GITI and Cooper submitted timely responses to the September 28, 2017, supplemental questionnaires on October 13, 2017.<sup>7</sup>

On November 22, 2017, we received case briefs from the following interested parties: Cooper; GITI; the petitioner;<sup>8</sup> and the Government of China (GOC). On December 4, 2017, Commerce

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<sup>2</sup> See *Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Preliminary Results of the Countervailing Duty Administrative Review and Rescission, in Part; 2014-2015* 82 FR 42287 (September 7, 2017) (*Preliminary Results*) and accompanying Preliminary Decision Memorandum (PDM).

<sup>3</sup> See Commerce Memorandum, “Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Extension of Deadline for Final Results” (December 8, 2017).

<sup>4</sup> See Memorandum for The Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, “Deadlines Affected by the Shutdown of the Federal Government” (Tolling Memorandum), dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by 3 days.

<sup>5</sup> See Letter from Petitioner, “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China – The USW’s Post-Preliminary Deficiency Comments,” dated September 7, 2017.

<sup>6</sup> See Commerce Letter, “Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Supplemental Questionnaire for Cooper (Kunshan) Tire Co., Ltd.,” dated September 28, 2017 and “Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Supplemental Questionnaire for Giti Tire Global Trading Pte. Ltd.,” dated September 28, 2017.

<sup>7</sup> See Letter from GITI, “Passenger Vehicle and Light Truck Tires from the People’s Republic of China: 2<sup>nd</sup> Supplemental Questionnaire Response,” dated October 13, 2017 and Letter from Cooper, “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China/CKT Response to 9/29/2017 Supplemental Questionnaire,” dated October 13, 2017.

<sup>8</sup> See Letter from Cooper, “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Case Brief of Respondent Cooper (Kunshan) Tire Co., Ltd.,” dated November 21, 2017 (Cooper Case Brief), *see also* Letter from Petitioner, “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Case Brief on behalf of United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC,” dated November 21, 2017 (Petitioner’s Case Brief), *and* Letter from the GOC, “Case Brief of the Government of China: Certain Passenger Vehicle and Light Truck Tires from China (C-570-017),” dated November 21, 2017 (GOC Case Brief).

received timely rebuttal comments from GITI,<sup>9</sup> and on December 5, 2017, we received timely rebuttal comments from Cooper, the petitioner and the GOC.<sup>10</sup> On December 13, 2017, Commerce rejected the case brief submitted by GITI because we determined the brief contained untimely new factual information.<sup>11</sup> GITI timely resubmitted its case brief on December 15, 2017.<sup>12</sup>

## **LIST OF COMMENTS FROM INTERESTED PARTIES**

- Comment 1: Zhongce's AFA Rate
- Comment 2: Cooper's 2014 Subsidies and Sales
- Comment 3: Cooper's Resellers
- Comment 4: GITI Companies' Sales Denominator
- Comment 5: Inland Freight Rate for Carbon Black Benchmark
- Comment 6: Provision of Inputs for LTAR
- Comment 7: Grade Specific Benchmarks
- Comment 8: Income Tax Programs
- Comment 9: Grant Programs
- Comment 10: Rate for Non-Selected Companies
- Comment 11: RMB Denominated Loans for GITI Chongqing
- Comment 12: Reporting Errors in GITI's Loan Template
- Comment 13: Cooper's Former Cross-Owned Affiliated Producer
- Comment 14: Alleged Error in Cooper's Margin Calculation
- Comment 15: CKT Acquired Land Benefit
- Comment 16: Commerce's Selection of Pricing Benchmarks
- Comment 17: Nylon Cord Benchmarks for GITI
- Comment 18: Ocean Freight and Import Duties Added to Tier 1 or Tier 2 Benchmarks
- Comment 19: Export Buyers Credit
- Comment 20: Other Subsidies

## **SCOPE OF THE ORDER**

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

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<sup>9</sup> See Letter from GITI, "Certain Passenger Vehicle and Light Truck Tires from China: Rebuttal Brief of GITI," dated December 4, 2017 (GITI Rebuttal).

<sup>10</sup> See Letter from Cooper, "Certain Passenger Vehicle and Light Truck Tires from China: Rebuttal Brief of Respondent Cooper (Kunshan) Tire Co., Ltd.," December 5, 2017 (Cooper Rebuttal), *see also* Letter from Petitioner, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Rebuttal Brief on behalf of United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC," dated December 5, 2017 (Petitioner's Rebuttal), *and* Letter from the GOC, "Rebuttal Brief of the Government of China: Certain Passenger Vehicle and Light Truck Tires from China (C-570-017)," dated December 5, 2017 (GOC Rebuttal).

<sup>11</sup> See Commerce Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Rejection of Case Brief," dated December 3, 2017.

<sup>12</sup> See Letter from GITI, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Re-Submission of Case Brief," dated December 15, 2017.

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

Prefix designations:

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

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

Suffix letter designations:

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

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

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.

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

Specifically excluded from the scope are the following types of tires:

- (1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;
- (2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the Tire and Rim Association Year Book;
- (3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;
- (4) non-pneumatic tires, such as solid rubber tires;
- (5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:

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

(b) the designation "T" is molded into the tire's sidewall as part of the size designation, and,

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a "M" rating;

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

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

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

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

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

(e) either

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

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

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

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

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

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

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

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

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

The products covered by the order are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.45, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

## **CHANGES SINCE THE PRELIMINARY RESULTS**

Based on case briefs, rebuttal briefs, and all supporting documentation, we made certain changes from the *Preliminary Results*, which are discussed in the “Analysis of Comments” section below.

## **NON-SELECTED COMPANIES UNDER REVIEW**

For the companies for which a review was requested that were not selected as mandatory company respondents, and for which we did not receive a timely request for withdrawal of review, and which we are not finding to be cross-owned with the mandatory company respondents, we based the subsidy rate on a weighted-average of the subsidy rates calculated for Cooper and GITI, using publicly ranged sales values for the weighted-average. For a list of these companies, please see the Appendix to this Decision Memorandum.

## **SUBSIDIES VALUATION INFORMATION**

### **Allocation Period**

Commerce made no changes to the allocation period or the allocation methodology used in the *Preliminary Results*.<sup>13</sup>

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<sup>13</sup> See PDM at 9.

## **Attribution of Subsidies**

Based on comments from interested parties, we have made changes to the attribution methodology made in the *Preliminary Results* for Cooper. In particular, we are now cumulating subsidies received by certain Cooper companies under the trading company rule of 19 CFR 351.525(c). *See* Comments 3 and 13 below.

## **Denominators**

In accordance with 19 CFR 351.525(b), Commerce considers the basis for the respondents' receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondents' export or total sales, or portions thereof. The denominators we used to calculate the countervailable subsidy rates for the various subsidy programs described below are explained in the "Final Analysis Memoranda," prepared for this final determination.<sup>14</sup> As a result of comments received from interested parties, we have revised certain sales values to calculate the subsidy rates in this final determination. Comments regarding minor corrections and corrected sales are addressed at Comments 3, 4, and 13.

## **Benchmarks and Discount Rates**

Interested parties submitted comments regarding the benchmark rates for the inputs carbon black and synthetic rubber. In particular, we relied on grade-specific rubber benchmarks in certain instances where the record clearly indicated the grade purchased by the respondent and we revised certain freight charges for delivery of the inputs. *See* Comments 5, 6, 7, 17, and 18 below.

## **USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES**

Commerce relied on "facts otherwise available," including adverse facts available (AFA), for several findings in the *Preliminary Results*. Commerce has not made any changes to its determination to rely on facts otherwise available and AFA, as applied in the *Preliminary Results*.<sup>15</sup> However, in response to comments received after the *Preliminary Results*, we have corrected several clerical errors in the calculation of the AFA rate applied to an uncooperative respondent.

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<sup>14</sup> *See* Commerce Memoranda, "Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Determination Analysis for Cooper (Kunshan) Tire Co., Ltd." (Cooper Final Calculation Memorandum) and "Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Determination Analysis for GITI Tire (Fujian) Company Ltd.," dated concurrently with this memorandum.

<sup>15</sup> *See* PDM at 18-30.

## PROGRAMS DETERMINED TO BE COUNTERVAILABLE

Except where noted, Commerce has made no changes to the methodology used to calculate the subsidy rates for the following programs in its *Preliminary Results*. Additionally, except as discussed under the Analysis of Comments section below, no issues were raised by interested parties in case briefs regarding these programs. The final program rates calculated for Cooper and GITI are as follows:

1. Government Policy Lending  
Cooper: 0.00 percent *ad valorem*  
GITI: 3.91 percent *ad valorem*
2. Export Sellers Credits from State-Owned Banks  
Cooper: 0.00 percent *ad valorem*  
GITI: 0.69 percent *ad valorem*
3. Export Buyers Credits  
Cooper: 4.11 percent *ad valorem*  
GITI: 4.09 percent *ad valorem*
4. Export Credit Insurance Subsidies  
Cooper: 0.00 percent *ad valorem*
5. Provision of Inputs for LTAR
  - a. Provision of Carbon Black  
  
Cooper: 5.83 percent *ad valorem*  
GITI: 7.56 percent *ad valorem*
  - b. Nylon Cord  
  
Cooper: 0.05 percent *ad valorem*  
GITI: 0.04 percent *ad valorem*
  - c. Synthetic Rubber and Butadiene  
  
Cooper: 1.01 percent *ad valorem*  
GITI: 1.29 percent *ad valorem*
  - d. Natural Rubber for LTAR  
  
Cooper: 0.00 percent *ad valorem*  
GITI: 0.02 percent *ad valorem*
  - e. Provision of Electricity for LTAR

Cooper: 1.61 percent *ad valorem*  
GITI: 2.08 percent *ad valorem*

f. Provision of Land-Use Rights for FIEs for LTAR  
Cooper: 3.34 percent *ad valorem*

6. Enterprise Income Tax Law, R&D Program

Cooper: 0.08 percent *ad valorem*  
GITI: 0.07 percent *ad valorem*

7. High and New Technology Enterprises

GITI: 0.29 percent *ad valorem*

8. Import Tariff and Value Added Tax (VAT) Exemptions for Use of Imported Equipment

GITI: 0.03 percent *ad valorem*

9. Special Fund for Energy Saving Technology Reform

Cooper: 0.12 percent *ad valorem*  
GITI: 0.02 percent *ad valorem*

10. Other Subsidy Programs

Cooper: 0.00 percent *ad valorem*  
GITI: 0.59 percent *ad valorem*

**PROGRAMS DETERMINED NOT TO BE USED OR NOT TO CONFER MEASURABLE BENEFITS DURING THE POR**

1. Provision of Natural Rubber for LTAR
2. Special Fund for Energy-Saving Technology Reform
3. Income Tax Reductions for High-and-New-Technology Enterprises (HNTEs)
4. Preferential Loans to State-Owned Enterprises
5. Discounted Loans for Export-Oriented Enterprises
6. Export Credit Guarantees
7. Two Free, Three Half Program for FIE's
8. Provision of Land to Passenger Tire Producers for LTAR
9. Provision of Land-Use Rights for SOEs for Less Than Adequate Remuneration
10. Provision of Land-Use Rights in Industrial and Other Special Economic Zones for Less Than Adequate Remuneration
11. Tax Benefit Programs
  - a. Income Tax Reduction for Advanced-Technology FIEs
  - b. Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs
  - c. Income Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment

12. VAT Refunds for Domestic Firms on Purchases of Chinese-Made Equipment
13. VAT Rebates on FIE Purchases of Chinese-Made Equipment
14. Grant Programs
  - a. State Key Technology Renovation Project Fund Program
  - b. Famous Brands Program
  - c. The Clean Production Technology Fund
  - d. Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces
  - e. Funds for “Outward Expansion” of Industries in Guangdong Province
  - f. Provincial International Market Development Fund Grant
  - g. Provincial Import Discount Loan Subsidy
14. Cooper-Specific Subsidies
15. Subsidies for Companies Located in the Kunshan Economic and Technological Development Zone
16. Weihai Municipality Subsidies for the Automobile and Tire Industries
17. Subsidies for Companies Located in the Rongcheng Economic Development Zone

## ANALYSIS OF COMMENTS

### Comment 1: Zhongce’s AFA Rate

#### *Petitioner’s Comments*

- Commerce stated in the Preliminary Results that it applied a 25 percent AFA rate to Zhongce for income tax reduction programs, which is consistent with prior China CVD cases. However, Commerce did not include this 25 percent rate in its actual calculation of Zhongce’s AFA rate. Commerce should include the 25 percent AFA rate for income tax reduction programs in Zhongce’s total AFA rate in the final results.
- In the *Preliminary Results* Commerce apparently combined the Enterprise Income Tax Law, Research and Development (R&D) Program with other programs to which it intended to apply the 25 percent AFA rate for income tax reduction programs. In previous cases, Commerce has applied an AFA rate for the Enterprise Income Tax Law, R&D Program that is separate and additional to the 25 percent rate for other tax programs. Commerce should apply a separate rate for the Enterprise Income Tax Law, R&D program in the final results. Consistent with the AFA hierarchy, Commerce should apply the highest calculated rate for any respondent for this program from the investigation.
- In the *Preliminary Results*, Commerce determined that “there are no above *de minimis* subsidy rates calculated in this review or the investigation” for certain programs, and that it would apply “the highest above *de minimis* subsidy rate calculated in another China proceeding for a similar program.” For the following programs Commerce did not apply the highest above *de minimis* rate calculated in other China proceedings:

- (1) Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs;

- (2) Income Tax Credits for Domestically-Owned Companies Purchasing Chinese Made Equipment;
- (3) Provision of Land-Use Rights to State-Owned Enterprises (SOEs) for LTAR;
- (4) Provision of Land-Use Rights in Industrial and Other Special Economic Zones for LTAR;
- (5) The Clean Productions Technology Fund;
- (6) Export Credit Insurance Subsidies;
- (7) Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces;
- (8) Famous Brands Program;
- (9) Funds for “Outward Expansion” of Industries in Guangdong Province;
- (10) Special Fund for Energy-Saving Technology Reform; and,
- (11) State Key Technology Renovation Project Fund.

In the Final Results, Commerce should select the correct highest rates from prior China CVD proceedings.

- In the *Preliminary Results*, Commerce did not apply rates to Zhongce for 11 programs under review:

- (1) Provincial International Market Development Fund Grant;
- (2) Provincial Import Discount Loan Subsidy;
- (3) Subsidies for Companies Located in the Hefei Economic and Technology Development Zone;
- (4) Anhui Province Subsidies for FIEs;
- (5) Hefei Municipal Export Promotion Policies;
- (6) Subsidies for Companies Located in the Kunshan Economic and Technological Development Zone;
- (7) Weihai Municipality Subsidies for the Automobile and Tire Industries;
- (8) Subsidies for Companies Located in the Rongcheng Economic Development Zone;
- (9) Fixed Asset Investment Subsidies;
- (10) Tax Awards; and,
- (11) Other grants reported by GITI and Cooper in this review.

Commerce should apply AFA rates for these programs to Zhongce in the final results.

**Commerce Position:** In the *Preliminary Results*, we applied total AFA to Zhongce in response to its failure to cooperate with Commerce’s administrative review.<sup>16</sup> When selecting AFA rates, section 776(d) of the Act provides that Commerce may use any countervailable subsidy rate applied for the same or similar program in a countervailable duty proceeding involving the same country, or, if there is no same or similar program, use a countervailable subsidy rate for a

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<sup>16</sup> See PDM at 25-30.

subsidy program from a proceeding that the administering authority considers reasonable to use, including the highest of such rates.<sup>17</sup>

Commerce agrees with the petitioner on all points. Zhongce did not submit a case brief or a rebuttal brief. For the final calculations, we included the Income Tax Reduction Programs at a rate of 25 percent. Furthermore, we are applying a separate AFA rate to the Enterprise Income Tax Law, R&D Program separate from and beyond the Income Tax Reduction Programs rate. The Enterprise Income Tax Law, R&D AFA rate is based on the calculated rate for Cooper Tires in this administrative review, which is the highest calculated rate for this program in this proceeding.

The petitioner argues that Commerce did not use the highest above *de minimis* rates for 11 programs listed above. We agree with the petitioner and have corrected the final calculations to reflect the correct AFA rates in line with Commerce's AFA rate hierarchy as described above. Additionally, we applied AFA rates to the 11 additional programs that were not included in the *Preliminary Results*. Please see the memorandum to the file, issued concurrently with these final results, for a table of specific rates for each program assigned an AFA rate and the source of those rates.<sup>18</sup>

## **Comment 2: Cooper's 2014 Subsidies and Sales**

### *Petitioner's Comments*

- In the *Preliminary Results*, Commerce stated that it would rely exclusively on data provided for 2015 in determining subsidy rates.
- Cooper reported sales data for the entire POR, December 1, 2014, through December 31, 2015, and Commerce used this data in its rate calculations. The denominator used to calculate subsidy rates consisted of sales for the entire POR, while the numerators were limited to benefits received in 2015 and excluded benefits from 2014.
- To calculate the subsidy rate for Cooper, Commerce should request that Cooper provide sales data for 2015 only, and use this data as the denominator.

### *Cooper's Rebuttal Comments*

- Commerce should use the information on the record to calculate Cooper's subsidy rate.
- Commerce should achieve symmetry in its calculations by incorporating December 2014 subsidies into its calculations.

**Commerce Position:** Commerce agrees with the petitioner that it needs to adjust Cooper's denominator to achieve symmetry between the denominator and numerator. Commerce disagrees with the petitioner's suggestion to re-open the record, and Cooper's suggestion to incorporate 2014 subsidies into the calculation. As explained in the *Preliminary Results*,

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<sup>17</sup> See, e.g., *Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013), and accompanying IDM at 13; see also *Essar Steel Ltd. v. United States*, 753 F.3d 1368, 1373-1374 (Fed. Cir. 2014) (upholding "hierarchical methodology for selecting an AFA rate").

<sup>18</sup> See Commerce Memorandum, "Passenger Vehicle and Light Truck Tires; Determination of AFA Subsidy Program Rates," dated concurrently with this memorandum.

Commerce's general policy is to rely on one year's worth of data when the POR of the first administrative review extends into a second year by no more than two months. Instead, Commerce will average the 13 months of sales data provided by Cooper, and subtract the average sales for one month from the total denominator provided by Cooper.

### **Comment 3: Cooper's Resellers**

#### *Petitioner's Comments*

- Commerce did not properly exclude all intercompany sales when calculating Cooper's sales denominator in the *Preliminary Results*.
- Cooper affiliates, Cooper Tire (China) Investment Co., Ltd. (CTIC), and Cooper Tire Asia-Pacific (Shanghai) Trading Co., Ltd., acted as trading companies for Cooper during the POR.
- In the final results Commerce should exclude the sales of CTIC and CTAP from Cooper's denominator pursuant to Commerce's subsidy attribution rules.

#### *Cooper's Rebuttal Comments*

- Sales by CTIC and CTAP were properly included in the sales denominator.
- CTIC and CTAP are not trading companies.<sup>19</sup>
- Even if Commerce finds CTIC or CTAP to be a trading company within the meaning of 19 CFR 351.525, that regulation still requires that benefits provided to CTIC or CTAP be cumulated with benefits from subsidies to the firm which is producing the subject merchandise. Commerce acted appropriately and in accordance with regulations by both cumulating the benefits provided to CTIC and CTAP with those of CKT and including sales reported by CTIC and CTAP in the denominator.

**Commerce Position:** We have determined for these final results that CTIC and CTAP are trading companies and that benefits received by the two companies should be "cumulated" with benefits received by Cooper pursuant to 19 CFR 351.525(c). Our review of the record and arguments of the parties reveal no disagreement over the facts regarding either CTIC or CTAP, or the role they play in the sales of tires produced by Cooper. Rather, the issue arises from an apparent disagreement between parties as to the meaning of the term "trading companies" within the context of our regulations. Neither party provides precedent or any legal citation for determining what type of company is technically a "trading company." However, the preamble to the CVD regulations states clearly that the "cumulation" practice of 19 CFR 351.525(c) is to be applied to a trading company or "any firm that only sells and does not produce subject merchandise,"<sup>20</sup> thus suggesting a broad application of the practice. Moreover, the attribution under 19 CFR 351.525(c) applies "regardless of whether the trading company and the producing firm are affiliated," *i.e.*, a trading company can be either affiliated or non-affiliated with the producer. The record information regarding the roles of CTIC and CTAP indicates that they function as trading companies affiliated with Cooper that sell Cooper's products on Cooper's behalf. In order to cumulate subsidies provided to Cooper and CTIC and CTAP, we calculated total subsidy rates separately for each company using separate sales denominators (*i.e.*, we did

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<sup>19</sup> Cooper's characterization of CTIC and CTAP is business proprietary and is discussed on pages 5-6 of its rebuttal brief.

<sup>20</sup> See *CVD Preamble* 63 FR at 65404.

not include sales of Cooper in the sales denominators when calculating the separate rates for CTIC or CTAP or vice versa). We then adjusted the rates calculated for CTIC and CTAP based on the percentage of Cooper's production sold by each company.<sup>21</sup> We then added the adjusted CTIC and CTAP rates to Cooper's rate.

#### **Comment 4: GITI Companies' Sales Denominator**

##### *Petitioner's Comments*

- Commerce should use GITI's reported free-on-board (FOB) sales values to calculate the sales denominator used in the final results.
- Commerce failed to deduct all sales between GITI Fujian and other cross-owned producers when calculating GITI's sales denominator.
- Commerce failed to deduct all sales between Anhui Cord Fabric's and other cross-owned producers when calculating GITI's sales denominator.

##### *GITI Comments*

- Commerce inadvertently did not include GITI China's subsidiaries sales in GITI's sales denominator. Commerce should correct this in the final results.

##### *GITI Rebuttal Comments*

- Commerce should not exclude the revenues that Anhui Cord Fabric earned in 2014-2015 for certain sales to a cross-owned producer as such revenue was already excluded from the FOB sales values reported by GITI. There is no need to exclude the amount at issue a second time.

**Commerce Position:** Commerce agrees with the petitioner that it mistakenly failed to use the FOB values in all instances reported by the GITI companies and is using the correct FOB values to calculate all sales denominators for these final results. Commerce also agrees that it failed to deduct all sales between GITI Fujian and other cross-owned producers when determining the total combined sales denominator for the seven cross-owned producers. We have corrected the error for these final results. We disagree, however, with the petitioner's argument that we should have made additional deductions for intercompany sales between Anhui Cord Fabric and another of the cross-owned producers. GITI's sales denominator submission clearly indicates that the sales revenue in question is a reconciliation item needed to tie the income statement to the reported FOB sales values for Anhui Cord Fabric. Thus, the FOB sales values already exclude the sales at issue.

#### **Comment 5: Inland Freight Rate for Carbon Black Benchmark**

##### *Petitioner's Comments*

- Commerce used inland freight rates that the petitioner placed on the record, rather than respondents reported inland freight, in calculating GITI's carbon black benchmark.

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<sup>21</sup> See, e.g., *Welded Line Pipe from the Republic of Korea: Final Negative Countervailing Duty Determination*, 80 FR 61365 (October 13, 2015) and IDM at 10.

- This methodology used to calculate GITI’s carbon black benchmark was correct, and should be applied to Cooper.
- Under CFR 351.511(a)(2)(iv), Commerce must adjust a Tier 2 benchmark to “to reflect the price that a firm actually paid or would pay if it imported the product. This adjustment will include delivery charges and import duties.”
- The U.S. Court of International Trade has held that “a firm” does not mean the respondent, but rather a hypothetical firm located in China, purchasing the input during the period examined.<sup>22</sup>
- Consistent with Commerce regulations and case law, Commerce should use the inland freight rates placed on the record by the petitioner to calculate the Tier 2 carbon black benchmark for both GITI and Cooper.

*GITI’s Rebuttal Comments*

- It is Commerce’s practice to use respondents’ company-specific inland freight rates in calculating Tier 2 benchmarks. Commerce’s use of the petitioner’s inland freight data in GITI’s carbon black benchmark was an inadvertent error. Commerce should use GITI’s reported inland freight rates in the final results.

*Cooper’s Rebuttal Comments*

- Commerce should disregard the petitioner’s proposal to use the hypothetical freight information they provided and continue to use Coopers actual freight expenses. Commerce utilized this approach in the investigation, and other reviews, and there is no reason to deviate in this case.

*Cooper’s Comments*

- Commerce incorrectly included the inland freight for CKT in its calculation on monthly benchmark values for purchases of carbon black by CCT/PCT.

*Petitioner’s Rebuttal Comments*

- Commerce should not have used either CKT or CCT/PCT’s inland freight rates for calculating CCT/PCT’s benchmark, but rather the inland freight data placed on the record by the petitioner.

**Commerce Position:** Commerce agrees with the petitioner that it was inconsistent in the *Preliminary Results* in using the freight rates provided by the petitioner to derive the carbon black benchmark for GITI, and Coopers’ own reported inland freight rates for Cooper. However, Commerce disagrees with the petitioner that we should use the petitioner’s inland freight rates to calculate Cooper’s carbon black benchmark. Rather, we find that using each companies’ own reported freight rates is the correct methodology, and we will apply this to GITI’s carbon black benchmark. Regarding the inland freight rates for CCT/PCT’s carbon black benchmark, Commerce finds that there is insufficient information on the record to use CCT/PCT’s own reported freight rates, and will rely on information placed on the record by the petitioner to calculate CCT/PCT’s carbon black benchmark.

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<sup>22</sup> See *Beijing Tianhai Indus. Co. v. United States*, 52 F. Supp. 3d 1351, 1374 (CIT 2015).

## **Comment 6: Provision of Inputs for LTAR**

### *Petitioner's Comments*

- Commerce did not use the correct methodology in calculating the import duty, VAT and inland freight adjustments to Cooper's purchases of carbon black.
- In the final results, Commerce should update its natural and synthetic rubber benchmark and benefit calculations for GITI in a manner that correctly classifies purchases as domestic purchases and import purchases, correcting errors made by GITI in its own classifications. In addition, Commerce should revise the nylon cord, synthetic rubber, and natural rubber benefit calculations for Cooper using the revised spreadsheets provided since the *Preliminary Results*.
- Commerce did not include GITI Chongqing's domestic purchases of carbon black in the *Preliminary Results*. Commerce should correct this in the final results.

### *GITI's Rebuttal Comments*

- GITI Chongqing did not commit an error in classifying its purchases as domestic purchases or imports, as the petitioner claims. GITI explained its methodology for classifying synthetic rubber purchases as imports in response to supplemental questions from Commerce. Commerce did not challenge this methodology.

### *Cooper's Rebuttal Comments*

- Cooper agrees with the petitioner that Commerce should use the revised data for calculating the benchmarks and benefit calculation, but notes that only limited updates are necessary.

### *GITI's Comments*

- Commerce inadvertently added ocean freight to the CIF-based benchmark for nylon cord, resulting in ocean freight being double counted.
- Commerce inadvertently calculated a simple-average monthly price for GITI's natural and synthetic rubber imports, rather than weighted average. If Commerce uses combined, rather than grade specific benchmarks in the final results, it should use a weighted-average monthly price for natural and synthetic rubber imports.

### *Cooper's Comments*

- Commerce erred by deriving synthetic rubber benchmark prices based on simple rather than weight-averages. Commerce relied on weighted averages for deriving the monthly benchmark value for carbon black. While the sources of benchmark data for synthetic rubber and carbon black are different, Commerce should be consistent in its methodology. Using weighted averages will ensure that each transaction has appropriate influence on the benchmark value.
- There are disparities between Commerce's synthetic rubber calculation and the source data for CCT/PCT. Commerce should correct these errors in its synthetic rubber transactional purchase data for CCT/PCT.

- Commerce neglected to include delivery charges incurred by CCT/PCT in its analysis of synthetic rubber.

*Petitioner’s Rebuttal*

- Commerce should not add delivery charges into its calculation of the synthetic rubber calculation based on the terms of delivery.

**Commerce Position:** Commerce agrees with the petitioner, and has adjusted its methodology for calculating Cooper’s import duty, VAT and inland freight adjustments to Cooper’s carbon black benchmark.<sup>23</sup>

Commerce is using the revised spreadsheets provided by respondents subsequent to the *Preliminary Results* to calculate synthetic and natural rubber benchmarks and benefit calculations for GITI, and the nylon cord, synthetic rubber, and PCT’s natural rubber benchmarks and benefit calculations for Cooper. Based on our examination of business proprietary information provided by GITI concerning purchases of GITI Chongqing, we have concluded that a methodological error was made by GITI in the classification of purchases between domestic purchases and imports. While GITI explained its methodology in response to supplemental questions from Commerce, it is Commerce’s responsibility to make a determination based on the facts presented by the respondent and Commerce is not required to defer to the respondent’s own methodology.

Commerce agrees with the petitioner that we inadvertently excluded GITI Chongqing’s domestic purchases of carbon black from GITI’s benefit calculation, and has included these in the final results. Commerce agrees with GITI that it mistakenly added ocean freight to CIF-based synthetic rubber benchmarks when calculating the nylon cord benchmark. We have corrected this error for the final results. Commerce agrees with Cooper that Commerce’s synthetic rubber calculation was not fully consistent with the source data for CCT/PCT, and we have corrected these inconsistencies for the final results. The revised calculations show no delivery charges incurred by CCT/PCT for its domestic purchases of synthetic rubber, and therefore there is no need to adjust the calculation to account for delivery charges. Commerce agrees with GITI and Cooper that it is appropriate to use weighted averages for calculating synthetic rubber and natural rubber benchmarks, and has applied this change in the final results.

**Comment 7: Grade Specific Benchmarks**

*GITI’s Comments*

- According to 19 CFR 351.511(a), Commerce “will consider product similarity, quantities sold, imported, or auctioned; and other factors affecting comparability.”
- It is Commerce’s practice to “deriv{e} benchmark prices by grade when such data are available and when record evidence indicates that the respondent firm purchases the good in question on a grade specific basis.”<sup>24</sup>

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<sup>23</sup> See Cooper Final Calculation Memorandum.

<sup>24</sup> See *Certain Uncoated Paper from the People’s Republic of China*, 80 FR 36968, and accompanying IDM (Uncoated Paper IDM) at Comment 15.

- Grade specific benchmarks are particularly appropriate in cases where record evidence demonstrates grade to be a significant factor affecting price.
- The record indicates that GITI purchased three different grades of synthetic rubber.
- The specialty rubbers purchased by GITI are not comparable to the commodity grade rubber used in the benchmarks.
- Commerce should calculate and apply a grade specific benchmark for synthetic rubber for the final results.

*Petitioner's Rebuttal Comments*

- The data on the record is incomplete, and does not allow a calculation of grade specific benchmarks.
- The use of a tier 1 benchmark is based an analysis of the Chinese synthetic rubber market as a whole, not grades of synthetic rubber.
- Commerce should not apply grade specific benchmarks to one respondent but not the other.

**Commerce Position:** Commerce based its determination to rely on a tier-one benchmark on the data provided by the GOC, which was for the synthetic and natural rubber industries as a whole. However, in other cases, we have applied grade-specific benchmarks in LTAR calculations despite the distortion analysis being conducted on an industry-wide basis.<sup>25</sup> We have done so when the record clearly indicates that the respondent has purchased a specific material or grade. In this case, each synthetic rubber purchase reported by GITI is marked as being either butadiene rubber (BR), styrene-butadiene rubber (SBR), or a specialty rubber. Benchmark information provided by the petitioner indicates BR and SBR rubber are distinct commodity rubbers that are valued differently according to public sources.<sup>26</sup> Therefore, for these final results, we will apply grade specific benchmarks to GITI's purchases of synthetic rubber.

**Comment 8: Income Tax Programs**

*Petitioner's Comments*

GITI reported benefiting from two income tax programs in 2015; the Income Tax Reduction for HNTes program and the Enterprise Income Tax Law, R&D program. Commerce has previously found these programs countervailable and should do so in the final results.

**Commerce Position:** We inadvertently excluded these two income tax programs from the *Preliminary Results*, and have included them in the subsidy rate calculation for GITI in the final results.

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<sup>25</sup> See, e.g. Uncoated Paper IDM at Comment 15 and GITI's Case Brief at footnote 63.

<sup>26</sup> See Petitioner's Benchmark Factual Information at Exhibit 18 and Petitioner's Rebuttal Benchmark Factual Information at Exhibit 3.

## Comment 9: Grant Programs

### *Petitioner's Comments*

- In the *Preliminary Results*, Commerce did not include benefits from certain grant programs which were above *de minimis* in GITI and Cooper's subsidy rates.
- In the *Preliminary Results*, Commerce calculated above *de minimis* rates for grants to GITI Chongqing under the Special Fund for Energy-Saving Technology Reform and for GITI Fujian Specific Subsidies, but neglected to include these in the overall subsidy rate.
- Commerce also omitted a particular subsidy from its calculation of GITI's significantly expensed grants.
- Due to an Excel formatting error, Cooper's rate under the Special Fund for Energy-Saving Technology Reform appears to be below *de minimis* when it was not.
- Commerce should include these subsidy rates in the final results.

**Commerce Position:** Commerce agrees with the petitioner that we inadvertently omitted certain grants from the total subsidy rate for both GITI and Cooper. We have included these grants in the final subsidy rate for these final results.

## Comment 10: Rate for Non-Selected Companies

### *Petitioner's Comments*

- In the *Preliminary Results*, Commerce calculated the rate for non-selected companies under review using the simple average of the preliminary subsidy rates for GITI and Cooper, because it did not have publicly ranged data to calculate a weighted-average of the two calculated rates.
- Since the *Preliminary Results* were published, Commerce requested and received publicly ranged data.
- Commerce should calculate the rate for non-selected companies based on this publicly ranged data.

**Commerce Position:** Consistent with Commerce's practice,<sup>27</sup> to determine the "all-others" rate for non-selected companies, we have compared the weighted average of Cooper and GITI's publicly ranged data with the simple average of the two companies' calculated rates to determine which methodology yields the more accurate proxy for the weighted average of the business proprietary data. As a result, we are using a weighted-average of Cooper and GITI's subsidy rates, based on publicly ranged data, as the subsidy rate for the non-selected companies.

## Comment 11: RMB Denominated Loans for GITI Chongqing

### *GITI's Comments*

- For certain GITI Chongqing RMB denominated loans, Commerce selected an RMB specific benchmark. Commerce applied a conversion formula for these loans already denominated in RMB, because the GITI Chongqing loan template contains a minor typographical error. Commerce should address this error by not applying the conversion formula in the final results.

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<sup>27</sup> See, e.g., *Hardwood and Decorative Plywood from the People's Republic of China: Final Affirmative Countervailing Duty Determination; 2011*, 78 FR 58283 (September 23, 2013).

**Commerce Position:** Commerce agrees with GITI that the loan benefit calculation for GITI Chongqing contained a currency conversion error. We have corrected this error for the final results.

### **Comment 12: Reporting Errors in GITI's Loan Template**

#### *GITI's Comments*

- GITI Chongqing staff mistakenly entered the partial payment amount in the “Initial Loan Amount (Principal) (in Original Currency) column. This mistake is obvious, and can be detected by “mere observation.”
- GITI Anhui Radial and GITI Anhui inadvertently left some reconciliation items that are “obviously” not real interest payments in their respective loan templates.
- Commerce’s court-sanctioned practice is to correct respondents’ reporting errors that are “obvious” or “apparent”.
- Even if the error is not obvious, the minor nature of the reporting error requires Commerce to correct this error as all that is required is a “straight forward mathematical adjustment.” *See NTN Bearing and Fischer S.A.*

#### *Petitioner's Rebuttal Comments*

- GITI’s November 22, 2017 submission, contained untimely, uncertified new factual information regarding errors in GITI’s loan templates.
- Commerce should reject this untimely information.

**Commerce Position:** Commerce agrees with the petitioner that GITI’s brief contained untimely new factual information. As a result, we rejected GITI’s submission and allowed it to resubmit its brief without this information (*see* Background section above). Regarding partial payment amounts being mistakenly entered into the Initial Loan Amount for GITI Chongqing, the issue is moot, as we are no longer applying a currency conversion formula (*see* Comment 9). Regarding GITI Anhui Radial’s reconciliation items, Commerce relies upon parties to submit accurate information to calculate subsidy rates. Further, it is not clear that the “mistakes” reported by GITI are “obvious” or can be detected by “mere observation.” Therefore, we have not made the requested adjustments to the loan benefit calculation.

### **Comment 13: Cooper's Former Cross-Owned Affiliated Producer**

#### *Cooper's Comments*

- Cooper’s parent company Cooper Tire & Rubber Company (CTRC) was related to CCT prior to the POR. CTRC terminated its investment in CCT on November 30, 2014, at which point CCT became PCT. As a result of the termination of CTRC’s interest in CCT, Cooper was not cross-owned with CCT/PCT during the POR.
- Commerce erred in treating Cooper and CCT/PCT as cross owned-owned companies during the POR, and there was no basis for treating these companies as cross-owned in determining Cooper’s subsidy rate.
- That Cooper was related to CCT/PCT during the AUL period is not relevant for attributing of subsidies received by CCT/PCT during the POR, as the only amortized subsidy is a subsidy for acquisition of land not related to CCT/PCT.

- The primary consideration when attributing subsidies between two corporations is the level of control, or cross-ownership between the corporations.
- Commerce should have calculated separate subsidy rates for Cooper and CCT/PCT, and weight-averaged the two subsidy rates to determine the overall subsidy.
- Cooper acknowledges that during the POR, it sold subject merchandise produced by CCT/PCT.
- In the final, Commerce should calculate separate rates for Cooper and CCT/PCT. Cooper's overall rate should be determined by weight-averaging the separate rates.

*Petitioner's Rebuttal Comments*

- Commerce should calculate Cooper's rate in accordance with its practice for trading companies, and apply the correct sales denominator.
- Commerce's practice for cumulating producer and trading company rates is to calculate rates for each company separately using only the sales of each individual company as the sales denominator and then to weight average the rates together into a single combined rate.

**Commerce Position:** We agree that the record shows that CCT/PCT was no longer affiliated or cross-owned with the Cooper companies during the POR. Nevertheless, the two entities have maintained a relationship as producer (CCT/PCT) and trading company (Cooper). Specifically, as Cooper notes: "it made sales during the POR of subject tires produced by CCT/PCT."<sup>28</sup> Accordingly, we are no longer including CCT/PCT's sales in the overall sales denominator for Cooper; instead, we are applying the attribution rule under 19 CFR 351.525(c) by cumulating the benefit from subsidies to Cooper and CCT/PCT. Specifically, we have calculated total subsidy rates separately for each company using separate sales denominators (*i.e.*, we did not include sales of Cooper in the sales denominator when calculating the separate rate for CCT/PCT or vice versa). We then adjusted the rate calculated for CCT/PCT based on the percentage of Cooper's sales produced by CCT/PCT. We then added the adjusted CCT/PCT's rate to Cooper's rate.

**Comment 14: Alleged Error in Cooper's Margin Calculation**

*Cooper's Comments*

- Commerce erred its calculation of the benefit associated with the Enterprise Income Tax Law, Research and Development Program. Commerce applied the 25 percent tax rate to the total amount of R&D, rather than one half the R&D amount.
- Commerce applied incorrect transaction quantities in its calculation of the total benefit associated with Cooper's purchase of carbon black due to an Excel formatting error.
- Commerce should correct errors in the transactional data for CCT/PCT synthetic rubber calculation.
- Commerce incorrectly included December 2014 purchases in its carbon black benefit calculation.
- Commerce neglected to include delivery charges incurred by CCT/PCT in its carbon black calculation.

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<sup>28</sup> See Cooper Case Brief at 7.

- Commerce incorrectly included the inland freight for CKT in its calculation on monthly benchmark values for purchases of carbon black by CCT/PCT.

*Petitioner's Rebuttal Comments*

- Commerce should include all December 2014 transactions in the subsidy benefit calculation if Commerce continues to rely on Cooper's sales data of record, which included December 2014.
- Commerce should not have used either CKT or CCT/PCT's inland freight rates for calculating CCT/PCT's benchmark, but rather the inland freight data placed on the record by the petitioner.

**Commerce Position:** We agree with Cooper and have adjusted the calculation for the program to apply only to half of the R&D amount. We also agree that there were formatting errors in the benefit calculation for carbon black, and that December 2014 purchases were included inadvertently. We have corrected the formatting errors in the carbon black benefit calculation and synthetic rubber benefit calculation for these final results. Also, we are not including December 2014 transactions in the subsidy benefit calculation, as the petitioner requested (*see* Comment 3 above). We agree with Cooper that we neglected to include delivery charges incurred by CCT/PCT the calculation of the benefit for carbon black, and have included these in these final results.

**Comment 15: CKT Acquired Land Benefit**

*Cooper's Comments*

- In the investigation, Commerce found Cooper's acquisition of land to be export contingent.
- Given that ten years have lapsed since Cooper acquired the land, there is no longer a specific export requirement attached to Cooper's production of tires on the land.
- Commerce should allocate the land-use benefit over total sales, rather than export sales.

*Petitioner's Rebuttal*

- Cooper's argument is contrary to investigation, the statute and regulations. Actual or anticipated exportation was one of the conditions for Cooper to acquire the land, and therefore the provision of the land is an export subsidy.

**Commerce Position:** Commerce addressed this issue in the *Investigation*,<sup>29</sup> and will not re-visit this issue in these final results, consistent with our practice.<sup>30</sup>

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<sup>29</sup> See Commerce Memorandum, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China," dated June 11, 2015 at 61.

<sup>30</sup> In an administrative review, Commerce does not revisit specificity determinations made in the investigation, absent new information. See *Magnola Metallurgy, Inc. v. United States*, 508 F.3d 1349 (Fed. Cir. 2007).

## Comment 16: Commerce's Selection of Pricing Benchmarks

### *GOC Comments*

- The use of external pricing benchmarks to measure the alleged provision of carbon black is not supported by substantial evidence. Therefore, Commerce should use in-country benchmarks on the record for carbon black. The use of import prices as benchmarks for nylon cord and rubber is equally flawed.
- Commerce is not entitled to presume that all in-country benchmarks are distorted under the WTO Agreement on Subsidies and Countervailing Measures.
- The Appellate Body found in *United States-Countervailing Measures on Certain Products from China* that “evidence relating to government ownership of SOEs and their respective market shares does not, in and of itself, provide sufficient basis for concluding that in-country prices are distorted.”<sup>31</sup>
- The Appellate Body and U.S. law require Commerce’s determinations be based on substantial evidence to support its findings.
- Commerce should reverse its preliminary findings and choose among reasonable and available in-country benchmarks.

### *Petitioner's Rebuttal*

- The record does not support the alleged basis for the GOC’s challenge to Commerce’s selection of external benchmarks for carbon black. If Commerce were to accept this argument, it would have to select import prices from China, resulting in higher benchmarks and subsidies.

**Commerce Position:** For this final determination, we are continuing to rely on external benchmarks to determine the benefit from carbon black, and import prices to determine the benefit from nylon cord natural and synthetic rubber for LTAR.

As stated in the *Preliminary Results*, we have decided to use an external benchmark for carbon black in light of evidence the GOC itself provided. According to data provided by the GOC, these five producers accounted for 31.61 percent of domestic carbon black consumption during the POR (2015) and 27.50 percent of domestic production.<sup>32</sup> We concluded that this level of GOC-controlled production is substantial. The data provided by the GOC also show the volume of imports as a percentage of domestic production and consumption (2.17 and 2.61 percent, respectively),<sup>33</sup> which we concluded was insignificant.

Commerce continues to find that, given the facts presented above, the GOC’s involvement in the carbon black industry is extensive and results in a distorted market. The data reported by the GOC regarding the makeup of that industry and its ownership and control over a certain percentage of domestic production constitutes substantial evidence of distortion, in the view of Commerce and consistent with numerous past Commerce determinations, notwithstanding contrary rulings by the WTO. The GOC’s reliance on *WTO/DS437* to argue for in-country

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<sup>31</sup> See Appellate Body Report, *United States - Countervailing Measures on Certain Products from China*, WT/DS437/AB/R (18 December 2014) (*WTO/DS437*) at para. 4.62.

<sup>32</sup> See GOC May 4, 2017 IQR at 32-33.

<sup>33</sup> *Id.*

benchmarks is misplaced. The CAFC has held that WTO reports are without effect under U.S. law “unless and until such ruling has been adopted pursuant to the specified statutory scheme” established in the Uruguay Round Agreements Act (URAA).<sup>34</sup> Congress adopted an explicit statutory scheme in the URAA for addressing the implementation of WTO reports.<sup>35</sup> As is clear from the discretionary nature of this scheme, Congress did not intend for WTO reports to automatically trump the exercise of Commerce’s discretion in applying the statute.<sup>36</sup>

Regarding Commerce’s reliance on import prices as tier one benchmarks for nylon cord, natural rubber, and synthetic rubber, that decision is also supported by Commerce precedent and its regulations, specifically 19 CFR 351.511(a)(2)(i), which expressly includes import prices among the tier-one options. Because they must compete with domestically produced products within the Chinese market, products imported into and sold within China are considered “domestic” prices. Moreover, in this review, there are no sales of domestically produced products that can serve as reliable tier one benchmarks. While respondents reported purchasing domestically produced inputs, the GOC failed to provide adequate information concerning such producers. As such, Commerce concluded as AFA that all such producers were “authorities” within the meaning of section 771(5)(B) of the Act. Because the allegation at hand is that such authorities are providing inputs for LTAR, it would be circular to attempt to measure the possible inadequacies in remuneration for products purchased from authorities by comparing the prices paid to such entities with prices paid to other authorities. In short, all purchases reported by the respondents fall into one of two categories: imports of foreign produced material, and domestic purchases of materials produced by entities Commerce deems to be authorities. Therefore, the imported products are the only possible tier one benchmarks.

#### **Comment 17: Nylon Cord Benchmarks for GITI**

##### *GOC Comments*

- Commerce relied on Chinese import prices to set its benchmarks for nylon cord for GITI.
- Under 19 CFR 351.511(a)(2)(i), Commerce is required to use actual import prices if available.
- Commerce found reasonable and available in-country benchmarks on the record in this proceeding, Cooper’s import prices.
- Commerce should use Cooper’s import prices to calculate GITI’s benchmark, and adjust its AFA findings concerning Zhongce.

##### *Petitioner’s Rebuttal*

- Chinese import prices better reflect prevailing market conditions for GITI’s purchases on nylon cord than Cooper’s import prices.
- Commerce correctly selected Chinese import prices as the benchmarks applicable to GITI’s purchases of nylon cord, and should continue to do so in the final results.

**Commerce Position:** We agree with the GOC that a tier-one benchmark should be based on “actual imports.” However, both the GTA data and the company-specific imports represent “actual imports.” The GTA data represent actual transactions for nylon cord imported into

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<sup>34</sup> See *Corus Staal BV v. Department of Commerce*, 395 F.3d 1343, 1347-49 (CAFC 2005).

<sup>35</sup> See, e.g., 19 U.S.C. §3533, 3538.

<sup>36</sup> See, e.g., 19 U.S.C. §3538 (implementation of WTO reports is discretionary).

China, not price quotes or estimates. Moreover, as the petitioner notes, the GTA data are more robust and represent a broader average of prices into China. Finally, the GTA data are public, thus avoiding the problem of using business proprietary data from one company as a benchmark for another company. Because we have no basis to assume that Cooper's imports are a specific match for the nylon cord purchased domestically by GITI, we will continue to use GTA data as a benchmark for GITI's nylon cord purchases.

### **Comment 18: Ocean Freight and Import Duties Added to Tier 1 or Tier 2 Benchmarks**

#### *GOC Comments*

- Adjustments to a benchmark to account for things like ocean freight and import duties should not be made where such adjustments are contrary to “prevailing market conditions.”
- The statute explicitly directs Commerce to consider such in-country conditions as availability and transportation, both of which are relevant to whether ocean freight or import duty adjustments are appropriate.
- The prominence of domestic supply in the market relative to import supply is an important consideration when determining the generally applicable delivery charges for the good in question in the country of provision.
- The fact that some import purchases happen, or that imports occur in a market, does not justify the wholesale application of ocean freight and import duty adjustments to the benchmark since that does not reflect the market generally.
- For its construction of benchmarks, Commerce must take into account prevailing transportation costs that are generally applicable to all purchasers in China.
- Ocean freight and import duties must be limited to reflect the prevailing market conditions in China for the specific good in question.
- One approach would be to apply a domestic/import supply ratio to the duty or freight adjustment.

#### *Petitioner' Rebuttal Comments*

- Statute, regulation and case law require that freight and import costs be included in benchmark prices.
- Commerce has rejected the GOC's argument regarding “prevailing market conditions” in recent CVD proceedings.
- The record in this case contains reliable and usable information regarding ocean freight and delivery charges for imported inputs. Commerce should use this information in the final results.

**Commerce Position:** For the final results, we are continuing to incorporate international freight values in our external benchmark prices. According to 19 CFR 351.511(a)(2)(iv), world market prices must be adjusted to include delivery charges and import duties in order to arrive at a delivered price “to reflect the price that a firm actually paid or would pay if it imported the product.”<sup>37</sup> The courts have upheld our application of these adjustments as lawful and in

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<sup>37</sup> See 19 CFR 351.511(a)(2)(iv).

compliance with our regulations.<sup>38</sup> Commerce determined that it was appropriate to use world market prices as the benchmarks for the company respondents' purchases of these inputs and, therefore, we must adjust such prices as required by our regulations. We are calculating a delivered price that includes freight and import duties, which would be the price that companies would pay if they imported the inputs in question. Whether the company respondents actually imported the inputs and paid international freight is not relevant for purposes of determining an appropriate benchmark.<sup>39</sup> However, consistent with section 771(5)(E) of the Act, Commerce does consider the prevailing conditions of the country in question in this analysis. Accordingly, we have used Maersk ocean freight charges, actual inland freight charges as reported by the company respondents, and actual Chinese import duties for the specific inputs we are examining to compute benchmark prices. Thus, these charges reflect prices and rates in, or applicable to, the Chinese market, and thus relate directly to prevailing market conditions in China.<sup>40</sup>

### **Comment 19: Export Buyers Credit**

#### *GOC Comments*

- Respondents submitted signed affidavits from their U.S. customers and/or importers that showing that none of them utilized this program.
- Commerce's explanation that it does not have enough information to verify non-use of the program is not valid.
- Commerce has sufficient information from the GOC and respondents to reach a finding that the Export Buyers Credit program was not used during the POR.

#### *Petitioner's Rebuttal*

- The GOC's assertion that customers and importers submitted certifications of non-use is incorrect with regard to Cooper.
- In this review and prior proceeding, Commerce properly applied AFA to this program based on the GOC's failure to provide requested information.

**Commerce Position:** We continue to find, for the final results, that the record does not support finding non-use of the Export Buyer's Credit program. The record of this review continues to show, as in prior proceedings in which we have examined this program, that the EX-IM Bank, as the lender, is the primary entity that possesses the supporting information and documentation that are necessary for Commerce to fully understand the operation of the program, which is prerequisite to Commerce's ability to verify the accuracy of the respondents' claimed non-use of the program.<sup>41</sup> The GOC has not provided the requested information and documentation

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<sup>38</sup> See *Beijing Tiahai Indus. Co. v. United States*, 52 F. Supp. 3d 1351, 1372-75 (CIT 2015); see also *Zhaoqing New Zhongya Aluminum Co., Ltd. v. United States*, 929 F. Supp. 2d 1324, 1327 (CIT 2013).

<sup>39</sup> See, e.g., *Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 80 FR 34888 (June 18, 2015) (*Passenger Vehicle and Light Truck Tires from China*) and accompanying IDM at Comment 3.

<sup>40</sup> *Id.*

<sup>41</sup> See, e.g., *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 81 FR 35308 (June 2, 2016), and accompanying Issues and Decision Memorandum at Comment 6;

necessary for Commerce to develop a complete understanding of this program, *e.g.*, whether the EX-IM Bank limits the provision of Export Buyer's Credits to business contracts exceeding USD 2 million, and whether it uses third-party banks to disburse/settle Export Buyer's Credits. Such information is critical to understanding how Export Buyer's Credits flow to and from foreign buyers and the EX-IM Bank. Absent the requested information, the GOC's claims that the respondent companies did not use this program are not verifiable. Moreover, without a full understanding of the involvement of third-party banks, the respondent companies' (and their customers') claims are also not verifiable.

## **Comment 20: Other Subsidies**

### *GOC Comments*

- Action to countervail "other" subsidies outside the scope of Commerce's proper investigation are contrary to law and the SCM Agreement.
- Valid CVD investigations and subsequent findings must be grounded in: specific allegations supported by reasonable evidence indicating the existence of a countervailable subsidy; consultations with the government concerned; and notice of initiation of an investigation. Subsidy findings in this proceeding that do not adhere to these requirements are contrary to U.S. WTO obligations and U.S. law.
- These provisions and practices do not preclude Commerce from engaging in additional investigations during the course of a proceeding and incorporating additional subsidy findings into final determinations.
- Given the above requirements, there is no legal basis for Commerce to investigate "other" subsidies, and, thereby, no basis to apply AFA and to countervail such "other" subsidies discovered during a proceeding.
- "Subsidy" is an inherently subjective term of art and unanswered requests for information pertaining to "other" subsidies cannot be the basis for AFA, merely because Commerce discovers practices that appear in "its mind to constitute subsidies." Commerce is already in violation of the SCM Agreement and U.S. law simply by including such a request in an initial questionnaire.

### *Petitioner's Rebuttal*

- The GOC itself recognized in its brief that Commerce has authority under U.S. law to investigate "other" subsidies.
- Whether Commerce is in violation of the SCM agreement is irrelevant, as only U.S. law is binding on Commerce under these circumstances.
- The statute, related regulations allow Commerce to request information about, investigate, and countervail "other" subsidies.
- The statute does not require Commerce to apply the same initiation standard that applies to subsidies alleged by a petitioner to subsidies discovered during the course of a proceeding.

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*Countervailing Duty Investigation of Certain Crystalline Silicon Photovoltaic Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 76962 (December 23, 2014), and accompanying Issues and Decision Memorandum at Comment 16.

- To the extent that the GOC and respondents did not cooperate, Commerce properly applied AFA.

**Commerce Position:** We disagree with the GOC that Commerce unlawfully examined “other subsidies” without first finding that the initiation standard had been satisfied. Commerce has addressed these and similar arguments many times in the past, most recently in the investigation of stainless steel sheet and strip.<sup>42</sup> Investigations into potentially countervailable subsidies are initiated in one of two ways. First, an investigation can be self-initiated by Commerce.<sup>43</sup> Second, when a domestic interested party files a petition for the imposition of countervailing duties on behalf of an industry, and the petition: (1) alleges the elements necessary for the imposition of a countervailing duty pursuant to section 701(a) of the Act; and (2) “is accompanied by information reasonably available to the petitioner supporting those allegations {,}” Commerce will initiate an investigation into whether countervailing duties should be imposed.<sup>44</sup>

After an investigation has been initiated through one of the above mechanisms, section 775 of the Act and 19 CFR 351.311(b) provide Commerce with authority, during the course of that investigation (or a review), to examine discovered practices or programs if they appear to provide a countervailable subsidy. Indeed, if, after the commencement of an investigation, Commerce “discovers a practice which appears to be a countervailable subsidy { }” that was not included in the petition, Commerce “shall include the practice, subsidy, or subsidy program in the proceeding{.}”<sup>45</sup> Pursuant to section 775 of the Act, Commerce has an “affirmative obligation” to “consolidate in one investigation...all subsidies known by petitioning parties to the investigation or by the administering authority relating to that merchandise” to ensure “proper aggregation of subsidization practices.”<sup>46</sup>

The statute does not define what “appears” to be a countervailable subsidy. Although the GOC argues that, whenever Commerce itself “discovers” a potential subsidy, Commerce is expected to apply the same initiation standard that applies when a subsidy is alleged by a petitioner, this interpretation is not supported by the statute. Pursuant to section 702 of the Act, “{a} countervailing duty investigation shall be initiated whenever the administering authority determines, from information available to it, that a formal investigation is warranted into the question of whether the elements necessary for the imposition of duty under section 701 of the Act exists.” This statutory provision does not preclude Commerce from investigating a program or subsidies “which appear { } to be a countervailable subsidy...with respect to the merchandise

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<sup>42</sup> See *Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 9714 (February 8, 2017) and accompanying IDM at 16-21.

<sup>43</sup> See section 702(a) of the Act.

<sup>44</sup> See section 702(b) of the Act.

<sup>45</sup> See section 775 of the Act.

<sup>46</sup> See *Changzhou Trina Solar Energy Co. v. United States*, 195 F. Supp. 3d 1334, 1341 (CIT 2016) (holding that Commerce has “independent authority, pursuant to {section 775 of the Act}, to examine additional subsidization in the production of subject merchandise,” and this “broad investigative discretion” permits Commerce to require respondents to report additional forms of governmental assistance). See also *Allegheny Ludlum Corp. v. United States*, 112 F. Supp. 2d 1141, 1150, n. 12 (CIT 2000) (*Allegheny I*); section 775 of the Act.

which is the subject of the proceeding,” and Commerce is not “legally precluded from asking questions that enable it to effectuate this obligation, the goal of which is to consolidate all relevant subsidies into a single investigation.”<sup>47</sup> Indeed, under section 775 of the Act, Commerce “shall” include in the proceeding all subsidies discovered during the course of that proceeding.

Commerce disagrees with the suggestion by the GOC that the consultations provision in section 702(b)(4)(A)(ii) of the Act applies to subsidies discovered during an investigation or review. That provision only applies when a petition is filed by a domestic interested party. Section 775 of the Act contains no requirement that the responding government be invited to consultations. Regarding the notice requirement in 19 CFR 351.311(d), the record contains ample notification of our intent to investigate “other subsidies.” Our initial questionnaire requested details concerning “any other non-recurring benefits to the producer or exporters of the subject merchandise during the 14-year AUL . . . , or recurring benefits during the POR.”<sup>48</sup>

Moreover, Commerce’s question regarding “all other assistance” is not vague and does not exceed Commerce’s information-collecting authority.<sup>49</sup> Commerce has broad discretion to determine which information is relevant to its determination and to request that information.<sup>50</sup> Commerce pursues information regarding “other assistance” expressly to satisfy the intent of the CVD law, to investigate and catalogue all potentially countervailable subsidies, “to consolidate all relevant subsidies into a single investigation.”<sup>51</sup> Consistent with U.S. law, Commerce is not precluded from inquiring about other assistance to make determinations.<sup>52</sup> Commerce “has an independent statutory authority to investigate discovered subsidies, and to ask questions to facilitate that investigation.”<sup>53</sup> Commerce may determine to use AFA in deciding whether the elements of a countervailable subsidy are met for both categories of subsidies (those alleged in a petition and those “discovered” during an investigation) if Commerce determines that the respondents are being uncooperative. In this case, the GOC hindered Commerce’s efforts to examine the “full scope of governmental assistance,” and to consolidate all relevant subsidies into this review when it withheld information responsive to Commerce’s requests for information.<sup>54</sup> To avoid the application of facts available or AFA, the GOC was required by law to respond to Commerce’s requests for information by conducting a thorough review of its

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<sup>47</sup> See *Allegheny I*, 112 F. Supp. 2d at 1150, n. 12 (“Congress...clearly intended that all potentially countervailable programs be investigated and catalogued{.}”).

<sup>48</sup> See Letter from the GOC, “Initial Questionnaire Response of The Government of the People’s Republic of China: Certain Passenger Vehicle and Lights Truck Tires from the People’s Republic of China,” dated May 4, 2017, at 152-153.

<sup>49</sup> See *Changzhou Trina Solar Energy*, 195 F. Supp. 3d at 1346 (“Commerce’s inquiry concerning the full scope of governmental assistance provided by the {Government of China} and received by the Respondents in the production of subject merchandise was within the agency’s independent investigative authority pursuant to {sections 702}(a) and {775 of the Act}, this inquiry was not contrary to law”).

<sup>50</sup> See, e.g., *Acciai Speciali Termini S.p.A. v. United States*, 26 C.I.T. 148, 167 (sustaining Commerce’s application of adverse inferences when respondent engaged in “willful non-compliance” with requests for information); see *PAM, S.p.A. v. United States*, 495 F. Supp. 2d 1360, 1369 (CIT 2007) (sustaining Commerce’s application of adverse inferences when respondent’s judgement that the information requested was irrelevant).

<sup>51</sup> See *Allegheny I*.

<sup>52</sup> See *Ansaldo Comptoni, S.p.A. v. United States*, 628 F. Supp. 198, 205 (CIT 1986).

<sup>53</sup> *Id.*

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

records, regardless of whether it believed that the discovered subsidies fell outside the purview of Commerce’s investigation (or review). Thus, its failure to report the discovered assistance to Commerce in a timely manner reflects a deliberate and unilateral decision that the discovered subsidies were not relevant to Commerce’s investigation (or review). A deliberate decision not to cooperate warrants the application of adverse facts available.

The GOC argues that the term “subsidy” is an inherently subjective term and Commerce cannot countervail as AFA “discovered” subsidies merely because it uncovers practices that appear in “its mind to constitute subsidies.” As explained above, however, Commerce has a responsibility to consolidate all relevant subsidies into a proceeding, and to avoid the deferral of the examination of countervailable subsidies to future administrative reviews to the extent possible. The reasons behind this responsibility are obvious. Deferring action against discovered subsidies until a subsequent review results in delayed relief to the injured domestic industry.

In determining the appropriate rate for the unreported grants, we have followed our standard methodology for selecting AFA rates for CVD reviews as discussed in the “Use of Facts Otherwise Available and Adverse Inferences” section above.

## RECOMMENDATION

We recommend approving all the above positions and adjusting all related countervailable subsidy rates accordingly. If these Commerce positions are accepted, we will publish the final results in the *Federal Register*.

\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

**X**

\_\_\_\_\_  
Gary Taverman  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance

## Appendix

### Non-Selected Companies Under Review

1. American Pacific Industries, Inc.
2. BC Tyre Group Limited
3. Crown International Corporation
4. Fleming Limited
5. Guangrao Taihua International Trade Co., Ltd.
6. Haohua Orient International Trade Ltd.
7. Hong Kong Tiancheng Investment & Trading Co., Limited
8. Jilin Jixing Tire Co., Ltd.
9. Kenda Rubber (China) Co., Ltd.
10. Liaoning Permanent Tyre Co., Ltd.
11. Macho Tire Corporation Limited
12. Maxon Int'l Co., Limited
13. Qingdao Crown Chemical Co., Ltd.
14. Qingdao Goalstar Tire Co., Ltd.
15. Qingdao Keter International Co., Limited
16. Qingdao Lakesea Tyre Co., Ltd.
17. Qingdao Nama Industrial Co., Ltd.
18. Qingdao Odyking Tyre Co., Ltd.
19. Qingdao Sentury Tire Co., Ltd.
20. Qingzhou Detai International Trading Co., Ltd.
21. Riversun Industry Limited
22. Safe&Well (HK) International Trading Limited
23. Shandong Anchi Tyres Co., Ltd.
24. Shandong Changhong Rubber Technology Co., Ltd.
25. Shandong Guofeng Rubber Plastics Co., Ltd.
26. Shandong Haohua Tire Co., Ltd.
27. Shandong Hawk International Rubber Industry Co., Ltd.
28. Shandong Hengyu Science & Technology Co., Ltd.
29. Shandong Linglong Tyre Co., Ltd.
30. Shandong Longyue Rubber Co., Ltd.
31. Shandong New Continent Tire Co., Ltd.
32. Shandong Province Sanli Tire Manufactured Co., Ltd.
33. Shandong Yongtai Group Co., Ltd. (formerly known as Shandong Yongtai Chemical Co., Ltd.)
34. Shandong Zhongyi Rubber Co., Ltd.
35. Shangong Shuangwang Rubber Co., Ltd.
36. Shengtai Group Co., Ltd.
37. Shouguang Firemax Tyre Co., Ltd.
38. Southeast Mariner International Co., Ltd.
39. Tyrechamp Group Co., Limited
40. Windforce Tyre Co., Limited
41. Zhaoqing Junhong Co., Ltd.