

document and is on file in the CRU, Main Commerce Building, Room 1117, and is accessible on the Web at <http://ia.ita.doc.gov/frn/>. The paper copy and electronic version of the memorandum are identical in content.

Changes Since the Preliminary Results

Based on the results of the verification and an analysis of the comments received, the Department has assigned a margin based on adverse facts available (“AFA”), to TMI for these final results.⁷

Use of Facts Available

The Department has determined that the information to construct an accurate and otherwise reliable margin is not available on the record with respect to TMI because TMI’s producers withheld information that had been requested, significantly impeded this proceeding, and provided information that could not be verified, pursuant to sections 776(a)(1) and (2)(A), (C) and (D) of the Act.⁸ As a result, the Department has determined to apply the facts otherwise available.⁹ Further, because the Department finds that TMI’s producers have failed to cooperate to the best of their ability, pursuant to section 776(b) of the Act, the Department has determined to use an adverse inference when applying facts available in this review.¹⁰ As AFA, the Department is applying a rate of 111.73, which is the highest calculated rate on the record of any segment of the proceeding.¹¹ In accordance with section 776(b) of the Act, the Department has corroborated this rate to the extent practicable.¹²

Final Results Margins

We determine that the following weighted-average percentage margins exist for the POR:

PURE MAGNESIUM FROM THE PRC

Exporter	Weighted-Average Margin (Percent)
TMI	111.73 Percent

⁷ For a complete discussion of the basis for, and application of, AFA with respect to TMI in this review, see the Issues and Decision Memorandum at Comment 1, and the Memorandum to the File, “Application of Adverse Facts Available for Tianjin Magnesium International, Ltd. in the Review of Pure Magnesium from the People’s Republic of China (“AFA Memorandum”),” dated December 7, 2009.

⁸ See AFA Memorandum at 12-13.

⁹ *Id.*

¹⁰ *Id.* at 13-14.

¹¹ See *Pure Magnesium From the People’s Republic of China: Final Results of Antidumping Duty Administrative Review*, 73 FR 76336 (December 16, 2008) (“*Pure Magnesium 06-07*”).

¹² See AFA Memorandum at 17-19.

Assessment Rates

The Department will determine, and U.S. Customs and Border Protection (“CBP”) shall assess, antidumping duties on all appropriate entries. The Department intends to issue assessment instructions to CBP 15 days after the date of publication of these final results of administrative review.

Cash Deposit Requirements

The following cash deposit requirements will be effective upon publication of these final results of administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(2)(C) of the Act: 1) for the exporter listed above, the cash deposit rate will be the rate shown for that company; 2) for previously investigated or reviewed PRC and non-PRC exporters not listed above that have separate rates, the cash deposit rate will continue to be the exporter-specific rate published for the most recent period; 3) for all PRC exporters of subject merchandise which have not been found to be entitled to a separate rate, the cash deposit rate will be the PRC-wide rate of 108.26 percent; and 4) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporters that supplied that non-PRC exporter. These deposit requirements shall remain in effect until further notice.

Notification of Interested Parties

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary’s presumption that reimbursement of the antidumping duties occurred and the subsequent assessment of double antidumping duties.

This notice also serves as a reminder to parties subject to administrative protective orders (“APOs”) of their responsibility concerning the return or destruction of proprietary information disclosed under the APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of the return/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 violation that is subject to sanctions.

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

Dated: December 7, 2009.

Carole A. Showers,

Acting Deputy Assistant Secretary for Import Administration.

Appendix I

List of Issues

Comment 1: Application of Facts Available with Adverse Inferences to TMI

Comment 2: Reconciliation of TMI’s Financial Statements

Comment 3: Amended Preliminary Results based on Verification

Comment 4: Sulfur and Dolomite

Comment 5: By-product Cement Clinker

Comment 6: By-product Waste Magnesium

Comment 7: Surrogate Values for No. 2 Flux

Comment 8: Surrogate Values for Coal

Comment 9: Surrogate Financial Statements

Comment 10: China Wage Rate

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–570–953]

Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce preliminarily determines that countervailable subsidies are being provided to producers and exporters of narrow woven ribbons with woven selvedge from the People’s Republic of China. For information on the estimated subsidy rates, see the “Suspension of Liquidation” section of this notice.

EFFECTIVE DATE: December 14, 2009.

FOR FURTHER INFORMATION CONTACT: Scott Holland or Anna Flaaten, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–1279 or (202) 482–5156, respectively.

SUPPLEMENTARY INFORMATION:

Case History

The following events have occurred since the publication of the Department of Commerce's ("Department") notice of initiation in the **Federal Register**. See *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 74 FR 39298 (August 6, 2009) ("Initiation Notice"), and the accompanying Initiation Checklist.¹

On August 25, 2009, the Department selected two Chinese producers/exporters of narrow woven ribbons with woven selvedge ("Woven Ribbons") as mandatory respondents, Yama Ribbons and Bows Co., Ltd. ("Yama") and Changtai Rongshu Textile Co., Ltd. ("Changtai"). See Memorandum to Edward C. Yang, Senior Enforcement Coordinator for the China NME Unit for Import Administration, "Respondent Selection Memo" (August 25, 2009). This memorandum is on file in the Department's CRU.

On September 8, 2009, the U.S. International Trade Commission ("ITC") issued its affirmative preliminary determination that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of allegedly subsidized imports of Woven Ribbons from the People's Republic of China ("PRC"). See *Narrow Woven Ribbons With Woven Selvedge From China and Taiwan*, Investigation Nos. 701-TA-467 and 731-TA-1164-1165, 74 FR 46224 (September 8, 2009).

On August 26, 2009, we issued the countervailing duty ("CVD") questionnaires to the Government of the People's Republic of China ("GOC"), Yama, and Changtai.

On September 14, 2009, the Department postponed the deadline for the preliminary determination in this investigation until December 7, 2009. See *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*, 74 FR 46978 (September 14, 2009). On September 15, 2009, consultants for Changtai notified the Department that the company would not participate further in the investigation.

We received responses to our questionnaire from the GOC and Yama on October 19, 2009. See GOC's Original Questionnaire Response (October 19, 2009) ("GQR") and Yama's Original Questionnaire Response (October 19,

2009). We sent supplemental questionnaires to the GOC and Yama, on October 30 and November 19, 2009. We received responses to the supplemental questionnaires from Yama on November 13, 2009 and November 23, 2009. See Yama's 1st Supplemental Questionnaire Response (November 13, 2009) ("YSQR1") and Yama's 2nd Supplemental Questionnaire Response (November 23, 2009) ("YSQR2"). We received a response from the GOC to the October 30, 2009, supplemental questionnaire on November 9, 2009. See GOC's 1st Supplemental Questionnaire Response (November 9, 2009). On November 25, 2009, the GOC requested an extension of seven days to respond to the Department's November 19, 2009, supplemental questionnaire, originally due December 1, 2009. The Department granted the GOC's request in full. Therefore, the GOC's response is due December 8, 2009.

On October 30, 2009, Berwick Offray LLC and its wholly-owned subsidiary Lion Ribbon Company Inc. (collectively, "Petitioner") requested that the final determination of this CVD investigation be aligned with the final determination in the companion antidumping duty ("AD") investigation in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the "Act").

Scope Comments

In accordance with the preamble to the Department's regulations, we set aside a period of time in our *Initiation Notice* for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of that notice. See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997), and *Initiation Notice*, 74 FR at 39299.

On August 18, 2009, interested parties Costco Wholesale Corporation, Hobby Lobby Stores, Inc., Jo-Ann Stores, Inc., Michaels Stores, Inc. and Target Corporation (collectively, "Ribbon Retailers"), Papillion Ribbon and Bow, Inc. ("Papillion"), and Essential Ribbons, Inc. ("Essential Ribbons") submitted timely comments concerning the scope of the Woven Ribbons AD and CVD investigations. Ribbon Retailers urged that the scope definition be modified to clarify certain scope exclusions and otherwise exclude certain merchandise from the scope. Papillion requested that the Department exclude formed rosettes from the scope of the investigations. Finally, Essential Ribbons requested that pre-cut, hand-finished ribbons for retail packaging, be excluded from the scope.

The Department is currently evaluating the comments submitted by the interested parties and will issue its decision regarding the scope of the investigations prior to the preliminary determinations in the companion AD investigations due on February 4, 2010.

Scope of the Investigation

The merchandise subject to the investigation is narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof. Narrow woven ribbons subject to the investigation may:

- also include natural or other non-man-made fibers;
- be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;
- have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;
- have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;
- have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;
- have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;
- have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;
- consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an "ornamental trimming;"
- be wound on spools; attached to a card; hanked (*i.e.*, coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or

¹ A public version of this and all public Department memoranda referenced herein are on file in the Central Records Unit ("CRU") in Room 1117 of the main Department building.

- be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.

Narrow woven ribbons subject to the investigation include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of this investigation.

Excluded from the scope of the investigation are the following:
 (1) formed bows composed of narrow woven ribbons with woven selvedge;
 (2) “pull–bows” (*i.e.*, an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;

(3) narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (*i.e.*, filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the United States (“HTSUS”), Section XI, Note 13) or rubber thread;

(4) narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;

(5) narrow woven labels and apparel tapes, cut–to–length or cut–to–shape, having a length (when measured across the longest edge–to–edge span) not exceeding eight centimeters;

(6) narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag;

(7) cut–edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sonobonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;

(8) narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;

(9) narrow woven ribbons constructed from pile fabrics (*i.e.*, fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric) ;

(10) narrow woven ribbon affixed (including by tying) as a decorative detail to non–subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including

by tying) as a decorative detail to packaging containing non–subject merchandise;

(11) narrow woven ribbon affixed to non–subject merchandise as a working component of such non–subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder; and
 (12) narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel.

The merchandise subject to this investigation is classifiable under the HTSUS statistical categories 5806.32.1020; 5806.32.1030; 5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS statistical categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise under investigation is dispositive.

Period of Investigation

The period for which we are measuring subsidies, *i.e.*, the period of investigation (“POI”), is January 1, 2008, through December 31, 2008.

Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination

On August 6, 2009, the Department initiated the CVD and AD investigations of Woven Ribbons from the PRC. See *Initiation Notice and Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China and Taiwan: Initiation of Antidumping Duty Investigations*, 74 FR 39291 (August 6, 2009). The CVD investigation and the AD investigation have the same scope with regard to the merchandise covered.

As noted above, on October 30, 2009, Petitioner submitted a letter requesting alignment of the final CVD determination with the final determination in the companion AD investigation of Woven Ribbons from the PRC. Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), we are aligning these final determinations such that the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be issued no later than April 19, 2010.

Application of the Countervailing Duty Law to Imports from the PRC

On October 25, 2007, the Department published *Coated Free Sheet Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (“*CFS from the PRC*”), and the accompanying Issues and Decision Memorandum (“*CFS Decision Memorandum*”). In *CFS from the PRC*, the Department found that

given the substantial differences between the Soviet–style economies and China’s economy in recent years, the Department’s previous decision not to apply the CVD law to these Soviet–style economies does not act as a bar to proceeding with a CVD investigation involving products from China.

See *CFS Decision Memorandum* at Comment 6. The Department has affirmed its decision to apply the CVD law to the PRC in subsequent final determinations. See, e.g., *Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 73 FR 31966 (June 5, 2008), and accompanying Issues and Decision Memorandum (“*CWP Decision Memorandum*”) at Comment 1.

Additionally, for the reasons stated in the *CWP Decision Memorandum*, we are using the date of December 11, 2001, the date on which the PRC became a member of the World Trade Organization, as the date from which the Department will identify and measure subsidies in the PRC. See *CWP Decision Memorandum* at Comment 2.

Use of Facts Otherwise Available and Adverse Inferences

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

Section 776(b) of the Act further provides that the Department may use an adverse inference in applying the facts otherwise available when a party has failed to cooperate by not acting to

the best of its ability to comply with a request for information.

As noted above, Changtai was selected as a mandatory respondent. Changtai, however, did not provide the requested information necessary to determine a CVD rate for this preliminary determination and failed to provide information within the deadlines established by the Department. Specifically, Changtai did not respond to the Department's August 26, 2009 CVD questionnaire. Thus, in reaching our preliminary determination, pursuant to section 776(a)(2)(A) and (C) of the Act, we have based the CVD rate for Changtai on facts otherwise available.

We determine that an adverse inference is warranted, pursuant to section 776(b) of the Act. On September 15, 2009, consultants for Changtai notified the Department that Changtai would not participate in the investigation. By electing not to participate, Changtai has not cooperated to the best of its ability in this investigation.

In deciding which facts to use as adverse facts available ("AFA"), section 776(b) of the Act and 19 CFR 351.308(c)(1) authorize the Department to rely on information derived from: (1) the petition; (2) a final determination in the investigation; (3) any previous review or determination; or (4) any other information placed on the record. The Department's practice when selecting an adverse rate from among the possible sources of information is to ensure that the rate is sufficiently adverse "as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner." See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors From Taiwan*, 63 FR 8909, 8932 (February 23, 1998). The Department's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully." See Statement of Administrative Action ("SAA") accompanying the Uruguay Round Agreements Act, H.R. Rep. No. 103-316, Vol. I, at 870 (1994), reprinted at 1994 U.S.C.C.A.N 4040, 4199.

It is the Department's practice to select, as AFA, the highest calculated rate in any segment of the proceeding. See, e.g., *Laminated Woven Sacks From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances*, 73 FR 35639 (June 24,

2008) ("*LWS from the PRC*"), and the accompanying Issues and Decision Memorandum at "Selection of the Adverse Facts Available" ("*LWS Decision Memorandum*"). In previous CVD investigations into products from the PRC, we have adapted this practice to use the highest rate calculated for the same or similar programs in other PRC CVD investigations. See, e.g., *id.* Consistent with the Department's recent practice, we are preliminarily computing a total AFA rate for Changtai, generally using program-specific rates determined for the cooperating respondent or in past cases. Specifically, for programs other than those involving income tax exemptions and reductions, we will apply the highest calculated rate for the identical program in this investigation if a responding company used the identical program. If there is no identical program match within the investigation, we will use the highest non-*de minimis* rate calculated for the same or similar program in another PRC CVD investigation. Absent an above-*de minimis* subsidy rate calculated for the same or similar program, we will apply the highest calculated subsidy rate for any program otherwise listed that could conceivably be used by Changtai. See, e.g., *Certain Kitchen Shelving and Racks from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 37012 (July 27, 2009) ("*Kitchen Racks from the PRC*"), and the accompanying Issues and Decision Memorandum at "Use of Facts Available and Adverse Facts Available."

Further, where the GOC can demonstrate through complete, verifiable, positive evidence that Changtai (including all its facilities and cross-owned affiliates) is not located in particular provinces whose subsidies are being investigated, the Department does not intend to include those provincial programs in determining the countervailable subsidy rate for Changtai. See *Certain Tow-Behind Lawn Groomers and Certain Parts Thereof from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 73 FR 42324 (July 21, 2008), and the accompanying Initiation Checklist. In supplemental questionnaire responses received to date, the GOC has failed to provide verifiable information demonstrating that Changtai is located in Fujian Province and has no facilities or cross-owned affiliates in any other province in the PRC, as requested. Therefore, the Department preliminarily makes the adverse inference that Changtai has facilities and/or cross-owned affiliates

that received subsidies under all of the sub-national programs alleged prior to the selection of mandatory respondents.

Loans

For the "Policy Loans to Narrow Woven Ribbons Producers from SOCBs" program, we have applied the highest non-*de minimis* subsidy rate for any loan program in a prior PRC CVD investigation. This rate was 8.31 percent for the "Government Policy Lending Program." See *Lightweight Thermal Paper from the People's Republic of China: Notice of Amended Final Affirmative Countervailing Duty Determination and Notice of Countervailing Duty Order*, 73 FR 70958 (November 24, 2008).

Grants

For grant programs, Yama did not use "State Key Technology Program Fund," "Famous Brands," "Export Assistance Grants," "Export Interest Subsidy Funds for Enterprises Located in Zhejiang Province," and "Technology Development Grants for Enterprises Located in Zhejiang Province" programs. The Department has not calculated above *de minimis* rates for any of these programs in prior investigations and, moreover, all previously calculated rates for grant programs from prior PRC CVD investigations have been *de minimis*. Therefore, for each of these programs, we have determined to use the highest calculated subsidy rate for any program otherwise listed, which could conceivably have been used by Changtai. This rate was 13.36 percent for the "Government Provision of Land for Less Than Adequate Remuneration." See *LWS Decision Memorandum* at 14-18.

Indirect Tax Credits and VAT/Tariff Reductions and Exemptions

For the seven indirect tax credit and rebate programs,² which Yama did not use, we have preliminarily determined to use the highest non-*de minimis* rate for any indirect tax program from a PRC CVD investigation. The rate we selected is 1.51 percent, which was the rate calculated for respondent Gold East

² "Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-Oriented Enterprises;" "Preferential Tax Policies for Township Enterprises;" "Preferential Tax Policies for Research and Development for FIEs;" "Tax Benefits for FIEs in Encouraged Industries that Purchase Domestic Equipment;" "Import Tariff and VAT Exemptions for FIEs Using Imported Technology and Equipment;" "Import Tariff and VAT Exemptions for Certain Domestic Enterprises Using Imported Technology and Equipment;" "VAT Rebate for FIE Purchases of Domestically Produced Equipment."

Paper (Jiangsu) Co., Ltd. (GE) for the “Value-added Tax and Tariff Exemptions on Imported Equipment,” program. See CFS Decision Memorandum at 13–14.

Foreign-Invested Enterprise (“FIE”) Income Tax Rate Reduction and Exemption Programs

For the five income tax rate reduction or exemption programs,³ we have applied an adverse inference that Changtai paid no income tax during the POI (*i.e.*, calendar year 2008). The standard income tax rate for corporations in the PRC is 30 percent, plus a three percent provincial income tax rate. Therefore, the highest possible benefit for these five income tax programs is 33 percent. We are applying the 33 percent AFA rate on a combined basis (*i.e.*, the five programs combined provided a 33 percent benefit). This 33 percent AFA rate does not apply to tax credit and refund programs.

For further explanation of the derivation of the AFA rates, see Memorandum to the File, “Adverse Facts Available Rate” (December 7, 2009) (“AFA Calculation Memo”).

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.” See *e.g.*, SAA, at 870, 1994 U.S.C.C.A.N. at 4199. The Department considers information to be corroborated if it has probative value. See *id.* To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that the Department need not prove that the selected facts available are the best alternative information. See SAA at 869, 1994 U.S.C.C.A.N. at 4199.

With regard to the reliability aspect of corroboration, we note that these rates were calculated in recent final CVD

determinations. Further, the calculated rates were based upon verified information about the same or similar programs. Moreover, no information has been presented that calls into question the reliability of these calculated rates that we are applying as AFA. Finally, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs.

With respect to the relevance aspect of corroborating the rates selected, the Department will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. Where circumstances indicate that the information is not appropriate as AFA, the Department will not use it. See *Fresh Cut Flowers From Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).

In the absence of record evidence concerning these programs due to Changtai’s decision not to participate in the investigation, the Department has reviewed the information concerning PRC subsidy programs in this and other cases. For those programs for which the Department has found a program-type match, we find that, because these are the same or similar programs, they are relevant to the programs of this case. For the programs for which there is no program-type match, the Department has selected the highest calculated subsidy rate for any PRC program from which Changtai could receive a benefit to use as AFA. The relevance of this rate is that it is an actual calculated CVD rate for a PRC program from which Changtai could actually receive a benefit. Further, this rate was calculated for a period close to the POI in the instant case. Moreover, Changtai’s failure to respond to requests for information has “resulted in an egregious lack of evidence on the record to suggest an alternative rate.” *Shanghai Taoen Int’l Trading Co., Ltd. v. United States*, 360 F. Supp. 2d 1339, 1348 (Ct. Int’l Trade 2005). Due to the lack of participation by Changtai and the resulting lack of record information concerning these programs, the Department has corroborated the rates it selected to the extent practicable.

On this basis, we preliminarily determine that the AFA countervailable subsidy rate for Changtai is 118.68 percent *ad valorem*. See AFA Calculation Memo.

Subsidies Valuation Information

Allocation Period

The average useful life (“AUL”) period in this proceeding, as described in 19 CFR 351.524(d)(2), is 10 years according to the U.S. Internal Revenue Service’s 1977 Class Life Asset Depreciation Range System. See U.S. Internal Revenue Service Publication 946 (2007), *How to Depreciate Property*, at Table B–2: Table of Class Lives and Recovery Periods. No party in this proceeding has disputed this allocation period.

Attribution of Subsidies

The Department’s regulations at 19 CFR 351.525(b)(6)(i) state that the Department will normally attribute a subsidy to the products produced by the corporation that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(v) direct that the Department will attribute subsidies received by certain other companies to the combined sales of those companies if (1) cross-ownership exists between the companies, and (2) the cross-owned companies produce the subject merchandise, are a holding or parent company of the subject company, produce an input that is primarily dedicated to the production of the downstream product, or transfer a subsidy to a cross-owned company. The Court of International Trade has upheld the Department’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. See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 604 (Ct. Int’l Trade 2001).

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 regulation states that this standard will normally be met where there is a majority voting interest between two corporations or through common ownership of two (or more) corporations.

Yama responded to the Department’s questionnaire on behalf of itself, a Hong Kong-owned foreign invested enterprise, and an affiliated trading company, Xiamen Yama Import and Export Co., Ltd. (“Yama Trading”). Based on information reported by Yama, we preliminarily determine that cross-ownership exists between Yama and Yama Trading as both companies have the same owners. However, according to the company’s responses, Yama Trading

³ Preferential Tax Policies for Enterprises with Foreign Investment (“Two Free, Three Half” Program); “Tax Subsidies to FIEs in Specially Designated Areas;” “Preferential Tax Policies for Export-Oriented FIEs;” “Tax Program for High or New Technology FIEs”, and “Local Income Tax Exemption or Reduction Program for “Productive” FIEs.”

did not benefit from any countervailable subsidies during the POI.

In its questionnaire responses, Yama also acknowledged that it has several other affiliated companies in addition to Yama Trading. However, Yama reported that these affiliates do not produce the subject merchandise and do not provide inputs to Yama. Therefore, because these companies do not produce subject merchandise or otherwise fall within the situations described in 19 CFR 351.525(b)(6)(iii)-(v), we do not reach the issue of whether these companies and Yama are cross-owned within the meaning of 19 CFR 351.525(b)(6)(iii)-(vi).

Analysis of Programs

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

I. Programs Preliminarily Determined To Be Countervailable

A. Tax Subsidies to FIEs in Specially Designated Areas

To promote economic development and attract foreign investment, “productive” FIEs located in coastal economic zones, special economic zones or economic and technical development zones in the PRC receive preferential tax rates of 15 percent or 24 percent, depending on the zone, under Article 7 of the *Foreign Investment Enterprise Tax Law* (“*FIE Tax Law*”). See GQR, at Exhibit G–1.

The Department has previously found this program to be countervailable. See *CFS from the PRC* and CFS Decision Memorandum at 12 (Analysis of Programs, I. Programs Determined to be Countervailable for GE, C. Reduced Income Tax Rates for FIEs Based on Location), *Lightweight Thermal Paper From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 57323 (October 2, 2008), and the accompanying Issues and Decision Memorandum at 15 (Analysis of Programs, I. Programs Determined to be Countervailable, D. Reduced Income Tax Rates for FIEs Based on Location) and *Kitchen Racks from the PRC* and the accompanying Issues and Decision Memorandum at 11 (Analysis of Programs, I. Programs Determined to be Countervailable, A. Income Tax Reduction for FIEs Based on Geographic Location).

Yama is located in Xiamen city, a special economic zone, and was subject to the reduced income tax rate of 15 percent for the tax returned filed during the POI. See YSQR2 at 1.

We preliminarily determine that the reduced income tax rate paid by

productive FIEs under this program confers a countervailable subsidy. The reduced rate is a financial contribution in the form of revenue forgone by the GOC and it provides a benefit to the recipient in the amount of the tax savings. See section 771(5)(D)(ii) of the Act and 19 CFR 351.509(a)(1). We further determine preliminarily that the reduction afforded by this program is limited to enterprises located in designated geographic regions and, hence, is specific under section 771(5A)(D)(iv) of the Act.

To calculate the benefit, we treated Yama’s income tax savings as a recurring benefit, consistent with 19 CFR 351.524(c)(1), and divided the company’s tax savings received during the POI by the company’s total sales during that period. To compute the amount of the tax savings, we compared the income tax rate Yama would have paid in the absence of the program (30 percent) with the rate it paid (15 percent).

On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.24 percent *ad valorem* under this program.

B. Local Income Tax Exemption and Reduction Programs for “Productive” Foreign-Invested Enterprises

Under Article 9 of the *FIE Tax Law*, the provincial governments have the authority to exempt FIEs from the local income tax of three percent. See GQR at Exhibit G–1. The Department has previously found this program to be countervailable. See, e.g., CFS Decision Memorandum at 12–13 and *Citric Acid and Certain Citrate Salts From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 16836 (April 13, 2009), and accompanying Issues and Decision Memorandum at 21.

In Yama’s tax return filed for 2007, it reported not paying any local income tax during the POI. See YSQR 1 at Exhibit S–1.

We preliminarily determine that the exemption from or reduction in the local income tax received by “productive” FIEs under this program confers a countervailable subsidy. The exemption or reduction is a financial contribution in the form of revenue forgone by the government and it provides a benefit to the recipient in the amount of the tax savings. See section 771(5)(D)(ii) of the Act and 19 CFR 351.509(a)(1). We also preliminarily determine that the exemption or reduction afforded by this program is limited as a matter of law to certain enterprises, i.e., “productive” FIEs and,

hence, is specific under section 771(5A)(D)(i) of the Act.

To calculate the benefit for Yama, we treated the income tax savings enjoyed by the company as a recurring benefit, consistent with 19 CFR 351.524(c)(1). To compute the amount of the tax savings, we compared the local income tax rate that the companies would have paid in the absence of the program (i.e., three percent) with the income tax rate the company actually paid.

For Yama, we divided the company’s tax savings received during the POI by its total sales. On this basis, we preliminarily determine that Yama received a countervailable subsidy of 0.05 percent *ad valorem* under this program.

II. Programs For Which More Information Is Required

Other Subsidies

Section 775 of the Act, requires the Department to investigate any other potential subsidies it discovers during the course of this investigation that pertain to the manufacture, production, or exportation of the subject merchandise. In its supplemental questionnaire response, Yama reported that it received eleven subsidies under programs that were not alleged by Petitioner in this investigation. See YSQR1 at 6.

As indicated in the Case History section above, on November 19, 2009, the Department requested additional information on these subsidy programs which is still outstanding. We plan to issue a post-preliminary analysis so that parties will have an opportunity to comment on our findings prior to our final determination.

III. Programs Preliminarily Determined To Be Not Used By Yama or To Not Provide Benefits During the POI

Based upon responses and factual information submitted by the GOC and Yama, we preliminarily determine that Yama did not apply for or receive benefits during the POI under the programs listed below.

A. Loan Programs

1. Policy Loans to Narrow Woven Ribbon Producers from State-Owned Commercial Banks

B. Grant Programs

2. The State Key Technology Renovation Project Fund
3. Famous Brands Program
4. Export Assistance Grants
5. Export Interest Subsidy Funds for Enterprises Located in Zhejiang Province
6. Technology Grants for Enterprises

Located in Zhejiang Province

C. Indirect Tax Credits and VAT/Tariff Reductions and Exemptions

- 7. Import Tariff and VAT Exemptions for FIEs Using Imported Technology and Equipment
- 8. Import Tariff and VAT Exemptions for Certain Domestic Enterprises Using Imported Technology and Equipment
- 9. VAT Rebate for FIE Purchases of Domestically Produced Equipment
- 10. Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-Oriented Enterprises
- 11. Preferential Tax Policies for Township Enterprises

D. Foreign-Invested Enterprise (FIE) Income Tax Rate Reduction and Exemption Programs

- 12. Preferential Tax Policies for Enterprises with Foreign Investment (“Two Free, Three Half”) Program
- 13. Preferential Tax Policies for Export-Oriented FIEs
- 14. Tax Program for High or New Technology FIEs
- 15. Preferential Tax Policies for Research and Development for FIEs
- 16. Tax Benefits for FIEs in Encouraged Industries that Purchase Domestic Equipment

Verification

In accordance with section 782(i)(1) of the Act, we will verify the information submitted by the respondents prior to making our final determination.

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated an individual rate for each producer/exporter of the subject merchandise individually investigated. We preliminarily determine the total estimated net countervailable subsidy rates to be:

Exporter/Manufacturer	Net Subsidy Rate (%)
Yama Ribbons and Bows Co., Ltd.	0.29 (<i>de minimis</i>)
Changtai Rongshu Textile Co., Ltd.	118.68
All-Others	59.49

Sections 703(d) and 705(c)(5)(A) of the Act states that for companies not investigated, we will determine an “all others” rate by weighting the individual company subsidy rate of each of the companies investigated by the company’s exports of the subject

merchandise to the United States. The “all others” rate normally does not include zero and *de minimis* rates or any rates based solely on the facts available. In this investigation, the net subsidy rate calculated for the two investigated companies are either *de minimis* or based entirely on AFA under section 776 of the Act. There is no information on the record upon which we could determine an all-others rate. As a result, we have calculated the all-others rate as a simple average of Changtai’s AFA rate and Yama’s *de minimis* rate. *See, e.g., LWS from the PRC and LWS Decision Memorandum at Comment 21.*

In accordance with sections 703(d)(1)(B) and (2) of the Act, we are directing U.S. Customs and Border Protection to suspend liquidation of all entries of Woven Ribbons from the PRC that are entered, or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the **Federal Register**, and to require a cash deposit or bond for such entries of merchandise in the amounts indicated above. However, because the estimated CVD rate for Yama is *de minimis*, liquidation will not be suspended and no cash deposits or bonds are required for merchandise produced and exported by that company.

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Import Administration.

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

Disclosure and Public Comment

In accordance with 19 CFR 351.224(b), we will disclose to the parties the calculations for this preliminary determination within five days of its announcement. Due to the anticipated timing of verification and issuance of verification reports, case briefs for this investigation must be submitted no later than one week after

the issuance of the last verification report. *See* 19 CFR 351.309(c)(i) (for a further discussion of case briefs). Rebuttal briefs must be filed within five days after the deadline for submission of case briefs, pursuant to 19 CFR 351.309(d)(1). A list of authorities relied upon, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. *See* 19 CFR 351.309(c)(2) and (d)(2).

Section 774 of the Act provides that the Department will hold a public hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by an interested party. If a request for a hearing is made in this investigation, the hearing will be held two days after the deadline for submission of the rebuttal briefs, pursuant to 19 CFR 351.310(d), at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, N.W., Washington, DC 20230, within 30 days of the publication of this notice, pursuant to 19 CFR 351.310(c). Requests should contain: (1) the party’s name, address, and telephone; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. *See id.*

This determination is published pursuant to sections 703(f) and 777(i) of the Act.

Dated: December 4, 2009.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

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