UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

C-570-115
Investigation
POI: 1/1/2018 – 12/31/2018
Public Document
E&C/OIV: MK/SMB

February 24, 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 Affirmative Determination: Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China

---

I. SUMMARY

The Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of certain glass containers (glass containers) from the People's Republic of China (China), as provided in section 703(b)(1) of the Tariff Act of 1930, as amended (the Act). Pursuant to section 701(f) of the Act, Commerce is applying the countervailing duty law to countries designated as non-market economies under section 771(18) of the Act, such as China.

II. BACKGROUND

A. Initiation and Case History

On September 25, 2019, we received antidumping duty (AD) and countervailing duty (CVD) petitions concerning glass containers from China, filed in proper form, on behalf of the American Glass Packaging Coalition (the petitioner).[1] On October 4, 2019, we received responses to the supplemental questions regarding the CVD Petition.[2] We describe the supplements to the Petitions in the CVD Initiation Checklist.[3] Pursuant to section 702(b)(4)(A)(ii) of the Act, we

[1] *See* Petitioner's Letter, "Certain Glass Containers from the People's Republic of China – Petitions for the Imposition of Antidumping and Countervailing Duties," dated September 25, 2019 (Petitions).
[2] *See* Petitioner's Letter, "Certain Glass Containers from the People's Republic of China: Responses to the First Supplemental Questions on China CVD Volume III of the Petition," dated October 4, 2019 (CVD Petition Supplemental).
[3] *See* Memorandum, "Countervailing Duty Investigation Initiation Checklist: Certain Glass Containers from the People's Republic of China," dated October 15, 2019 (Initiation Checklist); *see also Certain Glass Containers from*

invited representatives of the Government of China (GOC) for consultations with respect to the CVD Petition on October 3, 2019.[4] The GOC did not respond to our invitation for consultations. On October 15, 2019, we initiated the CVD investigation of glass containers from China.[5]

In the *Initiation Notice*, we stated that in the event that Commerce determines that the number of companies is large and it cannot individually examine each company based upon Commerce's resources, where appropriate, Commerce intends to select mandatory respondents based on U.S. Customs and Border Protection (CBP) data for the Harmonized Tariff Schedule of the United States (HTSUS) subheading(s) listed in the scope of the investigation.[6] On October 8, 2019, we released CBP data under Administrative Protective Order (APO) and indicated that interested parties wishing to comment on the CBP data and respondent selection must do so within three business days of the publication date of the notice of initiation of this CVD investigation.[7] Qixia Changyu Glass Co., Ltd. (Qixia Changyu), submitted comments on the CBP data on October 21 and 24, 2019, arguing that due to errors in the CBP data, Commerce should issue quantity and value (Q&V) questionnaires to all named producers and exporters in the petition in both kilogram and gross units of quantity.[8]

On November 13, 2019, Commerce issued Q&V questionnaires to 58 of the 74 potential respondents that appeared in the CBP data and which were identified in the Petition with a complete address.[9] Commerce confirmed that of the 58 Q&V questionnaires that were sent out, 49 were successfully delivered.[10] Of the 49 that were delivered, 47 did not respond to the Q&V questionnaires (non-responsive companies). Additionally, Commerce posted the Q&V questionnaire, along with filing instructions, on Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). Commerce received timely filed Q&V questionnaire responses from 70 exporters and producers of the subject merchandise.[11] We also received several untimely filed Q&V questionnaire responses which we rejected.[12] These untimely filed responses were from the following companies: Iboya Packaging Co., Ltd. (Iboya),[13] Qingdao HYH International Trade Co., Ltd. (Qingdao HYH),[14]

---

the People's Republic of China: Initiation of Countervailing Duty Investigation, 84 FR 56168 (October 21, 2019) (*Initiation Notice*).

[4] *See* Commerce's Letter, "Countervailing Duty Petition on Certain Glass Containers from China," dated October 3, 2019.

[5] *See Initiation Notice*, 84 FR at 56168 (specifying an applicable date of October 15, 2019).

[6] *Id.* at 56170.

[7] *See* Memorandum, "Certain Glass Containers from the People's Republic of China Countervailing Duty Petition: Release of Customs Data from U.S. Customs and Border Protection," dated October 8, 2019.

[8] *See* Qixia Changyu's Letters, "Glass Containers from the People's Republic of China: Comments on the CBP Data," dated October 21, 2019 and "Glass Containers from the People's Republic of China: Additional Comments on CBP Data," dated October 24, 2019.

[9] *See* Memorandum, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Delivery of Quantity and Value Questionnaires," dated November 27, 2019 (Delivery Memo).

[10] *Id*.

[11] *Id*.

[12] *See* Memorandum, "Removal of Submissions from the Record," dated December 4, 2019.

[13] *See* Commerce Letter, "Certain Glass Containers from the People's Republic of China; C-570-115; Rejection of Quantity and Value Questionnaire Response," dated December 4, 2019.

[14] *Id*.

Shanghai Misa Glass Co., Ltd. (Shanghai Misa),[15] Shanghai Vista Packaging Co., Ltd. (Shanghai Vista),[16] and Yinan Sanhui Glass Co., Ltd. (Yinan Sanhui).[17]

On November 27, 2019, we selected Guangdong Huaxing Glass Co., Ltd. (Guangdong Huaxing) and Qixia Changyu as mandatory respondents, and issued our CVD questionnaire.[18] We issued the initial questionnaire addressed to the GOC via ACCESS.[19] In the cover letter to the questionnaire, we notified the GOC that Commerce had selected Guangdong Huaxing and Qixia Changyu as mandatory respondents in this investigation and stated that the GOC "is responsible for forwarding copies of this cover letter and questionnaire to these respondent companies."[20]

In January 2020, we received timely questionnaire responses from Guangdong Huaxing, Qixia Changyu, and the GOC. On January 27, 2020, Guangdong Huaxing and Qixia Changyu submitted benchmark data for calculation of benefits relating to the provision of inputs for less than adequate remuneration (LTAR).[21] On January 28, 2020, the petitioner also submitted benchmark data.[22] On January 31 and February 14, 2020, pursuant to requests from Guangdong Huaxing, Qixia Changyu, and the GOC, we extended the deadlines for submission of responses to Commerce's supplemental questionnaires.[23] The responses to these supplemental questionnaires are currently due on February 26, 2020, after the date of our preliminary determination. On February 7, 2020, we received rebuttal comments on benchmark submissions from Guangdong Huaxing and the petitioner.[24] On February 21, 2020, we rejected the petitioner's benchmark submission as untimely.[25] On February 21, 2020, we also rejected the benchmark rebuttal comments submitted by Guangdong Huaxing.[26]

---

[15] *Id*.
[16] *Id*.
[17] *Id*.
[18] *See* Memorandum, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Respondent Selection," dated November 27, 2019.
[19] *See* Commerce's Letter, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Countervailing Duty Questionnaire," dated November 27, 2019 (Initial CVD Questionnaire).
[20] *Id*. at 1.
[21] *See* Guangdong Huaxing's Letter, "Certain Glass Containers from the People's Republic of China: Benchmark Submission," dated January 27, 2020 (Guangdong Huaxing Benchmark Submission); *see also* Qixia Changyu's Letter, "Certain Glass Containers from the People's Republic of China: Benchmark Information," dated January 27, 2020 (Qixia Changyu Benchmark Submission).
[22] *See* Petitioner's Letter, "Glass Containers from the People's Republic of China: Submission of Benchmark Information," dated November 2, 2018 (Petitioner Benchmark Submission); *see also* Memorandum, "Investigation of Certain Glass Containers from the People's Republic of China: Extension of Time to Submit Benchmark Information," dated January 28, 2019.
[23] *See* Memorandum, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Extension of Deadline for Submission of Supplemental Questionnaire Responses," dated January 31, 2020; *see also* Memorandum, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Extension of Deadline for Submission of Supplemental Questionnaire Responses," dated February 14, 2020.
[24] *See* Guangdong Huaxing's Letter, "Certain Glass Containers from the People's Republic of China: Rebuttal Benchmark Submission," dated February 7, 2020; *see also* Petitioner's Letter, "Glass Containers from the People's Republic of China: Rebuttal Benchmark Submission," dated February 7, 2020.
[25] *See* Commerce's Letter, "Investigation of Certain Glass Containers from the People's Republic of China: Denial of Request for Extension of Time to Submit Benchmark Information," dated February 21, 2020.
[26] *See* Memorandum, "Rejection and Removal of Document from the Record," dated February 21, 2020.

On January 28, 2020, the petitioner filed new subsidy allegations.[27] On February 11, 2020, Commerce issued a supplemental questionnaire pertaining to the petitioner's new subsidy allegations.[28] On February 11, 2020, the petitioner submitted pre-preliminary comments.[29] On February 12, 2020, the petitioner submitted a creditworthiness allegation.[30]

B. Postponement of Preliminary Determination

On December 4, 2019, pursuant to a request from the petitioner,[31] Commerce postponed the preliminary determination of this investigation to February 24, 2020, in accordance with sections 703(c)(1)(A) and (2) of the Act and 19 CFR 351.205(e).[32]

C. Period of Investigation

The period of investigation (POI) is January 1, 2018 through December 31, 2018.

III. SCOPE COMMENTS

In accordance with the Preamble to Commerce's regulations,[33] we set aside a period of time, as stated in the *Initiation Notice*, for parties to raise issues regarding product coverage.[34] We received several comments concerning the scope of the AD and CVD investigations of glass containers from China.[35] We are currently evaluating the scope comments filed by the interested parties. We intend to issue our preliminary decision regarding the scope of the AD and CVD investigations in the preliminary determination of the companion AD investigation, the deadline for which is currently scheduled for April 22, 2020.[36] We will incorporate the scope decisions

---

[27] *See* Petitioner's Letter, "Glass Containers from the People's Republic of China: New Subsidy Allegation," dated January 28, 2020.
[28] *See* Commerce's Letter, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: New Subsidy Allegation Supplemental Questionnaire," dated February 11, 2020.
[29] *See* Petitioner's Letter, "Glass Containers from the People's Republic of China: Pre-Preliminary Comments," dated February 11, 2020.
[30] *See* Petitioner's Letter, "Glass Containers from the People's Republic of China: Creditworthiness Allegation," dated February 11, 2020.
[31] *See* Petitioner's Letter, "Certain Glass Containers from the People's Republic of China: Request to Postpone Preliminary Determination," dated November 19, 2019.
[32] *See Certain Glass Containers From the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*, 84 FR 66377 (December 4, 2019).
[33] *See Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997) (Preamble).
[34] *See Initiation Notice*, 84 FR at 56168.
[35] *See* Shandong Pharmaceutical Glass Co., Ltd.'s Letter, "Certain Glass Containers from the People's Republic of China: Shandong Pharmaceutical Glass Co., Ltd. - Comments on Scope," dated November 12, 2019; *see also* IKEA Supply AG's Letter, "Antidumping and Countervailing Duty Investigations on Certain Glass Containers from the People's Republic of China - Scope Comments," dated November 12, 2019; Target General Merchandise, Inc.'s Letter, "Certain Glass Containers from the People's Republic of China: Scope Comments," dated November 12, 2019; Zibo Glass Container Exporter Coalition's Letter, "Certain Glass Containers from the People's Republic of China: Submission of Scope Comments," dated November 8, 2019; and Midwest Custom Bottling LLC's Letter, "Certain Glass Containers from the People's Republic of China: Scope Comments," dated November 12, 2019.
[36] *See Certain Glass Containers From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 84 FR 56174 (October 21, 2019).

from the AD investigation into the scope of the final CVD determination for this investigation after considering any relevant comments submitted in case and rebuttal briefs.

IV. SCOPE OF THE INVESTIGATION

The merchandise covered by this investigation is certain glass containers with a nominal capacity of 0.059 liters (2.0 fluid ounces) up to and including 4.0 liters (135.256 fluid ounces) and an opening or mouth with a nominal outer diameter of 14 millimeters up to and including 120 millimeters. The scope includes glass jars, bottles, flasks and similar containers; with or without their closures; whether clear or colored; and with or without design or functional enhancements (including, but not limited to, handles, embossing, labeling, or etching).

Excluded from the scope of the investigation are: (1) Glass containers made of borosilicate glass, meeting United States Pharmacopeia requirements for Type 1 pharmaceutical containers; (2) glass containers without "mold seams," "joint marks," or "parting lines;" and (3) glass containers without a "finish" (*i.e.*, the section of a container at the opening including the lip and ring or collar, threaded or otherwise compatible with a type of closure to seal the container's contents, including but not limited to a lid, cap, or cork).

Glass containers subject to this investigation are specified within the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7010.90.5005, 7010.90.5009, 7010.90.5015, 7010.90.5019, 7010.90.5025, 7010.90.5029, 7010.90.5035, 7010.90.5039, 7010.90.5045, 7010.90.5049, and 7010.90.5055. The HTSUS subheadings are provided for convenience and customs purposes only. The written description of the scope of the investigation is dispositive.

V. INJURY TEST

Because China is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, the U.S. International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from China materially injure, or threaten material injury to, a U.S. industry. On November 12, 2019, the ITC preliminarily determined that there was a reasonable indication that an industry in the United States is materially injured by reason of imports of glass containers from China.[37]

VI. DIVERSIFICATION OF CHINA'S ECONOMY

On January 30, 2020, Commerce placed the following excerpts from the China Statistical Yearbook from the National Bureau of Statistics of China on the record of this investigation: 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.[38] This information reflects a wide

[37] *See Glass Containers From China; Determinations*, 84 FR 63677 (November 18, 2019) (ITC Prelim).
[38] *See* Memorandum, "China Statistical Yearbook Memorandum," dated January 30, 2020.

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 China's economy.

VII. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

A. Legal Standard

Sections 776(a)(1) and (2) of the Act provide that Commerce shall, subject to section 782(d) of the Act, apply "facts otherwise available" if necessary information is not on the record or an interested party or any other person: (A) withholds information that has been requested; (B) fails to provide information within the deadlines established, or in the form and manner requested by Commerce, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly impedes a proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Section 776(b) of the Act further provides that Commerce may use an adverse inference in selecting from among the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. Further, section 776(b)(2) of the Act states that an adverse inference may include reliance on information derived from the petition, the final determination from the investigation, a previous administrative review, or other information placed on the record. When selecting an 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."[39] 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."[40] At the same time, section 776(b)(1)(B) of the Act states that Commerce is not required to determine, or make any adjustments to, a countervailable subsidy rate based on any assumptions about information the interested party would have provided if the interested party had complied with the request for information.

In *Nippon Steel*, the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) held that, while the statute does not provide an express definition of the "failure to act to the best of its ability" standard, the ordinary meaning of "best" is "one's maximum effort."[41] Thus, according to the Federal Circuit, the statutory mandate that a respondent act to the "best of its ability" requires the respondent to do the maximum it is able to do. The Federal Circuit indicated that inadequate responses to an agency's inquiries would suffice to find that a respondent did not act to the best of its ability. While the Federal Circuit noted that the "best of its ability" standard does not require perfection, it does not condone inattentiveness, carelessness, or inadequate

---

[39] *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).

[40] *See* Statement of Administrative Action accompanying the Uruguay Round Agreements Act (SAA), H.R. Doc. 103-316, vol 1 (1994)at 870.

[41] *See Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382-83 (Fed. Cir. 2003) (*Nippon Steel*).

record keeping.[42] The "best of its ability" standard recognizes that mistakes sometimes occur; however, it requires a respondent to, among other things, "have familiarity with all of the records it maintains," and "conduct prompt, careful, and comprehensive investigations of all relevant records that refer or relate to the imports in question to the full extent of" its ability to do so.[43] Moreover, further, affirmative evidence of bad faith on the part of a respondent is not required before Commerce may make an adverse inference.[44]

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is "information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise."[45] It is Commerce's practice to consider information to be corroborated if it has probative value.[46] In analyzing whether information has probative value, it is Commerce's practice to examine the reliability and relevance of the information to be used.[47] However, the SAA emphasizes that Commerce need not prove that the selected facts available are the best alternative information.[48] Furthermore, Commerce is not required to corroborate any countervailing subsidy rate applied in a separate segment of the same proceeding.[49]

Under section 776(d) of the Act, Commerce may use any countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a CVD rate for a subsidy program from a proceeding that Commerce considers reasonable to use, including the highest of such rates. Additionally, when selecting an AFA rate, Commerce is not required for purposes of section 776(c) of the Act, or any other purpose, to estimate what the countervailable subsidy rate would have been if the interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an "alleged commercial reality" of the interested party.[50]

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

---

[42] *Id*., at 1382.
[43] *Id*.
[44] *See*, *e.g.*, *Notice of Final Determination of Sales at Less Than Fair Value: Circular Seamless Stainless Steel Hollow Products from Japan*, 65 FR 42985 (July 12, 2000); *Antidumping Duties; Countervailing Duties: Final Rule*, 62 FR 27296, 27340 (May 19, 1997); and *Nippon Steel*, 337 F.3d at 1382-83.
[45] *See*, *e.g.*, SAA at 870.
[46] *Id*. at 870.
[47] *Id*. at 869.
[48] *Id*. at 869-870.
[49] *See* section 776(c)(2) of the Act.
[50] *See* section 776(d)(3) of the Act.

B. Application of AFA: Non-Responsive Companies

As noted above, Commerce issued Q&V questionnaires to 58 companies identified in the Petition via Federal Express (FedEx).[51] We confirmed that 49 of the 58 Q&V questionnaires were delivered.[52] Of the 49 companies that we confirmed had questionnaires delivered to them, only two[53] timely responded to our request for information.[54] Therefore, the following 47 Q&V recipients did not respond to our request for information: Asia Trade Connection, Built in China, Cangzhou Roter Faden Glass Products, Choicest International, East Asia Glass Limited, Guangzhou Idealpak Business, Haimen Sanlong Glass Products, Hebei Anyu Glass Products Co. Ltd., Hebei Zhengi Glass Products Co. Ltd., Huazhong Glass Co. Ltd. (Changxing), Iboya Glass, Jiangmen Zhong'an Import and Export, Jining Baolin Glass Product Co. Ltd., Kisco Trading Shanghai, Lianyungang Chinamex Trade, Linlang (Shanghai) Glass Products Co. Ltd., New Westgate Glass Packaging, Ningbo Vifa International Trade Co., Qingdao Auro Pack, Qingdao Jutai International Trade Co., Rockwood & Hines (Jiaxing) Co. Ltd., SGS Bottle, Shandong Hongda Glassware Co. Ltd., Shandong Mounttai Sheng Li Yuan GLA, Shandong Qingguo Foods, Shandong Wensheng Glass Technology Co. Ltd., ShangHai Misa Glass Co. Ltd., Shanghai Vista Packaging, Suzhou Yunbo Glass, Unipack Glass, Value Chain Glass Ltd. (VCG), Wheaton Glass, Wuhan Vanjoin Packaging Co. Ltd., Xiamen Cheer Imp & Exp Co. Ltd., Xuzhou Dahua Glass Products Co. Ltd., Xuzhou Fangbao Glassware, Xuzhou Huajing Glass Products, Xuzhou Livlong Glass Products Co. Ltd., Xuzhou Pretty Glass Products, Xuzhou Wan Xuan Import and Export, Xuzhou Yanjia Glassware, Yantai NBC Glass Packaging Co. Ltd., Yuncheng Jinpeng Glass Co. Ltd., Zheijiang Industrial Minerals Foreign Trade Co Ltd., Zibo CY International Trade Co. Ltd., Zibo Regal Glassware and Zibo Rongdian Glass Co. Ltd. (collectively, the non-responsive companies).

We preliminarily determine that the non-responsive companies withheld necessary information that was requested of them, failed to provide information within the deadlines established, and significantly impeded this proceeding. Thus, Commerce will rely on facts otherwise available in making our preliminary determination with respect to these companies, pursuant to sections 776(a)(2)(A)-(C) of the Act.[55] Moreover, we preliminarily determine that an adverse inference is warranted in selecting from the facts available, pursuant to section 776(b) of the Act, because, by not responding to the Q&V questionnaire, each of these companies did not cooperate to the best of its ability to comply with the requests for information in this investigation. Accordingly, we preliminarily find that application of AFA is warranted to ensure that these companies do not obtain a more favorable result by failing to cooperate than if they had fully complied with our requests for information.

As facts otherwise available with an adverse inference, we find the non-responsive companies used and benefitted from all programs at issue in this proceeding. For the ten initiated upon

---

[51] *See* Delivery Memo.
[52] *Id*.
[53] We note that one of the Q&V responses was from Fujian Huaxing Glass Co., Ltd., which is cross-owned by, and reporting with, Guangdong Huaxing.
[54] *See* Delivery Memo.
[55] For the derivation of the preliminary AFA subsidy rate assigned to the companies who did not respond to the Q&V questionnaire, *see* Appendix.

programs that were used by the cooperating mandatory respondents, we have found the programs to be specific and to provide a financial contribution. For the remaining programs that we initiated upon, and for the subsidies self-reported by the respondents, the GOC did not respond to our CVD questionnaire and/or supplemental questions on these programs. For the reasons stated in the "Application of AFA: Provision of Other Subsides" and "Application of AFA: Various Programs" sections, we are including all programs in the determination of the AFA rate for the non-responsive companies.[56] We selected an AFA rate for each program based on the statutory hierarchy provided in section 776(d) of the Act and in accordance with Commerce's practice, and we included them in the determination of the AFA rate applied to the non-responsive companies. Commerce has previously countervailed these or similar programs.[57] For a description of the selection of the AFA rate and our corroboration of this rate, see the "Selection of the AFA Rate" and "Corroboration of the AFA Rate" sections below.

Selection of the AFA Rate

It is our practice in CVD proceedings to determine an AFA rate for non-cooperating companies using the highest calculated program-specific rates determined for the cooperating respondents in the instant investigation, or, if not available, rates calculated in prior CVD cases involving the same country.[58] When selecting AFA rates, section 776(d) of the Act provides that we may use a countervailable subsidy rate determined for the same or a similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a countervailable subsidy rate for a subsidy program from a proceeding that Commerce considers reasonable to

---

[56] *See* Appendix.

[57] *See 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) (HPSC from China); *see also Aluminum Wire and Cable from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 84 FR 58137 (October 30, 2019) (AWC from China); *see also 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) (CORE from China); *Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Results of Countervailing Duty Administrative Review*, 76 FR 77206 (December 12, 2011); *see also Aluminum Extrusions from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 18521 (April 4, 2011) (*Aluminum Extrusions Inv Final*); and *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 Amended Final*).

[58] *See, e.g., Common Alloy Aluminum Sheet from the People's Republic of China: Preliminary Affirmative Countervailing Duty (CVD) Determination, Alignment of Final CVD Determination with Final Antidumping Duty Determination, and Preliminary CVD Determination of Critical Circumstances*, 83 FR 17651 (April 23, 2018), and accompanying Preliminary Decision Memorandum (PDM) at "X: Use of Facts Otherwise Available and Adverse Inferences: Application of Total AFA: Chalco Ruimin and Chalco-SWA," unchanged in *Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China: Final Affirmative Determination*, 83 FR 57427 (November 15, 2018); *see also Aluminum Extrusions Inv Final* and accompanying Issues and Decision Memorandum (IDM) at "VI. Use of Facts Otherwise Available and Adverse Inferences: Application of Adverse Inferences: Non-Cooperative Companies"; *Certain Tow-Behind Lawn Groomers and Certain Parts Thereof from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 29180 (June 19, 2009), and accompanying IDM at "Application of Facts Available, Including the Application of Adverse Inferences."

use, including the highest of such rates.[59] Accordingly, when selecting AFA rates, if we have cooperating respondents, as in this investigation, we first determine if there is an identical program in the instant investigation and use the highest calculated rate for the identical program. If there is no identical program for which we calculated a subsidy rate above zero for a cooperating respondent in the investigation, we then determine if an identical program was used in another CVD proceeding involving the same country, and apply the highest calculated rate for the identical program (excluding *de minimis* rates).[60] If no such rate exists, we then determine if there is a similar/comparable program (based on the treatment of the benefit) in any CVD proceeding involving the same country, and apply the highest calculated above-*de minimis* rate for the similar/comparable program. Finally, where no such rate is available, we apply the highest calculated above-*de minimis* rate from any non-company specific program in a CVD case involving the same country that the company's industry could conceivably use.[61]

Commerce's methodology is consistent with section 776(d) of the Act. Section 776(d)(1)(A) of the Act states that when applying an adverse inference in selecting from the facts otherwise available, we may (i) use a countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or (ii) if there is no same or similar program, use a countervailable subsidy for a subsidy rate from a proceeding that we consider reasonable to use. Thus, section 776(d)(1)(A) of the Act expressly allows for our existing practice of using an adverse facts available hierarchy in selecting a rate "among the facts otherwise available" in CVD cases, should the facts warrant such a selection.

Section 776(d)(2) of the Act authorizes Commerce to rely on the highest prior rate under certain circumstances. In deriving an adverse facts available rate under section 776(d)(1)(A) of the Act described above, the provision states that we "may apply any of the countervailable subsidy rates or dumping margins specified under that paragraph, including the highest such rate or margin, based on the evaluation by the administering authority of the situation that resulted in the administering authority using an adverse inference in selecting among the facts otherwise available."[62] No legislative history accompanied this particular provision. Accordingly, we are left to interpret this "evaluation by the administering authority of the situation" language in light of existing agency practice, and the structure and provisions of section 776(d) of the Act itself.

The Act anticipates a two-step process for determining an appropriate adverse facts available rate in CVD cases: (1) Commerce may apply its hierarchy methodology, and (2) Commerce may apply the highest rate derived from this hierarchy to a respondent, should it choose to apply that

---

[59] *See 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").

[60] 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."

[61] *See Shrimp from China* and accompanying IDM at 13-14.

[62] Section 776(d)(2) of the Act.

hierarchy in the first place, unless, after an evaluation of the situation that resulted in the use of adverse facts available, Commerce determines that the situation warrants a rate different than the rate derived from the hierarchy be applied.[63]

In applying the adverse facts available rate provision, it is well established that when selecting the rate from among possible sources, we seek to use a rate that is sufficiently adverse to effectuate the statutory purpose of section 776(b) of the Act to induce respondents to provide Commerce with complete and accurate information in a timely manner. This ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."[64] Further, "in the case of an uncooperative respondent, Commerce is in the best position, based on its expert knowledge of the market and the individual respondent, to select adverse facts that will create the proper deterrent to non-cooperation with its investigations and assure a reasonable margin."[65] It is pursuant to this knowledge and experience that we have implemented our adverse facts available hierarchy in CVD cases to select an appropriate adverse facts available rate.[66]

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

Furthermore, the hierarchy (as well as section 776(d)(1) of the Act) recognizes that there may be a "pool" of available rates that we can rely upon for purposes of identifying an adverse facts available rate for a particular program. In investigations for example, this "pool" of rates could include the rates for the same or similar programs used in either that same investigation, or prior

---

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

[64] *See* SAA at 870; *see also Essar Steel*, 678 at 1276 (citing *F. Lii De Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F.3d 1027, 1032 (Fed. Cir. 2000) (finding that "{t}he purpose of the adverse facts statute is 'to provide respondents with an incentive to cooperate" with Commerce's investigation, not to impose punitive damages.'" (*De Cecco*)).

[65] *See De Cecco*, 216 F.3d at 1032.

[66] We have adopted a practice of applying this hierarchy in CVD cases. *See e.g.*, *Finished Carbon Steel Flanges from India: Final Affirmative Countervailing Duty Determination*, 82 FR 29479 (June 29, 2017) and accompanying IDM at 28-31 (applying the adverse facts available hierarchical methodology within the context of CVD investigation); *see also Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 80 FR 41003 (July 14, 2015) and accompanying IDM at 11-15 (applying the adverse facts available hierarchical methodology within the context of CVD administrative review). However, depending on the type of program, we may not always apply the AFA hierarchy. *See e.g.*, *Certain Uncoated Paper from Indonesia: Final Affirmative Countervailing Duty Determination*, 81 FR 3104 (January 20, 2016) and accompanying IDM 7-8 (applying, outside of the adverse facts available hierarchical context, the highest combined standard income tax rate for corporations in Indonesia).

CVD proceedings for that same country. Of those rates, the hierarchy provides a general order of preference to achieve the goal identified above. The hierarchy therefore does not focus on identifying the highest possible rate that could be applied from among that "pool" of rates; rather, it adopts the factors identified above of inducement, relevancy to the industry and to the particular program.

Under the first step of Commerce' investigation hierarchy, we apply the highest non-zero rate calculated for a cooperating company for the identical program in the investigation. Under this step, we will even use a *de minimis* rate as adverse facts available if that is the highest rate calculated for another cooperating respondent in the same industry for the same program.

However, if there is no identical program match within the investigation, or if the rate is zero, then we will shift to the second step of its investigation hierarchy, and either apply the highest non-*de minimis* rate calculated for a cooperating company in another countervailing duty proceeding involving the same country for the identical program, or if the identical program is not available, for a similar program. This step focuses on the amount of subsidies that the government has provided in the past under the investigated program. The assumption under this step is that the non-cooperating respondent under investigation uses the identical program at the highest above *de minimis* rate of any other company using the identical program.

Finally, if no such rate exists, under the third step of Commerce's investigation hierarchy, we apply the highest rate calculated for a cooperating company from any non-company-specific program that the industry subject to the investigation could have used for the production or exportation of subject merchandise.[67]

In all three steps of Commerce's adverse facts available investigation hierarchy, if we were to choose low adverse facts available rates consistently, the result could be a negative determination with no order (or a company-specific exclusion from an order) and a lost opportunity to correct future subsidized behavior. In other words, the "reward" for a lack of cooperation would be no order discipline in the future for all or some producers and exporters. Thus, in selecting the highest rate available in each step of Commerce's investigation adverse facts available hierarchy (which is different from selecting the highest possible rate in the "pool" of all available rates), we strike a balance between the three necessary variables: inducement, industry relevancy, and program relevancy.[68]

---

[67] In an investigation, unlike an administrative review, Commerce is just beginning to achieve an understanding of how the industry under investigation uses subsidies. Commerce may have no prior understanding of the industry and no final calculated and verified rates for the industry.

[68] It is significant that all interested parties, since at least 2007, that choose not to provide requested information have been put on notice that Commerce, in the application of facts available with an adverse inference, may apply its hierarchy methodology and select the highest rate in accordance with that hierarchy. *See, e.g., 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 2, dated October 17, 2007 ("As AFA in the instant case, the Department is relying on the highest calculated final subsidy rates for income taxes, VAT and Policy lending programs of the other producer/producer in this investigation, Gold East Paper (Jiangsu) Co., Ltd. (GE). GE did receive any countervailable grants, so for all grant programs, we are applying the highest subsidy rate for any program otherwise listed…"). Therefore, when an interested party is making a decision as to whether or not to cooperate and respond to a request for information by Commerce, it does not make this decision in a vacuum;

Furthermore, we find that section 776(d)(2) of the Act applies as an exception to the selection of an adverse facts available rate under section 776(d)(1) of the Act; that is, after "an evaluation of the situation that resulted in the application of an adverse inference," we may decide that given the unique and unusual facts on the record, the use of the highest rate within that step is not appropriate.

There are no facts on this record that suggest that a rate other than the highest rate envisioned under the appropriate step of the hierarchy applied in accordance with section 776(d)(1) of the Act should be applied as adverse facts available. As explained above, we are preliminarily applying adverse facts available because the 47 non-responsive companies chose not to cooperate by not providing the information we requested. Therefore, we preliminarily find that the record does not support the application of an alternative rate, pursuant to section 776(d)(2) of the Act.

In applying AFA to determine a net subsidy rate for the non-cooperating companies, we applied the methodology detailed above. We began by selecting, as AFA, the highest calculated program-specific above-zero rates determined for mandatory respondents in the instant investigation. Accordingly, we are applying the highest subsidy rate calculated for mandatory respondents for the following programs:

1. Policy Loans to the Glass Containers Industry
2. Provision of Electricity for LTAR
3. Provision of Soda Ash for LTAR
4. Provision of Silica Sand for LTAR
5. Provision of Limestone for LTAR
6. Provision of Land and/or Land Use Rights to Glass Containers Producers

Similarly, for all the programs self-reported by mandatory respondents for which we calculated a rate, we selected that rate as the AFA rate applicable to the non-cooperating companies. These programs are listed on pages 56-58.

In determining an AFA rate for the following income tax deduction programs on which we initiated an investigation, we are finding, as AFA, that the non-cooperating companies paid no Chinese income tax during the POI:

1. Preferential Income Tax Policy for Enterprises in the Northeast Region
2. Forgiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China
3. Reduction in or Exemption from Fixed Assets Investment Orientation Regulatory Tax
4. Income Tax Benefits for Domestically Owned Enterprises Engaging in Research and Development
5. Income Tax Reduction for High and New Technology Enterprises (HNTEs)
6. Tax Offsets for Research and Development Under the Enterprise Income Tax (EIT)

---

instead, the interested party makes this decision in an environment in which Commerce may apply the highest rate as adverse facts available under its hierarchy.

The standard income tax rate for corporations in China in effect during the POI was 25 percent.[69] Thus, the highest possible benefit for these income tax programs is 25 percent. Accordingly, we are applying the 25 percent AFA rate on a combined basis (*i.e.*, that the six programs, combined, provide a 25 percent benefit). Consistent with Commerce's practice, application of this AFA rate for preferential income tax programs does not apply to tax credit, tax rebate, or import tariff and value-added tax (VAT) exemption programs, because such programs may provide a benefit in addition to a preferential tax rate.[70]

For all other programs not identified above, we are applying, where available, the highest above *de minimis* subsidy rate calculated for the same or comparable programs in a CVD proceeding involving China. For this preliminary determination, we are able to match, based on program names, descriptions, and treatment of the benefit, the following programs to the same programs from other CVD proceedings involving China:

Preferential Lending

1. Export Loans from Chinese State-Owned Banks
2. Export Buyer's Credits
3. Export Seller's Credits
4. Treasury Bond Loans
5. Export Credit Guarantees
6. Preferential Loans for State-Owned Enterprises (SOEs)
7. Preferential Lending to "Honorable Enterprises"
8. Exemptions for SOEs from Distributing Dividends
9. Loans and/or Interest Forgiveness for SOEs
10. Loans and Interest Subsides Provided Pursuant to the Northeast Revitalization Program

Grant Programs

11. The State Key Technology Renovation Project Fund
12. Export Assistance Grants Program
13. Government of PRC and Sub-Central Government Subsidies for Development of Famous Brands and China World Top Brands
14. Grants to Loss-Making SOEs
15. Export Interest Subsidies
16. SME Technology Innovation Fund
17. Special Fund for Energy Saving Technology Reform

Income Tax and Direct Tax Programs

18. Deed Tax Exemptions for SOEs Undergoing Mergers or Restructuring

Indirect Tax Programs

19. Value Added Tax (VAT) and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Development Fund

---

[69] *See* Initiation Checklist at 15.

[70] *See, e.g.*, *Aluminum Extrusions Inv Final* and accompanying IDM at "Application of Adverse Inferences: Non-Cooperative Companies."

Government Provision of Goods or Services for Less Than Adequate Remuneration (LTAR)

20. Provision of Land and/or Land Use Rights to SOEs for LTAR
21. Provision of Pig Iron for LTAR

For this preliminary determination, we were similarly able to match all of Guangdong Huaxing's and Qixia Changyu's self-reported subsidies for which we did not calculate a rate in the instant investigation to similar programs from other China CVD proceedings. A full list of such self-reported subsidies is contained below in Appendix 1.[71]

Based on the methodology described above, we preliminarily determine the AFA net countervailable subsidy rate for the non-cooperating companies to be 315.73 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, in general, 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."[72] The SAA provides that to "corroborate" secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.[73]

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.[74] 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.[75]

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

[71] With respect to Guangdong Huaxing's and Qixia Changyu's self-reported subsidies, we have combined programs that had identical or nearly identical names, and which were received in the same year.
[72] *See* SAA at 870.
[73] *Id*.
[74] *Id*. at 869-870.
[75] *See* section 776(d) of the Act.

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.[76]

In the absence of record evidence concerning the non-responsive companies' usage of the subsidy programs at issue due to their decision not to participate in the investigation, we have reviewed the information concerning Chinese subsidy programs in other cases. Where we have a program-type match, we find that, because these are the same or similar programs, they are relevant to the programs in this investigation. The relevance of these rates is that they are actual calculated subsidy rates for Chinese programs, from which the non-responsive companies could actually receive a benefit. Due to the lack of participation by these companies and the resulting lack of record information concerning these programs, we have corroborated the rates we selected to use as AFA to the extent practicable pursuant to section 776(c)(1) for this preliminary determination.

Because certain information relied upon for our "facts otherwise available" analysis is derived from the Petition, and, consequently, is based upon secondary information, Commerce must corroborate this information to the extent practicable. In this investigation, we determined that the information alleged in the Petition regarding the programs for which we have calculated a rate is reliable where, to the extent appropriate information was available, we reviewed the adequacy and accuracy of the information in the Petition during our pre-initiation analysis and for purposes of this preliminary determination.[77]

Based on our examination of the information, as discussed in detail in the Initiation Checklist, we consider the petitioner's information pertaining to the financial contribution and specificity of programs for which we calculated a rate to be reliable. Because we obtained no other information that calls into question the validity of the sources of information, based on our examination of the aforementioned information, we preliminarily consider the information in the Petition to be reliable.

In making a determination as to the relevance aspect of corroboration, Commerce will consider information reasonably at its disposal to determine whether there are circumstances that would render the information relied upon not relevant. Because there is incomplete information on the record from the GOC regarding the programs that we are countervailing, we relied upon the information in the Petition in certain respects, which is the only information regarding these programs reasonably, and currently, at Commerce's disposal. Accordingly, Commerce preliminarily determines that the information alleged in the Petition pertaining to the programs for which Commerce is determining financial contribution and specificity has probative value. Commerce has corroborated this information to the extent practicable within the meaning of section 776(c) of the Act by demonstrating that the information: 1) was determined to be reliable in the pre-initiation state of this investigation (and there is no record information indicating otherwise), and 2) is relevant to the mandatory respondents.[78]

---

[76] *See, e.g., Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).
[77] *See* Initiation Checklist.
[78] *See* section 776(c) of the Act and 19 CFR 351.308(c) and (d).

C. Application of Facts Available: Input Producers are "Authorities"

As discussed below, under "Programs Preliminarily Determined to be Countervailable," we are investigating the provision of soda ash, silica sand, and calcium carbonate (limestone), and pig iron for LTAR. We requested that the GOC provide information necessary to determine whether the specific companies that produced the soda ash, silica sand, and limestone that Guangdong Huaxing and Qixia Changyu purchased during the POI are "authorities" within the meaning of section 771(5)(B) of the Act.[79]

In our initial questionnaire, we asked the GOC to "{p}lease coordinate immediately with the company respondents to obtain a complete list of each company's input producers,"[80] in order to provide a complete response to our questions regarding the input producers. The GOC did not provide a full response with respect to either Guangdong Huaxing or Qixia Changyu's input producers.

Specifically, in its initial questionnaire response, the GOC did not provide any information pertaining to Guangdong Huaxing's reported soda ash producers.[81] Similarly, the GOC's response was missing information about one of Guangdong Huaxing's reported silica sand producers[82] and one of Guangdong Huaxing's reported limestone producers.[83] The GOC did not provide information about pig iron because neither of the mandatories or their cross-owned affiliates reported purchasing pig iron during the POI. Accordingly, we again asked the GOC to provide a full response to our questions regarding the companies that mandatory respondent companies identified as input producers of soda ash, silica sand, and limestone.[84]

Additionally, the information that the GOC did provide regarding the input producers includes the input producers' "Basic Registration Information" to demonstrate that the companies are owned by individuals, rather than the state.[85] The GOC did not complete the "Input Producers Appendix" for any of the producers, nor did the GOC provide information on the Chinese Communist Party (CCP) membership of key individuals.[86] The GOC argued that the requested CCP information is irrelevant and directed us to consult Guangdong Huaxing and Qixia Changyu's responses for any additional information on input producers.[87] Guangdong Huaxing and Qixia Changyu's responses, in turn, contained limited information on the input producers.

---

[79] *See* Initial CVD Questionnaire, at Section II; *see also* Commerce's Letter, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Supplemental Questionnaire for the Government of the People's Republic of China," dated January 24, 2020 (First GOC SQ) at 4.
[80] *See* Initial CVD Questionnaire at Section II, 10.
[81] *See* GOC's Letter, "GOC Initial Questionnaire Response: Countervailing Duty Investigation on Certain Glass Containers from the People's Republic of China (C-570-115)," dated January 10, 2020 (GOC IQR) at Exhibits II.E4.I and II.E4.2.
[82] *See* GOC IQR at Exhibits II.E5.I and II.E5.2.
[83] *See* GOC IQR at Exhibits II.E6.I and II.E6.2.
[84] *See* First GOC SQ at 4.
[85] *See* GOC IQR at Exhibits II.E4.2, II.E5.2, and II.E6.2
[86] *Id*.
[87] *See, e.g.*, GOC IQR, at 67-75 (stating that Commerce's CCP questions are "irrelevant to this proceeding and do not go to whether the suppliers at issue are 'public bodies' for the purposes of the Department's LTAR analysis.").

Specifically, Guangdong Huaxing and Qixia Changyu provided the input producers' name and address.[88]

The proffered information constitutes a deficient response to Commerce's questions regarding Guangdong Huaxing and Qixia Changyu's input suppliers, and does not provide us with sufficient information to determine whether all input suppliers can be determined to be an "authority." As an initial matter, the GOC did not fully respond to our questions regarding the corporate structure of the input producers. The GOC informed Commerce that the information included in Exhibits II.E4.2, II.E5.2, and II.E6.2 of its IQR "constitutes a sufficient demonstration of the ownership status and changes (if any) of all the related input producers during the POI."[89] However, the information included in Exhibits II.E4.2, II.E5.2, and II.E6.2 (printouts from the ECIPS system) provides little of the information Commerce requested. For example, the printouts do not include capital verification reports, articles of incorporation, company by-laws, and/or annual reports for the POI and the two preceding years, all of which Commerce requested.[90] Moreover, while our questionnaire requested that the GOC "trace ownership back to the ultimate individual or state owners,"[91] the ECIPS documents only provide information concerning immediate owners.

Although Guangdong Huaxing and Qixia Changyu provided information in their responses to our questions, the provided information is limited and insufficient. We rely on the GOC for such information because it is the GOC – not the respondent or input supplier – who is in possession of the data that would allow verification of claims regarding CCP membership.[92] For this reason, we have specifically declined to rely on affidavits for CCP information, explaining that "certifications from company officials, certifying that company officials are not officials of the CCP or of the GOC … does not constitute an adequate response to our question."[93] Rather, the GOC is required to provide verifiable "government or CCP documents (for example, member lists for the CCP entities at the national and provincial levels)," or explain why "direct

---

[88] *See* Guangdong Huaxing IQR at Exhibit 19; *see also* Qixia Changyu's Letter, "Certain Glass Containers from the People's Republic of China: CVD Questionnaire Response," dated January 10, 2020 (Qixia Changyu IQR) at Exhibits 11, 12, and 14.
[89] *See* GOC IQR at 62 and 92.
[90] *See* GOC IQR at Exhibits II.E4.2, II.E5.2, and II.E6.2; *see also* Initial CVD Questionnaire at Section II (requesting that the GOC provide "articles of groupings," "company by-laws," "annual reports," "business group registration," and "tax registration certificates" for all input producers).
[91] *See* Initial CVD Questionnaire at Section II.
[92] *See Utility Scale Wind Towers From the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 75978 (December 26, 2012) and accompanying IDM at Comment 12 (rejecting the respondent's proffer of CCP information, stating that Commerce "directed *the GOC* to respond to the Producers Appendix because *it is the party to this investigation which has in its possession verifiable information on the CCP's structure and functions* that are relevant to the Department's determination of whether the producers of HRS are 'authorities' within the meaning of section 771(5)(B) of the Act.") (emphasis added); *see also Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2011*, 79 FR 108 (January 2, 2014) and accompanying IDM at Comment 6.
[93] *See Aluminum Extrusions from the People's Republic of China: Final Results and Partial Rescission of Countervailing Duty Administrative Review; 2014*, 81 FR 92778 (December 20, 2016) and accompanying IDM at "GOC - Whether Aluminum Extrusions Producers Are 'Authorities'".

information of this type is not available to the GOC."[94] The GOC did not provide such information here.

The information we requested regarding the role of CCP officials in the management and operations of the respondents' input producers is necessary for our determination of whether these producers are "authorities" within the meaning of section 771(5)(B) of the Act. The GOC did not indicate that it had attempted to contact the CCP or that it consulted any other sources. The GOC's responses in prior CVD proceedings involving China demonstrate that it is, in fact, able to access information similar to what was requested in this investigation.[95] Additionally, pursuant to section 782(c) of the Act, if the GOC could not provide any of the requested information, it should have promptly explained to Commerce what attempts it undertook to obtain this information and proposed alternative forms of providing the information.[96]

As we explained in the Public Bodies Memorandum,[97] the CCP exerts significant control over economic activities in China. Thus, we find that the information requested regarding the role of CCP officials and CCP committees in the management and operations of the respondents' input suppliers is necessary to our determination of whether these producers are "authorities" within the meaning of section 771(5)(B) of the Act.

The GOC provided certain necessary information regarding the specific companies that produced the soda ash, silica sand, and limestone that Guangdong Huaxing and Qixia Changyu purchased during the POI.[98] However, because Commerce did not receive information regarding the identity of these producers, there is insufficient information on the record to determine whether these producers are "authorities." As mentioned above, we issued supplemental questionnaires to the GOC addressing this issue and have extended the due date for the response to those questionnaires past the date of our preliminary determination. Therefore, for our preliminary determination, we must rely on "facts otherwise available," pursuant to sections 776(a)(1) and (a)(2)(A) and (C) of the Act, to determine that these producers are "authorities" within the meaning of section 771(5)(B) of the Act.[99]

---

[94] *Id.*
[95] *See High Pressure Steel Cylinders from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 26738 (May 7, 2012) and accompanying IDM at 13.
[96] Section 782(c)(1) of the Act states, "{i} f an interested party, promptly after receiving a request from the administering authority or the Commission for information, notifies the administering authority or the Commission (as the case may be) that such party is unable to submit the information requested in the requested form and manner, together with a full explanation and suggested alternative forms in which such party is able to submit the information, the administering authority or the Commission (as the case may be) shall consider the ability of the interested party to submit the information in the requested form and manner and may modify such requirements to the extent necessary to avoid imposing an unreasonable burden on that party."
[97] *See* Memorandum, "Certain Glass Containers from the People's Republic of China – Countervailing Duty Investigation: Placing Documents on the Record," dated January 30, 2020 (Public Bodies Memorandum).
[98] *See* GOC IQR at 62, 92, and 110 and Exhibits II.E4.1, II.E4.2, II.E5.1, II.E5.2, II.E6.1, and II.E6.2.
[99] *See* Public Bodies Memorandum.

D. Application of Facts Available: Inputs are Specific

For purposes of Commerce's *de facto* specificity analysis, we asked the GOC to provide a list of industries that purchase soda ash, silica sand, limestone, and pig iron in China.[100] Commerce also requested that the GOC "{p}rovide the amounts (volume and value) purchased by the industry in which the mandatory respondent companies operate, as well as the totals purchased by every other industry."[101] While the GOC did provide domestic consumption amounts, it did not provide information regarding the industries in China that purchase soda ash, silica sand, and limestone, stating that it is still collecting this information for soda ash and limestone and that neither the State Statistics Bureau (SSB) nor any relevant industry associations collect silica sand production data.[102] In response to our questions concerning specificity, the GOC asserted that the provision of soda ash, silica sand, and limestone is not specific. Furthermore, the GOC states that soda ash, silica sand, and limestone were not subject to any price controls during the POI.[103] The GOC provided some, but not all the information requested regarding the industries that purchase soda ash, limestone, silica sand, and pig iron in China. Consequently, consistent with past proceedings,[104] we preliminarily determine that necessary information is not available on the record. As indicated above, we issued supplemental questionnaires to the GOC addressing this issue and have extended the due date for the response to those questionnaires past the date of our preliminary determination. Therefore, for our preliminary determination, we must rely on "facts otherwise available," pursuant to sections 776(a)(1) and (a)(2)(A) and (C) of the Act, to determine the provision of soda ash, silica sand, and limestone to be specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

E. Application of Facts Available: Whether Certain Input Markets are Distorted

For the purposes of determining the level of government involvement in the soda ash, silica sand, and limestone industries and thus whether domestic prices in China in these respective markets are distorted, we asked the GOC numerous questions about these industries.[105] These questions included, but were not limited to, information regarding the total number of producers, the total volume and value of domestic production and domestic consumption, the total volume and value of imports, and the percentage of volume and value of production accounted for my companies in which the GOC maintains a majority ownership or controlling management interest.[106] Further, if the percentage of production accounted for by those companies is less than 50 percent, we request that the GOC provide the percentage of volume and value of production accounted for by companies in which the GOC maintains some, but less than a majority ownership

---

[100] *See* Initial CVD Questionnaire at 12, 16, 19, and 22.
[101] *Id.* at 11, 15, 18, and 21.
[102] *See* GOC IQR at 85, 105, and 124 (the GOC did not provide this information for pig iron because none of the mandatory respondent companies reported purchasing pig iron during the POI).
[103] *Id*. at 75, 96, 115.
[104] *See, e.g.*, *Utility Scale Wind Towers from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 77 FR 33422 (June 6, 2012) (unchanged in *Utility Scale Wind Towers from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 75978 (December 26, 2012) (*Wind Towers from China*)).
[105] *See* Initial CVD Questionnaire, First GOC SQ, and Second GOC SQ.
[106] *Id*.

interest.[107] Finally, we request certain information regarding laws, plans, policies, price controls, export restrictions, etc.[108]

The GOC provided some, but not all of the information requested. For example, in response to the questions regarding the silica sand industry, the GOC provided the volume and value of exports and imports, but did not provide any information regarding domestic production, consumption, or the percentage of production accounted for by companies in which the GOC holds either a majority ownership interest or less than majority ownership interest.[109] The GOC only stated that it does not maintain this information.[110] In response to the questions regarding the limestone industry, the GOC provided some information, including the total number of producers, number of state-controlled producers, domestic production, consumption, imports, exports, and the percentage of production accounted for by companies in which the GOC holds a controlling interest.[111] However, the GOC did not provide a full explanation regarding how it determined these numbers, nor did it provide information on the percentage of production accounted for by companies in which it holds a less-than-majority, or some, but not controlling, interest in. The GOC only responded that it does not maintain this information.[112]

As an initial matter, we note that the GOC has previously provided, and Commerce has verified, information from other GOC-maintained databases concerning the value and volume of production by enterprises producing input products.[113] Specifically, Commerce has verified the operation of the GOC's "Enterprise Credit Information Publicity System," which requires that the administrative authorities release detailed information of enterprises and other entities and which is intended to bring clarity to companies registered in China.[114] Based on this experience, we are aware that this system is a national-level internal portal that holds certain information regarding any China-registered company. Among other information, each company must upload its annual report, make public whether it is still operating, and update any changes in ownership. The GOC has stated that all companies operating within China maintain a profile in the system, regardless of whether they are private or a state-owned enterprise.[115] Therefore, we believe that information related to the operation and ownership of companies within these industries and, thus, information regarding these industries is in fact available to the GOC.

We require this information to conduct a full analysis of the GOC's involvement in these respective markets and thus determine if the domestic prices in these markets are distorted such

---

[107] *See* Initial CVD Questionnaire at 31, 35, and 38.
[108] *Id*. at 32, 35, and 39.
[109] *See* GOC IQR at 101-102.
[110] *Id*. at 103.
[111] *Id*. at 118-121.
[112] *Id*. at 120.
[113] *See, e.g.*, *Citric Acid and Certain Citrate Salts: Final Results of Countervailing Duty Administrative Review: 2013*, 80 FR 77318 (December 14, 2015), and accompanying IDM at Comment 2.
[114] *See Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 46643 (July 18, 2016), and accompanying PDM at 21-22, unchanged in *Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 9714 (February 8, 2017), and accompanying IDM.
[115] *Id*.

that they are unusable as "Tier 1" benchmarks. We preliminarily determine that necessary information is not available on the record. However, as indicated above, we issued supplemental questionnaires to the GOC addressing this issue and have extended the due date for the response to those questionnaires past the date of our preliminary determination. Therefore, for our preliminary determination, we must rely on "facts otherwise available," pursuant to sections 776(a)(1) and (a)(2)(A) and (C) of the Act, to determine whether the markets for soda ash, silica sand, and limestone are distorted by GOC involvement. These analyses are described in greater detail below in the section titled "D. Input Benchmarks."

F. Application of Facts Available: Provision of Electricity for LTAR

As discussed below under, "Programs Preliminarily Determined to be Countervailable," Commerce is investigating whether the GOC provided electricity for LTAR. The GOC did not provide complete responses to Commerce's questions regarding the alleged provision of electricity for LTAR. These questions requested information needed to determine whether the provision of electricity constituted a financial contribution within the meaning of section 771(5)(D) of the Act, whether such a provision provided a benefit within the meaning of section 771(5)(E) of the Act, and whether such a provision was specific within the meaning of section 771(5A) of the Act.

In order for Commerce to analyze financial contribution and specificity for 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 province in which mandatory respondents or any company "cross-owned" with those respondents is located for applicable tariff schedules that were in effect during the POI; all original NDRC Electricity Price Adjustment Notice(s) that were in effect during the POI; the procedure for adjusting retail electricity tariffs and the role of the NDRC and the provincial governments in this process; 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 during the POI; the cost elements and adjustments that were discussed between the provinces and the NDRC in the price adjustment conferences; and how the NDRC determines that the provincial-level price bureaus have accurately reported all relevant cost elements in their price proposals with respect to generation, transmission and distribution.[116] Commerce requested this information to determine the process by which electricity prices and price adjustments are derived, identify entities that manage and impact price adjustment processes, and examine cost elements included in the derivation of electricity prices in effect throughout China during the POI.

In its initial questionnaire response, the GOC stated that the provincial price proposals are not mandated by law and that the proposals are obsolete now that the provinces have the authority to set their own prices, under the *Notice of NDRC on Lowering Coal-Fired Electricity On-Grid Price and General Industrial and Commercial Electricity Price* (Notice 3105).[117] According to

[116] *See* Initial CVD Questionnaire at Electricity Appendix.
[117] *See* GOC IQR at 51.

the GOC, the creation of this new structure has eliminated the need for Provincial Price Proposals that had previously been used by the NDRC to set prices for each province.[118]

However, both Notice 3105 and the *Notice of National Development and Reform Commission on Adjusting Schedule of Coal-fired Power Generation Grid Purchase Price and Sale Price of Industrial and Commercial Electricity of Each Province (District or City)* (Notice 748) explicitly direct provinces to reduce prices and to report the enactment of those changes to the NDRC. Specifically, Article 1 of Notice 748 stipulates a lowering of the on-grid sales price of coal-fired electricity by an average amount per kilowatt hour.[119] Annex 1 of Notice 748 indicates that this average price adjustment applies to all provinces and at varying amounts.[120] Article 2 indicates that the price reduction is "mainly used for reducing the price of industrial and commercial electricity."[121] Articles 3 and 4 specifically direct the reduction of the sales price for industrial and commercial electricity.[122] Articles 6 and 7 indicate that provincial pricing authorities will "develop and issue specific adjustment plan of electricity price and sales price in accordance with the average price adjustment standards of Annex 1" and will submit the adjustments to the NDRC, and further that the price adjustment will be enforced on April 20th, 2015.[123] Finally, Article 10 directs that "{l}ocal price departments shall organize and arrange carefully to put in place the electricity price adjustment measures."[124] NDRC Notice 3105 also directs additional price reductions, and stipulates at Articles II and X, that local price authorities shall implement in time the price reductions included in its Annex, and must report resulting prices to the NDRC.[125]

Neither Notice 748 nor Notice 3105 explicitly stipulates that relevant provincial pricing authorities determine and issue electricity prices within their own jurisdictions, as the GOC states to be the case.[126] Rather, both notices indicate that the NDRC continues to play a seminal role in setting and adjusting electricity prices, by mandating average price adjustment targets with which the provinces are obligated to comply in setting their own specific prices.[127] The notices do not explicitly eliminate Provincial Price Proposals and do not define distinctions in price-setting roles between national and provincial pricing authorities. In a supplemental questionnaire, we requested that the GOC explain how the NDRC monitors compliance with the price changes directed in Notice 748 and what action the NDRC would take were any province not to comply with the directed price changes.[128] The response to this supplemental questionnaire is due after the date of our preliminary determination.

As explained above, the GOC's response does not constitute a full explanation regarding the roles and nature of cooperation between the NDRC and provinces in deriving electricity price

---

[118] *Id*.
[119] *Id*. at Exhibit II.E3.13.
[120] *Id*.
[121] *Id*.
[122] *Id*.
[123] *Id*.
[124] *Id*.
[125] *Id*. at Exhibit II.E3.4
[126] *Id*. at 27-28.
[127] *Id*.
[128] *See* Commerce's Letter, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Second Supplemental Questionnaire for the Government of the People's Republic of China," dated February 6, 2020 (Second GOC SQ).

adjustments. In fact, the information provided by the GOC indicates that despite its claim that the responsibility for setting prices within each province has moved from the NDRC to the provincial governments, the NDRC continues to play a major role in setting and adjusting prices.

Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that information necessary to perform our analysis of financial contribution and specificity is not available on the record. Thus, we must rely on "facts available" in making our preliminary determination. However, as indicated above, we issued supplemental questionnaires to the GOC addressing this issue and have extended the due date for the response to those questionnaires past the date of our preliminary determination. Therefore, for our preliminary determination, we must rely on "facts otherwise available" to determine whether 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.

G. Application of Facts Available: Policy Lending

In its initial questionnaire response, the GOC provided certain Five Year Plans and relevant indices.[129] However, in our second supplemental questionnaire to the GOC, we requested complete English translations of numerous sections of the Five Year Plans for Shandong and Guangdong provinces.[130] Further, though we requested "a complete copy of each national industry plan/policy that includes the glass container industry in place from December 11, 2001, through the POI" in the initial questionnaire,[131] the GOC stated that it "has never released any national industry plan/policy specific to the glass container products industry from 2003 through the POI" but provided the "Directory Catalogue on Readjustment of Industrial Structure" "for the purpose of cooperation.[132] Despite the GOC's claim, information in the petition indicated that the glass container industry was included in the "Light Industry Development Plan (2016-2020).[133] Therefore, in the second supplemental questionnaire to the GOC, we requested "all plans applicable to the "Light Industry" at all levels of government (National, Provincial, and Local), including Chinese-language copies and complete English translations."[134] We require relevant industry plans from all levels of government to conduct a full analysis of any policy lending program.

Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that information necessary to perform our analysis of financial contribution and specificity is not available on the record. Thus, we must rely on "facts available" in making our preliminary determination. However, as indicated above, we issued supplemental questionnaires to the GOC addressing this issue and have extended the due date for the response to those questionnaires past the date of our preliminary determination. Therefore, for our preliminary determination, we must rely on "facts otherwise available" to determine whether the GOC has in place a policy lending program that constitutes a financial contribution within the

[129] *See* GOC IQR at Exhibits II.B.1 and II.B.2.
[130] *See* Second GOC SQ.
[131] *See* Initial CVD Questionnaire at 25.
[132] *See* GOC IQR at 11.
[133] *See* Petition, Volume III at 8 and Exhibits III-4 and III-5.
[134] *See* Second GOC SQ.

meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act.

H. Application of Facts Available: Provision of Land and/or Land Use Rights to Glass Container Producers for LTAR

We requested that the GOC "identify all instances in which land or land-use rights were provided by the GOC to any mandatory respondent after December 11, 2001, through the end of the POI."[135] The GOC's response to this question was to "refer to the respondents' questionnaire responses."[136] The GOC did provide certain Five Year Plans and relevant indices in response to our initial inquiry. In our first supplemental questionnaire, we asked the GOC to identify all instances in which land or land-use rights were provided by the GOC to the respondents, to provide application and approval documents for these rights, and to provide a detailed explanation of how the price of land/land-use was established between the GOC and the mandatory respondents. Further, in our second supplemental questionnaire to the GOC, we asked the GOC to "provide copies of laws, regulations, and planning documents related to all the specific locations of the land parcels acquired by the mandatory respondents during the period requested. Specifically, please provide all government laws or regulations issued by Guangdong and Shandong provinces pertaining to the provision of land or land-use rights after December 11, 2001, through the end of the POI…."[137] We also asked the GOC to provide the Urban Real Estate Administration Law, the Notice of the Ministry of Land and Resources on Adjusting the Implementation Policy of the Minimum Price for Industrial Land Transfer (Guo Fa No. 56 (2009)), translations of certain sections in Five Year Plans, and all plans applicable to the Light Industry.[138] The GOC's response to this questionnaire is due after the date of our preliminary determination. Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that information necessary to perform our analysis of financial contribution and specificity is not available on the record. Thus, we must rely on "facts available" in making our preliminary determination.

I. Application of AFA: Various Programs

Commerce is investigating the following programs from the petition, even if reported not used by the mandatory respondents: Export Loans from Chinese State-Owned Banks; Export Seller's Credit Program; Treasury Bond Loans Program; Preferential Loans for State-Owned Enterprises (SOEs); Preferential Loans to Glass Containers Producers and Exporters Classified as "Honorable Enterprises"; Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program; Exemptions for SOEs from Distributing Dividends; Loans and/or Interest Forgiveness for SOEs; Preferential Income Tax for Enterprises in the Northeast Region; Forgiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China; Reduction in or Exemption from Fixed Assets Investments Orientation Regulatory Tax; Income Tax Benefits for Domestically-Owned Enterprises Engaging in R&D; VAT and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund; Deed

[135] *See* Initial CVD Questionnaire at 30.
[136] *See* GOC IQR at 48.
[137] *See* Second GOC Supp Ques at 5.
[138] *Id.*

Tax Exemption for SOEs Undergoing Mergers or Restructuring; Provision of Land to SOEs for LTAR; Provision of Pig Iron for LTAR; the State Key Technology Renovation Project Fund Program; Export Assistance Grants Program; Government of PRC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands; Grants to Loss-Making SOEs; Export Interest Subsidies; Small and Medium-Sized Enterprise (SME) Technology Innovation Fund; and the Special Fund for Energy Savings Technology Reform.[139] In our initial CVD questionnaire, we requested the GOC to respond to all questions in the Standard Questions and other relevant appendices for the initiated programs we are investigating in this proceeding. We sent additional instructions to the GOC, specifying that:

> "Commerce is requesting that the GOC provide full responses regarding financial contribution and specificity for *all* programs on which Commerce initiated an investigation. Commerce requires this information in the event that the application of facts available is deemed appropriate in determining subsidy usage for uncooperative companies, including companies to whom Commerce issued quantity and value questionnaires, but who were ultimately non-responsive."[140]

These questions are contained in the Standard Questions Appendix and other relevant appendices included in the initial questionnaire. In many instances in its initial questionnaire response, the GOC simply responded that neither of the mandatory respondents used or benefited from the program in question. Specifically, in response to our additional instructions, the GOC stated:

> "First, the GOC respectfully declines to provide any responsive information concerning financial contribution or specificity regarding alleged subsidy programs that are not being used by the individually investigated companies in this investigation (*i.e.*, the mandatory respondents). There is no legal basis on which the Department may require the GOC to provide information regarding subsidy programs that are demonstrably not used by the mandatory respondents."[141]

However, as clearly noted in our instructions, Commerce requires information on all programs in the event that the application of facts available is deemed appropriate in determining subsidy usage for uncooperative companies, including companies to whom Commerce issued quantity and value questionnaires, but who were ultimately non-responsive. Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that information necessary to perform our analyses of financial contribution and specificity for the programs listed above is not available on the record, the GOC has withheld information that was requested of it, and that the GOC significantly impeded the investigation, and, as a result, we must rely on "facts available" in making our preliminary determination. 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 when it failed to respond to our questions in its initial

---

[139] *See* Initiation Checklist.

[140] *See* Commerce's Letter, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Supplemental Instructions for Initial Countervailing Duty Questionnaire," dated January 16, 2020.

[141] *See* GOC's Letter, "GOC Response to Department's Jan. 16, 2020, Letter: Countervailing Duty Investigation on Certain Glass Containers from the People's Republic of China (C-570-115)," dated January 27, 2020.

questionnaire response. Consequently, an adverse inference is warranted in the application of facts available, pursuant to section 776(b)(1) of the Act. In applying AFA, we find that the aforementioned programs constitute a financial contribution, pursuant to section 771(5)(D) of the Act, and are specific, within the meaning of section 771(5A) of the Act. We note that we have sent an additional supplemental questionnaire to the GOC regarding these programs, the due date for which is after the preliminary determination. Pending the GOC's provision of additional information regarding these programs, Commerce may reconsider its decision in the final determination.

J. Application of AFA: Provision of Other Subsidies

Guangdong Huaxing and Qixia Changyu reported in their initial questionnaire response that they received certain "Other Subsidies" during the POI.[142] The GOC did not provide information regarding these other subsidies in its initial questionnaire responses.[143] Our initial CVD questionnaire specifically requests that the GOC coordinate with the respondent companies to determine if they are reporting usage of any other subsidy program(s) and for such program(s) to describe in detail the assistance the GOC provides, including the amounts, dates of receipt, etc.[144] However, in response to this request, the GOC cited Article 11.2 of the WTO Agreement on Subsidies and Countervailing Measures arguing that "an answer to this question is premature absent a more direct inquiry supported by credible evidence and the initiation of a discrete investigation by the Department."[145] We have issued a supplemental questionnaire giving the GOC another chance to respond to this inquiry. However, we preliminarily determine that necessary information is not available on the record, the GOC has withheld information that was requested of it, and that the GOC has significantly impeded this investigation, and, as a result, we must rely on "facts available" in making our preliminary determination, in accordance with sections 776(a)(1) and 776(a)(2)(A) and (C) of the Act. Moreover, we preliminarily determine that the GOC failed to cooperate by not acting to the best of its ability to comply with our request for information. Consequently, an adverse inference is warranted in the application of facts available, pursuant to section 776(b)(1) of the Act. In applying AFA, we find that the "other subsidies" reported by Guangdong Huaxing and Qixia Changyu constitute a financial contribution, pursuant to section 771(5)(D) of the Act, and are specific, within the meaning of section 771(5A) of the Act. As noted above, we have sent an additional supplemental questionnaire to the GOC regarding these programs, the due date for which is after the preliminary determination. Pending the GOC's provision of additional information regarding the operation of this program, Commerce may reconsider its decision in the final determination.

---

[142] *See* Guangdong Huaxing IQR at 8 and Exhibit 25; *see also* Qixia Changyu IQR Volume I at 49 and Exhibit 19 and Volume II at 36 and Exhibit 13.
[143] *See* GOC IQR at 127-128.
[144] *See* Initial CVD Questionnaire at 44; *see also* GOC IQR at 127-128 (stating that Commerce "has requested information on numerous programs in this investigation. The Respondents and the GOC have cooperated to the best of their ability to provide the information requested. The GOC further notes that Article 11.2 of the WTO Agreement on Subsidies and Countervailing Measures dictates that investigations may not be initiated on the basis of 'simple assertion, unsubstantiated by relevant evidence.' Sufficient evidence with regard to the existence, amount, and nature of a subsidy must be presented for the Department to initiate the investigation of another program, consistent with Article 11.2(iii). The GOC believes, therefore, that an answer to this question is premature absent a more direct inquiry supported by credible evidence and the initiation of a discrete investigation by the Department.").
[145] *See* GOC IQR at 128.

We preliminarily determine that these "other subsidies" are grant programs which confer a benefit equal to the amount of the grant provided in accordance with 19 CFR 351.504(a). To calculate the benefit received under these "other subsidies," we followed the methodology described in 19 CFR 351.524. To calculate the *ad valorem* subsidy rate for these grants, we divided the benefit conferred under the grant by the appropriate POI sales denominator. Based on the methodology outlined above, we preliminarily determined a cumulative *ad valorem* subsidy rate of 0.64 percent for Guangdong Huaxing and 0.02 percent for Qixia Changyu.

Furthermore, for the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI pursuant to 19 CFR 351.504(a). Consistent with Commerce's AFA rate selection methodology, we determine a countervailable subsidy rate of 250.85 percent *ad valorem* for the non-responsive companies, the highest rate calculated for an identical program in this investigation.

K. Application of AFA: Export Buyer's Credits

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

In our initial CVD questionnaire, we requested that the GOC provide the information requested in the Standard Questions Appendix "with regard to all types of financing provided by the China ExIm under the Buyer Credit Facility."[146] The Standard Questions Appendix requested various information that Commerce requires in order to analyze the specificity and financial contribution of this program, including the following: translated copies of the laws and regulations pertaining to the program, identification of the agencies and types of records maintained for administration of the program, a description of the program, and the program application process, program eligibility criteria, and the program use data. Rather than responding to the questions in the Appendix, the GOC stated that it had confirmed that "none of the respondents' customers applied for, used, or benefitted from the alleged program during the POI" and that therefore, "a response to the Standard Questions Appendix is not necessary."[147] We have issued a supplemental questionnaire to the GOC;[148] the response to that supplemental questionnaire is due after the date of our preliminary determination.

In its initial questionnaire response, the GOC stated that the Export Import Bank of China (EIBC) strictly limits the provision of Export Buyer's Credits to business contracts exceeding USD 2 million.[149] In that same response, the GOC provided a copy of its 7th Supplemental

[146] *See* Initial CVD Questionnaire at 26.
[147] *See* GOC IQR at 15.
[148] *See* Second GOC SQ.
[149] *See* GOC IQR at Exhibit II.B.8 (containing the Administrative Measures of Export Buyer's Credit of EIBC).

Response in the Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People's Republic of China (7th SQR).[150] Information in that document indicates that the GOC revised this program in 2013 to eliminate this minimum requirement.[151] In prior CVD investigations, the GOC has similarly placed a copy of the 7th SQR on the record.[152] As a result, we revised our initial CVD questionnaire to request that the GOC also provide original and translated copies of any laws, regulations, or other governing documents cited by the GOC in the Export Buyer's Credit Supplemental Questionnaire Response.[153] This request included the 2013 Administrative Measures revisions (2013 Revisions) to the Export Buyer's Credit program. In its initial questionnaire response, the GOC failed to provide the 2013 Revisions.[154] We, therefore, again requested that the GOC provide the 2013 Revisions.[155] Through its response to Commerce's initial questionnaire, the GOC has refused to provide the requested information or any information concerning the 2013 Revisions, which is necessary for Commerce to analyze how the program functions.

We requested the 2013 Revisions because information on the record of this proceeding indicated that the 2013 Revisions affected important program changes. For example, the 2013 Revisions may have eliminated the USD 2 million contract minimum associated with this lending program.[156] By refusing to provide the requested information, and instead asking Commerce to rely upon unverifiable assurances that the 2000 Rules Governing Export Buyer's Credit remained in effect, the GOC impeded Commerce's understanding of how this program operates and how it can be properly verified.

Additional information in the GOC's initial questionnaire response also indicated that the loans associated with this program are not limited to direct disbursements through the EIBC.[157] Specifically, this record information indicates that customers can open loan accounts for disbursements through this program with other banks.[158] The funds are first sent from the EIBC to the importer's account, which could be at the EIBC or other banks, and then these funds are sent to the exporter's bank account.[159] Given the complicated structure of loan disbursements for this program, Commerce's complete understanding of how this program is administered is necessary. Thus, the GOC's refusal to provide the most current 2013 Revisions, which provide internal guidelines for how this program is administered by the EIBC, significantly impeded Commerce's ability to conduct its investigation of this program.

In response to our request that it provide a list of all partner/correspondent banks involved in disbursement of funds under the program, the GOC claimed that "{b}ased on the information available to the GOC at this stage, the GOC confirms that none of the Respondents' customers

---

[150] *Id*. at Exhibit II.B.7.
[151] *Id*.
[152] *See AWC from China.*
[153] *See* Initial CVD Questionnaire at 26.
[154] *See* GOC IQR at 16.
[155] *See* Second GOC SQ at 3.
[156] *See* GOC IQR at Exhibit II.B.7.
[157] *Id*.
[158] *Id*.
[159] *Id*.

applied for, used, or benefitted from the alleged program during the POI. Thus, a list of all partner/correspondent banks in the entire world that are involved in the disbursement of funds under this program is both an overly broad question and an unnecessary one."[160]

To support its claim that none of the respondents' customers applied for, used, or benefitted from this program during the POI, the GOC stated that it obtained from the respondents their customer lists and provided these lists to EIBC who searched its records to confirm that the customers provided in the lists did not receive any Export Buyer's Credits from the EIBC during the POI.[161] The GOC also asserted that "whether a foreign buyer receives any loan pursuant to the Export Buyer's Credit Program of the EX-IM Bank normally can be confirmed by the Chinese exporter. If there is a loan under the export buyer's credits of the EX-IM Bank, the Chinese exporter is aware of the buyer's receipt of loans and must be involved in both the loan evaluation process and the post-lending loan management. Therefore, the Chinese exporter is in a position to verify and confirm the existence, if any, of sales contracts that were supported by the Export Buyer's credits of the EX-IM Bank."[162] Commerce cannot verify claims of non-usage, whether originating with the respondents or their U.S. customers, if it does not know the names of the intermediary banks that might appear in the books and records of the recipient of the credit (*i.e.*, loan) or the cash disbursement made pursuant to the credit. There will not necessarily be an account in the name "China ExIm Bank" or "Ex-Im Bank" in the books and records (*e.g.*, subledger, tax return, bank statements) of either the exporter or the U.S. customer.

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

Further, pursuant to section 776(b) of the Act, we find that the GOC, by virtue of not providing this information to Commerce, failed to cooperate by not acting to the best of its ability. Accordingly, we find that the application of AFA is warranted. Specifically, the GOC has not provided complete information concerning the administration and operation of the program, including how loans are disbursed (*e.g.*, the 2013 Revisions), such as through intermediate or correspondent banks, the identities of which the GOC has withheld from Commerce, or whether the EIBC employs threshold criteria, such as minimum USD 2 million contract value. This information is necessary to understand fully how the Export Buyer's Credits program operates, and is, therefore critical to Commerce's ability to verify the program operation and the accuracy of the GOC's claims, including with respect to the respondent's claimed non-use of this program. By not providing us with this critical information, we find that the GOC failed "to do the maximum it is able to do."[163]

---

[160] *Id*. at 16.
[161] *Id*. at 17 and Exhibit II.B.10 (containing screenshots of the EIBC's search results).
[162] *Id*. at 17.
[163] *See Nippon Steel*, 337 F. 3d at 1382.

For these reasons, we preliminarily find, as AFA, that under this program, the GOC bestowed a financial contribution pursuant to section 771(5)(D) of the Act, provided a benefit pursuant to section 771(5)(E) of the Act, and is contingent on exports within the meaning of sections 771(5A)(A) and (B) of the Act. As noted above, we have sent an additional supplemental questionnaire to the GOC regarding this program, the due date for which is after the preliminary determination. Pending the GOC's provision of additional information regarding the operation of this program, Commerce may reconsider its decision in the final determination.

Regarding specificity, although the record regarding this program suffers from significant deficiencies, we note that the GOC's description of the program and supporting materials (albeit found to be deficient) demonstrate that through this program, state-owned banks, such as the EIBC, provide loans at preferential rates for the purchase of exported goods from China.[164] In addition, the program was alleged by the petitioner as a possible export subsidy.[165] Finally, Commerce has found this program to be an export subsidy in the past.[166] Thus, taking all such information into consideration indicates that the provision of export buyer's credits is contingent upon exports within the meaning of sections 771(5A)(A) and (B) of the Act.

Based on the AFA rate selection hierarchy described above, for this program we are using an AFA rate of 10.54 percent *ad valorem*, the highest rate determined for a similar program in the *Coated Paper from China Amended Final* proceeding, as the rate for these companies.[167] Additionally, based on the methodology also described above for corroborating secondary information, we have corroborated the selected rate to the extent possible and find that the rate is reliable and relevant for use as an AFA rate for the Export Buyer's Credit program.

VIII. 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.[168] In Commerce's initial questionnaires to the GOC and the mandatory respondents, we notified the respondents to this proceeding that the AUL period would be 14 years, on the basis of U.S. Internal Revenue Service Publication 946 (2018).[169] No party submitted comments challenging this AUL period.

---

[164] *See* GOC IQR at Exhibits II.B.8 and II.B.9.
[165] *See* Initiation Checklist at 9.
[166] *See, e.g., Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2016*, 84 FR 17382 (April 25, 2019), and accompanying IDM at Comment 16.
[167] *See Coated Paper from China Amended Final* (revised rate for "Preferential Lending to the Coated Paper Industry" program).
[168] *See* 19 CFR 351.524(b).
[169] *See* U.S. Internal Revenue Service Publication 946 (2018), "How to Depreciate Property" at Table B-2: Table of Class Lives and Recovery Periods.

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 a subsidy 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 subsidy 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), we normally attribute 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 *CVD Preamble*, relationships captured by the cross-ownership definition include those where:

> {T}he interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits) . . . Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership.[170]

Thus, Commerce's regulations make clear that we must look at the facts presented in each case to determine whether cross-ownership exists. The U.S. Court of International Trade (CIT) upheld Commerce's authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.[171]

---

[170] *See Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998) (*CVD Preamble*).
[171] *See Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

Guangdong Huaxing

As discussed above, we selected Guangdong Huaxing as a mandatory company respondent. Guangdong Huaxing responded to Commerce's questionnaire on behalf of itself and its cross-owned affiliates, Foshan Huaxing Glass Co. Ltd., Fujian Huaxing Glass Co. Ltd., Daye Huaxing Glass Co. Ltd., Hunan Huaxing Glass Co. Ltd., Guizhou Huaxing Glass Co. Ltd., Zhejiang Huaxing Glass Co. Ltd., Foshan City San Shui Hua Xing Glass Co. Ltd., Fujian Changcheng Huaxing Glass Co. Ltd., Jiangsu Huaxing Glass Co. Ltd., Hebei Huaxing Glass Co. Ltd., Henan Huaxing Glass Co Ltd., and Xinjiang Huaxing Glass Co. Ltd. (collectively, the cross-owned companies).[172] The cross-owned companies satisfy the cross-ownership requirements under our attribution rules at 19 CFR 351.525(b). Specifically, the cross-owned companies are cross-owned within the definition of 19 CFR 351.525(b)(6)(vi) and are involved in the production of subject merchandise under 19 CFR 351.525(b)(6)(ii).[173] Therefore, pursuant to 19 CFR 351.525(b)(6)(ii), benefits to the cross-owned companies are attributed to the combined sales of all twelve of the cross-owned companies, net of intercompany sales.

Although Guangdong Huaxing identified other companies with which it was affiliated during the POI, these affiliates were not involved in either the production or sale of subject merchandise during the POI, or otherwise meet any of the attribution conditions in our regulation. Therefore, we preliminarily determine that such affiliated companies do not meet any of the conditions set forth in 19 CFR 351.525(b)(6)(ii)-(v).

Qixia Changyu

As discussed above, we selected Qixia Changyu as a mandatory company respondent. Qixia Changyu responded to Commerce's questionnaire on behalf of itself and its cross-owned affiliates, Yantai Changyu Glass Co., Ltd. (Yantai Changyu), Yantai Changyu Fuel Co., Ltd. (Changyu Fuel), Yantai Changyu Glass Printing Co., Ltd. (Changyu Glass Printing), Yantai Changyu Renewable Resources Co., Ltd. (Changyu Renewable Resources), Yantai Changyu Storage and Transportation Co., Ltd. (Changyu Storage and Transportation), and Yantai Yuyuan Investment Development Co., Ltd. (Yantai Yuyuan) (collectively, the cross-owned companies).[174] The cross-owned companies satisfy the cross-ownership requirements under our attribution rules at 19 CFR 351.525(b). Specifically, the cross-owned companies are cross-owned within the definition of 19 CFR 351.525(b)(6)(vi) and are involved in the production of subject merchandise under 19 CFR 351.525(b)(6)(ii).[175] Therefore, pursuant to 19 CFR 351.525(b)(6)(ii), benefits to the cross-owned companies are attributed to the combined sales of the seven companies, net of intercompany sales.

---

[172] *See generally* Guangdong Huaxing's Letter, "Certain Glass Containers from the People's Republic of China: Section III Identifying Affiliates," dated December 11, 2020 (Guangdong Huaxing AQR.).
[173] *See* Guangdong Huaxing's Letter, "Certain Glass Containers from the People's Republic of China: Section III Identifying Affiliates," dated December 11, 2019.
[174] *See generally* Qixia Changyu's Letter, "Certain Glass Containers from the People's Republic of China: Section III Affiliation Questionnaire Response," dated December 16, 2019 (Qixia Changyu AQR).
[175] *See* Qixia Changyu's Letter, "Certain Glass Containers from the People's Republic of China: Section III Affiliation Questionnaire Response," dated December 16, 2019.

Although Qixia Changyu identified other companies with which it was affiliated during the POI, these affiliates were not involved in either the production or sale of subject merchandise during the POI, or otherwise meet any of the attribution conditions in our regulation. Therefore, we preliminarily determine that such affiliated companies do not meet any of the conditions set forth in 19 CFR 351.525(b)(6)(ii)-(v).

C. Denominators

When selecting an appropriate denominator for use in calculating the *ad valorem* subsidy rate, Commerce considers the basis for the respondents' receipt of benefits under each program. As discussed in further detail below under "Programs Preliminarily Determined to be Countervailable," where the program has been found to be countervailable as a domestic subsidy, we used the recipient's total sales as the denominator (or, when appropriate, the total combined sales of the cross-owned affiliates, as described above). Where the program has been found to be contingent upon export activities, we used the recipient's total export sales as the denominator. All sales used in our net subsidy rate calculations are net of intra-company sales. For a further discussion of the denominators used, *see* the Guangdong Huaxing Preliminary Calculation Memorandum and Qixia Changyu Preliminary Calculation Memorandum.[176]

IX. BENCHMARKS AND INTEREST RATES

We are investigating loans received by Guangdong Huaxing and Qixia Changyu from state-owned commercial banks (SOCBs), as well as non-recurring, allocable subsidies.[177] The derivation of the benchmark and discount rates used to value these subsidies is discussed below.

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

Section 771(5)(E)(ii) of the Act explains that the benefit for loans is the "difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market." Normally, we use comparable commercial loans reported by the company as a benchmark.[178] If the firm did not have any comparable commercial loans during the period, Commerce's regulations provide that we "may use a national average interest rate for comparable commercial loans."[179]

As noted above, section 771(5)(E)(ii) of the Act indicates that the benchmark should be a market-based rate. For the reasons first explained in *CFS from China*, loans provided by Chinese banks reflect significant government intervention in the banking sector and do not

[176] *See* Memorandum, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Guangdong Huaxing Glass Co., Ltd. Preliminary Calculation Memorandum," dated February 24, 2020 (Guangdong Huaxing Prelim Calc Memo); *see also* Memorandum, "Countervailing Duty Investigation of Certain Glass Containers from the People's Republic of China: Qixia Changyu Glass Co., Ltd. Preliminary Calculation Memorandum," dated February 24, 2020 (Qixia Changyu Prelim Calc Memo).
[177] *See* 19 CFR 351.524(b)(1).
[178] *See* 19 CFR 351.505(a)(3)(i).
[179] *See* 19 CFR 351.505(a)(3)(ii).

reflect rates that would be found in a functioning market.[180] On July 21, 2017, Commerce conducted a reassessment of China's financial system for CVD benchmarking purposes.[181] Based on this reassessment, Commerce has concluded that, despite the reforms to date, the GOC's role in the system continues to fundamentally distort lending practices in China in terms of risk pricing and resource allocation, precluding the use of interest rates in China for CVD benchmarking or discount rate purposes. Consequently, we preliminarily find that any loans received by Guangdong Huaxing and Qixia Changyu from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(2)(i). For the same reasons, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii). Therefore, because of the special difficulties inherent in using a Chinese benchmark for loans, Commerce selected an external market-based benchmark interest rate. The use of an external benchmark is consistent with Commerce's practice.[182]

In past proceedings involving imports from China, we calculated the external benchmark using the methodology first developed in *CFS from China* and later updated in *Thermal Paper from China*.[183] 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.[184] Beginning in 2010, however, China was classified in the upper-middle income category and remained there from 2011 to 2017.[185] Accordingly, as explained below, we are using the interest rates of lower-middle income countries to construct the benchmark and discount rates for 2003-2009, and we used the interest rates of upper-middle income countries to construct the benchmark and discount rates for 2010-2017. This is consistent with Commerce's calculation of interest rates for recent CVD proceedings involving Chinese merchandise.[186]

---

[180] *See CFS from China* and accompanying IDM at Comment 10.
[181] *See* Memorandum, "Certain Glass Containers from the People's Republic of China – Countervailing Duty Investigation: Analysis of China's Financial System," dated January 30, 2020.
[182] *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).
[183] *See CFS from China* and accompanying IDM at Comment 10*; see also Lightweight Thermal Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper from China*) and accompanying IDM at 8-10.
[184] *See* World Bank Country Classification, http://data.worldbank.org/about/country-and-lending-groups (World Bank Country Classification); *see also* Memorandum, "Certain Glass Containers from the People's Republic of China – Countervailing Duty Investigation: Loan Interest Rate Benchmarks," dated January 30, 2020 (Interest Rate Benchmark Memorandum).
[185] *See* World Bank Country Classification.
[186] *See, e.g., Cast Iron Soil Pipe Fittings from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 82 FR 60178 (December 19, 2017), and accompanying PDM at "Benchmarks and Discount Rates," unchanged in *Cast Iron Soil Pipe Fittings from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 83 FR 32075 (July 11, 2018), and accompanying IDM.

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.[187] For 2010, however, the regression does not yield that outcome for China's income group.[188] 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 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.[189] First, we did not include those economies that we 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 we 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.[190] Because the resulting rates are net of inflation, we adjusted the benchmark to include an inflation component.[191]

B. Long-Term RMB-Denominated Loans

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, we 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.[192]

---

[187] *See* Interest Rate Benchmark Memorandum.
[188] *Id*.
[189] *Id*.
[190] *Id*.
[191] *Id*.
[192] *See, e.g.*, *Thermal Paper from China* and accompanying IDM at 10.

In *Citric Acid from China*, this methodology was revised by switching from a long-term mark-up based on the ratio of the rates of BB-rated bonds to applying a spread which is calculated as the difference between the two-year BB bond rate and the n-year BB bond rate, where "n" equals or approximates the number of years of the term of the loan in question.[193] Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.[194] The inflation-adjusted benchmark lending rates are contained in the Interest Rate Benchmark Memorandum, and in the Guangdong Huaxing and Qixia Changyu preliminary calculation memoranda.[195]

C. Discount Rates

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.[196] The interest rate benchmarks and discount rates used in our preliminary calculations are provided in Guangdong Huaxing's Preliminary Calculation Memorandum and Qixia Changyu's Preliminary Calculation Memorandum.

D. Input Benchmarks

We selected benchmarks for determining the benefit from the provision of soda ash, limestone, and silica sand for LTAR in accordance with 19 CFR 351.511. Section 351.511(a)(2) of Commerce's regulation sets forth the basis for identifying comparative benchmarks for determining whether a government good or service is provided 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).[197]

To determine the appropriate benchmark for measuring the benefits of inputs provided at LTAR under 19 CFR 351.511, we asked the GOC several questions concerning the structure of the glass container industry.[198] In response, the GOC provided summary data for the glass container industry. This information included the number of domestic producers of each input, the number of such producers in which the GOC maintains an ownership or management interest, the total volume of production of each input, the volume and value of imports, and the volume of exports and domestic consumption.[199]

---

[193] *See Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 16836 (April 13, 2009) (*Citric Acid from China*) and accompanying IDM at Comment 14.
[194] *See* Interest Rate Benchmark Memorandum.
[195] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[196] *Id.*; *see also* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[197] *See* 19 CFR 351.511(a)(2).
[198] *See* Initial CVD Questionnaire, at 5-6.
[199] *See* GOC IQR at 65-132

With respect to soda ash, in this proceeding the GOC reported that of the 50 soda ash producers in operation during the POI, the GOC maintains an ownership or management interest in 25.[200] According to data provided by the GOC, these 25 producers account for 59.35 percent of soda ash production during the POI.[201] This level of GOC-controlled production is substantial. The data provided by the GOC also show that the volume of imports as a percentage of domestic production and consumption (1.12 and 1.17 percent, respectively) is insignificant.[202] Therefore, we preliminarily determine that domestic prices in China for soda ash are distorted and thus, cannot be used as a Tier 1 benchmark. As a result, to measure the adequacy of remuneration for provision of soda ash, we are relying on world market prices as the Tier 2 benchmark provided for in 19 CFR 351.511(a)(2)(ii).

With respect to silica sand, the GOC responded that the GOC did not collect silica sand production data, that it was searching for an alternative source for this information but was unable to provide the required information. As noted above in section "Application of FA: Whether Certain Input Markets are Distorted," the GOC did not provide complete information with respect to our questions regarding silica sand production, including what percent of silica sand production during the POI is accounted for by producers in which the GOC maintains an ownership or management interest. However, record evidence demonstrates that the GOC has significant involvement in the market. For example, the NDRC directed a host of economic benefits to the silica sand industry by categorizing the development and production of "high purity quartz raw materials" as an encouraged industry activity in its "Industrial Structure Adjustment Guidance Catalogue."[203] Further, record evidence indicates that large state-owned entities dominate the Chinese mining industry, including sand mining.[204] For example, China Communications Construction Company Limited, a large state-owned producer of silica sand, claims it is the "largest dredging company in China and the largest dredging company (in terms of dredging capacity) in the world."[205] Therefore, as facts available, we conclude that domestic prices in China for silica sand are distorted such that they cannot be used as a Tier 1 benchmark. Thus, to measure the adequacy of remuneration for the provision of silica sand, we are relying on world market prices as the Tier 2 benchmark provided for in 19 CFR 351.511(a)(2)(ii).[206]

With respect to limestone, in this proceeding the GOC reported that it maintains an ownership or management interest in 61 of the 490 limestone producers in operation during the POI.[207] However, according to data provided by the GOC, the percentage of domestic production of limestone during the POI by companies in which the GOC maintains an ownership or management interest is 23.97 percent.[208] As noted above in the "Application of FA: Whether Certain Input Markets are Distorted" section, Commerce issued supplemental questionnaires

---

[200] *Id*. at 80.
[201] *Id*. at 81.
[202] *Id*. at 80.
[203] *See* Petition, Volume III at 55 and Exhibit III-6.
[204] *Id.* at 55 and Exhibit III-62.
[205] *Id.* at 55 and Exhibit III-63.
[206] *See* Guangdong Huaxing Benchmark Submission at Exhibits 1 and 3; *see also* Qixia Changyu Benchmark Submission at Attachment 2.
[207] *Id.* at 119.
[208] *Id*. at 120.

seeking additional information with regard to this program but we extended the deadline for this information to after this preliminary determination. Therefore, as facts available, we preliminarily determine that the volume of state-invested enterprise (SIE) production does not demonstrate GOC predominance in the market. However, neither respondent reported importing limestone and none of the parties offered an internal, "Tier 1" benchmark in their January 27, 2020, submissions of benchmark information. Therefore, in accordance with 19 CFR 351.511(a)(2)(ii), we are relying on a world market price provided by the mandatory respondents.[209]

As stated in 19 CFR 351.511(a)(2)(ii), where there is more than one commercially available world market price, we will average the prices to the extent practicable. We preliminarily determine that export prices for soda ash, silica sand, and limestone provided by the parties represent commercially available world market prices; therefore, we averaged the prices for each input to calculate a single monthly benchmark price.

1. Soda Ash

Guangdong Huaxing and Qixia Changyu, as well as their cross-owned affiliates, reported purchases of soda ash during the POI for the production of subject merchandise.[210]

Guangdong Huaxing provided world export prices from United Nations Commodity Trade Statistics Database (UN Comtrade) for soda ash (disodium carbonate Harmonized Tariff Schedule (HTS) 2836.30).[211] Qixia Changyu also provided world export prices from UN Comtrade for soda ash (disodium carbonate HTS 2836.30).[212]

Because these proposed benchmark values accurately reflect the soda ash that Guangdong Huaxing and Qixia Changyu use in the production of subject merchandise, we preliminarily calculated the benchmark for soda ash using an average of the data submitted by Guangdong Huaxing and Qixia Changyu. We averaged the UN Comtrade world export price data (after excluding categories that included exports to China) for Guangdong Huaxing and Qixia Changyu.[213]

Pursuant to 19 CFR 351.511(a)(2)(iv), benchmarks should reflect "delivered prices" and include import and delivery charges. Accordingly, we added international freight charges, value added tax (VAT), and import duties on applicable purchases, to calculate the price that a respondent would have paid on the world market for this input.[214]

---

[209] *See* Guangdong Huaxing Benchmark Submission at Exhibit 2; *see also* Qixia Changyu Benchmark Submission at Attachment 1.
[210] *See* Guangdong Huaxing IQR at Exhibit 19; *see also* Guangdong Huaxing cross-owned IQRs; *see also* Qixia Changyu IQR at Volume I, Exhibit 11.
[211] *See* Guangdong Huaxing BM Submission at Exhibit 1.
[212] *See* Qixia Changyu BM Submission at Attachment 2.
[213] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[214] *Id*.

2. Limestone

Guangdong Huaxing and Qixia Changyu, as well as their cross-owned affiliates, reported purchases of limestone during the POI for the production of subject merchandise.[215]

Guangdong Huaxing provided world export prices from UN Comtrade for limestone (calcium carbonate HTS 2521.00).[216] Qixia Changyu also provided world export prices from UN Comtrade for limestone (calcium carbonate HTS 2521.00).[217]

Because these proposed benchmark values accurately reflect the limestone that Guangdong Huaxing and Qixia Changyu use in the production of subject merchandise, we preliminarily calculated the benchmark for limestone using an average of the data submitted by Guangdong Huaxing and Qixia Changyu. We averaged the UN Comtrade world export price data (after excluding categories that included exports to China) for Guangdong Huaxing and Qixia Changyu.[218]

Pursuant to 19 CFR 351.511(a)(2)(iv), benchmarks should reflect "delivered prices" and include import and delivery charges. Accordingly, we added international freight charges, VAT, and import duties on applicable purchases, to calculate the price that a respondent would have paid on the world market for this input.[219]

3. Silica Sand

Guangdong Huaxing and Qixia Changyu, as well as their cross-owned affiliates, reported purchases of silica sand during the POI for the production of subject merchandise.[220]

Guangdong Huaxing provided world export prices from the Global Silica Sand Market Research Report for silica sand.[221]

Because these proposed benchmark values accurately reflect the silica sand that Guangdong Huaxing and Qixia Changyu use in the production of subject merchandise and because no other party submitted benchmark values for silica sand, we preliminarily calculated the benchmark for silica and using the values provided by Guangdong Huaxing.[222]

Pursuant to 19 CFR 351.511(a)(2)(iv), benchmarks should reflect "delivered prices" and include import and delivery charges. Accordingly, we added international freight charges, VAT, and

---

[215] *See* Guangdong Huaxing IQR at Exhibit 19; *see also* Guangdong Huaxing cross-owned IQRs; *see also* Qixia Changyu IQR at Volume I, Exhibit 14.
[216] *See* Guangdong Huaxing BM Submission at Exhibit 2.
[217] *See* Qixia Changyu BM Submission at Attachment 1.
[218] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[219] *Id*.
[220] *See* Guangdong Huaxing IQR at Exhibit 19; *see also* Guangdong Huaxing cross-owned IQRs; *see also* Qixia Changyu IQR at Volume I, Exhibit 12.
[221] *See* Guangdong Huaxing BM Submission at Exhibit 3.
[222] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.

import duties on applicable purchases, to calculate the price that a respondent would have paid on the world market for this input.[223]

4. Ocean Freight

Guangdong Huaxing provided ocean freight rates from Xeneta to be considered as benchmarks.[224] No other party submitted ocean freight data or commented on the data submitted. Accordingly, for the preliminary determination, we relied on the monthly ocean freight data provided by Guangdong Huaxing.[225]

E. Land Benchmark

As explained in detail in previous investigations, we cannot rely on the use of "tier one" and "tier two" benchmarks to assess the benefits from the provision of land for LTAR in China. Specifically, in *Sacks from China*, we determined that "Chinese land prices are distorted by the significant government role in the market," and hence, no usable "tier one" benchmarks exist.[226] Furthermore, we found that "tier two" benchmarks (world market prices that would be available to purchasers in China) are not appropriate.[227]

On October 2, 2018, Commerce completed a memorandum analyzing developments in China's land market since 2007.[228] The *Land Benchmark Analysis* was prepared to assess the continued application of Commerce's land for LTAR benchmark methodology, as established in 2007 in *Sacks from China*.[229] As discussed in the *Land Benchmark Analysis*, although reforms in China's land markets have improved the use-rights of some landholders, such improvements have not been comprehensive, and reforms have been implemented on an *ad hoc* basis.[230] The reforms to date have not addressed the fundamental institutional factors that underlie the Chinese government's monopoly control over land-use, which precludes landholders from putting their land to its best use and realizing the market value of their landholdings.[231] The GOC still owns all land in China, and exercises direct control over the sale of land-use rights and land pricing in the primary market and indirect control in the secondary market.[232]

---

[223] *Id*.
[224] *See* Guangdong Huaxing BM Submission at Exhibit 4.
[225] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[226] *See, e.g., Laminated Woven Sacks from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination; Preliminary Affirmative Determination of Critical Circumstances, In Part; and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 72 FR 67893, 67906-08 (December 3, 2007) (*Sacks from China*).
[227] *Id*.
[228] *See* Memorandum, "Certain Glass Containers from the People's Republic of China – Countervailing Duty Investigation: Land Analysis Memo," dated January 30, 2020 (Land Analysis Memo) (containing a memorandum titled "Benchmark Analysis of the Government Provision of Land-Use Rights in China for Countervailing Duty Purposes," dated October 2, 2018).
[229] *Id.* at 2.
[230] *Id.*
[231] *Id.*
[232] *Id.*

As a result, and consistent with our methodology established in *Sacks from China*, we determine that we cannot use any first-tier, domestic Chinese land prices for benchmarking purposes. We also determine that because land is generally not simultaneously available to an in-country purchaser while located and sold out-of-country on the world market, we cannot use second-tier world prices as a benchmark for land-use rights. Finally, because land prices in China are not consistent with market principles, and reflect the government's control and allocation of land-use on an administrative basis, we will continue to use land-use prices outside of China as a third-tier benchmark. Accordingly, consistent with our past practice, we are relying on the use of so-called "tier three" benchmarks for purposes of calculating a benefit for this program.

We have placed on the record benchmark information to value land from "Asian Marketview Reports" by CB Richard Ellis (CBRE) for Thailand for 2010.[233] We used this benchmark in the CVD investigations of *Solar Cells from China* and *IMTDCs from China*.[234] We initially selected this information in the *Sacks from China* investigation after considering a number of factors, including national income levels, population density, and producers' perceptions that Thailand is a reasonable alternative to China as a location for Asian production.[235] We find that the benchmark continues to be suitable for this preliminary determination, and we relied on it for our calculation of benefits relating to Guangdong Huaxing and Qixia Changyu's land purchases.[236]

We will continue to examine benchmark prices on a case-by-case basis, and will consider the extent to which proposed benchmarks represent prices in a comparable setting (*e.g.*, a country proximate to China; the country's level of economic development, etc.).

---

[233] *See* Memorandum, "Certain Glass Containers from the People's Republic of China – Countervailing Duty Investigation: Asian Marketview Report" dated January 30, 2020 (Land Benchmark Data Memo) (containing "Asian Marketview Report" pricing data).

[234] *See Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*, 77 FR 63788 (October 17, 2012) (*Solar Cells from China*) and accompanying IDM at 6 and Comment 11; *see also Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 21316 (April 11, 2016) (*IMTDCs from China*) and accompanying PDM at 13.

[235] The complete history of our reliance on this benchmark is discussed in the above-referenced *Solar Cells from China* Issues and Decision Memorandum. In that discussion, we reviewed our analysis from the *Sacks from China* investigation and concluded the CBRE data remained a valid land benchmark.

[236] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.

X. ANALYSIS OF PROGRAMS

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

A. Programs Preliminarily Determined to Be Countervailable

1. Provision of Soda Ash for LTAR

We are examining whether the GOC or other "authorities" within China provided Guangdong Huaxing and Qixia Changyu, or their cross-owned affiliates, soda ash for LTAR. Guangdong Huaxing and Qixia Changyu, as well as their cross-owned affiliates, reported that they purchased soda ash during the POI.[237]

Our preliminary determination regarding whether the GOC's provision of soda ash for LTAR constitutes a financial contribution and is specific is based on facts available (FA), pursuant to section 776(c) of the Act.

Available record evidence indicates that one of the primary inputs in the production of Chinese glass containers is soda ash.[238] Available record evidence also supports that the GOC actively subsidizes soda ash production in the country.[239] Additionally, record evidence also supports that the soda ash industry in China features several large SOEs which results in a distorted market.[240] As FA, we find that, through ownership of several Chinese soda ash producers, the GOC is able to encourage industrial development through low-cost provision of one of the primary inputs in the production of glass containers, soda ash.[241]

Financial Contribution

As FA, we preliminarily determine that the GOC's provision of soda ash for LTAR confers a financial contribution within the meaning of section 771(5)(D)(iii) of the Act. We preliminarily find that the GOC exercises meaningful control over the government and non-government-owned domestic producers of soda ash and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector.[242] Therefore, we preliminarily determine that these enterprises are "authorities" within the meaning of section 771(5)(B) of the Act.[243] Thus, the provision of soda ash to glass container producers for LTAR constitutes a financial contribution within the meaning of section 771(5)(D)(iii) of the Act.

---

[237] *See* Guangdong Huaxing IQR at Exhibit 11; *see also* Qixia Changyu IQR at Volume I, Exhibit 11.
[238] *See* Petition at 51.
[239] *Id*. at 52.
[240] *Id*. at 51.
[241] *See* Memorandum, "Certain Glass Containers from the People's Republic of China – Countervailing Duty Investigation: Placing Documents on the Record," dated January 30, 2020 (Public Bodes Memorandum).
[242] *Id*.
[243] *Id*.

Specificity

As FA, we preliminarily find that the provision of soda ash for LTAR is specific within the meaning of section 771(5A)(D)(iii)(I) of the Act, as it is provided to a limited number of Chinese industries, namely, producers of glass.[244]

Benefit

We preliminarily determine that the domestic market for soda ash is distorted, and we are relying on an external benchmark for determining the benefit from the provision of soda ash for LTAR under section 771(5)(E)(iv) of the Act.

As discussed above under "Input Benchmarks," because we find that the Chinese market for soda ash was distorted by government involvement, we are selecting external benchmark prices, *i.e.*, "tier two" or world market prices, consistent with 19 CFR 351.511(a)(2)(ii) and the *CVD Preamble*.[245] Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under "tier two," we 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, to derive the benchmark prices we included, as appropriate, any ocean freight and inland freight that would be incurred to deliver the inputs to the respondents' production facilities. We then added to the benchmark prices the appropriate import duties applicable to imports of soda ash into China, as provided by the GOC. Additionally, we added the appropriate VAT of 17 percent to the benchmark prices.[246]

We compared these monthly benchmark prices to the purchase prices that Guangdong Huaxing and Qixia Changyu reported for individual domestic transactions, including VAT. We determined the benefit to be the difference between the benchmark prices and the prices reported by Guangdong Huaxing and Qixia Changyu, respectively. We divided the total benefits received by the companies' respective POI sales.[247] On this basis, we preliminarily calculated a net countervailable subsidy rate of 0.17 percent *ad valorem* for Guangdong Huaxing and 0.07 percent *ad valorem* for Qixia Changyu.[248]

For the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI within the meaning of section 771(5)(E)(iv) of the Act. Consistent with Commerce's AFA rate selection methodology, we determine a countervailable subsidy rate of 0.12 percent *ad valorem* for the non-responsive companies, the highest rate calculated for an identical program in this investigation.

---

[244] *See* Petition at 54.
[245] *See CVD Preamble*, 63 FR at 65401.
[246] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[247] *Id*.
[248] *Id*.

2. **Provision of Limestone for LTAR**

We are examining whether the GOC or other "authorities" within China provided Guangdong Huaxing and Qixia Changyu, or their cross-owned affiliates, limestone for LTAR. Guangdong Huaxing and Qixia Changyu, as well as their cross-owned affiliates, reported that they purchased limestone during the POI.[249]

Our preliminary determination regarding whether the GOC's provision of limestone for LTAR constitutes a financial contribution and is specific is based on FA, pursuant to section 776(c) of the Act.

Available record evidence indicates that one of the primary inputs in the production of Chinese glass containers is limestone.[250] Commerce has previously found that the GOC is involved in the limestone industry and determined this program to be countervailable.[251]

Financial Contribution

As FA, we preliminarily determine that the GOC's provision of limestone for LTAR confers a financial contribution within the meaning of section 771(5)(D) of the Act. We preliminarily find that the GOC exercises meaningful control over the government and non-government-owned domestic producers of limestone and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector.[252] Therefore, we preliminarily determine that these enterprises are "authorities" within the meaning of section 771(5)(B) of the Act.[253] Thus, the provision of limestone to glass container producers for LTAR constitutes a financial contribution in the form of a provision of a good within the meaning of section 771(5)(D)(iii) of the Act.

Specificity

As FA, we preliminarily find that the provision of limestone for LTAR is specific within the meaning of section 771(5A)(D)(iii)(I) of the Act, as it is provided to a limited number of Chinese industries, namely, producers of glass.[254]

Benefit

As discussed in the "Input Benchmarks" section, we preliminarily determine, as FA, that the volume of SIE production of limestone does not demonstrate GOC predominance in the market. Therefore, we preliminarily determine, as FA, that the domestic market for limestone is not distorted.

---

[249] *See* Guangdong Huaxing IQR at Exhibit 11; *see also* Qixia Changyu IQR at Volume I, Exhibit 11.
[250] *See* Petition at 57.
[251] *See Citric Acid and Certain Citrate Salts from China: Final Results of Countervailing Duty Administrative Review; 2013*, 80 FR 77318 (December 14, 2015) (*Citric Acid AR2013*) and accompanying IDM at 27-29.
[252] *See* Public Bodes Memorandum.
[253] *Id*.
[254] *See* Petition at 58.

However, since neither respondent reported importing limestone and there is no other "Tier 1" benchmark information pertaining to limestone on the record, we are relying on a world market price provided by the mandatory respondents, in accordance with 19 CFR 351.511(a)(2)(ii), for determining the benefit from the provision of limestone for LTAR under section 771(5)(E)(iv) of the Act.[255] Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under "tier two," we 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, to derive the benchmark prices we included, as appropriate, any ocean freight and inland freight that would be incurred to deliver the inputs to the respondents' production facilities. We then added to the benchmark prices the appropriate import duties applicable to imports of limestone into China, as provided by the GOC. Additionally, we added the appropriate VAT of 17 percent before May 2018 and 16 percent after May 2018 to the benchmark prices.[256]

We compared these monthly benchmark prices to the purchase prices that Guangdong Huaxing and Qixia Changyu reported for individual domestic transactions, including VAT. We determined the benefit to be the difference between the benchmark prices and the prices reported by Guangdong Huaxing and Qixia Changyu, respectively. We divided the total benefits received by the companies' respective POI sales.[257] On this basis, we preliminarily calculated a net countervailable subsidy rate of 0.69 percent *ad valorem* for Guangdong Huaxing and 0.85 percent *ad valorem* for Qixia Changyu.[258]

For the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI within the meaning of section 771(5)(E)(ii) of the Act. Consistent with Commerce's AFA rate selection methodology, we determine a countervailable subsidy rate of 0.85 percent *ad valorem* for the non-responsive companies, the highest rate calculated for an identical program in this investigation.

3. <u>Provision of Silica Sand for LTAR</u>

We are examining whether the GOC or other "authorities" within China provided Guangdong Huaxing and Qixia Changyu, or their cross-owned affiliates, silica sand for LTAR. Guangdong Huaxing and Qixia Changyu, as well as their cross-owned affiliates, reported that they purchased silica sand during the POI.[259]

---

[255] *See* Guangdong Huaxing Benchmark Submission at Exhibit 2; *see also* Qixia Changyu Benchmark Submission at Attachment 1.
[256] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[257] *Id*.
[258] *Id*.
[259] *See* Guangdong Huaxing IQR at Exhibit 11; *see also* Qixia Changyu IQR at Volume I, Exhibit 12.

Our preliminary determination regarding whether the GOC's provision of silica sand for LTAR constitutes a financial contribution and is specific is based on FA, pursuant to section 776(c) of the Act.

Available record evidence indicates that one of the primary inputs in the production of Chinese glass containers is silica sand.[260] Silica sand accounts for approximately 60 percent of the raw material used to create glass containers.[261] Available record evidence also supports that the GOC actively promotes the silica sand industry.[262] Specifically, the National Development and Reform Commission (NDRC) directed a host of economic benefits to the silica sand industry by categorizing the development and production of "high purity quartz raw materials" as an encouraged industry activity in its "Industrial Structure Adjustment Guidance Catalogue."[263] Furthermore, under China's Mineral Resources Law, the GOC owns all land in China used for mining,[264] including sand mining, and companies must obtain licenses to dredge sand.[265] These laws are administered by the Chinese Ministry of Land Resources and various provincial, regional, and municipal geology and mineral resources departments.[266] As a result, large state-owned entities dominate the Chinese mining industry,[267] including sand mining. China Communications Construction Company Limited is a large state-owned producer of silica sand and according to the company website, it is the "largest dredging company in China and the second largest dredging company (in terms of dredging capacity) in the world."[268] As such, the Chinese market for silica sand is distorted by pervasive government control.

Financial Contribution

As FA, we preliminarily determine that the GOC's provision of silica sand for LTAR confers a financial contribution within the meaning of section 771(5)(D) of the Act. We preliminarily find that the GOC exercises meaningful control over the government and non-government-owned domestic producers of silica sand and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector.[269] Therefore, we preliminarily determine that these enterprises are "authorities" within the meaning of section 771(5)(B) of the Act.[270] Thus, the provision of silica sand to glass container producers for LTAR constitutes a financial contribution in the form of a provision of a good within the meaning of section 771(5)(D)(iii) of the Act.

---

[260] *See* Petition at 54.
[261] *Id*.
[262] *Id*. at 54-55.
[263] *Id*. at 55 and Exhibit III-6.
[264] *Id*. at Exhibits III-59 and III-60.
[265] *Id*. at Exhibit III-61.
[266] *Id*.
[267] *Id*. at Exhibit III-62.
[268] *Id*. at Exhibit III-63.
[269] *See* Public Bodes Memorandum.
[270] *Id*.

Specificity

As FA, we preliminarily determine that the provision of silica sand for LTAR is specific within the meaning of section 771(5A)(D)(iii)(I) of the Act, as it is provided to a limited number of Chinese industries, including producers of glass.[271]

Benefit

We preliminarily determine, as FA, that the domestic market for silica sand is distorted, and we are relying on an external benchmark for determining the benefit from the provision of silica sand for LTAR under section 771(5)(E)(iv) of the Act.

As discussed above under "Input Benchmarks," because we find, as FA, that the Chinese market for silica sand was distorted by government involvement, we are selecting external benchmark prices, *i.e.*, "tier two" or world market prices, consistent with 19 CFR 351.511(a)(2)(ii) and the *CVD Preamble*.[272] Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under "tier two," we 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, to derive the benchmark prices we included, as appropriate, any ocean freight and inland freight that would be incurred to deliver the inputs to the respondents' production facilities. We then added to the benchmark prices the appropriate import duties applicable to imports of silica sand into China, as provided by the GOC. Additionally, we added the appropriate VAT of 17 percent before May 2018 and 16 percent after May 2018 to the benchmark prices.[273]

We compared these monthly benchmark prices to the purchase prices that Guangdong Huaxing and Qixia Changyu reported for individual domestic transactions, including VAT. We determined the benefit to be the difference between the benchmark prices and the prices reported by Guangdong Huaxing and Qixia Changyu, respectively. We divided the total benefits received by the companies' respective POI sales.[274] On this basis, we preliminarily calculated a net countervailable subsidy rate of 2.88 percent *ad valorem* for Guangdong Huaxing and 5.21 percent *ad valorem* for Qixia Changyu.[275]

For the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI within the meaning of section 771(5)(E)(ii) of the Act. Consistent with Commerce's AFA rate selection methodology, we determine a countervailable subsidy rate of 5.21 percent *ad valorem* for the non-responsive companies, the highest rate calculated for an identical program in this investigation.

---

[271] *See* Petition at 58.
[272] *See CVD Preamble*, 63 FR at 65401.
[273] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[274] *Id*.
[275] *Id*.

4. **Provision of Electricity for LTAR**

Our preliminary determination regarding the GOC's provision of electricity for LTAR is based on FA. As FA, we preliminarily determine that the GOC's provision of electricity for LTAR confers a financial contribution and is specific within the meaning of sections 771(5)(D) and 771(5A) of the Act, respectively.

The available record evidence demonstrates that the GOC uses energy subsidies, including the manipulation of the price of electricity, in pursuit of its critical economic objectives.[276] This electricity manipulation for economic pursuit persists in provincial government implementation as well.

Moreover, the GOC considers the glass industry as critical to the country's continued economic growth.[277] This evidence indicates, as FA, that the GOC employs preferential electricity rates as a policy tool to promote and encourage the development of China's glass industry. For example, the GOC's Light Industry Development Plan emphasizes the need for optimizing and promoting the household glass industry as well as promoting energy conservation and emission reduction technologies.[278] Accordingly, the GOC's stated objective to support certain sectors (including the glass industry) in tandem with the GOC's manipulation of electricity rates in order to attain its economic development goals, lends support to our preliminary finding, as FA, that the GOC's provision of electricity for LTAR to glass container producers and exporters is specific and provides a financial contribution.

Financial Contribution

As FA, we preliminarily determine that the provision of electricity for LTAR by the GOC confers a financial contribution under section 771(5)(D)(iii) of the Act because the GOC is providing glass container producers a good or service for LTAR.

Specificity

As FA, we preliminarily determine that the provision of electricity is specific, pursuant to section 771(5A)(D)(iii) of the Act, because key industries, including the glass industry, are provided with low-cost electricity as an economic incentive.

Benefit

For determining the existence and amount of any benefit under this program, we selected the highest non-seasonal provincial rates in China for each electricity category (*e.g.*, "large industry," "general industry and commerce") and "base charge" (either maximum demand or transformer capacity, where applicable) used by Guangdong Huaxing and Qixia Changyu.

---

[276] *See* Petition, Volume III at 48-49.
[277] *See* Petition at Volume III, Exhibit III-5 (containing excerpts from the GOC's Light Industry Development Plan).
[278] *Id*. at 313-315.

Additionally, we identified and applied the peak, normal, and valley rates within a category, where applicable.

Consistent with our approach in *Wind Towers from China*, we first calculated Guangdong Huaxing and Qixia Changyu's variable electricity costs by multiplying the monthly kilowatt hours (kWh) consumed at each price category (*e.g.*, peak, normal, and valley, where appropriate) by the corresponding electricity rates paid during each month of the POI.[279] Next, we calculated the benchmark variable electricity costs by multiplying the monthly kWh consumed at each price category by the highest electricity rate charged at each price category. To calculate the benefit for each month, we subtracted the variable electricity costs paid by Guangdong Huaxing and Qixia Changyu during the POI from the monthly benchmark variable electricity costs.[280]

To measure whether Guangdong Huaxing and Qixia Changyu received a benefit with regard to their base rate (*i.e.*, either maximum demand or transformer capacity charge), we first multiplied the monthly base rate charged to the company by the corresponding consumption quantity. Next, we calculated the benchmark base rate cost by multiplying the company's consumption quantities by the highest maximum demand or transformer capacity rate. To calculate the benefit, we subtracted the maximum demand or transformer capacity costs paid by Guangdong Huaxing and Qixia Changyu during the POI from the benchmark base rate costs. We then calculated the total benefit received during the POI under this program by summing the benefits stemming from Guangdong Huaxing and Qixia Changyu's variable electricity payments and base rate payments.[281] To calculate the net subsidy rate attributable to Guangdong Huaxing and Qixia Changyu, we divided each company's benefit by its respective POI sales. On this basis, we preliminarily calculated a net countervailable subsidy rate of 3.37 percent *ad valorem* for Guangdong Huaxing and a rate of 2.22 percent *ad valorem* for Qixia Changyu.[282]

For the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI within the meaning of section 771(5)(E)(ii) of the Act. Consistent with Commerce's AFA rate selection methodology, we determine a countervailable subsidy rate of 3.72 percent *ad valorem* for the non-responsive companies, the highest rate calculated for an identical program in this investigation.

5. <u>Provision of Land and/or Land Use Rights to Glass Containers Producers for LTAR</u>

Our preliminary determination regarding whether the GOC's provision of land and/or land use rights to glass container producers for LTAR constitutes a financial contribution and is specific is based on FA, pursuant to with sections 776(a)(1), (a)(2)(A), and (a)(2)(C)of the Act. In examining this program, Commerce looks to whether government plans or other policy

---

[279] *See Utility Scale Wind Towers from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 75978 (December 26, 2012) (*Wind Towers from China*) and accompanying IDM at 21-22.
[280] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[281] *Id*.
[282] *Id*.

directives lay out objectives or goals for developing the industry and call for preferential land pricing to support such objectives or goals. According to record evidence, the GOC's national five-year plans identify the provision of land and land financing as policy tools to direct economic development for key objectives.[283] Specifically, China's 13th Five-Year Plan continued the GOC's longstanding practice of allocating land: "siloing of land-use rights allows the government to determine what land is used for and prevents land from being put to use on the basis of market outcomes determined by individual users, thus distorting land prices in China and precluding meaningful, market-based land valuation.[284] Furthermore, national and provincial governments instruct government agencies to provide such land-use rights to favored projects and producers.[285] Specifically, the GOC's Decision No. 40 instructs "people's governments of all provinces, autonomous regions, and municipalities" to formulate policies on land in order to implement industrial policies.[286] Additionally, the Light Industry Development Plan (2016-2020) establishes GOC-led priorities for household glass – specifically for the development of "glass bottle and jar lightweight production technologies…."[287]

For example, the 11th Five-Year Plan instructs increased support for industrial policy, especially for high tech industries, alongside strengthened cooperation of land policies: "Strengthen and improve industrial policy work, reinforce the unified planning for domestic industry development and for investment introduction, strengthen the cooperation of the policies in credit, land, environmental protection, safety and science and technology with the industrial policy and use economic means to promote the development of industries. Strengthen the support for the weak links of high tech industries and equipment manufacturing industry, mainly support research and development and foster core competitive power."[288] The 11th Five-Year Plan further calls for giving development priority to the high technology industry and intensive processing by enhancing the efficiency of land resources and the functions of special economic zones.[289]

Financial Contribution

As FA, we preliminarily determine that the GOC's provision of land and/or land use rights for LTAR confers a financial contribution within the meaning of section 771(5)(D) of the Act. We preliminarily determine that the provision of land-use rights by the government constitutes a

[283] *See* Petition, Volume III at 43 and Exhibits III-47 and III-5.
[284] *See* Land Analysis Memo.
[285] *See* Petition, Volume III at 43.
[286] *Id*. at Exhibit III-47 (containing Decision of the State Council on Promulgating and Implementing the "Temporary Provisions on Promoting Industrial Structure Adjustment," No. 40 (2005)).
[287] *Id*. at Exhibit III-5 (containing Light Industry Development Plan (2016-2020)).
[288] *See* GOC IQR at Exhibit II.B.1 (containing 11th Five-Year Plan at 57).
[289] *Id*.

financial contribution through the provision of a good within the meaning of section 771(5)(D)(iii) of the Act.

Specificity

As FA, we preliminarily find that the GOC's provision of land-use rights for LTAR is specific pursuant to section 771(5A)(D)(i) of the Act because it is limited to certain encouraged industries.[290]

Benefit

To determine the benefit pursuant to section 771(5)(E)(iv) of the Act and 19 CFR 351.511, we first multiplied the Thailand industrial land benchmarks discussed above, by the total land area of the land-use rights held by Guangdong Huaxing and Qixia Changyu. We then subtracted the price actually paid for the land, as reported by Guangdong Huaxing and Qixia Changyu, to derive the total unallocated benefit. We next conducted the "0.5 percent test" provided for under 19 CFR 351.524(b)(2) for the year of the relevant land-rights agreement by dividing the total unallocated benefit by the appropriate sales denominator. As a result, we found that the benefits were greater than 0.5 percent of relevant sales and, therefore, allocated the benefits to the POI. We allocated the total benefit amounts across the terms of the land-use agreements, using the standard allocation formula of 19 CFR 351.524(d), and determined the amounts attributable to the POI.[291]

On this basis, we preliminarily determine a subsidy rate of 2.49 percent *ad valorem* for Guangdong Huaxing and 1.87 percent *ad valorem* for Qixia Changyu.[292]

For the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI within the meaning of section 771(5)(E)(iv) of the Act. Consistent with Commerce's AFA rate selection methodology, we determine a countervailable subsidy rate of 2.49 percent *ad valorem* for the non-responsive companies, the highest rate calculated for an identical program in this investigation.

6. <u>Policy Loans to the Glass Container Industry</u>

When examining a policy lending program, Commerce looks to whether the government plans or other policy directives lay out objectives or goals for developing the industry and call for lending to support such objectives or goals. Where such plans or policy directives exist, then it is our practice to find that a policy lending program exists that is *de jure* specific to the targeted industry (or producers that fall under that industry) within the meaning of section 771(5A)(D)(i) of the Act. Once that finding is made, we rely upon the analysis undertaken in *CFS from China*

---

[290] *See* Land Analysis Memo.
[291] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[292] *Id*.

to further conclude that national and local government control over the SOCBs render the loans a government financial contribution.[293]

Our preliminary determination regarding whether the GOC's provision of policy loans to the glass container industry constitutes a financial contribution and is specific is based on FA, pursuant to section 776(a)(1) of the Act. Record information indicates that the glass containers industry has benefitted from government-directed policy lending. For example, the GOC, through its 12th Five Year Plan for National and Social Development and its Light Industry Development Plan (2016-2020), has identified the glass industry for development efforts, both in recent years and moving forward.[294] Specifically, the Light Industry Development Plan identifies "glass bottle and jar lightweight production technologies energy-conservation and environmentally friendly furnace technologies, and broken glass technologies and handling technologies" as targeted for reforms. Additionally, the 12th Five-Year Plan states that the industrial restructuring and reorganization should be undertaken with the objective of "transform{ing} and improv{ing} the consumer goods industries."[295] The 12th Five-Year Plan seeks to maintain "current advantage{s} in export markets" while "{supporting} new advantages based on technology, branding, quality and service" to "extend the value-added chain in China."[296] Furthermore, the 12th Five-Year Plan seeks to create a "favorable environment to activate the development of SMEs …{by} increas{ing} the size and percentage of lending to SMEs, and broaden{ing} channels of direct financing."[297] Further, the "Industrial Structure Adjustment Guidance Catalogue" identifies glass bottle production as an encouraged industry.[298] Finally, the Daily Glass Industry Standard Conditions (2017) identifies daily-use glass projects as a target for credit financing.[299]

Financial Contribution

Based on the foregoing information, as FA, we preliminarily determine that the GOC's provision of policy loans to the glass container industry confers a financial contribution within the meaning of section 771(5)(D) of the Act. In particular, we preliminarily find that loans by the GOC-controlled banks constitute a direct transfer of funds under section 777(5)(D)(i) of the Act.

Specificity

As FA, we preliminarily determine, pursuant to section 771(5A)(D)(i) of the Act, policy loans to Chinese producers of glass containers are *de jure* specific because the GOC has policies in place to encourage and support the growth of the glass industry in China, of which we find the glass containers industry to be a part.

---

[293] *See CFS from China* and accompanying IDM at comment 8.
[294] *See* Petition, Volume III at Exhibits III-4 and III-5.
[295] *Id*. at Exhibit III-4 (containing the 12th Five Year Plan for National and Social Development (12th Five-Year Plan), Chapter 9.
[296] *Id*.
[297] *Id*. at Section 5.
[298] *See* CVD Petition Supplemental at 2-3.
[299] *Id*. at 3.

Benefit

To determine whether a benefit was conferred under section 771(5)(E)(ii) of the Act, we compared the amount of interest paid during the POI on these loans to the amount of interest that each respondent would have paid on comparable commercial loans.[300] In conducting this comparison, we used the interest rate benchmarks described above in the section "Benchmarks and Interest Rates." On this basis, we preliminarily calculated a countervailable subsidy of 1.30 percent *ad valorem* for Guangdong Huaxing and 1.55 percent *ad valorem* Qixia Changyu.[301]

For the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI within the meaning of section 771(5)(E)(ii) of the Act. Consistent with Commerce's AFA rate selection methodology, we determine a countervailable subsidy rate of 1.55 percent *ad valorem* for the non-responsive companies, the highest rate calculated for an identical program in this investigation.

7. <u>Export Buyer's Credits Program</u>

For the reasons explained in the "Application of AFA: Export Buyer's Credits" section, our preliminary determination regarding whether the GOC's provision of export buyer's credits constitutes a financial contribution and is specific is based on AFA, pursuant to sections 776(a) and (b) of the Act.

Financial Contribution

As AFA, we preliminarily determine that the GOC's provision of export buyer's credit confers a financial contribution within the meaning of section 771(5)(D) of the Act.

Specificity

As AFA, we preliminarily determine that the Export Buyer's Credit program is specific because the credits are contingent upon export performance under sections 771(5A)(A) and (B) of the Act.

Benefit

As AFA, we preliminarily determine that this program confers a benefit to the mandatory respondents pursuant to section 771(5)(E) of the Act. Furthermore, for the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI within the meaning of section 771(5)(E)(ii) of the Act. Consistent with Commerce's AFA rate selection

[300] *See* 19 CFR 351.505(a).
[301] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.

methodology, we determine a countervailable subsidy rate of 10.54 percent *ad valorem*, a rate calculated for a similar program in another CVD proceeding involving imports from China.[302]

8. Income Tax Reduction for High or New Technology Enterprises

Commerce is examining whether the GOC is providing support to certain companies by allowing them to reduce their tax liabilities. Guangdong Huaxing and certain of its cross-owned companies reported use of this program during the POI.[303]

The GOC has reported that this program was established according to Article 28 of the Enterprise Income Law of the PRC and Article 93 of the Implementing Regulations of the Enterprise Income Tax Law of the PRC, effective on January 1, 2008, to support and encourage development of high and new technology enterprises.[304] Companies utilizing the program can benefit from a preferential income tax rate of 15 percent, rather than the usual 25 percent.[305] Furthermore, the GOC states that this program is available to all companies that qualify as high or new technology companies.[306] We preliminarily determine that this program confers a countervailable subsidy.

Financial Contribution

We preliminarily determine that the GOC's provision of income tax reductions for HNTEs confers a financial contribution in the form of revenue forgone by the GOC within the meaning of section 771(5)(D)(ii) of the Act.[307]

Specificity

We preliminarily determine that the income tax reductions for HNTEs are *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act because they are limited as a matter of law to only certain enterprises designated as high and new technology enterprises.[308]

Benefit

To determine whether a benefit was conferred under section 771(5)(E)(ii) of the Act, we calculated the difference between the tax amount due with the standard 25 percent tax rate and the tax amount due with the reduced 15 percent tax rate. We divided the resulting amount of the tax subsidy by the sales for Guangdong Huaxing.[309] On this basis, we preliminarily calculated a countervailable subsidy of 1.08 percent *ad valorem* for Guangdong Huaxing.

---

[302] *See Coated Paper from China Amended Final*.
[303] *See* Guangdong Huaxing IQR at 27-30, Daye Huaxing Glass Co. Ltd. IQR at 17-21, Foshan Huaxing Glass Co. Ltd. IQR at 18-22, and Foshan City San Shui Hua Xing Glass Co. Ltd. IQR at 17-21.
[304] *See* GOC IQR at 22 and Exhibits II.C1.A.1 and II.C1.A.2.
[305] *Id*.
[306] *Id*. at 25.
[307] *See* GOC IQR at 22.
[308] *Id*.
[309] *See* 19 CFR 351.505(a).

Furthermore, for the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI pursuant to 19 CFR 351.509(a)(1). Consistent with Commerce's AFA rate selection methodology for income tax programs, as discussed above, we are applying the 25 percent AFA rate on a combined basis.

9. Tax Offsets for Research and Development Under the Enterprise Income Tax

Commerce is examining whether the GOC is providing support to companies by allowing them to deduct from their taxable income certain R&D expenses. Guangdong Huaxing and Qixia Changyu reported using this program during the POI.[310]

The GOC states that this program was established according to Article 30 of the Enterprise Income Tax Law of the PRC and Article 95 of the Implementing Regulations of the Enterprise Income Tax Law of the PRC, effective on January 1, 2008.[311] Under the program, if eligible R&D expenditures for new technologies, new products, or new manufacturing methods are expensed and not capitalized as intangible assets, an additional 50 percent on top of the actual expense accrual may be deducted from taxable income.[312] Benefits are only available for certain expenditures for new technologies, new products, or new manufacturing methods.[313] We preliminarily determine that this program constitutes a countervailable subsidy.

Financial Contribution

We preliminarily determine that the GOC's provision of tax offsets for R&D under the EIT confers a financial contribution in the form of revenue forgone within the meaning of section 771(5)(D)(ii) of the Act.

Specificity

We preliminarily determine that the income tax deduction afforded by this program is limited as a matter of law to certain enterprises, *i.e.*, those with eligible R&D expenditures in eligible high-technology activities, and, thus, is *de jure* specific under section 771(5A)(D)(i) of the Act.[314]

Benefit

To determine whether a benefit was conferred under section 771(5)(E) of the Act and 19 CFR 351.509, we divided the amount of the tax subsidy by the 2017 total sales for each respondent.[315]

---

[310] *See* Guangdong Huaxing IQR at 31-34, Daye Huaxing Glass Co. Ltd. IQR at 21-25, Foshan Huaxing Glass Co. Ltd. IQR at 22-26, and Foshan City San Shui Hua Xing Glass Co. Ltd. IQR at 21-25; *see also* Qixia Changyu IQR at Volume I, 30.
[311] *See* GOC IQR at 32-33 and Exhibits II.C1.A.1 and II.C1.A.2.
[312] *Id.*
[313] *Id.* at 32.
[314] *Id*.
[315] *See* 19 CFR 351.505(a).

On this basis, we preliminarily calculated a countervailable subsidy of 0.09 percent *ad valorem* for Guangdong Huaxing and 0.27 percent *ad valorem* for Qixia Changyu.[316]

Furthermore, for the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI pursuant to 19 CFR 351.509(a)(1). Consistent with Commerce's AFA rate selection methodology for income tax programs, as discussed above, we are applying the 25 percent AFA rate on a combined basis.

10. "Other Subsidies"

Guangdong Huaxing and Qixia Changyu self-reported various non-recurring subsidies from the GOC during the POI.[317] The subsidies self-reported by Guangdong Huaxing, which conferred a measurable benefit, are as follows (rates included in parentheses):

1. Support funds for Foshan "MADE IN CHINA 2025" pilot and demonstration enterprises
2. Subsidy for lowering electricity cost and gas cost
3. Unemployment insurance funds support enterprises to provide subsidies for stable employment
4. Support fund for Foshan industrial product quality promotion
5. Bonus funds for the deepening of air pollution control in glass industry
6. Special fund for improving motor energy efficiency
7. Subsidy for founding Dacheng craftsman's workshop
8. Foshan special fund for service trade and service outsourcing industry development
9. Tax collection commission
10. Immediate levy, immediate incentive policy for property and land use tax
11. Subsidy for energy-saving recycling of waste motors
12. Infrastructure basic subsidy
13. Logistics standardization pilot project pre-release pilot special funds
14. Subsidies for the cultivation of high-tech enterprises
15. Provincial science and technology development funds
16. Central government funds for the development of service industries
17. Special support fund for enterprise engineering technology research center
18. Unemployment insurance funds support enterprises to provide subsidies for stable employment
19. Subsidies for the cultivation of high-tech enterprises
20. Foshan subsidies for high-tech enterprises
21. Gaoming special funds for scientific and technological innovation
22. Special project fund
23. Funds for technology project
24. Provincial water-saving enterprise funds substituting subsidies with rewards
25. Refund of service charges for withholding individual income tax of 2018

[316] *See* Guangdong Huaxing Prelim Calc Memo; *see also* Qixia Changyu Prelim Calc Memo.
[317] *See* Guangdong Huaxing IQR at Exhibit 25; *see also* Qixia Changyu IQR at Exhibit 19.

26. Post stabilization subsidies of social insurance fund
27. Refund of land tax
28. Tax Reward of Management Committee of Hi-tech Industrial Park
29. Funds substituting subsidies with rewards of exhibition of the level
30. Subsidy for post stability in 2016
31. Bonus of 2018 Technology Little Giant received from Science & Technology Bureau of Yongqing County
32. Labor union expense return received in the fourth quarter of 2017
33. Labor union expense return received in the first quarter of 2018
34. Special support for enterprise engineering technology research center
35. Land transfer fee returned
36. Infrastructure construction subsidies
37. 2017 Corporate Contribution Award
38. Subsidy for post stability of unemployment insurance
39. Tax Increase Bonus for Technological Transformation in 2017
40. Electricity subsidy
41. Incentive for energy saving and emission reduction
42. Income tax subsidy
43. Industrial development and guiding funds
44. Provincial-level special guiding funds for the prevention and control of air pollution
45. Foshan Sanshui Lubao Bureau of Finance
46. Foshan Sanshui Economy and Technology Promotion Bureau
47. Foshan Bureau of Fianance
48. Foshan Sanshui Economy and Technology Promotion Bureau
49. Foshan Economization and Informatization Bureau/Foshan Bureau of Finance
50. Shihezi Economy and Technology Development Finance Bureau
51. Shihezi Economy and Technology Development Manangement Committee
52. Shihezi Economy and Technology Development Manangement Committee
53. Shihezi Headquarters (Beiquanzhen) Branch of The 8th Division Social Security Administration
54. Financial subsidy for equipment investment
55. The first installment of land payment received by the Company from the government subsidies
56. Half deduction from the rent tax

The total measurable benefit for Guangdong Huaxing's self-reported subsidies is 0.64 percent *ad valorem*.

The subsidies self-reported by Qixia Changyu, which conferred a measurable benefit, are as follows:

1. Job Stability Subsidy
2. Service Charge for Individual Income Tax Collection

The total measurable benefit for Qixia Changyu's self-reported subsidies is 0.02 percent *ad valorem*.

As discussed above in the section "Use of Facts Available and Adverse Inferences," we preliminarily determine that these subsidies constitute a financial contribution under section 771(5)(D)(i) of the Act and are specific under section 771(5A) of the Act. Further, we preliminarily determine that each of these subsidies confers a benefit equal to the amount of the grant provided in accordance with 19 CFR 351.504(a). To calculate the benefit received under these programs, we followed the methodology described in 19 CFR 351.524. To calculate the *ad valorem* subsidy rate for these subsidies, we divided the benefit conferred under each of these programs by the appropriate POI sales denominator.

Based on the methodology outlined above, we preliminarily calculated a cumulative *ad valorem* subsidy rate of 0.80 percent for Guangdong Huaxing and a rate of 0.02 percent for Qixia Changyu for these programs.[318]

Additionally, for all the programs self-reported by mandatory respondents for which we calculated a rate, we selected that rate as the AFA rate applicable to the non-cooperating companies.

B. Programs Preliminarily Determined Not to be Used or Not to Confer a Measurable Benefit on Guangdong Huaxing and Qixia Changyu[319]

1. <u>Foreign Trade Development Fund Grants Program</u>

For the reasons explained in the "Application of AFA: Various Programs" section, our preliminary determination regarding the GOC's provision of Foreign Trade Development Fund grants is based on AFA. As AFA, we preliminarily determine that the GOC's provision of this grant program confers a financial contribution within the meaning of section 771(5)(D)(i) of the Act because it is a direct transfer of funds and is specific within the meaning of section 771(5A)(A) and (B) of the Act because it is contingent upon export activity.

Both Qixia Changyu and its cross-owned affiliated Yantai Changyu reported receiving benefits under this program. We preliminarily determine that this grant program confers a benefit equal to the amount of the grant provided in accordance with 19 CFR 351.504(a). We examined the grants reported for each applicable year of the AUL period to determine whether they exceeded the 0.5 percent of the company's sales in the year of approval to determine whether the benefits should be allocated over time or to the year of receipt. Because the grants received by Qixia Changyu and Yantai Changyu did not pass the 0.5 percent test, the grants received in each year are appropriately expensed in the year of receipt.

---

[318] *See* Guangdong Huaxing Preliminary Calculation Memorandum; *see also* Qixia Changyu Preliminary Calculation Memorandum.

[319] In addition to the programs listed below, Qixia Changyu also did not use the program titled "Income Tax Reduction for High and New Technology Enterprises." As noted above, however, Guangdong Huaxing did use this program.

Consequently, the benefit received under this program for Qixia Changyu is equal to the total amount of the grant received during the POI. However, the POI benefit is less than .005 percent, and therefore, does not amount to a measurable benefit.

Furthermore, for the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI pursuant to 19 CFR 351.504. On this basis, consistent with Commerce's AFA rate selection methodology, we determine a countervailable subsidy rate of 1.27 percent *ad valorem* for the non-responsive companies, the highest rate calculated for an identical program in this investigation.

2. Grants for Energy Conservation and Emission Reduction

For the reasons explained in the "Application of AFA: Various Programs" section, our preliminary determination regarding the GOC's provision of grants for energy conservation and emission reduction is based on AFA. As AFA, we preliminarily determine that the GOC's provision of this grant program confers a financial contribution within the meaning of section 771(5)(D)(i) of the Act because it is a direct transfer of funds, and it is specific within the meaning of section 771(5)(A)(D)(iii)(II)-(III) of the Act because the grant limits the subsidy to six types of applications, indicating that the recipients of the subsidy are limited in number within the meaning of section 771(5)(A)(iii)(I) of the Act.

Qixia Changyu reported receiving a benefit under this program. We preliminarily determine that this grant program confers a benefit equal to the amount of the grant provided in accordance with 19 CFR 351.504(a). Therefore, we examined the grant reported for the applicable year of the AUL period to determine whether it exceeded the 0.5 percent of the company's sales in the year of approval to determine whether the benefit should be allocated over time or ot the year of receipt. Because the grant received by Qixia Changyu did not pass the 0.5 percent test, the grant is appropriately expensed in the year of receipt.

Consequently, the benefit received under this program for Qixia Changyu is equal to the total amount of the grant received during the POI. However, the POI benefit is less than .005 percent, and therefore, does not amount to a measurable benefit.

Furthermore, for the reasons explained in the "Application of AFA: Non-Responsive Companies" section, we determine on the basis of AFA that the non-responsive companies benefitted from this program during the POI pursuant to 19 CFR 351.504. On this basis, consistent with Commerce's AFA rate selection methodology, we determine a countervailable subsidy rate of 1.27 percent *ad valorem* for the non-responsive companies, the highest rate calculated for an identical program in this investigation.

The following programs were preliminarily determined not to be used by Guangdong Huaxing or Qixia Changyu:

1. Export Loans from Chinese State-Owned Banks
2. Treasury Bond Loans

3. Export Credit Guarantees
4. Preferential Loans for SOEs
5. Preferential Lending to "Honorable Enterprises"
6. Exemptions for SOEs from Distributing Dividends
7. Loans and/or Interest Forgiveness for SOEs
8. Loans and Interest Subsides Provided Pursuant to the Northeast Revitalization Program
9. The State Key Technology Renovation Project Fund
10. Export Assistance Grants Program
11. Government of PRC and Sub-Central Government Subsidies for Development of Famous Brands and China World Top Brands
12. Grants to Loss-Making SOEs
13. Export Interest Subsidies
14. SME Technology Innovation Fund
15. Special Fund for Energy Saving Technology Reform
16. Preferential Income Tax Policy for Enterprises in the Northeast Region
17. Forgiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China
18. Reduction in or Exemption from Fixed Assets Investment Orientation Regulatory Tax
19. Income Tax Benefits for Domestically Owned Enterprises Engaging in Research and Development
20. Value Added Tax (VAT) and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Development Fund
21. Deed Tax Exemptions for SOEs Undergoing Mergers or Restructuring
22. Provision of Land and/or Land Use Rights to SOEs for LTAR
23. Provision of Pig Iron for LTAR

Additionally, Guangdong Huaxing and Qixia Changyu reported receiving benefits under various self-reported programs that did not confer a measurable benefit.[320] Based on the record evidence, we preliminarily determine that the benefits from certain programs were fully expensed prior to the POI or are less than 0.005 percent *ad valorem* when attributed to the respondents' applicable sales, as discussed in the "Attribution of Subsidies" section above. Full lists of these programs are contained in the respondents' calculation memoranda, and are provided in the AFA calculation in the Appendix.[321]

XI. CALCULATION OF THE ALL-OTHERS RATE

Sections 703(d)(1)(A)(i) and 705(c)(5)(A) of the Act state that in the preliminary determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act. Notwithstanding the language of

[320] *See* Guangdong Huaxing IQR at Exhibit 25; Qixia Changyu IQR at Exhibit 19.
[321] *See* Guangdong Huaxing Preliminary Calculation Memorandum; *see also* Qixia Changyu Preliminary Calculation Memorandum.

section 705(c)(5)(A)(i) of the Act, we have not calculated the all-others rate by weight-averaging the rates of the two individually investigated respondents, because doing so risks disclosure of proprietary information. Therefore, for the all-others rate, we calculated a simple average of the two responding companies' rates because complete publicly ranged sales data was unavailable.[322] In this investigation, the only rates that are not zero or *de minimis* or based entirely on the facts available are the rates calculated for Guangdong Huaxing and Qixia Changyu. Consequently, we are assigning the simple-average of the rates calculated for Guangdong Huaxing and Qixia Changyu (*i.e.*, 23.25 and 22.60 percent, respectively) as the "all-others" rate (*i.e.*, 22.93 percent *ad valorem*).

XII. ITC NOTIFICATION

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Enforcement and Compliance. In accordance with section 705(b)(2) of the Act, the ITC will make its final determination before the later of 120 days after the date of this preliminary determination or 45 days after Commerce makes its final affirmative determination.

XIII. DISCLOSURE AND PUBLIC COMMENT

Commerce intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of its public announcement. Case briefs or other written comments for all non-scope issues may be submitted to Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS) no later than fourteen days after the publication of this preliminary determination in the *Federal Register*.

Rebuttal briefs, limited to issues raised in the case briefs, may be submitted no later than five days after the deadline date for case briefs.[323] For any briefs filed on scope issues, parties must file separate and identical documents on each of the records for the concurrent AD investigation.

Parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.[324] This summary should be limited to five pages total, including footnotes.

---

[322] *See Certain Plastic Decorative Ribbon From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 83 FR 29096 (June 22, 2018) unchanged in the final determination.
[323] *See* 19 CFR 351.309(c)-(d); *see also* 19 CFR 351.303 (for general filing requirements).
[324] *See* 19 CFR 351.309(c)(2) and (d)(2).

Interested parties who wish to request a hearing, or to participate if one is requested, must do so in writing within 21 days after the publication of this preliminary determination in the *Federal Register*.[325] 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, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, at a date, time, and location to be determined. Parties will be notified of the date, time, and location of any hearing.

Parties must file their case and rebuttal briefs, and any requests for a hearing, electronically using Commerce's electronic records system, ACCESS.[326] Electronically filed documents must be received successfully in their entirety by 5:00 PM Eastern Time,[327] on the due dates established by Commerce.

XIV. RECOMMENDATION

We recommend that you approve the preliminary findings described above.

☒ ☐

_____ _____

Agree Disagree

2/24/2020

X

Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

[325] *See* 19 CFR 351.310(c).
[326] *See* 19 CFR 351.303(b)(2)(i).
[327] *See* 19 CFR 351.303(b)(1).

APPENDIX

AFA Rate Calculation

Program Name	AFA Rate
Preferential Lending	
Policy Loans to Glass Container Industry	1.55%
Preferential Loans to State-Owned Enterprises (SOEs)	10.54%[328]
Export Loans from Chinese State-Owned Banks (SOCBs)	10.54%[329]
Treasury Bond Loans	10.54%[330]
Export Credit Guarantees	10.54%[331]
Preferential Lending to "Honorable Enterprises"	10.54%[332]
Exemptions for SOEs from Distributing Dividends	10.54%[333]
Loans and/or Interest Forgiveness for SOEs	2.32%[334]
Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program	10.54%[335]
Export Seller's Credit	4.25%[336]

[328] *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*).
[329] *Id*.
[330] *Id*.
[331] *Id*.
[332] *See Coated Paper from China*.
[333] *Id*.
[334] *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*).
[335] *See Coated Paper from China*.
[336] *See Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Results of Countervailing Duty Administrative Review*, 76 FR 77206 (December 12, 2011) (*Citric Acid from China*).

Export Buyer's Credit	10.54%[337]
Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)	
Provision of Soda Ash for LTAR	0.12%
Provision of Silica Sand for LTAR	5.21%
Provision of Calcium Carbonate (Limestone) for LTAR	0.85%
Provision of Pig Iron for LTAR	0.88%[338]
Provision of Land and/or Land-Use Rights to Glass Containers Producers for LTAR	2.49%
Provision of Land and Land-Use Rights to SOEs for LTAR	5.24%[339]
Provision of Electricity For LTAR	3.40%
Tax Exemptions and Reductions	
Income Tax Reductions for High or New Technology Enterprises (HNTEs)	25.00%[340]
Tax Offsets for Research and Development (R&D) Under the Enterprise Income Tax Law	
Preferential Income Tax Policy for Enterprises in Northeast Region	
Forgiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China	

[337] *See Coated Paper from China*.
[338] *See Countervailing Duty Investigation of Certain Iron Mechanical Transfer Drive Components from the People's Republic of China: Final Affirmative Determination*, 81 FR 75037 (October 28, 2016) (*IMTDCs from China Final*).
[339] *See Aluminum Wire and Cable from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 84 FR 58137 (October 30, 2019) (*AWC from China*).
[340] The standard income tax rate for corporations in China during the POI was 25 percent. Thus, the highest possible benefit for all income tax reduction or exemption programs combined is 25 percent. Accordingly, we are applying the 25 percent AFA rate on a combined basis (*i.e.*, finding that the six programs, combined, provide a 25 percent benefit).

Reduction in or Exemption from Fixed Assets Investments Orientation Regulatory Tax	
Income Tax Benefits for Domestically-Owned Enterprises Engaging in R&D	
VAT & Tariff Exemptions for Purchases of Fixed Assets under the Foreign Development Fund	9.71%[341]
Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring	9.71%[342]
Grants	
GOC and Sub-Central Government Subsidies for Development of Famous Brands and China World Top Brands	1.27%[343]
Export Assistance Grants Program	1.27%
Foreign Trade Development Fund Grants Program	1.27%
Grants for Energy Conservation and Emission Reduction	1.27%
State Key Technology Project Fund	1.27%
Grants to Loss-Making SOEs	1.27%
Export Interest Subsidies	1.27%
SME Technology Innovation Fund	1.27%

[341] *See 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) (*CORE from China*).
[342] *Id*.
[343] For all grant programs, we assigned a rate of 1.27 percent. *See 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) (*HPSC from China*).

Special Fund for Energy Savings and Technology Reform	1.27%
Self-Reported Subsidies - Qixia Changyu	
Award for Productive Export Enterprises	0.01%
Enterprise Social Security Subsidy	0.01%
Exhibition Subsidy	1.27%[344]
Export Credit Insurance Subsidy	1.27%
Foreign Service Development Grant	1.27%
Handling Charge of Individual Tax	1.27%
Immediate Refund of VAT on Comprehensive Utilization of Renewable Resources	1.27%
Insurance premium rebate	1.27%
Insurance Subsidy	1.27%
Interest Subsidy for the Import of Key Equipment Import	1.27%
Job Stability Subsidy	1.27%
Outstanding Contribution Award of Financial Resources Construction	1.27%
Service Charge for Individual Income Tax Collection	1.27%
SME Development Project	1.27%
Special Funds for Industrial Development	1.27%
Subsidy for Elimination of Yellow Label Vehicles	1.27%
Technology Advancement Award	1.27%
Technology Import Interest Subsidy	1.27%
Self-Reported Subsidies - Guangdong Huaxing	

[344] For all self-reported subsidies, we assigned a rate of 1.27 percent. *See HPSC from China*.

Aggregate Rate for 56 Self-Reported Subsidies*	
Unemployment Insurance Funds Support Enterprises to Provide Subsidies for Stable Employment	1.27%
"Ankang Cup" Competition Safety Production Awards	1.27%
"Double Five-Thousand" Labor Resettlement and Housing Subsidy	1.27%
(Sci-Tech Information) Support Fund	1.27%
“Immediate Levy, Immediate Incentive” Policy for Property and Land Use Tax	1.27%
2011 House Property Tax Deduction	1.27%
2017 Corporate Contribution Award	1.27%
2017 Personal Income Tax Refund Received from Local Taxation Bureau of Yongqing County	1.27%
Advanced Company	1.27%
Award for First Time to Obtain the Invention Patent Authorization	1.27%
Awards for Breaking the Ice	1.27%
Awards For R&D Organization	1.27%
Awards for Stablization of Employment by Foreign Trade/Support Fund for Expanding Exports	1.27%
Awards for Top 10 Tax Payer	1.27%
Bonus for Enterprise Above Designated Size	1.27%
Bonus for Large Taxpayer	1.27%
Bonus Funds for the Deepening of Air Pollution Control in Glass Industry	1.27%
Bonus of 2018 Technology Little Giant Received from Science & Technology Bureau of Yongqing County	1.27%
Bonus of Advance Award of Federation of Trade Unions	1.27%

Bonus of Award for 2017 Newly Identified Small and Medium-Sized S&T Enterprises Received from Science & Technology Bureau	1.27%
Bonus of Cleanliness Award Received from Environment Protection Agency of Yongqing County	1.27%
Bonus of Government Award for Outstanding Entrepreneurs	1.27%
Bonus of Safety Management Achievement Exhibition Competition	1.27%
Bonus Received from Yongqing Federation of Trade Unions	1.27%
Books into Grassroots	1.27%
Brand Innovation and Enterprise Listing Support Awards	1.27%
Central Government Funds for the Development of Service Industries	1.27%
Clean Energy Award	1.27%
County Economic Bonus	1.27%
Daye Special Fund for Technological Transformation of Industrial Enterprises	1.27%
Development Funds	1.27%
Difference Between Export Tax Collection and Refund and Support Fund for Processing Fee	1.27%
Disaster Relief Funds for Industrial Enterprises in Typhoon Disaster	1.27%
Economy and Technology Promotion Bureau (Sci-Tech Information) Special Fund	1.27%
Electricity Subsidy	1.27%
Energy Conservation and Utilization Subsidy	1.27%
Energy-Saving Special Fund for Advanced Company	1.27%
Enterprise Award for Meeting the Level 2 Safety Standard	1.27%
Enterprise Income Tax and Vat Fiscal Subsidy	1.27%

Enterprise Safety Production Secondary Standardization Subsidy	1.27%
Enterprise Safety Production Standardization Subsidy	1.27%
Expanding Import & Export Project Fund	1.27%
Expenditure for Innovation Enterprises	1.27%
Exployment Service Center Internship Subsidy	1.27%
Export Interest Subsidies	1.27%
Export Tax Rebate Balance Subsidy	1.27%
Family Planning Award	1.27%
Finance Bureau Support Funds	1.27%
Fiscal Awards for Management Improvement	1.27%
Foshan Innovative City Construction Technology Project Fund	1.27%
Foshan Special Fund for Service Trade and Service Outsourcing Industry Development	1.27%
Foshan Special Funds for Application of Robots and Intelligent Equipment	1.27%
Foshan Subsidies for High-Tech Enterprises	1.27%
Fund Allocation for Party Construction from Working Committee of Yongqing Economic Development Zone	1.27%
Fund Allocation for Party Construction Received from Management Committee of Yongqing Industrial Park	1.27%
Fund for "Quality Improving and Efficiency Improving" (Energy-Saving Project)	1.27%
Funds for Technology Project	1.27%
Funds Substituting Subsidies with Rewards of Exhibition of the Level	1.27%
Gaoming District SME Development Fund Award	1.27%

Gaoming Special Funds for Scientific and Technological Innovation	1.27%
Hanjiang District Bureau of Economic and Trade	1.27%
Hanjiang District Bureau of Economy and Information Technology	1.27%
Hanjiang District Commission of Economy and Information Technology	1.27%
Hanjiang District Finance Bureau	1.27%
Hanjiang District Local Taxation Bureau of Putian City	1.27%
Hanjiang District Science and Technology Bureau	1.27%
Headquarter Enterprise Support Funds	1.27%
High-Tech Enterprise Award	1.27%
House Property Tax Deduction	1.27%
Housing Tax Subsidy	1.27%
Housing Tax/Land Use Tax Subsidy	1.27%
Import & Export Interest Subsidies	1.27%
Import Interest Subsidies	1.27%
Incentive for Energy Saving and Emission Reduction	1.27%
Income Tax Subsidy	1.27%
Industrial Competition Award	1.27%
Industrial Development and Guiding Funds	1.27%
Industrial Injury Insurance Safety Production Award	1.27%
Industrial Revitalization and Upgrading Awards	1.27%

Infrastructure Basic Subsidy	1.27%
Infrastructure Construction Subsidies	1.27%
Intellectual Property Patent Subsidy	1.27%
Intellectual Property Transformation Guides Development Funds	1.27%
Labor Union Expense Return Received	1.27%
Labor Union Expense Returns Received in the Fourth Quarter of 2012 and the Fourth Quarter of 2011	1.27%
Land Transfer Fee Returned	1.27%
Land-Use Tax Subsidy	1.27%
Large Tax Payer Rewards	1.27%
Logistics Standardization Pilot Project Pre-Release Pilot Special Funds	1.27%
Nanhai Government Quality Rewards	1.27%
Natural Gas Fiscal Subsidy	1.27%
New Tax Contribution Award	1.27%
Party Membership Dues Refund	1.27%
Patent Subsidies (Technology Patent)	1.27%
People’S Party Organization Activity Funds	1.27%
Post Stabilization Subsidies of Social Insurance Fund	1.27%
Primary-Level Emergency Management Exemplary Base Awards	1.27%
Project Funds	1.27%
Project Funds for Brand Innovation and Independent Innovation	1.27%

Provincial Energy-Saving Special Fund	1.27%
Provincial Fiscal Funds for Enterprise R&D	1.27%
Provincial Fiscal Subsidy for Enterprise Research and Development	1.27%
Provincial Science and Technology Development Funds	1.27%
Provincial Special Funds for Energy-Saving Circular Economy	1.27%
Provincial Technology Center	1.27%
Provincial Water-Saving Enterprise Funds Substituting Subsidies with Rewards	1.27%
Provincial-Level Special Guiding Funds for the Prevention and Control of Air Pollution	1.27%
Putian Municipal Leading Group Office for Speeding Up Industry Development	1.27%
Recreation and Sports Subsidies	1.27%
Recreation Subsidies	1.27%
Refund of Land Tax	1.27%
Refund of Service Charges for Withholding Individual Income Tax	1.27%
Return of Part of Local Retained Income Tax	1.27%
Reward	1.27%
Reward for Advanced Company and Advanced Individual in Advanced Area of Energy-Saving	1.27%
Rewards After Collection Corporate Property Tax and Land-Use Tax	1.27%
Rewards for Employing Excellent Fresh Graduates	1.27%
Rewards for Enterprise Skilled Talents Evaluation	1.27%
Rewards for Increasing Production and Increasing Efficiency in Manufacturing Enterprises Above Designated Size	1.27%

Rewards for New Established Enterprises Above Designated Size	1.27%
Rewards for New Project	1.27%
Rewards for Paying More Than Ten Million Tax in 2011	1.27%
Rewards for Paying More Than Twenty Million Tax in 2012	1.27%
Rewards for SME Growth Projects	1.27%
Safety and Special Contribution Award	1.27%
Science and Technology Funds	1.27%
Sci-Tech to Expand Trading and Branding Special Fund - Cultivating Advantageous Enterprises Project Funds	1.27%
Second Class Prize for Safty Production	1.27%
Social Security Bureau Subsidy	1.27%
Solatium for Enterprise Manufacturing During 2017 Spring Festival	1.27%
Special Award for Technical Transformation	1.27%
Special Fund for "Two-New" Product	1.27%
Special Fund for Expanding Exports	1.27%
Special Fund for Foshan Economy and Technology Development	1.27%
Special Fund for Improving Motor Energy Efficiency	1.27%
Special Funds and Support Funds for Patent	1.27%
Special Funds for Party Building	1.27%
Special Funds for the Development of SME Enterprises	1.27%
Special Project Fund	1.27%

Special Support and Reward Funds for the Development of High-Tech Enterprises	1.27%
Special Support for Enterprise Engineering Technology Research Center	1.27%
Special Support Fund for Enterprise Engineering Technology Research Center	1.27%
Special Support Funds for Sci-Tech Enterprise	1.27%
Spring Festival Solatium	1.27%
Subsidies for the Cultivation of High-Tech Enterprises	1.27%
Subsidy for Applying High-Tech Enterprise	1.27%
Subsidy for Energy-Saving Recycling of Waste Motors	1.27%
Subsidy for Founding Dacheng Craftsman's Workshop	1.27%
Subsidy for Improving Motor Energy Efficiency	1.27%
Subsidy for Lowering Electricity Cost and Gas Cost	1.27%
Subsidy for Polluter Automatic Monitoring System Operation	1.27%
Subsidy for Post Stability in 2016	1.27%
Subsidy for Post Stability of Unemployment Insurance	1.27%
Subsidy for R&D Expenditure	1.27%
Subsidy Fund	1.27%
Subsidy Funds for Technical Transformation	1.27%
Support for Programs Related to Economy Development	1.27%
Support Fund for Foshan Industrial Product Quality Promotion	1.27%
Support Funds for Foshan "Made in China 2025" Pilot and Demonstration Enterprises	1.27%

Support Funds for Foshan Nanhai Brand Innovation and Independent Innovation	1.27%
Support Funds for Seci-Tech Enterprise	1.27%
Talent Introduction Award	1.27%
Tax Collection Commission	1.27%
Tax Contribution Award	1.27%
Tax Increase Bonus for Technological Transformation in 2017	1.27%
Tax Reward of Management Committee of Hi-Tech Industrial Park	1.27%
Tax Star of Industrial Enterprise Award	1.27%
Technology Innovation Award	1.27%
Technology Innovation Rewards	1.27%
The Construction Cost of the Special Electric Power Line	1.27%
The First "Saide Cup" Safety Production Knowledge Competition Awards	1.27%
Top 10 Excellent Enterprises	1.27%
Top 10 Growth Companies Bonus	1.27%
Two-New Exemplary Book Fee	1.27%
Unemployment Insurance Funds Support Enterprises to Provide Subsidies for Stable Employment	1.27%
Vat Subsidy	1.27%
Vat/Housing Tax Subsidy	1.27%
Vat/Housing Tax/Land Use Tax Subsidy	1.27%
Waste Gas Desulfurization Project Subsidy	1.27%

Wording Funds for Social Workers and Volunteers	1.27%
Yellow Label Car Subsidy	1.27%
TOTAL RATE	**315.73%**