



C-570-978
Administrative Review
POR: 1/1/2017 – 12/31/2017
Public Document
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August 7, 2019

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

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

SUBJECT: Decision Memorandum for the Preliminary Results of
Countervailing Duty Administrative Review: High Pressure Steel
Cylinders from the People's Republic of China; 2017

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the countervailing duty (CVD) order on high pressure steel cylinders (steel cylinders) from the People's Republic of China (China). The period of review (POR) is January 1, 2017 through December 31, 2017. The mandatory respondent is Beijing Tianhai Industry Co., Ltd. (BTIC). This is the second administrative review of the CVD order.

If these preliminary results are adopted in the final results of this review, we will instruct U.S. Customs and Border Protection (CBP) to assess countervailing duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. Unless the deadline is extended pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act), we will issue the final results by no later than 120 days after the publication of these preliminary results.

II. BACKGROUND

On June 21, 2012, we published the CVD order on steel cylinders from China.¹ On June 1, 2018, we published a notice of opportunity to request an administrative review of the CVD order on steel cylinders from China for the period January 1, 2017 through December 31, 2017.² On

¹ See *High Pressure Steel Cylinders from the People's Republic of China: Countervailing Duty Order*, 77 FR 37384 (June 21, 2012) (*Order*).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 83 FR 25429 (June 1, 2018).



June 28, 2018 and June 29, 2018, we received timely review requests that we conduct an administrative review of BTIC from Norris Cylinder Company (the petitioner) and BTIC, respectively.³ On August 10, 2018, we published the notice initiating an administrative review of BTIC.⁴ On October 16, 2018, we released CBP entry data.⁵ Consistent with section 777A(e) of the Act, we are individually examining BTIC, the only company for which an administrative review was requested.

We issued the Initial CVD Questionnaire on October 16, 2018.⁶ Between October 30, 2018 and June 17, 2019, we received timely questionnaire and supplemental questionnaire responses from the Government of China (GOC)⁷ and BTIC.⁸ On March 22, 2019, the petitioner submitted information related to benchmark price data for programs involving the provision of goods for less than adequate remuneration (LTAR).⁹

On January 28, 2019, Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018 through the resumption of operations on January 29, 2019.¹⁰ On March 14, 2019, we postponed the deadline for issuing the preliminary results of this administrative review to August 9, 2019.¹¹

³ See Petitioner's Letter, "High Pressure Steel Cylinders from the People's Republic of China Request for Administrative Review and Entry of Appearance," dated June 28, 2018; see also BTIC's Letter, "Request for the Sixth Administrative Review of the Countervailing Duty Order on High Pressure Steel Cylinders from the People's Republic of China, C-570-978 (POR: 01/01/17-12/31/17)," dated June 29, 2018.

⁴ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 39688 (August 10, 2018).

⁵ See Memorandum, "Release of U.S. Customs and Border Protection Data," dated October 16, 2018.

⁶ See Commerce's Letter, "High Pressure Steel Cylinders from the People's Republic of China: 2017 Administrative Review Countervailing Duty Questionnaire," dated October 16, 2018 (Initial CVD Questionnaire).

⁷ See GOC's Letter, "GOC Initial CVD Questionnaire Response: Administrative Review of the Countervailing Duty Order on High Pressure Steel Cylinders from the People's Republic of China, C-570-978," December 6, 2018 (GOC IQR); GOC's Letter, "GOC First Supplemental Questionnaire Response: Administrative Review of the Countervailing Duty Order on High Pressure Steel Cylinders from the People's Republic of China, C-570-978," February 14, 2019 (GOC SQR1); and GOC's Letter, "GOC Second Supplemental Questionnaire Response: 2017 Administrative Review of the Countervailing Duty Order on High Pressure Steel Cylinders from the People's Republic of China (C-570-979)," dated June 13, 2019 (GOC SQR2).

⁸ See BTIC's Letter, "BTIC Affiliation Response: 2017 Administration Review of the Countervailing Duty Order on High Pressure Steel Cylinders from the People's Republic of China (C-570-978)," dated October 30, 2018 (Affiliation Response); BTIC's Letter, "BTIC Initial Questionnaire Response: 2017 Administration Review of the Countervailing Duty Order on High Pressure Steel Cylinders from the People's Republic of China (C-570-978)," dated December 6, 2018 (BTIC IQR); BTIC's Letter, "BTIC First Supplemental Response: 2017 Administrative Review of the Countervailing Duty Order on High Pressure Steel Cylinders from the People's Republic of China (C-570-978)" dated February 19, 2019; and BTIC's Letter, "BTIC Second Supplemental Questionnaire Response: 2017 Administrative Review of the Countervailing Duty Order on High Pressure Steel Cylinders from the People's Republic of China (C-570-978)," dated June 14, 2019 (BTIC SQR2).

⁹ See Petitioner's Letter, "Benchmark Data Submission of Petitioner Norris Cylinder Company," dated March 22, 2019.

¹⁰ See Memorandum, "Deadlines Affected by the Partial Shutdown of the Federal Government" dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days.

¹¹ See Memorandum, "High Pressure Steel Cylinders from the People's Republic of China: Extension of Time Limit for Preliminary Results of the Countervailing Duty Administrative Review; 2017," dated March 14, 2019.

III. SCOPE OF THE ORDER

The merchandise covered by this order is seamless steel cylinders designed for storage or transport of compressed or liquefied gas (high pressure steel cylinders). High pressure steel cylinders are fabricated of chrome alloy steel including, but not limited to, chromium-molybdenum steel or chromium magnesium steel, and have permanently impressed into the steel, either before or after importation, the symbol of a U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (DOT)-approved high pressure steel cylinder manufacturer, as well as an approved DOT type marking of DOT 3A, 3AX, 3AA, 3AAX, 3B, 3E, 3HT, 3T, or DOT-E (followed by a specific exemption number) in accordance with the requirements of sections 178.36 through 178.68 of Title 49 of the Code of Federal Regulations, or any subsequent amendments thereof. High pressure steel cylinders covered by this order have a water capacity up to 450 liters, and a gas capacity ranging from 8 to 702 cubic feet, regardless of corresponding service pressure levels and regardless of physical dimensions, finish or coatings.

Excluded from the scope of this order are high pressure steel cylinders manufactured to U-ISO-9809-1 and 2 specifications and permanently impressed with ISO or UN symbols. Also excluded from the order are acetylene cylinders, with or without internal porous mass, and permanently impressed with 8A or 8AL in accordance with DOT regulations.

Merchandise covered by the order is classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheading 7311.00.00.30. Subject merchandise may also enter under HTSUS subheadings 7311.00.00.60 or 7311.00.00.90. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under the order is dispositive.

IV. DIVERSIFICATION OF CHINA'S ECONOMY

Concurrently with this decision memorandum, Commerce is placing the following excerpts from the *China Statistical Yearbook* from the National Bureau of Statistics of China on the record of this review: Index Page; Table 14-7: Main Indicators on Economic Benefit of State-owned and State-holding Industrial Enterprise by Industrial Sector; Table 14-11: Main Indicators on Economic Benefit of Private Industrial Enterprise by Industrial Sector.¹² This information reflects a wide diversification of economic activities in China. The industrial sector in China alone is comprised of 37 listed industries and economic activities, indicating the diversification of the economy.

V. SUBSIDIES VALUATION INFORMATION

A. Allocation Period

Commerce normally allocates the benefits from non-recurring subsidies over the average useful life (AUL) of renewable physical assets used in the production of subject merchandise. The

¹² See Memorandum, "Additional Documents Memorandum," dated concurrently with this memorandum.

AUL in this proceeding is 12 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System.¹³ This AUL applies unless a party claims and establishes that it does not reasonably reflect the AUL of the renewable physical assets of the company or industry under investigation. No party in this review disputed the allocation period. We notified the respondents of the 12-year AUL in the initial questionnaire and requested data accordingly.¹⁴

Furthermore, for non-recurring subsidies, we have applied the "0.5 percent test," as described in 19 CFR 351.524(b)(2). Under this test, we divide the amount of subsidies approved under a given program in a particular year by the relevant sales value (*e.g.*, total sales or export sales) for the same year. If the amount of the subsidies is less than 0.5 percent of the relevant sales value, then the benefits are allocated to the year of receipt rather than across the AUL.

B. Attribution of Subsidies

In accordance with 19 CFR 351.525(b)(6)(i), Commerce normally attributes a subsidy to the products produced by the company that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(v) provides additional rules for the attribution of subsidies received by respondents with cross-owned affiliates. Subsidies to the following types of cross-owned affiliates are covered in these additional attribution rules: (ii) producers of the subject merchandise; (iii) holding companies or parent companies; (iv) producers of an input that is primarily dedicated to the production of the downstream product; or (v) an affiliate producing non-subject merchandise that otherwise transfers a subsidy to a respondent.

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

{T}he interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits) . . . Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership.¹⁵

¹³ See U.S. Internal Revenue Service Publication 946 (2017), "How to Depreciate Property," at Table B-2: Table of Class Lives and Recovery Periods.

¹⁴ See Initial CVD Questionnaire at II-1.

¹⁵ See *Countervailing Duties*, 63 FR 65348, 65401 (November 25, 1998) (*CVD Preamble*).

Thus, Commerce's regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists. The U.S. Court of International Trade (CIT) upheld Commerce's authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same ways it could use its own subsidy benefits.¹⁶

BTIC

BTIC responded to our questionnaire on behalf of itself, Tianjin Tianhai High Pressure Container Co., Ltd. (Tianjin Tianhai), Langfang Tianhai High Pressure Container Co., Ltd. (Langfang Tianhai), Beijing Jingcheng Machinery Electric Holding Co., Ltd. (Jingcheng Holding) and Beijing Jingcheng Machinery Electric Co., Ltd. (Jingcheng Company) (collectively, BTIC Group).¹⁷ These companies are cross-owned within the meaning of 19 CFR 351.525(b)(6)(vi) by virtue of common ownership.

Under 19 CFR 351.525(b)(6)(iii), we will attribute subsidies bestowed on a parent or holding company to the consolidated sales of the parent or holding company and its subsidiaries. BTIC identified Jingcheng Holding as the holding company and ultimate owner of BTIC and its affiliates. BTIC also identified Jingcheng Company as an intermediate holding company that is owned by Jingcheng Holding and is the direct owner of BTIC. Finally, BTIC identified itself as a parent company over the producers, Tianjin Tianhai and Langfang Tianhai. Accordingly, in accordance with 19 CFR 351.525(b)(6)(iii), we are attributing subsidies received by BTIC to its consolidated sales and we are attributing subsidies received by Jingcheng Holding and Jingcheng Company to the consolidated sales of each of these companies.

In accordance with 19 CFR 351.525(b)(6)(ii), we are attributing subsidies received by each of the two cross-owned producers of subject merchandise, Tianjin Tianhai and Langfang Tianhai, to the sum of the total sales of BTIC and each cross-owned producer.

C. Denominators

In accordance with 19 CFR 351.525(b)(1) – (5), Commerce considers the basis for the respondent's receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondent's export or total sales. The denominators we used to calculate the countervailable subsidy rate for the various subsidy programs in this administrative review are explained in further detail in the preliminary calculations memorandum prepared for these preliminary results.¹⁸

¹⁶ See *Fabrique de Fer de Charleroi v. United States*, 166 F. Supp. 2d 593, 600-04 (CIT 2001).

¹⁷ See Affiliation Response at 2.

¹⁸ See Memorandum, "Preliminary Results Calculations for Beijing Tianhai Industry Co., Ltd.," dated concurrently with this memorandum (Preliminary Calculation Memorandum).

VI. BENCHMARKS AND DISCOUNT RATES

We are examining loans received by the respondents from Chinese policy banks and state-owned commercial banks (SOCBs). We are also examining non-recurring, allocable subsidies.¹⁹ The derivation of the benchmark interest rates and discount rates used to measure the benefit from these subsidies is discussed below.

A. Short-Term Renminbi (RMB)-Denominated Loans

Section 771(5)(E)(ii) of the Act explains that the benefit for loans is the “difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market.” Normally, Commerce uses comparable commercial loans reported by the company as a benchmark.²⁰ If the firm did not have any comparable commercial loans during the period, Commerce’s regulations provide that we “may use a national average interest rate for comparable commercial loans.”²¹

As noted above, section 771(5)(E)(ii) of the Act indicates that the benchmark should be a market-based rate. For the reasons first explained in *CFS Paper from China*, loans provided by Chinese banks reflect significant government intervention in the banking sector and do not reflect rates that would be found in a functioning market.²² Commerce revisited its assessment of the lending system in China.²³ Based on this re-assessment, Commerce has concluded that, despite reforms to date, the GOC’s role in the system continues to fundamentally distort lending practices in China in terms of risk pricing and resource allocation, precluding our use of interest rates in China for CVD benchmarking or discount rate purposes. Consequently, we preliminarily find that any loans received by the respondent from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(2)(i). For the same reasons, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii). Therefore, because of the special difficulties inherent in using a Chinese benchmark for loans, we are selecting an external market-based benchmark interest rate. The use of an external benchmark is consistent with Commerce’s practice.²⁴

In past proceedings involving imports from China, we calculated the external benchmark using the methodology first developed in *CFS Paper from China* and later updated in *Thermal Paper*

¹⁹ See 19 CFR 351.524(b)(1).

²⁰ See 19 CFR 351.505(a)(3)(i).

²¹ See 19 CFR 351.505(a)(3)(ii).

²² See *Coated Free Sheet Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (*CFS Paper from China*), and accompanying Issues and Decision Memorandum (IDM) at Comment 10.

²³ See Memorandum to the File, “Review of China’s Financial System Memorandum,” under cover dated concurrently with this memorandum.

²⁴ See *Notice of Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Softwood Lumber Products from Canada*, 67 FR 15545 (April 2, 2002) (*Lumber from Canada*), and accompanying IDM at “Analysis of Programs, Provincial Stumpage Programs Determined to Confer Subsidies, Benefit.”

from China.²⁵ Under that methodology, we first determine which countries are similar to China in terms of gross national income, based on the World Bank’s classification of countries as: low income; lower-middle income; upper-middle income; and high income. As explained in *CFS Paper from China*, this pool of countries captures the broad inverse relationship between income and interest rates. For 2006 through 2009, China fell in the lower-middle income category.²⁶ Beginning in 2010, however, China was classified in the upper-middle income category and remained there from 2011 to 2017.²⁷ Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the benchmark and discount rates for 2006-2009, and we used the interest rates of upper-middle income countries to construct the benchmark and discount rates for 2010-2017. This is consistent with Commerce’s calculation of interest rates for recent CVD proceedings involving Chinese merchandise.²⁸

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

In each of the years from 2006-2009 and 2011-2017, the results of the regression analysis reflected the expected result: stronger institutions meant relatively lower real interest rates, while weaker institutions meant relatively higher real interest rates.²⁹ For 2010, however, the regression does not yield that outcome for China’s income group.³⁰ This contrary result for a single year does not lead us to reject the strength of governance as a determinant of interest rates. Therefore, we continue to rely on the regression-based analysis used in *CFS Paper from China* to compute the benchmarks for the years from 2006-2009 and 2011-2017. For the 2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

Many of the countries in the World Bank’s upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund (IMF), and they are included in that agency’s International Financial Statistics (IFS). With the exceptions noted below, we used the interest and inflation rates reported in the IFS for the countries identified as “upper middle income” by the World Bank for 2010-2017 and “lower middle income” for 2006-2009.³¹ First, we did not include those economies that Commerce considered to be NMEs for

²⁵ See *CFS Paper from China* IDM at Comment 10; see also *Lightweight Thermal Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from China*), and accompanying IDM at 8-10.

²⁶ See World Bank Country Classification, <http://data.worldbank.org/about/country-and-lending-groups>; see also Memorandum to the File “Interest Rate Benchmark Memorandum,” dated concurrently with this memorandum (Interest Rate Benchmark Memorandum).

²⁷ See World Bank Country Classification.

²⁸ See, e.g., *Certain Frozen Warmwater Shrimp from the People’s Republic of China: Preliminary Countervailing Duty Determination*, 78 FR 33346 (June 4, 2013), and accompanying Preliminary Decision Memorandum (PDM) at “Benchmarks and Discount Rates,” unchanged in *Certain Frozen Warmwater Shrimp from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013).

²⁹ See Interest Rate Benchmark Memorandum.

³⁰ *Id.*

³¹ *Id.*

AD purposes for any part of the years in question, for example: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Turkmenistan. Second, the pool necessarily excludes any country that did not report both lending and inflation rates to IFS for those years. Third, we removed any country that reported a rate that was not a lending rate or that based its lending rate on foreign-currency denominated instruments. Finally, for each year Commerce calculated an inflation-adjusted short-term benchmark rate, we also excluded any countries with aberrational or negative real interest rates for the year in question.³² Because the resulting rates are net of inflation, we adjusted the benchmark to include an inflation component.³³

B. Long-Term RMB-Denominated Loans

The lending rates reported in the IFS represent short- and medium-term lending, and there are no sufficient publicly available long-term interest rate data upon which to base a robust benchmark for long-term loans. To address this problem, Commerce developed an adjustment to the short- and medium-term rates to convert them to long-term rates using Bloomberg U.S. corporate BB-rated bond rates.³⁴

In *Citric Acid from China* this methodology was revised by switching from a long-term mark-up based on the ratio of the rates of BB-rated bonds to applying a spread which is calculated as the difference between the two-year BB bond rate and the n-year BB bond rate, where “n” equals or approximates the number of years of the term of the loan in question.³⁵ Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.³⁶

C. Foreign-Currency-Denominated Loans

To calculate benchmark interest rates for foreign currency-denominated loans, we are following the methodology developed over a number of successive proceedings involving China. For U.S. dollar (USD) short-term loans, we used as a benchmark the one-year dollar London Interbank Offering Rate (LIBOR), plus the average spread between LIBOR and the one-year corporate bond rate for companies with a BB rating.

D. Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i)(A), we are using as the discount rate the long-term interest rate calculated according to the methodology described above for the year in which the GOC provided non-recurring subsidies.³⁷

³² *Id.*

³³ *Id.*

³⁴ See, e.g., *Thermal Paper from China* IDM at 10.

³⁵ See *Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 16836 (April 13, 2009) (*Citric Acid from China*), and accompanying IDM at Comment 14.

³⁶ See Interest Rate Benchmark Memorandum.

³⁷ See Preliminary Calculation Memorandum; see also Interest Rate Benchmark Memorandum.

E. Benchmarks to Determine the Adequacy of Remuneration

We selected benchmarks for determining the benefits from the provision of hot-rolled steel, seamless tube steel, and standard commodity billets and blooms (standard billets) and high-quality chromium molybdenum alloy steel billets and blooms (CrMo billets) (collectively, billets) at LTAR in accordance with 19 CFR 351.511. The basis for identifying comparative benchmarks for determining whether a government good or service is provided for LTAR is set forth in 19 CFR 351.511(a)(2). These potential benchmarks are listed in hierarchical order by preference: (1) market prices from actual transactions within the country under investigation (*e.g.*, actual sales, actual imports or purchases from competitively run government auctions) (tier one); (2) world market prices that would be available to purchasers in the country under investigation (tier two); or (3) an assessment of whether the government price is consistent with market principles (tier three). As discussed in the “Use of Facts Otherwise Available and Adverse Inferences” and “Programs Preliminarily Determined to Be Countervailable” sections below, we are relying on “tier two” (world market) prices for the input benchmarks for these programs.

We received submissions from both the petitioner and BTIC regarding benchmark data for hot-rolled steel, seamless tube steel, and billets.³⁸ As a benchmark for hot-rolled steel, both the petitioner and BTIC submitted pricing data from UN Comtrade for exports under HTS subheadings 7208.52 (Iron or non-alloy steel; (not in coils), flat-rolled, of a width 600mm or more, hot-rolled, without patterns in relief), 7208.53 (Iron or non-alloy steel; (not in coils), flat-rolled, of a width 600mm or more, hot-rolled, without patterns in relief, of a thickness of 3mm or more but less than 4.75mm), and 7208.54 (Iron or nonalloy steel; (not in coils), flat-rolled, of a width 600mm or more, hot-rolled, without patterns in relief of a thickness of less than 3mm).³⁹ BTIC also submitted hot-rolled steel pricing data from Metal Expert, Steel Guru and Steelworld.⁴⁰

For the seamless tube steel benchmark, the petitioner and BTIC submitted data from UN Comtrade for exports under HTS subheading 7304.59 (Steel, alloy n.e.s. in heading no. 7304 (excluding cold-drawn or cold-rolled), tubes and pipes of circular cross-section).⁴¹ The petitioner also submitted pricing data for seamless tube steel from Global Trade Atlas, Trade Data Monitor and Steel Orbis,⁴² while BTIC provided seamless tube steel data from Metal Expert and CIS Database.⁴³

The petitioner and BTIC provided potential benchmark information for steel billets using pricing data from UN Comtrade for exports under HTS codes 7224.90 (Steel, alloy; semi-finished

³⁸ See Petitioner’s Letter, “Benchmark Data Submission of Petitioner Norris Cylinder Company,” dated March 22, 2019 (Petitioner Benchmark Submission); *see also* BTIC’s Letter, “BTIC Benchmark Submission: 2017 Administration Review of the Countervailing Duty Order on High Pressure Steel Cylinders from the People’s Republic of China (C-570-978),” dated July 10, 2019 (BTIC Benchmark Submission).

³⁹ See Petitioner Benchmark Submission at Exhibit 5; *see also* BTIC Benchmark Submission at Exhibit 1N.

⁴⁰ See BTIC Benchmark Submission at Exhibits 1B to 1I.

⁴¹ See Petitioner Benchmark Submission at Exhibit 1; *see also* BTIC Benchmark Submission at Exhibit 2D.

⁴² See Petitioner Benchmark Submission at Exhibits 2 to 4.

⁴³ See BTIC Benchmark Submission at Exhibits 2B and 2C.

products).⁴⁴ BTIC also submitted steel billet data from Metal Expert, CIS Database, Steelworld and Steel Guru.⁴⁵

We have evaluated the benchmark information provided for each input and for purposes of these preliminary results, we are relying upon all benchmarks as with respect to hot-rolled steel, seamless tube steel and billets. Commerce has previously used each benchmark source.⁴⁶ Further, in accordance with Commerce's regulations at 19 CFR 351.511(a)(2)(ii), we are averaging the benchmark prices for each input. This approach is consistent with *Shelving Units from China*.⁴⁷

With respect to ocean freight expenses, both the petitioner and BTIC provided monthly ocean freight rates reported by Descartes.⁴⁸ For purposes of these preliminary results, we are relying on data for 20-foot-standard shipping containers from Descartes. Using the data provided, we have calculated the monthly average freight cost in U.S. dollars per metric ton.⁴⁹ Regarding inland freight, we used the inland freight expenses that BTIC reported.⁵⁰

G. Electricity Benchmark

We are relying on China's provincial tariff schedules for electricity supplied by the GOC⁵¹ to derive the benchmark for measuring the benefit from electricity provided for LTAR to BTIC.

VII. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under investigation and the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce may rely on adverse facts available (AFA) to preliminarily find that a financial contribution exists under the alleged program or that the program is specific.⁵² However, where possible, Commerce will rely on the responsive producer's or exporter's records to determine the existence and amount of the benefit, to the extent that those records are useable and verifiable.

⁴⁴ See Petitioner Benchmark Submission at Exhibit 6; *see also* BTIC Benchmark Submission at Exhibit 3F.

⁴⁵ See BTIC Benchmark Submission at Exhibits 3B to 3E.

⁴⁶ See, e.g., *Certain Tool Chests and Cabinets from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 82 FR 56582 (November 29, 2017) (*Tool Chests from China*), and accompanying IDM at 23; *see also* *53-Foot Domestic Dry Containers from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 80 FR 21209 (April 17, 2015), and accompanying IDM at 22.

⁴⁷ See *Boltless Steel Shelving Units Prepackaged for Sale from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 80 FR 51775 (August 26, 2015) (*Shelving Units from China*), and accompanying IDM at 18.

⁴⁸ See Petitioner Benchmark Submission at Exhibits 7 to 9; *see also* BTIC Benchmark Submission at Exhibit 4.

⁴⁹ See, e.g., *Tool Chests from China* IDM at 9 and Comment 7.

⁵⁰ See BTIC IQR at Exhibit III C.2

⁵¹ See GOC IQR at Exhibit II C-23.

⁵² 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), and accompanying IDM at Comment 3.

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.

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) of the Act 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 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.”⁵³ 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.”⁵⁴

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.”⁵⁵ It is Commerce’s practice to consider information to be corroborated if it has probative value.⁵⁶ In analyzing whether information has probative value, it is Commerce’s practice to examine the reliability and relevance of the information to be used.⁵⁷ However, the SAA emphasizes that Commerce need not prove that the selected facts available are the best alternative information.⁵⁸ Moreover, under section 776(c)(2) of the Act, Commerce is not required to corroborate any countervailing duty rate applied in a separate segment of the same proceeding.

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

⁵³ 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).

⁵⁴ See Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, Vol. I (1994) (SAA) at 870.

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.* at 869.

⁵⁸ *Id.* at 869-870.

that the administering authority considers reasonable to use, including the highest of such rates. Additionally, when selecting an adverse facts available 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.⁵⁹

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

A. Application of AFA: Provision of Electricity for LTAR

The GOC did not provide complete responses to Commerce’s questions regarding the alleged provision of electricity for LTAR. These questions requested information needed to determine whether the provision of electricity constitutes a financial contribution within the meaning of section 771(5)(D) of the Act, whether such a provision provides a benefit within the meaning of section 771(5)(E) of the Act, and whether such a provision is specific within the meaning of section 771(5A) of the Act.

In order to analyze the financial contribution and specificity of this program, we requested that the GOC provide information regarding the roles of provinces and the National Development and Reform Commission (NDRC), and cooperation between the provinces and the NDRC in electricity price adjustments. Specifically, we requested, *inter alia*: Provincial Price Proposals for each province in which mandatory respondents or any company “cross-owned” with those respondents is located for applicable tariff schedules that were in effect during the POR; all original NDRC Electricity Price Adjustment Notice(s) that were in effect during the POR; the procedure for adjusting retail electricity tariffs and an explanation of the role of the NDRC and the provincial governments in this process; a description of the price adjustment conferences that occurred between the NDRC and the provinces, grids and power companies with respect to the creation of all tariff schedules that were applicable to the POR; the cost elements and adjustments that were discussed between the provinces and the NDRC in the price adjustment conferences; and how the NDRC determines that the provincial level price bureaus have accurately reported all relevant cost elements in their price proposals with respect to generation, transmission and distribution. We requested this information in order to determine the process by which electricity prices and price adjustments are derived, identify entities that manage and impact price adjustment processes, and examine cost elements included in the derivation of electricity prices in effect throughout China during the POR.

In its initial questionnaire response, the GOC stated that the provincial price proposals are obsolete now that the provinces have been given the authority to prepare and publish the schedules for their own jurisdictions under general guidelines published and enforced by the NDRC.⁶⁰

As evidence that the provincial governments have been given authority to determine their own electricity tariff rates, the GOC points to article 6 of the NDRC Notification on Lowering the

⁵⁹ See section 776(d)(3) of the Act.

⁶⁰ See GOC IQR at 72.

On-Grid Price of Coal-Fired Electricity and Electricity for Industrial and Commercial Use {2015 No. 748} and article 2 of the NDRC Notification on Lowering the On-Grid Price of Coal-Fired Electricity and Electricity for General Industrial and Commercial-Use{2015 No. 3015}, which specify that the provincial pricing authorities are responsible for determining the provincial electricity rates.⁶¹

Notice 748 is based upon consultations between the NDRC and the National Energy Administration.⁶² While Article 3 of Notice 748 stipulates a lowering of the on-grid sales price of coal-fired electricity for industrial and commercial use by an average amount and that this average price adjustment applies to all provinces, Article 6 of Notice 748 stipulates that provincial pricing authorities “{s}hall make and distribute the on-grid price of electricity and specific plans of the price adjustment in accordance with the average standard of price adjustment in Annex 1 and submit filings to the National Development and Reform Commission,” and that the “{a}forementioned electricity price adjustment shall be enforced since April 20th, 2015.”⁶³ Finally, Article 10 directs that, {a}dministrative departments at all levels in charge of pricing shall guarantee the implementation of the price adjustment.”⁶⁴ Therefore, while Notice 748 instructs all provinces to determine the amount to which they can lower the price of coal-fired electricity, it also stipulates that the adjustments must be within particular targets and that the administrative departments at all levels in charge of pricing, which would include the NDRC, shall guarantee the implementation of the price adjustment.

Similarly, NDRC Notice 3105 is also based upon consultations between the NDRC and the National Energy Administration, directs additional price reductions, and stipulates at Article II that local price authorities shall implement in time the price reductions included in its Annex and report resulting prices to the NDRC.⁶⁵ Consequently, both Notice 748 and Notice 3105 explicitly direct provinces to reduce prices and to report the enactment of those changes to the NDRC. Neither Notice 748 nor Notice 3105 explicitly stipulates that relevant provincial pricing authorities determine and issue electricity prices within their own jurisdictions, as the GOC states to be the case.⁶⁶ Rather, both notices indicate that the NDRC continues to play a seminal role in setting and adjusting electricity prices, by mandating average price adjustment targets with which the provinces are obligated to comply in setting their own specific prices.⁶⁷

As discussed above, these two documents issued by the NDRC direct provinces to reduce prices by amounts specific to provinces. They neither explicitly eliminate Provincial Price Proposals nor define distinctions in price-setting roles between national and provincial pricing authorities. Finally, we requested that the GOC explain how the NDRC monitors compliance with the price changes directed in Notice 748 and what action the NDRC would take were any province not to

⁶¹ *Id.* at 72-73.

⁶² *Id.* at Exhibit II-C-18.

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.* at Exhibit II-C-19.

⁶⁶ *Id.*

⁶⁷ *Id.* at Exhibits II C-18 and II C-19.

comply with the directed price changes.⁶⁸ The GOC's response failed to explain what actions the NDRC would take in the event of non-compliance with directed price changes.⁶⁹

As explained above, the GOC failed on several occasions to explain the roles and nature of cooperation between the NDRC and provinces in deriving electricity price adjustments. Further, the GOC failed to explain both the derivation of the price reductions directed to the provinces by the NDRC and the derivation of prices by provinces themselves. Consequently, we preliminarily determine that the GOC withheld information that was requested of it for our analysis of financial contribution and specificity, and thus, we must rely on "facts available" in making our preliminary determination.⁷⁰ Moreover, we preliminarily determine that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information. As a result, an adverse inference is warranted in the application of facts available.⁷¹ In drawing an adverse inference, we find that the GOC's provision of electricity constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act. The GOC failed to provide certain requested information regarding the relationship (if any) between provincial tariff schedules and cost, as well as requested information regarding cooperation (if any) in price setting practices between the NDRC and provincial governments. Therefore, we are also drawing an adverse inference in selecting the benchmark for determining the existence and amount of the benefit.⁷² The benchmark rates we selected are derived from the record of this investigation and are the highest electricity rates on the record for the applicable rate and user categories. For details regarding the remainder of our analysis, *see* the "Provision of Electricity for LTAR" section.

B. Application of AFA: Export Credit from Export-Import Bank of China: Export Buyer's Credit

As discussed below under the section "Programs Preliminarily Determined to be Countervailable," Commerce is investigating the Export Buyer's Credit Program. Commerce preliminarily determines that the use of AFA is warranted in determining the countervailability of the Export Buyer's Credit program because the GOC did not provide the requested necessary information needed to allow Commerce to fully analyze this program.

In our Initial CVD Questionnaire, we requested that the GOC provide the information requested in the Standard Questions Appendix "with regard to all types of financing provided by the China ExIm under the Buyer Credit Facility."⁷³ The Standard Questions Appendix requested various information that Commerce requires in order to analyze the specificity and financial contribution of this program, including the following: translated copies of the laws and regulations pertaining to the program, a description of the agencies and types of records maintained for administration of the program, a description of the program and the program application process, program eligibility criteria, and program use data. Rather than responding to the questions in the

⁶⁸ *See* GOC SQR2 at 8.

⁶⁹ *Id.*

⁷⁰ *See* section 776(a)(2)(A) of the Act.

⁷¹ *See* section 776(b) of the Act.

⁷² *See* section 776(b)(4) of the Act.

⁷³ *See* Initial CVD Questionnaire at Section II.

Appendix, the GOC stated that “{n}one of the respondents applied for, used, or benefited from, this alleged program during the POI. Therefore, this question is not applicable, and as a consequence, the corresponding appendix is not applicable.”⁷⁴

In its initial questionnaire response, the GOC stated that the EX-IM Bank confirmed that it strictly limits the provision of Export Buyer’s Credits to business contracts exceeding 2 million USD.⁷⁵ In another response, the GOC provided a copy of its *7th Supplemental Response in the Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People’s Republic of China*.⁷⁶ Information in that document indicates that the GOC revised this program in 2013 to eliminate this minimum requirement.⁷⁷ Thus, we requested in our Initial CVD Questionnaire that the GOC also provide original and translated copies of any laws, regulations or other governing documents cited by the GOC in the Export Buyer’s Credit Supplemental Questionnaire Response. This request included the 2013 Administrative Measures revisions (2013 Revisions) to the Export Buyer’s Credit program. In its response, the GOC failed to provide the 2013 Revisions.⁷⁸ We, therefore, again requested that the GOC provide the 2013 Revisions.⁷⁹ Through its response to Commerce’s initial and supplemental questionnaires, the GOC has twice refused to provide the requested information or any information concerning the 2013 program revision, which is necessary for Commerce to analyze how the program functions.

We requested the 2013 Revisions because information on the record of this proceeding indicated that the 2013 Revisions affected important program changes. For example, the 2013 Revisions may have eliminated the 2 million USD contract minimum associated with this lending program.⁸⁰ By refusing to provide the requested necessary information, which is necessary for Commerce to analyze how the program functions, and instead asking Commerce to rely upon unverifiable assurances that the 2000 Rules Governing Export Buyers’ Credit remained in effect, the GOC impeded Commerce’s understanding of how this program operates and how it can be properly verified.

Additional information in the GOC’s initial questionnaire response also indicated that the loans associated with this program are not limited to direct disbursements through the EX-IM Bank.⁸¹ Specifically, this record information indicates that customers can open loan accounts for disbursements through this program with other banks.⁸² The funds are first sent from the EX-IM Bank to the importer’s account, which could be at the EX-IM Bank or other banks, and that these funds are then sent to the exporter’s bank account.⁸³ Given the complicated structure of loan disbursements for this program, Commerce’s complete understanding of how this program is

⁷⁴ See GOC IQR at 78

⁷⁵ *Id.* at Exhibit II-D-1.

⁷⁶ See GOC SQR1 at Exhibit SQ-15.

⁷⁷ *Id.*; see also Memorandum to the File, “Countervailing Duty Investigation of Aluminum Wire and Cable from the People’s Republic of China: Placing Information on the Record,” dated concurrently with this memorandum (Citric Acid Verification Report), at Attachment 1 at 2.

⁷⁸ See GOC SQR1 at page 3.

⁷⁹ See GOC SQR2 at page 3.

⁸⁰ See Citric Acid Verification Report.

⁸¹ See GOC SQR1 at pages 4-5.

⁸² *Id.*

⁸³ *Id.*

administered is necessary. Thus, the GOC's refusal to provide the 2013 Revisions, which provide internal guidelines for how this program is administered by the EX-IM Bank, impeded Commerce's ability to conduct its investigation of this program.

In response to our request that it provide a list of all partner/correspondent banks involved in disbursement of funds under the program, informing Commerce that its request "is not necessary".⁸⁴ Commerce cannot verify claims of non-use by the respondents or their U.S. customers without a complete set of administrative measures on the record that would provide guidance to Commerce in querying the records and electronic databases of the EX-IM Bank, and if it does not know the names of the intermediary banks that might appear in the books and records of the recipient of the credit (*i.e.*, the loan) or the cash disbursement made pursuant to the credit. Without fully understanding how this program operates, we cannot ascertain what a proper database search entails. For example, we do not know whether the searches should have been performed using the U.S. customers' names or on other entities (*e.g.*, the partner/correspondent banks that worked with the U.S. customers rather than the U.S. customers themselves). Additionally, there will not necessarily be an account in the name "China ExIM Bank" or "EX-IM Bank" in the books and records (*e.g.*, subledger, tax return, bank statements) of either the exporter or the U.S. customer. Nor do we know whether there are different electronic systems for different types of credits. Similar to the obstacles we would face in attempting to verify usage at the exporter or U.S. customer, Commerce would not know what indicia to look for in searching for usage or even what records or databases we need to examine in conducting the verification (*i.e.*, without a complete set of laws, regulations, administrative measures, Commerce would not even know what books and records the EX-IM Bank maintains in the ordinary course of its operations). Essentially, Commerce is unable to verify the little information on the record indicating non-usage given the refusal of the GOC to provide the 2013 Revisions and a complete list of correspondent/partner/intermediate banks. Therefore, we determine that the GOC has not cooperated to the best of its ability and, as AFA, find that the respondents used and benefited from this program.

Pursuant to section 776(a)(1) of the Act, we find that necessary information is missing from the record for Commerce to have a clear understanding of how this program operates and to be able to verify purported claims of non-use of this program. Furthermore, pursuant to sections 776(a)(2)(A) and (2)(C) of the Act, when an interested party withholds information requested by Commerce and significantly impedes a proceeding, Commerce uses facts otherwise available. We find that the use of facts otherwise available is appropriate in light of the GOC's refusal to provide the 2013 Revisions, which is necessary information for Commerce to make a determination regarding this program.

Further, pursuant to section 776(b) of the Act, we find that the GOC failed to cooperate by not acting to the best of its ability. Accordingly, the application of AFA is warranted. Specifically, the GOC has not provided complete information concerning the administration and operation of the program (*e.g.*, the 2013 Revisions), including how loans are disbursed, such as through intermediate or correspondent banks, the identities of which the GOC has withheld from Commerce, or whether the EX-IM Bank employs threshold criteria, such as a minimum 2 million USD contract value. This information is necessary to understand fully how the Export Buyer's

⁸⁴ *Id.* at page 19.

Credits program operates, and is, therefore, critical to Commerce’s ability to verify the program’s operation and the accuracy of the GOC’s claims, including with respect to the respondents’ claimed non-use of this program. By not providing us with this critical information, we find that the GOC failed “to do the maximum it is able to do.”⁸⁵

For these reasons, we preliminarily find, as AFA, that under this program the GOC bestowed a financial contribution pursuant to section 771(5)(D) of the Act, provided a benefit pursuant to section 771(5)(E) of the Act, and is contingent on exports within the meaning of sections 771(5A)(A) and (B) of the Act. Regarding specificity, although the record regarding this program suffers from significant deficiencies, we note that the GOC’s description of the program and supporting materials (albeit found to be deficient) demonstrates that through this program, state-owned banks, such as the EX-IM Bank, provide loans at preferential rates for the purchase of exported goods from China.⁸⁶ Finally, Commerce has found this program to be an export subsidy in the past.⁸⁷ Thus, taking all such information into consideration indicates the provision of export buyer’s credits is contingent on exports within the meaning of section 771(5A)(A) and (B) of the Act.

Selection of the AFA Rate

Consistent with section 776(d) of the Act and our established practice, we applied our CVD hierarchy to determine the AFA rate for the Export Buyer’s Credit Program.⁸⁸ Under the first step of Commerce’s CVD AFA hierarchy for administrative reviews, Commerce applies the highest non-*de minimis* rate calculated for the identical program in any segment of the same proceeding. If there is no identical program match within the same proceeding, or if the rate is *de-minimis*, under step two of the hierarchy, Commerce applies the highest non-*de minimis* rate calculated for a similar program within any segment of the same proceeding. If there is no non-*de minimis* rate calculated for a similar program within the same proceeding, under step three of the hierarchy, Commerce applies the highest non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country. Finally, if there is no non-*de minimis* rate calculated for an identical or same program in another CVD proceeding involving the same country, under step four, Commerce applies the highest calculated rate for any program from the same country that the industry subject to the review could have used.⁸⁹

Commerce’s methodology is consistent with section 776(d)(1)(A) of the Act, which states that when applying an adverse inference in selecting from the facts otherwise available, Commerce may (i) use a countervailable subsidy rate applied for the same or similar program in a CVD

⁸⁵ See *Nippon Steel Corp. v. United States*, 337 F. 3d 1373, 1382 (Fed. Cir. 2003).

⁸⁶ See GOC SQR1 at pages 4-5.

⁸⁷ See, e.g., *Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2016*, 84 FR 17382 (April 25, 2019), and accompanying IDM at Comment 16.

⁸⁸ 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) (*Shrimp from China*), and accompanying IDM at 13; see also *Essar Steel Ltd. v. United States*, 753 F. 3d 1368, 1373-1374 (Fed. Cir. 2014) (*Essar Steel*) (upholding “hierarchical methodology for selecting an AFA rate for an uncooperative respondent”).

⁸⁹ See section 776(d) of the Act; see also *SolarWorld Americas, Inc. v. United States*, CIT No. 15-00232 (CIT 2017) (sustaining Commerce’s CVD AFA hierarchy and selection of AFA rate for CVD reviews).

proceeding involving the same country, or (ii) if there is no same or similar program, use a countervailable subsidy for a subsidy rate from a proceeding that we consider reasonable to use. Thus, section 776(d)(1)(A) of the Act expressly allows for our existing practice of using an AFA hierarchy in selecting a rate “among the facts otherwise available” in CVD cases, should the facts warrant such a selection.

Section 776(d)(2) of the Act authorizes Commerce to rely on the highest prior rate under certain circumstances. In deriving an AFA rate under section 776(d)(1)(A) of the Act described above, the provision states that Commerce “may apply any of the countervailable subsidy rates or dumping margins specified under that paragraph, including the highest such rate or margin, based on the evaluation by the administering authority of the situation that resulted in the administering authority using an adverse inference in selecting among the facts otherwise available.”⁹⁰ No legislative history accompanied this provision. Accordingly, Commerce is left to interpret this “evaluation by the administering authority of the situation” language in light of existing agency practice, and the structure and provisions of section 776(d) of the Act itself.

We find that the Act anticipates a two-step process for determining an appropriate AFA rate in CVD cases: 1) Commerce may apply its hierarchy methodology and 2) Commerce may apply the highest rate derived from this hierarchy to a respondent, should it choose to apply that hierarchy in the first place, unless, after an evaluation of the situation that resulted in the use of AFA, Commerce determines that the situation warrants a rate different than the rate derived from the hierarchy be applied.⁹¹

In applying the AFA rate provision, it is well established that when selecting the rate from among possible sources, Commerce seeks to use a rate that is sufficiently adverse to effectuate the statutory purpose of section 776(b) of the Act to induce respondents to provide Commerce with complete and accurate information in a timely manner. This ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”⁹² Further, “in the case of an uncooperative respondent, Commerce is in the best position, based on its expert knowledge of the market and the individual respondent, to select adverse facts that will create the proper deterrent to non-cooperation with its investigations and assure a reasonable margin.”⁹³ It is pursuant to this knowledge and experience that Commerce has implemented its AFA hierarchy in CVD cases to select an appropriate AFA rate.⁹⁴

⁹⁰ See section 776(d)(2) of the Act.

⁹¹ This differs from antidumping proceedings, for which no hierarchy applies, under section 776(d)(1)(B). Under that provision, “any dumping margin from any segment of the proceeding under the applicable antidumping order” may be applied, which suggests an adverse rate could be derived from different available margins, given the facts on the record.

⁹² See SAA at 870, reprinted in 1994 U.S.C.C.A.N 4040, 4090; see also *Essar Steel*, 678 F. 3d at 1276 (citing *F. Lii De Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F. 3d 1027, 1032 (Fed. Cir. 2000) (*De Cecco*) (finding that “[t]he purpose of the adverse facts statute is ‘to provide respondents with an incentive to cooperate with Commerce’s investigation, not to impose punitive damages.’”).

⁹³ See *De Cecco*, 216 F. 3d at 1032.

⁹⁴ Commerce has adopted a practice of applying its hierarchy in CVD cases. See, e.g., *Finished Carbon Steel Flanges from India: Final Affirmative Countervailing Duty Determination*, 82 FR 29479 (June 29, 2017), and accompanying IDM at Comment 4 at 28-31 (applying the AFA hierarchical methodology within the context of CVD investigation); see also *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the*

In applying its AFA hierarchy in CVD reviews, Commerce's goal is as follows: In the absence of necessary information from cooperative respondents, Commerce is seeking to find a rate that is a relevant indicator of how much the government of the country under review is likely to subsidize the industry at issue, through the program at issue, while inducing cooperation. Accordingly, in sum, the three factors that Commerce takes into account in selecting a rate are: 1) the need to induce cooperation, 2) the relevance of a rate to the industry in the country under investigation or review (i.e., can the industry use the program from which the rate is derived), and 3) the relevance of a rate to a particular program, though not necessarily in that order of importance.

Furthermore, the hierarchy (as well as section 776(d)(1) of the Act) recognizes that there may be a "pool" of available rates that Commerce can rely upon for purposes of identifying an AFA rate for a particular program. In reviews, for example, this "pool" of rates could include a non-*de minimis* rate calculated for the identical program in any segment of the proceeding, a non-*de minimis* rate calculated for a similar program in any segment of that proceeding, or prior CVD proceedings for that same country. Of those rates, the hierarchy provides a general order of preference to achieve the goal identified above. The hierarchy therefore does not focus on identifying the highest possible rate that could be applied from among that "pool" of rates; rather, it adopts the factors identified above of inducement, relevancy to the industry and to the particular program.

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."⁹⁵ The SAA provides that to "corroborate" secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.⁹⁶

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.⁹⁷ 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

People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2012, 80 FR 41003 (July 14, 2015), and accompanying IDM at 11-15 (applying the AFA hierarchical methodology within the context of CVD administrative review). However, depending on the type of program, Commerce may not always apply its AFA hierarchy. See, e.g., *Certain Uncoated Paper from Indonesia: Final Affirmative Countervailing Duty Determination*, 81 FR 3104 (January 20, 2016), and accompanying IDM at 7-8 (applying, outside of the AFA hierarchical context, the highest combined standard income tax rate for corporations in Indonesia).

⁹⁵ See SAA at 870.

⁹⁶ *Id.*

⁹⁷ *Id.* at 869-870.

reflects an “alleged commercial reality” of the interested party.⁹⁸ 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.⁹⁹

Consistent with section 776(d) of the Act and our established practice, we applied our CVD hierarchy to determine the AFA rate for the Export Buyers’ Credit Program.¹⁰⁰ Our examination of the results of all the segments of this proceeding leads us to conclude that there are no calculated rates for this program in this proceeding – and thus no rates are available under step one of the CVD AFA hierarchy. Because we have not calculated a rate for an identical program in this proceeding, we then determine, under step two of the hierarchy, if there is a calculated rate for a similar/comparable program (based on the treatment of the benefit) in the same proceeding, excluding *de minimis* rates. When Commerce selects a similar program, it looks for a program with the same type of benefit. For example, it selects a loan program to establish the rate for another loan program, or it selects a grant program to establish the rate for another grant program.¹⁰¹ Consistent with this practice, upon examination of the available above *de minimis* programs from the current review and the underlying investigation, Commerce selected the Preferential Loans to SOEs Program because it confers the same type of benefit as the Export Buyer’s Credit Program, as both programs are subsidized loans from the GOC.¹⁰² On this basis, we are using an AFA rate of 2.15 percent ad valorem, the highest rate determined for a similar program in this proceeding (for the Preferential Loans for SOEs program calculated in this review) as the rate for this program.

⁹⁸ See section 776(d) of the Act.

⁹⁹ See, e.g., *Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People’s Republic of China: Final Affirmative Determination*, 82 FR 8405 (January 25, 2017), and accompanying IDM at 14 (citing *Fresh Cut Flowers from Mexico: Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996)).

¹⁰⁰ See, e.g., *Shrimp from China* IDM at 13; see also *Essar Steel*, 753 F. 3d at 1373-74 (Fed. Cir. 2014) (upholding “hierarchical methodology for selecting an AFA rate for an uncooperative respondent”).

¹⁰¹ See *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 80 FR 41003 (July 14, 2015), and accompanying IDM at 14, 44; *Narrow Woven Ribbons With Woven Selvedge from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78036 (December 29, 2014), and accompanying IDM at 5; and *Large Residential Washers from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012-2013*, 80 FR 55336 (September 15, 2015), and accompanying IDM at 5.

¹⁰² See Preferential Loans for SOEs section below.

D. Application of AFA: Provision of Certain Hot-Rolled Steel, Seamless Tube Steel and Billets for LTAR Producers Are “Authorities”

Government of China – Whether Certain Hot-Rolled Steel, Seamless Tube Steel and Billets Producers Are “Authorities”

As discussed below under “Programs Preliminarily Found to Be Countervailable,” Commerce is investigating whether the GOC provided hot-rolled steel, seamless tube steel, and billets for LTAR. As part of its analysis, Commerce sought information that would allow it to analyze whether the producers are “authorities” within the meaning of section 771(5)(B) of the Act. Specifically, we asked the GOC to identify any members of management of any input producers that are members of the Chinese Communist Party (CCP). We requested this information from the GOC to assess the relationship between the GOC and the identified input producers of hot-rolled steel, seamless tube steel, and billets.

As explained in the Public Bodies Memorandum,¹⁰³ record evidence demonstrates that producers in China that are majority-owned by the government possess, exercise, or are vested with, governmental authority.¹⁰⁴ Record evidence demonstrates that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector.¹⁰⁵ Therefore, in light of our prior findings and the GOC’s failure to provide rebuttal information to the contrary, we determine that these enterprises are “authorities” within the meaning of section 771(5)(B) of the Act.

With respect to those entities that were reported as being non-majority government-owned enterprises that produce the inputs purchased by BTIC during the POI, while the ownership structure information may have been provided, the GOC did not provide other relevant documentation requested by Commerce, including company bylaws, annual reports, and tax registration documents, and articles of association. In response to the initial questionnaire, the GOC claimed that there is no central informational database that contains that the names of CCP members that are part of management in BTIC’s input suppliers.¹⁰⁶ We requested this information a second time in a supplemental questionnaire, and in response the GOC stated that it would not supply the requested information.¹⁰⁷ Because the GOC did not provide the requested information in either its initial questionnaire or supplemental responses, we do not have the information necessary for our analysis.

The information we requested regarding the role of CCP officials in the management and operations of the suppliers of hot-rolled steel, seamless tube steel, and billets is necessary for our determination of whether this producer is an “authority” within the meaning of section 771(5)(B) of the Act. The GOC did not indicate that it had attempted to contact the CCP, or that it had

¹⁰³ See Memorandum, “Public Bodies Memorandum,” dated concurrently with this memorandum (Public Bodies Memorandum).

¹⁰⁴ *Id.* at 35-36 and sources cited therein.

¹⁰⁵ *Id.*

¹⁰⁶ See GOC IQR at 39.

¹⁰⁷ See GOC SQR1 at 12.

consulted any other sources. The GOC's responses in prior CVD proceedings demonstrate that it is, in fact, able to access information similar to the information that we requested.¹⁰⁸ Additionally, pursuant to section 782(c) of the Act, if the GOC were unable to provide any of the requested information, it should have promptly explained to Commerce the attempts it had made to obtain this information, and proposed providing this information in an alternative form.¹⁰⁹ It did not do so. Nor did the GOC elect to supplement its initial filing when presented with a second opportunity to do so.

We preliminarily find that the GOC has withheld necessary information that was requested of it and, thus, that Commerce must rely on "facts otherwise available" for the preliminary determination, pursuant to section 776(a)(2)(A) of the Act. Furthermore, we find that reliance on AFA is warranted pursuant to section 776(b) of the Act because the GOC failed to cooperate to the best of its ability in providing us with the requested information. As AFA, we preliminarily find that the input suppliers of hot-rolled steel, seamless tube steel, and billets for which the GOC failed to provide complete information necessary for our financial contribution analysis, are "authorities" within the meaning of section 771(5)(B) of the Act.

Government of China – Whether the Provision of Hot-Rolled Steel, Provision of Seamless Tube Steel, and Provision of Billets is Specific

In Commerce's Initial CVD Questionnaire and third supplemental questionnaire, Commerce asked the GOC to provide a list of industries in China that purchase hot-rolled steel, seamless tube steel, and billets:

Provide a list of the industries in the PRC that directly purchase hot-rolled steel{seamless tube steel, and standard and CrMo billet industries}, using a consistent level of industrial classification. Provide the amounts (volume and value) purchased by the industry in which the mandatory respondent companies operate, as well as the totals purchased by every other industry. In identifying the industries, please use whatever resource or classification scheme the Government normally relies upon to define industries and to classify companies within an industry. Please provide the relevant classification guidelines, and please ensure the list provided reflects consistent levels of industrial classification. Please clearly identify the industry in which the companies under review are classified.

We requested this information for purposes of conducting the *de facto* specificity analysis. The GOC responded by stating that it does not collect or maintain statistics for the hot-rolled steel,

¹⁰⁸ See, e.g., *High Pressure Steel Cylinders from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 26738 (May 7, 2012), and accompanying IDM at 13.

¹⁰⁹ Section 782(c)(1) of the Act states, "[i]f an interested party, promptly after receiving a request from the administering authority or the Commission for information, notifies the administering authority or the Commission (as the case may be) that such party is unable to submit the information requested in the requested form and manner, together with a full explanation and suggested alternative forms in which such party is able to submit the information, the administering authority or the Commission (as the case may be) shall consider the ability of the interested party to submit the information in the requested form and manner and may modify such requirements to the extent necessary to avoid imposing an unreasonable burden on that party."

seamless tube steel, and billet industries.¹¹⁰ However, the GOC has previously provided, and Commerce has verified, information from other GOC-maintained databases concerning the value and volume of production by enterprises producing input products.¹¹¹ Moreover, Commerce has verified the operation of the GOC’s “Enterprise Credit Information Publicity System,” which requires that the administrative authorities release detailed information of enterprises and other entities and which is intended to bring clarity to companies registered in China.¹¹² Based on this experience, we are aware that this system is a national-level internal portal that holds certain information regarding any China-registered company. Among other information, each company must upload its annual report, make public whether it is still operating, and update any changes in ownership. The GOC has stated that all companies operating within China maintain a profile in the system, regardless of whether they are private or a state-owned enterprise (SOE). Therefore, we determine that information related to the list of industries in China that directly purchase hot-rolled steel, seamless tube steel, and billets is in fact available to the GOC.

Thus, consistent with past proceedings,¹¹³ we preliminarily determine that necessary information is not available on the record and that the GOC has withheld information that was requested of it, and, thus, that Commerce must rely on “facts available” for purposes of these preliminary results of review, in accordance with sections 776(a)(1) and 776(a)(2)(A) of the Act. Moreover, we preliminarily determine that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information. Consequently, an adverse inference is warranted in the application of facts available pursuant to section 776(b) of the Act. In drawing an adverse inference, we find that the GOC’s provisions of hot-rolled steel, seamless tube steel, and billets industries are specific within the meaning of section 771(5A)(D)(iii)(I) of the Act.

E. Application of AFA: GOC – Whether the Hot-Rolled Steel, Seamless Tube Steel, and Billets Markets are Distorted

In Commerce’s Initial CVD Questionnaire, we asked the GOC to respond to specific questions regarding China’s hot-rolled steel, seamless tube steel, and billet markets for the POR. Specifically, we asked the GOC to:

- Provide the following information concerning seamless tube steel, and standard and CrMo billets in China for the POR, including an explanation of the sources used to compile the information:

¹¹⁰ See GOC IQR at 27, 44, and 61.

¹¹¹ See, e.g., *Citric Acid and Certain Citrate Salts: Final Results of Countervailing Duty Administrative Review; 2013*, 80 FR 77318 (December 14, 2015) (*Citric Acid from China; 2013 Review*), and accompanying IDM at 6..

¹¹² See *Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People’s Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 46643 (July 18, 2016), and accompanying PDM at 21-22, unchanged in *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).

¹¹³ See *Utility Scale Wind Towers from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 75978 (December 26, 2012), and accompanying IDM at Comment 13.

- a. The total number of producers.
 - b. The total volume and value of Chinese domestic consumption of hot-rolled steel{seamless tube steel, and standard and CrMo billet} and the total volume and value of Chinese domestic production of hot-rolled steel{seamless tube steel, and standard and CrMo billet}.
 - c. The percentage of domestic consumption accounted for by domestic production.
 - d. The total volume and value of imports of hot-rolled steel{seamless tube steel, and standard and CrMo billet}.
 - e. A discussion of what laws, plans, or policies address the pricing of hot-rolled steel{seamless tube steel, and standard and CrMo billet}, the levels of production of hot-rolled steel{seamless tube steel, and standard and CrMo billet}, the importation or exportation of hot-rolled steel{seamless tube steel, and standard and CrMo billet} or the development of hot-rolled steel{seamless tube steel, and standard and CrMo billet} capacity. Please state which, if any, central and sub-central level industrial policies pertain to the hot-rolled steel{seamless tube steel, and standard and CrMo billets} industry.
- If there is a hot-rolled steel{seamless tube steel, and standard and CrMo billet} industry association in China, please provide the rules or guidelines under which it operates and a list of its members.
 - Are there any or have there been in the POR any export or price controls on hot-rolled steel,{seamless tube steel, and standard and CrMo billet} or any price floors or ceilings established?
 - Please state the VAT and import tariff rates in effect for hot-rolled steel,{seamless tube steel, and standard and CrMo billet} during 2017.
 - Was there an export tariff or quota on hot-rolled steel,{seamless tube steel, and standard and CrMo billet} during the POR? If so, please report the tariff rate or quota amount in effect and provide a translated copy of the regulation/law in which the export tariff rate or quota is reported.

We requested this information to inform our analysis of the degree of the GOC's presence in the market and whether such presence results in the distortion of prices.¹¹⁴ With respect to hot-rolled steel and seamless tube steel, the GOC provided the volume of Chinese domestic production and domestic consumption during 2017.¹¹⁵ With respect to billets, instead of providing the requested information, the GOC simply stated that the information was not available.¹¹⁶

Further, the GOC did not provide a discussion of any laws, plans, or policies addressing the pricing of the hot-rolled steel, seamless tube steel, and billet industries, or their levels of production, importation, exportation, or capacity development. The GOC claimed that it could

¹¹⁴ See Initial CVD Questionnaire at II-4, II-5, II-8, II-9, II-11, and II-12.

¹¹⁵ See GOC IQR at 24-25 and 41-42.

¹¹⁶ *Id.* at 58-59.

not provide this information because these industries are characterized by private ownership, yet it did not provide any documentation supporting this assertion.¹¹⁷ Finally, the GOC did not provide a list of industries in China that directly purchase hot-rolled steel, seamless tube steel, and billets nor the amounts (volume and value) purchased by these industries. The GOC said it does not collect or maintain statistics on purchase volume of hot-rolled steel, seamless tube steel or billets on an industry basis.¹¹⁸

We preliminarily determine that the GOC's refusal to provide the information requested constitutes a lack of cooperation. The GOC has previously provided, and Commerce has verified, information from other GOC-maintained databases concerning the value and volume of production by enterprises producing input products.¹¹⁹ Moreover, Commerce has verified the operation of the GOC's "Enterprise Credit Information Publicity System," which requires that the administrative authorities release detailed information of enterprises and other entities and which is intended to bring clarity to companies registered in China.¹²⁰ Based on this experience, we are aware that this system is a national-level internal portal that holds certain information regarding any China-registered company. Among other information, each company must upload its annual report, make public whether it is still operating, and update any changes in ownership. The GOC has stated that all companies operating within China maintains a profile in the system, regardless of whether they are private or an SOE. Therefore, we determine that information related to the operation and ownership of companies within the seamless tube steel, and billet industries are in fact available to the GOC.

Additionally, in response to our request for a discussion of the laws, plans or policies that may be in place to address the pricing, the levels of production, the importation/exportation, or the development of capacity of these industries, the GOC stated that these industries are "featured by private ownership and {are}dynamic."¹²¹ However, the GOC did not provide any other information or documentation to support this assertion.

Because the GOC refused to provide the requested information regarding the hot-rolled steel, seamless tube steel, and billet industries in China, we determine that the GOC withheld necessary information and significantly impeded this proceeding; therefore, we must rely on facts otherwise available. Further, because the GOC refused to respond to our information on laws, plans, policies specific to pricing, production, cross-border trades, and development capacity of hot-rolled steel, seamless tube steel, and industries, we find that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information necessary for our analysis of the hot-rolled steel, seamless tube steel, and industries markets in

¹¹⁷ *Id.* at 25, 42, and 59.

¹¹⁸ *Id.* at 27, 44, and 61.

¹¹⁹ *See, e.g., Citric Acid from China; 2013 Review.*

¹²⁰ *See Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 46643 (July 18, 2016), and accompanying PDM at 21-22, unchanged in *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).

¹²¹ *See* GOC IQR at 25, 43, and 59.

China, despite the fact that it was able to provide similar information in another proceeding. Consequently, we find that an adverse inference is warranted in the application of facts available.¹²²

Accordingly, as adverse facts available, we preliminarily determine that the GOC's involvement in the seamless tube steel, and billet markets in China results in significant distortion of the prices of seamless tube steel, and billet industries such that they cannot be used as a tier one benchmark, and hence, the use of an external benchmark, as described under 19 CFR 351.511(a)(2)(ii), is warranted to calculate the benefit for the provision of provision of seamless tube steel, and provision of billets for LTAR.

For further information on these programs, *see* "Programs Found to Be Countervailable" below.

F. Application of AFA: Other Subsidies

In response to our question asking BTIC to report whether it had received assistance under any other programs, BTIC identified numerous additional instances of assistance under programs not otherwise identified in our initial questionnaire.¹²³ However, rather than responding to our question regarding whether the GOC provided assistance to BTIC under any other programs, the GOC stated in its initial questionnaire response:

{Commerce} has requested information on numerous programs in this review that were involved in the original investigation. The Respondent Companies and the GOC have cooperated to the best of their ability to provide the information requested. At this point, there is no legal authority to investigate or request information on programs that were not alleged in this proceeding or which were {not} involved in the original investigation. Article 11.2 of the WTO Agreement on Subsidies and Countervailing Measures dictates that investigations may not be initiated on the basis of 'simple assertion, unsubstantiated by relevant evidence.' Sufficient evidence with regard to the existence, amount, and nature of a subsidy must be presented for Commerce to initiate the investigation of another program, consistent with Article 11.2(iii). The GOC believes, therefore, that an answer to this question is premature absent a more direct inquiry supported by credible evidence and the initiation of a discrete investigation by the Department.¹²⁴

We issued a supplemental questionnaire to the GOC requesting full responses regarding the other programs identified by BTIC in its initial questionnaire. The GOC confirmed the usage of the programs as reported by BTIC.¹²⁵ However, the GOC stated that they "will not respond to open ended questions regarding other unalleged subsidy programs for which no evidence has been submitted," and reiterated its statement regarding the WTO Agreement on Subsidies and Countervailing Measures.¹²⁶

¹²² *See* section 776(b) of the Act.

¹²³ *See* BTIC SQR2 at Exhibit S1-1.

¹²⁴ *See* GOC IQR at 88.

¹²⁵ *See* GOC SQR1 at 20-21.

¹²⁶ *Id.*

Based upon the above, we preliminarily determine that the information necessary to analyze whether these reported “Other Subsidies” constitute a financial contribution and are specific is not available on the record and that the GOC has withheld information that was requested of it. Thus, we must rely on “facts available” for purposes of these preliminary results, in accordance with sections 776(a)(1) and 776(a)(2)(A) of the Act. Moreover, we preliminarily determine that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information. Consequently, an adverse inference is warranted in the application of facts available, pursuant to section 776(b)(1) of the Act. In relying on AFA, based on the GOC’s decision not to provide the information requested, we preliminarily find that these programs constitute a financial contribution pursuant to section 771(5)(D) of the Act and are specific within the meaning of section 771(5A) of the Act. We determined the benefit by dividing the amount of any measurable grant applicable to the POI by the appropriate sales denominator for BTIC. *See* “Other Subsidies.”

VIII. ANALYSIS OF PROGRAMS

Based upon our analysis of the record and the responses to our questionnaires, we preliminarily determine the following:

A. Programs Preliminarily Determined to Be Countervailable

1. Pension Fund Grants

BTIC reported that Jincheng Holding received benefits under this program during the POR.¹²⁷ Commerce found this program countervailable in the previous administrative review.¹²⁸ The GOC stated that there have been no changes to this program.¹²⁹ Thus, we find that this program provides a financial contribution and is specific. We have treated the funds received by Jincheng Holding as a recurring benefit pursuant to 19 CFR 351.524(c). As such, to calculate the benefit under this program, we divided the amount received by Jincheng Holding during the POR by Jincheng Holding’s consolidated sales during the POR, which is consistent with 19 CFR 351.525(b)(6)(iii).

On this basis, we preliminarily find that BTIC received a countervailable subsidy of 0.06 percent *ad valorem* for this program.

2. Provision of Hot-Rolled Steel for LTAR

BTIC reported that it purchased hot-rolled steel and identified the producers of the hot-rolled steel from whom it purchased during the POR.¹³⁰ As discussed in “Use of Facts Otherwise Available and Application of Adverse Inferences,” we are preliminarily finding that producers of

¹²⁷ *See* BTIC IQR at 8.

¹²⁸ *See High Pressure Steel Cylinders From the People’s Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2016*, 83 FR 31951, (July 10, 2018), and accompanying PDM at page 23, unchanged in *High Pressure Steel Cylinders From the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2016*, 83 FR 63471, (December 10, 2018).

¹²⁹ *See* GOC IQR at 6.

¹³⁰ *See* BTIC IQR at Exhibit III.C.1.

seamless tube steel are “authorities”. As AFA, we preliminarily determine that these entities constitute “authorities” within the meaning of section 771(5)(B) of the Act and that the respondents received a financial contribution from them in the form of a provision of a good, pursuant to section 771(5)(D)(iii) of the Act. As AFA, we determine that the GOC’s provision of hot-rolled steel is specific within the meaning of section 771(5A)(D) of the Act.

At 19 CFR 351.511(a)(2), the regulations set out the basis for identifying an appropriate market-based benchmark for measuring the adequacy of the remuneration of a government provided good or service. The potential benchmarks listed in this regulation, in order of preference are: (1) market prices from actual transactions within the country under investigation for the government-provided good (*e.g.*, actual sales, actual imports, or competitively run government auctions) (“tier one” benchmarks); (2) world market prices that would be available to purchasers in the country under investigation (“tier two” benchmarks); or (3) prices consistent with market principles based on an assessment by Commerce of the government-set price (“tier three” benchmarks). As we explained in *Lumber from Canada*, the preferred benchmark in the hierarchy is an observed market price from actual transactions within the country under investigation because such prices generally would be expected to reflect most closely the prevailing market conditions of the purchaser under investigation.¹³¹

We have selected our benchmark for measuring the adequacy of the remuneration in accordance with 19 CFR 351.511(a)(2). As discussed above, in the section “Application of AFA: GOC – Whether the Seamless Tube Steel, and Billets Markets are Distorted,” we preliminarily determine, on the basis of AFA, that the Chinese market for hot-rolled steel is distorted such that market prices from actual transactions within the country under investigation for hot-rolled steel are not appropriate for use as tier one benchmarks.

Turning to tier two benchmarks, *i.e.*, world market prices available to purchasers in China, as discussed above, the petitioner and BTIC submitted information on prices that they suggest are appropriate for constructing a benchmark. Based on our review of the proposed benchmarks, we are preliminarily relying on prices from UN Comtrade.

Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under tier one or tier two, Commerce will adjust the benchmark price to reflect the price that a firm actually paid or would pay if it imported the product, including delivery charges and import duties. Regarding delivery charges, we have included ocean freight and the freight charges that would be incurred to deliver hot-rolled steel to BTIC’s plants. We have also added import duties, as reported by the GOC, and the value-added tax (VAT) applicable to imports of hot-rolled steel into China.¹³² We have compared these prices to BTIC’s actual purchase prices, including taxes and delivery charges.

Based on this comparison, we preliminarily determine that hot-rolled steel was provided during the POR for LTAR and that a subsidy exists in the amount of the difference between the

¹³¹ See *Lumber from Canada* IDM at “Analysis of Programs, Provincial Stumpage Programs Determined to Confer Subsidies, Benefit.”

¹³² See Preliminary Calculation Memorandum for a full explanation of how we derived the benchmark.

benchmark and what BTIC paid.¹³³ On this basis, we preliminarily determine that BTIC received a countervailable subsidy of 0.02 percent *ad valorem* under this program.

3. *Provision of Seamless Tube Steel for LTAR*

BTIC reported that it purchased seamless tube steel for the production of subject merchandise and identified its suppliers of this input.¹³⁴ As discussed in “Use of Facts Otherwise Available and Application of Adverse Inferences,” we are preliminarily finding that producers of seamless tube steel are “authorities.” As AFA, we determine that certain tube suppliers are authorities within the meaning of section 771(5)(B) of the Act, and we determine that the GOC’s provision of hot-rolled steel is specific within the meaning of section 771(5A)(D) of the Act.

We have selected our benchmark for measuring the adequacy of the remuneration in accordance with 19 CFR 351.511(a)(2). As discussed above, in the section “Application of AFA: GOC – Whether the Seamless Tube Steel, and Billets Markets are Distorted,” we preliminarily determine, on the basis of AFA, that the Chinese market for seamless tube steel is distorted such that market prices from actual transactions within the country under investigation for seamless tube steel are not appropriate for use as tier one benchmarks.

Turning to tier two benchmarks, *i.e.*, world market prices available to purchasers in China, as discussed above, the petitioner and BTIC submitted information on prices that they suggest are appropriate for constructing a benchmark. Based on our review of the proposed benchmarks, we are preliminarily relying on prices from UN Comtrade.

Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under tier one or tier two, Commerce will adjust the benchmark price to reflect the price that a firm actually paid or would pay if it imported the product, including delivery charges and import duties. Regarding delivery charges, we have included ocean freight and the freight charges that would be incurred to deliver seamless tube steel to BTIC’s plants. We have also added import duties, as reported by the GOC, and the value-added tax (VAT) applicable to imports of seamless tube steel into China.¹³⁵ We have compared these prices to BTIC’s actual purchase prices, including taxes and delivery charges.

Based on this comparison, we preliminarily determine that seamless tube steel was provided for LTAR and that a subsidy exists in the amount of the difference between the benchmark and what BTIC paid.¹³⁶ On this basis, we preliminarily determine that BTIC received a countervailable subsidy of 22.13 percent *ad valorem* under this program.

¹³³ See 19 CFR 351.511(a).

¹³⁴ See BTIC IQR at Exhibit III.C.1.

¹³⁵ See Preliminary Calculation Memorandum for a full explanation of how we derived the benchmark.

¹³⁶ See 19 CFR 351.511(a).

4. *Provision of Standard Commodity Steel Billets and Blooms, and High-Quality Chromium Molybdenum Alloy Steel Billets and Blooms for LTAR*

BTIC reported purchasing standard commodity steel billets and blooms (commodity billets) and high-quality chromium molybdenum alloy steel billets and blooms (CrMO billets) (collectively, billets) for the production of subject merchandise and identified several producers of these inputs.¹³⁷ As discussed in “Use of Facts Otherwise Available and Application of Adverse Inferences,” we are preliminarily finding that producers of billets are “authorities”. As AFA, we determine that certain tube suppliers are authorities within the meaning of section 771(5)(B) of the Act, and we determine that the GOC’s provision of billets is specific within the meaning of section 771(5A)(D) of the Act.

We have selected our benchmark for measuring the adequacy of the remuneration in accordance with 19 CFR 351.511(a)(2). As discussed above, in the section “Application of AFA: GOC – Whether the Seamless Tube Steel, and Billets Markets are Distorted,” we preliminarily determine, on the basis of AFA, that the Chinese market for billets is distorted such that market prices from actual transactions within the country under investigation for commodity and CrMO billets are not appropriate for use as tier one benchmarks.

Turning to tier two benchmarks, *i.e.*, world market prices available to purchasers in China, as discussed above, the petitioner and BTIC submitted information on prices that they suggest are appropriate for constructing a benchmark. Based on our review of the proposed benchmarks, we are preliminarily relying on prices from UN Comtrade.

Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under tier one or tier two, Commerce will adjust the benchmark price to reflect the price that a firm actually paid or would pay if it imported the product, including delivery charges and import duties. Regarding delivery charges, we have included ocean freight and the freight charges that would be incurred to deliver billets to BTIC’s plants. We have also added import duties, as reported by the GOC, and the value-added tax (VAT) applicable to imports of billets into China.¹³⁸ We have compared these prices to BTIC’s actual purchase prices, including taxes and delivery charges.

Based on this comparison, we preliminarily determine that billets were provided for LTAR and that a subsidy exists in the amount of the difference between the benchmark and what BTIC paid.¹³⁹ On this basis, we preliminarily determine that BTIC received a countervailable subsidy of 0.05 percent *ad valorem* under this program.

¹³⁷ See BTIC IQR at Exhibit III.C.1.

¹³⁸ See Preliminary Calculation Memorandum for a full explanation of how we derived the benchmark.

¹³⁹ See 19 CFR 351.511(a).

5. Provision of Electricity for LTAR

Commerce has investigated and determined that this LTAR program confers a countervailable subsidy in several prior China investigations.¹⁴⁰ As discussed in “Use of Facts Otherwise Available and Application of Adverse Inferences,” we are preliminarily basing our finding on the government’s provision of electricity, in part, on AFA. As AFA, we determine that the GOC’s provision of electricity is a financial contribution in the form of the provision of a good or service under section 771(5)(D)(iii) of the Act and that it is specific within the meaning of section 771(5A)(D) of the Act.

BTIC reported using this program, and provided data on their electricity consumption and the electricity rates paid during the POR. In deriving the benchmark,¹⁴¹ we selected the highest non-seasonal provincial rates in China during the POR for each applicable user category (*e.g.*, “large industrial user,” and “normal industrial and commercial user”), voltage class (*e.g.*, 1-10kv, 35kv), time period (general, peak, normal, and valley), and basic fee (*e.g.*, “base charge/ maximum demand”) as provided by the GOC. We selected the highest non-seasonal provincial rates in China during the POR as AFA, which, as discussed above, we applied as a result of the GOC’s failure to act to the best of its ability in providing requested information about its provision of electricity in this investigation. We calculated benchmark electricity payments by multiplying consumption volumes by the benchmark electricity rate corresponding to the user category, voltage class, and time period (*i.e.*, peak, normal, and valley), where applicable. We then compared the calculated benchmark payments to the actual electricity payments made by the company during the POR. Where the benchmark payments exceeded the payments made by the company, a benefit was conferred. Based on this comparison, we preliminarily find that electricity was provided for LTAR to BTIC.

To calculate the countervailable subsidy rates for the POR, we divided the benefit amount by the appropriate sales denominator for the POR. On this basis, we preliminarily determine that BTIC received a countervailable subsidy of 1.63 percent *ad valorem*.¹⁴²

6. Preferential Loans for SOEs

BTIC reported receiving loans during the POR.¹⁴³ We have previously found this program countervailable.¹⁴⁴ The GOC reported no change in this program from the original investigation and thus, we continue to find this program provides a countervailable benefit.¹⁴⁵ Consequently,

¹⁴⁰ See, *e.g.*, *Certain Oil Country Tubular Goods from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Negative Critical Circumstances Determination*, 74 FR 64045 (December 7, 2009) and accompanying IDM at 22-23.

¹⁴¹ See 19 CFR 351.511(a)(2).

¹⁴² See Preliminary Calculation Memorandum.

¹⁴³ See BTIC IQR at 15-16.

¹⁴⁴ See *High Pressure Steel Cylinders from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 76 FR 64301, 64306 (October 18, 2011) (*Steel Cylinders from China*), and accompanying IDM at 14.

¹⁴⁵ See GOC SQR1 at 17.

we preliminarily find that loans from SOCBs to SOEs under this program constitute financial contributions, pursuant to sections 771(5)(B)(i) and 771(5)(D)(i) of the Act. Further, we preliminarily find that this program is specific in accordance with section 771(5A)(D)(i).

The GOC provides a benefit equal to the difference between what the recipients paid on their loans and the amount they would have paid on comparable commercial loans.¹⁴⁶ To calculate the benefit under the preferential loans for SOEs program, we used the benchmarks described under “Subsidies Valuation – Benchmarks and Discount Rates” above.¹⁴⁷ On this basis, we preliminarily find that BTIC received a countervailable subsidy of 2.15 percent *ad valorem*.

7. *Export Credit from Export-Import Bank of China: Export Buyer’s Credit*

For the reasons explained in the “Use of Facts Otherwise Available and Adverse Inferences” section above, our preliminary determination regarding the GOC’s provision of Export Buyer’s Credit is based on AFA. Thus, we determine that the GOC’s provision of the Export Buyer’s Credit confers a financial contribution and is specific within the meaning of sections 771(5)(D) and 771(5A) of the Act, respectively. Further, we determine on the basis of AFA that BTIC benefited from this program during the POR within the meaning of section 771(5)(E) of the Act. On this basis, consistent with Commerce’s AFA rate selection methodology, we determine a countervailable subsidy rate of 2.15 percent *ad valorem* for BTIC, a rate calculated for the Preferential Loans for SOEs program calculated in this review.

8. *Other Subsidy Programs*

BTIC reported that it or a cross-owned company received various grants under other subsidy programs either during the POR or over the AUL.¹⁴⁸ As stated above in the section, “Use of Facts Otherwise Available and Adverse Inferences,” the GOC has not provided the requested information about these programs, and therefore, Commerce has preliminarily determined that the grants provided to BTIC under the programs listed below constitute a financial contribution under section 771(5)(D) of the Act and are specific under section 771(5A) of the Act. Further, we preliminarily determined that each of these grants confers a benefit equal to the amount of the grant provided in accordance with 19 CFR 3351.504(a). To calculate the benefit received under these programs, Commerce followed the methodology described in 19 CFR 351.524. BTIC received several grants during the POR that were allocated to the POR (*i.e.*, expensed in the year of receipt). The individual grants and their respective subsidy rates are as follows:

Program Name	Subsidy Rate
Beijing Municipal Commission Promotion Funds	0.02%
Beijing Environmental Protection Bureau old car phase-out subsidy	0.01%
70MPa hydrogen bottle development project	0.17%
Subsidies for science and technology innovation Team	0.03%

¹⁴⁶ See section 771(5)(E)(ii) of the Act.

¹⁴⁷ See also 19 CFR 351.505(c).

¹⁴⁸ See BTIC SQR2 at Exhibit S1-1.

Vocational skill training subsidy	0.05%
Industrial enterprise economic growth award fund	0.01%
Enterprise discontinued subsidy	0.15%
Langfang Development Zone 2016 Excellent Enterprise Contribution Award	0.02%
Funds for the operation of the state-owned capital in 2017	0.22%
Industry Adjustment Funds transferred by Beijing Switchgear Factory	0.07%
Refund of Land Use Right Assignment Fees from Finance Authority for the Relocation of Jingcheng Heavy Industry Co., Ltd.	0.09%
Refund of Land Use Right Assignment Fees for Beijing Swicthgear Factory	0.08%
Refund of Land Use Right Assignment Fees for Factories Located at Chaoyang District	0.09%
Project of Production Base Construction for Gas Storage and Transportation Equipment	1.42%

B. Programs Preliminarily Determined Not to Confer a Measurable Benefit During the POR

Commerce preliminarily determines that the following programs did not confer a measurable benefit for the mandatory respondent during the POR:

1. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
2. Other Subsidies:
 - 1% VAT reduction for sale of used fixed assets (purchased before 2009)
 - A One-time Award to Beijing Institute of Technology
 - Information fees from Personnel Bureau
 - Information fees of profession price from Labor Bureau
 - Job-subsidy for university students
 - Special Funds for State Technology Support Project
 - Special Funds for Supporting Plan Project
 - 2016 Beijing Municipal Bureau of Finance holiday sympathy to employees who live in difficult condition
 - Advanced unit bonus of standardization of production safety
 - Award for Beijing industry and trade technician college
 - Award for National Unity from State-owned Assets Supervision and Administration Commission
 - Award for Tax Sources of 2012
 - Awarding for cleaner production
 - Awards for enterprises ensuring industry growth in Beijing
 - Bankruptcy Fund transferred by Beijing Insulation Materials Factory
 - Beijing Science and Technology Star Award
 - Cleaner production assessment expense allowance
 - Coal -fired boilers improvement grants allocated by Environmental Sanitation Bureau
 - College student employment subsidy
 - Compensation for Enterprise Development Fund

- Compensation Fund for Termination Labor Relations for Beijing First Machine Tool Factory
- Compensation Funds for Rearranged Workers of Beijing First Machine Tool Factory
- Compensation Funds for Rearranged Workers Turned over by Beijing Switchgear Factory
- Disabled employment subsidies
- Discount Interest from Beijing bureau of promotion
- Discount interest payments for production project of automotive aluminum compound cylinders
- Employment Stabilization Subsidies
- Employment Stabilization Subsidies for subsidiaries
- Employment Stabilization subsidies received on behalf of pilot enterprises
- Energy audit award of Beijing energy conservation and environmental protection center
- Energy-saving subsidies
- Enterprise Development Fund
- Enterprise discontinued subsidy
- Equipment subsidy
- Excellent talents training subsidies from Municipal Organization Department
- Finance Grants for Adjustment and Withdrawal of Enterprises in Disadvantages
- Finance Grants for Bankruptcy of Subsidiaries
- Financial subsidy income
- First Secretary living allowance of State-owned Assets Supervision and Administration Commission
- Foreign Trading Development Fund
- Fund of implementing intellectual property policy
- Funds for Bankruptcy
- Funds from Labor Bureau
- Funds from Social Security Center
- Golden Sun Project Subsidies from Ministry of Finance
- Golden Sun Project Subsidies from Municipal Finance Bureau
- Government subsidies for Beijing's foreign trade and economic cooperation
- Government subsidies of Anti-dumping and Anti-subsidy
- Government subsidies of Double Independent enterprises
- Government subsidies of Double Independent enterprises
- Government subsidies of international market development of small-and-medium-sized enterprises and Double Independent enterprises
- Grants for Beijing Insulation Materials Factory
- Grants for Chief technician studio of the Trade Technician College from Beijing Human Resources and Social Security Bureau
- Hidden dangers rectification fund
- Housing allowance allocated by Bureau of Retired Veteran Cadres
- Housing allowance for Vacating Houses

- Housing Subsidies for Electrical and Mechanical Research Institute Due to its Transformation
- Housing subsidies for nonstandard apartments and non-matched houses of difficult municipal enterprise
- Implementation reward of intellectual property policy
- Incentive for HR department
- Incentive funds of eliminating yellow-label vehicles
- Incentives for technical innovation
- Industrial enterprise economic growth award fund
- Industry Adjustment Fund for Beijing Forklift Factory
- Industry Adjustment Fund for Beijing Heavy-duty Electric Factory
- Industry Adjustment Fund for Beijing Switchgear Factory
- Industry Adjustment Fund for Beiren Group
- Industry Adjustment Fund for Motor General Factory
- Industry Adjustment Fund Transferred by Beijing Switchgear Factory
- Industry Adjustment Fund Transferred by Beiren Group
- Industry Adjustment Funds from Beijing Second Machine Tool Factory
- Information fees of profession price from Labor Bureau
- Institute of Chinese Academy of Sciences(Science and Technology Project)
- Job Stabilization Subsidy
- Langfang Development Zone 2016 Excellent Enterprise Contribution Award
- Municipal-level senior research class funds of Beijing Human Resources and Social Security Bureau(Jingcheng environmental protection cultural and creative industry)
- Pacesetter incentive payments of Municipal State-owned Assets Supervision and Administration Commission
- Patent funding of Chaoyang District
- Production project discount interest payments of aluminum liner
- Project special funds from Ministry of Science and Technology
- Public Finance Budget Funds
- Refund of Land Use Right Assignment Fees for Beijing Electric Mechanical General Factory
- Refund of Land Use Right Assignment Fees for Beijing Switchgear Factory and Jingcheng Heavy Industry Co., Ltd.
- Refund of Land Use Right Assignment Fees for Beiren Group
- Relocation Funds for Veteran Cadres
- Returned Fund from Taxation Administration
- Return of Enterprise Income Tax for Purchasing Equities of Beijing Huade Hydraulic Industrial Co., Ltd.
- Scientific Research Subsidy for 3D printing project
- Special Fund from Finance Authorities
- Service Charge for Tax Collection
- Service Charge of Tax Collection from 2012-2014
- Short-term export credit insurance premium support funds
- Short-term export credit insurance premium support funds

- Social insurance subsidies for SMEs that recruit graduates in the period of job-hunting
- Special fund grants for Energy-saving of Binhai New District
- Special funds of Energy-saving and emission reduction
- Special personnel and labor supporting funds for Beijing Jingcheng Environment Protection Co. Ltd.
- Special subsidies for SMEs development
- Special subsidies of energy-saving development
- Special-purpose bonus
- Subsidies for Electrical and Mechanical Quality Monitoring Center
- Subsidies for enterprises that have resolved excess steel capacity
- Subsidies for science and technology innovation projects of 2011 from Municipal Finance Bureau
- Subsidies for science and technology innovation Team
- Subsidies for scrapped vehicles
- Subsidies of guiding the development of energy saving of Chaoyang District
- Subsidy for Beijing Insulation Materials Factory from Organization Department
- Supporting Fund for Talent
- Supporting Funds for Small-and-Medium-Sized Enterprises
- Survey fee from Population and Family Planning Commission
- Sympathy money of Beijing Veteran Cadres Bureau for the 70th anniversary of the victory of the Anti-Japanese War
- Talent Funds allocated by Beijing municipal committee of the communist party of China
- The National Development and Reform Commission, The withdrawal subsidies of the second batch polluting enterprises adjustment
- Tianjin 8.12 explosion infrastructure (doors, windows, glass, etc.)subsidies
- Tianjin 8.12 explosion interest subsidy
- VAT relief for service fees of tax rebate software
- VAT subsidy payments of Finance bureau of Langfang Development Zone
- Vocational Education and Preschool Education Subsidies for subsidiaries
- Vocational skill training and talent training benefit plan
- Vocational skill training subsidy

C. Programs Preliminarily Determined to be Not Used During the POR

Commerce preliminarily determines that the following programs were not used by BTIC during the POR:

1. Provision of Land and/or Land Use Rights to SOEs at LTAR
2. “Two Free, Three Half” Program for Foreign-Invested Enterprises (FIEs)
3. Enterprise Income Tax Rate Reduction in the Tianjin Port Free Trade Zone
4. Subsidies Provided in the Tianjin Binhai New Area (TBNA) and the Tianjin Economic and Technological Development Area
5. Beijing Industrial Development Fund

6. Loan and Interest Forgiveness for SOEs
7. The State Key Technology Renovation Project Fund
8. Circular on Issuance of Foreign Trade Development Support Fund
9. Rebates for Export and Credit Insurance Fees
10. GOC and Sub-Central Grants, Loans, and Other Incentives for Development of Famous Brands and China Top World Brands
11. Preferential Lending to Steel Product Producers Under the Ninth Five-Year Plan
12. Treasury Bond Loans
13. Preferential Lending to Steel Cylinders Producers and Exporters Classified as “Honorable Enterprises”
14. Income Tax Reductions for Export-Oriented FIEs
15. Preferential Tax Programs for FIEs that are Engaged in Research and Development
16. Income Tax Reduction for FIEs that Reinvest Profits in Export-Oriented Enterprises
17. Local Income Tax Exemption and reduction Programs for “Productive” FIEs
18. Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment
19. VAT Refunds for FIEs Purchasing Domestically Produced Equipment
20. VAT Exemptions for Central Region
21. Provision of Welded Tube Steel for LTAR
22. Export Credit from Export-Import Bank of China: Export Sellers’s Credit

IX. DISCLOSURE AND PUBLIC COMMENT

We intend to disclose to parties in this proceeding the calculations performed in reaching the preliminary results within five days of the publication of these preliminary results.¹⁴⁹ Interested parties may submit written comments (case briefs)¹⁵⁰ within 30 days of the issuance of the preliminary results and rebuttal comments (rebuttal briefs) within five days after the time limit for filing case briefs.¹⁵¹ Rebuttal briefs must be limited to issues raised in the case briefs.¹⁵²

Parties who submit case briefs or rebuttal briefs are requested to submit with the argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.¹⁵³ This summary should be limited to five pages total, including footnotes.

Interested parties who wish to request a hearing must do so in writing within 30 days of publication of these preliminary results in the *Federal Register*. Requests should contain the party’s name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, we intend to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230, at a date, time, and location to be determined.¹⁵⁴

¹⁴⁹ See 19 CFR 351.224(b).

¹⁵⁰ See 19 CFR 351.303 (for general filing requirements).

¹⁵¹ See 19 CFR 351.309(c)(1)(ii)(d)(1).

¹⁵² See 19 CFR 351.309(d)(2).

¹⁵³ See 19 CFR 351.309(c)(2), (d)(2).

¹⁵⁴ See 19 CFR 351.310.

Parties must file their case and rebuttal briefs and any hearing requests, electronically using ACCESS. Electronically filed documents must be received successfully in their entirety through ACCESS by 5:00 p.m. Eastern Time on the due date.

Unless the deadline is extended pursuant to section 751(a)(3)(A) of the Act, we intend to issue the final results of this administrative review, including the results of our analysis of the issues raised by the parties in their comments, within 120 days after publication of these preliminary results.

X. CONCLUSION

Based on our analysis, we recommend adopting the preliminary results described above. If this recommendation is accepted, we will publish the preliminary results of review in the *Federal Register*.

Agree

Disagree

8/7/2019

X 

Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance