



C-570-991
Administrative Review
POR: 1/1/17 – 12/31/17
Public Document
E&C/OV: JMN/AC

January 9, 2020

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 the
Countervailing Duty Administrative Review of Chlorinated
Isocyanurates 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 chlorinated isocyanurates (chlorinated isos) from the People's Republic of China (China). The period of review (POR) is January 1, 2017 through December 31, 2017. We preliminarily find that the respondents received countervailable subsidies during the POR.

If these preliminary results are adopted in our 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 publication of these preliminary results.

II. BACKGROUND

On November 13, 2014, Commerce published in the *Federal Register* a CVD order on chlorinated isos from China.¹ On November 30, 2018, Commerce received from the petitioners² a timely request to conduct an administrative review of the CVD order on chlorinated isos from China with respect to Hebei Jiheng Chemical Co., Ltd. (Jiheng), Heze Huayi Chemical Co., Ltd.

¹ See *Chlorinated Isocyanurates from the People's Republic of China: Countervailing Duty Order*, 79 FR 67424 (November 13, 2014).

² The petitioners are Bio-Lab, Inc., Clearon Corp., and Occidental Chemical Corporation.

(Huayi), and Juancheng Kangtai Chemical Co., Ltd. (Kangtai).³ On February 6, 2019, in accordance with 19 CFR 351.221(c)(1)(i), Commerce published in the *Federal Register* a notice of initiation of an administrative review for Jiheng, Huayi, and Kangtai.⁴ We selected Jiheng, Huayi, and Kangtai as mandatory respondents.

On April 8, 2019, Commerce issued the initial questionnaire to the Government of China (the GOC) and the three mandatory company respondents.⁵ From April 22 to May 22, 2019, Commerce received timely responses from the GOC, Huayi, and Kangtai.⁶ However, Jiheng did not submit a response to Commerce's questionnaire. On June 11, 2019, the petitioners timely filed new subsidy allegations.⁷ Commerce initiated an investigation into these new subsidy allegations on August 15, 2019.⁸ Between July 17 and December 4, 2019, Commerce issued supplemental questionnaires to the GOC, Huayi, and Kangtai, as well as questionnaires covering the new subsidy allegations.⁹ Commerce received timely responses to these questionnaires between July 24 and December 18, 2019.¹⁰

³ See Petitioners' Letter, "Chlorinated Isocyanurates from the People's Republic of China: Request for Fourth Administrative Review," dated November 30, 2018.

⁴ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 84 FR 2159 (February 6, 2019).

⁵ See Commerce's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Countervailing Duty Questionnaire for 4th Administrative Review," dated April 8, 2019 (Initial CVD Questionnaire).

⁶ See Huayi's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Heze Huayi Section III Affiliation Response," dated April 22, 2019; Kangtai's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Kangtai Section III Affiliation Response," dated April 22, 2019 (Kangtai Affiliation Response); GOC's Letter, "GOC Initial CVD Questionnaire Response: Fourth Administrative Review of the Countervailing Duty Order on Certain Chlorinated Isocyanurates from the People's Republic of China," dated May 22, 2019 (GOC's IQR); Huayi's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Section III Questionnaire Response," dated May 22, 2019 (Huayi Initial Questionnaire Response); and Kangtai's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Section III Questionnaire Response," dated May 22, 2019 (Kangtai Initial Questionnaire Response).

⁷ See Petitioners' Letter, "Chlorinated Isocyanurates from the People's Republic of China: Petitioners' Submission of a New Subsidy Allegation," dated June 11, 2019 (New Subsidy Allegations).

⁸ See Memorandum, "New Subsidy Allegations," dated August 15, 2019 (NSA Memorandum).

⁹ See Commerce's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Request for Additional Information," dated July 17, 2019; Commerce's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Countervailing Duty Questionnaire for 4th Administrative Review," dated September 6, 2019 (NSA Questionnaire); Commerce's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Supplemental Questionnaire," dated October 10, 2019; Commerce's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Request for Additional Information," dated October 25, 2019; Commerce's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Request for Additional Information," dated November 27, 2019; and Commerce's Letter, "Chlorinated Isocyanurates from the People's Republic of China: Supplemental Questionnaire," dated December 4, 2019.

¹⁰ See Huayi's Letter, "Chlorinated Isocyanurates from China Huayi First Supplemental Questionnaire Response," dated July 24, 2019; Huayi's Letter, "Chlorinated Isocyanurates from China Heze Huayi New Subsidy Allegation Questionnaire Response," dated September 12, 2019 (Huayi NSA Response); Kangtai's Letter, "Chlorinated Isocyanurates from China Kangtai New Subsidy Allegation Questionnaire Response," dated September 12, 2019 (Kangtai NSA Response); GOC's Letter, "GOC NSA Response: Fourth Administrative Review of the Countervailing Duty Order on Chlorinated Isocyanurates from the People's Republic of China," dated September 26, 2019 (GOC NSA Questionnaire Response); Kangtai's Letter, "Chlorinated Isocyanurates from China: Kangtai Second Supplemental Questionnaire Response," dated October 17, 2019; Huayi's Letter, "Chlorinated-Isocyanurates from China Heze Huayi New Subsidy Allegation Supplemental Questionnaire Response," dated November 1, 2019; GOC's Letter, "GOC Supplemental Questionnaire Response: Fourth Administrative Review of the Countervailing Duty Order on Chlorinated Isocyanurates from the People's Republic of China," dated December 13, 2019 (GOC

On August 21, 2019, Commerce fully extended the deadline for these preliminary results until January 9, 2020.¹¹ On December 10, 2019, the petitioners filed pre-preliminary comments on the upcoming preliminary results,¹² as well as benchmark information.¹³ Huayi and Kangtai also filed benchmark information on this date.¹⁴ On December 20, 2019, Huayi and Kangtai submitted rebuttal comments on the petitioners' pre-preliminary comments and benchmark information.¹⁵

III. SCOPE OF THE ORDER

The products covered by the order are chlorinated isocyanurates. Chlorinated isocyanurates are derivatives of cyanuric acid, described as chlorinated s-triazine triones. There are three primary chemical compositions of chlorinated isocyanurates: (1) trichlorisocyanuric acid (TCCA) ($\text{Cl}_3(\text{NCO})_3$); (2) sodium dichlorisocyanurate (dihydrate) ($\text{NaCl}_2(\text{NCO})_3 \times 2\text{H}_2\text{O}$); and (3) sodium dichlorisocyanurate (anhydrous) ($\text{NaCl}_2(\text{NCO})_3$). Chlorinated isocyanurates are available in powder, granular and solid (*e.g.*, tablet or stick) forms.

Chlorinated isocyanurates are currently classifiable under subheadings 2933.69.6015, 2933.69.6021, 2933.69.6050, 3808.50.4000, 3808.94.5000, and 3808.99.9500 of the Harmonized Tariff Schedule of the United States (HTSUS). The tariff classification 2933.69.6015 covers sodium dichlorisocyanurate (anhydrous and dihydrate forms) and trichlorisocyanuric acid. The tariff classifications 2933.69.6021 and 2933.69.6050 represent basket categories that include chlorinated isocyanurates and other compounds including an unfused triazine ring. The tariff classifications 3808.50.4000, 3808.94.5000 and 3808.99.9500 cover disinfectants that include chlorinated isocyanurates. The HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of the order is dispositive.

IV. DIVERSIFICATION OF CHINA'S ECONOMY¹⁶

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

Supplemental Questionnaire Response); and Kangtai's Letter, "Chlorinated Isocyanurates from China: Kangtai Third Supplemental Questionnaire Response," dated December 18, 2019.

¹¹ See Memorandum, "Chlorinated Isocyanurates from the People's Republic of China: Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review," dated August 21, 2019.

¹² See Petitioners' Letter, "Chlorinated Isocyanurates from the People's Republic of China (4th CVD Administrative Review): Pre-Preliminary Results Comments," dated December 10, 2019.

¹³ See Petitioners' Letter, "Chlorinated Isocyanurates from the People's Republic of China: Benchmark Information," dated December 10, 2019 (Petitioner Benchmark Submission).

¹⁴ See Huayi's and Kangtai's Letter, "Chlorinated Isocyanurates from China Benchmark Submission," dated December 10, 2019 (Respondents' Benchmark Submission).

¹⁵ See Huayi's and Kangtai's Letter, "Chlorinated Isocyanurates from China Rebuttal Pre-Prelim Comments," dated December 20, 2019. Due to several pages being inadvertently deleted from this submission on ACCESS, Huayi and Kangtai refiled their comments, complete with the missing pages, on December 23, 2019. See Huayi's and Kangtai's Letter, "Chlorinated Isocyanurates from China: Rebuttal Pre-Prelim Comments Revised and Refiled," dated December 23, 2019.

¹⁶ In accordance with Section 701(f) of the Act, Commerce continues to apply the CVD law to China.

this review:¹⁷ 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.

V. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

Section 776(a) of the Act provides 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. 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.¹⁸ 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 CVD investigation, a previous administrative review, or other information placed on the record.

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.”¹⁹ 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.”²⁰

¹⁷ See Memorandum, “2017 Countervailing Duty Administrative Review of Chlorinated Isocyanurates from the People’s Republic of China: China Statistical Yearbook Information,” dated concurrently with this memorandum.

¹⁸ See section 776(b)(1)(B) of the Act.

¹⁹ 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).

²⁰ See Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, Vol. I (1994) (SAA) at 870.

For purposes of these preliminary results, we are applying AFA as outlined below:

A. Application of Total AFA: Non-Responsive Mandatory Respondent

As noted in the “Initiation and Case History” section above, Commerce is reviewing the CVD order with respect to all three companies for which a review was requested. On April 8, 2019, Commerce issued a CVD questionnaire to the GOC and the mandatory respondents.²¹

One of the three mandatory respondents, Jiheng, did not respond to Commerce’s request for information. Accordingly, we preliminarily determine that Jiheng withheld necessary information that was requested of it, failed to provide information within the deadline established, and significantly impeded this proceeding. Thus, Commerce will rely on facts otherwise available in issuing these preliminary results with respect to this company, pursuant to sections 776(a)(2)(A)-(C) of the Act. Moreover, we preliminarily determine that AFA is warranted, pursuant to section 776(b) of the Act, because Jiheng failed to cooperate by not acting to the best of its ability to comply with Commerce’s request for information. Accordingly, we preliminarily find that use of AFA is warranted to ensure that Jiheng does not obtain a more favorable result by failing to cooperate than if it had fully complied with our request for information.

All programs included in this review and the initiated NSAs are included in determining the AFA rate. As AFA, we are preliminarily determining based on the non-responsive company’s decision not to participate in this review that the company, in fact, used these programs during the POR.

Selection of the AFA Rate

Consistent with section 776(d) of the Act and our established practice of the hierarchal methodology for selecting an AFA rate in reviews, for certain of the programs discussed below, as appropriate, we selected as AFA the highest calculated rate for the same or a similar program.²² The AFA hierarchy for reviews has four steps, applied in sequential order. The first step is to apply the highest non-*de minimis* rate calculated for a cooperating respondent for the identical program in any segment of the same proceeding. If there is no identical program match within the proceeding, or if the rate is *de minimis*,²³ the second step is to apply the highest non-*de minimis* rate calculated for a cooperating company for a similar program (based on the treatment of benefit) within any segment of the same proceeding. If there is no non-*de minimis* rate

²¹ See Initial CVD Questionnaire.

²² 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 Issues and Decision Memorandum (IDM) at 13; see also *Essar Steel Ltd. v. United States*, 753 F. 3d 1368, 1373-74 (Fed. Cir. 2014) (upholding “hierarchical methodology for selecting an AFA rate”).

²³ For purposes of selecting AFA program rates, we normally treat rates less than 0.5 percent to be *de minimis*. See, e.g., *Pre-Stressed Concrete Steel Wire Strand from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 28557 (May 21, 2010), and accompanying IDM at “1. Grant Under the Tertiary Technological Renovation Grants for Discounts Program” and “2. Grant Under the Elimination of Backward Production Capacity Award Fund.”

calculated for a similar program within same proceeding, the third step is to apply the highest non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country. If no such rate can be applied using these steps, Commerce will apply the highest rate calculated for a cooperating company for any program from the same country that the industry subject to the investigation could have used but will not use a rate from a program if the industry in the proceeding could not conceivably use that program.

In applying AFA to Jiheng, we are guided by Commerce's methodology detailed above. We begin by selecting, as AFA, the highest calculated program-specific above-zero rates determined for the cooperating respondent in any segment of this proceeding. Accordingly, we are applying the highest applicable subsidy rate calculated for the cooperating respondents for the following programs:

- Provision of Electricity for Less than Adequate Remuneration (LTAR)
- Technology Bureau Enterprise Award
- Market Development Fund for Middle-and-Small Sized Enterprise

To calculate the program rate for the following income tax reduction programs, we determined, as AFA, that Jiheng paid no income tax during the POR:

- Article 30 Income Tax Deduction for Research and Development (R&D) Expenses
- Corporate Income Tax Law Article 33: Reduction of Taxable Income for the Revenue Derived from the Manufacture of Products that are in Line with State Industrial Policy and Involve Synergistic Utilization of Resources
- Enterprise Income Tax Reduction for High and New Technology Enterprises
- Income Tax Benefits for Foreign-Invested Enterprises (FIEs) Based on Geographic Location
- Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies

The standard income tax rate for corporations in China in effect during the POR was 25 percent.²⁴ Thus, the highest possible benefit for these income tax programs is 25 percent. Accordingly, we are applying 25 percent as an AFA rate on a combined basis (*i.e.*, the programs listed above, combined, provide a 25 percent benefit). Consistent with past practice, the 25 percent AFA rate does not apply to income tax credit and rebate, accelerated depreciation, or import tariff and value-added tax (VAT) exemption programs, because such programs may not affect the tax rate.²⁵

For these preliminary results, as further reflected in the Appendix, we are able to match, based on program name, description, and treatment of the benefit, the following programs to the same or similar programs from other segments of this proceeding, or where applicable, other China CVD proceedings:

²⁴ See GOC Supplemental Questionnaire Response at Exhibits S-1-9-E and S-1-9-L.

²⁵ See, *e.g.*, *Aluminum Extrusions from the People's Republic of China: Final Results, and Partial Rescission of Countervailing Duty Administrative Review*; 2013, 80 FR 77325 (December 14, 2015), and accompanying IDM at "Application of Total AFA to Non-Cooperative Companies."

- Export Buyer's Credits from the Export-Import Bank of China
- Export Seller's Credits from the Export-Import Bank of China
- Export Credit Insurance from SINOSURE
- Shandong Industrial Structure Adjustment Entrusted Loan
- Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries.
- VAT Exemptions on Equipment for Central Region
- VAT TAX Rebate for Comprehensive Utilization of Resources
- Grants for Export Credit Insurance
- Special Fund for Energy Saving Technology Reform
- Grants under the Haixing County Science and Technology Research & Development Plan Project
- Special National Bonding Fund for Energy Conservation and Waste Recycling Projects
- Land and Land Usage for Foreign Investment Enterprises (FIEs) in National Economic and Technological Zones at Preferential Rates
- VAT Refunds for FIEs on Purchases of Chinese-made Equipment
- VAT Tax Rebate for Comprehensive Utilization of Resources
- Preferential Direct Tax Treatment on Purchases of Domestically Produced Equipment for FIEs
- Policy Loans Under the Chlor-alkali Industry Second Five Year Plan
- Stamp Tax Exemption on Share Transfers Under Non-Tradable Share Reform
- State Key Technology Renovation Project Fund
- Shareholder loans (debt forgiveness)
- Discounted Loans for Export-Oriented Enterprises
- VAT Rebate on Domestically Produced Equipment
- VAT Exemption on Imports by Encouraged Industries
- Preferential Lending for Industrial Readjustment
- Preferential Loans Provided by China ExIm "Going-out" for Outbound Investments
- Foreign Trade Development Fund
- "Famous Brands" program
- Preferential Policies to Attract Foreign Investment in Jiangsu Province
- Outline of Light Industry Restructuring and Revitalization Plan in Jiangsu Province
- Jiangsu Province Grants for Legal Fees in Foreign Trade Remedy Proceedings
- Shandong Province: Grants to Enterprises Exporting Key Product
- Grants for Export Credit Insurance
- The Clean Production Technology Fund
- Grants for the Application of Patents
- Provision of Natural Gas for LTAR
- Financial Incentives for Coal-to-Gas Conversion and Plant Relocation
- Discounted Green Loans

Accordingly, we preliminarily determine the AFA countervailable subsidy rate for Jiheng to be 397.61 percent *ad valorem*. The Appendix contains a chart summarizing our calculation of this rate.

Corroboration of AFA Rate

Section 776(c)(1) 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.”²⁶ The SAA provides that to “corroborate” secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.²⁷

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.²⁸ Furthermore, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.²⁹

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.³⁰

In the absence of responses from Jiheng concerning the alleged programs due to its decision not to participate in this review, Commerce reviewed the information concerning China subsidy programs in this and other cases. Where we have a program-type match, we find that, because these are the same or similar programs, they are relevant to the programs in this case. Additionally, the relevance of the rates applied above is that they are actual calculated CVD rates for Chinese programs, from which Jiheng could actually receive a benefit. Due to the lack of participation by Jiheng and its failure to provide a response concerning each of these programs, Commerce has corroborated the rates it selected to use as AFA to the extent practicable for these preliminary results.

²⁶ See SAA at 870.

²⁷ *Id.*

²⁸ *Id.* at 869-870.

²⁹ See section 776(d) of the Act.

³⁰ See, e.g., *Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).

B. Application of AFA: Distortion in the Natural Gas Market

In order to determine the appropriate benchmark with which to measure the benefit from the provision of natural gas for LTAR in accordance with 19 CFR 351.511(a)(2), Commerce asked the GOC several questions concerning the structure of the natural gas industry in China, as well as the government's role in this field.³¹ Specifically, Commerce requested that the GOC provide the following information for each input:

- a. The total number of producers.
- b. The total volume and value of Chinese domestic *consumption* of natural gas and the total volume and value of Chinese domestic *production* of natural gas.
- c. The percentage of domestic consumption accounted for by domestic production.
- d. The total volume and value of imports of natural gas.
- e. The percentage of total volume and (separately) value of domestic production that is accounted for by companies in which the Government maintains a majority ownership or a controlling management interest, either directly or through other Government entities. Please also provide a list of the companies that meet these criteria.
- f. If the share of total volume and/or value of production that is accounted for by the companies identified in paragraph "e", above, is less than 50 percent, please provide the following information:
 - i. The percentage of total volume and value of domestic production that is accounted for by companies in which the Government maintains some, but not a majority, ownership interest or some, but not a controlling, management interest, either directly or through other Government entities.
 - ii. A list of the companies that meet the criteria under sub-paragraph "i", above.
 - iii. A detailed explanation of how it was determined that the government has less than a majority ownership or less than a controlling interest in such companies, including identification of the information sources relied upon to make this assessment.
- g. A discussion of what laws, plans or policies address the pricing of natural gas, the levels of production of natural gas, the importation or exportation of natural gas, or the development of natural gas capacity. Please state which, if any, central and sub-central level industrial policies pertain to the natural gas industry.

Commerce requested such information to determine whether the GOC is the predominant provider of this input in China and whether its presence in the market distorts all transaction prices.

In its initial NSA response, the GOC provided only the total production and consumption volumes of natural gas in China, ignoring the remaining questions.³² When provided an additional opportunity to submit information relating to the involvement of the GOC or GOC-

³¹ See NSA Questionnaire at 2-3.

³² See GOC NSA Questionnaire Response at 4 and Exhibits N-2 and N-3.

owned enterprises in the natural gas industry, the GOC stated that it does not maintain the requested information.³³

The information requested of the GOC is necessary to understand the role and the impact of the GOC in the natural gas market within China. While the production and consumption information provided by the GOC is an important aspect of this analysis, we must also examine the role of enterprises owned or otherwise controlled by the GOC within the natural gas industry, and how the presence of these companies affects prices within the country. Specifically, the information we request regarding production by companies in which the GOC owns an interest is necessary to measure the GOC's impact on the industry *vis-à-vis* companies that are operating independently and in accordance with market principles. Due to the GOC's failure to provide the information requested, we are unable to conduct this analysis.

For these reasons, we preliminarily determine, as AFA, that the domestic market for natural gas in China is distorted through the intervention of the GOC. We are, therefore, relying on an external benchmark for determining the benefit from the provision of natural gas for LTAR, in accordance with 19 CFR 351.511(a)(2)(ii).

C. Application of AFA to Provision of Electricity for LTAR

As discussed below under the section "Programs Preliminarily Found to be Countervailable," Commerce is reviewing whether the GOC provided electricity for LTAR. Commerce has preliminarily determined that the use of AFA is warranted, in part, in determining the countervailability of the electricity program because the GOC did not provide the requested information needed to allow Commerce to analyze this program.

In order for Commerce to analyze the financial contribution and specificity of this program, we requested that the GOC provide information regarding the roles of provinces, the National Development and Reform Commission (NDRC), and cooperation between the provinces and the NDRC in electricity price adjustments. Specifically, Commerce requested, *inter alia*: Provincial Price Proposals for the provinces in which mandatory respondents or any company "cross-owned" with those respondents are located for the 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 the role of the NDRC and the provincial governments in this process; a description of the price adjustment conferences that took place 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; a description of the cost elements and adjustments that were discussed between the provinces and the NDRC in the price adjustment conferences; and an explanation as to 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.³⁴ Commerce requested this information to determine the process by which electricity prices and price adjustments are derived, identify entities that manage and impact price adjustments processes, and examine cost

³³ See GOC NSA Questionnaire Response at 24-25.

³⁴ See Initial CVD Questionnaire, Section II, at "Electricity Appendix."

elements included in the derivation of electricity prices in effect throughout China during the POR. This informs our financial contribution and specificity analyses.

In its initial questionnaire response, the GOC stated that since January 1, 2016, all provincial governments have had authority to formulate electricity prices for their own jurisdictions under general guidelines published and enforced by the NDRC.³⁵ The NDRC's "Notification on Lowering On-grid Price of Coal-Fired Electricity and Electricity Price for Industrial and Commercial-Use" (Notice 748) and "Notification on Lowering On-grid Price of Coal-Fired Electricity and Electricity Price for General Industrial and Commercial-Use" (Notice 3015) provide general guidelines for changing electricity price, including calculation formulas and selling price adjustments.³⁶ According to the GOC, there are no longer any Provincial Price Proposals.³⁷

Despite the GOC's claims that provincial authorities had more authority in setting their own electricity tariff rates, we noted in our supplemental questionnaire to the GOC that Notice 3105 states that provincial price authorities "shall formulate and release specific regulation plan of on-grid price and sales price in the province (Region, Municipality) according to average regulation standard regulated in the appendix, and report to National Development and Reform Commission for filing," while Notice 748 states that the provinces "formulate and publish their detailed full package/s of electricity price adjustment of upload and sales prices in accordance with the average price adjustment levels set out in Annex 1, and submit the packages to this Commission for the record."³⁸ We asked the GOC to explain how these requirements differed from the previous Provincial Price Proposals, to which the GOC responded by saying that these regulation plans and adjustment plans do not require NDRC approval to be implemented.³⁹ We also asked the GOC to explain what action the NDRC may take in the event of non-compliance with the requirements set out in Notices 3105 and 748. The GOC stated only that the provincial authorities submit price schedules to the NDRC to ensure that any price adjustments follow the principles laid out by the NDRC, and that the NDRC is not entitled to determine specific prices itself, even if it disagrees with the prices determined by the local or provincial governments.⁴⁰

Contrary to the GOC's claims, neither Notice 748 nor Notice 3105 supports the GOC's claim that relevant provincial pricing authorities determine and issue electricity prices within their own jurisdictions. Rather, both notices indicate that the NDRC continues to play a seminal role in setting and adjusting electricity prices. Specifically, the NDRC mandates average price adjustment targets for each province. As a result of this mandate, each province is obligated to set electricity prices within the range mandated by the NDRC.⁴¹

The GOC claims that Provincial Price Proposals have been eliminated subsequent to the issuance of Notice 748 and Notice 3105 but did not provide an explanation how these notices eliminated

³⁵ See GOC's IQR at 19.

³⁶ *Id.* at 19-20.

³⁷ *Id.* at 19.

³⁸ See GOC's IQR at Exhibits II-E-2 and II-E-9; see also GOC Supplemental Questionnaire.

³⁹ See GOC Supplemental Questionnaire Response at 2.

⁴⁰ *Id.*

⁴¹ See, e.g., GOC's IQR at Exhibits II-E-9 (Notice 748 Article 10) and II-E-2 (Notice 3105 Articles II and X).

the Provincial Price Proposals.⁴² Although these two notices issued by the NDRC direct each province to reduce electricity prices by a certain amount, they neither explicitly eliminate Provincial Price Proposals nor define distinctions in price-setting roles between national and provincial pricing authorities. Moreover, our request 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 comply with the direct price changes was not adequately addressed, as the GOC failed to explain what action the NDRC would take in the event of non-compliance with directed price changes.⁴³ The GOC's insufficient response impeded us from being able to conduct the financial contribution, benefit, and specificity analyses required to determine countervailability.

As explained above, the GOC failed to explain the roles and nature of the relationship 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 find, in accordance with sections 776(a)(1) and (2)(A), (C) of the Act, that information necessary to our analysis of financial contribution and specificity is not available on the record because the GOC withheld information requested by us, thereby significantly impeding this proceeding. Thus, we must rely on "facts available" in making our decision for these preliminary results.⁴⁴

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 repeated requests for necessary information. As a result, application of facts otherwise available with an adverse inference is warranted.⁴⁵ Based on 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 775(5)(A) of the Act. Because the GOC also 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, we are also relying on AFA in selecting the benchmark for determining the existence and amount of the benefit.⁴⁶ The benchmark rates we selected are derived from the record of the administrative review and are the highest electricity rates on the record for the applicable rate and user categories. For further details regarding the electricity for LTAR analysis, *see* "Provision of Electricity for LTAR," below.

D. Application of AFA to Export Buyer's Credit Program

As discussed below under the section "Programs Preliminarily Found to be Countervailable," Commerce is reviewing the Export Buyer's Credit Program. Commerce has preliminarily determined that the use of AFA is warranted in determining the countervailability of the Export

⁴² *See* GOC Supplemental Questionnaire Response at 2.

⁴³ *Id.*

⁴⁴ *See* section 776(a)(2)(A) of the Act.

⁴⁵ *See* section 776(b) of the Act.

⁴⁶ *See* section 776(b)(4) of the Act.

Buyer's Credit Program because the GOC did not provide the requested information needed to allow Commerce to analyze this program thereby impeding this review, and also did not cooperate to the best of its ability.⁴⁷

In the Initial CVD Questionnaire, we requested that the GOC provide answers to the Standard Questions Appendix, as well as questions tailored to the operation of the Export Buyer's Credit Program, including a request that the GOC provide information referenced in the "7th Supplemental Response in the Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People's Republic of China" (Silica Fabric Response).⁴⁸ In response to our request for information, the GOC claimed that none of the respondents' U.S. customers applied for or used the Export Buyer's Credit Program, explained how this conclusion was reached, and provided copies of the "Implementing Rules for the Export Buyer's Credit of the Export-Import Bank of China" (Implementing Rules) and "Administrative Measures of Export Buyer's Credit of the Export-Import Bank of China" (Administrative Measures).⁴⁹

We have information on the record that the program was revised in 2013, and that third-party banks are involved in the implementation of this program.⁵⁰ Record information indicates that previous requirements that contracts to be supported by the Export Buyer's Credit Program must amount to more than two million U.S. dollars (USD) have been revised subsequent to the 2013 revisions which eliminate this minimum contract requirement.⁵¹ We requested that the GOC provide original and translated copies of any laws, regulations, or other governing documents regarding this alleged 2013 revision to the program, as referenced in the Silica Fabric Response.⁵² However, while the GOC provided the Implementing Rules and Administrative Measures, the GOC identified the 2013 revisions as "internal to the bank, non-public, and not available for release,"⁵³ and made no effort to provide these revisions as requested in the Initial CVD Questionnaire.

As we have noted in previous determinations, documentation regarding the 2013 revisions to the Administrative Measures (2013 Revisions) is necessary in order for us to analyze how the program functions and to determine how to properly and fully understand the program.⁵⁴ In addition, we also requested that the GOC report the interest rates established during the POR for this program for all types of financing provided by the China Export-Import Bank (Ex-Im Bank), all loan terms, and all denominations, as well as a list of partner banks involved in the

⁴⁷ See, e.g., *Chlorinated Isocyanurates from the People's Republic of China: Final Affirmative Countervailing Duty Determination; 2012*, 79 FR 56560 (September 22, 2014) (*Chlorinated Isos Final*), and accompanying IDM at 14-15; see also *Chlorinated Isocyanurates from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2016*, 84 FR 37627 (August 1, 2019) (*Chlorinated Isos 2016 Final Results*), and accompanying IDM at Comment 2.

⁴⁸ See Initial CVD Questionnaire, at II-5-II-6.

⁴⁹ See GOC's IQR at 25-29 and Exhibits II-F-3 and II-F-4.

⁵⁰ *Id.* at Exhibit II-F-2.

⁵¹ See GOC's IQR, at Exhibits II-F-2 and II-F-4.

⁵² See Initial CVD Questionnaire at II-5.

⁵³ See GOC's IQR at Exhibit II-F-2.

⁵⁴ See, e.g., *High Pressure Steel Cylinders from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2017*, 84 FR 71373 (December 27, 2019), and accompanying IDM at Comment 8.

disbursement of funds under this program.⁵⁵ Instead of providing any of this requested information, the GOC stated the questions were “Not applicable” because none of the respondents’ U.S. customers used this program.⁵⁶ If Commerce had received from the GOC the requested administrative measures of the program (the necessary laws, regulations, names of intermediary banks) and a list of partner/correspondent banks involved with this program, Commerce would have had ample guidance for how to query the records and electronic databases of the Ex-Im Bank to establish customer usage or non-usage of the program. Without the requested information on the record, there is no basis to determine that claims of non-use are actually verifiable. Moreover, we cannot assume that we would have had access to this information if we had chosen to conduct verification of the GOC; in previous proceedings, the GOC has declined to provide the requested information regarding Ex-Im Bank at verification.

Understanding the operation of the program is not solely a matter determining whether there is a financial contribution or whether a subsidy is specific. A complete understanding of the program provides a “roadmap” to understand whether the program was used or not. Without this information, Commerce determines that the information provided by the GOC on this program is insufficient to determine non-use and that our understanding on this program is incomplete. As such, we recognized that we could not rely on information about this program provided by parties other than the GOC, *i.e.*, the respondents.

In sum, the GOC has not provided necessary information with respect to (1) whether it uses third-party banks to disburse/settle Export Buyer’s Credits, (2) the interest rates it used during the POR, and (3) whether the Ex-Im Bank limits the provision of Export Buyer’s Credits to business contracts exceeding USD 2 million. Such information is critical to understanding how Export Buyers Credits flow to/from foreign buyers and the Ex-Im Bank. The nature of the GOC’s responses to Commerce’s information requests indicates that any further attempts to request this necessary information again from the GOC would be futile. Without understanding how this program works since the 2013 revisions, Commerce cannot analyze the program to understand how the disbursements flow and therefore the GOC’s and the respondents’ claims of non-use of this program are not verifiable.⁵⁷

Therefore, we preliminarily find that necessary information is missing from the record because the GOC has withheld that information, thereby impeding the review, and has not cooperated to the best of its ability. As a result, we find that application of AFA is warranted, and, as AFA, we find that Huayi and Kangtai used and benefited from this program, despite their claims of non-use and submissions of certifications of non-use from the respondents’ customers.⁵⁸ Although we have accepted similar certifications of non-use from the respondents’ customers to determine countervailability in prior reviews, this was based on our understanding of how the

⁵⁵ See Initial CVD Questionnaire at II-5.

⁵⁶ See GOC’s IQR at 26.

⁵⁷ The CIT previously sustained our finding that “only the GOC, and in particular the {China} Ex-Im, could provide and verify the information needed to determine whether a benefit was conferred to Respondents during the POR from the Export Buyer’s Credit Program.” See *Changzhou Trina Solar Energy Co. v. United States*, 195 F. Supp. 3d 1334, 1355 (CIT 2016).

⁵⁸ See Huayi Initial Questionnaire Response at Exhibit 13; see also Kangtai Initial Questionnaire Response at Exhibit 15.

program functioned prior to the 2013 amendments. Since learning about the amendments, Commerce has specifically stated that we intended in future proceedings to continue requesting the GOC's cooperation on this program and we would base subsequent evaluations of this program on the record developed in the relevant proceeding.⁵⁹ Therefore, to fully analyze whether the current program functions in the same manner, as we have discussed in prior segments of this proceeding and also in other proceedings investigating this program,⁶⁰ Commerce must be able to review the amendments to the program. Because the GOC has not provided the requisite information regarding the program's amendments, Commerce was unable to do so.

Pursuant to section 776(a)(1) of the Act, when necessary information is not available on the record, and sections (2)(A) and (C) of the Act, when an interested party withholds information requested by Commerce and significantly impedes a proceeding, Commerce uses facts otherwise available to reach a determination. Here, the record is missing necessary information because the GOC withheld the requested information described above, thereby impeding this proceeding. Accordingly, we preliminarily determine that the use of facts available is warranted based on the record. Further, pursuant to section 776(b) of the Act, we find that the GOC, by virtue of its withholding information and significantly impeding this proceeding, failed to cooperate by not acting to the best of its ability. Accordingly, we find that the application of AFA is warranted.

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.⁶¹ Under the first step of Commerce's CVD AFA hierarchy for administrative reviews, Commerce applies the highest non-*de minimis* rate calculated for a cooperating respondent 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 cooperating company 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 a cooperating company for any program from the same country that the industry subject to the investigation could have used.⁶²

⁵⁹ See, e.g., *Chlorinated Isocyanurates from the People's Republic of China: Final Results of Countervailing Duty Administrative Review, and Partial Rescission of Countervailing Duty Administrative Review*; 2014, 82 FR 27466 (June 15, 2017), and accompanying IDM at 13 (citing *Countervailing Duty Investigation of Certain Crystalline Silicon Photovoltaic Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 76962 (December 23, 2014), and accompanying IDM at Comment 1).

⁶⁰ See, e.g., *Truck and Bus Tires from China* IDM at Comments 2 through 6.

⁶¹ See, e.g., *Shrimp from China* 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 for an uncooperative respondent").

⁶² See section 776(d) of the Act; see also *SolarWorld Americas, Inc. v. United States*, CIT No. 15-00232 (CIT 2017) (*SolarWorld*) (sustaining Commerce's CVD AFA hierarchy and selection of AFA rate for CVD reviews).

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 any segment of 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.⁶³ Consistent with this practice, as well as findings in previous reviews of the CVD order on chlorinated isos from China, upon examination of the available above *de minimis* programs from the current review, as well as previous segments of this proceeding, Commerce selected the rate calculated for the Export Seller's Credit Program in the investigation because it confers the same type of benefit as the Export Buyer's Credit Program, as both programs are subsidized loans.⁶⁴ On this basis, we are applying an AFA rate of 0.87 percent *ad valorem*, the highest rate determined for a similar program in a segment of this proceeding as the rate for this program, to both respondent companies.

E. Application of AFA: Self-Reported Programs

As discussed in further detail in the "Programs Preliminarily Found to be Countervailable" section below, Huayi and Kangtai reported receiving benefits under certain grant programs.⁶⁵ Commerce requested information from the GOC regarding these grants in the initial questionnaire and again in a supplemental questionnaire.⁶⁶ The GOC did not provide a complete response regarding any of these self-reported grant programs. Rather, the GOC stated that it was not challenging the countervailability of the programs, and, therefore, it would not provide responses to Commerce's appendices.⁶⁷ Moreover, both Huayi and Kangtai reported receiving tax deductions under the Income Tax Deduction for R&D Expenses program.⁶⁸ However, in response to our request for information regarding this program, the GOC provided no information that is necessary for our *de facto* specificity analysis, such as the number of companies in China that used this tax deduction, or the usage of the program on an enterprise or industry basis.⁶⁹

⁶³ See, e.g., *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) (*Solar Cells from China 2012*), and accompanying IDM at 14 and 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; *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.

⁶⁴ See *Chlorinated Isos 2016 Final Results* IDM at Comment 2.

⁶⁵ See Huayi Initial Questionnaire Response at Exhibit 14; see also Kangtai Initial Questionnaire Response at Exhibit 15.

⁶⁶ See Initial CVD Questionnaire at II-8; see also GOC Supplemental Questionnaire at 8.

⁶⁷ See GOC Supplemental Questionnaire Response at 21.

⁶⁸ See Huayi Initial Questionnaire Response at 10 and Exhibit 15; see also Kangtai Initial Questionnaire Response at 9 and Exhibit 16.

⁶⁹ See GOC Supplemental Questionnaire Response at 15-16.

In order to conduct the analysis of whether a program is specific and a financial contribution under sections 771(5A) and 771(5)(D) of the Act, respectively, it is essential that the government provides a complete response to the questions that are contained in the Standard Questions Appendix to enable Commerce to conduct statutory analyses to determine if an alleged program is countervailable. To that end, government cooperation is essential because the government has sole access to the information required for a complete analysis of specificity and financial contribution with respect to government subsidy programs. By failing to provide complete responses to the Standard Questions Appendices as requested, Commerce finds that the record is missing necessary information because the GOC withheld necessary information and significantly impeded this administrative review within the meaning of section 776 (a)(1) and (2)(A), (C) of the Act and also failed to cooperate by not acting to the best of its ability to comply with our requests within the meaning of section 776(b) of the Act. Based on application of AFA regarding these programs, we preliminarily determine that the Income Tax Deduction for R&D Expenses program provides a financial contribution under section 771(5)(D)(ii) of the Act, while the subsidies listed in the “Self-Reported Grants Programs” section below constitute a financial contribution under section 771(5)(D)(i) of the Act. Moreover, applying AFA, we preliminarily determine that these programs are specific under section 771(5A) of the Act.

F. All Other Programs Previously Found to be Countervailable

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, we are continuing to find these programs to constitute a financial contribution by an authority and to be specific.⁷⁰ 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.⁷¹ The United States Court of Appeals for the Federal Circuit (CAFC) has affirmed this practice, under section 751(a)(1)(A) of the Act.⁷² 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

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.

Commerce finds the AUL in this proceeding to be 10 years, pursuant to 19 CFR 351.524(d)(2)

⁷⁰ See, e.g., *Chlorinated Isocyanurates from the People’s Republic of China: Final Affirmative Countervailing Duty Determination; 2012*, 79 FR 56560 (September 22, 2014), and accompanying IDM; and *Chlorinated Isocyanurates From the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2015*, 83 FR 26954 (June 11, 2018).

⁷¹ See *Solar Cells from China 2012*, and accompanying IDM at 27 n.130 (“In a CVD administrative review, we do not revisit past determinations of countervailability made in the proceeding, absent new information.”).

⁷² See *Magnola Metallurgy, Inc. v United States*, 508 F. 3d 1349, 1353-56 (CAFC 2007) (*Magnola*).

and the U.S. Internal Revenue Service’s 1977 Class Life Asset Depreciation Range System.⁷³ Commerce notified the respondents 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 divided 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. Further, 19 CFR 351.525(c) provides that benefits from subsidies provided to a trading company which exports subject merchandise shall be cumulated with benefits provided to the firm producing the subject merchandise that is sold through the trading company, regardless of affiliation.

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 standard will normally be met where there is a majority voting interest between two corporations, or through common ownership of two (or more) corporations.⁷⁴ In certain circumstances, a large minority voting interest (for example, 40 percent) may also result in cross-ownership.⁷⁵ 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.⁷⁶

Huayi

Huayi responded to Commerce’s original and supplemental questionnaires on behalf of itself, a producer and exporter of the subject merchandise during the POR. It reported no cross-owned companies. Therefore, we are attributing subsidies received by Huayi to its own sales, in accordance with 19 CFR 351.525(b)(6)(i).

⁷³ We determined the AUL in the underlying investigation, and no party challenged the finding. See *Chlorinated Isos Final IDM* at “Subsidies Valuation Information.”

⁷⁴ See, *e.g.*, *Countervailing Duties*, 63 FR 65348, 65401 (November 25, 1998).

⁷⁵ *Id.*

⁷⁶ See *Fabrique de Fer de Charleroi v. United States*, 166 F. Supp. 2d 593, 600-04 (CIT 2001).

Kangtai

Kangtai responded to Commerce’s original and supplemental questionnaires on behalf of itself, a producer and exporter of the subject merchandise during the POR. Kangtai reported being affiliated with two companies. The first, the identity of which is business proprietary information, is affiliated with Kangtai via common shareholding, but is not involved in the production of the subject merchandise, nor is it a provider of inputs.⁷⁷ The second company, Juancheng Ouya Chemical Co., Ltd. (Ouya), is affiliated via familial relationship, *i.e.*, Ouya is owned by a sibling of Kangtai’s minority shareholder.⁷⁸ In the investigation, we found that cross-ownership did not exist between Kangtai and Ouya “because neither company can use or direct the individual assets of the other company in essentially the same way that it could use its own assets.”⁷⁹ There is no new information since the investigation that would warrant revisiting our previous finding. Therefore, we are attributing subsidies received by Kangtai to its own sales, in accordance with 19 CFR 351.525(b)(6)(i).

C. Denominators

In accordance with 19 CFR 351.525(b)(1)-(5), Commerce considers the basis for a respondent’s receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondent’s export or total sales. As discussed in further detail below in the “Programs Preliminarily Determined to be Countervailable” section, where the program has been found to be countervailable as a domestic subsidy, we used the recipient’s total sales as the denominator. For any program found to be countervailable as an export subsidy, we used the recipient’s total export sales as the denominator. For a further discussion of the denominators used, *see* the preliminary calculation memoranda.⁸⁰

VII. BENCHMARKS

Commerce is reviewing non-recurring, allocable subsidies received by the mandatory respondents.⁸¹ The benchmark rates used to value these subsidies are discussed below.

A. Provision of Natural Gas for LTAR

For natural gas, as discussed in the “Use of Facts Otherwise Available and Adverse Inferences,” section below, we preliminarily determine that all of Huayi’s and Kangtai’s domestically purchased natural gas suppliers are “authorities.” We selected benchmarks for measuring the adequacy of the remuneration for natural gas in accordance with 19 CFR 351.511(a).

⁷⁷ See Kangtai Affiliation Response at 2-3.

⁷⁸ *Id.* at 2.

⁷⁹ See *Chlorinated Isos Final* IDM at 5.

⁸⁰ See Memorandum, “Countervailing Duty Administrative Review of Chlorinated Isocyanurates from the People’s Republic of China: Heze Huayi Chemical Co., Ltd. Preliminary Calculation Memorandum,” dated concurrently with this memorandum; and Memorandum, “Countervailing Duty Administrative Review of Chlorinated Isocyanurates from the People’s Republic of China: Kangtai Chemical Co., Ltd. Preliminary Calculation Memorandum,” dated concurrently with this memorandum (collectively, Preliminary Calculation Memoranda).

⁸¹ See 19 CFR 351.524(b)(1).

As discussed in the “Use of Facts Otherwise Available and Application of Adverse inferences” section below, the GOC did not provide all the information requested in Commerce’s questionnaires. Therefore, we preliminarily find, as AFA, that the domestic markets for this input is distorted by the government’s involvement in the market. Accordingly, to measure the adequacy of remuneration for the provision of natural gas, we are relying on world market prices (tier two), provided by Huayi and Kangtai, to derive our benchmarks as provided for in 19 CFR 351.511(a)(2)(ii).⁸² Specifically, we are relying on the respondents’ UN Comtrade data relating to import prices of natural gas in a gaseous state. We preliminarily find that these prices represent the only appropriate, available, world market prices for the input in question on the record to be used as a tier two benchmark.⁸³

B. Provision of Electricity for LTAR

In addition, Commerce is reviewing the provision of electricity to the mandatory respondents for LTAR. As discussed in the “Use of Facts Otherwise Available and Application of Adverse inferences” section below, the GOC did not provide all the information requested in Commerce’s questionnaires. Therefore, we preliminarily find, as AFA, that the provision of electricity for LTAR is countervailable. Using the information provided by the GOC, we selected the highest rates for each of the use categories (*i.e.*, valley, normal, peak, high-peak) for the industrial category applicable to the respondents to measure the adequacy of remuneration.⁸⁴

VIII. ANALYSIS OF PROGRAMS

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

A. Programs Preliminarily Found to be Countervailable

1. Electricity for LTAR

In the original investigation, Commerce determined this program to be countervailable based, in part, on the application of AFA.⁸⁵ Likewise, for this review, as explained in the “Use of Facts Otherwise Available and Adverse Inferences” section above, we are preliminarily basing our determination regarding the GOC’s provision of electricity, in part, on AFA. For these preliminary results, we determine that Huayi and Kangtai received a countervailable subsidy from electricity provided for LTAR.

As discussed above, the GOC did not provide the information requested by Commerce regarding its provision of electricity to the company respondents and, as a result, we find, as AFA, that the

⁸² See Respondents’ Benchmark Submission at Exhibit 1.

⁸³ Petitioner provided alternative data. See Petitioner Benchmark Submission at Exhibit 5. However, we find this proposed data not to be an appropriate tier two benchmark. For instance, we note that the Brazilian price data provided by the petitioner appears to be a composite price that may be based, in part, on liquid natural gas.

⁸⁴ See GOC’s IQR at Exhibit II-E-10.

⁸⁵ See *Chlorinated Isos Final IDM* at 21-22.

GOC is providing a financial contribution that is specific within the meaning of sections 771(5)(D)(iii) and 771(5A)(D) of the Act, respectively. To determine the existence and amount of any benefit from this program, we relied on the respondents' reported information on the amounts of electricity used, and the rates the respondents paid for that electricity, during the POR. We compared the rates paid by the respondents for their electricity to the highest rates that they could have paid in China during the POR.

To calculate the benchmark, we selected the highest rates in China for the type of user (*e.g.*, "General Industry," "Heavy Industry," "Base Charge/Maximum Demand") for the high peak, peak, normal, and valley ranges, as provided by the GOC.⁸⁶ The electricity rate benchmark chart is included in the Preliminary Benchmark Memoranda. This benchmark reflects an adverse inference, which we drew 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 review.

To measure whether the mandatory respondents received a benefit under this program, Commerce first calculated the electricity prices the respondents paid by multiplying the monthly kilowatt hours or kilovolt amperes consumed for each price category by the corresponding electricity rates charged for each price category. Next, we calculated the benchmark electricity cost by multiplying the monthly consumption reported by the respondents for each price category by the highest electricity rate charged for each price category, as reflected in the electricity rate benchmark chart. To calculate the benefit for each month, we subtracted the amount paid by the respondents for electricity during each month of the POR from the monthly benchmark electricity price. We then calculated the total benefit for each company during the POR by summing the monthly benefits for each company.⁸⁷

To calculate the subsidy rate pertaining to the GOC's provision of electricity for LTAR, we divided the benefit amount calculated for each respondent by the appropriate total sales denominator, as discussed in the "Subsidies Valuation" section above. On this basis, we preliminarily determine a countervailable subsidy of 1.36 percent *ad valorem* for Huayi, and 1.25 percent *ad valorem* for Kangtai.⁸⁸

2. *Export Buyer's Credit from the Export-Import Bank of China*

We preliminarily determine that the Export Buyer's Credit Program is countervailable based on AFA, as discussed in the "Use of Facts Otherwise Available and Adverse Inferences" section above. We requested information on this program in the initial questionnaire, and the GOC responded that this program was not used during the POR.⁸⁹ Huayi and Kangtai reported that their U.S. customers did not use this program, and provided certifications from their U.S. customers in support of their non-use assertion.⁹⁰ Although respondents provided certifications of non-use from their customers, which we accepted in the investigation, information on the record concerning subsequent changes to the operation of the program means we cannot find that

⁸⁶ See GOC's IQR at Exhibit E-II-12.

⁸⁷ See Preliminary Calculation Memoranda.

⁸⁸ *Id.*

⁸⁹ See GOC's IQR at 26.

⁹⁰ See Huayi Initial Questionnaire Response at Exhibit 13; and Kangtai Initial Questionnaire Response at Exhibit 14.

such documents have the same probative value in this subsequent review. Information on the record indicates a significant change in the program occurred with the 2013 implementation of rule changes to the *2000 Rules Governing Export Buyers' Credit*. Despite having requested the 2013 Measures, they were not provided by the GOC. As such, we cannot analyze the relevance or veracity of the customer certifications of non-use in this review because the record is missing information about to whom and how the program disbursements flow since the 2013 amendments allegedly changed this process. In prior proceedings before the 2013 amendments when we have examined this program, we have found that the Ex-Im Bank, as the lender, is the primary entity that possesses the supporting information and documentation that are necessary for Commerce to fully understand the operation of the program which is a prerequisite to Commerce's ability to verify the accuracy of the respondents' claimed non-use of the program.⁹¹ Because the program changed in 2013 and the GOC has not provided details about these changes, Commerce has outstanding questions about how this program currently functions, *e.g.*, whether the Ex-Im Bank limits the provision of Export Buyer's Credits to business contracts exceeding two million USD, and whether it uses third-party banks to disburse/settle Export Buyer's Credits. Such information is critical to understanding how Export Buyer's Credits flow to and from foreign buyers and the Ex-Im Bank and forms the basis of determining countervailability. Absent the requested information, the GOC's claims that the respondent companies did not use this program are not verifiable. Moreover, without a full understanding of the involvement of third-party banks, the respondent companies' (and their customers') claims are also not verifiable.

In light of the GOC's non-response, the GOC withheld information requested by Commerce as described in sections 776(a)(1) and (2)(A), (C) of the Act, and also did not act to the best of its ability, as described in section 776(b) of the Act. Therefore, we preliminarily find that this program is countervailable based on application of AFA.

For these reasons, we applied our AFA hierarchy as described above, we continue to apply that rate for these preliminarily results to find a countervailable subsidy of 0.87 percent *ad valorem* for both Huayi and Kangtai.

3. *Income Tax Deductions for R&D Expenses*

In response to Commerce's request that respondents report any additional subsidy programs from which they benefited during the POR, both Huayi and Kangtai reported receiving income tax deductions for R&D expenses as part of the income taxes they filed during the POR.⁹² After the companies reported receiving these tax deductions, the GOC responded to our request for information regarding the program.⁹³ According to the GOC, this program was established according to Article 30 of the Enterprise Income Tax Law and the Article 95 of the

⁹¹ See, *e.g.*, *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 81 FR 35308 (June 2, 2016), and accompanying IDM at Comment 6.

⁹² See Huayi Initial Questionnaire Response at Exhibit 15; see also Kangtai Initial Questionnaire Response at Exhibit 16.

⁹³ See GOC Supplemental Questionnaire Response at 8-20.

Implementing Regulations of the Enterprise Income Tax Law, effective on January 1, 2008. Administered by the State Administration of Taxation, the program allows an additional 50 percent of the actual expense accrual to be deducted from taxable income for eligible R&D expenditures for new technologies, new products, or new manufacturing methods that are expensed and not capitalized.⁹⁴ If the expenditures are capitalized into intangible assets, the amortization of those assets shall be based upon 150 percent of the actual cost.⁹⁵

As this program is administered by China's tax authority, the State Administration of Taxation, we preliminarily find that this program provides a financial contribution in the form of revenue foregone under section 771(D)(ii) of the Act. As explained above in the "Use of Facts Otherwise Available and Adverse Inferences" section, the GOC has not provided information regarding the use of this program in China. As such, we preliminarily find, based on AFA, that this program is *de facto* specific under section 771(5A)(D)(iii) of the Act. A benefit exists in the amount of the revenue foregone, in accordance with 19 CFR 351.509(a) to the extent that the taxes by the respondents as a result of the program are less than the taxes that would have paid in the absence of the program. To calculate the subsidy rate pertaining to this program, we divided the benefit amount calculated for each respondent by the appropriate total sales denominator, as discussed in the "Subsidies Valuation" section above. On this basis, we preliminarily determine a countervailable subsidy of 0.16 percent *ad valorem* for Huayi, and 0.53 percent *ad valorem* for Kangtai.⁹⁶

4. *Self-Reported Grant Programs*

Huayi and Kangtai reported receiving various non-recurring grants during the POR. Huayi self-reported receiving a grant under the following program:

Market Development Fund for Middle-and-Small Sized Enterprise⁹⁷

Kangtai self-reported receiving a grant under the following program:

Technology Bureau Enterprise Award⁹⁸

As discussed in the "Use of Facts Available and Adverse Inferences" section above, Commerce preliminarily determines that the GOC-provided grants listed above, based on AFA, provide a financial contribution under section 771(5)(D)(i) of the Act, and that these programs are specific under section 771(5A) of the Act. Commerce further preliminarily determines that these grants each confer a benefit equal to the amount of the grant reported by the respondents in accordance with 19 CFR 351.504(a). We note that, when requested to provide information regarding these

⁹⁴ *Id.* at 8.

⁹⁵ *Id.* at 8-9.

⁹⁶ *Id.*

⁹⁷ See Huayi Initial Questionnaire Response at Exhibit 14.

⁹⁸ See Kangtai Initial Questionnaire Response at Exhibit 15.

grants, the GOC stated that it “is not challenging the countervailability of these programs,” and only confirmed the amount of the grants received and the dates on which they were received.⁹⁹

To determine whether the grant benefit was to be expensed in the year of receipt (*i.e.*, the POR) or allocated over time, Commerce followed the methodology described in 19 CFR 351.524. To conduct the 0.5 percent test called for in 19 CFR 351.524(b)(2), we divided the benefit conferred under each of these programs by the recipient’s total sales for the POR.¹⁰⁰ The resulting rates fell below the 0.5 percent threshold, and as such, are expensed in the POR. Therefore, Commerce preliminarily finds a countervailable subsidy of 0.02 percent *ad valorem* for Huayi, and 0.20 percent *ad valorem* for Kangtai.¹⁰¹

B. Program Preliminarily Determined Not to Provide a Benefit to Huayi and Kangtai During the POR

1. Provision of Natural Gas for LTAR

Commerce included the provision of natural gas for LTAR in this proceeding as a result of the petitioners’ new subsidy allegations.¹⁰² Based on the petitioners’ allegation, the “Air Pollution Prevention Control Plan,” issued by the State Council in 2013 (the 2013 Plan) was designed to reform of the natural gas price formation mechanism and rationalization of the price relationship between natural gas and alternative energy sources,” and included the NDRC taking action to “cut the price of natural gas for non-residential users to ease the burden on downstream industry players.”¹⁰³ The plans provided by the GOC demonstrate that particular industries, including the chemical sector, were targeted for support in transitioning to natural gas from coal. The 2013 plan also contemplates the “adjustment of sales price {s}” and notes that “price policy support should be given.”¹⁰⁴ Thus, we find that the provision of natural gas is *de jure* specific under 771(5A)(D)(i).

The GOC reported that the producer of the natural gas purchased by Huayi and Kangtai is wholly owned by a government authority, which is identified in the Preliminary Calculation Memoranda. We find that the producer is an “authority” within the meaning of section 771(5)(B) of the Act, and that it provides a financial contribution under section 771(5)(D)(iii) of the Act.

Both Huayi and Kangtai reported purchasing natural gas during the POR.¹⁰⁵ A benefit is provided to the company respondents to the extent that the natural gas benchmark price exceeds the actual prices paid. However, as the benchmark price exceeded the prices paid by the

⁹⁹ See GOC Supplemental Questionnaire Response at 20 and Exhibit S-1-10.

¹⁰⁰ See Preliminary Calculation Memoranda.

¹⁰¹ *Id.*

¹⁰² See NSA Memorandum.

¹⁰³ *Id.* at 4.

¹⁰⁴ See New Subsidy Allegations at Exhibit 1.

¹⁰⁵ See Huayi NSA Response at Exhibit NSQ-1; see also Kangtai NSA Response at Exhibit NSQ-1.

respondents in this instance, we preliminarily find that this program provided no benefit to the respondents during the POR.¹⁰⁶

C. *Programs Preliminarily Determined to be Not Used by Huayi and Kangtai During the POR*

Commerce preliminarily determines that the following programs were not used by Huayi and Kangtai¹⁰⁷ during the POR:

1. Export Seller's Credits from China ExIm
2. Export Credit Insurance from SINOSURE
3. Shandong Industrial Structure Adjustment Entrusted Loan
4. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries.
5. VAT Exemptions on Equipment for Central Region
6. VAT TAX Rebate for Comprehensive Utilization of Resources
7. Grants for Export Credit Insurance
8. Special Fund for Energy Saving Technology Reform
9. Grants under the Haixing County Science and Technology Research & Development Plan Project
10. Special National Bonding Fund for Energy Conservation and Waste Recycling Projects
11. Land and Land Usage for Foreign Investment Enterprises (FIEs) in National Economic and Technological Zones at Preferential Rates
12. Income Tax Benefits for FIEs Based on Geographic Location
13. Corporate Income Tax Law Article 33: Reduction of Taxable Income for the Revenue Derived from the Manufacture of Products that are in Line with State Industrial Policy and Involve Synergistic Utilization of Resources
14. Enterprise Income Tax Reduction for High and New Technology Enterprises
15. VAT Refunds for FIEs on Purchases of Chinese-made Equipment
16. VAT Tax Rebate for Comprehensive Utilization of Resources
17. Preferential Direct Tax Treatment on Purchases of Domestically Produced Equipment for FIEs
18. Policy Loans Under the Chlor-alkali Industry Second Five Year Plan
19. Stamp Tax Exemption on Share Transfers Under Non-Tradable Share Reform
20. State Key Technology Renovation Project Fund
21. Shareholder loans (debt forgiveness)
22. Discounted Loans for Export-Oriented Enterprises
23. VAT Rebate on Domestically Produced Equipment
24. VAT Exemption on Imports by Encouraged Industries
25. Preferential Lending for Industrial Readjustment
26. Preferential Loans Provided by China ExIm "Going-out" for Outbound Investments
27. Foreign Trade Development Fund
28. "Famous Brands" program
29. Preferential Policies to Attract Foreign Investment in Jiangsu Province

¹⁰⁶ See Preliminary Calculation Memoranda.

¹⁰⁷ As noted above, we find, based on AFA, that Jiheng has used all of the following programs.

30. Outline of Light Industry Restructuring and Revitalization Plan in Jiangsu Province
31. Jiangsu Province Grants for Legal Fees in Foreign Trade Remedy Proceedings
32. Shandong Province: Grants to Enterprises Exporting Key Product
33. Grants for Export Credit Insurance
34. The Clean Production Technology Fund
35. Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies
36. Grants for the Application of Patents
37. Financial Incentives for Coal-to-Gas Conversion and Plant Relocation
38. Discounted Green Loans

IX. DISCLOSURE AND PUBLIC COMMENT

Commerce intends to disclose to parties to this proceeding the calculations performed in reaching the preliminary results within five days of the publication of these preliminary results.¹⁰⁸ Interested parties may submit written comments (case briefs)¹⁰⁹ 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.¹¹⁰ Rebuttal briefs must be limited to issues raised in the case briefs.¹¹¹ Parties who submit case 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.¹¹²

Interested parties who wish to request a hearing must do so within 30 days of publication of these preliminary results by submitting a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, using Enforcement and Compliance's ACCESS system.¹¹³ 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 will inform parties of the scheduled date for the hearing which will be held at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, at a time and location to be determined.¹¹⁴ Parties should confirm by telephone the date, time, and location of the hearing. Issues addressed at the hearing will be limited to those raised in the briefs.¹¹⁵ All briefs and hearing requests must be filed electronically and 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, Commerce intends 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.

¹⁰⁸ See 19 CFR 351.224(b).

¹⁰⁹ See generally 19 CFR 351.303 (for general filing requirements).

¹¹⁰ See 19 CFR 351.309(c)(1)(ii)(d)(1).

¹¹¹ See 19 CFR 351.309(d)(2).

¹¹² See 19 CFR 351.309(c)(2), (d)(2).

¹¹³ See 19 CFR 351.310(c).

¹¹⁴ See 19 CFR 351.310.

¹¹⁵ See 19 CFR 351.310(c).

X. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

Agree

Disagree

X 

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

APPENDIX

AFA Rate Calculation

<u>Program Name</u>	<u>Rate</u>	<u>Source</u>
Preferential Lending		
Policy Loans Under the Chlor-alkali Industry Second Five Year Plan	10.54%	<i>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 Investigation)</i>
Shareholder Loans (Debt Forgiveness)	10.54%	<i>Coated Paper from China Investigation</i>
Discounted Loans for Export-Oriented Enterprises	10.54%	<i>Coated Paper from China Investigation</i>
Preferential Lending for Industrial Readjustment	10.54%	<i>Coated Paper from China Investigation</i>
Preferential Loans Provided by China ExIm “Going-out” for Outbound Investments	10.54%	<i>Coated Paper from China Investigation</i>
Discounted Green Loans	10.54%	<i>Coated Paper from China Investigation</i>
Shandong Industrial Structure Adjustment Entrusted Loan	0.13%	<i>Chlorinated Isocyanurates from the People’s Republic of China: Final Affirmative Countervailing Duty Determination; 2012, 79 FR 56560 (September 22, 2014) (Chlorinated Isos Investigation).</i>
Export Credit Subsidies		
Export Buyer’s Credits from the Export-Import Bank of China	0.87	<i>Chlorinated Isos Investigation</i>
Export Seller’s Credits from the Export-Import Bank of China	0.87	<i>Chlorinated Isos Investigation</i>
Export Credit Insurance from SINOSURE	10.54%	<i>Coated Paper from China Investigation</i>
Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)		
Provision of Electricity for LTAR	1.25%	Calculated - Kangtai
Provision of Natural Gas for LTAR	20.06%	<i>Chlorinated Isos Investigation</i>
Direct Tax Exemptions and Reductions		

Income Tax Benefits for Foreign-Invested Enterprises (FIEs) Based on Geographic Location	1.68%	<i>Certain Steel Grating from the People's Republic of China: Final Affirmative Countervailing Duty Determination, 75 FR 32362, June 8, 2010 (Steel Grating Investigation).</i>
Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies	1.68%	<i>Steel Grating Investigation</i>
Article 30 Income Tax Deduction for Research and Development (R&D) Expenses	25%	
Corporate Income Tax Law Article 33: Reduction of Taxable Income for the Revenue Derived from the Manufacture of Products that are in Line with State Industrial Policy and Involve Synergistic Utilization of Resources		
Enterprise Income Tax Reduction for High and New Technology Enterprises		
Indirect Tax Exemptions and Reductions		
VAT Exemptions on Equipment for Central Region	9.71%	<i>Chlorinated Isocyanurates From the People's Republic of China: Final Results of Countervailing Duty Administrative Review, and Partial Rescission of Countervailing Duty Administrative Review; 2014, 82 FR 27466 (June 15, 2017) (Chlorinated Isos ARI)</i>
VAT TAX Rebate for Comprehensive Utilization of Resources	9.71%	<i>OTR Tires from China</i>
VAT Refunds for FIEs on Purchases of Chinese-made Equipment	9.71%	<i>OTR Tires from China</i>
VAT Tax Rebate for Comprehensive Utilization of Resources	0.06%	<i>Isos Investigation</i>
Preferential Direct Tax Treatment on Purchases of Domestically Produced Equipment for FIEs	9.71%	<i>OTR Tires from China</i>
VAT Rebate on Domestically Produced Equipment	9.71%	<i>OTR Tires from China</i>
VAT Exemption on Imports by Encouraged Industries	9.71%	<i>OTR Tires from China</i>

Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries.	9.71%	<i>OTR Tires from China</i>
Stamp Tax Exemption on Share Transfers Under Non-Tradable Share Reform	9.71%	<i>OTR Tires from China</i>
Grants		
Technology Bureau Enterprise Award	0.62%	<i>Chlorinated Isos AR1</i>
Market Development Fund for Middle-and-Small Sized Enterprise	0.62%	<i>Chlorinated Isos AR1</i>
Grants for Export Credit Insurance	0.09%	<i>Chlorinated Isos AR1</i>
Special Fund for Energy Saving Technology Reform	0.62%	<i>Chlorinated Isos AR1</i>
Grants under the Haixing County Science and Technology Research & Development Plan Project	0.02%	<i>Chlorinated Isos Investigation</i>
Special National Bond Fund for Energy Conservation and Waste Recycling Projects	0.03%	<i>Chlorinated Isos Investigation</i>
Land and Land Usage for Foreign Investment Enterprises (FIEs) in National Economic and Technological Zones at Preferential Rates	13.36%	<i>Laminated Woven Sacks from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances, 73 FR 35639 (June 24, 2008) (Sacks from China)</i>
State Key Technology Renovation Project Fund	0.62%	<i>Chlorinated Isos AR1</i>
Foreign Trade Development Fund	0.62%	<i>Chlorinated Isos AR1</i>
"Famous Brands" program	0.62%	<i>Chlorinated Isos AR1</i>
Preferential Policies to Attract Foreign Investment in Jiangsu Province	0.62%	<i>Chlorinated Isos AR1</i>
Outline of Light Industry Restructuring and Revitalization Plan in Jiangsu Province	0.62%	<i>Chlorinated Isos AR1</i>
Jiangsu Province Grants for Legal Fees in Foreign Trade Remedy Proceedings	0.62%	<i>Chlorinated Isos AR1</i>
Shandong Province: Grants to Enterprises Exporting Key Product	0.62%	<i>Chlorinated Isos AR1</i>
Grants for Export Credit Insurance	0.62%	<i>Chlorinated Isos AR1</i>
The Clean Production Technology Fund	0.62%	<i>Chlorinated Isos AR1</i>
Grants for the Application of Patents	0.62%	<i>Chlorinated Isos AR1</i>

Financial Incentives for Coal-to-Gas Conversion and Plant Relocation	0.62%	<i>Chlorinated Isos ARI</i>
Total	397.61%	