



C-570-078
Investigation
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E&C/V: JMN

DATE: June 19, 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 Preliminary Affirmative
Determination: Countervailing Duty Investigation of Large
Diameter Welded Pipe from the People's Republic of China

I. SUMMARY

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

II. BACKGROUND

A. *Case History*

On January 17, 2018, Commerce received a countervailing duty (CVD) petition concerning imports of welded pipe from China, filed in proper form on behalf of American Cast Iron Pipe Company, Berg Steel Pipe Corp./Berg Spiral Pipe Corp, Dura-Bond Industries, Skyline Steel, Stupp Corporation, Greens Bayou Pipe Mill, LP, JSW Steel (USA) Inc., and Trinity Products LLC (collectively, the petitioners).¹ We describe the supplements to the petition in the Initiation

¹ See petitioners' letter, "Large Diameter Welded Pipe from Canada, Greece, India, the People's Republic of China, the Republic of Korea, and the Republic of Turkey: Petitions for the Imposition of Antidumping and Countervailing Duties," dated January 17, 2018 (Petition).

Checklist.² On February 20, 2018, we published the initiation of a CVD investigation on welded pipe from China.³

On February 2, 2018, we released U.S. Customs and Border Protection (CBP) entry data to parties under the Administrative Protective Order (APO), and requested comments regarding the data and respondent selection.⁴ We stated in the *Initiation Notice* that we intended to base our selection of mandatory respondents based on CBP entry data for the Harmonized Tariff Schedule of the United States (HTSUS) subheadings listed in the scope of the investigation. On February 23, 2018, the petitioners filed comments on respondent selection.⁵ No other interested party submitted comments regarding respondent selection. On March 16, 2018, we selected Hefei Zijin Steel Tube Manufacturing Co., Hefei Ziking Steel Pipe, and Panyu Chu Kong Steel Pipe Co. Ltd. as mandatory respondents in this investigation.⁶ On March 20, 2018, we issued a CVD questionnaire to the Government of China (GOC), and instructed the GOC to forward the questionnaire to the selected mandatory respondents.⁷

Initial responses to the affiliation portion of Commerce's initial CVD questionnaire were due from Hefei Zijin Steel Tube Manufacturing Co., Hefei Ziking Steel Pipe, and Panyu Chu Kong Steel Pipe Co. Ltd. no later than April 3, 2018. None of these companies responded to the questionnaire. Additionally, the GOC has not responded to our questionnaire.

B. *Postponement of Preliminary Determination*

On March 20, 2018, the petitioners requested that Commerce postpone the deadline for the preliminary determination.⁸ Commerce granted the petitioners' request and, on April 2, 2018, published the notification of postponement of the preliminary determination, until June 19, 2018, in the *Federal Register*, in accordance with section 703(c)(1)(A) of the Act and 19 CFR 351.205(b)(2).⁹

² See China CVD Initiation Checklist, dated February 9, 2018.

³ See *Large Diameter Welded Pipe from India, the People's Republic of China, the Republic of Korea, and the Republic of Turkey: Initiation of Countervailing Duty Investigations*, 83 FR 7148 (February 20, 2018) (*Initiation Notice*).

⁴ See Commerce Memorandum, "Large Diameter Welded Pipe from the People's Republic of China; Releasing U.S. Customs and Border Protection Data," dated February 2, 2018.

⁵ See petitioners' letter, "Large Diameter Welded Pipe from the People's Republic of China: Comments on Respondent Selection," dated February 23, 2018.

⁶ See Memorandum, "Countervailing Duty Investigation of large diameter welded pipe from the People's Republic of China: Respondent Selection," dated March 16, 2018 (Respondent Selection Memorandum).

⁷ See Letter from Commerce, "Countervailing Duty Investigation of Large Diameter Welded Pipe from the People's Republic of China: Countervailing Duty Questionnaire," dated March 20, 2018.

⁸ See petitioners' letter, "Large Diameter Welded Pipe from the Republic of Korea: Petitioners' Request for Postponement of the Preliminary Determination," dated March 20, 2018.

⁹ See *Large Diameter Welded Pipe from India, the People's Republic of China, the Republic of Korea, and the Republic of Turkey: Postponement of Preliminary Determinations in the Countervailing Duty Investigations*, 83 FR 13946 (April 2, 2018).

C. *Period of Investigation*

The period of investigation (POI) is January 1, 2017, through December 31, 2017.

III. INJURY TEST

Because China is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, the International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from China materially injure, or threaten material injury to, a U.S. industry. On March 6, 2018, the ITC preliminarily determined that there was a reasonable indication that an industry in the United States is materially injured by reason of imports of welded pipe from China.¹⁰

IV. APPLICATION OF THE CVD LAW TO IMPORTS FROM CHINA

On October 25, 2007, Commerce published its final determination in *CFS from China*, where we found that:

{G}iven the substantial differences between the Soviet-style economies and China’s economy in recent years, the Department’s previous decision not to apply the CVD law to these Soviet-style economies does not act as a bar to proceeding with a CVD investigation involving products from China.¹¹

Commerce affirmed its decision to apply the CVD law to China in numerous subsequent determinations.¹² Furthermore, on March 13, 2012, Public Law 112-99 was enacted which makes clear that Commerce has the authority to apply the CVD law to countries designated as non-market economies (NMEs) under section 771(18) of the Act, such as China.¹³ The effective date provision of the enacted legislation makes clear that this provision applies to this proceeding.¹⁴

¹⁰ See *Large Diameter Welded Pipe from Canada, China, Greece, India, Korea, and Turkey: Investigation Nos. 701-TA-593-596 and 731-TA-1401-1406 (Preliminary)*, Publication 4768, March 2018; see also *Large Diameter Welded Pipe from Canada, China, Greece, India, Korea, and Turkey Determinations*, 83 FR 10748 (March 12, 2018).

¹¹ See *Coated Free Sheet Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (*CFS from China*), and accompanying Issues and Decision Memorandum (CFS IDM) at Comment 6.

¹² 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), and accompanying Issues and Decision Memorandum at Comment 1.

¹³ Section 1(a) is the relevant provision of Public Law 112-99 and is codified at section 701(f) of the Act.

¹⁴ See Public Law 112-99, 126 Stat. 265 §1(b).

V. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

Sections 776(a)(1) and (2) of the Act provide that Commerce shall, subject to section 782(d) of the Act, apply “facts otherwise available” if necessary information is not on the record or 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 Commerce, 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.¹⁵

Section 776(b) of the Act further provides that Commerce may use an adverse inference in selecting from among 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. Further, section 776(b)(2) states that an adverse inference may include reliance on information derived from the petition, the final determination from the investigation, a previous administrative review, or other information placed on the record. When selecting an adverse facts available (AFA) rate from among the possible sources of information, Commerce’s practice 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 Commerce with complete and accurate information in a timely manner.”¹⁶ Commerce’s practice also ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”¹⁷

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is “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.”¹⁸ It is Commerce’s practice to consider information to be corroborated if it has probative value.¹⁹ In analyzing whether information has probative value, it is Commerce’s practice to examine the reliability and

¹⁵ On June 29, 2015, the Trade Preferences Extension Act of 2015, made numerous amendments to the AD and CVD law, including amendments to sections 776(b) and 776(c) of the Act and the addition of section 776(d) of the Act, as summarized below. *See Trade Preferences Extension Act of 2015*, Pub. L. No. 114-27, 129 Stat. 362 (June 29, 2015). The 2015 law does not specify dates of application for those amendments. On August 6, 2015, Commerce published an interpretative rule, in which it announced the applicability dates for each amendment to the Act, except for amendments contained to section 771(7) of the Act, which relate to determinations of material injury by the ITC. *See Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793 (August 6, 2015). Accordingly, the amendments apply to this investigation.

¹⁶ *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); *see also Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors from Taiwan*, 63 FR 8909, 8932 (February 23, 1998).

¹⁷ *See Statement of Administrative Action accompanying the Uruguay Round Agreements Act*, H.R. Doc. 103-316, Vol. I at 870 (1994), reprinted at 1994 U.S.C.C.A.N. 4040, 4199 (SAA) at 870.

¹⁸ *See e.g., SAA* at 870.

¹⁹ *See SAA* at 870.

relevance of the information to be used.²⁰ However, the SAA emphasizes that Commerce need not prove that the selected facts available are the best alternative information.²¹

Finally, under section 776(d) of the Act, Commerce may use any countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a CVD rate for a subsidy program from a proceeding that the administering authority considers reasonable to use, including the highest of such rates. Additionally, when selecting an AFA rate, Commerce is not required for purposes of 776(c), or any other purpose, to estimate what the countervailable subsidy rate would have been if the interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.²²

For purposes of this preliminary determination, we are applying AFA in the circumstances outlined below.

Application of AFA: Hefei Zijin Steel Tube Manufacturing Co., Hefei Ziking Steel Pipe, Panyu Chu Kong Steel Pipe Co. Ltd. and the GOC

As discussed in the “Case History” section above, Hefei Zijin Steel Tube Manufacturing Co., Hefei Ziking Steel Pipe, and Panyu Chu Kong Steel Pipe Co. Ltd. were initially selected as mandatory respondents in this investigation, but none of these companies have provided a response to the initial CVD questionnaire. In addition, the GOC has not participated in this investigation, having not responded to Commerce’s initial CVD questionnaire. Therefore, we preliminarily find that each of these companies, and the GOC, withheld information that had been requested and failed to provide information within the deadlines established. By not responding to the initial CVD questionnaire, each of these respondents significantly impeded this proceeding. Thus, in reaching a preliminary determination, pursuant to sections 776(a)(2)(A), (B) and (C) of the Act, we based the CVD rates for these companies and our findings regarding specificity and financial contribution by the GOC on facts otherwise available.

Moreover, we preliminarily determine that an adverse inference is warranted, pursuant to section 776(b) of the Act, because, by Hefei Zijin Steel Tube Manufacturing Co., Hefei Ziking Steel Pipe, Panyu Chu Kong Steel Pipe Co. Ltd. and the GOC not responding to the initial CVD questionnaire, each of these companies and the GOC did not cooperate to the best of their ability to comply with the requests for information in this investigation. Accordingly, we preliminarily find that use of AFA is warranted to ensure that these companies (the “non-responsive companies”) and the GOC do not obtain a more favorable result by failing to cooperate than if they had fully complied with our requests for information.

Commerce is, therefore, finding all programs in this proceeding to be countervailable—that is, they provide a financial contribution within the meaning of sections 771(5)(B)(i) and (D) of the Act, confer a benefit within the meaning of sections 771(5)(B) and (E) of the Act, and are

²⁰ See e.g., SAA at 869.

²¹ See SAA at 869-870.

²² See section 776(d)(3) of the Act.

specific within the meaning of section 771(5A) of the Act. We are, therefore, including these programs in the determination of the AFA rate.²³ We selected an AFA rate for each of these programs and included them in the determination of the AFA rate applied to Hefei Zijin Steel Tube Manufacturing Co., Hefei Ziking Steel Pipe, and Panyu Chu Kong Steel Pipe Co. Ltd. Additionally, we find that current record information provides additional bases to infer, as AFA, that these programs constitute financial contributions and meet the specificity requirements of the Act.²⁴

We have included all programs upon which Commerce initiated in this investigation to determine the AFA rate. We are adversely inferring from the non-responsive companies' decision not to participate in this investigation that they, in fact, used these programs during the POI.

It is Commerce's practice in CVD proceedings to compute a total AFA rate for non-cooperating companies using the highest calculated program-specific rates determined for the cooperating respondents in the instant investigation, or, if not available, rates calculated in prior CVD cases involving the same country.²⁵ 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 countervailing duty proceeding involving the same country, or, if there is no same or similar program, use a countervailable subsidy rate for a subsidy program from a proceeding that the administering authority considers reasonable to use, including the highest of such rates.²⁶ Accordingly, when selecting AFA rates, if we have no cooperating respondents, as is the case in this investigation, we look outside the current investigation to other CVD proceedings involving products from the same country (*i.e.*, China). We first determine if an identical program was used in another CVD proceeding involving the same country, and apply the highest calculated rate for the identical program (excluding *de minimis* rates).²⁷ If no such rate exists, we then determine if there is a similar/comparable program (based on the treatment of the benefit) in another CVD proceeding involving the same country and apply the highest calculated above-*de*

²³ See Appendix.

²⁴ See CVD Initiation Checklist.

²⁵ See *e.g.*, *Certain Tow-Behind Lawn Groomers and Certain Parts Thereof from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 73 FR 70971, 70975 (November 24, 2008) (unchanged in *Certain Tow-Behind Lawn Groomers and Certain Parts Thereof from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 29180 (June 19, 2009) and accompanying Issues and Decision Memorandum at "Application of Facts Available, Including the Application of Adverse Inferences"); see also *Aluminum Extrusions from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 18521 (April 4, 2011), and accompanying Issues and Decision Memorandum (Aluminum Extrusions IDM) at "Application of Adverse Inferences: Non-Cooperative Companies."

²⁶ 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 Issues and Decision Memorandum (Shrimp IDM) at 13-14; 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").

²⁷ For purposes of selecting AFA program rates, we normally treat rates less than 0.5 percent to be *de minimis*. See *e.g.*, *Pre-Stressed Concrete Steel Wire Strand from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 28557 (May 21, 2010), and accompanying Issues and Decision Memorandum at "1. Grant Under the Tertiary Technological Renovation Grants for Discounts Program" and "2. Grant Under the Elimination of Backward Production Capacity Award Fund."

minimis rate for the similar/comparable program. Finally, where no such rate is available, we apply the highest calculated above-*de minimis* rate from any non-company specific program in a CVD case involving the same country that the company's industry could conceivably use.²⁸

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as "information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise."²⁹ The SAA provides that to "corroborate" secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.³⁰

Commerce will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that Commerce need not prove that the selected facts available are the best alternative information.³¹ Furthermore, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an "alleged commercial reality" of the interested party.³²

With regard to the reliability aspect of corroboration, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs. With respect to the relevance aspect of corroboration, Commerce will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. Commerce will not use information where circumstances indicate that the information is not appropriate as AFA.³³

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

In determining the AFA rate we will apply to each of the non-responsive companies, we are guided by Commerce's methodology detailed above. We begin by calculating the program rate

²⁸ See Shrimp IDM at 13-14.

²⁹ See SAA at 870.

³⁰ *Id.*

³¹ *Id.* at 869-870.

³² See section 776(d) of the Act.

³³ See e.g., *Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).

for the following income tax reduction programs on which Commerce initiated an investigation; we applied an adverse inference that each of the non-responsive companies referenced above paid no income tax during the POI:

- Income Tax Reductions under Article 28 of the Enterprise Income Tax
- Tax Offsets for Research and Development under the EIT
- Tax Benefits for Enterprises in the Northeast Region
- Forgiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China
- Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment
- Income Tax Benefits for Foreign-Invested Enterprises Based on Geographic Locations
- Local Income Tax Exemption and Reduction Programs for “Productive” Foreign-Invested Enterprises
- Tax Refunds for Reinvestment of Foreign-Invested Enterprise Profits in Export-Oriented Enterprises

The standard income tax rate for corporations in China in effect during the POI was 25 percent.³⁴ Thus, the highest possible benefit for these income tax programs is 25 percent. Accordingly, we are applying the 25 percent AFA rate on a combined basis (*i.e.*, the eight programs, combined, provide a 25 percent benefit). Consistent with past practice, application of this AFA rate for preferential income tax programs does not apply to tax credit, tax rebate, or import tariff and VAT exemption programs, because such programs may provide a benefit in addition to a preferential tax rate.³⁵

For all other programs not mentioned above, we are applying, where available, the highest above-*de minimis* subsidy rate calculated for the same or comparable programs in a China CVD investigation or administrative review. For this preliminary determination, we are able to match, based on program names, descriptions, and benefit treatments, the following programs to the same or similar programs from other China CVD proceedings:

- Provision of Hot-Rolled Steel for LTAR³⁶
- Provision of Cut-to-Length Plate for LTAR³⁷
- Provision of Electricity for LTAR³⁸
- Provision of Water for LTAR³⁹

³⁴ See Petition at 61.

³⁵ See *e.g.*, Aluminum Extrusions IDM at “Application of Adverse Inferences: Non-Cooperative Companies.”

³⁶ See *Circular Welded Carbon Quality Steel Line Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 70961 (November 24, 2008) and accompanying Issues and Decision Memorandum at 18-20 (“Hot-Rolled Steel for Less Than Adequate Remuneration”).

³⁷ *Id.*

³⁸ See *Chlorinated Isocyanurates from the People’s Republic of China: Final Affirmative Countervailing Duty Determination; 2012*, 79 FR 56560 (September 22, 2014), and accompanying Issues and Decision Memorandum at 21-22 (“Electricity for LTAR”).

³⁹ *Id.*

- Provision of Land-Use Rights for LTAR⁴⁰
- Provision of Land to State-Owned Enterprises for LTAR⁴¹
- Policy Loans to the Welded Pipe Industry⁴²
- Preferential Loans for SOEs⁴³
- Export Seller’s Credit⁴⁴
- Export Buyer’s Credit⁴⁵
- Loan and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program⁴⁶
- Foreign Trade Development Fund Grants⁴⁷
- Export Assistance Grants⁴⁸
- Export Interest Subsidies⁴⁹
- Subsidies for Development of “Famous Brands” and China World Top Brands⁵⁰
- Sub-Central Government Subsidies for Development of Famous Brands and China World Top Brands⁵¹
- Funds for Outward Expansion of Industries in Guangdong Province⁵²
- Guangdong Provincial Fund for Fiscal and Technological Innovation⁵³
- State Key Technology Renovation Fund⁵⁴
- Shandong Province’s Environmental Protection Industry Research and Development Funds⁵⁵

⁴⁰ See *Laminated Woven Sacks from the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances*, 73 FR 35639 (June 24, 2008) and accompanying Issues and Decision Memorandum at 14-18 (“Land for Less Than Adequate Remuneration”).

⁴¹ *Id.*

⁴² Consistent with recent investigations, we are using a single AFA rate for “Government Policy Lending” and “Preferential Loans to SOEs,” because an analysis of these two allegations in this investigation reveals that they would apply to the same loans provided by SOCBs. See, e.g., *Grain-Oriented Electrical Steel from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 59221 (October 1, 2014), and accompanying Issues and Decision Memorandum (GOES IDM) at 7; see also *Coated Paper Investigation Amended Final* and accompanying MEM at “Revised Net Subsidy Rate for the Gold Companies” (regarding “Preferential Lending to the Coated Paper Industry”).

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ 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), and accompanying Issues and Decision Memorandum at 18-21 (“Policy Loans to Chinese Aluminum Extrusion Producers”).

⁴⁷ See *Chlorinated Isocyanurates from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review, and Partial Rescission of Countervailing Duty Administrative Review; 2014*, 82 FR 27466 (June 15, 2017), and accompanying Issues and Decision Memorandum at 6-7 (“Special Fund for Energy Saving Technology”).

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ *Id.*

Based on the methodology described above, we preliminarily determine the AFA countervailable subsidy rate for each of the non-responsive companies to be 198.49 percent *ad valorem*. The Appendix contains a chart summarizing our calculation of this rate.

VI. CONCLUSION

We recommend that you approve the preliminary findings described above.

Agree

Disagree

6/19/2018

X



Signed by: GARY TAVERMAN

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

AFA Rate Calculation

	Program Name	AFA Rate	Source
1.	Provision of Hot-Rolled Steel for LTAR	33.70%	Highest Rate for Same or Similar Program Based on Benefit Type
2.	Provision of Cut-to-Length Plate for LTAR	33.70%	Highest Rate for Similar Program Based on Benefit Type
3.	Provision of Electricity for LTAR	20.06%	Highest Rate for Same or Similar Program Based on Benefit Type
4.	Provision of Water for LTAR	20.06%	Highest Rate for Same or Similar Program Based on Benefit Type
5.	Provision of Land-Use Rights for LTAR	13.36%	Highest Rate for Same or Similar Program Based on Benefit Type
6.	Provision of Land to State-Owned Enterprises for LTAR	13.36%	Highest Rate for Same or Similar Program Based on Benefit Type
7.	Policy Loans to the Welded Pipe Industry	10.54%	Highest Rate for Same or Similar Program Based on Benefit Type
8.	Preferential Loans for SOEs		
9.	Loan and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program	2.05%	Highest Rate for Same or Similar Program Based on Benefit Type
10.	Foreign Trade Development Fund Grants	0.62%	Highest Rate for Same or Similar Program Based on Benefit Type
11.	Export Assistance Grants	0.62%	Highest Rate for Same or Similar Program Based on Benefit Type
12.	Export Interest Subsidies	0.62%	Highest Rate for Same or Similar Program Based on Benefit Type
13.	Subsidies for Development of “Famous Brands” and China World Top Brands	0.62%	Highest Rate for Same or Similar Program Based on Benefit Type
14.	Sub-Central Government Subsidies for Development of Famous Brands and China World Top Brands	0.62%	Highest Rate for Same or Similar Program Based on Benefit Type

15.	Funds for Outward Expansion of Industries in Guangdong Province	0.62%	Highest Rate for Same or Similar Program Based on Benefit Type
16.	Provincial Fund for Fiscal and Technological Innovation	0.62%	Highest Rate for Same or Similar Program Based on Benefit Type
17.	State Key Technology Renovation Fund	0.62%	Highest Rate for Same or Similar Program Based on Benefit Type
18.	Shandong Province's Environmental Protection Industry Research and Development Funds	0.62%	Highest Rate for Same or Similar Program Based on Benefit Type
19.	Income Tax Reductions under Article 28 of the Enterprise Income Tax	25.00%	Highest Rate for Same or Similar Program Based on Benefit Type
20.	Tax Offsets for Research and Development under the Enterprise Income Tax		Highest Rate for Same or Similar Program Based on Benefit Type
21.	Tax Benefits for Enterprises in the Northeast Region		Highest Rate for Same or Similar Program Based on Benefit Type
22.	Forgiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China		Highest Rate for Same or Similar Program Based on Benefit Type
23.	Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment		Highest Rate for Same or Similar Program Based on Benefit Type
24.	Income Tax Benefits for Foreign-Invested Enterprises Based on Geographic Locations		Highest Rate for Same or Similar Program Based on Benefit Type
25.	Local Income Tax Exemption and Reduction Programs for "Productive" Foreign-Invested Enterprises		Highest Rate for Same or Similar Program Based on Benefit Type
26.	Tax Refunds for Reinvestment of FIE Profits in Export-Oriented Enterprises		Highest Rate for Same or Similar Program Based on Benefit Type
27.	Export Seller's Credit	10.54%	Highest Rate for Same or Similar Program Based on Benefit Type
28.	Export Buyer's Credit	10.54%	Highest Rate for Same or Similar Program Based on Benefit Type

Total AFA Rate:

198.49%