



C-570-017  
Administrative Review  
**Public Document**  
POR: 01/01/2018-12/31/2018  
E&C/I: JW

December 14, 2020

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

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

**SUBJECT:** Decision Memorandum for the Preliminary Results of the  
Administrative Review of the Countervailing Duty Order on  
Certain Passenger Vehicle and Light Truck Tires from the People's  
Republic of China; and Rescission, in Part, 2018

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## I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the countervailing duty (CVD) order on passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (China).<sup>1</sup> The period of review (POR) is January 1, 2018 through December 31, 2018. We have preliminarily applied facts otherwise available with an adverse inference with respect to Shandong Duratti Rubber Corporation Co. Ltd. (Duratti), Shandong Longyue Rubber Co. Ltd. (Longyue),<sup>2</sup> Shandong Anchi Tyres Co., Ltd (Shandong Anchi) and Triangle Tyre Co. Ltd. (Triangle),<sup>3</sup> and preliminarily find that these companies, as well as the respondents not selected for individual examination, received countervailable subsidies during the POR.

If these preliminary results are adopted in the final results of this review, we will instruct U.S. Customs and Border Protection (CBP) to assess countervailing duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. Unless the deadline is extended pursuant to section 751(a)(3)(A) of the

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<sup>1</sup> See *Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 FR 47902 (August 10, 2015) (*CVD Order*).

<sup>2</sup> See Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Selection of Additional Respondents for Individual Examination," dated January 16, 2020.

<sup>3</sup> See Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Selection of Additional Respondents for Individual Examination," dated February 24, 2020.

Tariff Act of 1930, as amended (the Act), we will issue the final results no later than 120 days after the publication of these preliminary results.

## II. BACKGROUND

On August 10, 2015, Commerce published the *CVD Order*.<sup>4</sup> On August 2, 2019, we published a notice of “Opportunity to Request Administrative Review” of the *CVD Order*.<sup>5</sup> Between August 22, 2019, and September 3, 2018, Commerce received timely requests to conduct an administrative review of the *CVD Order* with respect to 27 companies. On October 7, 2019, in accordance with 19 CFR 351.221(c)(1)(i), Commerce published in the *Federal Register* a notice of initiation of an administrative review of the *CVD Order* for the POR for 27 producers/exporters.<sup>6</sup>

In the *Initiation Notice*, we stated that, in the event we limited the number of respondents for individual examination in this administrative review, we intended to select respondents based on CBP data for U.S. imports during the POR.<sup>7</sup> On November 1, 2019, we released CBP import data and invited interested parties to submit comments.<sup>8</sup> No parties filed comments. On November 22, 2019, Commerce issued its Respondent Selection Memorandum,<sup>9</sup> and on November 26, 2019, issued a correction to this memorandum.<sup>10</sup> We selected the two Chinese producers/exporters accounting for the largest percentage of POR entries of subject merchandise, based on CBP data, as mandatory respondents: Cooper (Kunshan) Tire Co., Ltd. (Cooper) and Zhaoqing Junhong Co., Ltd. (Junhong).<sup>11</sup> We sent a CVD questionnaire to the Government of China (GOC) on December 3, 2019, with instructions to forward a copy to the respondent companies identified in the cover letter.<sup>12</sup> On December 6, 2019, Junhong timely withdrew its request for review of itself,<sup>13</sup> and on December 23, 2019, Cooper timely withdrew its request for review of itself.<sup>14</sup> On December 31, 2019, Commerce postponed submission of the Initial CVD

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<sup>4</sup> See *CVD Order*.

<sup>5</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 84 FR 37834 (August 2, 2019).

<sup>6</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 84 FR 53411 (October 7, 2019) (*Initiation Notice*).

<sup>7</sup> See *Initiation Notice* at the section, “Respondent Selection.”

<sup>8</sup> See Memorandum, “Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People’s Republic of China; Customs and Border Protection Entry Data,” dated November 1, 2019.

<sup>9</sup> See Memorandum, “Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Selection of Respondents for Individual Examination,” dated November 22, 2019.

<sup>10</sup> See Memorandum “Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Corrected Selection of Respondents for Individual Examination,” dated November 26, 2019.

<sup>11</sup> *Id.* at 2.

<sup>12</sup> See Commerce’s Letter, “Countervailing Duty Questionnaire,” dated December 3, 2019 (Initial CVD Questionnaire).

<sup>13</sup> See Junhong’s Letter, “Passenger Vehicle and Light Truck Tires from the People’s Republic of China-Withdrawal of Request for Review,” dated December 6, 2019.

<sup>14</sup> See Cooper’s Letter, “Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Withdrawal of Request for 2018 Administrative Review of CKT,” dated December 23, 2019.

Questionnaire until new respondents were chosen.<sup>15</sup> On January 16, 2020, Commerce selected Duratti and Longyue as additional respondents in this review.<sup>16</sup> On January 22, 2020, Commerce again issued the CVD questionnaire to the GOC, with instructions to forward to Longyue and Duratti.<sup>17</sup> On February 5, 2020, both Duratti and Longyue informed Commerce that they did not intend to participate in the administrative review.<sup>18</sup> On February 24, 2020, Commerce selected Shandong Anchi and Triangle as additional respondents.<sup>19</sup> On February 26, 2020, Commerce issued an additional CVD questionnaire to the GOC, with instructions to forward to Shandong Anchi and Triangle.<sup>20</sup> On March 10, 2020, Triangle informed Commerce that it did not intend to participate in the administrative review,<sup>21</sup> and on March 11, 2020, Shandong Anchi informed Commerce that it did not intend to participate in the administrative review.<sup>22</sup> The GOC did not respond to any of the CVD questionnaires. On April 24, 2020, Commerce tolled all deadlines in administrative reviews by 50 days.<sup>23</sup> On June 18, 2020, Commerce extended the deadline for the preliminary results of this review by 117 days.<sup>24</sup> On July 21, 2020, Commerce tolled all deadlines in administrative reviews by an additional 60 days.<sup>25</sup> Accordingly, the deadline for the preliminary results of this review was extended to December 15, 2020.

### III. PARTIAL RESCISSION OF REVIEW

We received timely withdrawals of the requests for review, for which no other party requested a review, for the following companies: Cooper; Haohua Orient International Trade Ltd.; Qingdao Keter International Co., Limited; Qingdao Lakesea Tyre Co., Ltd.; Qingdao Odyking Tyre Co., Ltd.; Qingdao Sentury Tire Co. Ltd.; Riversun Industry Limited; Safe & Well (HK) International Trading Limited; Shandong Guofeng Rubber Plastics Co., Ltd.; Shandong Hengyu Science & Technology Co., Ltd.; Shandong Linglong Tyre Co., Ltd.; Shandong New Continent Tire Co.,

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<sup>15</sup> See Commerce's Letter, "Certain Passenger Vehicle and Light Truck Tires from The People's Republic of China: Countervailing Duty Questionnaire Postponement," dated December 31, 2019.

<sup>16</sup> See Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Selection of Additional Respondents for Individual Examination," dated January 16, 2020.

<sup>17</sup> See Commerce's Letter "Certain Passenger Vehicle and Light Truck Tires from The People's Republic of China: Countervailing Duty Questionnaire," dated January 22, 2020.

<sup>18</sup> See Duratti's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China-Duratti Notice of Intent Not to Participate," dated February 5, 2020; and Longyue's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China-Longyue Notice of Intent Not to Participate," dated February 5, 2020.

<sup>19</sup> See Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Selection of Additional Respondents for Individual Examination," February 24, 2020.

<sup>20</sup> See Commerce's Letter "Certain Passenger Vehicle and Light Truck Tires from The People's Republic of China: Countervailing Duty Questionnaire," dated February 26, 2020.

<sup>21</sup> See Triangle's Letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Withdrawal from Participation as a Mandatory Respondent, Triangle Tyre Co., Ltd.," dated March 10, 2020.

<sup>22</sup> See Shandong Anchi's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China-Shandong Anchi Notice of Intent Not to Participate," March 11, 2020.

<sup>23</sup> See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews in Response to Operational Adjustments Due to COVID-19," dated April 24, 2020.b

<sup>24</sup> See Memorandum, "Extension of Deadline for Preliminary Results," June 18, 2020.

<sup>25</sup> See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews," dated July 21, 2020.

Ltd.; Shandong Wanda Boto Tyre Co., Ltd.; Shandong Yongsheng Rubber Group Co., Ltd.; Shouguang Firemax Tyre Co., Ltd.; Windforce Tyre Co., Limited; and Junhong.<sup>26</sup> Therefore, in accordance with 19 CFR 351.213(d)(1), Commerce is rescinding this review of the *CVD Order* with respect to these companies. For these companies, countervailing duties shall be assessed at rates equal to the rates of cash deposits for estimated countervailing duties required at the time of entry, or withdrawn from warehouse, for consumption, during the period January 1, 2018 through December 31, 2018, in accordance with 19 CFR 351.212(c)(2).

#### IV. INTENT TO RESCIND ADMINISTRATIVE REVIEW, IN PART

It is Commerce's practice to rescind an administrative review of a CVD order, pursuant to 19 CFR 351.213(d)(3), when there are no reviewable entries of subject merchandise during the POR for which liquidation is suspended.<sup>27</sup> Normally, upon completion of an administrative review, the suspended entries are liquidated at the countervailing duty assessment rate calculated for the review period.<sup>28</sup> Therefore, for an administrative review of a company to be conducted, there must be a reviewable, suspended entry that Commerce can instruct CBP to liquidate at the calculated countervailing duty assessment rate calculated for the review period.<sup>29</sup>

According to the CBP import data, three of the six companies subject to this review, which were not chosen as mandatory respondents and which did not withdraw their review requests, did not have reviewable entries of subject merchandise during the POR for which liquidation is suspended. Accordingly, in the absence of reviewable, suspended entries of subject merchandise

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<sup>26</sup> See Haohua Orient International Trade Ltd., Qingdao Lakesea Tyre Co., Ltd., Riversun Industry Limited, Safe & Well (HK) International Trading Limited, and Windforce Tyre Co., Limited's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China Withdrawal of Request for Review," dated October 9, 2019; Shandong Guofeng Rubber Plastics Co., Ltd.'s Letter, "Passenger Vehicle and Light Truck Tires from People's Republic of China: Withdrawal of Request for Administrative Review," dated November 1, 2019; ITG Voma Corporation's Letter, "Passenger Vehicle and Light Truck Tires from People's Republic of China: Withdrawal of Request for Administrative Review," dated November 1, 2019; Shandong New Continent Tire Co., Ltd., Qingdao Sentury Tire Co. Ltd., and Shandong Linglong Tyre Co., Ltd.'s Letter, "New Continent, Sentury, & Linglong Withdrawal of Review Request in POR 4 of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires ("PVL") From the People's Republic of China (C-570-017)," dated November 8, 2019; Zhaoqing Junhong Co., Ltd.'s Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China Withdrawal of Request for Review," dated December 6, 2019; Cooper Tire & Rubber Company and its wholly-owned subsidiary, Cooper (Kunshan) Tire Co., Ltd.'s Letter, "Passenger Vehicle And Light Truck Tires from the People's Republic of China: Withdrawal Of Request For 2018 Administrative Review Of CKT," dated December 23, 2019; Qindao Keter International Co., Limited, Qingdao Odyking Tyre Co., Ltd., Shandong Hengyu Science & Technology Co., Ltd., Shandong Yong Sheng Rubber Group Co., Ltd., and Shouguang Firemax Tyre Co., Ltd.'s Letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Withdrawal of Request for Administrative Review," dated January 2, 2020; and Shandong Wanda Boto Tyre Co., Ltd.'s Letter, "Passenger Vehicle and Light Truck Tires from People's Republic of China: Withdrawal of Request for Administrative Review," dated January 6, 2020.

<sup>27</sup> See, e.g., *Lightweight Thermal Paper from the People's Republic of China: Notice of Rescission of Countervailing Duty Administrative Review*; 2015, 82 FR 14349 (March 20, 2017); see also *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Rescission of Countervailing Duty Administrative Review*; 2017, 84 FR 14650 (April 11, 2019).

<sup>28</sup> See 19 CFR 351.212(b)(2).

<sup>29</sup> See 19 CFR 351.213(d)(3).

during the POR by these three companies, we intend to rescind this administrative review with respect to these three companies, in accordance with 19 CFR 351.213(d)(3).<sup>30</sup>

## V. RATE FOR NON-SELECTED COMPANIES UNDER REVIEW

The statute and Commerce's regulations do not address the establishment of a rate to be applied to individual respondents not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(e)(2) of the Act. Generally, Commerce looks to section 705(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents which we did not examine in an administrative review. Section 705(c)(5)(A)(i) of the Act articulates a preference that we are not to calculate an all-others rate using rates which are zero, *de minimis*, or based entirely on facts available. Accordingly, to determine the rate for companies not selected for individual examination, Commerce's practice is to weight average the net subsidy rates for the selected mandatory companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.<sup>31</sup> Section 705(c)(5)(A)(ii) of the Act also provides that, where all rates are zero, *de minimis*, or based entirely on facts available, we may use "any reasonable method" for assigning the all-others rate.

In CVD administrative reviews, where the number of respondents being individually examined has been limited, Commerce has determined that a "reasonable method" to use to determine the rate applicable to companies that were not individually examined when all the rates of selected mandatory respondents are zero or *de minimis* is to assign to the non-selected respondents the average of the most recently determined rates that are not zero, *de minimis*, or based entirely on facts available.<sup>32</sup> However, if a non-selected respondent has its own calculated rate that is contemporaneous with or more recent than such previous rates, Commerce has found it appropriate to apply that calculated rate to the non-selected respondent, even when that rate is zero or *de minimis*.<sup>33</sup>

In this review, the preliminary subsidy rates calculated for Longyue, Duratti, Shandong Anchi and Triangle are based entirely on facts available. With regard to the three remaining non-selected companies,<sup>34</sup> for which individual rates were not calculated, we are assigning the rate of

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<sup>30</sup> These three companies are: Hankook Tire China Co., Ltd., Qingdao Fullrun Tyre Tech Corp., Ltd., and Qingdao Powerich Tyre Co., Ltd. Note that Qingdao Fullrun Tyre Tech Corp., Ltd. was incorrectly identified as Qingdao Fullrun Tech Tyre Corp., Ltd. in the *Initiation Notice*.

<sup>31</sup> See, e.g., *Certain Pasta from Italy: Final Results of the 13th (2008) Countervailing Duty Administrative Review*, 75 FR 37386, 37387 (June 29, 2010).

<sup>32</sup> See, e.g., *Circular Welded Carbon Steel Pipes and Tubes from Turkey: Final Results of Countervailing Duty Administrative Review; Calendar Year 2012 and Rescission of Countervailing Duty Administrative Review, in Part*, 79 FR 51140 (August 27, 2014); see also *Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 46770 (August 11, 2014), and accompanying Issues and Decision Memorandum (IDM) at "Non-Selected Rate."

<sup>33</sup> *Id.*

<sup>34</sup> The respondents not selected for individual investigation are: Jiangsu Hankook Tire Co., Ltd; Qingdao Fullrun Tyre Corp., Ltd.; and Shandong Province Sanli Tire Manufactured Co., Ltd.

20.05 percent *ad valorem*, which is the average of the above-*de minimis* rates calculated in the last review.<sup>35</sup>

## **VI. SCOPE OF THE ORDER**

The scope of this order is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by this order may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.

Subject tires have, at the time of importation, the symbol “DOT” on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

Prefix designations:

P - Identifies a tire intended primarily for service on passenger cars

LT- Identifies a tire intended primarily for service on light trucks

Suffix letter designations:

LT - Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service.

All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this investigation regardless of their intended use.

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.

Specifically excluded from the scope are the following types of tires:

(1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;

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<sup>35</sup> See *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*; 2017, 85 FR 22718 (April 23, 2020).

(2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the Tire and Rim Association Year Book;

(3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;

(4) non-pneumatic tires, such as solid rubber tires;

(5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire's sidewall are listed in Table PCT-1B ("T" Type Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Year Book,

(b) the designation "T" is molded into the tire's sidewall as part of the size designation, and,

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a "M" rating;

(6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:

(a) the size designation molded on the tire's sidewall is listed in the ST sections of the Tire and Rim Association Year Book,

(b) the designation "ST" is molded into the tire's sidewall as part of the size designation,

(c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is "For Trailer Service Only" or "For Trailer Use Only",

(d) the load index molded on the tire's sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Year Book for the relevant ST tire size, and

(e) either

(i) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed does not exceed 81 MPH or an "M" rating; or

(ii) the tire's speed rating molded on the sidewall is 87 MPH or an "N" rating, and in either case the tire's maximum pressure and maximum load limit are molded on the sidewall and either

(1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book; or

(2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;

(7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Year Book,

(b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 55 MPH or a "G" rating, and

(d) the tire features a recognizable off-road tread design.

The products covered by the order are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.45, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

## **VII. USE OF FACTS OTHERWISE AVAILABLE AND APPLICATION OF ADVERSE INFERENCES**

### **A. Legal Framework**

Section 776(a) of the Act provides that Commerce shall, subject to section 782(d) of the Act, use the "facts otherwise available" if: (1) necessary information is not on the record; or (2) an interested party or any other person withholds information that has been requested; 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; significantly impedes a proceeding; or provides information that cannot be verified as provided by section 782(i) of the Act. Section 776(b) of the Act provides that Commerce may use an adverse inference in

applying 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.

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

Section 776(b) of the Act further provides that Commerce may use an adverse inference in selecting from among the facts otherwise available (AFA) when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. Further, section 776(b)(2) of the Act states that an adverse inference may include reliance on information derived from the petition, the final determination from the investigation, a previous administrative review, or other information placed on the record. When selecting an AFA rate from among the possible sources of information, Commerce's practice is to ensure that the rate is sufficiently adverse "as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide Commerce with complete and accurate information in a timely manner."<sup>36</sup> Commerce's practice also ensure "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."<sup>37</sup> 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.

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."<sup>38</sup> It is Commerce's practice to consider information to be corroborated if it has probative value.<sup>39</sup> In analyzing whether information has probative value, it is Commerce's practice to examine the reliability and relevance of the information to be used.<sup>40</sup> However, the SAA emphasizes that Commerce need

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<sup>36</sup> See, e.g., *Countervailing Duty Investigation of Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Determination of Critical Circumstances, in Part*, 82 FR 58175 (December 11, 2017), and accompanying IDM at "Use of Facts Otherwise Available and Adverse Inferences;" *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), and accompanying IDM at "Use of Facts Otherwise Available and Adverse Inferences;" 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).

<sup>37</sup> See Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol. 1 (1994) (SAA) at 870.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> *Id.* at 869.

not prove that the selected facts are the best alternative information.<sup>41</sup> Furthermore, Commerce is not required to corroborate any CVD rate applied in a separate segment of the same proceeding.<sup>42</sup>

In a CVD proceeding, Commerce requires information from both the foreign producers and exporters of the subject merchandise and the government of the country where those producers and exporters are located. When the government fails to provide requested and necessary information concerning alleged subsidy programs, Commerce, applying AFA, may find that a financial contribution exists under the alleged program and that the program is specific.<sup>43</sup> However, where possible, Commerce will rely on the responsive producer's or exporter's records to determine the existence and amount of the benefit conferred, to the extent that those records are useable and verifiable.<sup>44</sup>

Finally, under section 776(d) of the Act, Commerce may use any CVD 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 CVD rate would have been if the interested party had cooperated or to demonstrate that the CVD rate reflects an "alleged commercial reality" of the interested party.<sup>45</sup>

#### B. Application of AFA to the GOC, Longyue, Duratti, Shandong Anchi, and Triangle

As discussed in the "Background" section above, the GOC and mandatory respondents, Duratti, Longyue, Shandong Anchi, and Triangle, have not participated in this review or responded to Commerce's initial questionnaire. Specifically, between February 5, 2020 and March 11, 2020, Duratti, Longyue, Shandong Anchi, and Triangle informed Commerce that they did not intend to participate in the administrative review.<sup>46</sup> The GOC did not respond to any of the CVD questionnaires. As a result of the GOC's and the mandatory company respondents' failure to participate in this review and respond to the initial questionnaire, necessary information is not on the record of this review. Additionally, we find that the GOC, Longyue, Duratti, Shandong Anchi, and Triangle withheld information that had been requested and failed to provide

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<sup>41</sup> *Id.* at 869-870.

<sup>42</sup> See section 776(c)(2) of the Act.

<sup>43</sup> See *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2015*, 83 FR 34828 (July 23, 2018), and accompanying IDM at 6-7.

<sup>44</sup> *Id.*

<sup>45</sup> See section 776(d)(3) of the Act

<sup>46</sup> See Duratti's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China-Duratti Notice of Intent Not to Participate," dated February 5, 2020; Longyue's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China-Longyue Notice of Intent Not to Participate," dated February 5, 2020; Triangle's Letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Withdrawal from Participation as a Mandatory Respondent, Triangle Tyre Co., Ltd.," dated March 10, 2020; Shandong Anchi's Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China-Shandong Anchi Notice of Intent Not to Participate," March 11, 2020.

information within the established deadlines. By not responding to the initial questionnaire, the GOC, Longyue, Duratti, Shandong Anchi, and Triangle also significantly impeded this proceeding. Thus, for these preliminary results, pursuant to sections 776(a)(1) and (a)(2)(A) through (C) of the Act, we are basing our findings regarding each program on the facts otherwise available.<sup>47</sup>

Moreover, we preliminarily determine that an adverse inference is warranted, pursuant to section 776(b) of the Act, because by not responding to the initial questionnaire, the GOC, Longyue, Duratti, Shandong Anchi, and Triangle did not cooperate to the best of their ability to comply with Commerce's requests for information in this review. Accordingly, we preliminarily find that the application of AFA is warranted to ensure that the GOC, Longyue, Duratti, Shandong Anchi, and Triangle do not obtain a more favorable result by failing to cooperate than if they had fully complied with Commerce's requests for information.

As a result of the GOC's non-cooperation, we preliminarily find, as AFA, that each of the subsidy programs in this administrative review constituted financial contributions under section 771(5)(B) and (D) of the Act and are specific under section 771(5A) of the Act. Further, as AFA, we preliminarily find that Longyue, Duratti, Shandong Anchi, and Triangle used and benefitted from each program being examined during the POR, and we selected program-specific AFA rates pursuant to Commerce's CVD AFA hierarchy for administrative reviews, as discussed below.

### C. Selection of the AFA Rates

Consistent with section 776(d) of the Act, it is Commerce's practice in CVD proceedings to apply an AFA rate for a non-cooperating company using the highest calculated program-specific rates determined for the identical or similar programs.<sup>48</sup> Specifically, under the first step of

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<sup>47</sup> In the investigation and prior review segments of this proceeding, we made financial contribution and specificity findings for these programs. See *Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 80 FR 34888 (June 15, 2015) and accompanying IDM (*PVLT Investigation*); *Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Results of Countervailing Duty Administrative Review, 2014-2015*, 83 FR 19219 (May 2, 2018) (*PVLT 2014-2015*); *Countervailing Duty Order on Certain 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) (*PVLT 2016*) and accompanying IDM; and *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, 2017*, 85 FR 22718 (April 23, 2020) (*PVLT 2016*) and accompanying IDM. It is Commerce's practice not to revisit past financial contribution and specificity determinations made in a prior segment of the same proceeding, absent the presentation of new facts or evidence. See *Certain Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, Products from the People's Republic of China: Final Results of Countervailing Duty Administrative Review, 2012*, 80 FR 41003 (July 14, 2015), and accompanying IDM at 27 n.130 ("In a CVD administrative review, we do not revisit past determinations of countervailability made in the proceeding, absent new information."); see also *Magnola Metallurgy, Inc. v. United States*, 508 F. 3d 1349, 1353-56 (Fed. Cir. 2007).

<sup>48</sup> See, e.g., *Chlorinated Isocyanurates from the People's Republic of China: Final Results of Countervailing Duty Administrative Review, and Partial Rescission of Countervailing Duty Administrative Review; 2014*, 82 FR 27466 (June 15, 2017) (*Chlorinated Isocyanurates from China; 2014*) and accompanying IDM at "Use of Facts Otherwise Available and Adverse Inferences"; see also *Certain Frozen Warmwater Shrimp from the People's Republic of*

Commerce's CVD AFA hierarchy for administrative reviews, Commerce applies the highest non-*de minimis* rate calculated for the identical program in any segment of the same proceeding.<sup>49</sup> If there is no identical program match within the same proceeding, or if the rate is *de minimis*, under step two of the hierarchy, Commerce applies the highest non-*de minimis* rate calculated for a similar program within any segment of the same proceeding. If there is no non-*de minimis* rate calculated for a similar program within the same proceeding, under step three of the hierarchy, Commerce applies the highest non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country. Finally, if there is no non-*de minimis* rate calculated for an identical or similar program in another CVD proceeding involving the same country, under step four, Commerce applies the highest calculated rate for any program from the same country that the industry subject to the review could have used.<sup>50</sup>

Furthermore, Commerce's methodology is consistent with section 776 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, Commerce 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 Commerce considers reasonable to use. Thus, section 776(d)(1)(A) of the Act expressly allows for Commerce's existing practice of using an AFA hierarchy in selecting a rate "among the facts otherwise available" in CVD cases, should the facts warrant such a selection.

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

In the instant case, the record does not suggest that we should apply a rate other than the highest rate envisioned under the appropriate step of the hierarchy, pursuant to section 776(d)(1) of the Act for all programs included in the AFA rate for the mandatory respondents. As explained above, the mandatory respondents withdrew their participation in the administrative review, and, as such, they have failed to cooperate to the best of their ability. Additionally, pursuant

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*China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013), and accompanying IDM at 13

<sup>49</sup> For purposes of selecting AFA program rates, we normally consider 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."

<sup>50</sup> See section 776(d) of the Act; see also *SolarWorld Americas, Inc. v. United States*, 229 F. Supp. 3d 1362 (CIT 2017) (sustaining Commerce's CVD AFA hierarchy and selection of AFA rate for CVD reviews).

to section 776(d)(2) of the Act, we find that the record does not support the application of an alternative rate.

Section 776(d)(1) of the Act anticipates a two-step process for determining an appropriate AFA rate in CVD cases: (1) Commerce may apply its hierarchical methodology; and (2) Commerce may apply the highest rate derived from this hierarchy to a respondent, should it choose to apply that hierarchy in the first place, unless, after an evaluation of the situation that resulted in the use of AFA, Commerce determines that the situation warrants a rate different than the rate derived from the hierarchy be applied.<sup>51</sup>

In applying the AFA rate provision, it is well established that when selecting the rate from among possible sources, Commerce seeks to use a rate that is sufficiently adverse to effectuate the statutory purpose of section 776(b) of the Act to induce respondents to provide Commerce with complete and accurate information in a timely manner. This ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”<sup>52</sup> 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.”<sup>53</sup> It is pursuant to this knowledge and experience that Commerce has implemented its AFA hierarchy in CVD cases to select an appropriate AFA rate.<sup>54</sup>

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

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<sup>51</sup> 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.

<sup>52</sup> See SAA at 870; see also *Essar Steel Ltd. v. United States*, 678 F. 3d 1268, 1276 (Fed. Cir. 2012) (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*)).

<sup>53</sup> See *De Cecco*, 216 F. 3d at 1032.

<sup>54</sup> Commerce has adopted a practice of applying its hierarchy in CVD cases. See, e.g., *Finished Carbon Steel Flanges from India: Final Affirmative Countervailing Duty Determination*, 82 FR 29479 (June 29, 2017), and accompanying IDM at 28-31 (applying the AFA hierarchical methodology within the context of a CVD investigation); and *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 AFA hierarchical methodology within the context of a CVD administrative review). However, depending on the type of program, Commerce may not always apply its AFA hierarchy. See, e.g., *Certain Uncoated Paper from Indonesia: Final Affirmative Countervailing Duty Determination*, 81 FR 3104 (January 20, 2016), and accompanying IDM at 7-8 (applying, outside of the AFA hierarchical context, the highest combined standard income tax rate for corporations in Indonesia).

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

In selecting AFA rates for Longyue, Duratti, Shandong Anchi, and Triangle, we are guided by Commerce’s methodology detailed above. For the income tax reduction or exemption programs, we are applying an adverse inference that Longyue, Duratti, Shandong Anchi, and Triangle paid no income taxes during the POR. The standard income tax rate for corporations in China in effect during the POR was 25 percent.<sup>55</sup> Thus, the highest possible benefit for all income tax programs is 25 percent. Accordingly, we are applying the 25 percent AFA rate on a combined basis (*i.e.*, the four programs listed below as “GOC and Local Income Tax Programs,” combined, provide a 25 percent benefit). Consistent with past practice, application of this AFA rate for preferential income tax programs does not apply to tax credit, tax rebate, or import tariff and value-added tax (VAT) exemption programs, because such programs may provide a benefit in addition to a preferential tax rate.<sup>56</sup> For other programs listed below, we selected, as AFA, the highest calculated program-specific non-*de minimis* rates in prior segments of this proceeding (*e.g.*, the final determination in the underlying investigation or the final results of past reviews).<sup>57</sup> For programs where there were no above *de minimis* subsidy rates calculated in previous reviews or the investigation for the identical or similar programs, we applied the highest above *de minimis* subsidy rate calculated in another China proceeding for the identical program (where possible) or similar program.

#### VAT Programs

- Import Tariff and VAT Exemptions for Imported Equipment

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<sup>55</sup> See *Vertical Metal File Cabinets from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 84 FR 37622 (August 1, 2019), and accompanying Preliminary Decision Memorandum (PDM) at 20, unchanged in *Vertical Metal File Cabinets from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 84 FR 57394 (October 25, 2019).

<sup>56</sup> See, *e.g.*, *Certain Steel Wheels 12 to 16.5 Inches in Diameter from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 84 FR 5989 (February 25, 2019) and accompanying PDM at 28-29, unchanged in *Certain Steel Wheels 12 to 16.5 Inches in Diameter from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances*, 84 FR 32723 (July 9, 2019).

<sup>57</sup> See *PVLT Investigation, PVLT 2014-2015; PVLT 2016; and PVLT 2017; see also Chlorinated Isocyanurates from China; 2014; and Countervailing Duty Investigation of 1,1,1,2 Tetrafluoroethane from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 62594 (October 20, 2014) (1,1,1,2 Tetrafluoroethane from China) and accompanying IDM at 30.

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

- Provision of Carbon Black for LTAR
- Provision of Nylon Cord for LTAR
- Provision of Synthetic Rubber and Butadiene for LTAR
- Provision of Natural Rubber for LTAR
- Provision of Electricity for LTAR
- Provision of Land-Use Rights for FIEs for LTAR
- Provision of Land-Use Rights to Passenger Tire Producers for LTAR
- Provision of Land-Use Rights to SOEs for LTAR
- Provision of Land-Use Rights in Industrial and Other Special Economic Zones for LTAR

### GOC Loan Programs

- Government Policy Lending
- Discounted Loans for Export-Oriented Enterprises
- Export Seller's Credits from State-Owned Banks
- Export Buyer's Credits from State-Owned Banks
- Export Credit Insurance Subsidies
- Export Credit Guarantees

### GOC and Local Income Tax Programs

- Income Tax Reduction for High-and New-Technology Enterprises (HNTEs)
- Income Tax Reduction for Advanced-Technology FIEs
- Enterprise Income Tax Law, Research and Development (R&D) Program
- Two Free, Three Half Program for FIEs

### Other Tax Programs

- Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs
- Income Tax Credits for Domestically-owned Companies Purchasing Chinese-Made Equipment

### Grant Programs

- Special Fund for Energy-Saving Technology Reform
- Fixed Asset Investment Subsidies
- Tax Awards
- Famous Brands Program
- State Key Technology Renovation Fund
- The Clean Productions Technology Fund
- Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces
- Funds for "Outward Expansion" of Industries in Guangdong Province
- Provincial International Market Development Fund Grant
- Provincial Import Discount Loan Subsidy
- Other Grants

- Subsidies for Companies Located in the Hefei Economic and Technology Development Zone
- Anhui Province Subsidies for Foreign-Invested Enterprises (FIEs)
- Hefei Municipal Export Promotion Policies
- Subsidies for Companies Located in the Kunshan Economic and Technological Development Zone
- Weihai Municipality Subsidies for the Automobile and Tire Industries
- Subsidies for Companies Located in the Rongcheng Economic Development Zone

Based on the methodology described above, we preliminarily determine the net AFA countervailable subsidy rate for Longyue, Duratti, Shandong Anchi, and Triangle to be 116.50 percent *ad valorem*. Appendix I to this memorandum contains a chart summarizing the selection of the AFA rate.

#### D. Corroboration of the AFA Rate

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.”<sup>58</sup> The SAA provides that to “corroborate” secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.<sup>59</sup>

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.<sup>60</sup> 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.<sup>61</sup>

With regard to the reliability aspect of corroboration, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs. With respect to the relevance aspect of corroboration, Commerce will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. Commerce will not use information where circumstances indicate that the information is not appropriate as AFA.<sup>62</sup>

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<sup>58</sup> See SAA at 870.

<sup>59</sup> *Id.*

<sup>60</sup> *Id.* at 869-870.

<sup>61</sup> See section 776(d)(3) of the Act.

<sup>62</sup> See, e.g., *Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People’s Republic of China: Final Affirmative Determination*, 82 FR 8405 (January 25, 2017), and accompanying IDM at 14 (citing

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 this review, we have reviewed the information concerning Chinese subsidy programs in past proceedings of this case, as well as other China CVD cases. For all programs where we selected the program-specific rates from the underlying investigation or past reviews under this order, Commerce is not required to corroborate the AFA rates for these programs because the selected program-specific rates are from a prior segment of this proceeding.<sup>63</sup> For other programs where we selected rates from other China CVD cases, we find that, because these are the same or similar programs, they are relevant to the programs in this review. 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 these preliminary results.

### VIII. CONCLUSION

We recommend that you approve the preliminary findings described above.

\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

12/14/2020

X



Signed by: JEFFREY KESSLER

Jeffrey I. Kessler  
Assistant Secretary  
for Enforcement and Compliance

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

<sup>63</sup> See section 776(c)(2) of the Act.

## Appendix I

### List of Net AFA Rates Assigned for Longyue, Duratti, Shandong Anchi, and Triangle

Program Names	Rate
<b>VAT Programs</b>	
Import Tariff and VAT Exemptions for Imported Equipment	0.62 <sup>64</sup>
<b>Government Provision of Goods &amp; Services for LTAR</b>	
Provision of Carbon Black for LTAR	8.15 <sup>65</sup>
Provision of Nylon Cord for LTAR	2.63 <sup>66</sup>
Provision of Synthetic Rubber and Butadiene for LTAR	5.80 <sup>67</sup>
Provision of Natural Rubber for LTAR	8.15 <sup>68</sup>
Provision of Electricity for LTAR	2.08 <sup>69</sup>
Provision of Land-Use Rights for FIEs for LTAR	4.98 <sup>70</sup>
Provision of Land-Use Rights to Passenger Tire Producers for LTAR	4.98 <sup>71</sup>
Provision of Land-Use Rights to SOEs for LTAR	4.98 <sup>72</sup>
Provision of Land-Use Rights in Industrial and Other Special Economic Zones for LTAR	4.98 <sup>73</sup>
<b>GOC Loan Programs</b>	
Government Policy Lending	4.99 <sup>74</sup>
Discounted Loans for Export-Oriented Enterprises	4.99 <sup>75</sup>
Export Seller's Credits from State-Owned Banks	0.69 <sup>76</sup>
Export Buyer's Credits from State-Owned Banks	4.99 <sup>77</sup>
Export Credit Insurance Subsidies	4.99 <sup>78</sup>

<sup>64</sup> See PVL 2016.

<sup>65</sup> *Id.*

<sup>66</sup> See PVL 2014-2015.

<sup>67</sup> See PVL 2017.

<sup>68</sup> See PVL Investigation.

<sup>69</sup> See PVL 2014-2015.

<sup>70</sup> See PVL 2017.

<sup>71</sup> *Id.*

<sup>72</sup> *Id.*

<sup>73</sup> *Id.*

<sup>74</sup> *Id.*

<sup>75</sup> *Id.*

<sup>76</sup> See PVL 2014-2015.

<sup>77</sup> See PVL 2017.

<sup>78</sup> *Id.*

Export Credit Guarantees	4.99 <sup>79</sup>
<b>GOC and Local Income Tax Programs</b>	
Income Tax Programs <sup>80</sup>	25.00 <sup>81</sup>
Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs	2.40 <sup>82</sup>
Income Tax Credits for Domestically-owned Companies Purchasing Chinese-Made Equipment	2.40 <sup>83</sup>
<b>Grant Programs</b>	
Special Fund for Energy-Saving Technology Reform	0.62 <sup>84</sup>
Fixed Asset Investment Subsidies	0.62 <sup>85</sup>
Tax Awards	0.62 <sup>86</sup>
Famous Brands Program	0.62 <sup>87</sup>
State Key Technology Renovation Fund	0.62 <sup>88</sup>
The Clean Productions Technology Fund	0.62 <sup>89</sup>
Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces	0.62 <sup>90</sup>
Funds for “Outward Expansion” of Industries in Guangdong Province	0.62 <sup>91</sup>
Provincial International Market Development Fund Grant	0.62 <sup>92</sup>
Provincial Import Discount Loan Subsidy	0.62 <sup>93</sup>
Other Grants	3.82 <sup>94</sup>
Subsidies for Companies Located in the Hefei Economic and Technology Development Zone	0.62 <sup>95</sup>

<sup>79</sup> *Id.*

<sup>80</sup> This includes the following programs: Income Tax Reduction for High-and New-Technology Enterprises (HNTes); Income Tax Reduction for Advanced-Technology FIEs; Enterprise Income Tax Law, Research and Development (R&D) Program; and Two Free, Three Half Program for FIEs.

<sup>81</sup> *Id.*

<sup>82</sup> See *1,1,1,2 Tetrafluoroethane from China* and accompanying IDM at 30.

<sup>83</sup> *Id.*

<sup>84</sup> See *Chlorinated Isocyanurates from China; 2014*.

<sup>85</sup> *Id.*

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> *Id.*

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> *Id.*

<sup>92</sup> *Id.*

<sup>93</sup> *Id.*

<sup>94</sup> See *PVLT 2017*.

<sup>95</sup> See *Chlorinated Isocyanurates from China; 2014*.

Anhui Province Subsidies for Foreign-Invested Enterprises (FIEs)	0.62 <sup>96</sup>
Hefei Municipal Export Promotion Policies	0.62 <sup>97</sup>
Subsidies for Companies Located in the Kunshan Economic and Technological Development Zone	0.62 <sup>98</sup>
Weihai Municipality Subsidies for the Automobile and Tire Industries	0.62 <sup>99</sup>
Subsidies for Companies Located in the Rongcheng Economic Development Zone	0.62 <sup>100</sup>
<b>Total Assigned AFA Rates</b>	<b>116.50</b>

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<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

<sup>98</sup> *Id.*

<sup>99</sup> *Id.*

<sup>100</sup> *Id.*