



Canada Border  
Services Agency

Agence des services  
frontaliers du Canada

**MAT 2022 IN**

OTTAWA, July 22, 2022

## **STATEMENT OF REASONS**

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

**MATTRESSES**

**ORIGINATING IN OR EXPORTED FROM CHINA**

## **DECISION**

Pursuant to subsection 38(1) of the *Special Import Measures Act*, the Canada Border Services Agency made preliminary determinations on July 7, 2022 respecting the dumping and subsidizing of certain mattresses originating in or exported from China.

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

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## **SUMMARY OF EVENTS**

[1] On December 20, 2021, the Canada Border Services Agency (CBSA) received a written complaint from Restwell Mattress Co. Ltd. (Restwell) and the United Steelworkers (USW) (hereinafter, the complainants), alleging that imports of certain mattresses (mattresses) from the People's Republic of China (China) are being dumped and subsidized. The complainants alleged that the dumping and subsidizing have caused injury and are threatening to cause injury to the Canadian industry producing like goods.

[2] On January 10, 2022, 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. The GOC was also provided with the non-confidential version of the subsidy complaint and was invited for consultations prior to the initiation of the subsidy investigation, pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures*. A request for consultations was not received by the CBSA.

[3] SIMA provides that, under normal circumstances, the decision whether to initiate investigations shall be made within 30 days of the date of the properly documented complaint. However, on February 2, 2022, the CBSA informed the complainant and the GOC that it had made the decision to extend this period to 45 days, pursuant to subsection 31(6) of SIMA.

[4] The complainants provided evidence to support the allegations that mattresses from China have been dumped and subsidized. The evidence also discloses a reasonable indication that the dumping and subsidizing have caused injury and/or are threatening to cause injury to the Canadian industry producing like goods.

[5] On February 24, 2022, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of mattresses from China.

[6] Upon receiving notice of the initiation of the investigations, the Canadian International Trade Tribunal (CITT) 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 the above-mentioned goods have caused injury or are threatening to cause injury to the Canadian industry producing the like goods.

[7] On April 25, 2022, pursuant to subsection 37.1(1) of SIMA, the CITT made a preliminary determination that there is evidence that discloses a reasonable indication that the dumping and subsidizing of mattresses from China have caused injury to the domestic industry.

[8] On May 18, 2022, the CBSA notified interested parties that the preliminary stage of the investigations will be extended pursuant to subsection 39(1) of SIMA.

[9] On July 7, 2022, as a result of the CBSA's preliminary investigations and pursuant to subsection 38(1) of SIMA, the CBSA made preliminary determinations of dumping and subsidizing of mattresses originating in or exported from China.

[10] On July 7, 2022, 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 determinations apply, and that are released during the period commencing on the day the preliminary determinations were made and ending on the earlier of the day on which the CBSA causes the investigations in respect of any goods to be terminated pursuant to subsection 41(1) of SIMA or the day the CITT makes an order or finding pursuant to subsection 43(1) of SIMA. Where an exporter's estimated margin of dumping and/or estimated amount of subsidy is insignificant, provisional anti-dumping and/or countervailing duties will not be applied.

### **PERIOD OF INVESTIGATION**

[11] The Period of Investigation (POI) for the investigations is January 1, 2021 to December 31, 2021.

### **PROFITABILITY ANALYSIS PERIOD**

[12] The Profitability Analysis Period (PAP) for the investigations is January 1, 2021 to December 31, 2021.

### **INTERESTED PARTIES**

#### **Complainant**

[13] The contact information for the complainants is as follows:

Restwell Mattress Co. Ltd.  
14922 54A Avenue  
Surrey, BC V3S 5X7

United Steelworkers Canada  
National Office  
234 Eglinton Avenue East, 8th Floor  
Toronto, ON M4P 1K7

[14] Restwell is a Canadian manufacturer of mattresses and bed foundations that sells its product line through national retail and independent dealers in North America. It is headquartered in Surrey, British Columbia.<sup>1</sup>

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<sup>1</sup> Exhibit 2 (NC) – Mattresses Complaint – Para 8

[15] The USW's full legal name is the "United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union". It is an international trade union with approximately 220,000 members in Canada. The USW was founded in 1941, and its initial membership was based primarily in the basic steel industry. However, the USW has grown with membership in virtually every sector of the economy. Of note, in October 1985, the Upholsterers International Union (UIU) merged into the USW creating, at that time, the Upholsterers Division of the USW. Thanks to the UIU's decision to join the USW, the USW became the predominant union in the mattress sector in both Canada and the United States. Today the USW remains the predominant union in the Canadian mattress sector, with the following bargaining units (in alphabetical order) at producers across Canada:

- King Koil (Satpanth Capital Inc.), USW Local 8300-10; Local President: Carolyn Egan; Unit Chair: Donald Hilton; Total employment: 10 to 20 workers.
- Marshall Ventilated Mattress, Downsview ON, USW Local 3950-62; Plant currently closed.
- Serta Simmons Bedding Canada, Vaughan ON, USW Local 8300-11; Local President: Carolyn Egan; Unit Chair: Aaron Philip; Production workers at full capacity: 150.
- Simmons SSH Bedding Canada Co., Kirkland QC; USW Local 6565, Local President: Ryan Stevens. Production workers at full capacity: 220.
- Springwall Sleep Products Inc., Mississauga ON, USW Local 8300-36; Local President: Carolyn Egan; Unit Chair: Desmond Clarke; Production workers at full capacity: 80.
- Tempur Sealy Canada Ltd, Toronto ON, USW Local 8300-09; Local President: Carolyn Egan; Unit Chair: Dennis Williamson. Total production workers at full capacity: 170.
- Tempur Sealy Canada Ltd, Edmonton AB; USW Local 1-207; Local Union President: Dave Baraniuk; Unit Chair: Devon Mytroen Production workers at full capacity: 100.

## **Other Producers**

[16] The complaints identified the following other potential producers of mattresses in Canada<sup>2</sup>:

<b>Producer</b>	<b>Address</b>
Carpenter Canada Co.	500 Hanlan Rd, Woodbridge, ON, Canada, L4L 3P6
C.J. Mulholland Mattress	2799 Barton Street East, Hamilton, ON, Canada, L8E 2J8
Comfort Foam	10 Ilsley Avenue, Unit 6, Dartmouth, NS, Canada, B3B 1L3
Dream Design Co.	3824 William Street, Burnaby, BC, Canada, V5C 3H9
Endy	60 Adelaide St E, Suite 800, Toronto, ON, Canada, M5C 3E4
Essentia Laval	2760 Boulevard Daniel Johnson, Laval, QC, Canada, H7P 5Z7
Essentia Toronto	2180 Queen St E, Toronto, ON, Canada, M4E 1E6
Essentia Vancouver	2144 W 4th Ave, Vancouver, BC, Canada, V6K 1N6
Fleep Bed	1535 Bd Hamelin, Trois-Rivières, QC, Canada, G8Y 3G7
Galaxy Bedding	110 Vulcan Street, Etobicoke, ON, Canada, M9W 1L2
Goodmorning.com	9707 110 Street NW, Edmonton, AB, Canada, T5K 2L9
Hamuq	4404-295 Adelaide St W, Toronto, ON, Canada, M5V 0L4
Haven Mattress	201 1405 St Paul St, Kelowna, BC, Canada, V1Y 2E4
King Koil (Park Avenue Furniture)	11 West Drive, Brampton, ON, Canada, L6T 4T2
Kingsdown	5800 Steeles Avenue, West Woodbridge, ON, Canada, L4L 0J4
Lunazen	2316 Larch Ave, Quesnel, BC, Canada, V2J 5T9
Matelas Dauphin	8124, rue du Blizzard, Lévis, QC, Canada, G6X 1C9
Matelas Lapensee Mattresses	1085 Boul. de la Carrière, Gatineau, QC, Canada, J8Y 6V4
Matelas Mirabel	990 Salaberry, Laval, QC, Canada, H7S 2J1
Matelas Princesse	11700 Phillippe Panneton R.D.P, Montreal, QC, Canada, H1E 4G4
Natural Mattress	3503 62nd Ave SE, Calgary, AB, Canada, T2C 1P5
North Star Bedding	Walnut Street 135, Sudbury, ON, Canada, P3C 5P9
Obasan	155 Colonnade Rd S, Ottawa, ON, Canada, K2E 7K1
Pause&Sleep	2160 Highway 7 W, Toronto, ON, Canada, L4K 1W6
Polysleep	5151 de la Savane, Montreal, QC, Canada, H4P 1V1
Restwell Sleep Products	14922 54A Ave, Surrey, BC, Canada, V3S 5X7
Restonic Mattress Canada	13137 82A Avenue, Surrey, BC, Canada, V3W 9Y6
Serta Simmons Bedding	2550 Meadowvale Blvd, Mississauga, ON, Canada, L5N 8C2
Shepherd's Dream	42 E Main St, Ashland, OR, USA, 97520
Silk & Snow	675 King Street West, Toronto, ON, Canada, M5V 1M9
Simba Sleep	105 Victoria St, London, , UK, SW1E 6QT
Sleepenvie	1500 Avenue Rd., Toronto, ON, Canada, M5M 0A1
Sleepwell Bedding	1570 St James Street, Winnipeg, MN, Canada, R3H 0L2
Slmbrmattress	
SlumberBox	86 Ringwood Drive, Stouffville, ON, Canada, L4A 1C3
Springmade Mattress	110 Norfinch Dr., Toronto, ON, Canada, M3N 1X1
Springwall Sleep Products	7689 Bath Rd, Mississauga, ON, Canada, L4T 3T1
Tempur Sealy	
United Steep Products	65 Stevenson Rd, Winnipeg, MN, Canada, R3H 0J2
Vitafoam Product	150 Toro Road, Toronto, ON, Canada, M3J 2A9

<sup>2</sup> Exhibit 2 (NC) – Mattresses Complaint – Exhibit 5-02

## **Trade Unions**

[17] One of the complainants, the USW, is a trade union representing numerous bargaining units at producers of mattresses across Canada. The complaint also identified three other trade unions which may represent workers at mattress production facilities in Canada. Specifically, the complaint identified UNIFOR Local 112 and 252, the United Food and Commercial Workers Local 501, and the Operating Engineers Local 955.<sup>3</sup>

## **Importers**

[18] At the initiation of the investigations, the CBSA identified 146 potential importers of the subject goods based on both information provided by the complainant and CBSA import entry documentation. All of the potential importers were asked to respond to the CBSA's Importer RFI.<sup>4</sup> The CBSA received 7 responses to the Importer RFI.

## **Exporters**

[19] At the initiation of the investigations, the CBSA identified 131 potential exporters/producers of the subject goods originating in or exported from China from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were sent the CBSA's Dumping and Subsidy RFIs.<sup>5</sup>

[20] The following exporters/producers of subject goods originating in or exported from China provided substantially complete responses to the Dumping RFI: Foshan Suilong Furniture Co., Ltd., Gold Lion Furniture (Shanghai) Co., Ltd., Guangdong Eonjoy Technology Ltd., Guangzhou Younus Import and Export Co., Ltd., Healthcare Co., Ltd., Jinlongheng Furniture Co., Ltd., Xianghe Kaneman Furniture Ltd., Zhejiang Glory Home Furnishings Co. Ltd., Zinus Xiamen Inc., and Zinus Zhangzhou Inc.

[21] The following exporters/producers of subject goods originating in or exported from China provided substantially complete responses to the Subsidy RFI: Foshan Suilong Furniture Co., Ltd., Gold Lion Furniture (Shanghai) Co., Ltd., Guangdong Eonjoy Technology Ltd., Guangzhou Younus Import and Export Co., Ltd., Healthcare Co., Ltd., Jiaying Taien Springs Co., Ltd., Jinlongheng Furniture Co., Ltd., Xianghe Kaneman Furniture Ltd., Zhejiang Glory Home Furnishings Co. Ltd., Zinus Xiamen Inc., and Zinus Zhangzhou Inc.

[22] See "*Dumping Investigation*" and "*Subsidy Investigation*" sections of this Statement of Reasons for detailed information regarding these companies.

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<sup>3</sup> Exhibit 2 (NC) – Mattresses Complaint – para. 11

<sup>4</sup> Exhibit 32 (NC) – Importer RFI

<sup>5</sup> Exhibit 31 (NC) – Exporter Dumping and Subsidy RFIs

## **Government**

[23] Upon initiation of the investigations, the GOC was sent the CBSA's Government Subsidy RFI.<sup>6</sup> The GOC did not provide a response to the Government Subsidy RFI.

[24] For the purposes of these investigations, the GOC 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 any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

## **PRODUCT INFORMATION**

### **Definition**

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

*Mattresses, mattress toppers, and mattresses for use and incorporation into furniture regardless of size and core type, originating in or exported from the People's Republic of China, whether imported independently or in a set with a mattress foundation, mattress topper, or both.*

*The following are excluded from the investigations:*

- a. pet mattresses;*
- b. mattresses which are incorporated into furniture and which are subject to the Canadian International Trade Tribunal's Finding in NQ-2021-002;*
- c. mattress foundations;*
- d. tufted futon mattresses which do not include innersprings or foam;*
- e. camping mattresses;*
- f. stretcher or gurney mattresses;*
- g. custom mattresses for boats, RVs, or other vehicles;*
- h. airbeds;*
- i. water beds;*
- j. and mattress toppers less than three inches in thickness.*

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<sup>6</sup> Exhibit 33 (PRO) – Foreign Government Subsidy RFI



## **Additional Product Information**<sup>7</sup>

[26] The term “mattress” denotes an assembly of materials that at a minimum includes a “core” as well as “upholstery” and/or “ticking.” The “core” provides the main support system of the mattress. The core may consist of innersprings, foam or a combination of these materials. “Upholstery” refers to the material between the core and the top panel of the ticking on a single-sided mattress, or between the core and the top and bottom panel of the ticking on a double-sided mattress. The upholstery could be additional foam layers, latex, wool, cotton, or other stuffing materials to create a comfort layer. It could also be a “sock” in the manufacture of a foam mattress. “Ticking” refers to the outermost layer of fabric (e.g., polyester, cotton, or some other blend) or other material (e.g., vinyl) that encloses the core and any upholstery. Ticking is also known as a cover.

[27] Mattresses of all sizes for human use are covered by the scope of this investigation. Mattresses sizes include, but are not limited to “crib”, “toddler”, “twin/single”, “extra-long twin (twin XL)”, “full/double”, “queen”, “king”, “Hong Kong King”, or “California king” mattresses. Mattresses intended for pets are not within the scope.

[28] The scope encompasses mattresses of all core types, including but not limited to innerspring mattress, foam mattresses, and hybrid mattresses. Mattresses that contain innersprings are referred to as “innerspring mattresses” or “hybrid mattresses.” “Hybrid mattresses” contain two or more support systems as the core, such as layers of both memory foam and innerspring units. “Foam mattresses” are those that do not contain any innerspring units. They are generally produced from foams (e.g., polyurethane, memory (viscoelastic), latex foam, gel-infused viscoelastic (gel foam) or thermobonded polyester and polyethylene).

[29] Mattresses covered by the scope of this Complaint may be imported independently, as part of furniture or furniture mechanisms, or as part of a set in combination with a “mattress foundation.” “Mattress foundations” are any base or support for a mattress. Mattress foundations are commonly referred to as “foundations,” “boxsprings,” “platforms,” and/or “bases.” Bases can be static, foldable, or adjustable. Only the mattress is covered by the scope if imported as part of furniture, with furniture mechanisms, or as part of a set, in combination with a mattress foundation.

[30] Mattresses to be incorporated into furniture (i.e., mattresses for use in sofas, daybeds, hide-a-beds, sleepers, murphy beds, etc.) are covered by the scope of the Complaint. That said, where such mattresses are covered by the Canadian International Trade Tribunal’s (CITT) Finding in NQ-2021-002, they are excluded from the product definition.

[31] Mattresses are covered by the scope of this Complaint even if imported without ticking, such as foam mattress slabs that are imported without the outermost cover. Products covered by this Complaint include mattresses packed and sold to end users in boxes, such as those marketed as “bed(s)-in-a-box,” “mattress(es)-in-a-box,” and/or “compressed mattress(es).”

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<sup>7</sup> Exhibit 2 (NC) – Mattresses Complaint – paras 23-39

[32] Excluded from the scope of this complaint are:

- a) “futon” mattresses. A “futon” is a bi-fold frame made of wood, metal, or plastic material, or any combination thereof, that functions as both seating furniture (such as a couch, love seat, or sofa) and a bed. A “futon mattress” is a tufted mattress, where the top covering is secured to the bottom with thread that goes completely through the mattress from the top through to the bottom, and it does not contain innersprings or foam. A futon mattress is both the bed and seating surface for the futon.
- b) airbeds (including inflatable mattresses) and waterbeds, which consist of air- or liquid-filled bladders as the core or main support system of the mattress.
- c) “mattress toppers” with a height of less than three inches. A “mattress topper” is a removable bedding accessory that supplements a mattress by providing an additional layer that is placed on top of a mattress. A typical mattress topper is a foam slab cut to the size of a mattress and would typically range from 1.5 to 2.5 inches in thickness. Excluded mattress toppers have a height of less than three inches. Mattress toppers may be covered or uncovered and are produced in a same manner as foam mattresses. Mattress toppers with a thickness of greater than or equal to 3 inches have been included in the definition of the imported goods as these foam slabs are thick enough to be used independently as a foam mattress.
- d) gurney and stretcher mattresses. These are specialty mattresses that would be considered medical devices and would not be used in a residential or commercial setting.
- e) custom mattresses for boats, RVs, and other vehicles. These would be mattresses that are designed pursuant to a customer’s specific size and dimension specifications to fit within their vehicles. Standard size mattresses for such vehicles that are not made pursuant to a custom order such as “three quarter” and “RV short queen” are intended to be covered by the product definition.
- f) camping mattresses. Camping mattresses are portable mattresses for use in tents or outdoors in camping applications.

### **Production Process**<sup>8</sup>

[33] Regardless of domestic or import, and regardless of whether the mattress is destined for incorporation into furniture, the manufacturing process for all types of mattresses is similar in that it consists of the assembly of components into finished mattresses that are ready for use by the ultimate purchaser.

[34] Innerspring and hybrid mattresses are assembled from various components that differ based on the particular mattress design. Components generally consist of the core (innerspring units, foam (*e.g.*, polyurethane, memory (viscoelastic), latex, or gel), or other resilient fillings or a combination of the same) and the upholstery materials.

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<sup>8</sup> Exhibit 2 (NC) – Mattresses Complaint – paras 30-33

[35] For both innerspring and hybrid mattresses, the innerspring unit may be produced internally or purchased from a supplier. Depending on the particular design, layers of fabric, upholstery, and/or foam are assembled around the core unit as operators “build up” the mattress on an assembly table or production line. Separately, sewers run quilting machines that produce the quilting (also known as a “cover”), which may include a backing material as well as comfort layers (*i.e.*, fiber and foam, along with the ticking). In some instances, the cover is cut into panels for the top, bottom, and sides (also referred to as “borders”). A flange is sewn to the edge of the cover piece(s) and can be attached using a “hog ring” to the innerspring unit to prevent the cover and filling material from shifting once the border is attached and the mattress is sewn shut. A “flange” is a material that is attached to either the top or the bottom panel of the mattress, which is then fastened to either the spring unit or the interior foam components. Its purpose is to hold the top and bottom covers in place and prevent them from shifting throughout the life of the mattress. A “hog ring” is a type of staple, which is used to fasten components to the spring unit or used to fasten the flange to the spring unit. A “tape,” which is a fabric that covers the edge where the top and bottom panels are joined to the border panel, is then sewn around the top and bottom edges of the mattress. In other instances, a “zippered” cover is used, which does not require a flange, hog ring, or tape. Both innerspring and hybrid mattresses may be shipped compressed or uncompressed.

[36] For foam mattresses, the manufacturing process begins with foam production. Foam mattress manufacturers may be vertically integrated (producing both the foam and foam mattress themselves) or they may purchase foam from unaffiliated foam suppliers. The precursor chemicals are combined based on the specific formulation for the type of foam. For example, polyurethane foam is generally comprised of a polyol (complex alcohol) and isocyanate that are kept in separate storage tanks. These materials are mixed with catalysts and a surfactant and heated, which then begins a reaction to form a polyurethane polymer that is combined with carbon dioxide and sprayed or “poured” onto a plastic covered conveyor belt. The reaction generates carbon dioxide gas that causes the material to expand as it moves down the conveyor belt. Once the foam has fully expanded and partially cured, it is cut into large blocks which are allowed to fully cure for up to 72 hours. After product properties are tested and confirmed to customer meet specifications, the cured blocks are then cut into trimmed rectangular sheets (or plates) of various thicknesses that correspond to finished mattress sizes. The foam mattress may consist of a single slab of foam or multiple layers (plates) that have been bound together with glue. The foam mattress may be inserted into a fabric sock before being placed in the cover, although this is not mandatory. The foam mattress is then inserted into the cover (*i.e.*, the ticking). The final step is packaging. As with innerspring and hybrid mattresses, foam mattresses may be shipped compressed or uncompressed. A mattress topper follows a similar production process as a foam mattress as it is a foam slab that may be then covered.

## **Classification of Imports**

[37] The subject goods are normally classified under the following tariff classification numbers:

9404.21.00.00

9404.29.00.00

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

## **LIKE GOODS AND CLASS OF GOODS**

[39] 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 any identical goods, goods the uses and other characteristics of which closely resemble those of the other goods.

[40] In considering the issue of like goods, the CITT typically looks at a number of factors, including the physical characteristics of the goods (such as composition and appearance) their market characteristics (such as substitutability, pricing, distribution channels and end uses), and whether the domestic goods fulfill the same customer needs as the subject goods.

[41] With respect to the definition of like goods, the complainants stated that like goods are those goods described in the product definition. That is, domestically produced mattresses, which meet the product definition. Therefore, it does not include domestically produced goods which are specifically excluded from the product definition.

[42] The complainants submit that the domestic industry, as defined in the complaint, produces or has the ability to produce the whole range of mattresses included in the scope of the complaint. With respect to physical and market characteristics, the complainants submit that the physical characteristics of the goods are the same whether imported or produced domestically. Additionally, the complainants note that imported and domestically produced mattresses have the same methods of manufacture. Finally, the complainants submit that the market characteristics are the same for imported and domestically produced mattresses, as are the customers’ needs.<sup>9</sup>

[43] To further support their submission that the like goods and subject goods constitute a single class of goods, the complainants referred to a 2019 determination by the United States (US) International Trade Commission (ITC) where, for a similar subject goods definition, the ITC found that Chinese and US produced like goods constitute a single class of goods.<sup>10</sup>

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<sup>9</sup> Exhibit 2 (NC) – Mattresses Complaint – para 45

<sup>10</sup> Exhibit 2 (NC) – Mattresses Complaint – para 47

[44] After considering questions of use, physical characteristics and all other relevant factors, the CBSA is of the opinion that domestically produced mattresses, that are of the same description as subject goods, are like goods to the subject goods. Further, the CBSA is of the opinion that the subject goods and like goods constitute only one class of goods.

[45] In its preliminary injury inquiry for these investigations, the CITT further reviewed the matter of like goods and classes of goods. On May 10, 2022, the CITT issued its preliminary injury inquiry Statement of Reasons for these investigations, indicating that *“the Tribunal finds that mattresses produced in Canada that are of the same description of the subject goods are “like goods” in relation to the subject goods and that there is one class of goods.”*

## **THE CANADIAN INDUSTRY**

[46] Prior to the initiation of the investigations, the CBSA contacted all known potential producers of mattresses in Canada to gather further information concerning the domestic production of mattresses for domestic consumption.

[47] The CBSA received letters of support from domestic producers of mattresses that represent a major proportion of the Canadian production.<sup>11</sup> Two domestic producers expressed a neutral opinion of the complaint.<sup>12</sup> None of the domestic producers contacted by the CBSA expressed opposition to the complaint.

[48] The complainant and the supporting producers account for the vast majority of the domestic production of like goods.

## **IMPORTS INTO CANADA**

[49] During the preliminary phase of the investigations, the CBSA refined the estimated volume and value of imports based on information from CBSA import entry documentation and information received from exporters and importers.

[50] The following table presents the CBSA’s analysis of imports of mattresses for purposes of the preliminary determinations:

**Import Volumes of Mattresses  
(January 1, 2021 to December 31, 2021)**

<b>Country</b>	<b>% of Total Import Volume</b>
China	49.21%
All Other Countries	50.79%
<b>Total Imports</b>	<b>100.00%</b>

<sup>11</sup> Exhibit 37 (PRO) – Consolidated Responses to Standing RFI

<sup>12</sup> Exhibit 38 (NC) – Consolidated Responses to Standing RFI

## **REPRESENTATIONS**

[51] During the preliminary phase of the investigations, counsel for the complainants made representations concerning various exhibits on the administrative records, including certain RFI responses.<sup>13</sup> These representations concern topics including the accuracy and completeness of information provided, government involvement with certain companies and sectors, the possible presence of a particular market situation, the relationships between certain parties, and other missing or unclear information provided in the RFI responses. Counsel for the complainants also made comments regarding the lack of response from the GOC.<sup>14</sup>

[52] The CBSA has noted the arguments and evidence submitted in the representations and will take them into consideration in the course of verifying and analyzing information for the purposes of a final decision.

## **INVESTIGATION PROCESS**

[53] Regarding the dumping investigation, information was requested from all known exporters, producers, vendors and importers, concerning shipments of mattresses released into Canada during the POI.

[54] Regarding the subsidy investigation, information related to potential actionable subsidies was requested from all known exporters and producers in China. Information was also requested from the GOC concerning financial contributions made to exporters or producers of mattresses released into Canada during the POI. The GOC was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters.

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<sup>13</sup> Exhibits 82 (PRO) and 83 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the response to the request for information from Zinus Canada Inc. ("Zinus Canada"), Exhibits 84 (PRO) and 85 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the response to the request for information from Mellow Inc. ("Mellow"), Exhibits 114 (PRO) and 115 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the request for information from Zhejiang Glory Home Furnishings Co. Ltd ("Glory"), Exhibits 135 (PRO) and 136 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Zinus Inc., Zinus (Xiamen) Inc. and Zinus (Zhangzhou) Inc.'s request for information (RFI) - dumping responses, Exhibits 181 (PRO) and 182 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the response to the request for information from Sinomax (Zhejiang) Polyurethane Technology Limited, Sinohome Household Products Shenzhen Ltd., and Dongguan Sinohome Limited's ("Sinomax"), Exhibits 183 (PRO) and 183 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Healthcare Co., Ltd. ("Healthcare")'s request for information (RFI) response, Exhibits 197 (PRO) and 198 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Foshan EON Technology Industry Co., Ltd ("EON")'s exporter request for information (RFI) responses, Exhibits 199 (PRO) and 200 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Guangdong Eonjoy Technology Limited's request for information (RFI) response, Exhibits 224 (PRO) and 225 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Sinomax (Zhejiang) Polyurethane Technology Limited and Dongguan Sinohome Limited's deficiency letter response

<sup>14</sup> Exhibits 169 (PRO) and 170 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding The Government of China's failure to respond to the request for information (RFI)

[55] The GOC and the exporters/producers were also notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the RFI, failure to permit verification of any information or failure to provide documentation requested during the verification visits or the desk audits may result in the margin of dumping, the amount of subsidy and the assessment of dumping and/or countervailing duties on subject goods being based on facts available to the CBSA. Further, they were notified that a determination on the basis of facts available could be less favorable to them than if complete, verifiable information was made available.

[56] Several parties (i.e., importers and exporters) requested an extension to respond to their respective RFIs. The CBSA reviewed each request and granted extensions in instances where the reasons for making the requests constituted unforeseen circumstances or unusual burdens.

[57] After reviewing the RFI responses, deficiency letters and supplemental RFIs (SRFIs) were sent to several responding parties to denote any inadequacies in the response, seek clarification of information provided in the responses, and request any additional information, where necessary.

[58] Preliminary determinations are based on the information available to the CBSA at the time of the preliminary determinations. During the final phase of the investigations, the CBSA will continue to collect and verify information, the results of which will be incorporated into the CBSA's final decisions, which must be made by October 5, 2022.

## **DUMPING INVESTIGATION**

[59] The following presents the preliminary results of the investigation into the dumping of mattresses originating in or exported from China.

### **Normal Value**

[60] Normal values are generally estimated based on the domestic selling prices of like goods in the country of export, in accordance with the methodology of section 15 of SIMA, or based on either the methodology of 19(a) or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits, in accordance with the methodology of paragraph 19(b) of SIMA.

## **Export Price**

[61] The export price of goods sold to importers in Canada is generally estimated in accordance with the methodology of section 24 of SIMA based on the lesser of the adjusted exporter's sale price for the goods or the adjusted importer's purchase price. 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.

[62] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is estimated based on the importer's resale price 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 are additional to those incurred on the sales of like goods for use in the country of export, all costs included in the resale price 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 as provided for in paragraphs 25(1)(c) and 25(1)(d) of SIMA.

## **Margin of Dumping**

[63] 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. All subject goods imported into Canada during the POI are included in the estimation of the margins of dumping of the goods. 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.

[64] Further information regarding each exporter is detailed below.

## **PRELIMINARY RESULTS OF THE DUMPING INVESTIGATION**

### **Normal Values and Export Prices**

#### **Foshan Suilong Furniture Co., Ltd.**

[65] Foshan Suilong Furniture Co., Ltd. (Foshan Suilong) is a producer and exporter of subject goods located in Guangdong, China.

[66] Foshan Suilong provided a response to the Dumping RFI<sup>15</sup>, including a database of domestic sales of mattresses during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

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<sup>15</sup> Exhibits 116 (PRO) & 117 (NC) – Exporter Dumping RFI Response – Foshan Suilong Furniture Co., Ltd.



[67] As such, normal values were estimated using the methodology of paragraph 19(b) of SIMA, based 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.

[68] The cost of production was estimated in accordance with paragraph 11(1)(a) of the *Special Import Measures Regulations* (SIMR), based on Foshan Suilong's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Foshan Suilong's selling and administrative expenses incurred during the PAP.

[69] Due to the absence of sufficient domestic sales of like goods, or goods of the same general category by Foshan Suilong, and the absence of sufficient domestic sales of like goods by other producers in China, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. As a result, the amount for profits was estimated pursuant to subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[70] For the subject goods exported from Foshan Suilong to Canada during the POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[71] For the purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 55.73% for Foshan Suilong, expressed as a percentage of the export price.

#### Gold Lion Furniture (Shanghai) Co., Ltd.

[72] Gold Lion Furniture (Shanghai) Co., Ltd. (Gold Lion Furniture) is a producer and exporter of subject goods located in Shanghai, China.

[73] Gold Lion Furniture provided a response to the Dumping RFI<sup>16</sup>, including a database of domestic sales of mattresses during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[74] As such, normal values were estimated using the methodology of paragraph 19(b) of SIMA, based 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.

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<sup>16</sup> Exhibits 95 (PRO) 96 (NC) – Exporter Dumping RFI Response – Gold Lion Furniture (Shanghai) Co., Ltd.

[75] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Gold Lion Furniture's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Gold Lion Furniture's selling and administrative expenses incurred during the PAP.

[76] Due to the absence of sufficient domestic sales of like goods, or goods of the same general category by Gold Lion Furniture, and the absence of sufficient domestic sales of like goods by other producers in China, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. As a result, the amount for profits was estimated pursuant to subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[77] During the POI, the subject goods exported to Canada by Gold Lion Furniture were sold to a related importer; King Living Inc. Due to the relationship between the companies, a preliminary reliability test was performed to determine whether the 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 export prices. The test revealed that the estimated export prices in accordance with section 24 of SIMA were reliable and, therefore, export prices for Gold Lion Furniture were estimated in accordance with section 24 of SIMA.

[78] For the purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 66.94% for Gold Lion Furniture, expressed as a percentage of the export price.

#### Guangdong Eonjoy Technology Limited

[79] Guangdong Eonjoy Technology Limited (Guangdong Eonjoy) is a producer and exporter of subject goods located in Guangdong, China.

[80] Guangdong Eonjoy provided a response to the Dumping RFI<sup>17</sup>, including a database of domestic sales of mattresses during the POI. However, the CBSA found the domestic sales database provided by Guangdong Eonjoy to be unreliable for the purposes of the preliminary determination. As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, or to use this information for the purposes of estimating an amount for profits pursuant to the SIMR.

[81] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based 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.

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<sup>17</sup> Exhibits 111 (PRO) & 112 (NC) – Exporter Dumping RFI Response – Guangdong Eonjoy Technology Limited (“Guangdong Eonjoy”)

[82] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Guangdong Eonjoy's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on selling and administrative expenses incurred during the PAP.

[83] Due to the absence of sufficient domestic sales of like goods, or goods of the same general category by Guangdong Eonjoy, and the absence of sufficient domestic sales of like goods by other producers in China, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. As a result, the amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[84] For the subject goods exported from Guangdong Eonjoy to Canada during the POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[85] For the purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 56.33% for Guangdong Eonjoy, expressed as a percentage of the export price.

Guangzhou Younus Import and Export Co. Ltd.

[86] Guangzhou Younus Import and Export Co., Ltd. (Younus) is an exporter of subject goods, located in Beijing, China. Dongguan Ru Bing Foam and Furniture Co. Ltd. (Dongguan Ru Bing) is a producer of the subject goods located in Guangdong, China.

[87] Younus and Dongguan Ru Bing provided responses to the Dumping RFI.<sup>18</sup> However, normal values could not be estimated in accordance with section 15 of SIMA as Younus did not have any domestic sales during the PAP of goods that were identical or similar to the subject goods exported to Canada.

[88] As such, normal values were estimated using the methodology of paragraph 19(b) of SIMA, based on the aggregate of Dongguan Ru Bing's cost of production, a reasonable amount for administrative, selling and all other costs for Dongguan Ru Bing and Younus, and a reasonable amount for profits.

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<sup>18</sup> Exhibits 133 (PRO) 134 (NC) – Exporter Dumping RFI Response – Guangzhou Younus Import and Export Co., Ltd. (Younus), Exhibits 124 (PRO) & 125 (NC) – Exporter Dumping RFI Response – Dongguan Ru Bing Foam & Furniture Co., Ltd. (Dongguan Ru Bing)

[89] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Dongguan Ru Bing's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on selling and administrative expenses incurred by Younus and Dongguan Ru Bing during the PAP.

[90] Due to the absence of sufficient domestic sales of like goods, or goods of the same general category by Younus, and the absence of sufficient domestic sales of like goods by other producers in China, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. As a result, the amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[91] For the subject goods exported from Younus to Canada during the POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[92] For the purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 134.11% for Younus, expressed as a percentage of the export price

#### Healthcare Co., Ltd.

[93] Healthcare was established in 2003 as a limited liability company and subsequently listed at Shanghai Stock Exchange in 2016. The Company is registered and headquartered in Rugao City, China. Healthcare is a producer and exporter of subject goods. All subject goods shipped to Canada during the POI were produced in three production facilities located in Rugao City, China.

[94] Healthcare provided a response to the Dumping RFI<sup>19</sup>, including a database of domestic sales of mattresses during the PAP. Where there were sufficient profitable sales of like goods, normal values were estimated in accordance with the methodology of section 15 of SIMA, using the exporter's domestic prices of mattresses in the domestic market.

[95] Where there were insufficient profitable domestic sales of like goods, or where there were no domestic sales of like goods, normal values were estimated using the methodology of paragraph 19(b) of SIMA, based 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. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Healthcare's unverified cost data associated with the subject goods shipped to Canada.

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<sup>19</sup> Exhibits 154 (PRO) & 155 (NC) – Exporter Dumping RFI Response – Healthcare Co., Ltd. (“Healthcare”)

[96] Due to the absence of sufficient domestic sales of like goods by Healthcare, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) of the SIMR. As a result, the amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii), based on Healthcare's sales of mattresses in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[97] For the subject goods exported from Healthcare to Canada during the POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[98] For purposes the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 40.11% for Healthcare, expressed as a percentage of the export price.

Jinlongheng Furniture Co., Ltd

[99] Jinlongheng Furniture Co., Ltd (Jinlongheng Furniture) is a producer and exporter of subject goods located in Guangdong, China.

[100] Jinlongheng Furniture provided a response to the Dumping RFI<sup>20</sup>, including a database of domestic sales of mattresses during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[101] As such, normal values were estimated using the methodology of paragraph 19(b) of SIMA, based 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.

[102] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Jinlongheng Furniture's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Jinlongheng Furniture's selling and administrative expenses incurred during the PAP.

[103] Due to the absence of sufficient domestic sales of like goods, or goods of the same general category by Jinlongheng Furniture, and the absence of sufficient domestic sales of like goods by other producers in China, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. As a result, the amount for profits was estimated pursuant to subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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<sup>20</sup> Exhibits 120 (PRO) & 121 (NC) – Exporter Dumping RFI Response – Jinlongheng Furniture Co., Ltd (Jinlongheng Furniture)

[104] For the subject goods exported from Jinlongheng Furniture to Canada during the POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[105] For the purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 48.93% for Jinlongheng Furniture, expressed as a percentage of the export price.

Xianghe Kaneman Furniture Ltd.

[106] Xianghe Kaneman Furniture Ltd. (Kaneman) is a producer and exporter of subject goods located in Hebei, China.

[107] Kaneman provided a response to the Dumping RFI<sup>21</sup>, including a database of domestic sales of mattresses during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[108] As such, normal values were estimated using the methodology of paragraph 19(b) of SIMA, based 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.

[109] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Kaneman's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Kaneman's selling and administrative expenses incurred during the PAP.

[110] Due to the absence of sufficient domestic sales of like goods, or goods of the same general category by Kaneman, and the absence of sufficient domestic sales of like goods by other producers in China, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. As a result, the amount for profits was estimated pursuant to subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[111] For the subject goods exported from Kaneman to Canada during the POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[112] For the purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 23.01% for Kaneman, expressed as a percentage of the export price.

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<sup>21</sup> Exhibits 118 (PRO) & 119 (NC) – Exporter Dumping RFI Response – Xianghe Kaneman Furniture Ltd.

Zhejiang Glory Home Furnishings Co., Ltd.

[113] Zhejiang Glory Home Furnishings Co., Ltd (Glory) is a privately owned limited liability company established in 2015. Glory is a producer and exporter of subject goods located in Jiashan county, China. All subject goods shipped to Canada during the POI were produced in the one factory located in Jiashan county, China.

[114] Glory provided a response to the dumping RFI.<sup>22</sup> However, the company did not have any domestic sales during the PAP of goods that were identical or similar to the subject goods exported to Canada. As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, using domestic sales of like goods.

[115] Normal values were estimated using the methodology of paragraph 19(b) of SIMA, based 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. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Glory's unverified cost data associated with the subject goods shipped to Canada.

[116] Due to the absence of sufficient domestic sales of like goods, or goods of the same general category by Glory, and the absence of sufficient domestic sales of like goods by other producers in China, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. As a result, the amount for profits was estimated pursuant to subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[117] For the subject goods exported from Glory to Canada during the POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[118] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 50.57% for Glory, expressed as a percentage of the export price.

Zinus Xiamen Inc.

[119] Zinus Xiamen Inc. (Zinus Xiamen) is a producer and exporter of subject goods, located in Huzhou, China.

[120] Zinus Xiamen provided a response to the Dumping RFI<sup>23</sup>, including a database of domestic sales of mattresses during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that

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<sup>22</sup> Exhibits 99 (PRO) & 100 (NC) – Exporter Dumping RFI Response – Zhejiang Glory Home Furnishings Co., Ltd (Glory)

<sup>23</sup> Exhibits 103 (PRO) & 104 (NC) – Exporter Dumping RFI Response – Zinus Inc./Zinus ("Xiamen") Inc./Zinus ("Zhangzhou") Inc.

complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[121] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based 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.

[122] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Zinus Xiamen's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Zinus Xiamen's selling and administrative expenses incurred during the PAP.

[123] Due to the absence of sufficient domestic sales of like goods, or goods of the same general category by Zinus Xiamen, and the absence of sufficient domestic sales of like goods by other producers in China, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. As a result, the amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[124] During the POI, some of the subject goods exported to Canada by Zinus Xiamen were sold to related importers Mellow Inc. or Zinus Canada. Due to the relationship between the companies, a preliminary reliability test was performed to determine whether the 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 export prices. The test revealed that the estimated export prices in accordance with section 24 of SIMA were reliable and, therefore, export prices for Zinus Xiamen were estimated in accordance with section 24 of SIMA.

[125] For the subject goods exported by Zinus Xiamen to Canada during the POI sold to unrelated importers, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[126] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 83.20% for Zinus Xiamen, expressed as a percentage of the export price.

Zinus Zhangzhou Inc.

[127] Zinus Zhangzhou Inc. (Zinus Zhangzhou) is a producer and exporter of subject goods, located in ZhangPu-Xian, China.



[128] Zinus Zhangzhou provided a response to the Dumping RFI.<sup>24</sup> However, Zinus Zhangzhou did not have any domestic sales of like goods during the PAP, and as a result, normal values could not be estimated in accordance with section 15 of SIMA.

[129] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based 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.

[130] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Zinus Zhangzhou's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Zinus Zhangzhou's selling and administrative expenses incurred during the PAP.

[131] Due to the absence of sufficient domestic sales of like goods, or goods of the same general category by Zinus Zhangzhou, and the absence of sufficient domestic sales of like goods by other producers in China, the amount for profits could not be estimated pursuant to subparagraphs 11(1)(b)(i) to (iii) of the SIMR. As a result, the amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[132] During the POI, some of the subject goods exported to Canada by Zinus Zhangzhou were sold to Zinus Canada, a related importer. Due to the relationship between the two companies, a preliminary reliability test was performed to determine whether the 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 export prices. The test revealed that the estimated export prices in accordance with section 24 of SIMA were reliable and, therefore, export prices for Zinus Zhangzhou were estimated in accordance with section 24 of SIMA.

[133] For the subject goods exported by Zinus Zhangzhou to Canada during the POI sold to unrelated importers, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[134] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 81.88% for Zinus Zhangzhou, expressed as a percentage of the export price.

#### All Other Exporters – China

[135] For exporters of subject goods that did not provide a response to the Dumping RFI or did not furnish sufficient information, the normal values and export prices were estimated on the basis of facts available.

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<sup>24</sup> Exhibits 103 (PRO) & 104 (NC) – Exporter Dumping RFI Response – Zinus Inc./Zinus (“Xiamen”) Inc./Zinus (“Zhangzhou”) Inc.

[136] In establishing the methodology for estimating the normal values and export prices, the CBSA considered all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by exporters of mattresses from China, and customs import documentation.

[137] The CBSA decided that the normal values and export prices estimated for the exporters whose submissions were complete for purposes of the preliminary determination rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating normal values since it reflects the trading practices of mattress exporters during the POI. Ten exporters in China provided complete information for the purposes of the preliminary determination.

[138] The CBSA examined the difference between the estimated normal value and the estimated export price for each individual transaction from these exporters in order to obtain an appropriate amount for the normal value methodology. The transactions were examined to ensure that no anomalies affected the analysis, such as a very low volume and value, effects of seasonality or other business factors.

[139] The CBSA considered that the highest amount by which the estimated normal value exceeded the estimated export price on an individual transaction of the ten exporters mentioned above (expressed as a percentage of export price, excluding anomalies), was an appropriate basis for estimating normal values. This methodology limits the advantage that an exporter may gain from not providing the necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[140] Based on the above methodology, for exporters that did not provide a response to the Dumping RFI, the margin of dumping of subject goods originating in or exported from China was estimated to be 161.60%, expressed as a percentage of export price.

### **Summary of Preliminary Results – Dumping**

[141] A summary of the preliminary results of the dumping investigation respecting all subject goods released into Canada during the POI are as follows:

#### **Summary of Preliminary Results - Dumping Period of Investigation (January 1, 2021 to December 31, 2021)**

<b>Exporter</b>	<b>Estimated Margin of Dumping (% of Export Price)</b>	<b>Estimated Volume of Subject Goods (% of Total Imports)</b>
Foshan Suilong Furniture Co., Ltd.	55.73%	0.15%
Gold Lion Furniture (Shanghai) Co., Ltd.	66.94%	0.02%
Guangdong Eonjoy Technology Ltd.	56.33%	0.31%
Guangzhou Younus Import and Export Co., Ltd	134.11%	0.02%
Healthcare Co., Ltd.	40.11%	8.93%
Jinlongheng Furniture Co., Ltd.	48.93%	0.63%
Xianghe Kaneman Furniture Ltd.	23.01%	0.41%
Zhejiang Glory Home Furnishings Co. Ltd.	50.57%	3.06%
Zinus Xiamen Inc.	83.20%	15.09%
Zinus Zhangzhou Inc.	81.88%	2.21%
All Other Exporters – China	161.60%	17.99%
<b>Total – China</b>		<b>49.21%</b>
<b>All Other Countries</b>		<b>50.79%</b>
<b>All Countries</b>		<b>100.00%</b>

[142] Under section 35 of SIMA, if at any time before making a preliminary determination the CBSA is satisfied that the actual and potential volume of goods of a country is negligible, the CBSA is required to terminate the investigation with respect to goods of that country.

[143] Pursuant to subsection 2(1) of SIMA, the volume of goods of a country is considered negligible if it accounts for less than 3% of the total volume of goods that are released into Canada from all countries that are of the same description as the goods.

[144] The volume of subject goods from China is above 3% of the total volume of goods released into Canada from all countries. Based on the definition above, the volume of subject goods from China is therefore not negligible.

[145] If, in making a preliminary determination, the CBSA determines that the margin of dumping of the goods of a particular exporter is insignificant pursuant to subsection 38(1.1) of SIMA, the investigation will continue in respect of those goods but provisional duties will not be imposed on goods of the same description imported during the provisional period.

[146] Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price of the goods is defined as insignificant. For all exporters, the estimated margins of dumping, expressed as a percentage of the export price, are above 2% and are, therefore, not insignificant. In respect of these goods, provisional anti-dumping duties will be imposed on goods of the same description imported during the provisional period.

[147] A summary of the estimated margins of dumping and provisional duties by exporter is presented in **Appendix 1**.

## **SUBSIDY INVESTIGATION**

[148] 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 World Trade Organization (WTO) Agreement that confers a benefit.

[149] 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.

[150] 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.

[151] A “prohibited subsidy” is either an export subsidy or a subsidy or portion of a 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.

[152] 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.

[153] For the 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.

[154] Financial contributions provided by 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.

### **PRELIMINARY RESULTS OF THE SUBSIDY INVESTIGATION**

[155] The following presents the preliminary results of the investigation into the subsidizing of mattresses originating in or exported from China.

[156] At the initiation of the investigation, the CBSA sent Subsidy RFIs to the GOC, as well as to all known exporters/producers of mattresses in China.

[157] The GOC was also requested to forward the Subsidy RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the Subsidy RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[158] The GOC and the exporters/producers were also notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the Subsidy RFI, failure to permit verification of any information or failure to provide documentation requested during the verification visits or desk audits may result in the amount of subsidy and the assessment of countervailing duties on subject goods being based on facts available to the CBSA. Further, they were notified that a determination on the basis of facts available could be less favourable than if complete, verifiable information was made available.

[159] The GOC did not respond to the CBSA's Government Subsidy RFI. The lack of response from the GOC limited the CBSA's ability to estimate the amount of subsidy in the prescribed manner as the required information relating to financial contribution, benefit and specificity was not provided. It also limited the CBSA's ability to determine whether producers, or other suppliers of goods and services, are public bodies.

[160] Although the GOC did not reply to the CBSA's Government Subsidy, the CBSA nevertheless recognized the exporters' level of cooperation and estimated an amount of subsidy for cooperative exporters. The amount of subsidy is estimated for the preliminary determination for the cooperative exporters on the basis of information provided by the exporters in their subsidy RFI responses and other publicly available information on the record.

[161] The available information indicates that these programs do not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the administrative record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from these programs is likely to be specific.

[162] In conducting its investigation, the CBSA requested information respecting the various programs, as listed in **Appendix 2**. During the preliminary phase of the investigation, the CBSA identified additional potential programs.

[163] The CBSA will continue to analyze the submitted information during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

[164] An account of the subsidies received by each of the exporters that provided a response to the Subsidy RFI is provided below. The estimated amounts of subsidy for each of the exporters are also presented in a summary table in **Appendix 1**.

Foshan Suilong Furniture Co., Ltd.

[165] Foshan Suilong Furniture Co., Ltd. (Foshan Suilong) is a producer and exporter of subject goods located in Guangdong, China.

[166] Foshan Suilong provided a response to the Subsidy RFI.<sup>25</sup> For purposes of the preliminary determination, Foshan Suilong was found to have received countervailable benefits from the following seven subsidy programs:

- Program 6 – Design, Research and Development Grants
- Program 7 – Export Development Performance Grants
- Program 14 – Subsidies Related to Company/Enterprise Development and Innovation
- Program 18 – Subsidies Related to Science and Technology
- Program 21 – Subsidies to Provide Business Support
- Program 25 – Corporate Income Tax Reduction for New High Tech Enterprises (“NHTE”)
- Program 26 – Municipal/Local Income or Property Tax Reductions

[167] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy programs may constitute a financial contribution that confers a benefit to the exporter. The CBSA also considers these programs may be specific and therefore actionable.

[168] For purposes of the preliminary determination, the estimated amount of subsidy for Foshan Suilong is 4.16%, expressed as a percentage of the export price.

Gold Lion Furniture (Shanghai) Co., Ltd.

[169] Gold Lion Furniture (Shanghai) Co., Ltd. (Gold Lion Furniture) is a producer and exporter of subject goods located in Shanghai, China.

[170] Gold Lion Furniture provided a response to the Subsidy RFI.<sup>26</sup> Gold Lion Furniture reported that it did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Gold Lion Furniture. As such, for purposes of the preliminary determination, there is no subsidy amount for goods exported to Canada. A SRFI will be sent to gather additional information and seek clarification. The CBSA will continue to collect and verify information from Gold Lion Furniture.

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<sup>25</sup> Exhibits 151 (PRO) & 152 (NC) – Exporter Subsidy RFI Response – Foshan Suilong Furniture Co., Ltd.

<sup>26</sup> Exhibits 95 (PRO) 96 (NC) – Exporter Subsidy RFI Response – Gold Lion Furniture (Shanghai) Co., Ltd.

### Guangdong Eonjoy Technology Limited

[171] Guangdong Eonjoy Technology Limited (Guangdong Eonjoy) is a producer and exporter of subject goods located in Guangdong, China.

[172] Guangdong Eonjoy provided a response to the Subsidy RFI.<sup>27</sup> For the purposes of the preliminary determination, Guangdong Eonjoy was found to have received countervailable benefits from the following three subsidy programs:

Program 11: Environment Protection Grant

Program 14: Subsidies Related to Company/Enterprise Development and Innovation

Program 15: Subsidies Related to Employment, Training and Recruitment

[173] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy programs may constitute a financial contribution that confers a benefit to the exporter. The CBSA also considers these programs may be specific and therefore actionable.

[174] For purposes of the preliminary determination, the estimated amount of subsidy for Guangdong Eonjoy is 0.06%, expressed as a percentage of the export price.

### Guangzhou Younus Import and Export Co., Ltd.

[175] Guangzhou Younus Import and Export Co., Ltd. (Younus) is an exporter of subject goods, located in Beijing, China. Dongguan Ru Bing Foam and Furniture Co. Ltd. (Dongguan Ru Bing) is a producer of the subject goods located in Guangdong, China.

[176] Dongguan Ru Bing provided a response to the Subsidy RFI.<sup>28</sup> Dongguan Ru Bing reported that it did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Dongguan Ru Bing. As such, for purposes of the preliminary determination, there is no subsidy amount for goods exported to Canada. A SRFI will be sent to gather additional information and seek clarification. The CBSA will continue to collect and verify information from Dongguan Ru Bing.

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<sup>27</sup> Exhibits 109 (PRO) & 110 (NC) – Exporter Subsidy RFI Response – Guangdong Eonjoy Technology Limited (“Guangdong Eonjoy”)

<sup>28</sup> Exhibits 143 (PRO) & 144 (NC) – Exporter Subsidy RFI Response – Dongguan Ru Bing Foam & Furniture Co., Ltd. (Dongguan Ru Bing)



Healthcare Co., Ltd.

[177] Healthcare Co., Ltd. (Healthcare) is a producer and exporter of subject goods located in Rugao City, China.

[178] Healthcare provided a response to the Subsidy RFI.<sup>29</sup> For purposes of the preliminary determination, Healthcare was found to have received countervailable benefits from the following twelve subsidy programs:

- Program 1 - Loans from State-Owned Banks at Preferential Rates
- Program 4 - Preferential Export Financing and Export Credit Guarantee/Insurance
- Program 7 - Export Development Performance Grants
- Program 10 - Grant - Patent Assistance/Award
- Program 14 - Subsidies Related to Company/Enterprise Development and Innovation
- Program 15 - Subsidies Related to Employment, Training and Recruitment
- Program 16 - Subsidies Related to Pandemic Support
- Program 18 - Subsidies Related to Science and Technology
- Program 19 - Subsidies Related to Social Security
- Program 21 - Subsidies to Provide Business Support
- Program 25 - Corporate Income Tax Reduction for New High Tech Enterprises (“NHTE”)
- Program 31 - Relief from Duties and Taxes on Imported Material and Other Manufacturing Inputs

[179] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy programs may constitute a financial contribution that confers a benefit to the exporter. The CBSA also considers these programs may be specific and therefore actionable.

[180] For purposes of the preliminary determination, the estimated amount of subsidy for Healthcare is 2.07%, expressed as a percentage of the export price.

Jiaxing Taien Springs Co., Ltd.

[181] Jiaxing Taien Springs Co., Ltd. (Jiaxing Taien Springs) is a producer and exporter of subject goods located in Zhejiang, China.

[182] Jiaxing Taien Springs provided a response to the subsidy RFI.<sup>30</sup> For the purposes of the preliminary determination, Jiaxing Taien Springs was found to have received countervailable benefits from the following three subsidy programs:

- Program 7 – Export Development Performance Grants
- Program 14 - Subsidies Related to Company/Enterprise Development and Innovation

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<sup>29</sup> Exhibits 177 (PRO) & 178 (NC) – Exporter Subsidy RFI Response – Healthcare Co., Ltd. (“Healthcare”)

<sup>30</sup> Exhibits 147 (PRO) & 148 (NC) – Exporter Subsidy RFI Response – Jiaxing Taien Springs Co., Ltd.

Program 25 – Corporate Income Tax Reduction for New High Tech Enterprises  
 (“NHTE”)

[183] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy programs may constitute a financial contribution that confers a benefit to the exporter. The CBSA also considers these programs may be specific and therefore actionable.

[184] For purposes of the preliminary determination, the estimated amount of subsidy for Jiaying Taien Springs is 1.88%, expressed as a percentage of the export price.

Jinlongheng Furniture Co., Ltd.

[185] Jinlongheng Furniture Co., Ltd (Jinlongheng Furniture) is a producer and exporter of subject goods located in Guangdong, China.

[186] Jinlongheng Furniture provided a response to the Subsidy RFI.<sup>31</sup> For purposes of the preliminary determination, Jinlongheng Furniture was found to have received countervailable benefits from the following eight subsidy programs:

Program 6 – Design, Research and Development Grants  
Program 7 – Export Development Performance Grants  
Program 11 – Environment Protection Grant  
Program 15 – Subsidies Related to Employment, Training and Recruitment  
Program 17 – Subsidies Related to Quality & Improvement  
Program 18 – Subsidies Related to Science and Technology  
Program 21 – Subsidies to Provide Business Support  
Program 25 – Corporate Income Tax Reduction for New High Tech Enterprises  
 (“NHTE”)

[187] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy programs may constitute a financial contribution that confers a benefit to the exporter. The CBSA also considers these programs may be specific and therefore actionable.

[188] For purposes of the preliminary determination, the estimated amount of subsidy for Jinlongheng Furniture is 0.47%, expressed as a percentage of the export price.

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<sup>31</sup> Exhibits 162 (PRO) & 163 (NC) – Exporter Subsidy RFI Response – Jinlongheng Furniture Co., Ltd (Jinlongheng Furniture)

Xianghe Kaneman Furniture Ltd.

[189] Xianghe Kaneman Furniture Ltd. (Kaneman) is a producer and exporter of subject goods located in Heibei, China.

[190] Kaneman provided a response to the Subsidy RFI.<sup>32</sup> For purposes of the preliminary determination, Kaneman was found to have received countervailable benefits from the following three subsidy programs:

Program 11 – Environment Protection Grant  
Program 14 – Subsidies Related to Company/Enterprise Development and Innovation  
Program 26 – Municipal/Local Income or Property Tax Reductions

[191] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy programs may constitute a financial contribution that confers a benefit to the exporter. The CBSA also considers these programs may be specific and therefore actionable.

[192] For purposes of the preliminary determination, the estimated amount of subsidy for Kaneman is 0.11%, expressed as a percentage of the export price.

Zhejiang Glory Home Furnishings Co., Ltd.

[193] Zhejiang Glory Home Furnishings Co., Ltd (Glory) is a producer and exporter of subject goods located in Jiashan county, China.

[194] Glory provided a response to the Subsidy RFI.<sup>33</sup> For purposes of the preliminary determination, Glory was found to have received countervailable benefits from the following eleven subsidy programs:

Program 1 - Loans from State-Owned Banks at Preferential Rates  
Program 6 - Design, Research and Development Grants  
Program 14 - Subsidies Related to Company/Enterprise Development and Innovation  
Program 15 - Subsidies Related to Employment, Training and Recruitment  
Program 17 - Subsidies Related to Quality & Improvement  
Program 18 - Subsidies Related to Science and Technology  
Program 19 - Subsidies Related to Social Security  
Program 20 - Subsidies Related to Talent and Skills  
Program 21 - Subsidies to Provide Business Support  
Program 24 - Corporate Income Tax Exemption and/or Reduction in Special Economic Zones (SEZs) and Other Designated Areas  
Program 26 - Municipal/Local Income or Property Tax Reductions

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<sup>32</sup> Exhibits 164 (PRO) & 165 (NC) – Exporter Subsidy RFI Response – Xianghe Kaneman Furniture Ltd.

<sup>33</sup> Exhibits 97 (PRO) & 98 (NC) – Exporter Subsidy RFI Response – Zhejiang Glory Home Furnishings Co., Ltd (Glory)

[195] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy programs may constitute a financial contribution that confers a benefit to the exporter. The CBSA also considers these programs may be specific and therefore actionable.

[196] For purposes of the preliminary determination, the estimated amount of subsidy for Glory is 1.01%, expressed as a percentage of the export price.

Zinus Xiamen Inc.

[197] Zinus Xiamen Inc. (Zinus Xiamen) is a producer and exporter of subject goods, located Huzhou, China.

[198] Zinus Xiamen provided a response to the Subsidy RFI.<sup>34</sup> For purposes of the preliminary determination, Zinus Xiamen was found to have received countervailable benefits from the following three subsidy programs:

Program 1 – Loans from State-Owned Banks at Preferential Rates  
Program 15 – Subsidies Related to Employment, Training and Recruitment  
Program 19 – Subsidies Related to Social Security

[199] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy programs may constitute a financial contribution that confers a benefit to the exporter. The CBSA also considers these programs may be specific and therefore actionable.

[200] For purposes of the preliminary determination, the estimated amount of subsidy for Zinus Xiamen is 0.04%, expressed as a percentage of the export price.

Zinus Zhangzhou Inc.

[201] Zinus Zhangzhou Inc. (Zinus Zhangzhou) is a producer and exporter of subject goods, located ZhangPu-Xian, China.

[202] Zinus Zhangzhou provided a response to the Subsidy RFI.<sup>35</sup> For purposes of the preliminary determination, Zinus Zhangzhou was found to have received countervailable benefits from the following five subsidy programs:

Program 6 – Design, Research and Development Grants  
Program 7 – Export Development Performance Grants  
Program 8 – Performance Award Grants  
Program 15 – Subsidies Related to Employment, Training and Recruitment

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<sup>34</sup> Exhibits 101 (PRO) & 102 (NC) – Exporter Subsidy RFI Response – Zinus Inc./Zinus (“Xiamen”) Inc./Zinus (“Zhangzhou”) Inc.

<sup>35</sup> Exhibits 101 (PRO) & 102 (NC) – Exporter Subsidy RFI Response – Zinus Inc./Zinus (“Xiamen”) Inc./Zinus (“Zhangzhou”) Inc.

## Program 16 – Subsidies Related to Pandemic Support

[203] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy programs may constitute a financial contribution that confers a benefit to the exporter. The CBSA also considers these programs may be specific and therefore actionable.

[204] For purposes of the preliminary determination, the estimated amount of subsidy for Zinus Zhangzhou is 0.23%, expressed as a percentage of the export price.

### All Other Exporters – China

[205] For all other exporters of subject goods originating in or exported from China during the POI that did not provide a response to the Subsidy RFI or did not furnish sufficient information, the CBSA estimated an amount of subsidy on the basis of the following methodology:

- 1) the highest amount of subsidy for each of the 19 programs, as found at the preliminary determination, for the producers/exporters located in China for whom the CBSA has sufficient information to estimate an amount of subsidy, plus;
- 2) the highest amount of subsidy for the 19 programs listed in (1), applied to each of the remaining 15 potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the preliminary determination.

[206] In establishing the methodology for estimating the amount of subsidy for all other exporters from China, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, and information submitted by exporters of subject goods from China.

[207] This methodology relies on information related to potentially actionable subsidies in China, it recognizes that the GOC did not provide a response to the Subsidy RFI (thereby impeding the CBSA's ability to make a fully informed decision), and it limits the advantage that an exporter may gain from not providing necessary information requested in a subsidy investigation as compared to an exporter that did provide the necessary information.

[208] Using the above methodology, for the preliminary determination, the estimated amount of subsidy for all other exporters in China is 11.76%, expressed as a percentage of the export price.

### **Summary of Preliminary Results – Subsidy**

[209] A summary of the preliminary results of the subsidy investigation respecting all subject goods released into Canada during the POI follows:

#### **Summary of Preliminary Results - Subsidy Period of Investigation (January 1, 2021 to December 31, 2021)**

<b>Exporter</b>	<b>Estimated Amount of Subsidy (% of Export Price)</b>	<b>Estimated Volume of Subject Goods (% of Total Imports)</b>
Foshan Suilong Furniture Co., Ltd.	4.16%	0.15%
Gold Lion Furniture (Shanghai) Co., Ltd.	0.00%	0.02%
Guangdong Eonjoy Technology Ltd.	0.06%	0.31%
Guangzhou Younus Import and Export Co., Ltd.	0.00%	0.02%
Healthcare Co., Ltd.	2.07%	8.93%
Jiaxing Taien Springs Co., Ltd	1.88%	0.39%
Jinlongheng Furniture Co., Ltd	0.47%	0.63%
Xianghe Kaneman Furniture Ltd.	0.11%	0.41%
Zhejiang Glory Home Furnishings Co. Ltd.	1.01%	3.06%
Zinus Xiamen Inc.	0.04%	15.09%
Zinus Zhangzhou Inc.	0.23%	2.21%
All Other Exporters – China	11.76%	17.99%
<b>Total – China</b>		<b>49.21%</b>
<b>All Other Countries</b>		<b>50.79%</b>
<b>All Countries</b>		<b>100.00%</b>

[210] Under section 35 of SIMA, if, at any time before making a preliminary determination, the CBSA is satisfied that the actual and potential volume of goods of a country is negligible, the CBSA is required to terminate the investigation with respect to goods of that country.

[211] Pursuant to subsection 2(1) of SIMA, the volume of goods of a country is considered negligible if it accounts for less than 3% of the total volume of goods that are released into Canada from all countries that are of the same description as the goods.

[212] As can be seen from the above table, the volume of subject goods from China is above 3% of the total volume of goods released into Canada from all countries. Based on the definition above, the volume of subject goods from China is, therefore, not negligible.

[213] If, in making a preliminary determination, the CBSA determines that the amount of subsidy on the goods of an exporter is insignificant, less than 1%, pursuant to section 38 of SIMA, the investigation will continue in respect of those goods but provisional duties will not be imposed on goods of the same description imported during the provisional period.

[214] The amount of subsidy estimated for Gold Lion Furniture (Shanghai) Co., Ltd., Guangdong Eonjoy Technology Ltd., Guangzhou Younus Import and Export Co., Ltd., Jinlongheng Furniture Co., Ltd., Xianghe Kaneman Furniture Ltd., Zinus Xiamen Inc. and Zinus Zhangzhou Inc. are below 1% of the export price and were, therefore, determined to be insignificant.

[215] As a result, the investigation will continue in respect of these goods but provisional countervailing duty will not be imposed on subject goods imported into Canada from these exporters during the provisional period.

[216] The estimated amounts of subsidy on the goods for all other exporters exceed 1% of the export price, as appropriate, and are therefore not insignificant. In respect of these exporters, provisional countervailing duty will be imposed on subject goods imported into Canada during the provisional period.

## **DECISIONS**

[217] On July 7, 2022, pursuant to subsection 38(1) of SIMA, the CBSA made preliminary determinations of dumping and subsidizing respecting mattresses originating in or exported from China.

## **PROVISIONAL DUTY**

[218] Subsection 8(1) of SIMA provides that where a preliminary determination has been made and where the CBSA considers that the imposition of provisional duty is necessary to prevent injury, retardation or threat of injury, the importer in Canada of dumped and/or subsidized goods shall pay, or post security for, provisional duty. If, in making the preliminary determination, a determination is made that the estimated margin of dumping and/or the estimated amount of subsidy on the goods of an exporter is insignificant, subsection 8(1.3) provides that provisional anti-dumping and/or countervailing duties will not be imposed on importations of the goods from that particular exporter.

[219] Pursuant to subsection 8(1) of SIMA, provisional duty payable by the importer in Canada will be applied to dumped and subsidized imports of mattresses that are released from the CBSA during the period commencing on the day the preliminary determinations are made and ending on the earlier of the day on which the CBSA causes the investigations in respect of any goods to be terminated, in accordance with subsection 41(1), or the day on which the CITT makes an order or finding. The CBSA considers that the imposition of provisional duty is needed to prevent injury. As noted in the CITT's preliminary determination, there is evidence that discloses a reasonable indication that the dumping and subsidizing of mattresses have caused injury to the domestic industry.

[220] Imports of mattresses originating in or exported from China and released by the CBSA on or after July 7, 2022, will be subject to provisional duties equal to the estimated margin of dumping and estimated amount of subsidy, expressed as a percentage of the export price of the goods per exporter. **Appendix 1** contains the estimated margins of dumping, estimated amounts of subsidy and the rates of provisional duty.

[221] 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**

[222] The CBSA will continue its investigations of the dumping and subsidizing and will make final decisions by October 5, 2022.

[223] If the margins of dumping or amounts of subsidy of any exporter are found to be insignificant, the CBSA will terminate the investigation in respect of goods of that exporter and any provisional duty paid or security posted will be refunded to importers, as appropriate. If the CBSA is satisfied that the goods were dumped and/or subsidized, final determinations will be made.

### **The Canadian International Trade Tribunal**

[224] The CITT has begun its inquiry into the question of injury to the Canadian industry. The CITT is expected to issue its finding by November 4, 2022.



[225] If the CITT finds that the dumping has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional anti-dumping duty collected or security posted will be refunded.

[226] If the CITT 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 mattresses that are of the same description as goods described in the CITT's finding.

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

[228] If the CITT 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 mattresses that are of the same description as goods described in the CITT's finding.

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

### **RETROACTIVE DUTY ON MASSIVE IMPORTATIONS**

[230] Under certain circumstances, anti-dumping and/or countervailing duty can be imposed retroactively on subject goods imported into Canada. When the CITT 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 investigations constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry. Should the CITT 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 determinations could be subject to anti-dumping and/or countervailing duty.

[231] 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**

[232] After a preliminary determination of dumping by the CBSA, other than a preliminary determination in which a determination was made that the margin of dumping of the goods is insignificant, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated. An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped goods.

[233] Similarly, after a preliminary determination of subsidizing by the CBSA, other than a preliminary determination in which a determination was made that the amount of subsidy on the goods is insignificant, a foreign government may submit a written undertaking to eliminate the subsidy on the goods exported or to eliminate the injurious effect of the subsidy, by limiting the amount of the subsidy or the quantity of goods exported to Canada. Alternatively, exporters with the written consent of their government may undertake to revise their selling prices so that the amount of the subsidy or the injurious effect of the subsidy is eliminated.

[234] 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/publications/dm-md/d14/d14-1-9-eng.html](http://www.cbsa-asfc.gc.ca/publications/dm-md/d14/d14-1-9-eng.html).

[235] Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties who wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone and fax numbers, mailing address and e-mail address to one of the officers identified in the "*Information*" section of this document.

[236] If undertakings were to be accepted, the investigations and the collection of provisional duties would be suspended. Notwithstanding the acceptance of an undertaking, an exporter may request that the CBSA's investigations be completed and that the CITT complete its injury inquiry.

## **PUBLICATION**

[237] 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**

[238] This *Statement of Reasons* is posted on the CBSA's website at the address below. For further information, please contact the officers identified as follows:

**Mail:** SIMA Registry and Disclosure Unit  
Trade and Anti-dumping Programs Directorate  
Canada Border Services Agency  
100 Metcalfe Street, 11<sup>th</sup> floor  
Ottawa, Ontario K1A 0L8  
Canada

**Telephone:** Serena Major 343-553-2004  
Hugo Dumas 343-553-2007

**E-mail:** [simaregistry@cbsa-asfc.gc.ca](mailto:simaregistry@cbsa-asfc.gc.ca)

**Web site:** [www.cbsa-asfc.gc.ca/sima-lmsi](http://www.cbsa-asfc.gc.ca/sima-lmsi)

Doug Band  
Director General  
Trade and Anti-dumping Programs Directorate

## **ATTACHMENTS**

**Appendix 1: Summary of Estimated Margins of Dumping, Estimated Amounts of Subsidy and Provisional Duties Payable**

**Appendix 2: Summary of Preliminary Findings for Subsidy Programs**

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

The following table lists the estimated margins of dumping, the estimated amounts of subsidy, and the provisional duty by exporter as a result of the decisions mentioned above. Imports of subject goods released from the Canada Border Services Agency on or after July 7, 2022, will be subject to provisional duties at the rates specified below.

<b>Country of Origin or Export</b>	<b>Estimated Margin of Dumping (% of Export Price)</b>	<b>Estimated Amount of Subsidy (% of Export Price)</b>	<b>Total Provisional Duty Payable</b>
Foshan Suilong Furniture Co., Ltd.	55.73%	4.16%	59.89%
Gold Lion Furniture (Shanghai) Co., Ltd.	66.94%	0.00%*	66.94%
Guangdong Eonjoy Technology Ltd.	56.33%	0.06%*	56.33%
Guangzhou Younus Import and Export Co., Ltd.	134.11%	0.00%*	134.11%
Healthcare Co., Ltd.	40.11%	2.07%	42.18%
Jiaxing Taien Springs Co., Ltd.	161.60%	1.88%	163.48%
Jinlongheng Furniture Co., Ltd.	48.93%	0.47%*	48.93%
Xianghe Kaneman Furniture Ltd.	23.01%	0.11%*	23.01%
Zhejiang Glory Home Furnishings Co. Ltd.	50.57%	1.01%	51.58%
Zinus Xiamen Inc.	83.20%	0.04%*	83.20%
Zinus Zhangzhou Inc.	81.88%	0.23%*	81.88%
All Other Exporters – China	161.60%	11.76%	173.36%

\* The estimated amount of subsidy on mattresses from these exporters is insignificant. As such, no provisional countervailing duties will be assessed on subject goods from these companies.

## **APPENDIX 2 – SUMMARY OF PRELIMINARY FINDINGS FOR SUBSIDY PROGRAMS – CHINA**

This Appendix consists of descriptions of the subsidy programs which nine of eleven responding exporters, Foshan Suilong Furniture Co., Ltd.; Guangdong Eonjoy Technology Limited; Jiaxing Taien Springs Co., Ltd.; Jinlongheng Furniture Co., Ltd; Healthcare Co., Ltd.; Xianghe Kaneman Furniture Ltd.; Zhejiang Glory Home Furnishings Co., Ltd; Zinus Xiamen Inc.; and Zinus Zhangzhou Inc., benefited from during the course of the POI, and other potentially actionable subsidy programs identified by the CBSA that were not used by the responding exporters during the POI.

The CBSA has used the best information available to describe the potentially actionable subsidy programs that were not used by the responding exporters in the current investigation. This includes using information provided by the exporters and related suppliers, information included in the complaint, as well as information obtained from the CBSA's research on potential subsidy programs in China.

### **Subsidy Programs Used by the Responding Exporters**

#### **Category 1: Preferential Loans and Loan Guarantees**

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; and
- Evidence that a government exercises meaningful control over an entity.

#### **Program 1: Loans from State-Owned Banks at Preferential Rates**

##### *General Information*

This program relates to government loans at a preferential rate of interest. The benefit provided in this case is a lower rate of interest than would otherwise be available if the enterprises had to obtain a non-guaranteed commercial loan (i.e. the benchmark non-guaranteed commercial loan).

##### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

### Program 4: Preferential Export Financing and Export Credit Guarantee/Insurance

#### *General Information*

The China Export & Credit Insurance Corporation (Sinasure) is a state-funded policy-oriented insurance company that was established to promote China's foreign trade and economic cooperation. The China Exim Bank and Sinasure each provide export credit guarantees which, according to information from the Bank, have "played a key role in supporting Chinese companies to go global" and promoted "the export of new and high-tech products".

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

## **Category 2: Grants and Grant Equivalents**

### Program 6: Design, Research and Development Grants

#### *General Information*

A grant that provides financial aid for enterprises determined to have undertaken expenses in design or research and development.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA from the government that involve a direct transfer of funds. This grant confers a direct benefit to the recipient and the benefit is equal to the amount of the grant provided.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

### Program 7: Export Development and Performance Grants

#### *General Information*

Companies in China receive such grants provided by the GOC to assist in the development of export markets or to recognize export performance.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution, pursuant to paragraph 2(1.6)(a) of SIMA, from the government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient and the benefit is equal to the amount of the grant provided.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

### Program 8: Performance award Grants

#### *General Information*

A grant that provides financial aid for enterprises with excellent performance.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

## Program 10: Grant – Patent Assistance/Award

### *General Information*

This is a grant for patents. Based on the information available to the CBSA, this program was provided in several provinces, such as Guangdong, Shanghai and Jiangsu.

For example, the GOC's document associated with this program for Guangdong province may include: "Administrative Measures of Patent Award of Guangdong Province". In Guangdong province, this program was administered by the Intellectual Property Office of Guangdong, the Bureau of Personnel of Guangdong Province and municipal level authorities. The program was established to support improvement in technology innovation and to promote intellectual property.

In addition, the GOC's document associated with this program for Shanghai may include: "The administrative measures regarding the financial support/subsidy for Patents by Shanghai". In Jiangsu province, this program was administrated by Jiangsu Intellectual Property Office.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution, pursuant to paragraph 2(1.6)(a) of SIMA, from the government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient and the benefit is equal to the amount of the grant provided.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

## Program 11: Environment Protection Grant

### *General Information*

These are grants provided by the GOC for the purposes of improving environmental performance, for example, monitoring and cleaning pollutants, improving energy efficiency, upgrading facilities to be more environmentally efficient, and waste water treatment.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.



### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

### Program 14: Subsidies Related to Company/Enterprise Development and Innovation

#### *General Information*

Subsidies under this program are related to company and enterprise development and innovation grants and awards.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

### Program 15: Subsidies Related to Employment, Training and Recruitment

#### *General Information*

Subsidies under this program are related to employment, training and recruitment programs.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

## Program 16: Subsidies Related to Pandemic Support

### *General Information*

Subsidies under this program are related to pandemic support programs.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

## Program 17: Subsidies Related to Quality & Improvement

### *General Information*

Subsidies under this program are related to quality and improvement programs.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

## Program 18: Subsidies Related to Science and Technology

### *General Information*

Subsidies provided under this program are related to science and technology grants and awards.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

### Program 19: Subsidies Related to Social Security

#### *General Information*

Subsidies provided under this program are related to social security programs.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

### Program 20: Subsidies Related to Talent and Skills

#### *General Information*

Subsidies provided under this program are related to talent and skills awards and grants.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

## Program 21: Subsidies to Provide Business Support

### *General Information*

Subsidies provided under this program are related to programs providing business support.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

## **Category 3: Preferential Tax Programs**

### Program 24: Corporate Income Tax Exemption and/or Reduction in Special Economic Zones (SEZs) and Other Designated Areas

#### *General Information*

This program was established under the Rules for the Implementation of the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises, which came into effect on July 1, 1991. The program was allegedly established to absorb investment in special economic zones (SEZs) and designated areas to take the lead in their economic development. The granting authority responsible for this program is allegedly the State Administration of Taxation and the program is administered by local tax authorities. Under this program, it is alleged that an eligible enterprise may receive a reduced corporate income tax rate of 15%.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

#### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.2) of SIMA because it is limited to enterprises in certain geographic areas.

## Program 25: Corporate Income Tax Reduction for New High Tech Enterprises (“NHTE”)

### *General Information*

Under Article 28.2 of the Enterprise Income Tax Law in China, companies designated as high- or new-technology enterprises are entitled to a reduced income tax rate of 10 percent instead of the normal national corporate tax rate of 25 percent. The granting authority responsible for this program is alleged to be the State Administration of Taxation and the program is administered by local tax authorities. In its notification of subsidy programs to the World Trade Organization, the GOC listed this program.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.2) of SIMA because it is limited to enterprises in certain industries.

## Program 26: Municipal/Local Income Tax Property Reductions

### *General Information*

This program covers reductions and exemptions in tax provided from Municipal/Local Income tax units. The CBSA has previously countervailed this program in investigations including Stainless Steel Sinks, Unitized Wall Modules, Photovoltaic Modules and Laminates, and Line Pipe under titles including “Reduction, Exemption or Refund of Land Use Fees, Land Rental Rates, and Land Purchase/Transfer Prices.”

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

## **Category 4: Relief From Duties And Taxes**

### **Program 31: Relief from Duties and Taxes on Imported Material and Other Manufacturing Inputs**

#### *General Information*

Under a duty drawback program, a subsidy may exist where the amount of duties and taxes relieved or refunded on inputs incorporated into exported goods is found to be in excess of the actual liability that existed on those imports.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

#### *Specificity*

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

### **Other Potentially Actionable Subsidy Programs Identified by the CBSA that were Not Used by the Responding Exporters**

Based on the information available, for purposes of the preliminary determination, the CBSA has found that these programs were not used by the participating exporters in China. Based on the information available these programs may constitute financial contributions provided by the GOC, confer benefit to companies and appear to be specific. Therefore, for purposes of the preliminary determination, these programs appear to be countervailable. The CBSA will continue to further investigate these programs in the final phase of the investigation.

### **Program 2: Loan Guarantees Through the Government of China/SOE Banks/Public Bodies**

#### *General Information*

Assurance provided by the Government of China, a SOE bank or public body (the guarantor) to assume the debt obligation of a borrower if that borrower defaults. A guarantee can be limited or unlimited, making the guarantor liable for only a portion or all of the debt.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

### Program 3: Debt and Interest Forgiveness on Loans from State-Owned Banks

#### *General Information*

To stimulate the economy and support the development of key industries, the state-owned banks write off bad debts or interest owed by state-owned enterprises.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

### Program 5: Insurance Grants

#### *General Information*

This program constitutes local and provincial government reimbursement grants on insurance fees.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

## Program 9: Reductions in Land Use and/or Rental Fees

### *General Information*

This program provides for the reduction in land use fees and rental rates for certain number of years. Examples of this program in action include: a document titled '[2003] No. 8 Preferential Supply of Land', in order to offset costs for industrial companies in the Ninghai Economic Development Zone; or similar initiatives in the Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted that confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.



## Program 12: Grants for the Retirement of Capacity

### *General Information*

The GOC's 12th Five-Year Plan for Energy Conservation and Emission Reduction calls for accelerating and eliminating "backward production capacity" in certain industrial sectors, including the elimination of 48 million metric tonnes of steel production. In 2013, the State Council issued the "Guiding Opinion on Resolving the Problem of Severe Excess Capacity," which called for establishing special funds to accelerate the elimination of backwards capacity and to also support industries with excess production capacity.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

## Program 13: Grants for Relocating Production Facilities

### *General Information*

As part of the GOC's 12th Five-Year Steel Development Plan, the PRC has been locating urban based steel producers to locations outside of their current city. The GOC's 12th Five-Year Plan for Energy Conservation and Emission Reduction calls for the relocation for "heavy polluting enterprises" and for measures to optimize the "regional spatial layout" of "key industries".

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

### Program 22: Subsidies for Utilities for Certain Enterprises

#### *General Information*

Subsidies provided under this program related to utilities for specific enterprise classes.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

### Program 23: Award for the Establishment Of Non-Manufacturing Facilities

#### *General Information*

Subsidies provided under this program relate to assistance in establishing non-manufacturing facilities.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

### Program 27: Preferential Tax Policies for Foreign-Invested Enterprises (FIEs)

#### *General Information*

Despite the implementation of the new Enterprise Income Tax Law in 2008, which officially superseded the old FIE Tax Law, FIEs have likely continued to benefit from various incentives that were provided under the older Foreign-Invested Enterprise Tax Law (FIE Tax Law). Specifically, Article 9 of the FIE Tax Law delegates to China's provincial and local governments the authority to provide exemptions and reductions of local income taxes for "productive" FIEs. Eligibility criteria vary by province and the relevant governmental authorities administer the application process.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

### Program 28: Preferential Tax Policies Related to Research and Investment

#### *General Information*

Under this program, based on the 2008 corporate tax law, high- or new-technology enterprises may deduct 50 percent of their total R&D expenses from their taxable income. Eligible expenses include design costs, expenses for materials and fuel consumed through R&D activities, wages, salaries, and benefits for personnel engaged in R&D activities, depreciation expenses on instruments and equipment, and many other expenses.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

## Program 29: Offsets to Taxable Income Related to Purchases of Domestic Machinery

### *General Information*

Under this program, a tax credit up to 40% of the purchase price of domestic equipment may apply to the incremental increase in tax liability from the previous year. The legal bases of this program are the Provisional measures on enterprise income tax credit for investment in domestically produced equipment for technology renovation projects of July 1, 1999 and the Notice of the State Administration of Taxation on Stopping the Implementation of the Enterprise Income Tax Deduction and Exemption Policy of the Investments of an Enterprise in Purchasing Home-made Equipment, No. 52 [2008] of the State Administration of Taxation, effective January 1, 2008.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

### Program 30: Exemption or Refund of Tariff and Import Value-Added Tax (VAT) for Imported Technologies and Equipment

#### *General Information*

The program was established to absorb investment in SEZs and encourage districts to take the lead in development. The granting authority responsible for this program is the General Administration of Customs and this program is administered by local customs authorities. Under this program, machinery and equipment, spare parts, raw and semi-processed materials, means of transportation and other capital goods necessary for production that are imported by enterprises in SEZs shall be exempted from import duties.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

#### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

### Program 32: Deed tax exemption for SOEs undergoing mergers or restructuring

#### *General Information*

The GOC imposes a deed tax on transfers of land and real estate. In the context of an ownership transfer by means of an asset sale, as opposed to a stock sale, a deed tax of three to five percent is levied on the amount of the purchase price, and the purchaser is responsible for paying the tax. The GOC's "Notice of the Ministry of Finance and the State Administration of Taxation on Several Deed Tax Policies Concerning Enterprise Reorganization and Restructuring," exempts this deed tax where the transfer of ownership occurs as part of the restructuring or merger of an SOE.

#### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

### Program 33: Acquisition of Government Inputs/Utilities at Less Than Fair Market Value

#### *General Information*

This program relates to the provision, by the government, of goods or services at prices lower than the fair market value of the goods or services in the territory of the government providing the subsidy. Specifically, the CBSA investigated the acquisition of raw material inputs or utilities (i.e. Electricity, Water) from SOEs or state-controlled enterprises used in the production of subject goods.

State-owned or state-controlled suppliers 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; and
- evidence that a government exercises meaningful control over an entity.

In order to determine whether the exporter acquired its raw material or utilities from “government”, the CBSA requested detailed information from the exporters regarding their acquisition of raw materials and utilities. The Subsidy RFI also contained a small questionnaire intended for the domestic suppliers with instructions for the exporters to forward such questionnaire to their domestic suppliers. This questionnaire requested information regarding the ownership status of the supplier and other relevant information with respect to assessing whether the supplier is considered “government”.

Information was requested from exporters with respect to the ownership status of their raw material/utilities suppliers. Due to the lack of cooperation by the GOC and the limited information available regarding state-owned raw material suppliers, the CBSA has not been able to perform the in-depth level of analysis necessary to determine whether any suppliers that provided input materials to the exporters of subject goods are SOEs, and whether the SOEs are considered to be possessing, exercising, or vested with governmental authority. Notwithstanding, the CBSA will attempt to obtain further evidence in this regard during the final stage of the investigation.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(c) of SIMA. That is, the government provides goods or services, other than general infrastructure, or purchases goods.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.

## Program 34: Provision of Land for Less Than Adequate Remuneration by Government

### *General Information*

All land in China belongs to the government (i.e., either national or local governments, or through a “collective” at the township or village level), and government land agencies across China control the allocation of land through the granting of land-use right favored projects and producers.

### *Financial Contribution*

For the purposes of the preliminary determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

### *Specificity*

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). 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 will be further analyzed in the final phase of the investigation.