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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-017]

Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2017

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers/exporters of passenger vehicle and light truck tires from the People's Republic of China (China) during the period of review (POR) January 1, 2017 through December 31, 2017.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Andrew Huston, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4261.

Background

Commerce published the *Preliminary Results* of this administrative review in the *Federal Register* on October 18, 2019.<sup>1</sup> We invited interested parties to comment on the *Preliminary Results*. On December 2, 2019, we received case briefs from the following interested parties: Cooper (Kunshan) Tire Co., Ltd. (Cooper); Shandong Longyue Rubber Co., Ltd. (Longyue); the

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<sup>1</sup> See *Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review and Rescission, in Part; 2017*, 84 FR 55913 (October 18, 2019) (*Preliminary Results*) and accompanying Preliminary Decision Memorandum (PDM).

Government of China (GOC); and Vogue Tyre & Rubber Co., Ltd., Sailun Jinyu Group Co., Ltd. and its affiliates, Sailun Jinyu Group (Hong Kong) Co., Limited, Sailun Tire International Corp., Shandong Jinyu Industrial Co., Ltd., Seatex International Inc., Seatex PTE. Ltd., Dynamic Tire Corp., and Husky Tire Corp., Shandong Wanda Boto Tyre Co., Ltd., and ITG Voma Corporation (collectively, Other Interested Parties). On December 13, 2019, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers Union, AFL-CIO (the petitioner) submitted a rebuttal brief. On February 5, 2020, Commerce extended the period for issuing the final results of this review until April 15, 2020.<sup>2</sup>

### Scope of the Order

The products covered by the order are certain passenger vehicle and light truck tires from the China. A full description of the scope of the order is contained in the Issues and Decision Memorandum.<sup>3</sup>

### Analysis of Comments Received

All issues raised in interested parties' briefs are addressed in the Issues and Decision Memorandum accompanying this notice. A list of the issues raised by interested parties and to which we responded in the Issues and Decision Memorandum is provided in Appendix I to this notice. The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Issues and Decision

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<sup>2</sup> See Memorandum, "Administrative Review of the Countervailing Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Extension of Deadline for Final Results," dated February 15, 2020.

<sup>3</sup> See "Decision Memorandum for the Final Results of the Administrative Review of the Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China; 2017," dated concurrently with this notice (Issues and Decision Memorandum) and hereby adopted by this notice.

Memorandum can be access directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

### Changes Since the Preliminary Results

Based on case briefs and evidence on the record, we made certain changes from the *Preliminary Results*. Commerce has changed the carbon black benchmark for both respondents, adjusted the denominator used for subsidies received by Cooper's affiliate Qingdao Ge Rui Da Rubber Co., Ltd., and corrected various ministerial errors for both respondents. These changes are explained in the Issues and Decision Memorandum.

### Methodology

Commerce conducted this review in accordance with section 751(a)(1)(A) of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found to be countervailable, we find that there is a subsidy, *i.e.*, a financial contribution from a government or public entity that gives rise to a benefit to the recipient, and that the subsidy is specific.<sup>4</sup> For a full description of the methodology underlying all of Commerce's conclusions, including any determination that relied upon the use of adverse facts available pursuant to sections 776(a) and (b) of the Act, *see* the Issues and Decision Memorandum.

### Final Results of Administrative Review

In accordance with 19 CFR 351.221(b)(5), we calculated a countervailable subsidy rate for the mandatory respondents, Cooper and Longyue. For the non-selected companies subject to this review,<sup>5</sup> we followed Commerce's practice, which is to base the subsidy rates on an average of the subsidy rates calculated for those companies selected for individual review, excluding *de*

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<sup>4</sup> *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

<sup>5</sup> *See* Appendix II.

*minimis* rates or rates based entirely on adverse facts available.<sup>6</sup> In this case, for the non-selected companies, we have calculated a rate by weight-averaging the calculated subsidy rates of Cooper and Longyue using their publicly-ranged sales data for exports of subject merchandise to the United States during the POR. We find the countervailable subsidy rates for the producers/exporters under review to be as follows:

<b>Company</b>	<b>Subsidy Rate</b>
Cooper (Kunshan) Tire Co., Ltd. (Cooper) <sup>7</sup>	17.15%
Shandong Longyue Rubber Co., Ltd. (Longyue)	27.00%
Non-Selected Companies Under Review <sup>8</sup>	20.05%

Disclosure

We will disclose to the parties in this proceeding the calculations performed for these final results within five days of the date of publication of this notice in the *Federal Register*.<sup>9</sup>

Assessment Rates

Consistent with 19 CFR 351.212(b)(2), we intend to issue assessment instructions to U.S. Customs and Border Protection (CBP) 15 days after the date of publication of these final results of review, to liquidate shipments of subject merchandise entered, or withdrawn from warehouse,

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<sup>6</sup> See, e.g., *Certain Pasta from Italy: Preliminary Results of the 13th (2008) Countervailing Duty Administrative Review*, 75 FR 18806, 18811 (April 13, 2010), unchanged in *Certain Pasta from Italy: Final Results of the 13th (2008) Countervailing Duty Administrative Review*, 75 FR 37386 (June 29, 2010).

<sup>7</sup> As discussed in the *Preliminary Results PDM*, Cooper is cross-owned with Cooper Tire Asia-Pacific (Shanghai) Trading Co., Ltd., Cooper Tire (China) Investment Co. Ltd., and Qingdao Ge Rui Da Rubber Co., Ltd.

<sup>8</sup> See Appendix II.

<sup>9</sup> See 19 CFR 351.224(b).

for consumption, on or after January 1, 2017 through December 31, 2017, at the *ad valorem* rates listed above.

#### Cash Deposit Instructions

In accordance with section 751(a)(1) of the Act, we intend to instruct CBP to collect cash deposits of estimated countervailing duties in the amounts shown for each of the respective companies listed above. These cash deposit requirements, when imposed, shall remain in effect until further notice.

#### Administrative Protective Order

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

#### Notification to Interested Parties

We are issuing and publishing these results in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: April 15, 2020.

Jeffrey I. Kessler,  
Assistant Secretary  
for Enforcement and Compliance.

## **Appendix I**

### **List of Topics Discussed in the Issues and Decision Memorandum**

- I. Summary
- II. Background
- III. List of Comments from Interested Parties
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- V. Changes Since the Preliminary Results
- VI. Non-Selected Companies Under Review
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- IX. Programs Determined to be Countervailable
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Comment 1: Government Policy Lending Calculation

Comment 2: Uncreditworthy Benchmark Interest Rate

Comment 3: Export Buyer's Credit (EBC), Usage by Respondents

Comment 4: Export Buyer's Credit, AFA Rate

Comment 5: Carbon Black Market Distortion

Comment 6: Carbon Black Benchmark, Tier 2 Data Issues

Comment 7: Ocean Freight and Import Duties Added to Tier 1 or Tier 2 Benchmarks

Comment 8: Other Subsidies

Comment 9: Inland Freight Expenses for Cooper and GRT's Carbon Black Benchmark

Comment 10: Cooper's Loan Benefit Calculation

Comment 11: GRT's Subsidies

Comment 12: GRT Land Benefit Calculation

Comment 13: GRT's Grant Benefit Calculation

Comment 14: Longyue's Loan Benchmarks

Comment 15: Longyue's Land Benefit Calculation

- XII. Recommendation

Appendix – Non-Selected Companies Under Review

## Appendix II

### Non-Selected Companies Under Review

1. Anhui Jichi Tire Co., Ltd.
2. Bridgestone (Tianjin) Tire Co., Ltd.
3. Bridgestone Corporation
4. Dynamic Tire Corp.
5. Hankook Tire China Co., Ltd.
6. Husky Tire Corp.
7. Jiangsu Hankook Tire Co., Ltd.
8. Mayrun Tyre (Hong Kong) Limited
9. Qingdao Fullrun Tyre Corp., Ltd.
10. Qingdao Sunfulcess Tyre Co., Ltd.<sup>10</sup>
11. Sailun Jinyu Group Co., Ltd.
12. Sailun Jinyu Group (Hong Kong) Co., Limited
13. Sailun Tire International Corp.
14. Seatex International Inc.
15. Seatex PTE. Ltd.
16. Shandong Achi Tyres Co., Ltd.
17. Shandong Anchi Tyres Co., Ltd.
18. Shandong Duratti Rubber Corporation Co., Ltd.
19. Shandong Haohua Tire Co., Ltd.
20. Shandong Hengyu Science & Technology Co., Ltd.
21. Shandong Jinyu Industrial Co., Ltd.
22. Shandong Province Sanli Tire Manufactured Co., Ltd.
23. Shandong Wanda Boto Tyre Co., Ltd.
24. Triangle Tyre Co., Ltd.
25. Winrun Tyre Co., Ltd.

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<sup>10</sup> This company was mistakenly listed in the *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 50077 (October 4, 2018), and *Preliminary Results* as Qingdao Sunfulcess Trye Co., Ltd.

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