



C-570-953
Administrative Review
POR: 1/1/2017-12/31/2017
Public Document
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August 5, 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 Preliminary Results of 2017
Countervailing Duty Administrative Review: Narrow Woven
Ribbons with Woven Selvedge from the People's Republic of
China

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the countervailing duty (CVD) order on narrow woven ribbons with woven selvedge (ribbons) from the People's Republic of China (China). The period of review (POR) is January 1, 2017, through December 31, 2017. The only company subject to this review is Yama Ribbons and Bows Co., Ltd. (Yama). We preliminarily find that Yama received countervailable subsidies during the POR.

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 no later than 120 days after the publication of these preliminary results.



II. BACKGROUND

On September 1, 2010, Commerce published the CVD *Order* on ribbons from China.¹ On September 11, 2018, we published a notice of “Opportunity to Request Administrative Review” of the CVD *Order* on ribbons from China for the period January 1, 2017, through December 31, 2017.²

In October 2018, pursuant to section 751(a)(1) of the Act and 19 CFR 351.213(b)(1), Commerce received a timely request to conduct an administrative review of the CVD *Order* of Yama from the petitioner in this proceeding.³ On November 15, 2018, in accordance with 19 CFR 351.221(c)(1)(i), we published a notice of initiation of administrative review for Yama.⁴

Also, in November 2018, we issued the initial questionnaire to the Government of China (GOC), instructing the GOC to forward the questionnaire to Yama.⁵ From December 2018 through February 2019, we received timely responses to our initial questionnaire from Yama.⁶

In January 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, 2019.⁷

On February 19, 2019, we received a letter on behalf of the China Chamber of International Commerce (China Chamber) stating that: 1) it was submitting a copy of the GOC’s questionnaire responses and its case brief from the 2016 administrative review; 2) because of the overlapping programs between the 2016 and 2017 administrative reviews of this proceeding, Commerce should accept the GOC’s 2016 responses as its response to Commerce’s November 26, 2018, questionnaire issued to the GOC; and 3) it would not submit any further responses for the GOC in this administrative review.⁸

¹ See *Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Countervailing Duty Order*, 75 FR 53642 (September 1, 2010) (*Order*).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 83 FR 45888 (September 11, 2018).

³ The petitioner is Berwick Offray LLC. See Petitioner’s Letter, “Narrow Woven Ribbons with Woven Selvedge from The People’s Republic of China/Petitioner’s Request for Administrative Review,” dated October 1, 2018.

⁴ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 57411 (November 15, 2018).

⁵ See Letter from Commerce, “2017 Administrative Review of the Countervailing Duty Order on Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Countervailing Duty Questionnaire,” dated November 26, 2018 (Initial Questionnaire).

⁶ See Letters from Yama, “Narrow Woven Ribbons with Woven Selvedge from People’s Republic of China, Antidumping Duty: Response to Affiliated Company Questions,” dated December 10, 2018 (Affiliated QR), and “Narrow Woven Ribbons with Woven Selvedge from People’s Republic of China, Antidumping Duty: Response to Section III Questionnaire,” dated February 5, 2019 (Yama’s QR).

⁷ See Memorandum to the Record from Gary Taverman, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, “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.

⁸ See Letter from the China Chamber, “Narrow Woven Ribbons with Woven Selvedge from People’s Republic of China: GOC Response,” dated February 19, 2019.

In May 2019, we requested information on the additional subsidy programs that were found to be countervailable in the final results of the 2016 administrative review of this proceeding from Yama and issued supplemental questionnaires to Yama and the GOC. In June 2019, we received timely responses from Yama to our requests for information;⁹ however, we received no such responses from the GOC. Also, in June 2019, we extended the deadline for the preliminary results of this administrative review until August 9, 2019.¹⁰ Finally, in June and July 2019, we received timely benchmark information from the petitioner and Yama.¹¹

III. SCOPE OF THE *ORDER*

The merchandise subject to the *Order* is narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof. Narrow woven ribbons subject to the *Order* may:

- also include natural or other non-man-made fibers;
- be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;
- have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;
- have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;
- have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;
- have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;
- have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;

⁹ See Letter from Yama, “Narrow Woven Ribbons with Woven Selvedge from People’s Republic of China, Countervailing Duty: Response to Supplemental Questionnaire,” dated June 5, 2019 (Yama’s SQR).

¹⁰ See Memorandum “Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Extension of Deadline for Preliminary Results of the 2017 Countervailing Duty Administrative Review,” dated June 14, 2019.

¹¹ See Petitioner’s Letter, “Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China/Petitioner’s Benchmark Data,” dated June 21, 2019 (Petitioner’s Benchmark Submission) and Yama’s Letter, “Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Benchmark Submission,” dated July 10, 2019 (Yama’s Benchmark Submission).

- consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an “ornamental trimming;”
- be wound on spools; attached to a card; hanked (*i.e.*, coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or
- be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.

Narrow woven ribbons subject to the *Order* include all narrow-woven fabrics, tapes, and labels that fall within this written description of the scope of this *Order*.

Excluded from the scope of the *Order* are the following:

- (1) formed bows composed of narrow woven ribbons with woven selvedge;
- (2) “pull-bows” (*i.e.*, an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;
- (3) narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (*i.e.*, filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the United States (HTSUS), Section XI, Note 13) or rubber thread;
- (4) narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;
- (5) narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding eight centimeters;
- (6) narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag;
- (7) cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sono-bonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;
- (8) narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;
- (9) narrow woven ribbons constructed from pile fabrics (*i.e.*, fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric);

(10) narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise;

(11) narrow woven ribbon that is (a) affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to non-subject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such non-subject merchandise, such as a “belly band” around a pair of pajamas, a pair of socks or a blanket;

(12) narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel; and

(13) narrow woven ribbon(s) included with non-subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches, none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit.

The merchandise subject to this *Order* is classifiable under the HTSUS statistical categories 5806.32.1020; 5806.32.1030; 5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS statistical categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise under the *Order* is dispositive.

IV. DIVERSIFICATION OF CHINA’S ECONOMY¹²

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:¹³ 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. 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.

¹² In accordance with Section 701(f) of the Act, Commerce continues to apply CVD law to China.

¹³ See Memorandum, “2017 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: China Statistical Yearbook Information,” dated concurrently with this memorandum.

V. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

Sections 776(a)(1) and (2) of the Act provide that Commerce, subject to section 782(d) of the Act, shall 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.

Where Commerce determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that Commerce will so inform the party submitting the response and will, to the extent practicable, provide that party with an opportunity to remedy or explain the deficiency. If the party fails to remedy or satisfactorily explain the deficiency within the applicable time limits, subject to section 782(e) of the Act, Commerce may disregard all or part of the original and subsequent responses, as appropriate.

Section 776(b) of the Act 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. In so doing, Commerce is not required to determine, or make any adjustments to, a countervailable subsidy rate based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information.¹⁴ Furthermore, 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 CVD investigation, a previous administrative review, or other information placed on the record.¹⁵

Finally, under the new section 776(d) of the Act, Commerce may use any countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a CVD rate for a subsidy program from a proceeding that the administering authority considers reasonable to use, including the highest of such rates. When selecting an adverse facts available (AFA) rate from among the possible sources of information, Commerce’s practice is to ensure that the rate is sufficiently adverse “as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide Commerce with complete and accurate information in a timely manner.”¹⁶ Commerce’s practice also ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”¹⁷

¹⁴ See section 776(b)(1)(B) of the Act.

¹⁵ See 19 CFR 351.308(c).

¹⁶ See, e.g., *Countervailing Duty Investigation of Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from the People’s Republic of China: Final Affirmative Determination, and Final Affirmative Determination of Critical Circumstances, in Part*, 82 FR 58175 (December 11, 2017), and accompanying IDM at “Use of Facts Otherwise Available and Adverse Inferences.”

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

For purposes of this preliminary determination, we are applying AFA to the programs as outlined below:

A. GOC – Market Distorted by Government Presence

In this review, we are examining the provision of synthetic yarn and caustic soda for less-than-adequate-remuneration (LTAR). Commerce requested that the GOC provide information concerning the industries for these inputs in China for the POR. Specifically, we requested that the GOC provide the following information for both inputs:¹⁸

- a. The total number of producers.
- b. The total volume and value of Chinese domestic consumption of {input} and the total volume and value of Chinese domestic production of {input}.
- c. The percentage of domestic consumption accounted for by domestic production.
- d. The total volume and value of imports of {input}.
- e. The percentage of total volume and (separately) value of domestic production that is accounted for by companies in which the Government maintains an ownership or management interest, either directly or through other Government entities, including a list of the companies that meet these criteria.
- f. A discussion of what laws, plans or policies address the pricing of the input, the levels of production of the input, the importation or exportation of the input, or the development of the input capacity. Please state which, if any, central and sub-central level industrial policies pertain to the input industry.

Commerce requested such information to determine to what extent the GOC is involved as a provider of these inputs in China and whether its presence in the market is such that it distorts all transaction prices. As noted above, the GOC failed to respond to the questionnaire for this POR and informed Commerce that it would not participate further in this review. Therefore, we preliminarily determine that the GOC withheld necessary information that was requested of it and, thus, we must rely on facts available in these preliminary results.¹⁹ 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.²⁰ In drawing an adverse inference, we preliminarily find that prices from actual transactions involving Chinese buyers and sellers are significantly distorted by the involvement of the GOC.²¹ Therefore, we preliminarily find that the use of an external benchmark is warranted for calculating the benefit for the provision of synthetic yarn and caustic soda for LTAR.

For details regarding the remaining elements of our analysis, *see* the “Provision of Synthetic Yarn for LTAR,” and “Provision of Caustic Soda for LTAR” sections, below.

¹⁸ See Initial Questionnaire.

¹⁹ See section 776(a)(2)(A) of the Act.

²⁰ See section 776(b) of the Act.

²¹ See *Countervailing Duties; Final Rule*, 63 FR 65348, 65377 (November 25, 1998) (*Preamble*).

B. Certain Producers of Synthetic Yarn and Caustic Soda are “Authorities”

As discussed above, Commerce is investigating the provision of synthetic yarn and caustic soda for LTAR. We requested information from the GOC regarding the specific companies that produced the input products that Yama purchased during the POR. Specifically, we sought information from the GOC that would allow us to determine whether the producers are “authorities” within the meaning of section 771(B) of the Act.²² Furthermore we asked the GOC to: (1) provide information about the involvement of the Chinese Communist Party (CCP) in any input supplier identified by Yama, including whether individuals in management positions are CCP members, in order to evaluate whether the input suppliers which supplied Yama are “authorities” with the meaning of section 771(B) of the Act; and (2) identify any owners, members of the board of directors, or managers of the input suppliers who were government or CCP officials during the POR.²³

By failing to respond to the questionnaire, the GOC withheld information requested of it regarding the CCP’s role in the ownership and management of Yama’s input suppliers. As we explained in the Additional Documents Memorandum,²⁴ we understand the CCP to exert significant control over economic activities in China. Thus, Commerce finds, as it has in prior CVD proceedings,²⁵ that the information requested regarding the role of CCP officials and CCP committees in the management and operations of Yama’s input suppliers is necessary to our determination of whether these producers are “authorities” within the meaning of section 771(5)(B) of the Act.

Therefore, we find that the GOC withheld necessary information that was requested of it and that Commerce must rely on facts available in conducting our analysis of the producers that supplied Yama with these inputs during the POR.²⁶ As a result of the GOC’s failure to participate in this review, we find that the GOC failed to cooperate by not acting to the best of its ability to comply with our requests for information. Consequently, we determine that the GOC withheld information, and that an adverse inference is warranted in the application of facts available.²⁷ In drawing an adverse inference, we find that CCP officials are present in each of Yama’s input suppliers as individual owners, managers and members of the boards of directors, and that this gives the CCP, as the government, meaningful control over the companies and their resources. As explained in the Public Body Memorandum, an entity with significant CCP presence on its board or in management or in party committees may be controlled, such that it possesses, exercises, or is vested with governmental authority.²⁸ Thus, we preliminarily find that all the

²² See Initial Questionnaire.

²³ *Id.*

²⁴ See Memorandum, “2017 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Seldge from the People’s Republic of China: Additional Documents for the Preliminary Results,” at Attachment III, which includes the Public Body Memorandum and its attachment, the CCP Memorandum, dated concurrently with this memorandum (Additional Documents Memorandum).

²⁵ See, e.g., *Citric Acid and Certain Citrate Salts: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78799 (December 31, 2014), and accompanying IDM at Comment 5 (*Citric Acid 2012 AR*).

²⁶ See sections 776(a)(1) and 776(a)(2)(A) of the Act.

²⁷ See section 776(b) of the Act.

²⁸ See, e.g., Additional Documents Memorandum at Attachment III: Public Body Memorandum at 33-36, 38.

producers that supplied Yama with synthetic yarn and caustic soda during the POR are “authorities” within the meaning of section 771(5)(B) of the Act.

C. Export Buyer’s Credits

As discussed under “Programs Preliminarily Determined to be Countervailable,” below, we are investigating export buyer’s credits provided by the Export-Import Bank of China (EXIM Bank). Because the GOC failed to respond to the questionnaire and informed Commerce that it would not participate further in this review, we preliminarily determine that the use of AFA is warranted in determining the countervailability of the Export Buyer’s Credit program. Commerce lacks the necessary information to analyze this program and to determine the extent to which Yama’s U.S. customers used the Export Buyer’s Credit program during the POR. As a result, we must rely on the facts otherwise available, pursuant to sections 776(a)(1) and 776(a)(2)(A) of the Act.

In the questionnaire, we requested that the GOC answer all the questions in the Standard Questions Appendix and other specific questions relating to the EXIM Bank’s export buyer’s credits program, which are necessary for Commerce to analyze how the program is administered and how it functions.²⁹ But as noted above, the GOC did not respond to the questionnaire for this review period. Information obtained in a prior CVD proceeding indicates that the GOC revised the Administrative Measures regarding this program in 2013. This information provides that the China EXIM Bank may disburse export buyer’s credits directly or through third-party partner and/or correspondent banks.³⁰ Because of the complicated structure of loan disbursements for this program, Commerce’s complete understanding of how this program is administered is necessary. Therefore, without the necessary information, we are not able to make a determination as to whether this program constitutes a financial contribution and is specific. Accordingly, we find that the GOC has not cooperated to the best of its ability in response to Commerce’s specific information requests.³¹ As a result, we preliminarily determine, as AFA, that this program constitutes a financial contribution and meets the specificity requirements of the Act.

Moreover, the GOC is the only party that can answer questions about the internal administration of this program. The GOC’s refusal to provide the 2013 revisions to the administrative measures, which provide internal guidelines for how this program is administered by the China EXIM Bank, and a list of partner/correspondent banks that are used to disperse funds through this program, constitutes withholding necessary information and impeded Commerce’s ability to analyze the program’s operation or determine how the program could be properly verified. Thus, the GOC’s failure to provide the requested information further undermines Commerce’s ability to verify Yama’s claims of non-use. Therefore, we preliminarily find that the GOC has not cooperated to the best of its ability and, as AFA, find that Yama used and benefited from this

²⁹ See Initial Questionnaire.

³⁰ See Memorandum, “2017 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Placing Information on the Record,” dated concurrently with this memorandum.

³¹ See Section 776(d) of the Act.

program, despite its claims that its U.S. customers had not obtained export buyer's credits from the EXIM Bank during the POR.³²

Under the new section 776(d) of the Act, Commerce may use as AFA a 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, a CVD rate for a subsidy program from a proceeding that the administering authority considers reasonable to use, including the highest of such rates. Additionally, when selecting an AFA rate, Commerce is not required for purposes of 776(c), or any other purpose, to estimate what the countervailable subsidy rate would have been if the non-cooperating interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an "alleged commercial reality" of the interested party.³³

Consistent with section 776(d) of the Act and our established practice, we select the highest calculated rate for the same or similar program as AFA.³⁴ When selecting rates in an administrative review, we first determine if there is an identical program from any segment of the proceeding and use the highest calculated rate for the identical program (excluding *de minimis* rates). If no such identical program exists, we then determine if there is a similar/comparable program (based on the treatment of the benefit) within the same proceeding and apply the highest calculated rate for the similar/comparable program, excluding *de minimis* rates. Where there is no comparable program, we apply the highest calculated rate from any non-company specific program in any CVD case involving the same country, but we do not use a rate from a program if the industry in the proceeding cannot use that program.³⁵

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."³⁶ The SAA provides that to "corroborate" secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.³⁷

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.³⁸ Furthermore, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party

³² See Section 776(d) of the Act; see also Yama's QR at 17 and 18 and Exhibits 12 and 13.

³³ See section 776(d)(3) of the Act.

³⁴ 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) (upholding "hierarchical methodology for selecting an AFA rate").

³⁵ See *Shrimp from China* IDM at 13-14.

³⁶ See SAA at 870 (1994), reprinted at 1994 U.S.C.C.A.N. 4040, 4199.

³⁷ *Id.*

³⁸ *Id.* at 869-870.

failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.³⁹

Therefore, because we have not previously calculated an above-*de minimis* rate for this program, or a similar program, in this proceeding, we are relying on the highest rate determined for a similar program in another CVD proceeding involving China. Specifically, consistent with *Ribbons AR 2016*,⁴⁰ we assigned an AFA rate of 10.54 percent *ad valorem*, the highest rate determined for a similar program in *Coated Paper from China*, as the rate for this program.⁴¹

D. Provision of Electricity for LTAR

As discussed under “Programs Preliminarily Determined to be Countervailable,” below, we are investigating the alleged provision of electricity for LTAR. Because the GOC failed to respond to the questionnaire for this POR and informed Commerce that it would not participate further in this review, we preliminarily determine that the use of AFA is warranted in determining the countervailability of the alleged provision of electricity for LTAR. We preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that information necessary to our analysis of financial contribution and specificity is not available on the record, that the GOC withheld information requested by us, and that the GOC significantly impeded this proceeding. Thus, we must rely on “facts available” in these preliminary results.⁴² Moreover, we preliminarily determine, in accordance with section 776(b) of the Act, that the GOC failed to cooperate to the best of its ability to comply with our requests for information. As a result, an adverse inference is warranted in the application of facts available.⁴³ In applying AFA, 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 the 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.

Based on the AFA rate selection hierarchy described under “Export Buyer’s Credits,” above, we are using an AFA rate of 1.47 percent *ad valorem*, the highest rate calculated for this program in this proceeding,⁴⁴ as the rate for this program for Yama. Additionally, based on the methodology also described above for corroborating secondary information, we have corroborated the selected

³⁹ See section 776(d) of the Act.

⁴⁰ See *Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2016*, 84 FR 11052 (March 25, 2019) (*Ribbons AR 2016*), and accompanying IDM at Comment 3.

⁴¹ See *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People’s Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 70201 (November 17, 2010) (*Coated Paper from China*) (revised rate for “Preferential Lending to the Coated Paper Industry” program).

⁴² See sections 776(a)(1), (a)(2)(A) and (a)(2)(C) of the Act.

⁴³ See section 776(b) of the Act.

⁴⁴ See *Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2015*, 83 FR 11177 (March 14, 2018) (*Ribbons AR 2015*), and accompanying IDM at 6-7.

rate to the extent possible and find that the rate is reliable and relevant for use as an AFA rate for the Provision of Electricity for LTAR program.⁴⁵

E. Other Subsidy Programs

Yama also self-reported the following other subsidy programs: Preferential Tax Policies for Research and Development Expenses; Assistance of Wages for Over-recruiting Disabled Employees; Assistance for Industrial Transformation and Upgrading; Assistance for Stable Employment; Assistance for Reconstruction after Typhoon; Assistance for Recruiting Labor in Xiamen; Assistance for Fair Trade; Assistance for Recruiting Personnel with Difficulties in Employment; Assistance for Recruiting Immigrating Population; Assistance for ERP Cloud Service; Payment from Xiamen Commerce Bureau for Setting Overseas Contact Location; Payment from Economic and Information Bureau of Jimei District; and Unknown Payments from the Xiamen Commerce Bureau.⁴⁶ Given the GOC's failure to respond to our requests for information in this administrative review, we preliminarily determine that the use of facts available pursuant to sections 776(a)(1) and (2)(A) of the Act is warranted in determining the countervailability of these apparent subsidies reported by Yama. First, necessary information regarding whether these programs provide a financial contribution, within the meaning of section 771(5)(D) of the Act, and whether these programs are specific, within the meaning of section 771(5A) of the Act, is not on the record of this review due to the GOC's lack of cooperation.⁴⁷ Further, the GOC withheld information that was requested of it by not providing information regarding these subsidies in response to our questionnaire.⁴⁸ Because the GOC failed to provide the requested information, we find that the GOC failed to cooperate to the best of its ability regarding our request for information on the assistance which the GOC provided. Therefore, we find that an adverse inference is warranted with respect to these subsidies, pursuant to section 776(b) of the Act. As a result, we preliminarily find that, as AFA, these subsidies reported by Yama provide a financial contribution and are specific within the meaning of sections 771(5)(D) and 771(5A) of the Act, respectively. To preliminarily determine whether benefits were provided as a result of these subsidies within the meaning of section 771(5)(E) of the Act, the Department relied on Yama's usage information.

⁴⁵ See section 776(c) of the Act.

⁴⁶ See Yama's QR at 22-23 and 45-84.

⁴⁷ See section 776(a)(1) of the Act.

⁴⁸ See section 776(a)(2)(A) of the Act.

F. All Other Programs Previously Found to be Countervailable

Further for the programs that Commerce has previously found to be countervailable, in part because these programs constituted a financial contribution by an authority and were specific,⁴⁹ we are continuing to find these programs to constitute a financial contribution by an authority and to be specific. It is Commerce's practice not to revisit financial contribution and specificity determinations made in a prior segment of the same proceeding, absent the presentation of new facts or evidence.⁵⁰ The United States Court of Appeals for the Federal Circuit (CAFC) has affirmed this practice, under section 751(a)(1)(A) of the Act.⁵¹ In this administrative review, the GOC withheld information requested of it, including new information regarding the financial contribution and specificity of these programs. In light of the lack of new information on the record, and consistent with our practice and *Magnola*, we are continuing to find these programs to be countervailable.

VI. SUBSIDIES VALUATION

A. Allocation Period

The average useful life (AUL) period in this proceeding, as described in 19 CFR 351.524(d)(2), is 10 years, according to the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System for assets used to manufacture the subject merchandise.⁵² Commerce notified the GOC and Yama of the AUL in the initial questionnaire and requested data accordingly. No party in this proceeding disputed this allocation period.

Furthermore, for non-recurring subsidies, we 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 year in which the assistance was approved. 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 over the AUL.

⁴⁹ See *Countervailing Duty Investigation of Certain Crystalline Silicon Photovoltaic Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 76962 (December 23, 2014) (*Solar Products Inv. Final*) and accompanying IDM at sections VIII.A and B.1.a; and *Certain Crystalline Silicon Photovoltaic Products from the People's Republic of China: Final Results of Countervailing Duty Administrative Review, and Partial Rescission of Countervailing Duty Administrative Review, 2014-2015*, 82 FR 42792 (September 12, 2017) (*Solar Products 2014 AR*) and accompanying IDM at section X.A We are now clarifying that the program, Export Buyer's Credits from the China Export-Import Bank, is export-contingent, pursuant to section 771(5A)(B) of the Act.

⁵⁰ See *Certain Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, Products 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 27 n.130 ("In a CVD administrative review, we do not revisit past determination of countervailability made in the proceeding, absent new information.").

⁵¹ See *Magnola Metallurgy, Inc. v United States*, 508 F.3d 1349, 1353-56 (CAFC 2007) (*Magnola*).

⁵² See U.S. Internal Revenue Service Publication 946 (2015), "How to Depreciate Property" at Table B-2: Table of Class Lives and Recovery Periods.

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) provide 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 the other corporation(s) 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 voting ownership interest between two corporations or through common ownership of two (or more) corporations. The preamble to Commerce's regulations further clarifies Commerce's cross-ownership standard. According to the 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.⁵³

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 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 way it could use its own subsidy benefits.⁵⁴

Yama reported that it had several affiliated companies during the POR.⁵⁵ However, Yama also reported that none of its affiliates: 1) produced the subject merchandise; 2) provided inputs to Yama to produce downstream products; or 3) received or transferred any subsidy to Yama.⁵⁶ Additionally, Yama reported that its owner, a Hong Kong company, was not involved in the supply or production of the subject merchandise, and that it did not receive any subsidies from

⁵³ See *Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998).

⁵⁴ See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

⁵⁵ See *Affiliated QR*, at 3-4.

⁵⁶ *Id.*

the GOC during the POR.⁵⁷ Therefore, we preliminarily determine that Yama's affiliated companies do not meet any of the attribution conditions set forth in 19 CFR 351.525(b)(6)(ii)-(v); as a result, we have not included these affiliated companies in our subsidy analysis.

C. Denominators

In accordance with 19 CFR 351.525(b), when selecting an appropriate denominator for use in calculating the *ad valorem* subsidy rate, Commerce considers the basis for the respondent's receipt of benefits under each program. As discussed in further detail below in the "Programs Preliminarily Determined to be Countervailable" section, for the programs we found to be countervailable as domestic subsidies, we used Yama's total sales as the denominator. For the programs we found to be countervailable as an export subsidy, we used Yama's total export sales as the denominator. In the sections below, we describe the denominators we used to calculate the countervailable subsidy rates for the various subsidy programs.⁵⁸

VII. INTEREST RATE BENCHMARKS, DISCOUNT RATES, AND INPUTS

Commerce is examining non-recurring allocable subsidies received by Yama during the POR.⁵⁹ The derivation of the benchmark interest and discount rates used to value these subsidies is discussed below.

Discount Rate Benchmarks

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 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.⁶⁰ Commerce recently conducted a re-assessment of China's financial system for CVD benchmarking purposes.⁶¹ 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 the China in terms of risk pricing and resource allocation, precluding the use of interest rates in China for CVD benchmarking or discount rate purposes. Consequently, 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

⁵⁷ *Id.*

⁵⁸ See Preliminary Calculation Memorandum.

⁵⁹ See 19 CFR 351.524(b)(1).

⁶⁰ See *Coated Free Sheet Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (*CFS from China*), and accompanying IDM at Comment 10; see also Memorandum, "2017 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Placement of Banking Memoranda on Record of the Instant Review," dated concurrently with this memorandum.

⁶¹ See Memorandum, "2017 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Analysis of China's Financial System," dated concurrently with this memorandum.

using a Chinese discount rate, Commerce selected an external market-based benchmark interest rate. The use of an external benchmark is consistent with Commerce's practice.⁶²

In past proceedings involving imports from China, we calculated the external benchmark using the methodology first developed in *CFS from China*,⁶³ and later updated in *Thermal Paper from China*.⁶⁴ 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 from China*, this pool of countries captures the broad inverse relationship between income and interest rates. For 2003 through 2009, China fell in the lower-middle income category.⁶⁵ Beginning in 2010, however, China was classified in the upper-middle income category and remained there from 2011 to 2017.⁶⁶ Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the discount rates for 2003-2009, and we used the interest rates of upper-middle income countries to construct the discount rates for 2010-2017. This is consistent with Commerce's calculation of interest rates for recent CVD proceedings involving Chinese merchandise.⁶⁷

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 2003-2009 and 2011-2017, the results of the regression analysis reflected the expected, common-sense result: stronger institutions meant relatively lower real interest rates, while weaker institutions meant relatively higher real interest rates.⁶⁸ For 2010, however, the regression does not yield that outcome for China's income group.⁶⁹ 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 since *CFS from China* to compute the benchmarks for the years from 2001-2009 and 2011-2017. For the

⁶² See, e.g., *Certain New Pneumatic Off-The-Road Tires from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2015*, 82 FR 46754 (October 6, 2017), and accompanying PDM at 21, unchanged in *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2015*, 83 FR 16055 (April 13, 2018).

⁶³ See *CFS from China* IDM at Comment 10.

⁶⁴ See *Lightweight Thermal Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from China*), and accompanying IDM at 8-10.

⁶⁵ See World Bank Country Classification, <http://data.worldbank.org/about/country-and-lending-groups>; see also Memorandum, "2017 Countervailing Duty Administrative Review of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Loan Interest Rate Benchmarks," dated concurrently with this memorandum (Interest Rate Benchmark Memorandum).

⁶⁶ *Id.*

⁶⁷ 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 PDM at "Benchmarks and Discount Rates," unchanged in *Shrimp from China*.

⁶⁸ See Interest Rate Benchmark Memorandum.

⁶⁹ *Id.*

2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

Many of the countries in the World Bank's upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund, and they are included in that agency's International Financial Statistics (IFS). With the exceptions noted below, we used the interest and inflation rates reported in the IFS for the countries identified as "upper middle income" by the World Bank for 2010-2017 and "lower middle income" for 2001-2009.⁷⁰ First, we did not include those economies that Commerce considered to be NMEs for 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 remove 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.⁷¹ Because the resulting rates are net of inflation, we adjusted the benchmark to include an inflation component.⁷²

The lending rates reported in the IFS represent short- and medium-term lending, and there are not sufficient publicly-available long-term interest rate data upon which to base a robust benchmark for long-term loans. To address this problem, 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.⁷³

In the *Citric Acid Investigation*, 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.⁷⁴ Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.⁷⁵

Thus, consistent with 19 CFR 351.524(d)(3)(i)(A), we used, as our 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.⁷⁶ The resulting interest rate benchmarks that we used in the preliminary calculations are provided in the Interest Rate Benchmark Memorandum.

Benchmarks to Determine Adequacy of Remuneration for Inputs

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² *Id.*

⁷³ See, e.g., *Thermal Paper from China* IDM at 10.

⁷⁴ 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 Investigation*), and accompanying IDM at Comment 14.

⁷⁵ See Interest Rate Benchmark Memorandum.

⁷⁶ See Preliminary Calculation Memorandum; see also Interest Rate Benchmark Memorandum.

The adequacy of remuneration for government-provided goods or services is determined pursuant to 19 CFR 351.511(a)(2). Under 19 CFR 351.511(a)(2), Commerce measures the remuneration received by a government for goods or services against comparable benchmark prices to determine whether the government provided goods or services for LTAR. 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 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 provided in our regulations, the preferred benchmark in the hierarchy is an observed market price from actual transactions within the country under investigation (*i.e.*, tier one). This is because such prices generally would be expected to reflect most closely the prevailing market conditions of the purchaser under investigation.

Synthetic Yarn and Caustic Soda Input Benchmarks

For both of the inputs, as discussed above in the section, “Use of Facts Otherwise Available and Adverse Inferences,” we preliminarily determine that all of Yama’s synthetic yarn and caustic soda suppliers are “authorities.” Therefore, prices from its suppliers are not usable as benchmarks, as they are prices charged by the very providers of the good at issue. We selected the benchmarks for measuring the adequacy of the remuneration for synthetic yarn and caustic soda in accordance with 19 CFR 351.511(a). Below, we analyze the information provided and the selection of a benchmark for both inputs. We note that, where possible, we have removed China import prices from the benchmarks for these preliminary results for the reasons described below.

VIII. ANALYSIS OF PROGRAMS

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

I. Programs Preliminarily Determined to be Countervailable

A. Income Tax Reduction for High and New Technology Enterprises (HNTEs)

In *Ribbons AR 2016*, we found this program to be countervailable.⁷⁷ Yama reported that it used this program during the POR.⁷⁸ Therefore, consistent with *Ribbons AR 2016*, we preliminarily determine that the tax savings received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D)(ii) and 771(5)(E) of the Act, respectively. Further, regarding

⁷⁷ See *Ribbons AR 2016* IDM at 3.

⁷⁸ See Yama’s QR at 24 and Exhibit 4.

specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.⁷⁹

We calculated the benefit as the difference between the taxes Yama would have paid under the standard 25 percent tax rate and the taxes that Yama actually paid under the preferential 15 percent tax rate, as reflected on the company's tax returns filed during the POR, as provided for under 19 CFR 351.509(a)(1) and (b)(1). We treated the tax savings as a recurring benefit consistent with 19 CFR 351.524(c)(1).

We attributed benefits under this program to Yama's total POR sales, as discussed in the "Attribution of Subsidies" section above. On this basis, we preliminarily determine a countervailable subsidy rate for Yama of 0.36 percent *ad valorem*.⁸⁰

B. Preferential Tax Policy for Wages of Disabled Employees

In *Ribbons AR 2016*, we found this program to be countervailable.⁸¹ Yama reported that it used this program during the POR.⁸² Therefore, consistent with *Ribbons AR 2016*, we preliminarily determine that the tax savings received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D)(ii) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.

We calculated the benefit as the difference between the taxes Yama would have paid under the standard 25 percent tax rate and the taxes that Yama actually paid under this preferential deduction to taxable income, as reflected on the company's tax returns filed during the POR, as provided for under 19 CFR 351.509(a)(1) and (b)(1). We treated the tax savings as a recurring benefit consistent with 19 CFR 351.524(c)(1). We attributed benefits under this program to Yama's total POR sales, as discussed in the "Attribution of Subsidies" section above. On this

⁷⁹ See *Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2016*, 83 FR 50891 (October 10, 2018) (*Ribbons AR 2016 Prelim*), and accompanying PDM at 25, unchanged in *Ribbons AR 2016 IDM*.

⁸⁰ See Preliminary Calculation Memorandum.

⁸¹ See *Ribbons AR 2016 Prelim* PDM at 26, unchanged in *Ribbons AR 2016 IDM*.

⁸² See Yama's QR at 26-27 and Exhibit 4.

basis, we preliminarily determine a countervailable subsidy rate for Yama of 0.01 percent *ad valorem*.⁸³

C. Provision of Synthetic Yarn for LTAR

In *Ribbons AR 2016*, Commerce found this program to be countervailable.⁸⁴ As discussed in “Use of Fact Otherwise Available and Adverse Inferences,” we are basing our preliminary finding regarding the government’s provision of synthetic yarn for LTAR on AFA. Thus, we preliminarily determine that the GOC’s provision of synthetic yarn for LTAR 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.

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under review and from the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce, as AFA, typically finds that a financial contribution exists under the alleged program and that the program is specific.⁸⁵ However, where possible, Commerce will rely on a respondent’s reported information to determine the existence and the amount of the benefit to the extent that such information is useable and verifiable.

As discussed under “Use of Facts Otherwise Available and Adverse Inferences,” above, because the GOC did not provide us with required information regarding Yama’s input producers, we are relying on AFA to determine that Yama’s suppliers of synthetic yarn are “authorities” within the meaning of section 771(5)(B) of the Act and that Yama received financial contributions from them in the form of the provision of a good, pursuant to section 771(5)(D)(iii) of the Act. Furthermore, as discussed under “Use of Facts Otherwise Available and Adverse Inferences” above, due to the GOC’s failure to respond to the market distortion questions, we are preliminarily relying on AFA to determine that actual transaction prices for synthetic yarn in China are significantly distorted by the government’s involvement in the market. As such, we preliminarily determine that domestic prices in China cannot serve as viable, tier one benchmark prices. For the same reasons, we determine that import prices into China cannot serve as a benchmark.⁸⁶ Accordingly, to determine whether the provision of synthetic yarn conferred a benefit within the meaning of section 771(5)(E)(iv) of the Act, we applied a tier two benchmark (*i.e.*, world market prices available to purchasers in China).⁸⁷

The petitioner and Yama submitted prices that they suggested are appropriate for use as a tier two benchmarks. The petitioner submitted POR monthly export prices from United Nations International Trade Statistics Database (Comtrade) for HTSUS numbers 5402.31, 5402.33 and 5402.52 (*i.e.*, textured yarn, textured yarn of polyesters) for various countries, excluding exports

⁸³ See Preliminary Calculation Memorandum.

⁸⁴ See *Ribbons AR 2016* IDM at 4.

⁸⁵ 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.

⁸⁶ See “Synthetic Yarn and Caustic Soda Input Benchmarks” section above.

⁸⁷ See 19 CFR 351.511(a)(2)(ii).

from China.⁸⁸ The petitioner also excluded exports from “EU-28” and partner World prices to avoid double counting.⁸⁹ Yama submitted POR monthly export prices from Comtrade for HTSUS numbers 5402.33 and 5402.47 (*i.e.*, textured yarn of polyesters) only for partner World prices.⁹⁰ For the preliminary results, we relied on: (1) the country-specific export prices for HTSUS numbers 5402.31, 5402.33, and 5402.52, excluding “EU-28” and partner World export prices as submitted by the petitioner; and (2) HTSUS number 5402.47 partner World prices, as submitted by Yama. In addition, consistent with our benchmark hierarchy under tier two, we included the export prices from China that the petitioner excluded from its country-specific export price data.⁹¹

Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under 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. Accordingly, in deriving the benchmark prices, we included international freight. The petitioner placed on the record POR ocean freight pricing data from Descartes for shipments of synthetic yarn from various ports to Shanghai, China.⁹² Although Yama also submitted suggested benchmarks for ocean freight, because these data were not contemporaneous with the POR, we did not use them.⁹³ Thus, for purposes of these preliminary results, we relied on the information the petitioner provided for ocean freight to construct the benchmark price for synthetic yarn.

We also added to the benchmark prices: (1) inland freight from the factory to the port based on Yama’s per-kilogram freight expenses for transporting the finished product;⁹⁴ (2) import duties as reported by the GOC in *Ribbons AR 2015*;⁹⁵ and (3) the value added tax (VAT) applicable to imports of synthetic yarn into China.⁹⁶

Finally, to derive the benchmark, we did not include marine insurance. In prior CVD proceedings involving China, Commerce found that, while Chinese customs authorities impute an insurance cost on certain imports for purposes of levying duties and compiling statistical data, there is no evidence to suggest that Chinese customs authorities actually require importers to pay insurance charges.⁹⁷

Comparing the adjusted benchmark prices to the prices paid by Yama for synthetic yarn during the POR, we preliminarily find that the GOC provided synthetic yarn for LTAR, and that a

⁸⁸ See Petitioner’s Benchmark Submission at Exhibit 1.

⁸⁹ *Id.*

⁹⁰ See Yama’s Benchmark Submission at Exhibits 3-6.

⁹¹ See Preliminary Calculation Memorandum.

⁹² See Petitioner’s Benchmark Submission at Exhibits 3-6.

⁹³ See Yama’s Benchmark Submission at Exhibit 8.

⁹⁴ See Yama’s QR at 13 and Exhibit 8.

⁹⁵ Because the GOC failed to provide this information for the POR, we are relying on information from *Ribbons AR 2015*, which is on the record of this administrative review, as facts available pursuant to section 776(a)(1) of the Act. See Yama’s QR at Exhibit 1.

⁹⁶ See Preliminary Calculation Memorandum.

⁹⁷ See, *e.g.*, *Pre-Stressed Concrete Steel Wire Strand from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 28557 (May 21, 2010) (*Steel Wire Strand from China*), and accompanying IDM at Comment 13.

benefit exists in the amount of the difference between the benchmark price and the price that Yama paid for this input.⁹⁸ To calculate the benefit, we calculated the difference between the delivered world market prices and the prices that Yama paid for synthetic yarn, including any taxes or delivery charges incurred to deliver the products to Yama. We divided the total benefits by Yama's total POR sales. On this basis, we preliminarily determine that Yama received a countervailable subsidy of 17.76 percent *ad valorem* for synthetic yarn.⁹⁹

D. Provision of Caustic Soda for LTAR

In *Ribbons AR 2016*, Commerce found this program to be countervailable.¹⁰⁰ As discussed in “Use of Fact Otherwise Available and Adverse Inferences,” we are basing our preliminary finding regarding the government's provision of caustic soda for LTAR on AFA. Because the GOC did not provide us with the necessary information for Yama's input producers, we preliminarily determine that the GOC's provision of caustic soda for LTAR 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.

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under investigation and from the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce, as AFA, typically finds that a financial contribution exists under the alleged program and that the program is specific.¹⁰¹ However, where possible, Commerce will rely on a respondent's reported information to determine the existence and the amount of the benefit to the extent that such information is useable and verifiable.

As discussed under “Use of Facts Otherwise Available and Adverse Inferences,” above, due to the GOC's failure to respond to the input producer appendix, we are relying on AFA to determine that Yama's suppliers of caustic soda are “authorities” within the meaning of section 771(5)(B) of the Act and that Yama received financial contributions from them in the form of the provision of a good, pursuant to section 771(5)(D)(iii) of the Act. Furthermore, as discussed under “Use of Facts Otherwise Available and Adverse Inferences” above, we are preliminarily relying on AFA to determine that actual transaction prices for caustic soda in China are significantly distorted by the government's involvement in the market. As such, we preliminarily determine that domestic prices in China cannot serve as viable, tier one benchmark prices. For the same reasons, we determine that import prices into China cannot serve as a benchmark.¹⁰² Accordingly, to determine whether the provision of caustic soda conferred a benefit within the meaning of section 771(5)(E)(iv) of the Act, we applied a tier two benchmark (*i.e.*, world market prices available to purchasers in China).¹⁰³

⁹⁸ See 19 CFR 351.511(a).

⁹⁹ See Preliminary Calculation Memorandum.

¹⁰⁰ See *Ribbons AR 2016* IDM at 4.

¹⁰¹ 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.

¹⁰² See “Synthetic Yarn and Caustic Soda Input Benchmark” section above.

¹⁰³ See 19 CFR 351.511(a)(2)(ii)

The petitioner and Yama submitted POR monthly export prices for various countries from Comtrade under HTS 2815.11 (*i.e.*, sodium hydroxide (caustic soda); solid) for use as a tier two benchmark.¹⁰⁴ The petitioner’s data included country-specific export prices for various countries excluding exports from China.¹⁰⁵ The petitioner also excluded exports from “EU-28” and partner World prices, to avoid double counting.¹⁰⁶ Yama’s data contained only partner World prices.¹⁰⁷ Therefore, for these preliminary results we are relying on the country-specific export price data, excluding “EU-28” and partner World export prices, as submitted by the petitioner. In addition, consistent with our benchmark hierarchy under tier two, we included the export prices from China that the petitioner excluded from its country-specific export price data.¹⁰⁸

Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under 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. Accordingly, in deriving the benchmark prices, we included international freight. The petitioner placed on the record POR ocean freight pricing data from Maersk for shipments of caustic soda from various ports to Shanghai, China.¹⁰⁹ Although Yama also submitted suggested benchmarks for ocean freight, because these were not contemporaneous with the POR, we did not use them.¹¹⁰ Where information from Maersk was not available, the petitioner provided the deep sea freight transport producer price index from the Federal Reserve to calculate an ocean freight rate.¹¹¹ For purposes of these preliminary results, we relied on the information provided by the petitioner for ocean freight to construct the benchmark price for caustic soda.

We also added to the benchmark prices: (1) inland freight from the factory to the port based on Yama’s per-kilogram freight expenses for transporting the finished product;¹¹² (2) import duties reported by the GOC in *Ribbons AR 2015*;¹¹³ and (3) the VAT applicable to imports of caustic soda into China.¹¹⁴

Finally, to derive the benchmark, we did not include marine insurance. As discussed above, in prior CVD proceedings involving China, Commerce found that, while Chinese customs authorities impute an insurance cost on certain imports for purposes of levying duties and compiling statistical data, there is no evidence to suggest that Chinese customs authorities actually require importers to pay insurance charges.¹¹⁵

¹⁰⁴ See Petitioner’s Benchmark Submission at Exhibit 2 and Yama’s Benchmark Submission at Exhibit 2.

¹⁰⁵ See Petitioner’s Benchmark Submission at Attachment A and Exhibit 2.

¹⁰⁶ *Id.*

¹⁰⁷ See Yama’s Benchmark Submission at Exhibit 2.

¹⁰⁸ See Preliminary Calculation Memorandum.

¹⁰⁹ See Petitioner’s Benchmark Submission at Exhibits 5, 6, and 8.

¹¹⁰ See Yama’s Benchmark Submission at Exhibit 8.

¹¹¹ See Petitioner’s Benchmark Submission at Exhibits 5-8.

¹¹² See Yama’s QR at 15 and Exhibit 8.

¹¹³ Because the GOC failed to provide this information for the POR, we are relying on information from *Ribbons AR 2015*, which is on the record of this administrative review, as facts available pursuant to section 776(a)(1) of the Act. See Yama’s QR at Exhibit 1.

¹¹⁴ See Preliminary Calculation Memorandum.

¹¹⁵ See, e.g., *Steel Wire Strand from China* IDM at Comment 13.

Comparing the adjusted benchmark prices to the prices paid by Yama for caustic soda during the POR, we preliminarily find that the GOC provided caustic soda for LTAR, and that a benefit exists in the amount of the difference between the benchmark price and the price that Yama paid for this input.¹¹⁶ To calculate the benefit, we calculated the difference between the delivered world market prices and the prices that Yama paid for caustic soda, including any taxes or delivery charges incurred to deliver the products to Yama. We divided the total benefits by Yama's total POR sales. On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.17 percent *ad valorem* for caustic soda.¹¹⁷

E. Provision of Electricity for LTAR

In *Ribbons AR 2016*, we found this program to be countervailable.¹¹⁸ As discussed above in the section "Use of Facts Otherwise Available and Adverse Inferences," we preliminarily find this program to be countervailable and selected a preliminary subsidy rate of 1.47 percent *ad valorem* for it on the basis of AFA.

F. Export Buyer's Credits

In *Ribbons AR 2016*, we found this program to be countervailable.¹¹⁹ Consistent with *Ribbons AR 2016*, and as discussed above in the section "Use of Facts Otherwise Available and Adverse Inferences," we preliminarily find this program to be countervailable and selected a preliminary subsidy rate of 10.54 percent *ad valorem* for it on the basis of AFA.

G. Xiamen Municipal Science and Technology Grant Program

In *Ribbons AR 2016*, we found this program to be countervailable.¹²⁰ Yama reported that it received benefits under this program during the POR and AUL period (*i.e.*, 2012).¹²¹

Therefore, consistent with *Ribbons AR 2016*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.¹²²

Pursuant to 19 CFR 351.524(c), we are treating this amount as a non-recurring benefit. In accordance with 19 CFR 351.524(b)(2), we divided the total grant amount received by Yama in 2017 by its total 2017 sales and found that the amount was greater than 0.5 percent. Therefore, we allocated the benefit across the AUL period,¹²³ pursuant to the standard allocation formula of 19 CFR 351.524(d), and determined the amount attributable to the POR. We used the discount

¹¹⁶ See 19 CFR 351.511(a).

¹¹⁷ See Preliminary Calculation Memorandum.

¹¹⁸ See *Ribbons AR 2016* IDM at 6.

¹¹⁹ See *Ribbons AR 2016* IDM at 4.

¹²⁰ *Id.*

¹²¹ See Yama's QR at 28-30 and Exhibit 14.

¹²² See *Ribbons AR 2016 Prelim PDM* at 31, unchanged in *Ribbons AR 2016* IDM.

¹²³ See "Subsidies Valuation" section, above, for a discussion of the AUL period used in this proceeding.

rates methodology described above for this calculation.¹²⁴ Consistent with *Ribbons AR 2016*, we also allocated the grant amount received in 2012 over the AUL period and added this 2012 allocated subsidy rate to the 2017 allocated subsidy rate. On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.17 percent *ad valorem*.¹²⁵

H. International Market Development Fund Grants for Small and Medium Enterprises

In *Ribbons AR 2016*, we found this program to be countervailable.¹²⁶ Yama reported that it received benefits under this program during the POR.¹²⁷

Therefore, consistent with *Ribbons AR 2016*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.¹²⁸ Consistent with 19 CFR 351.524(b)(2), we determined that the benefit Yama received under this program was less than 0.5 percent of Yama's total sales in 2017 and, thus, non-recurring. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), by dividing it by Yama's total POR sales.¹²⁹ On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.05 percent *ad valorem*.¹³⁰

I. Jimei District Tax Bonus Prize

In *Ribbons AR 2015*, we found this program to be countervailable.¹³¹ Yama reported that it received benefits under this program during the POR.¹³²

Consistent with *Ribbons AR 2015*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.¹³³

Consistent with 19 CFR 351.524(b)(2), we determine that the benefit Yama received under this program was less than 0.5 percent of Yama's total sales in 2017 and, thus, non-recurring. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), by

¹²⁴ See Interest Rate Benchmark Memorandum.

¹²⁵ See Preliminary Calculation Memorandum.

¹²⁶ See *Ribbons AR 2016* IDM at 4.

¹²⁷ See Yama's QR at 24 and Exhibit 15.

¹²⁸ See *Ribbons AR 2016 Prelim PDM* at 32, unchanged in *Ribbons AR 2016* IDM.

¹²⁹ See 19 CFR 351.524(b)(2).

¹³⁰ See Preliminary Calculation Memorandum.

¹³¹ See *Ribbons AR 2015* IDM at 6-7.

¹³² See Yama's QR at 34 and Exhibit 16.

¹³³ See *Ribbons AR 2015* IDM at 6-7.

dividing it by Yama's total POR sales.¹³⁴ On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.01 percent *ad valorem*.¹³⁵

J. Assistance for Recruiting Rural Labor

In *Ribbons AR 2016*, we found this program to be countervailable.¹³⁶ Yama reported that it received benefits under this program during the POR.¹³⁷

Therefore, consistent with *Ribbons AR 2016*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.¹³⁸

Consistent with 19 CFR 351.524(b)(2), we determine that the benefit Yama received under this program was less than 0.5 percent of Yama's total sales in 2017 and, thus, non-recurring. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), by dividing it by Yama's total POR sales.¹³⁹ On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.03 percent *ad valorem*.¹⁴⁰

K. Assistance for Recruiting Vocational Institution and/or College Graduates

In *Ribbons AR 2016*, we found this program to be countervailable.¹⁴¹ Yama reported that it received benefits under this program during the POR.¹⁴²

Consistent with *Ribbons AR 2016*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.¹⁴³

Consistent with 19 CFR 351.524(b)(2), we determine that the benefit Yama received under this program was less than 0.5 percent of Yama's total sales in 2017 and, thus, non-recurring. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), by dividing it by Yama's total POR sales.¹⁴⁴ On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.02 percent *ad valorem*.¹⁴⁵

¹³⁴ See 19 CFR 351.524(b)(2).

¹³⁵ See Preliminary Calculation Memorandum.

¹³⁶ See *Ribbons AR 2016* IDM at 4.

¹³⁷ See Yama's QR at 37 and Exhibit 17.

¹³⁸ See *Ribbons AR 2016 Prelim PDM* at 32, unchanged in *Ribbons AR 2016* IDM.

¹³⁹ See 19 CFR 351.524(b)(2).

¹⁴⁰ See Preliminary Calculation Memorandum.

¹⁴¹ See *Ribbons AR 2016* IDM at 4.

¹⁴² See Yama's QR at 40 and Exhibit 18.

¹⁴³ See *Ribbons AR 2016 Prelim PDM* at 33, unchanged in *Ribbons AR 2016* IDM.

¹⁴⁴ See 19 CFR 351.524(b)(2).

¹⁴⁵ See Preliminary Calculation Memorandum.

L. Insurance Expense Assistance

In *Ribbons AR 2016*, we found this program to be countervailable.¹⁴⁶ Yama reported that it received benefits under this program during the POR.¹⁴⁷

Consistent with *Ribbons AR 2016*, we preliminarily determine that the grant received by Yama constitutes a financial contribution and a benefit under sections 771(5)(D) and 771(5)(E) of the Act, respectively. Further, regarding specificity, we preliminarily find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.¹⁴⁸

Consistent with 19 CFR 351.524(b)(2), we determine that the benefit Yama received under this program was less than 0.5 percent of Yama's total sales in 2017 and, thus, non-recurring. Therefore, we expensed the total amount of the grant to the year of receipt (*i.e.*, the POR), by dividing it by Yama's total POR sales.¹⁴⁹ On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.12 percent *ad valorem*.¹⁵⁰

M. Other Subsidy Programs

Yama reported that it received various other subsidies during the POR.¹⁵¹ As discussed under "Use of Facts Otherwise Available and Adverse Inferences," above, we preliminarily determine that the additional subsidies provided to Yama are countervailable based on AFA. All but one of the grants received by Yama do not pass the "0.5 percent test" described in 19 CFR 351.524(b)(2), and thus are allocated to the year of receipt (*i.e.*, the POR).¹⁵² However, for the one grant Yama received that passed the "0.5 percent test," we allocated the benefit across the AUL period. We preliminarily calculated a countervailable subsidy rate for all of these grants of 0.74 percent *ad valorem*.¹⁵³ Finally, Yama reported receiving additional tax benefits during the POR and we preliminarily calculated a countervailable subsidy rate of 0.10 percent *ad valorem* for this tax program.¹⁵⁴

¹⁴⁶ See *Ribbons AR 2016* IDM at 4.

¹⁴⁷ See Yama's QR at 43 and Exhibit 19.

¹⁴⁸ See *Ribbons AR 2016 Prelim PDM* at 33, unchanged in *Ribbons AR 2016* IDM.

¹⁴⁹ See 19 CFR 351.524(b)(2).

¹⁵⁰ See Preliminary Calculation Memorandum.

¹⁵¹ See Yama's QR at 21-23 and 45-84.

¹⁵² See Preliminary Calculation Memorandum.

¹⁵³ *Id.* We added the rates for Yama's self-reported programs: Assistance of Wages for Over-recruiting Disabled Employees, Assistance for Industrial Transformation and Upgrading, Assistance for Stable Employment, Assistance for Reconstruction after Typhoon, Assistance for Recruiting Labor in Xiamen, Assistance for Fair Trade, Assistance for Recruiting Personnel with Difficulties in Employment, Assistance for Recruiting Immigrating Population, Assistance for ERP Cloud Service, Payment from Xiamen Commerce Bureau for Setting Overseas Contact Location, Payment from Economic and Information Bureau of Jimei District, and three unknown payments from the Xiamen Commerce Bureau to get a combined rate of 0.74 percent.

¹⁵⁴ *Id.*

II. Programs Preliminarily Determined Not to Provide Measurable Benefits During the POR

We preliminarily determine that the benefits from the programs listed below resulted in a net subsidy rate that is less than 0.005 percent *ad valorem*.¹⁵⁵ Consistent with Commerce’s practice, we have not included these programs in our net countervailing duty rate calculations for the preliminary results.¹⁵⁶

- A. *Assistance for Recruiting Personnel with Difficulties in Employment*
- B. *Assistance for Recruiting Immigrating Population*

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

We preliminarily find that Yama did not use the following programs during the POR:

1. *Policy Loans to Narrow Woven Ribbon Producers from State-owned Commercial Banks*
2. *Preferential Tax Policies for Enterprises with Foreign Investment (Two Free, Three Half) Program*
3. *Local Income Tax Exemption and Reduction Programs for “Productive” Foreign-Invested Enterprises*
4. *Xiamen Promotion of Domestic Market Grants*
5. *The State Key Technology Renovation Project Fund*
6. *Bonus for Fujian Province Famous Brands Program*
7. *Export Assistance Grants*
8. *Export Interest Subsidy Funds for Enterprises Located in Zhejiang Province*
9. *Technology Grants for Enterprises Located in Zhejiang Province*
10. *Xiamen Municipal Cleaner Production Program*
11. *Interest Assistance for Loans Obtained for Technology Projects*
12. *Assistance for Textile Exhibition*

¹⁵⁵ See Preliminary Calculation Memorandum.

¹⁵⁶ See, e.g., *CFS from China*, and accompanying IDM at “Analysis of Programs, Programs Determined Not to Have Been Used or Not to Have Provided Benefits During the POI for GE”; see also *Steel Wheels from China*, and accompanying IDM at “Income Tax Reductions for Firms Located in the Shanghai Pudong New District.”

13. *Rural Labor Training Assistance*
14. *Training Fee Rebate*
15. *High and New Technology Enterprises Local Government Assistance*
16. *Xiamen City Small Medium Enterprises Development Support Fund*
17. *Small Medium Enterprises Assistance*
18. *Finance Bureau of Xiamen City*
19. *Patent Application Supporting Program*
20. *Import Tariff and VAT Exemptions for Foreign-Invested Enterprises (FIEs) Using Imported Technology and Equipment*
21. *Import Tariff and VAT Exemptions for Certain Domestic Enterprises Using Imported Technology and Equipment*
22. *VAT Rebate for FIE Purchases of Domestically Produced Equipment*
23. *Tax Program for High or New Technology FIEs*
24. *Preferential Tax Policies for Research and Development for FIEs*
25. *Tax Benefits for FIEs in Encouraged Industries that Purchase Domestic Equipment*
26. *Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-Oriented Enterprises*
27. *Preferential Tax Policies for Township Enterprises*
28. *Tax Subsidies to FIEs in Specially Designated Areas*
29. *Preferential Tax Policies for Export-Oriented FIEs*
30. *Provision of Land in the Xiamen Jimei (Xingling) Taiwanese Investment Zone for LTAR*

IX. CONCLUSION

We recommend applying the above methodology for these preliminary results.

Agree

Disagree

8/5/2019

X



Signed by: JEFFREY KESSLER
Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance