



C-570-041

Administrative Review

POR: 01/01/2021-12/31/2021

**Public Document**

E&amp;C/OI: TP

February 27, 2023

**MEMORANDUM TO:** Abdelali Elouaradia  
Deputy Assistant Secretary  
for Enforcement and Compliance

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

**SUBJECT:** Decision Memorandum for the Preliminary Results of  
Countervailing Duty Administrative Review, Recission in Part,  
and Preliminary Intent to Rescind in Part; 2021: Truck and Bus  
Tires from the People's Republic of China

---

## I. SUMMARY

The U.S. Department of Commerce (Commerce) is conducting an administrative review of the countervailing duty (CVD) order on truck and bus tires from the People's Republic of China (China) for the period of review (POR) January 1, 2021, through December 31, 2021. We preliminarily find that Qingdao Ge Rui Da Rubber Co., Ltd. (GRT), the mandatory respondent in this administrative review, received countervailable subsidies during the POR. In addition, we are rescinding this review with respect to multiple companies that timely withdrew their requests for an administrative review. Further, as discussed below, we intend to rescind the administrative review of certain companies in the final results of review.

## II. BACKGROUND

### A. Case History

On February 15, 2019, we published the CVD order on truck and bus tires from China.<sup>1</sup> On February 8, 2022, Commerce published a notice of opportunity to request an administrative review of the *Order*.<sup>2</sup> Several interested parties requested that Commerce conduct an

---

<sup>1</sup> See *Truck and Bus Tires from the People's Republic of China: Amended Final Determination and Countervailing Duty Order*, 84 FR 4434 (February 15, 2019) (*Order*).

<sup>2</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review and Join Annual Inquiry Service List*, 87 FR 7112 (February 8, 2022).



administrative review of the *Order*, and on April 12, 2022, we initiated this administrative review.<sup>3</sup>

On April 18, 2022, we released entry data obtained from the U.S. Customs and Border Protection (CBP) and solicited comments from interested parties regarding our selection of mandatory respondents for this review.<sup>4</sup> On April 25, 2022, GRT and Goodyear Dalian Tire Company Limited (GYD) submitted comments regarding respondent selection.<sup>5</sup> On May 19, 2022, we selected GRT for individual examination.<sup>6</sup>

From May 19, 2022, to July 11, 2022, we received timely withdrawals of the requests for administrative review of the following 12 companies: Zhongce Rubber Group Co., Ltd. (Zhongce),<sup>7</sup> Giti Tire (Anhui) Company Ltd. (Giti Anhui), Giti Tire (Fujian) Company Ltd. (Giti Fujian), Giti Tire Global Trading Pte. Ltd. (Giti Global),<sup>8</sup> Weifang Shunfuchang Rubber and Plastic Products Co., Ltd. (Shunfuchang),<sup>9</sup> Double Coin, Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd. (Double Coin Shanghai),<sup>10</sup> Qingdao Awesome International Trade Co., Ltd. (Awesome International), Qingdao Fullrun Tyre Corp. Ltd. (Fullrun), Shandong Haohua Tire Co., Ltd. (Haohua), Shandong Kaixuan Rubber Co., Ltd. (Kaixuan) and Shandong Transtone Tyre Co., Ltd. (Transtone).<sup>11</sup>

On May 26, 2022, we issued an initial questionnaire to the Government of China (GOC) requesting information on programs which may constitute subsidies under U.S. law that were used by the respondent, GRT.<sup>12</sup> We received timely responses to the affiliation questionnaire from GRT and to the initial questionnaire from GRT and the Government of China (GOC).<sup>13</sup> From November 2022 through January 2023, we issued supplemental questionnaires to GRT and

<sup>3</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 87 FR 21619 (April 12, 2022) (*Initiation Notice*); see also *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 87 FR 35165 (June 9, 2022), correcting the name for Double Coin Group (Jiangsu) Tyre Co., Ltd. (Double Coin).

<sup>4</sup> See Memorandum, "U.S. Customs and Border Protection (CBP) Data Release," dated April 18, 2022.

<sup>5</sup> See GRT and GYD's Letter, "Comments on CBP Data and Respondent Selection," dated April 25, 2022.

<sup>6</sup> See Memorandum, "Respondent Selection," dated May 19, 2022.

<sup>7</sup> See Zhongce's Letter, "Withdrawal of Request for Administrative Review," dated May 19, 2022 (Zhongce Rescission).

<sup>8</sup> See Giti Anhui, Giti Fujian, and Giti Global's Letter, "Withdrawal of Request for Administrative Review," dated May 23, 2022 (Giti Rescission).

<sup>9</sup> See Shunfuchang's Letter, "Withdrawal of Request for Administrative Review," dated June 9, 2022 (Shunfuchang Rescission).

<sup>10</sup> See Double Coin and Double Coin Shanghai's Letter, "Double Coin's Withdrawal of Request," dated June 13, 2022 (Double Coin Rescission).

<sup>11</sup> See Awesome International, Fullrun, Haohua, Kaixuan, and Transtone's Letter, "Withdrawal of Request for Administrative Review," dated July 11, 2022 (Group Rescission).

<sup>12</sup> See Commerce's Letter, "Countervailing Duty Questionnaire," dated May 26, 2023 (Initial Questionnaire).

<sup>13</sup> See GRT's Letter, "GRT's Response to Section III Questionnaire Regarding Affiliated Companies," dated June 16, 2022 (GRT Affiliation Response); see also GRT's Letters, "GRT's Response to Section III Initial Questionnaire Response," dated July 21, 2022 (GRTIQR); and GOC's Letter, "GOC Initial Questionnaire Response in the 2021 Administrative Review of the Countervailing Duty Order on Truck and Bus Tires Thereof from the People's Republic of China (C-570-041)," dated July 22, 2022 (GOCIQR).

the GOC to which we received timely responses.<sup>14</sup> On October 3, 2022, and January 30, 2023, GRT and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (the petitioner) provided benchmark information.<sup>15</sup> On February 9, 2023, the petitioner provided rebuttal benchmark information.<sup>16</sup>

### **B. Extension of Time Limit for Preliminary Results**

On October 14, 2022, we extended the preliminary results of this review to February 28, 2023.<sup>17</sup>

### **III. SCOPE OF THE *ORDER***

The scope of the *Order* covers truck and bus tires. Truck and bus tires are new pneumatic tires, of rubber, with a truck or bus size designation. Truck and bus tires covered by this *Order* may be tube-type, tubeless, radial, or non-radial.

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 one of the following suffixes in their tire size designation, which also appear on the sidewall of the tire:

TR – Identifies tires for service on trucks or buses to differentiate them from similarly sized passenger car and light truck tires; and

HC – Identifies a 17.5-inch rim diameter code for use on low platform trailers.

All tires with a “TR” or “HC” suffix in their size designations are covered by this *Order* regardless of their intended use.

In addition, all tires that lack one of the above suffix 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 “Truck-Bus” 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.

Truck and bus tires, whether or not mounted on wheels or rims, are included in the scope. However, if a subject tire is imported mounted on a wheel or rim, only the tire is covered by the

---

<sup>14</sup> See Commerce’s Letters, “Supplemental Questionnaire,” dated November 16, 2022 (GRTSQ), November 18, 2022, December 13, 2022 (GOCSQ); “Export Buyer’s Credit Supplemental Questionnaire,” dated December 13, 2022; and “Second Supplemental Questionnaire,” dated January 18, 2023; see also GRT’s Letters, “GRT’s Supplemental Questionnaires Response,” dated December 9, 2022 (GRTSQR); “GRT’s Export Buyer’s Credit Supplemental Questionnaire Response,” dated January 6, 2023; “GRT’s 2nd Supplemental Questionnaire Response – Part 1,” dated February 13, 2023 and “GRT’s 2nd Supplemental Questionnaire Response – Part 2,” dated February 23, 2023; and GOC’s Letter, “GOC Supplemental Questionnaire Response,” dated December 27, 2023 (GOCSQR).

<sup>15</sup> See GRT’s Letters, “GRT’s Benchmark Data,” dated October 3, 2022 (GRT Benchmark Submission) and “GRT’s Second Submission of Benchmark Data,” dated January 30, 2023; see also Petitioner’s Letter, “Petitioner’s Benchmark Data Submission,” dated January 30, 2023 (Petitioner Benchmark Submission).

<sup>16</sup> See Petitioner’s Letter, “Petitioner’s Benchmark Rebuttal Data Submission,” dated February 9, 2023.

<sup>17</sup> See Memorandum, “Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review; 2021,” dated October 14, 2022.

scope. Subject merchandise includes truck and bus tires produced in the subject country whether mounted on wheels or rims in the subject country or in a third country. Truck and bus tires are covered whether or not they are accompanied by other parts, *e.g.*, a wheel, rim, axle parts, bolts, nuts, etc. Truck and bus tires that enter attached to a vehicle are not covered by the scope.

Specifically excluded from the scope of the *Order* are the following types of tires: (1) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires; (2) non-pneumatic tires, such as solid rubber tires; and (3) tires that exhibit each of the following physical characteristics: (a) the designation “MH” is molded into the tire’s sidewall as part of the size designation; (b) the tire incorporates a warning, prominently molded on the sidewall, that the tire is for “Mobile Home Use Only;” and (c) the tire is of bias construction as evidenced by the fact that the construction code included in the size designation molded into the tire’s sidewall is not the letter “R.”

The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.20.1015 and 4011.20.5020. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.69.0020, 4011.69.0090, 4011.70.00, 4011.90.80, 4011.99.4520, 4011.99.4590, 4011.99.8520, 4011.99.8590, 8708.70.4530, 8708.70.6030, 8708.70.6060, and 8716.90.5059.<sup>18</sup>

While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

Also, excluded from the scope of the *Order* are size 8-14.5 truck and bus tires imported by America Koryo, Inc. from China. Included within the scope are size 11-22.5 truck and bus tires imported by America Koryo, Inc. from China.<sup>19</sup>

#### IV. 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 Tariff Act of 1930, as amended (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 the respondents which it 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 respondent companies,

<sup>18</sup> On August 26, 2016, Commerce included HTSUS subheadings 4011.69.0020, 4011.69.0090, and 8716.90.5059 to the case reference files, pursuant to requests by CBP and the petitioner. *See* Memorandum, “Requests from Customs and Border Protection and the Petitioner to Update the ACE Case Reference File,” dated August 26, 2016. On January 19, 2017, Commerce included HTSUS subheadings 4011.70.00 and 4011.90.80 to the case reference files, pursuant to requests by CBP. *See* Memorandum, “Requests from Customs and Border Protection to Update the ACE Case Reference File,” dated January 19, 2017.

<sup>19</sup> *See Notice of Scope Rulings*, 85 FR 35261 (June 9, 2020).

excluding rates that are zero, *de minimis*, or based entirely on facts available.<sup>20</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.

For these preliminary results, GRT is the sole mandatory respondent with a calculated rate above *de minimis*. Therefore, we are preliminarily assigning GRT’s net countervailable subsidy rate of 13.33 percent ad valorem to the remaining two non-selected companies, Joyall (Weihai) Tire Co., Ltd. and Triangle Tyre Co., Ltd., for which an individual rate was not calculated.<sup>21</sup>

## V. 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>22</sup> Normally, upon completion of an administrative review, the suspended entries are liquidated at the CVD assessment rate calculated for the review period.<sup>23</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 CVD assessment rate calculated for the POR.<sup>24</sup>

According to the CBP import data, Bridgestone (Shenyang) Tire Co., Ltd., Chongqing Hankook Tire Co., Ltd. and Jiangsu Hankook Tire Co., Ltd., did not have reviewable entries of subject merchandise during the POR for which liquidation is suspended. Absent any evidence of shipments placed on the record, pursuant to 19 CFR 351.213(d)(3), we intend to rescind the administrative review of these three companies in the final results of review.

## VI. PARTIAL RESCISSION OF ADMINISTRATIVE REVIEW

Awesome International, Double Coin, Double Coin Shanghai, Fullrun, Giti Anhui, Giti Fujian, Giti Global, Haohua, Kaixuan, Shunfuchang, Transtone, and Zhongce timely withdrew their requests for an administrative review.<sup>25</sup> No other party requested a review of these companies. Therefore, we are rescinding this administrative review with respect to these companies pursuant to 19 CFR 351.213(d)(1).

<sup>20</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>21</sup> GYD was also not selected for review and had reviewable, suspended entries. However, as discussed below, we preliminarily find GYD to be cross-owned with GRT, and, consequently, are applying GRT’s rate to GYD.

<sup>22</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); and *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>23</sup> See 19 CFR 351.212(b)(2).

<sup>24</sup> See 19 CFR 351.213(d)(3).

<sup>25</sup> See Group Rescission; see also Double Coin Rescission; Giti Rescission; Shunfuchang Rescission; and Zhongce Rescission.

## VII. DIVERSIFICATION OF CHINA'S ECONOMY

In evaluating the specificity factors for domestic subsidies, pursuant to section 771(5A)(D)(iii) of the Act, Commerce must take into account the extent of diversification of economic activities within the jurisdiction of the authority providing the subsidy. According to the Statement of Administrative Action,<sup>26</sup> the additional criteria of the extent of diversification of economic activities (and length of time during which the subsidy program in question has been in operation) serve to inform the application of, rather than supersede or substitute for, the enumerated specificity factors.

To determine the extent of diversification of economic activities within a given jurisdiction, Commerce will normally consider publicly available data and information from expert third party sources, including such information as provided by interested parties in a proceeding. Available and reliable information sources necessarily vary from case to case. For this proceeding, Commerce has relied on data found in the National Bureau of Statistics of China's *China Statistical Yearbook*. Accordingly, on January 27, 2022, Commerce placed the following excerpts from the National Bureau of Statistics of China's *China Statistical Yearbook* on the record of this review: Index Page; Table 14-7: Main Indicators on Economic Benefit of State-owned and State-holding Industrial Enterprise by Industrial Sector; and Table 14-11: Main Indicators on Economic Benefit of Private Industrial Enterprise by Industrial Sector.<sup>27</sup> This information reflects a wide diversification of economic activities in China. The industrial sector in China alone is comprised of 37 listed industries and economic activities, indicating the diversification of China's economy.

## VIII. USE OF FACTS OTHERWISE AVAILABLE AND APPLICATION OF ADVERSE INFERENCES

### A. Legal Standard

In a CVD proceeding, Commerce requires information from both the government of the country whose merchandise is under investigation and the foreign producers and exporters. When the government fails to provide requested information concerning alleged subsidy programs, Commerce may rely on adverse facts available (AFA) to preliminarily find that a financial contribution exists under the alleged program or that the program is specific.<sup>28</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, to the extent that those records are useable and verifiable.

Section 776(a) of the Act provides that Commerce, subject to section 782(d) of the Act, shall select from 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

<sup>26</sup> See Statement of Administrative Action (SAA), H. R. Doc. No. 103-316 103rd Congress, 2nd Session, Volume I, 911, 931.

<sup>27</sup> See Memorandum, "Economic Diversification Memorandum," dated February 1, 2023.

<sup>28</sup> See, e.g., *Hardwood and Decorative Plywood from the People's Republic of China: Final Affirmative Countervailing Duty Determination; 2011*, 78 FR 58283 (September 23, 2013), and accompanying Issues and Decision Memorandum (IDM) at Comment 3.



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.

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 provides that Commerce may use an adverse inference in selecting from the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. In doing so, Commerce is not required to determine, or make any adjustments to, a countervailable subsidy rate based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information.<sup>29</sup> Further, section 776(b)(2) of the Act states that an adverse inference may include reliance on information derived from the petition, the final determination from the CVD investigation, a previous administrative review, or other information placed on the record.<sup>30</sup>

Section 776(c) of the Act provides that, in general, when Commerce relies on secondary information rather than 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.<sup>31</sup> Secondary information is defined as information derived from the petition that gave rise to the investigation, the determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise.<sup>32</sup>

Finally, under section 776(d) of the Act, when using an adverse inference when selecting from the facts otherwise available, Commerce may use a countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or if there is no same or similar program, use a countervailable subsidy rate for a subsidy program from a proceeding that Commerce considers reasonable to use.<sup>33</sup> When selecting from the facts otherwise available with an adverse inference, 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>34</sup> For purposes of these preliminary results, as explained below, we are relying in part on facts otherwise available and, as appropriate, applying AFA to the programs as outlined below.

---

<sup>29</sup> See section 776(b)(1)(B) of the Act.

<sup>30</sup> See 19 CFR 351.308(c).

<sup>31</sup> See 19 CFR 351.308(d).

<sup>32</sup> See SAA, H.R. Doc. 103-316, vol 1 (1994) at 870.

<sup>33</sup> See section 776(d)(1) of the Act.

<sup>34</sup> See section 776(d)(3) of the Act.

## B. Application of FA and AFA: Export Buyer's Credits

We preliminarily determine that the use of AFA is warranted in determining the countervailability of the Export Buyer's Credit (EBC) program because the GOC did not provide information needed to allow us to analyze this program fully, which we requested in our initial questionnaire.<sup>35</sup> Though the GOC provided some information, it was unresponsive to the majority of our requests, preventing us from analyzing the function of the program, as discussed below.

We issued multiple questions to the GOC regarding the use and operation of this program.<sup>36</sup> In response, the GOC stated that, “{b}ased on the information available to the GOC, the GOC confirms that none of the respondents’ U.S. customers applied for, used, or benefited from the alleged program during the POR.”<sup>37</sup> The GOC also stated that it “contacted the respondents to request the company’s customer lists, which the respondents provided. This list was then provided to {China Ex-Im} Bank officials, which searched their database to confirm whether the customers provided in the list did not receive any Export Buyers Credits from the {China Ex-Im} Bank during the POR.”<sup>38</sup> The GOC provided the Administrative Measures of Export Buyer’s Credit of the Export-Import Bank of China (Administrative Measures) and Detailed Implementation Rules Governing Export Buyer’s Credit of the Export-Import Bank of China (Implementing Rules).<sup>39</sup> According to the GOC, in accordance with the requirements set forth in these documents, the Chinese exporter should be aware of the buyer’s receipt of loans and should be involved in the loan evaluation proceeding and in the post-lending loan management conducted by the EX-IM Bank.<sup>40</sup> The GOC argued that, 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 China Ex-Im Bank}.”<sup>41</sup>

Information obtained in a prior CVD proceeding indicates that the GOC revised the Administrative Measures regarding this program in 2013 (2013 Revisions).<sup>42</sup> This information provides that the China Ex-Im Bank may disburse export buyer’s credits directly or through third-party partner and/or correspondent banks.<sup>43</sup> In its initial and supplemental questionnaire responses, the GOC refused to provide requested information, such as the GOC’s Export Buyer’s Credit Supplemental Questionnaire Response,<sup>44</sup> and all laws, regulations or governing documents, including the 2013 Revisions and a list of partner/correspondent banks.<sup>45</sup>

---

<sup>35</sup> See Initial Questionnaire at II-5 – II-6.

<sup>36</sup> *Id.*

<sup>37</sup> See GOCIQR at 12.

<sup>38</sup> *Id.* at 15.

<sup>39</sup> *Id.* at Exhibits III.B.1 and III.B.2.

<sup>40</sup> *Id.* at 15-16.

<sup>41</sup> *Id.*

<sup>42</sup> See *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 11-14.

<sup>43</sup> *Id.*

<sup>44</sup> See Initial Questionnaire at 13 (requesting placement on the record of the September 6, 2016, GOC 7th Supplemental Response in the Countervailing Duty Investigation of Certain Amorphous Silica Fabric from the People’s Republic of China (Export Buyer’s Credit Supplemental Questionnaire Response)).

<sup>45</sup> See GOCIQR at 12-15; see also GOCSQR at 7-9.



The GOC is the only party that can answer questions about the internal administration of this program. The GOC's refusal to provide a list of partner/correspondent banks that are used to disburse funds through this program constitutes withholding necessary information and impeded Commerce's ability to analyze the program's operation or determine how the program could be properly verified.

For the reasons explained above, we find that the GOC has not cooperated to the best of its ability in response to Commerce's specific information requests. As a result, we preliminarily determine, as AFA, that loans provided by the GOC through the China Ex-Im Bank constitute a financial contribution under sections 771(5)(B)(i) and 771(5)(D)(i) of the Act and that the receipt of loans under this program is specific pursuant to sections 771(5A)(A)-(B) of the Act.

*GRT*

Although information from the GOC, particularly a list of intermediary banks and information about the 2013 revisions, is necessary to understand the mechanics of the EBC program, we are relying on facts available to preliminarily determine that GRT and its U.S. customers did not use the EBC program. Pursuant to sections 776(a)(1) and (2)(D) of the Act, where necessary information is not available on the record or information is provided, but such information cannot be verified, pursuant to section 782(i) of the Act, Commerce shall, subject to section 782(d) of the Act, use the facts otherwise available in reaching its determination.

GRT reported that it and its affiliated producer GYD had only two U.S. customers during the POR – affiliated U.S. parent companies Goodyear Tire & Rubber Corporation and Cooper Tire & Rubber Corporation – and claimed that neither customer used this program during the POR.<sup>46</sup> To support this claim, GRT provided non-use certifications from both U.S. customers.<sup>47</sup> We issued an export buyer's credit supplemental questionnaire to GRT regarding its U.S. customers' financing and received a complete response. We find that this information is sufficient to demonstrate that the financing used by GRT's customers is unrelated to the EBC program. Therefore, we preliminarily find that the information provided by GRT is of sufficient detail in this particular instance to support finding non-use of the program with regard to GRT and its customers. We intend to verify GRT's responses regarding the export buyer's credit program.

### **C. Application of AFA: Provision of Inputs for LTAR: "Authorities" and Financial Contribution**

We are examining the provision of the following inputs for LTAR: carbon black, nylon cord, and synthetic rubber and butadiene. We requested information from the GOC regarding the specific companies that produced the input products that GRT and its cross-owned companies, purchased during the POR. Specifically, we sought information from the GOC that would allow us to determine whether the producers are "authorities" within the meaning of section 771(5)(B) of the Act.<sup>48</sup>

<sup>46</sup> See GRTIQR Volume I at III-13 and Volume II at III-12.

<sup>47</sup> *Id.* at Exhibits GRT-18 and GYD-22.

<sup>48</sup> See Initial Questionnaire at II-6 – II-21, II-34 – II-38.

In its initial questionnaire response, the GOC provided details regarding the ownership of certain producers, including government-owned corporations, publicly-listed corporations, and corporations owned by private individuals.<sup>49</sup> The GOC reported that certain providers of the inputs purchased by the GRT are owned by the government.<sup>50</sup> As explained in the Public Bodies Memorandum, majority government-owned enterprises in China possess, exercise, or are vested with governmental authority.<sup>51</sup> As such, we find that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector. Therefore, we preliminarily determine that these entities, which the GOC reported to be owned by the government, constitute “authorities” within the meaning of section 771(5)(B) of the Act and that GRT received a financial contribution from them in the form of the provision of a good from such entities, pursuant to section 771(5)(D)(iii) of the Act.

In addition, we asked the GOC in the initial questionnaire to provide information regarding the role of Chinese Communist Party (CCP) officials in the input-producing companies that the GOC reported were not majority-owned by the GOC. Specifically, we asked the GOC, “{p}lease coordinate immediately with the company respondents to obtain a complete list of each company’s {input} producers, including the producers of inputs purchased by the respondent through a supplier.”<sup>52</sup> Furthermore we asked the GOC to: (1) provide information about the involvement of the CCP in any input producer, including whether individuals in management positions are CCP members, in order to evaluate whether the input producers that supplied the respondent are “authorities” with the meaning of section 771(5)(B) of the Act; and (2) identify any owners, members of the board of directors, or managers of the input producers who were government or CCP officials during the POR.<sup>53</sup>

While the GOC provided a long narrative explanation of the role of the CCP, when asked to identify any owners, members of the board of directors, or managers of the input producers who were government or CCP officials during the POR, the GOC explained that there is “no central informational database to search for the requested information.”<sup>54</sup> The GOC concluded its response to this question by stating “{i}f the Department insists on the necessity of this information, the Department should collect this information through the respondents, via their suppliers directly.”<sup>55</sup> In *Citric Acid 2012 AR*, we found that the GOC was able to obtain the information requested independently from the companies involved, and that statements from

<sup>49</sup> See GOCIQR at Exhibits II.C63.1, II.C63.2, II.C64.1, II.C66.1, and II.C66.2.

<sup>50</sup> *Id.* at Exhibits II.C63.1.1, II.C64.1, and II.C66.1.

<sup>51</sup> See Memorandum, “Public Bodies Analysis,” dated February 1, 2023 (Public Bodies Memorandum) at “Section 129 Determination of the Countervailing Duty Investigation of Circular Welded Carbon Quality Steel Pipe; Light-Walled Rectangular Pipe and Tube; Laminated Woven Sacks; and Off-the-Road Tires from the People’s Republic of China: An Analysis of Public Bodies in the People’s Republic of China in Accordance with the WTO Appellate Body’s Findings in WTO DS379” and “The Relevance of the Chinese Communist Party for the Limited Purpose of Determining Whether Particular Enterprises Should Be Considered to Be ‘Public Bodies’ Within the Context of a Countervailing Duty Investigation”; see also Memorandum, “State-Invested Enterprises in China Analysis,” dated February 7, 2023 at “Update of the Public Bodies Analysis of State-Invested Enterprises in China for Countervailing Duty Purposes,” which updates Commerce’s analysis from the Public Bodies Memorandum.

<sup>52</sup> See Initial Questionnaire at II-6, II-10, and II-18.

<sup>53</sup> *Id.* at II-34 – II-38.

<sup>54</sup> See, e.g., GOCIQR at 35.

<sup>55</sup> *Id.* at 35.

companies, rather than from the GOC or CCP themselves, were not sufficient for these purposes.<sup>56</sup> Commerce provided the GOC an additional opportunity to provide the requested information,<sup>57</sup> but the GOC again refused to provide complete information.<sup>58</sup> Therefore, we find that the GOC failed to provide the information requested of it regarding the respondent's input producers that the GOC reported were not majority-owned by the GOC.

By failing to respond to the questionnaire, the GOC withheld information requested of it regarding the CCP's role in the ownership and management of GRT's input producers. Record evidence demonstrates that the CCP exerts significant control over economic activities in China.<sup>59</sup> Record evidence also demonstrates that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector.<sup>60</sup> With respect to the respondent's input producers that the GOC reported were not majority-owned by the GOC, while the GOC provided website screenshots of the business registrations, the GOC failed to provide other necessary documentation specifically requested by Commerce, such as company by-laws, annual reports, tax registration documents, and articles of association.<sup>61</sup> Thus, we find, as we have in prior CVD proceedings,<sup>62</sup> that the information requested regarding the role of CCP officials and CCP committees in the management and operations of the respondent's input producers is necessary to our determination of whether these producers are "authorities" within the meaning of section 771(5)(B) of the Act.

We find that the GOC withheld necessary information that was requested of it and that Commerce must rely on facts available in conducting its analysis of the producers that supplied the respondent with these inputs during the POR.<sup>63</sup> As a result of the GOC's failure to provide the necessary information, we find that the GOC failed to cooperate by not acting to the best of its ability to comply with our requests for information. Consequently, we determine that the GOC withheld information, and that an adverse inference is warranted in the application of facts available.<sup>64</sup> In drawing an adverse inference, we find that CCP officials are present in each of the respondent's input producers that the GOC reported were not majority-owned by the GOC as individual owners, managers and members of the boards of directors, and that this gives the CCP, as the government, meaningful control over the companies and their resources. As explained in the Public Bodies Memorandum, an entity with significant CCP presence on its board or in management or in party committees may be controlled, such that it possesses, exercises, or is vested with governmental authority.<sup>65</sup> As AFA, we preliminarily find that the non-majority government-owned domestic input producers that supplied GRT with carbon black,

---

<sup>56</sup> See *Citric Acid and Certain Citrate Salts {from the People's Republic of China}: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 78799 (December 31, 2014) (*Citric Acid 2012 AR*), and accompanying IDM at Comment 5.

<sup>57</sup> See GOCSQ at 6-7.

<sup>58</sup> See GOCSQR at 9-10.

<sup>59</sup> See Public Bodies Memorandum.

<sup>60</sup> *Id.* at 35-36 and sources cited therein.

<sup>61</sup> See GOCIQR at Exhibits II.C631.1, II.C64.1, and II.C66.1.

<sup>62</sup> See, e.g., *Citric Acid 2012 AR* IDM at Comment 5.

<sup>63</sup> See sections 776(a)(1) and 776(a)(2)(A) of the Act.

<sup>64</sup> See section 776(b) of the Act.

<sup>65</sup> See, e.g., Public Bodies Memorandum at WTO DS379 at 33-36, 38.

nylon cord, and synthetic rubber and butadiene during the POR are “authorities” within the meaning of section 771(5)(B) of the Act and provided a financial contribution in the form of the provision of a good from such entities, pursuant to section 771(5)(D)(iii) of the Act.

#### **D. Application of AFA: Provision of Inputs for LTAR: Specificity**

For purposes of Commerce’s *de facto* specificity analysis, we asked the GOC to provide a list of industries in China that purchase carbon black, nylon cord, and synthetic rubber and butadiene directly, and to provide the amounts (volume and value) purchased by each of the industries.<sup>66</sup> Specifically, our questionnaire asked the GOC to provide lists of the industries in China that purchase carbon black, nylon cord, and synthetic rubber and butadiene directly, using consistent levels of industrial classification, and to:

Provide the amounts (volume and value) purchased by the industry in which the mandatory respondent companies operate, as well as the totals purchased by every other industry. In identifying the industries, please use the resource or classification scheme the Government normally relies upon to define industries and to classify companies within an industry. Please provide the relevant classification guidelines, and please ensure the list provided reflects consistent levels of industrial classification. Please clearly identify the industry in which the companies under review are classified.<sup>67</sup>

The GOC did not provide this information, nor did it explain the efforts it made to compile this information.<sup>68</sup> Instead, the GOC made assertions that there are a vast number of uses for the inputs or a wide range of downstream industries.<sup>69</sup> In addition, the GOC argues that the National Bureau of Statistics (NBS) does not collect the requested information and that the international standard for a country’s collection of the pertinent data, the United Nations’ System of National Accounts, is by production and not usage.<sup>70</sup> However, Commerce did not require that the specificity information be provided by the NBS,<sup>71</sup> and the GOC previously provided information from other sources regarding consumption data for inputs.<sup>72</sup> Commerce gave the GOC an additional opportunity to provide information at a broader level in order to accommodate the GOC’s availability of information,<sup>73</sup> but the GOC once again did not attempt to provide the requested information.<sup>74</sup>

---

<sup>66</sup> See Initial Questionnaire at II-8, II-12, and II-20.

<sup>67</sup> *Id.*

<sup>68</sup> See, e.g., GOC IQR at 44.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> See Initial Questionnaire at II-8, II-12, and II-20.

<sup>72</sup> See, e.g., *Cast Iron Soil Pipe from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 83 FR 30913 (July 2, 2018), unchanged in *Cast Iron Soil Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 84 FR 6770 (February 28, 2019). Notwithstanding Commerce’s determination that the information regarding pig iron was insufficient, the GOC previously demonstrated the capacity to obtain consumption information.

<sup>73</sup> See GOCSQ at 7.

<sup>74</sup> See GOCSQR at 11.

The response submitted by the GOC is insufficient because it does not report the actual Chinese industries that purchased these inputs, the volume and value of each industry's respective purchases for this POR, and the prior two years, as requested, and which is necessary for our *de facto* specificity analysis. Therefore, we lack the required information to conduct a *de facto* specificity analysis. Consequently, we preliminarily determine, in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act, that necessary information is not available on the record, that the GOC withheld information that was requested of it, and that the GOC significantly impeded this proceeding. Thus, we are relying on "facts available" in making our preliminary specificity determination with respect to these LTAR programs.

Moreover, by refusing to provide the requested, necessary information, 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, we preliminarily determine that an adverse inference is warranted in selecting from among the facts available pursuant to section 776(b) of the Act. In drawing an adverse inference from among the facts available, we find that the GOC is providing carbon black, nylon cord and synthetic rubber and butadiene for LTAR to a limited number of industries or enterprises, and, hence, that the subsidies under these programs are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

#### **E. Application of AFA: Provision of Electricity for LTAR**

We are examining 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.

To analyze the financial contribution and specificity of this program, we requested that the GOC provide information regarding the roles of provinces, the National Development and Reform Commission (NDRC), and cooperation between the provinces and the NDRC on electricity price adjustments. Specifically, we requested, *inter alia*: Provincial Price Proposals for each province in which the mandatory respondent or any company "cross-owned" with those respondent is located for applicable tariff schedules that were in effect during the POR; all original NDRC Electricity Price Adjustment Notice(s) that were in effect during the POR; the procedure for adjusting retail electricity tariffs and 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 to the POR; the cost elements and adjustments that were discussed between the provinces and the NDRC in the price adjustment conferences; and how the NDRC determines that the provincial level price bureaus have accurately reported all relevant cost elements in their price proposals with respect to generation, transmission and distribution.<sup>75</sup> We requested this information in order to determine the process by which electricity prices and price adjustments are derived, identify entities that manage and impact price adjustment processes, and examine

<sup>75</sup> See Initial Questionnaire at Section II, Electricity Appendix.



cost elements included in the derivation of electricity prices in effect throughout China during the POR.

In its initial questionnaire response, the GOC reported that the NDRC has no authority to make any change to the adjusted electricity prices and 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).<sup>76</sup> According to 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.<sup>77</sup> However, Notice 3105 explicitly directs provinces to reduce prices and to report the enactment of those changes to the NDRC. Specifically, Article 2 of Notice 3105 stipulates a lowering of the on-grid sales price of coal-fired electricity by an average amount per kilowatt hour.<sup>78</sup> The Appendix to Notice 3105 indicates that this average price adjustment applies to all provinces and at varying amounts.<sup>79</sup> 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 report resulting prices to the NDRC.<sup>80</sup>

Notice 3105 does not explicitly stipulate that relevant provincial pricing authorities determine and issue electricity prices within their own jurisdictions, as the GOC states to be the case.<sup>81</sup> Rather, the notice indicates 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.<sup>82</sup> The notice does not explicitly eliminate Provincial Price Proposals and does not define distinctions in price setting roles between national and provincial pricing authorities.

In addition, the GOC provided the *Notice of the National Development and Reform Commission on Further Deepening the Market-Oriented Reform of On-Grid Electricity Price for Coal-Fired Power Generation* (Notice 1439) from October 2021.<sup>83</sup> Notice 1439 mandated that all provinces immediately “cancel” or eliminate their catalogue-listed prices for commercial and industrial electricity,<sup>84</sup> among multiple other provisions regarding the pricing of electricity, such as expanding the floating range of coal-fired power generation and maintenance of the current benchmark price for coal-fired power generation to the formation of new energy generation prices.<sup>85</sup>

In a supplemental questionnaire, we requested that the GOC further explain the linkages between the NDRC and the prices set by the local price bureaus both before and after the release of

<sup>76</sup> See GOCIQR at 86-88 and Exhibit III.C67.3.

<sup>77</sup> *Id.*

<sup>78</sup> *Id.* at Exhibit III.C67.3.

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

<sup>80</sup> *Id.*

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

<sup>82</sup> *Id.*

<sup>83</sup> *Id.* at Exhibit III.C67.5.

<sup>84</sup> *Id.*

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



Notice 1439.<sup>86</sup> Specifically, for prior to October 2021, we requested that the GOC explain how the coal benchmark price is generated and how labor costs, capital expenses, transmission and distribution costs are related to electricity price adjustments released by the NDRC.<sup>87</sup> Regarding the provision of electricity after October 2021, we requested that the GOC explain any role played by the NDRC in regulating commercial and industrial electricity prices, the role of GRT and GYD's specific electricity providers, and an explanation of how certain provisions in Notice 1439 relate to electricity prices, including further information regarding the floating range, the spot electricity market, and the base price.<sup>88</sup>

The GOC provided little information in response to our supplemental questions and repeatedly responded that the questions were not applicable because the catalog price for commercial and industrial electricity was abolished by Notice 1439.<sup>89</sup> The GOC's response in this regard creates a gap in the record because Commerce is unable to assess how national and provincial entities may otherwise affect or manipulate electricity sales prices through the regulation of generation, transmission, or distribution prices or by regulation of electricity markets. The GOC made no attempt to explain the connection – or lack thereof – between electricity sales prices to end-users, such as commercial and industrial purchasers, and upstream markets that Notice 1439 continues to indicate are extensively regulated by the NDRC.<sup>90</sup> In addition, while the GOC provided the provincial notices from Shandong and Liaoning provinces cancelling the catalogue sales price of commercial and industrial electricity, the GOC did not attempt to explain the regulatory system or role the provincial electricity providers.<sup>91</sup>

Thus, as noted 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 adjustments or in regulating prices following the release of Notice 1439. 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 continued to play a major role in setting and adjusting prices prior to Notice 1439. Following the release of Notice 1439, the GOC maintained a major role in the regulation and control of upstream markets but did not provide an explanation of how those markets relate to end-user prices despite Commerce's requests.

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 our analysis of financial contribution and specificity is not available on the record, that the GOC withheld information requested by Commerce, and that the GOC significantly impeded this proceeding. Thus, we must rely on "facts available" in making our preliminary determination with respect to this program.<sup>92</sup> Moreover, we preliminarily determine, in accordance with section 776(b) of the Act, that the GOC failed to cooperate to the best of its ability to comply with our repeated requests for

---

<sup>86</sup> See GOCSQ at 4-6.

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

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

<sup>89</sup> See GOCSQR at 3-6.

<sup>90</sup> See GOCIQR at Exhibit III.C67.5.

<sup>91</sup> See GOCSQR at 4 and Exhibits S1-8.1 and S1-8.2.

<sup>92</sup> See section 776(a) of the Act.

information. As a result, an adverse inference is warranted in the application of facts available.<sup>93</sup> In applying AFA, we find that the GOC's provision of electricity constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A)(D)(iv) of the Act.<sup>94</sup> The GOC failed to provide certain requested information regarding the relationship (if any) between provincial tariff schedules and cost, as well as requested information regarding cooperation (if any) in price setting practices between the NDRC and provincial governments. Therefore, we are also relying on AFA in selecting the benchmark for determining the existence and amount of the benefit. The benchmark rates we selected are derived from the record of this review and are the highest electricity rates on the record for the applicable rate and user categories. Furthermore, we used the benchmark rates as AFA for the entirety of the POR due to the GOC's failure to explain the regulatory system and connection between upstream electricity markets and end-user prices following the release of Notice 1439.

#### **F. Application of AFA: Provision of Land-Use Rights for LTAR**

Commerce is examining the provision of four land-use rights programs for LTAR: Land-Use Rights to Truck and Bus Tire Producers; Land-Use Rights to State-Owned Enterprises (SOEs); Land-Use Rights to Foreign-Invested Enterprises (FIEs); and Land-Use Rights in Industrial and Other Special Economic Zones (SEZs). We requested information from the GOC regarding these four programs.

Our review of the GOC's initial questionnaire response shows that the GOC did not respond fully to certain sections of the questionnaire regarding these programs. Specifically, we asked the GOC to provide all laws and regulations pertaining to the provision of land or land-use rights to the mandatory respondent since December 11, 2021, and, in particular, to "provide all government laws or regulations for the specific local authorities identified by the mandatory respondents."<sup>95</sup> In order to complete this question, we requested that the GOC "{p}lease coordinate with the mandatory respondents for a list of their local land-use rights authorities."<sup>96</sup> In response, the GOC provided several national-level laws related to land administration and a provincial law related to the transfer of land-use rights but did not provide any information relevant to the specific provision of land to GRT and its affiliated companies from the local authorities they identified.<sup>97</sup>

In a supplemental questionnaire, Commerce requested further information, including *all* relevant central, provincial, city, and county government laws and regulations under which the land-use agreements and certificates obtained by the respondent were issued with explicit focus on those of the specific authorities identified by the respondent in their initial questionnaire responses.<sup>98</sup>

---

<sup>93</sup> See section 776(b) of the Act.

<sup>94</sup> See *Canadian Solar, Inc. v. United States*, No. 2021-1434 (Fed. Cir. January 28, 2022) (*Canadian Solar*) (affirming Commerce's finding, based on AFA, that the provision of electricity is regionally specific).

<sup>95</sup> See, e.g., Initial Questionnaire at II-22.

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

<sup>97</sup> See GOCIQR at 97-98.

<sup>98</sup> See GOCSQ at 4.

In response, the GOC referred back to its prior provision of documents in its initial questionnaire response.<sup>99</sup> However, the GOC did not provide any explanation indicating that there would be no local laws or regulations to provide or explain the process by which GRT and its cross-owned companies obtained the majority of their local land-use rights.<sup>100</sup> The only specific reference to the provision of land-use rights at issue referenced by the GOC was the provision of land-use rights to Qingdao Yiyuan Investment Co., Ltd. (Qingdao Yiyuan), a prior owner of GRT, for which the GOC provided the *Enterprise Bankruptcy Law* and the provincial regulation.

Regarding the GOC's provision of the *Enterprise Bankruptcy Law*, GRT reported that its majority shareholder at the time of its establishment, Qingdao Yiyuan, purchased land parcels at a public auction.<sup>101</sup> The Shandong Pingdu People's Court declared Qingdao Yiyuan to be the winner of the public auction and directed the Pingdu Bureau of Land and Resources to transfer the land parcels to Qingdao Yiyuan.<sup>102</sup> These land parcels would later be transferred to GRT at the time of its establishment. However, because the GOC did not provide the local laws and regulations affecting these local authorities or otherwise provide evidence indicating that local laws and regulations would not be relevant to the process, we are unable to determine how this public auction was conducted. While the GOC provided the *Enterprise Bankruptcy Law* and provincial law, the GOC did not provide any documentation related to how Qingdao Yiyuan's specific bankruptcy auction was conducted (e.g., the relevant public notices for the auction) or the processes of the Shandong Pingdu People's Court or Pingdu Bureau of Land and Resources for bankruptcies.<sup>103</sup>

Thus, the GOC did not provide all information necessary for us to properly analyze the program. The basis by which land-use rights were obtained and the local land laws and regulations governing the authorities from whom the respondent directly obtained land-use rights are crucial for our analysis to determine whether an alleged program constitutes a financial contribution and is specific. Furthermore, given that Commerce found the provision of land and land-use rights to be specific in previous Chinese CVD proceedings, including recent tires proceedings,<sup>104</sup> on the basis of status/activity, we find unpersuasive the GOC's response that it "believes," that none of the land-use rights reported by respondent in this review were not contingent upon status or activities. Moreover, the GOC provided no other evidence to demonstrate the basis for its unsubstantiated claims. Information regarding the circumstances under which respondents obtained land-use rights has been provided and verified in previous China proceedings.<sup>105</sup> Thus, we preliminarily find that the information requested, but not provided, was available to the GOC.

---

<sup>99</sup> See GOCSQR at 1.

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

<sup>101</sup> See GRTIQR at Attachment GRT-3.

<sup>102</sup> *Id.*

<sup>103</sup> See generally GOCIQR.

<sup>104</sup> See, e.g., *Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Affirmative Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination with Final Antidumping Duty Determination*, 79 FR 71093 (December 1, 2014), and accompanying Preliminary Decision Memorandum (PDM) at 29-30 (Provision of Land-Use Rights for FIEs for LTAR).

<sup>105</sup> See, e.g., *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 72 FR 71360, 71363 (December 17, 2007), and accompanying PDM at 10 ("we examined these companies' land-use rights agreements and discussed the agreements with the

Consequently, we preliminarily determine that the necessary information to determine financial contribution and specificity is not on the record of this review because the GOC has withheld requested information, and, thus, that we must rely on “facts otherwise available” in issuing our preliminary determination regarding this program, pursuant to section 776(a)(2)(A) of the Act. Moreover, because the GOC failed to provide information it is able to provide, including local laws and regulations governing the authorities identified by the respondent as providing land-use rights, we preliminarily find that the GOC did not act to the best of its ability to comply with our request for information. Consequently, we find that an adverse inference is warranted in the application of facts available pursuant to section 776(b) of the Act. In drawing an adverse inference, we find that the GOC’s provision of land-use rights 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 AFA: Certain Initiated Grant Programs**

In the underlying investigation pertaining to this *Order* and in prior administrative reviews, Commerce found that certain self-reported grant programs were countervailable as AFA.<sup>106</sup> In the initial questionnaire in this review, Commerce requested that, for these programs, the GOC “please answer all questions in the Standard Questions Appendix and any other applicable appendices of this section, separately for each program.”<sup>107</sup> In response, the GOC did not provide the requested information and instead referred Commerce to the responses of the respondents.<sup>108</sup> In our supplemental questionnaire, we once again requested that the GOC provide a full response to these questions with a Usage Appendix and/or Standard Questions Appendix, as applicable.<sup>109</sup> In its supplemental questionnaire response, the GOC once again refused to provide the requested information, stating that “the GOC is not providing additional information at this time.”<sup>110</sup>

Consequently, we preliminarily determine that the necessary information to determine financial contribution and specificity is not on the record of this review because the GOC has withheld requested information, and, thus, that Commerce must rely on “facts otherwise available” in issuing its preliminary determination, pursuant to section 776(a)(2)(A) of the Act. Moreover, because the GOC refused to provide the requested information multiple times, to the extent of failing to confirm even if there were no changes to a program, we preliminarily find that the GOC did not act to the best of its ability to comply with our requests for information.

---

relevant government authorities”), unchanged in *Certain New Pneumatic Off-the-Road Tires from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 40480 (July 15, 2008).

<sup>106</sup> See *Truck and Bus Tires from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 8606 (January 27, 2017) (*Truck and Bus Tires Final Determination*), and accompanying IDM at 22-23; see also *Truck and Bus Tires from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review*; 2019, 86 FR 72921 (December 23, 2021) (*Truck and Bus Tires 2019 Final Results*), and accompanying IDM at 11; and *Truck and Bus Tires from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review*; 2020, 87 FR 39063 (June 30, 2022) (*Truck and Bus Tires 2020 Final Results*), and accompanying IDM at 9.

<sup>107</sup> See Initial Questionnaire at II-3.

<sup>108</sup> See GOCQR at 4-11.

<sup>109</sup> See GOCSQ at 7.

<sup>110</sup> See GOCSQR at 11.

Consequently, we find that an adverse inference is warranted in the application of facts available pursuant to section 776(b) of the Act. In drawing an adverse inference, we find that the GOC's provision of the programs listed below constitute a financial contribution within the meaning of section 771(5)(D)(i) of the Act and are specific within the meaning of section 771(5A) of the Act. Where such subsidies appear to be contingent upon export performance, we find that these subsidies to be specific within the meaning of section 771(5A)(B) of the Act.

1. Economic Development for CTIC (*countervailable in 2019 Administrative Review and 2020 Administrative Review*)<sup>111</sup>
2. Compensation of Land Resettlement (*countervailable in investigation*)<sup>112</sup>
3. Interest Subsidy from Economic Development Bureau (*countervailable in investigation*)<sup>113</sup>
4. Job Stability (*countervailable in 2019 Administrative Review and 2020 Administrative Review*)<sup>114</sup>

#### H. Application of AFA: Other Subsidies

GRT and its cross-owned companies reported receiving benefits under certain "Other Subsidies" during the POR and over the average useful life (AUL) period.<sup>115</sup> We requested information from the GOC regarding these grants in the initial questionnaire.<sup>116</sup> The GOC did not provide a response and instead stated that it would not reply because "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.'"<sup>117</sup> We issued a supplemental questionnaire requesting that, for each of these programs, the GOC provide a full Standard Questions Appendix Response, which includes the information necessary to determine whether each program is specific and constitutes a financial contribution.<sup>118</sup> In addition, we requested that, for each program, the GOC provide a Grant Appendix response, indicate the amount approved, date of approval, amount disbursed, and date(s) of disbursement.<sup>119</sup> The GOC did not provide a complete response regarding any of these self-reported grant programs.<sup>120</sup> Rather, the GOC stated 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."<sup>121</sup>

To conduct the analysis of whether a program is specific and constitutes a financial contribution under sections 771(5A) and 771(5)(D) of the Act, respectively, it is essential that the government

<sup>111</sup> See *Truck and Bus Tires 2019 Final Results* IDM at 11; see also *Truck and Bus Tires 2020 Final Results* IDM at 9 (as Special Funds to Support Economic Development of Changning District for CTIC, which Commerce combined with Economic Development for CTIC).

<sup>112</sup> See *Truck and Bus Tires Final Determination* IDM at 23.

<sup>113</sup> *Id.* at 22.

<sup>114</sup> See *Truck and Bus Tires 2019 Final Results* IDM at 11; see also *Truck and Bus Tires 2020 Final Results* IDM at 9.

<sup>115</sup> See GRTIQR at Attachments GRT-1 and GYD-1 and Exhibit GYD-23.

<sup>116</sup> See Initial Questionnaire at II-24.

<sup>117</sup> See GOCIQR at 105.

<sup>118</sup> See GOCSQ at 7.

<sup>119</sup> *Id.*

<sup>120</sup> See GOCSQR at 11.

<sup>121</sup> *Id.*



provides a complete response to the questions that are contained in the Standard Questions Appendix to enable Commerce to conduct statutory analyses to determine if an alleged program is countervailable. To that end, government cooperation is essential because the government has sole access to the information required for a complete analysis of specificity and financial contribution with respect to government subsidy programs. By failing to provide complete responses to the Standard Questions Appendices as requested, we find that the record is missing necessary information because the GOC withheld necessary information and significantly impeded this administrative review within the meaning of section 776(a)(1), (2)(A), and (2)(C) of the Act and also failed to cooperate by not acting to the best of its ability to comply with our requests for information within the meaning of section 776(b) of the Act. Based on the application of AFA regarding these programs, we preliminarily determine that the self-reported grants listed in the “Other Subsidies” section below constitute financial contributions under section 771(5)(D)(i) of the Act, and are specific, within the meaning of section 771(5A) of the Act. Where such subsidies appear to be contingent upon export performance, we have found these subsidies to be specific within the meaning of section 771(5A)(B) of the Act.

## **IX. SUBSIDIES VALUATION**

### **A. Allocation Period**

Commerce normally allocates the benefits from non-recurring subsidies over the AUL of renewable physical assets used in the production of subject merchandise.<sup>122</sup> We find the AUL in this proceeding to be 14 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service’s 1977 Class Life Asset Depreciation Range System.<sup>123</sup> We notified the respondents of the AUL in the Initial Questionnaire and requested data accordingly.<sup>124</sup> No party in this proceeding disputed this allocation period.

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

### **B. Attribution of Subsidies**

In accordance with 19 CFR 351.525(b)(6)(i), Commerce normally attributes a subsidy to the products produced by the company that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(v) provide additional rules for the attribution of subsidies received by respondents with cross-owned affiliates. These attribution rules cover subsidies to the following types of cross-owned affiliates: (ii) producers of the subject merchandise; (iii) holding companies or parent companies; (iv) producers of an input that is primarily dedicated to the

---

<sup>122</sup> See 19 CFR 351.524(b).

<sup>123</sup> See U.S. Internal Revenue Service Publication 946 (2015), “How to Depreciate Property” at Table B-2: Table of Class Lives and Recovery Periods.

<sup>124</sup> See Initial Questionnaire at II-1.



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 is met 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.<sup>125</sup>

Thus, Commerce's regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists. The U.S. Court of International Trade (CIT) upheld Commerce's authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.<sup>126</sup>

### *GRT*

As discussed above, we selected GRT as a mandatory respondent. GRT, the producer of subject merchandise, provided responses for itself, GYD, Cooper Tire (China) Investment Co. Ltd. (CTIC), Cooper Tire Asia-Pacific (Shanghai) Trading Co., Ltd. (CTAP), Cooper (Kunshan) Tire Co., Ltd. (CKT), Qingdao Yiyuan and Goodyear Tire Management Company (Shanghai) Ltd. (SMC).<sup>127</sup> During the POR, Goodyear Tire & Rubber Company (GRTC) purchased Cooper Tire & Rubber Company (GTRC), the ultimate holding company of GRT.<sup>128</sup> GTRC is the ultimate parent company of GYD, a producer of subject merchandise. Thus, for purposes of these preliminary results, we are attributing any subsidies received by GRT and GYD to their combined sales, pursuant to 19 CFR 351.525(b)(6)(ii).

During the POR, CTIC held 60 percent of GRT's shares.<sup>129</sup> Thus, pursuant to CFR 351.525(b)(6)(iii), we are attributing any subsidies received by CTIC to the company's

<sup>125</sup> See *Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998).

<sup>126</sup> See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

<sup>127</sup> See GRT Affiliation Response at III-9.

<sup>128</sup> *Id.* at III-2 – III-3.

<sup>129</sup> *Id.* at III-5.

consolidated sales. SMC is a wholly owned subsidiary of GTRC that serves as a regional manager of GTRC's operations in Asia.<sup>130</sup> While the content of SMC's involvement with GYD is proprietary in nature,<sup>131</sup> we preliminarily determine that SMC is cross-owned with GYD and that subsidies received by SMC are attributable pursuant to 19 CFR 351.525(b)(6)(iv). Consequently, we are attributing subsidies to the combined value of SMC's sales and GYD's relevant sales denominator, net of intercompany sales.

CKT is a wholly owned subsidiary of CTRC that produces non-subject merchandise.<sup>132</sup> However, CKT also transferred to GRT certain inputs that it did not produce during the POR.<sup>133</sup> Consequently, we preliminarily determine that CKT served as a conduit to transfer subsidies related to the provision of inputs for LTAR from itself to GRT and are therefore attributing subsidies received to the recipient, GRT, and its relevant sales denominator, pursuant to 19 CFR 351.525(b)(6)(v). Qingdao Yiyuan previously held a majority ownership in GRT, ending in 2016.<sup>134</sup> Pursuant to 19 CFR 351.525(b)(6)(iii), we preliminarily determine that Qingdao Yiyuan served as a conduit to transfer subsidies, related to the purchase of land-use rights for LTAR, from itself to GRT,<sup>135</sup> and therefore, we are attributing subsidies received to the recipient, GRT, and its relevant sales denominator.

Regarding GRT's affiliate CTAP, GRT reported that CTAP was not involved in the production, sale, or export of subject merchandise during the POR and did not provide inputs to GRT during the POR.<sup>136</sup> Therefore, we preliminarily find that CTAP does not satisfy the attribution criteria under 19 CFR 351.525, and we did not include CTAP in our subsidy analysis.<sup>137</sup>

### C. Denominators

In accordance with 19 CFR 351.525(b)(1)-(5), Commerce considers the basis for the respondent's receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondent's export sales (where the program is determined to be countervailable as an export subsidy) or total sales (where the program is determined to be countervailable as a domestic subsidy). The denominators we used to calculate the countervailable subsidy rate for the various subsidy programs described below are explained in further detail in the preliminary calculation memorandum prepared for these preliminary results.<sup>138</sup>

<sup>130</sup> *Id.* at III-7.

<sup>131</sup> See GRTSQR at Exhibit S-4.

<sup>132</sup> See GRT Affiliation Response at III-6.

<sup>133</sup> See GRTSQR at 2.

<sup>134</sup> See GRT Affiliation Response at III-8 – III-9.

<sup>135</sup> See GRTIQR at Attachment GRT-3.

<sup>136</sup> See GRT Affiliation Response at III-6; *see also* GRTSQR at 8-9.

<sup>137</sup> See *Truck and Bus Tires from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review, and Rescission of Review in Part, and Intent to Rescind in Part*; 2020, 87 FR 12929 (March 8, 2022) (*Truck and Bus Tires 2020 Preliminary Results*), and accompanying PDM at 26, unchanged in *Truck and Bus Tires 2020 Final Results*. Commerce found in prior reviews that CTAP exported subject merchandise produced by GRT to the United States, and, thus, that subsidies received by CTAP were attributable under 19 CFR 351.525(c).

<sup>138</sup> See Memorandum, "Preliminary Results Calculations for Qingdao Ge Rui Da Rubber Co., Ltd.," dated concurrently with this memorandum (GRT Preliminary Calculation Memorandum) at 2.

## X. INTEREST RATE, DISCOUNT RATE, INPUT, ELECTRICITY, AND LAND BENCHMARKS

We are examining loans received by the respondent from Chinese policy banks and state-owned commercial banks (SOCBs) and non-recurring, allocable subsidies, some of which require uncreditworthy benchmarks.<sup>139</sup> The derivation of the benchmark interest rates and discount rates, including uncreditworthy discount rates, used to measure the benefits from these subsidies are discussed below. In addition, we are examining multiple LTAR programs that require benchmarks, which are also discussed below.

### A. Interest Rates, Discount Rates, and Uncreditworthiness

#### 1. Short-Term RMB-Denominated Loans

Section 771(5)(E)(ii) of the Act explains that the benefit for loans is the “difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market.” Normally, Commerce uses comparable commercial loans reported by the company as a benchmark.<sup>140</sup> 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.”<sup>141</sup>

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*, loans provided by Chinese banks reflect significant government intervention in the banking sector and do not reflect rates that would be found in a functioning market.<sup>142</sup> In an analysis memorandum dated July 21, 2017, Commerce conducted a re-assessment of the lending system in China.<sup>143</sup> Based on this re-assessment, Commerce has concluded that, despite reforms to date, the GOC’s role in the system continues to fundamentally distort lending practices in China in terms of risk pricing and resource allocation, precluding the use of interest rates in China for CVD benchmarking or discount rate purposes. Consequently, we preliminarily find that any loans received by the respondent from private Chinese or foreign-owned banks would be unsuitable for use as benchmarks under 19 CFR 351.505(a)(3)(i). For the same reasons, we cannot use a national interest rate for commercial loans as envisaged by 19 CFR 351.505(a)(3)(ii). Therefore, because of the special difficulties inherent in using a Chinese benchmark for loans, we are selecting an external market-based benchmark interest rate. The use of an external benchmark is consistent with Commerce’s practice.<sup>144</sup>

<sup>139</sup> See 19 CFR 351.524(b)(1).

<sup>140</sup> See 19 CFR 351.505(a)(3)(i).

<sup>141</sup> See 19 CFR 351.505(a)(3)(ii).

<sup>142</sup> See *Coated Free Sheet Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (*CFS*), and accompanying IDM at Comment 10.

<sup>143</sup> See Memorandum, “Analysis of China’s Financial System,” dated February 7, 2023.

<sup>144</sup> 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).

In past proceedings involving imports from China, we calculated the external benchmark using the methodology first developed in *CFS* and later updated in *Thermal Paper*.<sup>145</sup> 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*, 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.<sup>146</sup> Beginning in 2010, however, China was classified in the upper-middle income category and remained there from 2011 to 2020.<sup>147</sup> 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 the interest rates of upper-middle income countries to construct the benchmark and discount rates for 2010-2020. This is consistent with Commerce's calculation of interest rates for recent CVD proceedings involving Chinese merchandise.<sup>148</sup>

After Commerce identifies the appropriate interest rates, the next step in constructing the benchmark is to incorporate an important factor in the 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 2011-2020, 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.<sup>149</sup> For 2010, however, the regression does not yield that outcome for China's income group.<sup>150</sup> 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* to compute the benchmarks for the years from 2001-2009 and 2011-2020. For the 2010 benchmark, we are using an average of the interest rates of the upper-middle income countries.

Many of the countries in the World Bank's upper-middle and lower-middle income categories reported lending and inflation rates to the International Monetary Fund (IMF), and they are included in that agency's *International Financial Statistics (IFS)*. With the exceptions noted below, we used the interest and inflation rates reported in the *IFS* for the countries identified as "upper middle income" by the World Bank for 2010-2020 and "lower middle income" for 2001-

---

<sup>145</sup> See *CFS from the China IDM* at Comment 10; see also *Lightweight Thermal Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008) (*Thermal Paper*), and accompanying IDM at 8-10.

<sup>146</sup> See Memorandum, "Loan Interest Rate Benchmarks," dated February 7, 2023 (Loan Interest Benchmark Memorandum). Data for Commerce's analysis is not yet available for 2021. Consequently, our benchmark analysis extends to 2020, and we used 2020 benchmark data for 2021.

<sup>147</sup> *Id.*

<sup>148</sup> See, e.g., *Certain Frozen Warmwater Shrimp from the People's Republic of China: Preliminary Countervailing Duty Determination*, 78 FR 33346 (June 4, 2013), and accompanying PDM at "VII. Subsidies Valuation: Benchmarks and Discount Rates," unchanged in *Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013).

<sup>149</sup> See Loan Interest Benchmark Memorandum.

<sup>150</sup> *Id.*

2009.<sup>151</sup> First, we did not include those economies that Commerce considered to be non-market economies for antidumping duty (AD) purposes for any part of the years in question, for example: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Turkmenistan. Second, the pool necessarily excludes any country that did not report both lending and inflation rates to *IFS* for those years. Third, we removed any country that reported a rate that was not a lending rate or that based its lending rate on foreign-currency denominated instruments. Finally, for each year that we calculated a short-term benchmark rate, we also excluded any countries with aberrational or negative real interest rates for the year in question.<sup>152</sup> Because the resulting rates are net of inflation, we adjusted the benchmark to include an inflation component.<sup>153</sup>

## 2. 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, Commerce developed an adjustment to the short-and medium-term rates to convert them to long-term rates using Bloomberg U.S. corporate BB-rated bond rates.<sup>154</sup>

In *Citric Acid*, this methodology was revised by switching from a long-term markup 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.<sup>155</sup> Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.<sup>156</sup>

## 3. Foreign Currency-Denominated Loans

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

For any long-term foreign currency-denominated loans, we added the applicable short-term LIBOR rate to a spread which is calculated as the difference between the one-year BB bond rate

---

<sup>151</sup> *Id.*

<sup>152</sup> *Id.*

<sup>153</sup> *Id.*

<sup>154</sup> See *Light-Walled Rectangular Pipe and Tube from the People's Republic of China: Final Affirmative Countervailing Duty Investigation Determination*, 73 FR 35642 (June 24, 2008), and accompanying IDM at 8.

<sup>155</sup> 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*), and accompanying IDM at Comment 14.

<sup>156</sup> See Loan Interest Benchmark Memorandum for the resulting inflation adjusted benchmark lending rates.



and the n-year BB bond rate, where ‘n’ equals or approximates the number of years of the term of the loan in question.<sup>157</sup>

#### 4. *Discount Rates*

Consistent with 19 CFR 351.524(d)(3)(i)(A), we are using as the discount rate the long-term interest rate calculated according to the methodology described above for the year in which the government provided non-recurring subsidies.<sup>158</sup>

#### 5. *Uncreditworthiness Benchmarks*

In the prior review of this proceeding, Commerce found GRT/CTIC to be uncreditworthy in 2018 and calculated uncreditworthy interest rates.<sup>159</sup> No information on the record changes our analysis, and consequently, we continue to find GRT uncreditworthy in 2018. We placed Moody’s default rates covering cumulative default rates from 1920-2019 on the record of this review to calculate discount rates for subsidies affected by GRT’s uncreditworthiness.<sup>160</sup>

### **B. Provision of Inputs for LTAR**

The basis for identifying comparative benchmarks for determining whether a government good or service is provided for LTAR is set forth in 19 CFR 351.511(a)(2). These potential benchmarks are listed in hierarchical order by preference: (1) market prices from actual transactions within the country under investigation (*e.g.*, actual sales, actual imports or competitively run government auctions) (Tier 1); (2) world market prices that would be available to purchasers in the country under investigation (Tier 2); or (3) an assessment of whether the government price is consistent with market principles (Tier 3).

To determine the appropriate benchmark with which to measure the benefits of inputs provided at LTAR under 19 CFR 351.511, we asked the GOC several questions concerning the structure of the industries for carbon black, nylon cord, and synthetic rubber and butadiene. In response, the GOC provided the requested information regarding 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, exports and domestic consumption, and the rate of import tariffs in effect.<sup>161</sup> For each of the inputs, we analyzed this information to determine whether domestic prices for the input in question can be used as the Tier 1 benchmark provided in 19 CFR 351.511(a)(2)(i):

{Commerce} will normally seek to measure the adequacy of remuneration by comparing the government price to a market-determined price for the good . . . resulting from actual transactions in the country in question. Such a price could

<sup>157</sup> *Id.*

<sup>158</sup> *Id.*

<sup>159</sup> See *Truck and Bus Tires 2020 Preliminary Results* PDM at 31, unchanged in *Truck and Bus Tires 2020 Final Results*.

<sup>160</sup> See Memorandum, “Moody’s Global Default Rates,” dated February 7, 2023.

<sup>161</sup> See GOCQR at 37-39, 57-59, and 75-77. The exact quantities and percentages of the GOC’s ownership of input producers and the quantity of production accounted for therein are business proprietary information.



include prices stemming from actual transactions between private parties, {or} actual imports . . . In choosing such transactions or sales, {Commerce} will consider product similarity; quantities sold {or} imported; and any other factors affecting comparability.

For all the inputs, as discussed above in the section, “Application of AFA: Provision of Inputs for LTAR: ‘Authorities’ and Financial Contribution,” we preliminarily determine as AFA that GRT’s suppliers are “authorities.” Therefore, prices from their suppliers do not constitute market-determined prices. Below we analyze the information provided and the selection of a benchmark for each input.

### 1. *Carbon Black*

The GOC reported that of the carbon black producers in operation during the POR, the GOC maintains an ownership or management interest in a certain number accounting for a significant amount of production.<sup>162</sup> This level of GOC-controlled production is substantial, and, in addition, there is a very low level of import penetration.<sup>163</sup> The exact percentages of GOC-control are business proprietary information, and, consequently, we addressed them in the Input Distortion Memorandum.<sup>164</sup> Furthermore, the GOC did not state that there have been changes to the program or provide a standard questions appendix response for this review.<sup>165</sup> Record evidence from the investigation regarding the distortion of the carbon black market shows that the GOC has various policy plans in place to support the tire industry, including the development of carbon black.<sup>166</sup> *Article 19 of the Notice of the Ministry and Information and Technology on Issuing the Tire Industry Policy (2010)* contains such language as “encourage the development of...special black carbon and other raw materials.” Likewise, *Article 38 of the Notice* indicates the State should “fully play the role of the tax rate on industrial development, tariff items and tax rate of tire products and tire inputs for the purpose of development of the tire and tire related industries.”<sup>167</sup> Based on these facts together, we may reasonably conclude that domestic prices in China for carbon black are distorted such that they cannot be used as a Tier 1 benchmark. For the same reasons, we preliminarily determine that import prices into China cannot serve as a Tier 1 benchmark.<sup>168</sup> Thus, to measure the adequacy of remuneration for the provision of carbon black, we are relying on world market prices as the Tier 2 benchmark provided for in 19 CFR 351.511(a)(2)(ii).

---

<sup>162</sup> *Id.* at 37-39.

<sup>163</sup> See Memorandum, “Input Market Distortion Analysis,” dated concurrently with this memorandum (Input Distortion Memorandum).

<sup>164</sup> *Id.*

<sup>165</sup> See GOC IQR at 37-39.

<sup>166</sup> See *Truck and Bus Tires from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination with Final Antidumping Determination*, 81 FR 43577 (July 5, 2016) (*Truck and Bus Tires Preliminary Determination*), and accompanying PDM at 23, unchanged in *Truck and Bus Tires Final Determination*.

<sup>167</sup> See *Truck and Bus Tires Preliminary Determination* at 23-24.

<sup>168</sup> See, e.g., *Countervailing Duty Investigation of Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People’s Republic of China*, 75 FR 59212 (September 27, 2010) (*Coated Paper*), and accompanying IDM at 22 and Comment 14.

Only GRT submitted benchmarks for the provision of carbon black for LTAR.<sup>169</sup> Specifically, GRT submitted Tier 2 benchmark data of carbon black from United Nations (UN) Comtrade, which covers exports from individual countries to the world and subtracts exports to China.<sup>170</sup> We used this data in calculating the benefit for this program.

## 2. *Nylon Cord*

The GOC reported that GOC-controlled nylon cord producers manufactured a very large quantity of nylon cord relative to overall nylon cord consumption in the Chinese market.<sup>171</sup> While the exact percentages of GOC-control are business proprietary information, which we address in the Input Distortion Memorandum,<sup>172</sup> we preliminarily determine that the GOC distorted the nylon cord market through its extensive production relative to the size of the domestic market and a lack of import penetration to the extent that domestic prices cannot be used as a Tier 1 benchmark. For the same reasons, we preliminarily determine that import prices into China cannot serve as a Tier 1 benchmark.<sup>173</sup> Thus, to measure the adequacy of remuneration for the provision of nylon cord, we are relying on world market prices as the Tier 2 benchmark provided for in 19 CFR 351.511(a)(2)(ii).

Only GRT submitted benchmarks for the provision of nylon cord for LTAR.<sup>174</sup> Specifically, GRT submitted Tier 2 benchmark data of nylon cord from UN Comtrade, which covers exports from individual countries to the world and subtracts exports to China.<sup>175</sup> We used these data in calculating the benefit for this program.

## 3. *Synthetic Rubber and Butadiene*

According to data provided by the GOC, during the POR, state-owned producers accounted for a large percentages of the synthetic rubber and butadiene produced in the country.<sup>176</sup> However, the data likewise shows significant import penetration, indicating a large presence of foreign production relative to domestic production, including GOC-controlled production, and the overall Chinese synthetic rubber and butadiene market.<sup>177</sup> The exact percentages of GOC-control are business proprietary information, and, consequently, we addressed them in the Input Distortion Memorandum.<sup>178</sup> In light of the extensive import penetration and the absence of other export restraints, bans, or taxes, we find that imports accounted for a large percentage of the synthetic rubber and butadiene consumed in China during the POR, and, thus, that the market for synthetic rubber and butadiene was not distorted by the presence of GOC-controlled companies

<sup>169</sup> See GRT Benchmark Submission at Exhibit 1-A.

<sup>170</sup> *Id.*

<sup>171</sup> See GOCIQR at 57-59.

<sup>172</sup> See Input Distortion Memorandum.

<sup>173</sup> See *Coated Paper* IDM at 22 and Comment 14.

<sup>174</sup> See GRT Benchmark Submission at Exhibit 2-A.

<sup>175</sup> *Id.*

<sup>176</sup> See GOCIQR at 75-77.

<sup>177</sup> *Id.*

<sup>178</sup> See Input Distortion Memorandum.

and production. Consequently, we used a Tier 1 benchmark to evaluate the benefit of this program, the first preference in our benchmark hierarchy, as discussed above.

As a Tier 1 benchmark, as set forth in 19 CFR 351.511(a)(2)(i), Commerce's preference is to rely on prices resulting from actual transactions within the country of review. GRT has both domestic purchases and imports of synthetic rubber and butadiene for actual transactions. However, as discussed above in the section "Application of AFA: Provision of Inputs: 'Authorities' and Financial Contribution," we preliminarily determine that GRT's Chinese producers are "authorities," such that prices from these producers cannot be used as a Tier 1 benchmark. Consequently, we evaluated the remuneration provided by using GRT and its affiliated companies' actual imports as Tier 1 benchmarks.

In addition, GRT provided information indicating that the markets for PBR and SBR rubber are classified and priced differently.<sup>179</sup> However, consistent with our prior determinations,<sup>180</sup> we preliminarily find that GRT's benchmark submission does not demonstrate a differentiation between different subclasses within PBR and SBR rubber relevant to assessing remuneration.<sup>181</sup> Thus, we calculated two sets of monthly benchmarks for PBR and SBR respectively. Furthermore, PCT and GRT reported purchasing other, specialty rubber grades beyond PBR and SBR, and, based upon the benchmark information provided, these specialty grades are, with certain exceptions, higher priced as a group.<sup>182</sup> Consequently, consistent with our prior determinations regarding rubber grading,<sup>183</sup> we preliminarily calculated a third category of specialty grade rubbers for the monthly benchmarks composed of GRT's non-PBR and SBR imports.

#### 4. *Ocean Freight*

GRT and the petitioner submitted ocean freight costs for the calculation of the benchmark for the provision of inputs for LTAR.<sup>184</sup> The petitioner's benchmark submission consists of Maersk carbon black shipping rates from several U.S. ports to the Port of Qingdao and Descartes synthetic rubber shipping rates from several U.S. ports to the Ports of Nanjing and Shanghai.<sup>185</sup> GRT's benchmark submission consists of Freightos and Xeneta generalized freight shipping to China/East Asia from multiple regions of the world (e.g., North Europe, the U.S. West Coast).<sup>186</sup> Based upon the provided data, we preliminarily determine that both the GRT benchmark

<sup>179</sup> See GRT Benchmark Submission at 3-A.

<sup>180</sup> See *Truck and Bus Tires 2020 Preliminary Results* PDM at 35, unchanged in *Truck and Bus Tires 2020 Final Results*.

<sup>181</sup> See GRT Benchmark Submission at Exhibit 3. None of the benchmark datasets (IHS Markit, Global Trade Atlas or UN Comtrade) included in the benchmark submissions separate pricing based upon subgrades of PBR and SBR for the general market. Further, while GRT did provide pricing data for a small amount of its own purchase orders, this data does not demonstrate that the products are distinct enough to warrant separate benchmarks.

<sup>182</sup> *Id.*

<sup>183</sup> See *Truck and Bus Tires 2020 Preliminary Results* PDM at 35, unchanged in *Truck and Bus Tires 2020 Final Results*.

<sup>184</sup> See GRT Benchmark Submission at Exhibit 7; see also GRT Benchmark Resubmission at Exhibit 7 (providing Microsoft Excel summaries of GRT Benchmark Submission Exhibit 7); and Petitioner Benchmark Submission at Exhibits 1-3.

<sup>185</sup> See Petitioner Benchmark Submission at Exhibits 1-3.

<sup>186</sup> See GRT Benchmark Submission at Exhibit 7.

submission and the petitioner benchmark submission are appropriate for the calculation of international shipping costs used in the input LTARs, and, pursuant to 19 CFR 351.511(a)(2)(ii), we averaged the two datasets. Regarding the petitioner's submission of rebuttal benchmark information for Freightos and Xeneta, we note that both indices are composed of real prices from multiple carriers that are weight-averaged according to their respective methodologies.<sup>187</sup> Thus, such prices are representative of actual freight prices and appropriate for use as part of the ocean freight benchmark, pursuant to 19 CFR 351.511(a)(2)(ii).

### C. Provision of Electricity for LTAR

As discussed above in the section, "Application of AFA: Provision of Electricity for LTAR," we are relying on AFA to select the highest electricity rates that are on the record of this review as our benchmark for measuring the adequacy of remuneration for this program.<sup>188</sup> We are not including value-added tax (VAT) as a review of the benchmark submission indicates that while multiple provinces mention certain duties (*e.g.*, "national major water conservancy project construction fund") or explicitly state that they are tax-inclusive (*e.g.*, the Jiangmen Electricity Grid Sales Price List of Guangdong province, which state that the price is "{t}ax included" but not inclusive of various government funds and surcharges), none of the provinces identified by Commerce as having the highest per-category rates (Beijing, Hainan, Shanghai, Tianjin or the Shenzhen catalogue of Guangdong Province) include VAT in their listed prices.<sup>189</sup> Furthermore, as discussed above, we are relying on AFA in our selection throughout the period of review and applying the sales catalogue prices for industrial and commercial electricity to the period following the release of Notice 1439.

### D. Provision of Land-Use Rights for LTAR

As explained in detail in previous cases, we cannot rely on the use of Tier 1 and Tier 2 benchmarks to assess the benefits from the provision of land for LTAR in China. Specifically, in *Laminated Woven Sacks*, we determined that "Chinese land prices are distorted by the significant government role in the market," and hence, no usable Tier 1 benchmarks exist.<sup>190</sup> Furthermore, we found that Tier 2 benchmarks (world market prices that would be available to purchasers in China) are not appropriate.<sup>191</sup>

On October 2, 2018, Commerce completed a memorandum analyzing developments in China's land market since 2007.<sup>192</sup> The Land Benchmark Analysis was prepared to assess the continued application of Commerce's land for LTAR benchmark methodology, as established in 2007 in

<sup>187</sup> See Petitioner Rebuttal Benchmark Submission at Exhibits 1 and 2.

<sup>188</sup> See GOCIQR at Exhibit III.C67.6.

<sup>189</sup> *Id.*

<sup>190</sup> 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) (*Laminated Woven Sacks*).

<sup>191</sup> *Id.*

<sup>192</sup> See Memorandum, "Land Analysis," dated February 8, 2023 (containing Memorandum, "Benchmark Analysis of the Government Provision of Land-Use Rights in China for Countervailing Duty Purposes," dated (October 2, 2018) (Land Benchmark Analysis)).

*Laminated Woven Sacks*.<sup>193</sup> As discussed in the Land Benchmark Analysis, although reforms in China's land markets improved the use-rights of some landholders, such improvements have not been comprehensive, and reforms have been implemented on an *ad hoc* basis.<sup>194</sup> 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.<sup>195</sup> 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.<sup>196</sup>

As a result, and consistent with our methodology established in *Laminated Woven Sacks*, we determine that we cannot use 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 Tier 2 world prices as a benchmark for land-use rights. Finally, because land prices in China are not established consistent with market principles, and they 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, consistent with our practice, as a Tier 3 benchmark for purposes of calculating a benefit for this program.

We placed on the record benchmark information to value land from "Asian Marketview Reports" by CB Richard Ellis (CBRE) for Thailand for 2010.<sup>197</sup> We used this benchmark in the CVD investigations of *Solar Cells* and *IMTDCs*.<sup>198</sup> We initially selected this information in the *Laminated Woven Sacks* 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.<sup>199</sup> We find that the benchmark continues to be suitable for these preliminary results, and we relied on it for our calculation of benefits to GRT and its cross-owned companies from their land purchases. 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.).

---

<sup>193</sup> *Id.* at 2.

<sup>194</sup> *Id.*

<sup>195</sup> *Id.*

<sup>196</sup> *Id.*

<sup>197</sup> See Memorandum, "Asian Marketview Report," dated February 8, 2023 (containing "Asian Marketview Report" pricing data).

<sup>198</sup> 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*), 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*), and accompanying PDM at 13.

<sup>199</sup> The complete history of our reliance on this benchmark is discussed in the above-referenced *Solar Cells* IDM. In that discussion, we reviewed our analysis from the *Laminated Woven Sacks* investigation and concluded that the CBRE data remained a valid land benchmark.



## XI. 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. Import Duty and VAT Exemptions for Imported Equipment

Commerce determined in the investigation of this proceeding that this program constitutes a financial contribution, pursuant to section 771(5)(D)(ii) of the Act, in the form of revenue foregone by the GOC and is *de jure* specific under section 771(5A)(D)(i) of the Act because “only FIEs and ‘certain domestic enterprises’ are eligible to receive import duty exemptions under this program.”<sup>200</sup> No new evidence has been presented in this review to cause us to alter our financial contribution and specificity findings.<sup>201</sup> Given that there is no new information on the record regarding specificity and financial contribution, and consistent with our practice and *Magnola Metallurgy*,<sup>202</sup> we are continuing to find this program to constitute a financial contribution by an authority and to be specific.

GYD reported receiving exemptions under this program.<sup>203</sup> To calculate the benefit, we multiplied the entered value by the import duty or VAT rate that would have applied in the absence of the program, pursuant to 19 CFR 351.510(a)(1). Consistent with *Truck and Bus Tires Final Determination*,<sup>204</sup> we treated import duty and VAT exemptions provided for, or tied to, capital equipment as providing non-recurring benefits, pursuant to 19 CFR 351.524(c)(2)(iii). Therefore, we summed the benefits for each respective year, conducted the “0.5 percent test,” allocated the benefits consistent with 19 CFR 351.524(b)(1) and (d)(1), and divided the respective benefits by the appropriate denominator. On this basis, we preliminarily determine a benefit of 0.09 percent *ad valorem* for GRT.

---

<sup>200</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 37, unchanged in *Truck and Bus Tires Final Determination*. Commerce noted in its preliminary determination that the VAT portion of this program was abolished beginning January 1, 2009, pursuant to an announcement of the Ministry of Finance, General Administration of Customs and State Administration of Taxation. See *Truck and Bus Tires Preliminary Determination* PDM at 37. Commerce also noted that the GOC likewise eliminated the import duty exemption pursuant to “Announcement of Ministry of Finance, China Customs, and State Administration of Taxation No. 43 (2008)” (Announcement No. 43) (internal quotations omitted). See *Truck and Bus Tires Preliminary Determination* PDM at 38. The GOC provided Announcement No. 43 on the record of this review. See GOCIQR at Exhibit II.C.1. While Announcement No. 43 states that “value-added tax shall resume” (*i.e.*, that the exemption for VAT is terminated as noted in *Truck and Bus Tires Preliminary Determination* PDM at 37), Announcement No. 43 also states that “tariffs shall remain exempted within the original stipulated scope.” Thus, the import duty exemption continued while the VAT exemption was terminated.

<sup>201</sup> See GOCIQR at 3 and Exhibit II.C.1, providing Announcement No. 43 as discussed above.

<sup>202</sup> See *Magnola Metallurgy, Inc. v. United States*, 508 F.3d 1349, 1353-56 (Fed. Cir. 2007) (*Magnola Metallurgy*).

<sup>203</sup> See GRTIQR at Exhibit GYD-10.

<sup>204</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 37, unchanged in *Truck and Bus Tires Final Determination*.



## 2. Government Policy Lending

Commerce determined in prior administrative reviews of this proceeding that this program constitutes a financial contribution, pursuant to sections 771(5)(B)(i) and 771(5)(D)(i) of the Act, because SOCBs are “authorities,”<sup>205</sup> and the preferential loans constitute a direct transfer of funds, and is *de jure* specific, pursuant to section 771(5A)(D)(i) of the Act, because a series of GOC plans and policy directives demonstrate the GOC’s objective of developing the tire industry through preferential loans.<sup>206</sup> No new evidence has been presented in this review to cause us to alter our financial contribution and specificity findings.<sup>207</sup> Given that there is no new information on the record regarding specificity and financial contribution, and consistent with our practice and *Magnola Metallurgy*, we are continuing to find this program to constitute a financial contribution by an authority and to be specific.

GYD reported receiving benefits under this program from SOCBs.<sup>208</sup> Pursuant to section 771(5)(E)(ii) of the Act, the loans provide a benefit equal to the difference between what the recipients paid on their loans and the amount they would have paid on comparable commercial loans. To calculate the benefit from this program, we used the benchmarks discussed above under the “Loan Benchmark and Discount Rates” section. To calculate the net countervailable subsidy rate under this program we divided the respective benefits by the appropriate sales denominator, as described in the “Subsidies Valuation” section. On this basis, we preliminarily determine a subsidy rate of 2.86 percent *ad valorem* for GRT.

## 3. Provision of Carbon Black for LTAR

Commerce determined in prior administrative reviews of this proceeding that this program was countervailable as AFA.<sup>209</sup> In this review, the GOC reported that certain producers of carbon black purchased by the respondent are owned by the government.<sup>210</sup> As explained in the Public Bodies Memorandum, majority government-owned enterprises in China possess, exercise, or are vested with governmental authority.<sup>211</sup> As such, we find that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector. Therefore, we preliminarily determine that these entities constitute “authorities” within the meaning of section 771(5)(B) of the Act and that the respondent received financial contributions from them in the form of the purchase of a good within the meaning of section 771(5)(D)(iii) of the Act. Further, for the reasons explained under the “Application of AFA: Provision of Inputs for LTAR: ‘Authorities’ and Financial Contribution” section above, we determine as AFA that the non-GOC owned producers of carbon black purchased by the respondent are “authorities,”

<sup>205</sup> See *Truck and Bus Tires 2020 Preliminary Results* PDM at 39, unchanged in *Truck and Bus Tires 2020 Final Results*; see also Memorandum, “Analysis of Banks and Trust Companies,” dated February 8, 2023.

<sup>206</sup> See *Truck and Bus Tires 2020 Preliminary Results* PDM at 40-42, unchanged in *Truck and Bus Tires 2020 Final Results*.

<sup>207</sup> See GOCIQR at 2.

<sup>208</sup> See GRTIQR at Exhibit GYD-9.

<sup>209</sup> See *Truck and Bus Tires 2020 Preliminary Results* PDM at 40-41, unchanged in *Truck and Bus Tires 2020 Final Results*.

<sup>210</sup> See GOCIQR at Exhibit III.C63.1.

<sup>211</sup> See Public Bodies Memorandum.

and, as such, that their provision of carbon black constitutes a financial contribution under section 771(5)(D)(iii) of the Act. As explained above in the “Application of AFA: Provision of Inputs for LTAR: Specificity,” we requested information from the GOC regarding the carbon black industry to confirm whether the program is specific, pursuant to section 771(5A) of the Act; however, the GOC refused to provide the necessary information.<sup>212</sup> Therefore, we preliminarily find, based on AFA, that the GOC is providing carbon black for LTAR to a limited number of industries or enterprises, and, hence, that the subsidies under this program are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

A benefit is conferred to the extent that carbon black is being provided for LTAR. As discussed above under the “Interest Rate, Discount Rate, Input, Electricity, and Land Benchmarks” section, because we find that the Chinese market for carbon black was distorted by government involvement, we are selecting external benchmark prices, *i.e.*, Tier 2 or world market prices, consistent with 19 CFR 351.511(a)(2)(ii). Accordingly, we are basing our carbon black benchmark on the 2021 average monthly price for carbon black as published by UN Comtrade. Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under Tier 2, 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 respondent’s production facilities. We then added the appropriate import duties and VAT applicable to the imports of carbon black into China, as provided by the GOC. In calculating VAT, we applied the applicable VAT rate to the benchmark after first adding amounts for ocean freight and import duties. We then compared these monthly benchmark prices to the respondent’s reported purchase prices for individual transactions, including VAT and delivery charges.

Based on this comparison, we preliminarily determine that carbon black was provided to the respondent for LTAR and that a benefit exists in the amount of the difference between the benchmark prices and prices paid by the respondent.<sup>213</sup> We calculated GRT’s program rate by dividing the respective benefit by GRT’s total sales denominator. On this basis, we preliminarily determine a countervailable subsidy rate of 4.43 percent *ad valorem* for GRT.

#### 4. *Provision of Nylon Cord for LTAR*

Commerce determined in prior administrative reviews of this proceeding that this program was countervailable as AFA.<sup>214</sup> In this review, the GOC reported that certain producers of nylon cord purchased by the respondent are majority government owned.<sup>215</sup> As explained in the Public Bodies Memorandum, majority government-owned enterprises in China possess, exercise, or are vested with governmental authority.<sup>216</sup> As such, we find that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market

<sup>212</sup> See GOCSQR at 11.

<sup>213</sup> See 19 CFR 351.511(a).

<sup>214</sup> See *Truck and Bus Tires 2020 Preliminary Results* PDM at 42-43, unchanged in *Truck and Bus Tires 2020 Final Results*.

<sup>215</sup> See GOCIQR at Exhibit III.C64.1.

<sup>216</sup> See Public Bodies Memorandum.

economy, allocating resources, and maintaining the predominant role of the state sector. Therefore, we preliminarily determine that these entities constitute “authorities” within the meaning of section 771(5)(B) of the Act and that the respondent received financial contributions from them in the form of the purchase of a good within the meaning of section 771(5)(D)(iii) of the Act. Further, for the reasons explained in the “Application of AFA: Provision of Inputs for LTAR: ‘Authorities’ and Financial Contribution” section above, we determine as AFA that the non-GOC owned producers of nylon cord purchased by the respondent are “authorities,” and, as such, that their provision of nylon cord constitutes a financial contribution under section 771(5)(D)(iii) of the Act. As explained above in the “Application of AFA: Provision of Inputs for LTAR: Specificity,” Commerce requested information from the GOC regarding the nylon cord industry to confirm whether the program is specific, pursuant to section 771(5A) of the Act; however, the GOC refused to provide the necessary information.<sup>217</sup> Therefore, we preliminarily find, based on AFA, that the GOC is providing nylon cord for LTAR to a limited number of industries or enterprises, and, hence, that the subsidies under this program are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

A benefit is conferred to the extent that carbon black is being provided for LTAR. As discussed above under the “Interest Rate, Discount Rate, Input, Electricity, and Land Benchmarks” section, because we find that the Chinese market for nylon cord was distorted by government involvement, we are selecting external benchmark prices, *i.e.*, Tier 2 or world market prices, consistent with 19 CFR 351.511(a)(2)(ii). Accordingly, we are basing our nylon cord benchmark on the 2021 average monthly price for nylon cord as published by UN Comtrade. Under 19 CFR 351.511(a)(2)(iv), when measuring the adequacy of remuneration under Tier 2, 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 respondent’s production facilities. We then added the appropriate import duties and VAT applicable to the imports of nylon cord into China, as provided by the GOC. In calculating VAT, we applied the applicable VAT rate to the benchmark after first adding amounts for ocean freight and import duties. We then compared these monthly benchmark prices to the respondent’s reported purchase prices for individual transactions, including VAT and delivery charges.

Based on this comparison, we preliminarily determine that nylon cord was provided to the respondent for LTAR and that a benefit exists in the amount of the difference between the benchmark prices and prices paid by the respondent.<sup>218</sup> We calculated GRT’s program rate by dividing the respective amounts of benefit by GRT’s total sales denominator. On this basis, we preliminarily determine a countervailable subsidy rate of 0.28 percent *ad valorem* for GRT.

---

<sup>217</sup> See GOCSQR at 11.

<sup>218</sup> See 19 CFR 351.511(a).

### 5. *Provision of Synthetic Rubber and Butadiene for LTAR*

Commerce determined in prior administrative reviews of this proceeding that this program was countervailable as AFA.<sup>219</sup> In this review, the GOC reported that certain producers of synthetic rubber purchased by the respondent are majority government owned.<sup>220</sup> As explained in the Public Bodies Memorandum, majority government-owned enterprises in China possess, exercise, or are vested with governmental authority.<sup>221</sup> As such, we find that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector. Therefore, we preliminarily determine that these entities constitute “authorities” within the meaning of section 771(5)(B) of the Act and that the respondent received financial contributions from them in the form of the purchase of a good within the meaning of section 771(5)(D)(iii) of the Act. Further, for the reasons explained in the “Application of AFA: Provision of Inputs for LTAR: ‘Authorities’ and Financial Contribution” section above, we determine as AFA that the non-GOC owned producers of synthetic rubber purchased by the respondent are “authorities,” and, as such, that their provision of synthetic rubber constitutes a financial contribution under section 771(5)(D)(iii) of the Act. As explained above in the “Application of AFA: Provision of Inputs for LTAR: Specificity,” Commerce requested information from the GOC regarding the nylon cord industry to confirm whether the program is specific, pursuant to section 771(5A) of the Act; however, the GOC refused to provide the necessary information.<sup>222</sup> Therefore, we preliminarily find, based on AFA, that the GOC is providing synthetic rubber for LTAR to a limited number of industries or enterprises, and, hence, that the subsidies under this program are *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act.

A benefit is conferred to the extent that synthetic rubber and butadiene are being provided for LTAR. As discussed above under the “Interest Rate, Discount Rate, Input, Electricity, and Land Benchmarks” section, because we find that the Chinese market for synthetic rubber and butadiene is not distorted, we are using our first preference under our benchmark hierarchy of Tier 1 prices. GRT and its affiliated companies had both domestic purchases and imports as actual transactions in China. However, because we find that GRT’s Chinese producers are “authorities,” we are basing our synthetic rubber and butadiene benchmark solely on GRT’s actual imports, pursuant to 19 CFR 351.511(a)(2)(i). Accordingly, we are basing our synthetic rubber and butadiene benchmark on the respective monthly average of the total value of import transactions of synthetic rubber and butadiene, categorized by PBR, SBR, and specialty grades. We compared these monthly benchmark prices based upon an average GRT, GYD, and CKT’s reported import purchases to individual, domestic transactions on a per-grade basis.

Based on this comparison, we preliminarily determine that synthetic rubber and butadiene were provided to the respondents for LTAR and that a benefit exists in the amount of the difference

<sup>219</sup> See *Truck and Bus Tires 2020 Preliminary Results* PDM at 43-44, unchanged in *Truck and Bus Tires 2020 Final Results*.

<sup>220</sup> See GOC IQR at Exhibit III.C66.1.

<sup>221</sup> See Public Bodies Memorandum.

<sup>222</sup> See GOCSQR at 11.

between the benchmark prices and prices paid by the respondents pursuant to 19 CFR 351.511(a). We calculated GRT and GYD's individual program rates by dividing the amount of the benefit by their combined sales denominator, net of intercompany sales, as described in the section "Attribution of Subsidies." We attributed subsidies received by CKT to the recipient of the transferred subsidies, GRT, and its relevant sales denominator, as discussed in the section "Attribution of Subsidies." We calculated GRT's program rate by dividing the amount of the benefit by the relevant total sales denominator. On this basis, we preliminarily determine a countervailable subsidy rate of 0.57 percent ad valorem for GRT.

#### 6. *Provision of Electricity for LTAR*

In the investigation and prior administrative reviews of this proceeding, Commerce determined this program to be countervailable based on the application of AFA.<sup>223</sup> For the reasons explained in the "Application of AFA: Provision of Electricity for LTAR" section above, we are basing our determination regarding the GOC's provision of electricity in part on AFA. We preliminarily determine that the GOC's provision of electricity confers a financial contribution in the form of a provision of a good or service under section 771(5)(D)(iii) of the Act and is specific under section 771(5A)(D)(iv) of the Act.<sup>224</sup>

To determine the existence and the amount of any benefit under this program pursuant to section 771(5)(E)(iv) of the Act and 19 CFR 351.511, we relied on the respondent's reported consumption volumes and rates paid. Consistent with Commerce's practice, we compared the rates paid by the respondent to the benchmark rates, which, as discussed below, are the highest rates charged in China during the POR. Specifically, to calculate the electricity benchmark, in accordance with 19 CFR 351.511(a)(2), we selected the highest rates in China for the user category of the respondent (e.g., "large industrial users") for the non-seasonal general, peak, normal, and valley ranges, as provided in the electricity tariff schedules submitted by the GOC.<sup>225</sup> This benchmark reflects an adverse inference, which we drew as a result of the GOC's failure to cooperate by not acting to the best of its ability to provide requested information about its provision of electricity in this review.<sup>226</sup> We made separate comparisons by price category (e.g., great industry peak, basic electricity, etc.). Furthermore, pursuant to our AFA determination, we continued to use the highest values from the electricity tariff schedules for the entirety of the POR, including following the release of Notice 1439 and the termination of the catalogue rates for industrial and commercial electricity. We multiplied the difference between the benchmark and the price paid by the consumption amount reported for that month and price

<sup>223</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 31-32, unchanged in *Truck and Bus Tires Final Determination*; see also *Truck and Bus Tires 2020 Preliminary Results* PDM at 44-45, unchanged in *Truck and Bus Tires 2020 Final Results*.

<sup>224</sup> See *Canadian Solar*.

<sup>225</sup> See *Carbon and Alloy Steel Threaded Rod from the People's Republic of China: Preliminary Affirmative Countervailing Duty Investigation and Alignment of Final Determination with Final Antidumping Duty Determination*, 84 FR 36578 (July 29, 2019), and accompanying PDM at 38, unchanged in *Carbon and Alloy Steel Threaded Rod from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 85 FR 8833 (February 18, 2020).

<sup>226</sup> See "Application of AFA: Provision of Electricity for LTAR" section, above; see also *Changzhou Trina Solar et al. v. United States*, CIT No. 17-00198 (CIT 2018), stating that "assuming a countervailable subsidy exists, Commerce acted in accordance with the law in using the highest of all provincial rates on the record to calculate the benchmark" for this program.



category. We then calculated the total benefit during the POR for the respondent by summing the differences between the benchmark prices and the prices paid by each company.

We calculated the respondent's program rate by dividing the respective amounts of benefit by GRT's total sales denominator during the POR. On this basis, we preliminarily determine a countervailable subsidy rate of 1.87 percent *ad valorem* for GRT.

#### 7. *Provision of Land-Use Rights for LTAR*

In the investigation and prior administrative reviews of this proceeding, Commerce determined this program to be countervailable based on the application of AFA.<sup>227</sup> GRT and GYD reported use of this program.<sup>228</sup> GRT reported that it obtained the land from a previous shareholder, Qingdao Yiyuan, who obtained the land in a public auction.<sup>229</sup>

For the reasons explained in the "Application of AFA: Provision of Land-Use Rights for LTAR" section above, we are basing our determination regarding the GOC's provision of land in part on AFA. For these preliminary results, we determine that GRT received a countervailable subsidy through land-use rights provided for LTAR. Commerce continues to determine as AFA that the provision of land to the respondent constitutes a financial contribution within the meaning of section 771(5)(D) of the Act, and is specific pursuant to section 771(5A)(D) of the Act.

To calculate the benefit, we first multiplied the Thailand industrial land benchmarks discussed above under the "Land Benchmark" section, by the respective total area of land that GRT reported receiving during the relevant period. We then subtracted the price paid for each tract to derive the total unallocated benefit. Because land is related to the respondent's capital structure, we treated the amount of the unallocated benefit as a non-recurring subsidy, pursuant to 19 CFR 351.524(c)(2)(iii). We thus conducted the "0.5 percent test," as instructed by 19 CFR 351.524(b)(2), for the year of the relevant land-use agreement by dividing the total unallocated benefit for each tract by the appropriate sales denominator. As a result, we found that some benefits were greater than 0.5 percent of relevant sales and, therefore, allocated the benefits to the POR over the applicable land-use rights period (*e.g.*, 50 years for purchased land or the number of years between the purchase date and the end date of the land-use right for lease extensions) and determined the amounts attributable to the POR.

We calculated the respondent's program subsidy rate by dividing the respective amounts of benefit by GRT's total sales denominator during the POR. On this basis, we derived a preliminary subsidy rate of 0.25 percent *ad valorem* for GRT.

#### 8. *Certain Initiated Grant Programs and Other Subsidy Programs*

GRT and its affiliated companies reported that they received various other grants from the GOC during the AUL. We preliminarily determine that the following grants confer a financial

<sup>227</sup> See *Truck and Bus Tires Preliminary Determination* PDM at 32-33, unchanged in *Truck and Bus Tires Final Determination*; see also *Truck and Bus Tires 2020 Preliminary Results* PDM at 45-46.

<sup>228</sup> See GRTIQR at Exhibits GRT-16 and GYD-20.

<sup>229</sup> See GRTIQR at Attachment GRT-3.

contribution as a direct transfer of funds under section 771(5)(D)(i) of the Act. For the reasons explained in the sections “Application of AFA: Certain Initiated Grant Programs” and “Application of AFA: Other Subsidies” section above, we are basing our preliminary determination regarding these grants on AFA, in part. Therefore, we determine that the following grants confer a financial contribution as a direct transfer of funds under section 771(5)(D)(i) of the Act and are specific either under section 771(5A)(B) or 771(5A)(D) of the Act (as appropriate, depending on whether the respondent reported the grant as export-related or as a domestic subsidy). We find that the respondents received the following non-recurring grants during the POR or AUL period:

1. Economic Development for CTIC
2. Additional Programs for GYD
3. Commuting Subsidies
4. Compensation of Land Resettlement
5. Extra Construction Expenses
6. Interest Subsidy from Economic Development Bureau
7. Job Stability
8. Special Fund for Industry Development
9. Enterprise Development for SMC

To calculate the benefits received under these programs, we followed the methodology described in 19 CFR 351.524. In accordance with 19 CFR 351.524(b)(2), we determine whether to allocate the non-recurring benefit from these grants over the AUL by dividing the approved grant amount by the company’s total sales in the year of approval. If the approved amount is less than 0.5 percent of the company’s total sales, we expensed the amounts received under the grants in the respective years received. To calculate the *ad valorem* subsidy rate for these grants, we divided the benefits allocable to the POR by the respondents’ appropriate total sales denominator. Based on the methodology outlined above, we calculated net countervailable *ad valorem* subsidy rates for all of these programs for GRT of 2.98 percent.<sup>230</sup>

## **B. Programs Preliminarily Determined to Be Not Used**

1. Export Seller’s Credits
2. Export Buyer’s Credits<sup>231</sup>
3. Provision of Natural Rubber for LTAR
4. Income Tax Reductions for High- and New-Technology Enterprises
5. Enterprise Income Tax Law, Research and Development Program
6. State Key Technology Renovation Fund Program
7. Preferential Loans to SOEs
8. Discounted Loans for Export-Oriented Enterprises
9. Export Credit Guarantees
10. Income Tax Reduction for Advanced Technology for FIEs
11. Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs
12. VAT Refunds for FIEs on Purchases of Chinese-Made Equipment

<sup>230</sup> See GRT Calculation Memorandum at Attachment 2.

<sup>231</sup> See section “Application of FA and AFA: Export Buyer’s Credits” above.

13. VAT Exemptions and Deductions for Central Regions
14. Export Interest Subsidy Funds for Enterprises Located in in Guangdong and Zhejiang Provinces
15. Funds for “Outward Expansion” of Industries in Guangdong Province
16. Direct Government Grants to Guizhou Tire (GTC)
17. Direct Government Grants to Aeolus
18. Direct Government Grants to Qingdao Doublestar
19. Direct Government Grants to Sailun
20. Export Credit Insurance Subsidies (from Sinosure & PICC)
21. Import Duty Exemptions for Imported Equipment
22. Famous Brands Program
23. Special Fund for Energy-Saving Technology Reform
24. The Clean Production Technology Fund
25. Direct Government Grants to Double Coin
26. Special Funds for Giant All Steel Engineering Radial Tire Technology Transformation Project
27. Reward for Technical Renovation Project
28. Refund of Payment for Land Use Right
29. Subsidy Concerning the Second Batch of Industrial Structure Adjustment of Shanghai for 2015
30. Reward for Processing Trade
31. Subsidy on Social Insurance Charges
32. Subsidy on Environmental Protection
33. Subsidy for Staff Training from Finance Bureau of Huangpu District, Shanghai City
34. Fund of Technical Reformation
35. Boiler Dust Collector Transformation Fee
36. SASAC Funds for Allocated Testing Exercise
37. Provincial Human Resources and Social Security Department Allocated Funding of Postdoctoral Work
38. Municipal Industry and Information Technology Committee Circulating Capital Subsidies
39. Sum of Petroleum Chemical Industry Innovation Funds Appropriations
40. Commercial Enterprises Innovation Funds
41. Benefit for Boiler Ultra-Low Emission and Glass Furnace Treatment
42. Export Credit Insurance Premium Subsidy
43. Processing Trade Innovation Development Subsidy
44. Foreign Policy Incentive Funds
45. Subsidy Income from the Industrial Information Bureau
46. International Market Development Subsidies
47. Capital Market Development Subsidy Fund Project
48. Dust and Volatile Comprehensive Treatment Project
49. Industrial Cluster Program
50. High-Level Enterprise Technological Transformation Project
51. Quality Brand Promotion Project
52. Pingdu Incentives Program

53. Mixing Waste Gas Treatment Project
54. Unorganized Waste Gas Treatment Project
55. International Independent Brand Project
56. Subsidies for Major Foreign Investment Projects
57. Fund Import Discount Project
58. Science and Technology Special Fund
59. New Production Equipment Subsidies
60. National Announcement Access
61. Research Center Award Fund
62. Development Support Funds
63. Foreign Trade Transformation and Upgrading Pilot County Funds
64. Innovative Resource Gathering Plan
65. Technical Transformation Support Funds
66. Overseas Investment Subsidies
67. 10 Million Sets of Infrastructure Supporting Construction Funds
68. Financial Innovation and Development Guidance Fund
69. Subsidies from Shandong High-Performance Tire Manufacturing Innovation Center
70. One-Time Employment Program
71. Employee Unemployment Insurance Program
72. Program for Interest Discount on Imported Equipment
73. Online Monitoring Equipment

**C. Programs Preliminarily Determined to Not Provide a Measurable Benefit During the POR**

As noted above, the respondent reported that it received various other grants from the GOC during the AUL.<sup>232</sup> The benefits under some of these programs did not confer a measurable benefit.<sup>233</sup> Based on the record evidence, we preliminarily determine that the benefits from these programs result in rates that are less than 0.005 percent *ad valorem* when attributed to the appropriate respondent's applicable sales, and therefore provide no measurable benefit in the POR.

---

<sup>232</sup> See GRTIQR at Attachments GRT-1 and GYD-1 and Exhibit GYD-23.

<sup>233</sup> *Id.*; see also GRT Calculation Memorandum.

## XII. RECOMMENDATION

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



\_\_\_\_\_  
Agree



\_\_\_\_\_  
Disagree



Recoverable Signature

X

Signed by: ABDELALI ELOUARADIA

\_\_\_\_\_  
Abdelali Elouaradia  
Deputy Assistant Secretary  
for Enforcement and Compliance