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4218-36
CVD/135

OTTAWA, July 30, 2013

STATEMENT OF REASONS

Concerning the preliminary determinations with respect to the dumping and subsidizing of

**CERTAIN UNITIZED WALL MODULES ORIGINATING IN OR EXPORTED FROM
THE PEOPLE'S REPUBLIC OF CHINA**

DECISION

Pursuant to subsection 38(1) of the *Special Import Measures Act*, on July 15, 2013 the President of the Canada Border Services Agency made preliminary determinations respecting the alleged injurious dumping and subsidizing of unitized wall modules, with or without infill, including fully assembled frames, with or without fasteners, trims, cover caps, window operators, gaskets, load transfer bars, sunshades and anchor assemblies; excluding non-unitized building envelope systems such as stick systems and point-fixing systems originating in or exported from the People's Republic of China.

Cet énoncé des motifs est également disponible en français.
This Statement of Reasons is also available in French.

TABLE OF CONTENTS

SUMMARY.....	3
PERIOD OF INVESTIGATION.....	4
INTERESTED PARTIES.....	4
COMPLAINANTS	4
IMPORTERS	6
EXPORTERS	6
GOVERNMENT OF CHINA	6
PRODUCT INFORMATION.....	7
DEFINITION	7
ADDITIONAL PRODUCT INFORMATION	7
PRODUCTION PROCESS.....	9
CLASSIFICATION OF IMPORTS	10
CLASSES OF GOODS	11
LIKE GOODS	11
THE CANADIAN INDUSTRY	11
IMPORTS INTO CANADA	11
REPRESENTATIONS FROM THE GOVERNMENT OF CHINA.....	12
EXTENSION OF THE PRELIMINARY DECISION TIMEFRAME.....	13
INVESTIGATION PROCESS	13
DUMPING INVESTIGATION.....	14
IMPORTER RESPONSES	14
EXPORTER RESPONSES.....	15
NORMAL VALUES	15
EXPORT PRICES.....	15
AMOUNT FOR PROFIT FOR PURPOSES OF SECTION 25 OF SIMA	16
PRELIMINARY RESULTS OF THE DUMPING INVESTIGATION.....	16
PRELIMINARY DUMPING RESULTS BY EXPORTER.....	16
SUMMARY OF PRELIMINARY RESULTS OF DUMPING INVESTIGATION	19
DUMPING DECISION	20
SUBSIDY INVESTIGATION	20
PRELIMINARY PHASE OF THE SUBSIDY INVESTIGATION	22
SUMMARY OF PRELIMINARY RESULTS OF SUBSIDY INVESTIGATION.....	26
SUBSIDY DECISION	28
PROVISIONAL DUTY.....	28
FUTURE ACTION.....	29
THE CANADA BORDER SERVICES AGENCY.....	29
THE CANADIAN INTERNATIONAL TRADE TRIBUNAL	29
RETROACTIVE DUTY ON MASSIVE IMPORTATIONS.....	30
UNDERTAKINGS.....	30
PUBLICATION.....	31
INFORMATION	31
APPENDIX 1 – SUMMARY OF ESTIMATED MARGINS OF DUMPING, ESTIMATED AMOUNTS OF SUBSIDY AND PROVISIONAL DUTY PAYABLE.....	32
APPENDIX 2 - SUMMARY OF PRELIMINARY FINDINGS FOR NAMED SUBSIDY PROGRAMS.....	33

SUMMARY

[1] On January 14, 2013, Allan Window Technologies, Ferguson Neudorf Glass Inc., Flynn Canada Ltd., Inland Glass & Aluminum Ltd./Aluminum Curtainwall Systems Inc., Oldcastle Building Envelope, Sota Glazing Inc., Starline Architectural Windows Ltd., State Windows Corporation, Toro Aluminum/Toro Glasswall Inc. and Windsor Glass Company (1992) Ltd. operating as Contract Glaziers, (hereafter ‘the Complainants’) filed a complaint with the Canada Border Service Agency (CBSA).

[2] Investigations respecting certain unitized wall modules from the People’s Republic of China (China) were previously initiated on July 16, 2012. On September 14, 2012, the Canadian International Trade Tribunal (Tribunal) terminated the preliminary injury inquiry after finding that the evidence did not disclose a reasonable indication that the dumping and subsidizing of the subject goods had caused injury or retardation or was threatening to cause injury. As a result, on September 17, 2012 the CBSA terminated the investigations of dumping and subsidizing in respect of these goods. The complaint received on January 14, 2013 concerned the same goods that were subject to these investigations.

[3] In the new complaint filed on January 14, 2013, the Complainants provided evidence to support the allegations that certain unitized wall modules from China have been dumped and subsidized. The evidence also addressed the injury concerns outlined in the Tribunal’s preliminary injury inquiry *Determination and Reasons* issued on October 1, 2012. The evidence disclosed a reasonable indication that the dumping and subsidizing has caused injury and is threatening to cause injury to the Canadian industry producing these goods.

[4] On February 1, 2013, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the Complainants that the complaint was properly documented. The CBSA also notified the Government of China (GOC) that a properly documented complaint had been received and provided the GOC with the non-confidential version of the subsidy portion of the complaint.

[5] Although the GOC was invited for consultations prior to the initiation of the investigations, pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures*, no such consultations took place. However, on March 4, 2013, the GOC provided representations opposing the initiation of dumping and subsidizing investigations on certain unitized wall modules originating in or exported from China.

[6] On March 4, 2013, pursuant to subsection 31(1) of SIMA, the President of the CBSA (President) initiated investigations respecting the dumping and subsidizing of certain unitized wall modules from China.

[7] Upon receiving notice of the initiation of the investigations, the Tribunal commenced a preliminary injury inquiry, pursuant to subsection 34(2) of SIMA, into whether the evidence discloses a reasonable indication that the dumping and subsidizing of certain unitized wall modules has caused injury or is threatening to cause injury to the Canadian industry producing the goods.

[8] On May 3, 2013, pursuant to subsection 37.1(1) of SIMA, the Tribunal made a preliminary determination that there is evidence that discloses a reasonable indication that the dumping and subsidizing of certain unitized wall modules from China has caused injury or is threatening to cause injury.

[9] On May 17, 2013, pursuant to paragraph 39(1)(a) of SIMA, the President extended the time period for making preliminary decisions with respect to the investigations into the dumping and subsidizing of certain unitized wall modules from 90 days to 135 days due to the complexity and novelty of the issues presented by the investigations.

[10] On July 15, 2013, as a result of the CBSA's preliminary investigation and pursuant to subsection 38(1) of SIMA, the President made a preliminary determination of dumping and subsidizing with respect to certain unitized wall modules originating in or exported from China.

[11] On July 15, 2013, pursuant to subsection 8(1) of SIMA, provisional duty was imposed on imports of dumped and subsidized goods that are of the same description as any goods to which the preliminary determination applies, and that are released during the period commencing on the day the preliminary determination was made and ending on the earlier of the day on which the President of the CBSA causes the investigation to be terminated pursuant to subsection 41(1) of SIMA or the day the Tribunal makes an order or finding pursuant to subsection 43(1) of SIMA

PERIOD OF INVESTIGATION

[12] The period of investigation (POI) with respect to the dumping and subsidizing of the subject goods is January 1, 2011 to December 31, 2012.

INTERESTED PARTIES

Complainants

[13] The Complainants account for a major proportion of the production of like goods in Canada. The Complainants' goods are produced at manufacturing facilities at various locations in Canada.

The names and addresses of the Complainants are:

Allan Window Technologies
131 Caldari Rd., Unit #1
Concord, ON L4K 3Z9

Ferguson Neudorf Glass Inc.
4275 North Service Road
Beamsville, ON L0R 1B1

Flynn Canada Ltd.
6435 Northwest Drive
Mississauga, ON L4V 1K2

Inland Glass & Aluminum Ltd./Aluminum Curtainwall Systems Inc.
1820 Kryczka Place
Kamloops, B.C. V1S 1S4

Oldcastle Building Envelope
210 Great Gulf Drive
Concord, ON L4K 5W1

Sota Glazing Inc.
443 Rainside Drive
Brampton, ON L7A 1E1

Starline Architectural Windows Ltd.
9380 198th Street
Langley, B.C. V1M 3C8

State Window Corporation
20 Corrine Court
Concord, ON L4K 5A4

Toro Aluminum/Toro Glasswall Inc.
330 Applewood Crescent
Concord, ON L4K 4V2

Windsor Glass Company (1992) Ltd.
Operating as Contract Glaziers
620 Sprucewood, PO Box 7177
Windsor, ON N9C 3Z1

[14] Other producers of like goods in Canada include: Aluminum Window Design Ltd., Applewood Glass & Mirror Inc., Basic Structures, Epsilon Concept Inc., Ferguson Corporation, Gamma Industries Gamma Windows and Walls International Inc., Lessard Group Inc., Merit Glass Ltd., Noram Enterprises Inc., OVG Inc., Phoenix Glass Inc., Primeline Window and Doors Inc., Quest Window Systems Inc., Transit Glass Inc., Verval Ltd. and Zimcor. All Canadian producers with the exception of Aluminum Window Design Ltd., Basic Structures, Ferguson Corporation, Gamma Industries Gamma Windows and Walls International Inc., Merit Glass Ltd. and Zimcor provided letters supporting the complaint¹. These six producers were contacted by the CBSA regarding support of the complaint but no responses were received.

Importers

[15] The CBSA identified 11 potential importers of certain unitized wall modules from China over the period of January 1, 2011 to December 31, 2012 from information provided by the Complainants and CBSA import documentation.

[16] The CBSA sent an importer RFI to each of these potential importers and received two responses. Both responses to the importer RFI were considered complete and timely.

Exporters

[17] The CBSA identified 64 potential exporters and producers of certain unitized wall modules from China over the period of January 1, 2011 to December 31, 2012 from information provided by the Complainants and CBSA import documentation. Each of these potential exporters were sent an exporter dumping request for information (RFI) and an exporter subsidy RFI.

[18] The CBSA received three responses to the exporter dumping RFI and the exporter subsidy RFI. Of these, only two responses to the exporter dumping RFI and the exporter subsidy RFI were considered complete and timely. These two exporters have been requested to provide additional information to supplement and clarify their responses.

Government of China

[19] For the purpose of these investigations, "Government of China" refers to all levels of government, i.e. federal, central, provincial/state, regional, municipal, city, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed. It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

[20] The CBSA sent a government subsidy RFI to the GOC at the initiation of the subsidy investigation. No response to the government subsidy RFI has been received.

¹ Dumping/Subsidy Exhibits 3 (NC), 4 (NC), 5 (NC), 6 (NC), 7 (NC), 8 (NC), 9 (NC), 10 (NC), 11 (NC), 12 (NC), 28 (PRO), 29 (PRO), 30 (PRO)

[21] On March 4, 2013, the GOC provided representations to the CBSA opposing the initiation of dumping and subsidizing investigations on certain unitized wall modules originating in or exported from China.

PRODUCT INFORMATION

Definition

[22] For the purpose of these investigations, subject goods are defined as:

Unitized wall modules, with or without infill, including fully assembled frames, with or without fasteners, trims, cover caps, window operators, gaskets, load transfer bars, sunshades and anchor assemblies; excluding non-unitized building envelope systems such as stick systems and point-fixing systems originating in or exported from the People's Republic of China.

Additional Product Information

[23] Subject and like unitized wall modules are an aluminum-framed engineered fenestration product which forms the building envelope or facade for multi-story buildings. The two main styles of unitized wall modules building envelope systems are referred to as "curtain wall" and "window wall".

[24] Unitized wall modules are prefabricated segments of the building envelope that interlock with each other when installed. They are manufactured and shipped to customers' building sites where they are installed by the customer or building contractor.

[25] Installed unitized wall modules separate the outdoors from a building's indoor environment. The unitized wall modules are designed to resist extreme wind pressures, limit air infiltration and exfiltration, prevent water infiltration and meet heat loss and energy usage criteria.

[26] The unitized wall modules are generally designed to meet any of the following or equivalent specifications:

- air infiltration/exfiltration to a minimum 0.10 L/s/m^2 (litres/second/square meter) when tested in accordance with American Society of Testing and Materials ("ASTM") Standard E283 at 0.3kPa (kilopascals) negative and positive pressure differential or equivalent proprietary or other internationally accepted standard;
- no water infiltration when tested under static wind load in accordance with ASTM Standard E331 using 205 liters of water per square meter for 15 minutes at a minimum 0.3kPa negative pressure differential or equivalent proprietary or other internationally accepted standard;

- no water infiltration when tested under dynamic wind load in accordance to American Architectural Manufacturers Association ("AAMA") Standard 501.1 using 205 liters of water per square meter for 15 minutes at a minimum 0.3kPa negative pressure differential or equivalent proprietary or other internationally accepted standard;
- structural performance when tested to ASTM Standard E330 by uniform static air pressure at a minimum 0.5kPa for 60 seconds without permanent deformation or equivalent proprietary or other internationally accepted standard; or
- thermal performance calculated in accordance with Canadian Standards Association ("CSA") Standard A440.2 to deliver a maximum of 3.0 W/m^2C (watt/square meter/Celsius) for vision glass areas and 1.5 W/m^2C for opaque areas (including framing) or equivalent proprietary or other internationally accepted standard.

[27] Unitized wall modules usually consist of three principal components: extruded pre-finished (mill, alodine, painted or anodized) aluminum frame, hardware and infill materials.

[28] The frame is the structural component that provides support for the infill materials. Hardware consists of fasteners, gaskets and sealants used to attach or sit between the frame and the infill materials. Infill materials include, but are not limited to, insulated glass units, monolithic glass, panels of various materials such as stone, granite or limestone, aluminum or galvanized steel back pans, insulation, terracotta tiles, ceramic tiles, thin veneer unitized bricks, louvers, grilles and photovoltaic panels. Patio or terrace doors and operable windows also are used as infill materials.

[29] The subject goods do not include non-unitized systems such as "stick systems" or "point-fixing systems". Stick system building envelopes or facades are not subject goods as they are not unitized. Unlike unitized wall modules, stick systems are not interlocking and require installation of individual framing components on-site to form the supporting grid for those systems. Stick systems are shipped to the project site as vertical and horizontal member components which are then installed and connected piece by piece to form the structural grid for a stick system envelope or facade for buildings. Once the grid of support members is secured to the building structure, infill materials are installed from the exterior and/or interior side of the building.

[30] Once a stick system building envelope or facade is completed, the appearance of the building exterior will be similar to a "unitized wall module" building envelope or facade. However, a stick system envelope or facade is differentiated from a "unitized wall module" building envelope or facade when viewed from the building interior, where the vertical frame members in the stick envelope or facade will be one-piece, while in the "unitized wall module" envelope or facade the vertical frame members will be two interlocked pieces.

[31] Products referred to as "point-fixing glass wall/curtain wall" and "full-glass glass wall/curtain wall" use glass fins, patch fittings, cable supports and other means for structural support and do not rely on the extruded aluminum members used in the subject goods covered by this complaint. These products cannot be "unitized" and are not subject goods.

Production Process

[32] The process begins with the fabrication of individual module components. Aluminum extrusions in the required sizes, shapes and finishes are purchased as required for each project. They are verified for colour and surface quality meeting the applicable standards and to ensure they meet the specifications of the individual project for which they are destined.

[33] Thermal breaks made from non-metal materials such as polyvinyl chloride or polyamide extrusions are sized and inserted into the aluminum extrusions to separate interior from exposed exterior sections of the frame. These composite frame sections are cut to length, shaped and machined to the final size of the unitized wall modules.

[34] The frame sections are then assembled. Typically the vertical mullions and horizontal frame sections are assembled using screws to connect the vertical to the horizontal frame sections. At this point the frames are fully assembled. Frames are typically rectangular in shape, but may also be manufactured to different shapes by using various angles and curves.

[35] The frames are prepared for the installation of infill materials. Frame connections are sealed using various sealant such as silicone, butyl, acrylic and elastomeric sealants. Frame sections are prepared by installing various types of air seal and glazing gaskets and/or glazing tapes to achieve air and water tight seals between the frame and infill materials.

[36] Once the frames have been prepared the infill materials are added. This can be done in a stationary manner on a fixed assembly table or on a conveyor assembly line. The process of installation into the assembled frames varies depending on the type of infill and complexity of the final unitized wall modules.

[37] For a typical unitized wall module the following assembly/infill procedures apply:

- install aluminum or galvanized steel back pans at spandrel conditions / opaque areas;
- seal back pans at the perimeter to the horizontal and vertical frame sections;
- install insulation boards of various thickness and materials into the backpan area. The insulation boards typically used are mineral board and fiberglass board;
- install glass panels of various thickness and assemblies into the vision and spandrel areas;
- glass panels or other infill materials are secured to frame sections mechanically using extruded glass stops, pressure plates and caps, or are glued using structural silicone or special structural adhesive tapes;

- infill materials can vary in type, thickness, and colour. Materials include, but are not limited to, insulated glass units, monolithic glass, aluminum or galvanized steel back pans, insulation, panels of metal, granite, limestone, photovoltaic, fibre reinforced or thin precast concrete, terra cotta and ceramic tiles, thin veneer unitized bricks, louvers, grilles and fixed or operable sun shading devices. Patio or terrace doors and operable windows are also used as infill materials; and
- once the frame assembly and installation of infill materials is completed, the assembled unitized wall modules is protected for shipment using cardboard, wood crating or steel racks. The product is then ready for shipment to the customer.

Classification of Imports

[38] Under the 2011 Customs Tariff, the goods subject to the product definition were normally imported into Canada under the following Harmonized System (HS) classification numbers:

7610.10.00.20
7610.90.00.90

[39] Under the 2012 Customs Tariff, the subject goods are normally imported into Canada under the following HS classification numbers:

7610.10.00.20
7610.90.10.90
7610.90.90.90

[40] Certain importers may also be classifying the subject goods under the following HS classification numbers:

Prior to January 1, 2012	As of January 1, 2012
4016.93.99.10	4016.93.99.10
4016.93.99.90	4016.93.99.90
6802.23.00.10	6802.23.00.10
6806.10.90.90	7008.00.00.00
7005.29.00.98	7308.30.00.21
7008.00.00.00	7610.10.00.10
7016.90.00.19	7610.10.00.20
7308.30.00.21	7610.90.90.30
7318.15.90.49	7610.90.90.90
7604.29.20.30	
7610.10.00.10	
7610.10.00.20	
7610.90.00.90	

[41] The HS classification numbers identified are for convenience of reference only. The HS classification numbers may include non-subject goods. Also, subject goods may fall under HS classification numbers that are not listed. Refer to the product definition for authoritative details regarding the subject goods.

CLASSES OF GOODS

[42] The dumping and subsidy investigations were initiated on a single class of goods. However, as a result of the Tribunal's preliminary injury inquiry², the Tribunal is of the opinion that the question of whether there are multiple classes of goods merits further consideration for the inquiry under section 42 of SIMA. As such, the Tribunal requested the CBSA to collect, in addition to the single class of subject goods as defined at initiation, separate information on the dumping and subsidizing of (1) unitized curtain wall modules (2) unitized window wall modules. In response to this request, on July 15, 2013, the CBSA submitted to the Tribunal the information it had available on the potential two classes of goods.

LIKE GOODS

[43] Subsection 2(1) of SIMA defines "like goods", in relation to any other goods, as goods that are identical in all respects to the other goods, or in the absence of identical goods, goods the uses and other characteristics of which closely resemble those of the other goods.

[44] Unitized wall modules produced by the domestic industry in Canada compete directly for the same building contracts as the unitized wall modules imported from China. The goods produced in Canada are substitutable with unitized wall modules imported from China. Therefore, the CBSA has concluded that unitized wall modules produced by the Canadian industry constitute like goods to the unitized wall modules imported from China.

[45] However, unitized wall modules are custom designed for specific building projects, and can only be used for the projects for which they are designed. Therefore, for the purpose of estimating normal values, the CBSA determined that the unitized wall modules sold in China are not identical and do not closely resemble the subject goods sold to the importer in Canada, and concluded that there are no domestic sales of like goods by Chinese producers.

THE CANADIAN INDUSTRY

[46] As previously stated, the Complainants account for a major proportion of known domestic production of like goods.

IMPORTS INTO CANADA

[47] During the preliminary phase of the investigations, the CBSA refined the estimated volume of imports based on information received from exporters and importers.

² Preliminary Injury Inquiry No. PI-2012-006 Unitized Wall Modules, issued on May 3, 2013. Reasons available online at http://www.citt.gc.ca/dumping/preinq/determin/pi2m006_e.asp

[48] The additional information indicated that certain unitized wall modules were only imported from China and the Republic of Korea during the POI.

[49] The following table presents the CBSA's analysis of imports of certain unitized wall modules for purposes of the preliminary determinations:

**Import Volumes of Certain Unitized Wall Modules
(January 1, 2011 – December 31, 2012)
As a percentage of total import value in Canadian Dollars (\$)³**

Imports into Canada	% of Total Import Value
China	96.3%
Republic of Korea	3.7%
Total	100.0%

REPRESENTATIONS FROM THE GOVERNMENT OF CHINA

[50] A letter from the Embassy of China⁴ was received on March 4, 2013 with representations to the CBSA opposing the initiation of investigations into the alleged dumping and subsidizing of certain unitized wall modules.

[51] The representations were not taken into account in the decision to initiate the investigations as they were received on the day of initiation.

[52] In the representations, it was argued that the CBSA should not initiate investigations because: the interval between the two complaints concerning unitized wall modules is too short, and is therefore inconsistent with the *WTO Safeguards Agreement*; there is lack of standing; and there is a lack of injury evidence required to initiate.

[53] The *WTO Safeguards Agreement* is not applicable to the CBSA's anti-dumping and countervailing investigations. Further, there is no requirement under SIMA, the *WTO Agreement on Subsidies and Countervailing Measures* or the *WTO Anti-Dumping Agreement* that a certain amount of time must elapse before filing a new complaint regarding products that have previously been investigated.

[54] In regards to standing, the President was satisfied that the complaint was supported by domestic producers whose production represents more than 50 percent of the total production of those domestic producers who expressed either support for or opposition to the complaint, and whose production represents more than 25 percent of unitized wall modules production in Canada, as is required under subsection 31(2) of SIMA.

³ The CBSA's import documentation was used to estimate the imports of subject goods during the POI. Since import volume information on the customs documentation was reported in various units of measure (i.e. m², number of modules, kg, etc.), it was not feasible to estimate the imports of subject goods by volume. As a result, import value was used as the unit of measure for estimating imports of certain unitized wall modules.

⁴ Dumping exhibit 63 (NC)

[55] At initiation, based on information provided in the complaint, other available information, and the CBSA's import documentation, the President was of the opinion that there was evidence that certain unitized wall modules originating in or exported from China have been dumped and subsidized, and there was a reasonable indication that such dumping and subsidizing has caused and was threatening to cause injury to the Canadian industry.

[56] On May 3, 2013, the Tribunal made a preliminary determination that there is evidence that discloses a reasonable indication that the dumping and subsidizing of certain unitized wall modules from China has caused injury or is threatening to cause injury.

[57] Any further representations regarding the evidence of injury and the potential for multiple classes of goods should be addressed to the Tribunal.

EXTENSION OF THE PRELIMINARY DECISION TIMEFRAME

[58] On May 17, 2013, pursuant to paragraph 39(1)(a) of SIMA, the President extended the time period for making preliminary decisions with respect to the investigations into the dumping and subsidizing of certain unitized wall modules from 90 days to 135 days.

[59] This extension was required due to the complex and novel issues presented by the investigations.

[60] The complex and novel issues include:

- the large number of related party transactions between importers and exporters;
- unitized wall modules are not sold individually but as part of a building facade project;
- each unitized wall module is unique and can only be used for the project for which it is designed;
- the time lag between sale and importation;
- many unitized wall modules imported during the POI are for unfinished projects, and payment has not yet been received;
- the potential for upstream subsidies; and
- the size and complex nature of the organizational structure of the exporters.

INVESTIGATION PROCESS

[61] Regarding the dumping investigation, information was requested from known and potential exporters, vendors and importers, concerning shipments of certain unitized wall modules released into Canada during the POI of January 1, 2011 to December 31, 2012.

[62] Regarding the subsidy investigation, information related to potential actionable subsidies was requested from known and potential exporters and the GOC concerning financial contributions made to exporters or producers of certain unitized wall modules released into Canada during the POI of January 1, 2011 to December 31, 2012. Exporters and producers were also requested to forward a subsidy RFI to their suppliers of aluminum extrusions, in the context of the investigation of upstream subsidies from the suppliers of these raw materials since aluminum extrusions were found to be subsidized in a prior investigation.⁵

[63] After reviewing the responses to the RFIs, supplemental RFIs were sent to exporters and importers to clarify or request additional information.

[64] Preliminary determinations are based on the information available to the President at the time of the preliminary determinations. Any additional information provided in supplemental RFI responses will be taken into consideration during the final phase of the investigations. During the final phase of the investigations, additional information will be obtained and cooperating parties will continue to be verified on-site, the results of which will be incorporated into the CBSA's final determinations, which must be made by October 15, 2013.

DUMPING INVESTIGATION

Importer Responses

[65] The CBSA received two responses to the importer RFI. Both submissions are substantially complete.

*Jangho Curtain Wall Canada Co., Ltd.*⁶

[66] Jangho Curtain Wall Canada Co. Ltd. (Jangho Canada) is an importer and seller of unitized wall modules. During the POI, Jangho Canada imported unitized wall modules from a related exporter, Guangzhou Jangho Curtain Wall System Engineering Co., Ltd. (Guangzhou Jangho). The submission provided by Jangho Canada is substantially complete and was verified on-site prior to the preliminary determination.

*Yuanda Canada Enterprises Ltd.*⁷

[67] Yuanda Canada Enterprises Ltd. (Yuanda Canada) is an importer and seller of unitized wall modules. During the POI, Yuanda Canada imported unitized wall modules from a related exporter, Shenyang Yuanda Aluminum Industry Engineering Co. Ltd. (Shenyang Yuanda). The submission provided by Yuanda Canada is substantially complete. The CBSA plans to conduct an on-site verification of the submitted information after the preliminary determination.

⁵ Certain Aluminum Extrusions originating in or exported from the People's Republic of China

⁶ Dumping exhibit 68 (NC)

⁷ Dumping exhibit 66 (NC)

Exporter Responses

[68] The CBSA received responses to the exporter dumping RFI from the following companies:

- Guangzhou Jangho and Associated Companies⁸
- Shenyang Yuanda and Associated Companies⁹
- Shanghai Henry Yijian Curtain Wall Manufacturing Co., Ltd. and Associated Company¹⁰

Normal Values

[69] The estimated normal value of goods sold to importers in Canada is generally based on the domestic selling prices of like goods in the country of export pursuant to section 15 of SIMA, or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits, pursuant to paragraph 19(b) of SIMA.

Export Prices

[70] The estimated export price of goods sold to importers in Canada is generally based on the lesser of the adjusted exporter's sale price for the goods or the adjusted importer's purchase price, pursuant to section 24 of SIMA. These prices are adjusted, where necessary, by deducting the costs, charges, expenses, duties and taxes resulting from the exportation of the goods as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA. Where there are sales between associated persons or a compensatory arrangement exists, the export price may be determined based on the importer's resale price of the imported goods in Canada to non-associated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that are additional to those incurred on the sales of like goods for use in the country of export, all costs that are incurred in reselling the goods (including duties and taxes) or associated with the assembly of the goods in Canada and an amount representative of the average industry profit in Canada, pursuant to paragraphs 25(1)(c) and 25(1)(d) of SIMA. Where, in the opinion of the President, sufficient information has not been furnished or is not available, export prices are determined pursuant to a ministerial specification under subsection 29(1) of SIMA.

⁸ Dumping exhibit 71 (NC)

⁹ Dumping exhibit 77 (NC)

¹⁰ Dumping exhibit 80 (NC) and Dumping exhibit 83 (NC)

Amount for Profit for Purposes of Section 25 of SIMA

[71] An amount for profit for purposes of section 25 of SIMA was determined by taking a weighted-average profit margin of each complainant and cooperative importer that reported a profit during the POI. Other domestic producers were also requested to provide financial information for the purposes of determining an amount for profit. Financial information was received from three other domestic producers. However, this information was not received in time to be used for the preliminary determination.

[72] The weighted-average amount for profit determined is 10.54%.

Preliminary Results of the Dumping Investigation

[73] All subject goods imported into Canada during the POI are included in the estimation of the margin of dumping of goods. The estimated margin of dumping by exporter is equal to the amount by which the total estimated normal value exceeds the total estimated export price of the goods, expressed as a percentage of the total estimated export price. Where the total estimated normal value of the goods does not exceed the total estimated export price of the goods, the margin of dumping is zero.

[74] With respect to the exporters that provided substantially complete responses to the RFI, on or before the identified due date, company-specific information was utilized for the preliminary determination in estimating normal values and export prices for goods shipped to Canada.

[75] For those exporters that did not submit a response to the RFI, or that submitted an incomplete response, the normal value of the goods was estimated by advancing the export price by the highest amount by which the normal value exceeded the export price for an individual project for an exporter that provided a substantially complete response to the RFI, excluding anomalies.

[76] In calculating the estimated margin of dumping for China, the estimated margins of dumping found in respect of each exporter were weighted according to each exporter's value of certain unitized wall module exported to Canada during the POI.

Preliminary Dumping Results by Exporter

[77] The margins of dumping were estimated on the basis of the information provided by the exporters.

[78] Estimated margin of dumping details relating to the exporters that provided a complete response to the RFI are presented in a margin of dumping summary table at the end of this section as well as in **Appendix 1**.

[79] Guangzhou Jangho was established in June 2007 by its parent company Beijing Jangho Curtain Wall Co., Ltd. (Beijing Jangho). Guangzhou Jangho is wholly owned by Beijing Jangho. The parent company is publicly traded on the Shanghai Stock Exchange. Beijing Jangho has a significantly complex corporate structure with many subsidiaries in China and internationally, including a related importer in Canada, Jangho Canada (see above). Guangzhou Jangho is a manufacturer of certain unitized wall modules which are sold domestically and to export markets including Canada.

[80] Guangzhou Jangho had domestic sales of certain unitized wall modules during the POI. However, due to the uniqueness of the unitized wall modules for each individual building project, the CBSA is of the opinion that these domestic sales are not like goods. Therefore, for the purposes of the preliminary determination, normal values could not be estimated using section 15 of SIMA.

[81] For the purposes of the preliminary determination, normal values for Guangzhou Jangho have been estimated using a cost-plus methodology based upon the provisions of paragraph 19(b) of SIMA. An amount of profit, which was determined in accordance with section 11 of the *Special Import Measures Regulations* (SIMR), was estimated based on the profits earned on sales of goods of the same general category by the exporter in the country of export.

[82] Guangzhou Jangho exported subject goods during the POI to its related importer, Jangho Canada. A related vendor, Jangho Curtain Wall (Hong Kong) Co., Ltd., was used to facilitate the export sales to Canada. As the exporter and importer were related a reliability test was performed to determine whether the estimated section 24 export prices were reliable as envisaged by SIMA. This test was conducted by comparing the estimated section 24 export prices with the estimated section 25 “deductive” export prices based on the importer’s resale prices of the imported goods in Canada to unrelated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that were additional to those incurred on sales of like goods for use in the country of export, all costs included in the resale prices that were incurred in reselling the goods in Canada (including duties and taxes) or associated with the assembly of the goods in Canada and an amount representative of the average industry profit in Canada. The test revealed that the estimated export prices in accordance with section 24 of SIMA were unreliable and therefore, export prices were estimated in accordance with the principles of paragraph 25(1)(c). The amount for profit was estimated in accordance with paragraph 22(b) of the SIMR, based on sales of goods of the same general category by vendors in Canada.

[83] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI from Guangzhou Jangho. The estimated margin of dumping for Guangzhou Jangho is 30.3%, expressed as a percentage of the export price.

Shenyang Yuanda Aluminum Industry Engineering Co., Ltd.

[84] Shenyang Yuanda was established in 1993 and is a producer and exporter of unitized wall module products and other building facade products. Shenyang Yuanda is wholly-owned by Yuanda (Hong Kong) Holdings Ltd., who is in turn a wholly-owned subsidiary of Yuanda China Holdings Ltd. (Yuanda China). Yuanda China is a publically traded company on the Hong Kong Stock Exchange and was first listed in 2011. Yuanda China has many subsidiaries in China and internationally, including a related importer in Canada, Yuanda Canada (see above).

[85] Shenyang Yuanda had domestic sales of certain unitized modules during the POI. However, due to the uniqueness of the unitized wall modules for each individual building project, the CBSA is of the opinion that these domestic sales are not like goods. Therefore, for the purposes of the preliminary determination, normal values could not be estimated using section 15 of SIMA.

[86] For the purposes of the preliminary determination, normal values for Shenyang Yuanda have been estimated using a cost-plus methodology based upon the provisions of paragraph 19(b) of SIMA. An amount of profit, which was determined in accordance with SIMR 11, was estimated based on the profits earned on sales of goods of the same general category by the exporter in the country of export.

[87] Shenyang Yuanda exported subject goods during the POI to its related importer, Yuanda Canada. As the exporter and importer were related a reliability test was performed to determine whether the estimated section 24 export prices were reliable as envisaged by SIMA. This test was conducted by comparing the estimated section 24 export prices with the estimated section 25 “deductive” export prices based on the importer’s resale prices of the imported goods in Canada to unrelated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that were additional to those incurred on sales of like goods for use in the country of export, all costs included in the resale prices that were incurred in reselling the goods in Canada (including duties and taxes) or associated with the assembly of the goods in Canada and an amount representative of the average industry profit in Canada. The test revealed that the estimated export prices in accordance with section 24 of SIMA were unreliable and therefore, export prices were estimated in accordance with the principles of paragraph 25(1)(c). The amount for profit was estimated in accordance with paragraph 22(b) of the SIMR, based on sales of goods of the same general category by vendors in Canada.

[88] The total estimated normal value was compared with the total estimated export price for the subject goods imported into Canada during the POI from Shenyang Yuanda. The estimated margin of dumping for Shenyang Yuanda is 36.3%, expressed as a percentage of the export price.

Shanghai Henry Yijian Curtain Wall Manufacturing Co., Ltd.

[89] Shanghai Henry Yijian Curtain Wall Manufacturing Co., Ltd. (Henry Yijian) provided a response to the exporter dumping RFI. However, the response is substantially incomplete.

[90] Henry Yijian was requested to provide the missing information and no response has been received.

[91] Sufficient information has not been provided to the CBSA in order to estimate margins of dumping for Henry Yijian for the purposes of the preliminary determination using Henry Yijian's own information. Therefore, Henry Yijian's normal values and export prices were estimated using the same methodology as all other exporters who did not provide a response to the CBSA.

All Other Exporters - Margin of Dumping

[92] For all other exporters, the normal values of the goods were estimated by advancing the export price by the highest amount by which the normal value exceeded the export price for an individual project for an exporter that provided a substantially complete response to the RFI, excluding anomalies.

[93] As such, normal values for these other exporters were estimated by advancing the estimated export price of the goods by 57.3%.

[94] Export prices were estimated using CBSA import documentation for the subject goods imported into Canada during the POI.

[95] Margins of dumping were estimated by comparing the total estimated normal value with the total estimated export price, which was estimated to be 57.3%, expressed as a percentage of the export price.

Summary of Preliminary Results of Dumping Investigation

[96] The determination of the volume of dumped goods is calculated by taking into consideration each exporter's net aggregate dumping results. Where a given exporter has been determined to be dumping on an overall or net basis, the total quantity of exports attributable to that exporter (i.e. 100%) is considered dumped. Similarly, where a given exporter's net aggregate dumping results are zero, then the total quantity of exports deemed to be dumped by that exporter is zero.

[97] In calculating the weighted-average estimated margin of dumping for China, the overall estimated margins of dumping found in respect of each exporter are weighted according to each exporter's import value¹¹ of certain unitized wall modules exported to Canada during the dumping POI.

[98] The following table summarizes the preliminary results of the dumping investigation respecting all subject goods released into Canada during the dumping POI.

¹¹ The CBSA's import documentation was used to estimate the imports of subject goods during the POI. Since import volume information on the customs documentation was reported in various units of measure (i.e. m², number of modules, kg, etc.), it was not feasible to estimate the imports of subject goods by volume. As a result, import value was used as the unit of measure for estimating imports of subject goods.

Country	Estimated Dumped Goods as Percentage of Country Imports	Estimated Weighted Average Margin of Dumping*	Country Imports as Percentage of Total Imports	Estimated Dumped Goods as Percentage of Total Imports
China	100%	47.6%	96.3%	96.3%

*expressed as a percentage of the export price

[99] Pursuant to subsection 35(1) of SIMA, the President is required to terminate an investigation prior to the preliminary determination if he is satisfied that the margin of dumping of the goods of a country is insignificant or that the volume of dumped goods of a country is negligible. Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% is defined as insignificant, whereas a volume of dumped goods from a country forming less than 3% of total imports is considered negligible.

[100] The estimated weighted-average margin of dumping of certain unitized wall modules from China is above 2% and is, therefore, not insignificant. As well, the volume of dumped goods from China is above 3%, and is, therefore, not negligible.

DUMPING DECISION

[101] Based on the preliminary results of the investigation, on July 15, 2013 the President of the CBSA made a preliminary determination of dumping respecting certain unitized wall modules originating in or exported from China pursuant to subsection 38(1) of SIMA. The President also considered that the imposition of provisional duty is necessary to prevent injury from the dumped goods.

SUBSIDY INVESTIGATION

[102] In accordance with section 2 of SIMA, a subsidy exists if there is a financial contribution by a government of a country other than Canada that confers a benefit on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods. A subsidy also exists in respect of any form of income or price support within the meaning of Article XVI of the *General Agreement on Tariffs and Trade, 1994*, being part of Annex 1A to the WTO Agreement, that confers a benefit.

[103] Pursuant to subsection 2(1.6) of SIMA, there is a financial contribution by a government of a country other than Canada where:

- a) practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities;
- b) amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected;

- c) the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- d) the government permits or directs a non-governmental body to do anything referred to in any of paragraphs (a) to (c) where the right or obligation to do the thing is normally vested in the government and the manner in which the non-governmental body does the thing does not differ in a meaningful way from the manner in which the government would do it.

[104] Where subsidies exist they may be subject to countervailing measures if they are specific in nature. According to subsection 2(7.2) of SIMA a subsidy is considered to be specific when it is limited, in a legislative, regulatory or administrative instrument, or other public document, to a particular enterprise within the jurisdiction of the authority that is granting the subsidy; or is a prohibited subsidy.

[105] A “prohibited subsidy” is either an export subsidy or a subsidy or portion of subsidy that is contingent, in whole or in part, on the use of goods that are produced or that originate in the country of export. An export subsidy is a subsidy or portion of a subsidy contingent, in whole or in part, on export performance. An “enterprise” is defined as including a group of enterprises, an industry and a group of industries. These terms are all defined in section 2 of SIMA.

[106] Notwithstanding that a subsidy is not specific in law, under subsection 2(7.3) of SIMA a subsidy may also be considered specific having regard as to whether:

- a) there is exclusive use of the subsidy by a limited number of enterprises;
- b) there is predominant use of the subsidy by a particular enterprise;
- c) disproportionately large amounts of the subsidy are granted to a limited number of enterprises; and
- d) the manner in which discretion is exercised by the granting authority indicates that the subsidy is not generally available.

[107] For purposes of a subsidy investigation, the CBSA refers to a subsidy that has been found to be specific as an “actionable subsidy,” meaning that it is subject to countervailing measures if the persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods under investigation have benefited from the subsidy.

[108] Financial contributions provided by a State-Owned Enterprises (SOEs) may also be considered to be provided by the government for purposes of this investigation. A SOE may be considered to constitute “government” for the purposes of subsection 2(1.6) of SIMA if it possesses, exercises, or is vested with governmental authority. Without limiting the generality of the foregoing, the CBSA may consider the following factors as indicative of whether (the SOE meets this standard: 1) the SOE is granted or vested with authority by statute; 2) the SOE is performing a government function; 3) the SOE is meaningfully controlled by the government; or some combination thereof.

[109] At the time of initiation of the investigation, the CBSA had identified 180 subsidy programs to be investigated. The full listing of programs investigated is included as **Appendix 2** of this report. These programs can be classified under one of the following nine categories:

1. Special Economic Zone (SEZ) and Other Designated Areas Incentives;
2. Preferential Loans and Loan Guarantees;
3. Grants and Grant Equivalents;
4. Preferential Tax Programs;
5. Relief from Duties and Taxes on Inputs, Materials and Machinery;
6. Reduction in Land Use Fees;
7. Goods/Services Provided by the Government at Less than Fair Market Value;
8. Equity Programs; and
9. Subsidy Pass-through (i.e. upstream subsidies).

[110] The following presents the preliminary results of the investigation into the alleged subsidizing of certain unitized wall modules originating in China.

Preliminary Phase of the Subsidy Investigation

[111] In conducting its investigation, the CBSA sent a subsidy RFI to the GOC, as well as to the potential exporters and producers located in China that had been identified in the complaint and through internal CBSA documentation. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain unitized wall modules; and whether any resulting subsidy was specific in nature. The exporters were requested to forward a portion of the RFI to their input suppliers of aluminum extrusions, glass products and steel products, who were asked to respond to questions pertaining to their legal characterization as SOEs. The exporters were also requested to forward a subsidy RFI to their aluminum extrusion suppliers, in the context of the investigation of upstream subsidies from the suppliers of these raw materials since aluminum extrusions were found to be subsidized in prior investigations. On May 22, 2013, the CBSA also sent RFIs to sixteen producers of aluminum extrusions in four countries, namely, Chinese Taipei, Malaysia, Mexico and India. These RFIs were seeking domestic pricing and costing information for the purposes of finding a non-subsidized benchmark price for aluminum extrusions in the context of the analysis of possible upstream subsidies from aluminum extrusion suppliers.

[112] The CBSA received responses to the exporter subsidy RFI from the following companies:

- Guangzhou Jangho and Associated Companies¹²
- Shenyang Yuanda and Associated Companies¹³
- Henry Yijian¹⁴

¹² Subsidy exhibit 81 (NC)

¹³ Subsidy exhibit 79 (NC)

[113] For the preliminary determination, the CBSA has estimated an amount of subsidy for two of the exporters in China, Guangzhou Jangho and Shenyang Yuanda, based on the information provided in their responses to the subsidy RFI. The CBSA was unable to estimate a company-specific amount of subsidy for Henry Yijian as there was insufficient information on the record to do so.

Guangzhou Jangho Curtain Wall System Engineering Co., Ltd.

[114] The information received from Guangzhou Jangho indicated that it received benefits from the following 10 programs:

- *Program 38: Technical Renovation Loan Interest Discount Fund;*
- *Program 42: Innovative Small and Medium-Sized Enterprise Grants;*
- *Program 82: Award for Excellent Enterprise;*
- *Program 91: Medium Size and Small Size Enterprises Development Special Fund;*
- *Program 113: Supporting Fund for Science and Technology Expenses by Zengcheng Local Governments;*
- *Program 114: Supporting Fund for the Development from Guangzhou Local Governments;*
- *Program 136: Supporting fund provided to Service Outsourcing Enterprises for the Establishment of their Brands and the Acquisition of their International Qualification Accreditations;*
- *Program 142: Supporting Fund and Interest Assistance provided by Zengcheng Municipal Government to the Research and Development Projects accredited at Guangzhou Municipal Level, Guangdong Provincial Level and National level;*
- *Program 166: Corporate Income Tax Reduction for New High-Technology Enterprises; and*
- *Program 170: Tax Offset for R & D Expenses.*

[115] While conducting its investigation, the CBSA also found that Guangzhou Jangho received benefits from the following program:

- *Program 180: Subsidy Pass-Through from the Purchase of Aluminum Extrusions.*

[116] The information received from Beijing Jangho indicated that it received benefits from the following 11 programs:

- *Program 54: Grant - Special Supporting Fund for Commercialization of Technological Innovation and Research Findings;*
- *Program 58: International market fund for small and medium sized export companies;*
- *Program 68: Awards for the Contributions to Local Economy and Industry Development;*

¹⁴ Subsidy exhibit 88 (NC)

- *Program 82: Award for Excellent Enterprise;*
- *Program 96: Special Development Fund for Beijing Cultural Innovation Industry;*
- *Program 97: Supporting Fund for Becoming Publicly Listed Company;*
- *Program 102: Brand Development Fund by Shunyi District Local Governments;*
- *Program 121: Export Assistance Grant;*
- *Program 122: Research & Development (R&D) Assistance Grant;*
- *Program 166: Corporate Income Tax Reduction for New High-Technology Enterprises; and*
- *Program 170: Tax Offset for R&D Expenses in Guangdong Province.*

[117] For the purposes of the preliminary determination, the CBSA attributed, based on consolidated sales, the subsidies received by Beijing Jangho to Guangzhou Jangho since Guangzhou Jangho, despite its status as a distinct legal entity, appears to operate as a de-facto division of Beijing Jangho within the overall corporate structure.

[118] Accordingly, for the purposes of the preliminary determination, the CBSA estimated, for Guangzhou Jangho, an amount of subsidy on the basis of the financial benefits received under the following 19 programs:

- *Program 38: Technical Renovation Loan Interest Discount Fund;*
- *Program 42: Innovative Small and Medium-Sized Enterprise Grants;*
- *Program 54: Grant - Special Supporting Fund for Commercialization of Technological Innovation and Research Findings;*
- *Program 58: International market fund for small and medium sized export companies;*
- *Program 68: Awards for the Contributions to Local Economy and Industry Development;*
- *Program 82: Award for Excellent Enterprise;*
- *Program 91: Medium Size and Small Size Enterprises Development Special Fund;*
- *Program 96: Special Development Fund for Beijing Cultural Innovation Industry;*
- *Program 97: Supporting Fund for Becoming Publicly Listed Company;*
- *Program 102: Brand Development Fund by Shunyi District Local Governments;*
- *Program 113: Supporting Fund for Science and Technology Expenses by Zengcheng Local Governments;*
- *Program 114: Supporting Fund for the Development from Guangzhou Local Governments;*
- *Program 121: Export Assistance Grant;*
- *Program 122: Research & Development (R&D) Assistance Grant;*
- *Program 136: Supporting fund provided to Service Outsourcing Enterprises for the Establishment of their Brands and the Acquisition of their International Qualification Accreditations;*

- *Program 142: Supporting Fund and Interest Assistance provided by Zengcheng Municipal Government to the Research and Development Projects accredited at Guangzhou Municipal Level, Guangdong Provincial Level and National level;*
- *Program 166: Corporate Income Tax Reduction for New High-Technology Enterprises;*
- *Program 170: Tax Offset for R&D Expenses in Guangdong Province; and*
- *Program 180: Subsidy Pass-Through from the Purchase of Aluminum Extrusions.*

Shenyang Yuanda Aluminum Industry Engineering Co., Ltd.

[119] For the purposes of the preliminary determination, the CBSA estimated, based on its analysis of the information provided by Yuanda, an amount of subsidy on the basis of the financial benefits received under the following 14 programs:

- *Program 19: VAT Refunds or Exemptions for the domestically purchased machinery, equipment and construction materials used for the production of exported goods and the construction of production facilities in the Export Processing Zone;*
- *Program 24: Supporting Fund Provided by Shenyang Economic & Technological Development Area Administration to the Enterprises to Encourage the Acquisition of Foreign Science & Technology Type Enterprises and the Employment of Foreign Science & Technology Development Experts;*
- *Program 28: Export Seller's Credit for High –and New Technology Products by China EXIM Bank;*
- *Program 35: Awards to Enterprises whose Products Qualify for "Well-Known Trademarks of China" or "Famous Brands of China";*
- *Program 48: Grant – Patent Application Assistance;*
- *Program 53: Grant – Provincial Foreign Economy and Trade Development Special Fund;*
- *Program 82: Award for Excellent Enterprise;*
- *Program 97: Supporting Fund for Becoming Publicly Listed Company;*
- *Program 141: Supporting Fund Provided by Shenyang Municipal Government to Enterprises to Maintain the Employment Level;*
- *Program 156: Liaoning High-tech Products & Equipment Export Interest Assistance;*
- *Program 164: Income Tax Refund for Re-Investment of FIE Profits by Foreign Investors;*
- *Program 174: Exemption of Tariff and Import VAT for the Imported Technologies and Equipment;*
- *Program 176: Reduction, exemption or refund of Land Use Fees, Land Rental Rates and Land Purchase/Transfer Prices; and*
- *Program 180: Subsidy Pass-Through from the Purchase of Aluminum Extrusions.*

Shanghai Henry Yijian Curtain Wall Manufacturing Co., Ltd.

[120] Henry Yijian provided a response to the exporter subsidy RFI. However, the response is substantially incomplete.

[121] Henry Yijian was requested to provide the missing information and no response has been received to date.

[122] Sufficient information has not been provided to the CBSA in order to estimate an amount of subsidy for Henry Yijian for the purposes of the preliminary determination using Henry Yijian's own information. Therefore, Henry Yijian's amount of subsidy was estimated using the same methodology as all other exporters who did not provide a response to the CBSA.

Summary of Preliminary Results of Subsidy Investigation

[123] A summary of the preliminary results of the subsidy investigation is presented in a table at the end of this section. An outline of the findings for the named subsidy programs can be found in **Appendix 2**.

[124] During the final stage of the investigation, the identified potential subsidy programs will be further analyzed. In addition, any other potential subsidy programs that are subsequently identified may be considered for the purposes of the final decision.

[125] For the purposes of the preliminary determination, the estimated total amount of subsidy for Guangzhou Jangho is 3.1% of the export price. The estimated total amount of subsidy for Shenyang Yuanda is 4.6% of the export price.

[126] For all other exporters, the amount of subsidy has been estimated based on:

- 1) the highest amount of subsidy, expressed as a percentage of the export price, for each of the 30 programs, as found at the preliminary determination, for the cooperative exporters located in China, plus;
- 2) the average of the highest amounts of subsidy for the 30 programs in (i), applied to each of the remaining 150 potentially actionable subsidy programs for which information is not available or has not been provided at the preliminary determination.

[127] Using the above methodology, the estimated amount of subsidy for all other exporters is 34.3%, expressed as a percentage of the export price.

[128] As a result of the above methodology, 100% of the subject goods imported from China were subsidized. The estimated overall weighted average amount of subsidy is equal to 21.8% of the export price.

[129] The estimated amounts of subsidy of 3.1 % and 4.6% will be applied to imports of subject goods from Guangzhou Jangho and Shenyang Yuanda, respectively, during the provisional period. The amount of subsidy calculated for all other exporters, estimated to be 34.3% of the export price, is applicable to imports of subject goods during the provisional period from any other exporters.

[130] Under subsection 35(1) of SIMA, if, at any time before the President makes a preliminary determination, the President is satisfied that the amount of subsidy on the goods of a country is insignificant or the actual and potential volume of subsidized goods of a country is negligible, the President must terminate the investigation with respect to that country. Under subsection 2(1) of SIMA, an amount of subsidy of less than 1% of the value of the goods is considered insignificant and a volume of subsidized goods of less than 3% of total imports is considered negligible, the same threshold for the volume of dumped goods.

[131] However, according to section 41.2 of SIMA, the President is required to take into account Article 27.10 of the *WTO Agreement on Subsidies and Countervailing Measures* when conducting a subsidy investigation. This provision stipulates that a countervailing duty investigation involving a product from a developing country should be terminated as soon as the authorities determine that the overall level of subsidies granted upon the product in question does not exceed 2% of its value calculated on a per unit basis or the volume of subsidized imports represents less than 4% of the total imports of the like product in the importing Member's market.

[132] SIMA does not define or provide any guidance regarding the determination of a "developing country" for purposes of Article 27.10 of the *WTO Agreement on Subsidies and Countervailing Measures*. As an administrative alternative, the CBSA refers to the *Development Assistance Committee List of Official Development Assistance Recipients* (DAC List of ODA Recipients) for guidance.¹⁵ As China is included in the listing, the CBSA will extend developing country status to China for purposes of this investigation. Therefore, the investigation will be terminated if the amount of subsidy does not exceed 2% of its value calculated on a per unit basis or if the volume of subsidized goods represents less than 4% of total imports of like goods.

[133] The following table summarizes the preliminary results of the subsidy investigation respecting all subject goods released into Canada during the POI. The table also demonstrates that the values and volumes of subsidized goods exceed the thresholds.

¹⁵ The Organization for Economic Co-operation and Development, DAC List of ODA Recipients as at October 2011, the document is available at:
http://www.oecd.org/document/45/0,3746,en_2649_34447_2093101_1_1_1_1.00.html.

Country	Estimated Subsidized Goods as Percentage of Country Imports	Estimated Amount of Subsidy*	Country Imports as Percentage of Total Imports	Estimated Subsidized Goods as Percentage of Total Imports
China	100%	21.8%	96.3%	96.3%

*expressed as a percentage of the export price

SUBSIDY DECISION

[134] Based on the information available, on July 15, 2013, the President made a preliminary determination of subsidizing respecting certain unitized wall modules originating in or exported from China pursuant to subsection 38(1) of SIMA. The President also considered that the imposition of provisional duty is necessary to prevent injury from subsidized imports.

PROVISIONAL DUTY

[135] Pursuant to subsection 8(1) of SIMA, provisional duty, payable by the importer in Canada, will be applied to dumped and subsidized unitized wall modules that are released during the period commencing on the day the preliminary determinations are made, and ending on the earlier of the day on which the President causes the investigations to be terminated pursuant to subsection 41(1) or the day on which the Tribunal makes an order or finding. The President considers that the imposition of provisional duty is needed to prevent the injury which, as per the Tribunal's preliminary determination, was caused by the dumping and subsidizing of certain unitized wall modules.

[136] Provisional duty is based on the estimated margin of dumping, and the estimated amount of subsidy, expressed as a percentage of the export price of the goods. **Appendix 1** contains the estimated margins of dumping, estimated amounts of subsidy, and the rates of provisional duty, payable on subject goods released from the CBSA on and after July 15, 2013.

[137] Importers are required to pay provisional duty in cash or by certified cheque. Alternatively, they may post security equal to the amount payable. Importers should contact their CBSA regional office if they require further information on the payment of provisional duty or the posting of security. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the import documents, an administrative monetary penalty could be imposed. The imported goods are also subject to the *Customs Act*. As a result, failure to pay duties within the specified time will result in the application of the provisions of the *Customs Act* regarding interest.

FUTURE ACTION

The Canada Border Services Agency

[138] The CBSA will continue its investigations of the dumping and subsidizing and the President will make final decisions by October 15, 2013.

[139] If the President is satisfied that the goods were dumped and/or subsidized, and that the margin of dumping or amount of subsidy is not insignificant, final determinations will be made. Otherwise, the President will terminate the investigations and any provisional duty paid, or security posted, will be returned to importers.

The Canadian International Trade Tribunal

[140] The Tribunal has begun its inquiry into the question of injury to the Canadian industry. The Tribunal is expected to issue its finding by November 12, 2013.

[141] If the Tribunal finds that the dumping has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional duty collected, or security posted, will be returned.

[142] If the Tribunal makes a finding that the dumping has caused injury, retardation or is threatening to cause injury, anti-dumping duty in an amount equal to the margin of dumping will be levied, collected and paid on imports of certain unitized wall modules.

[143] If the Tribunal finds that the subsidizing has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional duty collected, or security posted, will be returned.

[144] If the Tribunal makes a finding that the subsidizing has caused injury, retardation or is threatening to cause injury, countervailing duties in the amount equal to the amount of subsidy on the imported goods will be levied, collected and paid on imports of certain unitized wall modules.

[145] For purposes of the preliminary determinations of dumping or subsidizing, the CBSA has responsibility for determining whether the actual and potential volume of dumped or subsidized goods is negligible. After preliminary determinations of dumping or subsidizing, the Tribunal assumes this responsibility. In accordance with subsection 42(4.1) of SIMA, the Tribunal is required to terminate its inquiry in respect of any goods if the Tribunal determines that the volume of dumped or subsidized goods from a country is negligible.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[146] Under certain circumstances, anti-dumping and/or countervailing duty can be imposed retroactively on subject goods imported into Canada. When the Tribunal conducts its inquiry on material injury to the Canadian industry, it may consider if dumped and/or subsidized goods that were imported close to or after the initiation of the investigation constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry. Should the Tribunal issue a finding that there were recent massive importations of dumped and/or subsidized goods that caused injury, imports of subject goods released by the CBSA in the 90 days preceding the day of the preliminary determination could be subject to anti-dumping and/or countervailing duty.

[147] In respect of importations of subsidized goods that have caused injury, this provision is only applicable where the CBSA has determined that the whole or any part of the subsidy on the goods is a prohibited subsidy. In such a case, the amount of countervailing duty applied on a retroactive basis will equal the amount of subsidy on the goods that is a prohibited subsidy. An export subsidy is a prohibited subsidy according to subsection 2(1) of SIMA.

UNDERTAKINGS

[148] After a preliminary determination of dumping, exporters may give a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated. Similarly, after a preliminary determination of subsidizing, the government of a country may give a written undertaking to eliminate the subsidy on the goods or to eliminate the injurious effect of the subsidy by limiting the amount of the subsidy or the quantity of goods exported to Canada. Exporters, with the consent of their government, may also undertake to revise their selling prices so that the injurious effect of the subsidy is eliminated.

[149] Acceptable undertakings must account for all, or substantially all, of the exports to Canada of the dumped and subsidized goods. In the event that an undertaking is accepted, the required payment of provisional duty on the goods would be suspended.

[150] In view of the time needed for consideration of undertakings, written undertaking proposals should be made as early as possible, and no later than 60 days after the preliminary determinations of dumping and subsidizing. Further details regarding undertakings can be found in the CBSA's Memorandum D14-1-9, available online at www.cbsa-asfc.gc.ca/E/pub/cm/d14-1-9/d14-1-9-e.html.

[151] SIMA allows all interested parties to make representations concerning any undertaking proposals. The CBSA will maintain a list of interested parties and will notify them should an undertaking proposal be received. Persons wishing to be notified must provide their name, address, telephone, fax, or email address, to one of the officers listed below. Interested parties may also consult the CBSA website noted below for information on undertakings offered in this investigation. A notice will be posted on the CBSA website when an undertaking proposal is received. Interested parties have nine days from the date the undertaking offer is received to make representations.

PUBLICATION

[152] A notice of these preliminary determinations of dumping and subsidizing will be published in the *Canada Gazette* pursuant to paragraph 38(3)(a) of SIMA.

INFORMATION

[153] This *Statement of Reasons* has been provided to persons directly interested in these proceedings. It is also posted on the CBSA's website, in both English and French, at the address below. For further information, please contact the officers identified as follows:

Mail: SIMA Registry and Disclosure Unit
Anti-dumping and Countervailing Directorate
Canada Border Services Agency
100 Metcalfe Street, 11th Floor
Ottawa, Ontario, Canada
K1A 0L8

Telephone: Dean Pollard 613-954-7410
Robert Wright 613-954-1643

Fax: 613-948-4844

Email: simaregistry-depotlmsi@cbsa-asfc.gc.ca

Website: www.cbsa-asfc.gc.ca/sima-lmsi



Caterina Ardito-Toffolo
Acting Director General
Anti-dumping and Countervailing Directorate

Attachments

APPENDIX 1 – SUMMARY OF ESTIMATED MARGINS OF DUMPING, ESTIMATED AMOUNTS OF SUBSIDY AND PROVISIONAL DUTY PAYABLE

Exporters	Estimated Margin of Dumping*	Estimated Amount of Subsidy*	Total Provisional Duty Payable*
Guangzhou Jangho Curtain Wall System Engineering Co., Ltd.	30.3%	3.1%	33.4%
Shenyang Yuanda Aluminum Industry Engineering Co., Ltd.	36.3%	4.6%	40.9%
All Other Exporters	57.3%	34.3%	91.6%

* As a percentage of export price

APPENDIX 2 - SUMMARY OF PRELIMINARY FINDINGS FOR NAMED SUBSIDY PROGRAMS

As noted in the body of this document, the GOC did not submit a response to the subsidy RFI, which significantly impeded the CBSA's ability to conduct a proper analysis of the programs for the preliminary determination. However, in recognition of the amount of cooperation and the volume of information provided by the responding exporters, the CBSA has estimated an amount of subsidy for Guangzhou Jangho and Shenyang Yuanda based on the information provided in their responses to the subsidy RFI.

This appendix consists of descriptions of the potentially actionable subsidy programs from which the responding exporters benefited from during the course of the POI in the current investigation, followed by a listing of the other potentially actionable subsidy programs identified by the CBSA.

POTENTIALLY ACTIONABLE SUBSIDY PROGRAMS USED BY THE RESPONDING EXPORTERS IN THE CURRENT INVESTIGATION

The CBSA has used the best information available to describe the potentially actionable subsidy programs used by the responding exporters in the current investigation. This includes using information obtained from CBSA research on potential subsidy programs in China, information provided by the responding exporters and descriptions of programs that the CBSA has previously publicly published in recent *Statements of Reasons* relating to subsidy investigations involving China. As mentioned, since the GOC did not submit a response to the Subsidy RFI, the information available to identify the actual legal instruments for providing the specific amounts of subsidy is very limited and such references may be inaccurate or incomplete.

Program 19: VAT Refunds or Exemptions for the Domestically Purchased Machinery, Equipment and Construction Materials Used for the Production of Exported Goods and the Construction of Production Facilities in the Export Processing Zone

On the basis of the CBSA's preliminary analysis, one of the exporters received benefits under this program, or a similar program exempting VAT for domestically purchased machinery. The exporter provided very limited information with respect to the program while the GOC provided none.

The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities. The program is contingent on using domestically made machinery used for certain encouraged projects (as per a published list of encouraged projects).

On the basis of available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA (i.e. amounts that would otherwise be owing and due to the government are exempted or deducted) and confers a benefit to the recipient equal to the amount of the exemption/deduction.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. The benefit appears to be limited to investment in machinery used in projects that belong to encouraged programs.

Program 24: Supporting Fund Provided By Shenyang Economic & Technological Development Area Administration to the Enterprises to Encourage the Acquisition of Foreign Science & Technology Type Enterprises and the Employment of Foreign Science & Technology Development Experts

One of the exporters received benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

The GOC document related to this program may be the “*Implementation measure to support the acquisition of foreign Science & Technology type enterprises and the employment of foreign Science & Technology development team*”, issued by Shenyang Economic & Technological Development Area administration. The grant was provided as Funds for Introduction of Foreign Experts.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

While the exporter argued that R&D of this nature are arguably non-actionable pursuant to Article 8.2 of the ASCM, these provisions were repealed or suspended because the ASCM provisions automatically expired effective December 31, 1999, in accordance with Article 31 of the Agreement.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 28: Export Seller’s Credit for High- and New-Technology Products by China EXIM Bank

The CBSA believes that one of the exporters benefited from preferential loans from the Export-Import Bank of China (EXIM) Bank.

Financial institutions may be considered to constitute “government” if they possess, exercise or are vested with government authority, which may be indicated by the following factors:

- where a statute or other legal instrument expressly vests government authority in the entity concerned;
- evidence that an entity is, in fact, exercising governmental functions; or
- evidence that a government exercises meaningful control over an entity.

For the purposes of the preliminary determination, the CBSA is considering the Export-Import Bank of China, a Policy Bank, as government. As per the China EXIM Bank’s website¹⁶, Export Seller’s Credit refers to loans provided to an exporter to finance its export of manufactured or purchased mechanical and electronic products, complete sets of equipment, and high- and new-tech products as well as the provision of labour service. The website also specifically refers to “Chinese government concessional loan and preferential export buyer’s credit”. It also states that the capital of the Bank comes from fiscal allocation of the Chinese government. It further states that “the credit is provided for the purpose of lending strong government support in line with relevant national industrial, foreign trade, financial and fiscal policies”. It appears that the China EXIM Bank, is government for the purposes of SIMA.

In order to assess whether or not there was a financial contribution, the CBSA established a benchmark to which it could compare the loan interest rates submitted by the exporters. For the purposes of the preliminary determination, the CBSA used the People’s Bank of China (PBC) benchmark rates that were in effect during the POI, which was available on the record¹⁷.

The CBSA considered the difference between the manufacturers’ loan interest rates that are below the PBC rates to constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA; i.e. amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected. The above confers a benefit to the exporter by way of reducing its financial costs upon obtaining loans from a financial institution.

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether the subsidy is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. However, the CBSA believes that access to government loans at preferential rates is limited to certain enterprises only. Further, this program may be contingent on exports. The CBSA is continuing to review this program in order to determine whether or not it is contingent on exports.

¹⁶ CBSA Exhibits S154 (NC).; http://english.eximbank.gov.cn/businessarticle/activities/export/200905/9395_1.html

¹⁷ CBSA Exhibits S153 (NC).

Program 35: Awards to Enterprises whose Products Qualify for "Well-Known Trademarks of China" or "Famous Brands of China"

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

The program seems to be contingent on receiving the "Well-Known Trademarks of China" or "Famous Brands of China" status. It seems to be jointly administered at both the local government level in Shenyang and at the provincial level in the Liaoning province.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 38: Technical Renovation Loan Interest Discount Fund

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Guangdong Economic and Information Commission and the Guangdong Department of Finance. This program was established to support technology improvement and innovation projects and industrial transformation and upgrading projects.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 42: Innovative Small and Medium-Sized Enterprise Grants

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Guangdong Small and Medium-sized Enterprise Bureau and the Guangdong Department of Finance. This program was established to encourage small and medium-sized enterprises to perform technical innovations and product innovations and to increase employment.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 48: Grant - Patent Application Assistance

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

On the basis of the information provided by the exporter, the program seems to be administered by the Shenyang Science and Technology Bureau.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 53: Grant - Provincial Foreign Economy and Trade Development Special Fund

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

On the basis of the information provided by the exporter, the program seems to be administered by the Shenyang Finance Bureau. The grants seem to be provided as Development Funds for International Service Outsourcing Industry or as Funds for Foreign Trade.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. Further, this program may be contingent on exports. The CBSA is continuing to review this program in order to determine whether or not it is contingent on exports.

Program 54: Grant - Special Supporting Fund for Commercialization of Technological Innovation and Research Findings

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Science and Technology Commission of Shunyi District. This program was established to encourage technological innovations and to promote scientific and technological results.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 58: International Market Fund for Small and Medium Sized Export Companies

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

As per information available to the CBSA, this program was established in a document titled ‘Measure CaiQi [2010] No. 87’ in order to provide support for export companies identified as small and medium-sized enterprises. The funds are provided for developing international markets including overseas exhibitions, certification of enterprise management system, various product certifications, foreign patent applications, promotional activities in international markets, electronic business, foreign advertisement and trademark registration, international investigation, bids (negotiations) abroad, enterprise training, foreign technology and brand acquisition, etc. Benefits granted to an enterprise under this program shall not exceed 50% of the total expenditure paid by the enterprise. This program is administered jointly by the Ministry of Finance and the Ministry of Commerce.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. Further, this program may be contingent on exports. The CBSA is continuing to review this program in order to determine whether or not it is contingent on exports.

Program 68: Awards for the Contributions to Local Economy and Industry Development

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter it appears this program was administered by the Beijing Economics and Information Commission, the Beijing Financial Bureau and the Beijing Statistical Bureau. This program was established to support enterprises which support the local economy and the industry development.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 82: Award for Excellent Enterprise

The two cooperative exporters reported receiving benefits under this program. The exporters provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporters it appears that this program was administered by the municipalities in which the companies are located. This program appears to have been established to improve labor relations.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporters, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 91: Medium Size and Small Size Enterprises Development Special Fund

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Guangzhou Economic and Trade Commission and the Guangzhou Financial Bureau. This program was established to support small and medium-sized enterprises to perform technology reforms and innovations.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 96: Special Development Fund for Beijing Cultural Innovation Industry

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Beijing Shunyi District Culture Creative Industry Improvement Office. This program was established to support the cultural creative industry projects.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 97: Supporting Fund for Becoming Publicly Listed Company

The two cooperative exporters reported receiving benefits under this program. The exporters provided very limited information with respect to this program while the GOC provided none.

Based on information provided by one of the exporters this program was administered by the Beijing Shunyi District Financial Service Office. This program was established to support companies located in the Shunyi district which intends to become publicly listed companies. Similarly, such a program was also found to be administered by the Shenyang Economic & Technological Development District Finance Bureau and the Shenyang Finance Bureau.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporters, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This program appears to be contingent on being a publicly listed company.

Program 102: Brand Development Fund by Shunyi District Local Governments

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Beijing Administrative Bureau for Industry and Commerce. This program was established to support enterprises that own a famous brand.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 113: Supporting Fund for Science and Technology Expenses by Zengcheng Local Governments

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Zengcheng Science and Technology Economic Trade and Information Bureau and the Guangzhou Science and Technology and Information Bureau. This program was established to support innovative companies.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 114: Supporting Fund for the Development from Guangzhou Local Governments

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Guangdong Department of Finance and the Guangzhou Bureau of Finance. This program was established to encourage and support enterprises to establish proprietary brands and to own intellectual property.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 121: Export Assistance Grant.

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

As per information available to the CBSA, this program was established in the *Circular of the Trial Measures of the Administration of International Market Development Funds for Small and Medium-sized Enterprises Cai Qi No. 467, 2000*, which was promulgated and came into force on October 24, 2000. This program was established to support the development of Small and Medium-sized Enterprises (SMEs), to encourage SMEs to join in the competition of international markets, to reduce the business risks of the enterprises, and to promote the development of the national economy. The granting authority responsible for this program is the Foreign Trade and Economic Department and the program is administered at local levels.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. Further, this program may be contingent on exports. The CBSA is continuing to review this program in order to determine whether or not it is contingent on exports.

Program 122: Research & Development (R&D) Assistance Grant

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Beijing Municipal Science and Technology Commission. This program appears to have been established to encourage and support enterprises to develop new products and to strengthen support to innovative products with intellectual property rights and high technology content.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 136: Supporting fund provided to Service Outsourcing Enterprises for the Establishment of their Brands and the Acquisition of their International Qualification Accreditations

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Guangzhou Bureau of Foreign Trade and Economic Cooperation and the Guangzhou Bureau of Finance. This program was established to support service outsourcing enterprises.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 141: Supporting Fund provided by Shenyang Municipal Government to the Enterprises to Maintain the Employment Level

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by Shenyang Human Resources and Social Security Bureau. Similar programs were also found to be administered in other local jurisdictions, by the Shanghai City Jiading District Huating Town Finance Affairs Center as well as the Foshan City Shancheng District Social Insurance Fund Management Bureau. Grants were provided to maintain the employment level or train new employees or hire new graduates.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 142: Supporting Fund and Interest Assistance provided by Zengcheng Municipal Government to the Research and Development Projects accredited at Guangzhou Municipal Level, Guangdong Provincial Level and National level

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Guangzhou Intellectual Property Bureau and the Zengcheng Intellectual Property Bureau. This program was established to support research and development projects.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 156: Liaoning High-tech Products & Equipment Exports Interest Assistance

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter this program was administered by the Shenyang Finance Bureau. The program provides Interest Subsidy Fund for Technology Exports.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. Further, this program may be contingent on exports. The CBSA is continuing to review this program in order to determine whether or not it is contingent on exports.

Program 164: Income Tax Refund for Re-investment of FIE Profits by Foreign Investors

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

As per information available to the CBSA, this program was established under a previous version of the *Income Tax Law of the People's Republic of China for Enterprises With Foreign Investment and Foreign Enterprises, subject to the Notice of Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Preferential Policy for Foreign Investment Enterprise's(FIE) Additional Investment(2002)*. The benefit under this program was available for five years, until fiscal year 2011, inclusively. The tax benefit seems to be contingent on an increase in the company's capital account in a specific year.

On the basis of available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA (i.e. amounts that would otherwise be owing and due to the government are exempted or deducted) and confers a benefit to the recipient equal to the amount of the exemption/deduction.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 166: Corporate Income Tax Reduction for New High-Technology Enterprises

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

As per information available to the CBSA, this program, which came into effect as of January 1, 2008, was established under the *Income Tax Law of the People's Republic of China for Enterprises*. This program was established to provide income tax reduction for new high-technology enterprises and to promote enterprise technology upgrades. The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities. Under this program, new high-technology enterprises may apply for and receive an income tax reduction at a reduced rate of 15% for 3 years.

On the basis of available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA (i.e. amounts that would otherwise be owing and due to the government are exempted or deducted) and confers a benefit to the recipient equal to the amount of the exemption/deduction.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 170: Tax Offset for R&D Expenses in Guangdong Province

One of the exporters reported receiving benefits under this program. The exporter provided very limited information with respect to this program while the GOC provided none.

Based on information provided by the exporter, an additional 50% of the research and development expenses can be claimed as a deduction for tax purposes if the research and development expenses were incurred for developing new products and technologies and the expenses were not classified as intangible assets. For research and development expenses classified as intangible assets, for tax purposes, these intangible assets can be amortized based on 150% of the intangible costs.

On the basis of available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA (i.e. amounts that would otherwise be owing and due to the government are exempted or deducted) and confers a benefit to the recipient equal to the amount of the exemption/deduction.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 174: Exemption of Tariff and Import VAT for the Imported Technologies and Equipment

On the basis of the CBSA's preliminary analysis, one of the exporters received benefits under this program. The exporter provided very limited information with respect to the program while the GOC provided none.

The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities.

The legal basis for the exemption seems to be the *Notice for Adjustment of Import Equipment Tax Policy* issued by the State Council, issued December 29, 1997. The benefit seems to be limited to foreign investment projects which meets the "Encouraged" category in the "Foreign Investment Industry Guidance Catalogue".

On the basis of available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA (i.e. amounts that would otherwise be owing and due to the government are exempted or deducted) and confers a benefit to the recipient equal to the amount of the exemption/deduction.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. In particular, the benefit appears to be limited to investment in machinery used in projects that belong to encouraged programs.

Program 176: Reduction, Exemption or Refund of Land Use Fees, Land Rental Rates and Land Purchase/Transfer Prices

On the basis of the CBSA's preliminary analysis, one of the exporters received benefits under this program. The exporter provided very limited information with respect to the program while the GOC provided none.

The granting authority responsible for this program is the Shenyang Economic and Technological Development District Group.

On the basis of the limited available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e. a practice of government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient in the form of a grant, and the benefit is equal to the amount of the grant provided.

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the grant is specific pursuant to sub-section 2(7.2) or subsection 2(7.3) of SIMA. On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 180: Subsidy Pass-Through from the Purchase of Aluminum Extrusions

Aluminum extrusions are the principal input material in unitized wall modules. On the basis of the CBSA's preliminary analysis, both exporters received benefits in the form of upstream subsidy from aluminum extrusion suppliers.

An "upstream subsidy" is a subsidy that is initially conferred directly by the government on a recipient who is not the exporter of the goods under investigation and the subsidy is passed-through in some manner to the exporter of the goods under investigation. Because the exporter of the goods under investigation did not directly receive the subsidy from the government, the CBSA regards an "upstream subsidy" as an indirect subsidy.

Subsidies to the Aluminum Extrusion Suppliers

The CBSA investigated subsidies to aluminum extruders in the subsidy investigation with respect to aluminum extrusions from the People's Republic of China, concluded in February 2009 and the subsequent re-investigation concluded in February 2012 and found that aluminum extrusions were being subsidized by the GOC. During the 2009 aluminum extrusions investigation the CBSA found the following programs constituted a financial contribution to the aluminum extrusion sector for cooperative exporters, pursuant to one or more of the paragraphs under subsection 2(1.6) of SIMA:

- Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and in the Economic and Technological Development Zones
- Research & Development (R&D) Assistance Grant
- Superstar Enterprise Grant
- Matching Funds for International Market Development for SMEs
- One-time Awards to Enterprises Whose Products Qualify for "Well-Known Trademarks of China" or "Famous Brands of China"
- Export Brand Development Fund
- Preferential Tax Policies for Foreign Invested Enterprises - Reduced Tax Rate for Productive FIEs Scheduled to Operate for a Period not less than 10 Years
- Preferential Tax Policies for Foreign Invested Export Enterprises
- Local Income Tax Exemption and/or Reduction
- Exemption of Tariff and Import VAT for Imported Technologies and Equipment
- Patent Award of Guangdong Province

- Training Program for Rural Surplus Labor Force Transfer Employment
- Reduction in Land Use Fees
- Provincial Scientific Development Plan Fund
- Primary Aluminum Provided By Government at Less Than Fair Market Value

These programs were determined to be actionable subsidies in the aluminum extrusion sector.¹⁸ Subsidy programs were still found to exist in the aluminum extrusions sector during the February 2012 re-investigation of aluminum extrusions.¹⁹

In light of the information on hand that aluminum extrusions in China are subsidized by the GOC, and given that they are the principal material incorporated into the subject and like goods, the CBSA sent a Subsidy RFI to the unitized wall modules exporters at the time of initiation, and requested the exporters to forward the questionnaire to their aluminum extrusion suppliers. This RFI was a full Subsidy RFI and was necessary to gather information on the suppliers and the subsidies received from the GOC.

While the exporters provided evidence that they had requested their suppliers to answer the questionnaires, none of the aluminum extrusion suppliers provided a complete response to the RFI. Accordingly, for the purposes of the preliminary determination, the CBSA is using alternative information to estimate the amount of subsidy received by the aluminum extruders.

For the purpose of the preliminary determination, given that the information required to determine an amount of subsidy to the aluminum extruders was not provided and is not otherwise available, it was estimated that all aluminum extruders were subsidized by an amount equal to 3.88 RMB per Kg, representing the highest total amount of subsidy found for a cooperating exporter in the course of the investigation or re-investigation with respect to aluminum extrusions from China.²⁰

Pass-through Test

Having estimated that the aluminum extrusion suppliers received an amount of subsidy, the CBSA then performed a “pass-through” test to determine whether the subsidies are being passed-through to the unitized wall modules.

A “pass-through” analysis will normally require that the selling price of the upstream product or service be compared to a representative, commercial benchmark of an identical or similar unsubsidized product or service that has been sold in an arm’s length transaction and under similar circumstances (e.g. trade level, date of sale, quantity and volume). The commercial

¹⁸ For the subsidy analysis, refer to the section “Subsidy Programs used by Cooperative Exporters” of the *Statement of Reasons* issued at the conclusion of the dumping and subsidy investigations concerning Certain Aluminum Extrusions from the People’s Republic of China, March 3, 2009. The *Statement of Reasons* is available online at <http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1379/ad1379-i08-fd-eng.html>

¹⁹ *Notice of Conclusion of Re-investigation of Aluminum Extrusions from the People’s Republic of China, February 20, 2012*. Available online at <http://www.cbsa-asfc.gc.ca/sima-lmsi/ri-re/ad1379/ad1379-ri11-nc-eng.html>

²⁰ This amount was found in the course of the original investigation. For more details, the *Statement of Reasons* issued at the conclusion of the investigations concerning Certain Aluminum Extrusions from the People’s Republic of China, on March 3, 2009, may be consulted.

benchmark will often be based on actual or offered selling prices in the country of export of the input product that has been produced in the country of export by other suppliers or that has been imported into the country of export.

The nature of the pass-through test in any given investigation will depend very much on the facts of that investigation and the nature of the product or service that may be conveying an upstream subsidy. It may not be possible to use a domestic benchmark price test in all situations. In some countries, it may be very difficult, if not impossible, to identify or locate an appropriate benchmark price since the amount and nature of the upstream subsidization may have severely distorted the market for the subject product or service. As a result, there may be no commercial benchmark in the domestic market and imports of such products or services may be restricted due to their inability to compete against the domestically subsidized products or services.

Further, if this information has been requested by the CBSA and it has not been provided or is otherwise not available, then the “fall-back” methodology is to compare the selling price of the input product to an appropriate commercial unsubsidized benchmark.

Benchmark

In this case, it was not possible to use a domestic benchmark price since the amount and nature of the upstream subsidization, in particular, the provision of primary aluminum by government, which dominates the primary aluminum industry, and also considering the applicability of section 20 of SIMA to the aluminum extrusion industry²¹ may have severely distorted the market for the subject product or service.²² Further, there was no information available on importations of aluminum extrusions in China. Accordingly, the CBSA looked for a commercial unsubsidized benchmark from a surrogate country.

For this purpose, on May 22, 2013, the CBSA sent RFIs to sixteen producers of aluminum extrusions in four countries, namely, Chinese Taipei, Malaysia, Mexico and India²³. These RFIs sought domestic pricing and costing information for the purposes of finding a non-subsidized benchmark price for aluminum extrusions. The deadline for a response was July 2, 2013. The CBSA did not receive any responses by that day. The CBSA also did not find published benchmark prices for aluminum extrusions.

Accordingly, for purposes of the preliminary determination, the CBSA used the best information available to estimate an unsubsidized benchmark price in a third country.

Despite the lack of pricing data, it is possible to use publically available information to construct a price for aluminum extrusions in a surrogate country. The CBSA’s understanding of pricing

²¹ *Notice of Conclusion of Re-investigation with Respect to Aluminum Extrusions from the People’s Republic of China, February 20, 2012.* Available online at <http://www.cbsa-asfc.gc.ca/sima-lmsi/ri-re/ad1379/ad1379-ri11-nc-eng.html>

²² *Statement of Reasons* issued at the conclusion of Aluminum Extrusions from the People’s Republic of China, March 3, 2009. The *Statement of Reasons* is available online at <http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/menu-eng.html>.

²³ CBSA Exhibit S143 (N.C.)

practices in the aluminum extrusions industry is that extrusions are priced by producers based on the current price of aluminum plus a conversion factor (i.e. all additional costs of production and sale, such as labour, overhead, general, selling and administration expenses, etc.).

For the current price of aluminum, the monthly average settlement price of aluminum is available on an ongoing basis from the London Metal Exchange's (LME) website²⁴. To estimate the conversion cost, the CBSA used publically available information from Indian aluminum extruders, given the availability of the information and the fact that India is at a comparable level of development to China.

The CBSA has sufficient financial information on the record from three companies in India that sell aluminum extrusions primarily in their domestic market; Bhoruka Aluminium Limited (Bhoruka), Century Extrusions Limited (CEL) and Sudal Industries Limited (Sudal). For Bhoruka, the CBSA obtained the company's annual report for the 2010-2011 fiscal-year²⁵ and an annual report for an 18-month period ending September 30, 2012.²⁶ For CEL and Sudal, the CBSA obtained the companies' 2011-2012 annual reports.²⁷ CEL and Sudal's annual reports make references to subsidies.²⁸ The benchmark to be used for the pass-through test must be an unsubsidized benchmark. For these reasons, the CBSA used only data from Bhoruka.

As mentioned, the information on the record includes Bhoruka's annual report for the 2010-2011 fiscal-year and an annual report for an 18-month period ending September 30, 2012. Despite the fact that the information is less up-to-date, the CBSA used information from the 2010-2011 annual report. In this regard, the other annual report, for an unusual 18-month period ending September 30, 2012, lacks information on aluminum usage. In addition, some notes in the report suggest that the company is in financial distress while much lower production volumes during the period may result in abnormally high unit cost of production.

Using Bhoruka's 2010-2011 financial data, the CBSA estimated a conversion cost of 59.67 rupees per kg, and an amount for profit of 1.0%. It is noted that the conversion cost is an average conversion cost for all types of aluminum extrusions produced by the company.

Using the Bank of Canada average monthly currency conversion rate, the CBSA then converted, for each month of the POI, the monthly LME average settlement prices from USD to RMB and the conversion cost of 59.67 rupees to RMB. The final estimated benchmark price for the aluminum extrusions consisted of adding the LME price in RMB per kg for a given month and the conversion cost in RMB per kg for that month, and adding a 1.0% profit.

²⁴ <http://www.lme.com/en-gb/pricing-and-data/historical-data/>

²⁵ CBSA Exhibit S156 (N.C.)

²⁶ Ibid

²⁷ Ibid.

²⁸ See pages 28, 37 and 44 of CEL's 2011-2012 Annual Report and page 34 of Sudal's 2011-2012 Annual Report (CBSA exhibit S156 (NC)).

The next step was to compare the purchase prices of aluminum extrusions, as reported by the unitized wall modules exporters, and comparing them to the appropriate monthly benchmark rate. A purchase price lower than the benchmark rate would be an indication that the subsidy is being passed-through from the aluminum extrusion suppliers to the unitized wall modules producers. It is noted, however, that after applying the “pass-through” test, the amount of subsidy cannot exceed the amount of subsidy that was estimated to be received by the upstream producer (i.e. 3.88 RMB per kg).

Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether this program is specific to the unitized wall modules sector, pursuant to sub-section 2(7.2) of SIMA. On the basis of available information, it was found that such subsidy is only available to users of aluminum extrusions. Therefore, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

OTHER POTENTIALLY ACTIONABLE SUBSIDY PROGRAMS

The following programs are also included in the current investigation. Questions concerning these programs were included in the RFIs sent to the GOC and to all known exporters of the subject goods in China. Without a complete response to the subsidy RFI from the GOC, the CBSA does not have detailed descriptions of these programs; nor does it have sufficient information to determine that any of these programs do not constitute actionable subsidy programs. In other words, the CBSA has, to date, not determined if any of these programs should be removed from the investigation. The CBSA will continue to investigate these programs in the final phase of the investigation.

I. Special Economic Zone (SEZ) and Other Designated Areas Incentives

- Program 1: Preferential Tax Policies for Enterprises with Foreign Investment (FIEs) Established in Special Economic Zones (SEZs) (excluding Shanghai Pudong Area)
- Program 2: Preferential Tax Policies for FIEs Established in the Coastal Economic Open Areas and in the Economic and Technological Development Zones
- Program 3: Preferential Tax Policies for FIEs Established in the Pudong Area of Shanghai
- Program 4: Preferential Tax Policies in the Western Regions
- Program 5: Corporate Income Tax Exemption and/or Reduction in SEZs and other Designated Areas
- Program 6: Local Income Tax Exemption and/or Reduction in SEZs and other Designated Areas
- Program 7: Exemption/Reduction of Special Land Tax and Land Use Fees in SEZs and Other Designated Areas
- Program 8: Tariff and Value-added Tax (VAT) Exemptions on Imported Materials and Equipment in SEZs and other Designated Areas in Guangdong
- Program 9: Income Tax Refunds where Profits are Re-invested in SEZs and other Designated Areas

- Program 10: Preferential Tax Program for FIEs Recognized as HNTEs (High and New Technology Enterprises)
- Program 11: Preferential Tax Policies for FIEs which are Technology Intensive and Knowledge Intensive
- Program 12: Services or Goods provided by Government or public bodies at the preferential prices to enterprises located in SEZs and other designated areas
- Program 13: VAT Exemptions for the Central Region
- Program 14: Tax over-refunds or over-exemptions for the water, electricity and gas consumed in the Export Processing Zone
- Program 15: Custom Duty Exemption and VAT Exemption for machinery, equipment, construction materials imported into the Export Processing Zone for the construction of production facilities (such as factory and warehouse) in the Zone
- Program 16: Custom Duty Exemption and VAT Exemption for machinery, equipment, moulds/dies and the corresponding repairing parts imported into the Export Processing Zone and used for the production by Enterprises in the Zone
- Program 17: Custom Duty over-refund or over-exemption and VAT over-refund or over-exemption for raw materials, parts, packaging materials and consumable materials imported into the Export Processing Zone and used for the production of exported goods in the Zone
- Program 18: Export Duty Refund or Exemption for the exported goods produced in the Export Processing Zone and exported from the Zone
- Program 20: Interest Assistance provided by Shenyang Economic & Technological Development Area administration through the Enterprise Development Fund
- Program 21: Freight Assistance provided by Shenyang Economic & Technological Development Area administration for the exported products
- Program 22: Financial assistance provided by Shenyang Economic & Technological Development Area administration for the construction or the rental of manufacturing premises
- Program 23: Special Industry Supporting Fund provided by Shenyang Tiexi District Government to the High Technology Enterprises located in Shenyang Tiexi modern Construction industry Area
- Program 25: Exemptions of administration fees by Zengcheng Municipal Government for Private (Min Ying) Enterprises located in the industrial parks approved by municipal level Governments or above
- Program 26: Exemption of service fees and administrative fees by Shenyang Economic & Technological Development Area administration

II. Preferential Loans and Loan Guarantees

- Program 27: Loans and Interest Subsidies Provided Under the Northeast Revitalization Program
- Program 29: Preferential Loan for the National/Provincial key Science & Technology Industrialization Projects, High Technology Industrialization Projects, Science & Technology Achievements Commercialization Projects, Modern Equipment Manufacturing Industry and key Information Technology Industrialization Projects by Liaoning Governments

III. Grants and Grant Equivalentents

- Program 30: Innovation Fund for Medium and Small Business
- Program 31: Special fund for developing trade through science and technology of Guangdong Province
- Program 32: Special Funds for Foreign Economic and Technical Cooperation
- Program 33: Innovative Experimental Enterprise Grant
- Program 34: Superstar Enterprise Grant
- Program 36: Export Brand Development Fund
- Program 37: Provincial Scientific Development Plan Fund
- Program 39: National Innovation Fund for Technology Based Firms
- Program 40: Guangdong - Hong Kong Technology Cooperation Funding Scheme
- Program 41: Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment
- Program 43: Product Quality Grant
- Program 44: 2009 Energy-Saving Fund
- Program 45: Grants for Export Activities
- Program 46: Grants for International Certification
- Program 47: Emission Reduction and Energy-Saving Award
- Program 49: Grant - State Service Industry Development Fund
- Program 50: Grant - Provisional Industry Promotion Special Fund
- Program 51: Grant - Jiangsu Province Finance Supporting Fund
- Program 52: Grant - Water Pollution Control Special Fund for Taihu Lake
- Program 55: Grant - Resources Conservation and Environment Protection Grant
- Program 56: Environment Protection Award (Jiangsu)
- Program 57: Enterprise Technology Centers
- Program 59: Business Development Overseas Support Fund
- Program 60: Refund from Government for Participating in Trade Fair
- Program 61: Grant - Special Fund for Fostering Stable Growth of Foreign Trade
- Program 62: Reimbursement of Anti-dumping and/or Countervailing Legal Expenses by the Local Governments
- Program 63: Financial Special Fund for Supporting High and New Technology Industry Development Project
- Program 64: Subsidy for Promoting Energy-Saving Buildings
- Program 65: Special Fund for the Key Projects in the Cultural Innovation Industry by Shunyi District Local Government
- Program 66: Special Fund for the Technology Innovation by Niu Lan Shan Township Local Government
- Program 67: Subsidy for the Technology Development
- Program 69: Beijing Industrial Development Fund
- Program 70: Grants, Loans, and Other Incentives for Development of Famous Brands, China Top World Brands or other well-known Brands
- Program 71: Shunde Famous Brands
- Program 72: Guangdong Supporting Fund
- Program 73: "Five Points, One Line" Program of Liaoning Province
- Program 74: State Special Fund for Promoting Key Industries and Innovation Technologies

- Program 75: Fund for SME (small and medium size enterprises) Bank-Enterprise Cooperation Projects by Guangdong Governments
- Program 76: Special Fund for Significant Science and Technology by Guangdong Governments
- Program 77: Fund for Economic, Scientific and Technology Development by the Government of Foshan City
- Program 78: Provincial Fund for Fiscal and Technological Innovation by Guangdong Governments
- Program 79: Provincial Loan Discount Special Fund for SMEs by Guangdong Governments
- Program 80: "Large and Excellent" Enterprises Grant
- Program 81: Advanced Science/Technology Enterprise Grant
- Program 83: Foshan City Government Technology Renovation and Technology Innovation Special Fund Grants
- Program 84: Nanhai District Grants to State and Provincial Enterprise Technology Centers and Engineering Technology R&D Centers
- Program 85: Supporting Fund for the Projects Used to Resolve the Important Technological Issues for Enterprises' Production and R&D by Liaoning Governments
- Program 86: Technology Innovation Fund for Science & Technology Type SMEs by Liaoning Governments
- Program 87: Supporting Fund for the Application Technology Research in the Overseas R&D Institution/Branch by Liaoning Governments
- Program 88: Special Supporting Fund and Special Loan Assistance by Chinese Ministry of Science & Technology for revitalizing the Northeast old industrial base
- Program 89: Special Supporting Fund for Key Projects of "500 Strong Enterprises in Contemporary Industries" by Guangdong Governments
- Program 90: Fund for Supporting Strategic Emerging Industries by Guangdong Governments
- Program 92: Medium Size and Small Size Trading Enterprises Development Special Fund
- Program 93: Special Fund for Export Credit Insurance by Guangdong Governments
- Program 94: Industrial Development Supporting Fund to Key Projects by Shunyi District Local Governments
- Program 95: Supporting Fund for Converting the Industry Technology Achievements/Findings by Beijing Governments
- Program 98: Supporting Fund for Constructing Energy-Saving Projects by Niu Lan Shan Township Local Governments
- Program 99: Supporting Fund for the "Working Capital" Loan Interest
- Program 100: Supporting Fund for "Information-Technology Application" Demonstration Enterprises by Niu Lan Shan Township Local Governments
- Program 101: Supporting Fund for the Lab by Niu Lan Shan Township Local Governments
- Program 103: Supporting Fund to Encourage Outwards Development by Niu Lan Shan Township Local Governments
- Program 104: Supporting Fund for the Investments on Key Projects by Niu Lan Shan Township Local Governments
- Program 105: Award by Niu Lan Shan Township Local Governments
- Program 106: Supporting Fund for the Research of the Key Fire-proofing and Sound-proofing Technology for Curtain Wall by Beijing Governments

- Program 107: Loan Subsidy for the Curtain Wall Technology Renovation Projects by Beijing Governments
- Program 108: Award for Maintaining the Growth by Beijing Governments
- Program 109: Award by Beijing Technology Trading Encouraging Centre
- Program 110: Award by Shunyi District Science and Technology Committee
- Program 111: Supporting Fund for the New Energy-Saving Curtain Wall Technology Renovation Project by Shanghai Songjiang Economic Committee
- Program 112: Award by Shanghai Songjiang Economic Committee
- Program 115: Interest Assistance for Technology Renovation Projects by Liaoning Governments
- Program 116: Interest Assistance for the Application of Information Technology by Liaoning Governments
- Program 117: Loan Guarantee Fund for Science & Technology Enterprises by Liaoning Governments
- Program 118: Fund for Optimizing Import and Export Structure of Mechanical Electronics and High and New Technology Products
- Program 119: Special Fund for Pollution Control of Three Rivers, Three Lakes, and the Songhua River
- Program 120: Government Export Subsidy and Product Innovation Subsidy in Shandong province
- Program 123: Industrial Development Special Fund provided by Shenyang Municipal Government
- Program 124: Technological Innovation Special Fund provided by Shenyang Municipal Government
- Program 125: City Construction Special Fund provided by Shenyang Municipal Government
- Program 126: Foreign Economic and Trading Special Fund provided by Shenyang Municipal Government
- Program 127: Service Industry Guiding Fund provided by Shenyang Municipal Government
- Program 128: Emerging Industry Special Fund provided by Shenyang Municipal Government
- Program 129: Grants provided by Shenyang Municipal Government to National Key Projects, National Key Labs and National Research & Development Centers
- Program 130: Supporting Fund provided by Shenyang Municipal Government for the acquisitions of the Foreign/Overseas Technology-Type Enterprises
- Program 131: Grants by Shenyang Municipal Government to Municipal-level High and New Technology Enterprises for Promoting the Advancement of Technology
- Program 132: Grants by Shenyang Municipal Government to New Accredited National-level Engineering Research Centers, Engineering Labs, Key Labs, Engineering Technology Centers and Enterprise Technology Centers
- Program 133: Grants/Awards by Shenyang Municipal Government for Promoting the Technology Reformation
- Program 134: Grants by Shenyang Municipal Government for Encouraging the Manufacturing and the Usage/Application of Domestically Produced First of its Kind Set of Equipment.
- Program 135: Subsidy provided by Shenyang Municipal Government to Service Outsourcing Enterprises with Advanced Technology
- Program 137: Supporting funds provided by Shenyang Municipal Government to stimulate the Export Growth

- Program 138: Subsidy Fund provided by Shenyang Municipal Government to Offset the Export Credit Insurance Fees
- Program 139: Subsidy Fund provided by Shenyang Municipal Government to Offset the Registration Fees and Accreditation Fees for International or Overseas Trade Marks
- Program 140: Grants provided to the Enterprises for their Interim/Procedural Progress toward becoming Publicly Listed Companies by Shenyang Municipal Government
- Program 143: Supporting Funds provided by Zengcheng Municipal Government to the Research and Development Institutions Accredited as “National Engineering Research and Development Center”, “National Enterprise Technology Center”, “National Key Lab” or “Provincial Research and Development Institution”
- Program 144: Grants and Assistance provided by Zengcheng Municipal Government to Enterprises whose Products are Accredited as “Provincial Famous Trademark”, “Guangzhou Famous Trademark” or who are accredited as “Zengcheng Regional Brand”
- Program 145: Grants provided by Zengcheng Municipal Government to Enterprises to Encourage their Business Cooperation/Coordination
- Program 146: Grants provided to Enterprises to encourage their Technology Renovations by Zengcheng Municipal Government
- Program 147: “Going Out” Supporting Funds provided by Zengcheng Municipal Government
- Program 148: Awards provided by Zengcheng Municipal Government to Publicly Listed enterprises that successfully Refinance through Capital Markets and Invest some or all of those Funds to the Projects located in Zengcheng City
- Program 149: Supporting Funds provided by Zengcheng Municipal Government to Private (Min Ying) Industrial Enterprises who have the annual sales revenue more than 500M Chinese Yuan and the annual payable/paid tax amount more than 10M Chinese Yuan and follow the directions of industry structure adjustments prescribed by National, Provincial and Municipal Governments
- Program 150: Awards provided by Zengcheng Municipal Government to Private (Min Ying) High & New Technology Enterprises who are accredited by Guangzhou Municipal Governments and have the large scale of investments, have the advanced and competitive Science & Technology products and have the significant amounts of profits and paid/payable taxes
- Program 151: Awards provided by Zengcheng Municipal Government to Private (Min Ying) Enterprises for their new researched and developed products that are accredited at the national level or provincial level
- Program 152: Grant provided by Zengcheng Municipal Government to Private (Min Ying) Enterprises for their patents that are accredited as “National Patent Gold Award” or “National Superior/Excellent Patent Award”
- Program 153: Grant provided by Zengcheng Municipal Government to Private (Min Ying) Enterprises for their successful acquisition of national certifications
- Program 154: Award provided by Zengcheng Municipal Government to Private (Min Ying) Enterprises who are accredited as “Demonstration Enterprises for Clean Production” by the Governments at Guangzhou municipal level or above

Program 155: Supporting Funds provided by Zengcheng Municipal Government to Private (Min Ying) Enterprises to encourage them to develop the domestic market and the international market

IV. Preferential Tax Programs

Program 157: Preferential tax policies for advanced technology enterprises with foreign investment

Program 158: Reduced Tax Rate for Productive FIEs Scheduled to Operate for a Period Not Less Than 10 Years

Program 159: Tax Preference Available to Companies that Operate at a Small Profit

Program 160: Preferential Tax Policies for Foreign Invested Export Enterprises

Program 161: Preferential Tax Policies for the Research and Development of FIEs

Program 162: Preferential Tax Policies for FIEs and Foreign Enterprises Which Have Establishments or Places in China and are Engaged in Production or Business Operations Purchasing Domestically Produced Equipment

Program 163: Preferential Tax Policies for Domestic Enterprises Purchasing Domestically Produced Equipment for Technology Upgrading Purpose

Program 165: VAT and Income Tax Exemption/Reduction for Enterprises Adopting Debt-to-Equity Swaps

Program 167: Income Tax Credits on Purchases of Domestically Produced Equipment

Program 168: Preferential Tax Programs for Encouraged Industries or Projects

Program 169: Exemption from City Maintenance and Construction Taxes and Education Fee Surcharges for FIEs

Program 171: Accelerated Depreciation on Fixed Assets

Program 172: Preferential Tax Treatment for the Technology Development Expenses by Liaoning Governments

Program 173: Accelerated Depreciation on Intangible Assets for Industrial Enterprises in Northeast Region

V. Relief from Duties and Taxes on Inputs, Materials and Machinery

Program 175: Relief from Duties and Taxes on Imported Material and Other Manufacturing Inputs

VI. Goods/Services provided by the Government at Less Than Fair Market Value

Program 177: Raw Materials Provided by the Government at Less than Fair Market Value

Program 178: Utilities Provided by the Government at Less than Fair Market Value

VII. Equity Programs

Program 179: Debt to Equity Swaps