



OTTAWA, September 30, 2025

PETR2 2025 IN

STATEMENT OF REASONS

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

POLYETHYLENE TEREPHTHALATE RESIN ORIGINATING IN OR EXPORTED FROM CHINA AND PAKISTAN

DECISIONS

On September 15, 2025, pursuant to paragraph 41(1)(b) of the Special Import Measures Act, the Canada Border Services Agency made final determinations respecting the dumping of polyethylene terephthalate resin originating in or exported from the People's Republic of China and the Islamic Republic of Pakistan, and the subsidizing of polyethylene terephthalate resin originating in or exported from the People's Republic of China.

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

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SUMMARY

[1] On January 27, 2025, the Canada Border Services Agency (CBSA) received a written complaint from Compagnie Alpek Polyester Canada (Alpek) (Montreal, QC) (hereinafter, the complainant) alleging that imports of Polyethylene Terephthalate (PET) resin originating in or exported from the People's Republic of China (China) and the Islamic Republic of Pakistan (Pakistan) are being injuriously dumped, and PET resin originating in or exported from China are being injuriously subsidized.

[2] On February 17, 2025, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. On February 27, 2025, the CBSA informed the Government of China (GOC) that a properly documented complaint had been filed. At that time, the GOC was provided with a non-confidential version of the subsidy complaint and was invited for consultations pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures*, prior to the initiation of the subsidy investigation. The CBSA did not receive any request for consultations. On March 12, 2025, the CBSA informed the Government of Pakistan that a properly documented complaint had been filed.

[3] The complainant provided evidence to support the allegations that certain PET resin from China and Pakistan have been dumped, and that certain PET resin from China has been subsidized, as well as evidence that discloses a reasonable indication that the dumping and subsidizing have caused injury or are threatening to cause injury to the Canadian industry producing like goods.

[4] On March 19, 2025, pursuant to subsection 31(1) of SIMA, the CBSA initiated an investigation respecting the dumping of certain PET resin from China and Pakistan, and initiated an investigation respecting the subsidizing of certain PET resin from China.

[5] 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.

[6] On May 20, 2025, 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 PET resin from China and Pakistan have caused injury to the domestic industry.

[7] On June 17, 2025, as a result of the CBSA's preliminary investigations and pursuant to subsection 38(1) of SIMA, the CBSA made preliminary determinations of dumping of PET resin originating in or exported from China and Pakistan, and subsidizing of PET resin originating in or exported from China.

[8] On the same date, pursuant to subsection 8(1) of SIMA, provisional duties were imposed on imports of dumped and/or 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.

[9] Based on the available evidence, the CBSA is satisfied that PET resin originating in or exported from China and Pakistan have been dumped, and PET resin originating in or exported from China has been subsidized. Therefore, on September 15, 2025, the CBSA made final determinations of dumping and subsidizing pursuant to paragraph 41(1)(b) of SIMA in respect of those goods.

[10] The CITT's inquiry into the question of injury to the Canadian industry is continuing, and the CITT will issue its decision by October 15, 2025. Provisional duties will continue to be imposed on the subject goods from China and Pakistan until the CITT renders its decision.

PERIOD OF INVESTIGATION

[11] The Period of Investigation (POI) for the investigations is January 1, 2024 to December 31, 2024.

PROFITABILITY ANALYSIS PERIOD

[12] The Profitability Analysis Period (PAP) for the investigations is January 1, 2024 to December 31, 2024.

INTERESTED PARTIES

Complainant

[13] The name and address of the complainant is as follows:

Compagnie Alpek Polyester Canada
3498 Broadway,
Montreal East (QC) H1B 5B4

Other Producers

[14] The complainant stated that they are the only producer of PET resin.¹ The CBSA did its own supplementary research, but could not identify any other producers in Canada.

¹ Exhibit 2 - PETR2 Complaint (NC), para. 68

Trade Union

[15] The complainant identified Unifor Québec, Local 2005 as the union of which Alpek employees are members.²

Importers

[16] At the initiation of the investigations, the CBSA identified 35 potential importers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential importers were asked to respond to the CBSA's Importer Request for Information (RFI).

[17] Three importers provided a response to the Importer RFI, G-PAC Corporation, Canada Colours and Chemicals Ltd., and Lucid Corp.³

Exporters

[18] At the initiation of the investigations, the CBSA identified 52 potential exporters and/or producers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were asked to respond to the CBSA's Dumping RFI. Exporters and producers of subject goods in China were asked to respond to the CBSA's Subsidy RFI and Section 20 RFI.

[19] One exporter, Novatex Limited from Pakistan provided a substantially complete response to the Dumping RFI.⁴

Government

[20] Upon initiation of the investigations, the GOC was sent the CBSA's Government Subsidy RFI and the Government Section 20 RFI. The GOC did not respond to both the Government Subsidy RFI and the Government Section 20 RFI.

[21] 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, 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.

² Exhibit 2 - PETR2 Complaint (NC), para. 18

³ Exhibits 30, 34 & 36 – Importer RFI Response (NC)

⁴ Exhibit 45 – Exporter RFI Response (NC), Exhibit 59 – Response to deficiency letter and supplemental request for information (SRFI) (NC), and Exhibit 99 – Response to SRFI #2 (NC)

PRODUCT INFORMATION

DEFINITION

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

Polyethylene terephthalate (“PET”) resin having an intrinsic viscosity of at least 0.70 deciliters per gram but not more than 0.88 deciliters per gram, including PET resin that contains various additives introduced in the manufacturing process, as well as blends of virgin PET resin and recycled PET, originating in or exported from the People’s Republic of China and the Islamic Republic of Pakistan, and excluding 100% recycled PET resin.

ADDITIONAL PRODUCT INFORMATION⁵

[23] PET is a clear, strong and lightweight plastic belonging to the polyester family. PET is typically called polyester chip when used for fibers or fabrics and “PET” or “PET resin” when used for bottles, jars, containers and packaging applications.

[24] Polyester chip is essentially the same material as textile grade PET resin in chip form. When used for fabrics and fibers, PET is typically referred to as “polyester”. The main difference lies in the terminology and specific formulation. “Textile grade PET resin” emphasizes its intended use in the textile industry and in some contexts may refer to PET resin in both flake and chip form, whereas “polyester chip” refers to the physical form of the material before it is processed into fibers. However, both terms describe the same base material (PET) tailored for use in textile applications, with properties optimized for fiber production and textile performance, and with an intrinsic viscosity below 0.70.

[25] Polyester is a polymer whose name comes from “poly” meaning many, and ester is a functional group obtained by the reaction of a carboxylic acid and an alcohol. The main inputs used in the production of PET resin are terephthalic acid (“TPA” or “PTA”, which refers to purified TPA) and monoethylene glycol (“MEG”), whose reaction results in the chemical structure of polyester.

[26] PET resin is primarily sold in bulk form as chips or pellets to downstream users/converters. Typically, PET resin is spherical or cylindrical in size. PET resin is a thermoplastic, which softens upon heating and can be made to flow under stress repeatedly. When cooled it regains its solid nature.

[27] Consumers identify containers produced with PET resin by the triangular recycle symbol with the #1 resin identification code and either PET or PETE written underneath.

⁵ Exhibit 2 - PETR2 Complaint (NC), para. 18

[28] The product definition includes an intrinsic viscosity (IV) range. One of the most important characteristics of PET is referred to as IV. The IV of the material is measured in decilitres per gram (dl/g). IV is a measure of the polymer's molecular chain length and molecular weight. IV reflects the material's melting point, crystallinity and tensile strength. A higher IV means a tougher polymer.

[29] The IV is used as part of the specification to select the right grade of PET for a particular application. Packaging grade PET resin has a higher IV, generally greater than 0.70 deciliters per gram. Polyester used in fiber as fill and in textile industries has a lower IV, generally less than 0.70 deciliters per gram, and is clear rather than white.

[30] PET resin may contain some recycled material, although PET resin for packaging end uses (i.e. meeting the product definition parameters of 0.70 to 0.88 IV) generally ranges from a recycled content of 20% and up to 50% recycled content, but could include up to 99% recycled content.

[31] PET resin containing recycled content is sometimes referred to as "rPET". It is important to note that some material that is referred to as rPET may be 100% recycled material, which does not meet the product definition in this complaint. The 100% recycled poly (ethylene terephthalate) resin is obtained through the simple process of recovery and recycling post-consumption mainly of PET bottles, which is often referred to as 100% rPET (post-consumer resin).

[32] The 100% rPET and PET resin production processes differ materially. The production of 100% rPET involves mechanical operations, including waste/scrap separation, washing, grinding and cutting functions. In contrast, the production of PET resin meeting the product definition in the complaint involves primarily chemical reaction processes. 100% rPET, in contrast to the PET resin meeting the product definition, is produced without any chemical conversion. 100% rPET is significantly more expensive to produce compared to PET resin. Producers of 100% rPET do not have the necessary equipment to produce PET resin with virgin content.

[33] PET resin (or vPET) production requires advanced, highly automated equipment for polymerization reactions, as well as equipment for synthesizing PET from raw materials like TPA and MEG (or EG).

[34] rPET production utilizes specialized recycling equipment, including:

- Debalers to unpack compressed PET bottle bundles;
- Trommels to remove small contaminants;
- Conveyor belts for material transport;
- Plastic crushers to break down bottles into flakes;
- De-labellers to remove labels;
- Sink/float separation tanks for density-based separation; and

- Specialized washing and drying equipment.

[35] Finally, rPET production requires extruders with vacuum degassing and melt filtration systems, and then solid-state polymerization reactors to increase molecular weight and IV of rPET.

[36] 100% rPET used in bottling and packaging for food and beverage use applications, as with all packaging materials used in the sale of food and beverage, must comply with Division 23 of the *Food and Drug Regulations*. Health Canada's Health Protection Branch conducts evaluations on the chemical safety of PET resin and will issue a "no objection letter" to food packaging suppliers for specified food packaging end uses, including the use of recycled materials for food packaging. Imported PET resin is held to the same Health Canada standards as domestic producers.

[37] PET resin may be processed into "PET preforms", which is an intermediate product made of PET resin. It is a small, tube-like structure that serves as the initial stage in producing plastic bottles and containers. The production of preforms would therefore require subject good inputs but preforms themselves are not subject goods.

PRODUCTION PROCESS⁶

[38] The primary inputs for PET resin are MEG and PTA. There is an alternative industrial manufacturing process using dimethyl terephthalate, however this process is largely obsolete in favour of the more modern PTA process.

[39] PET resin manufacturing generally consists of the following steps:

1. Slurry Preparation – The MEG and PTA are mixed into a slurry at their desired concentrations.
2. Esterification – The slurry is heated at atmospheric pressure and reacts to form monomer.
3. Additive Injection – Functional Additives, catalysts, and co-monomers are added to the monomer solution.
4. Polymerization – Under vacuum and high temperature, the monomer reacts with itself in the presence of the catalyst to form an amorphous base polymer, with a chain length of approximately 100 units. The IV at this point in the process is approximately 0.50-0.65 dL/g.
5. Pelletizing – The base polymer is then quenched in water and cut into small pellets.
6. Crystallization and Reaction – The polymer pellets are heated and fed into a reactor where the polymer continues to increase its chain length, building up the IV of the pellets to the desired value, typically those found in the product definition.

⁶ Exhibit 2 - PETR2 Complaint (NC), paras. 36-52

CLASSIFICATION OF IMPORTS

[40] The subject goods are normally imported under the following tariff classification numbers:

3907.61.00.00 3907.69.00.10 3907.69.00.80 3907.69.00.90

[41] 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 GOODS⁷

[42] Subsection 2(1) of SIMA defines “like goods” in relation to any other goods as “... (a) goods that are identical in all respects to the other goods, or (b) in the absence of any such goods..., goods the uses and other characteristics of which closely resemble those of the other goods.” In considering the issue of like goods, the Canadian International Trade Tribunal (CITT) typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics, and whether the domestic goods fulfill the same customer needs as the subject goods.

[43] With respect to the definition of like goods, the complainant stated that the like and subject goods in this case are commodity products that compete with one another in the Canadian marketplace and are fully interchangeable with respect to key considerations including product quality, technical specifications, qualification by customers, reliability of supply and packaging. As a result, purchasing decisions are made primarily on the basis of price.

[44] For the purposes of this analysis, like goods consist of domestically produced PET resin described in the product definition.

[45] After considering questions of use, physical characteristics and all other relevant factors, the CBSA is of the opinion that subject goods and like goods constitute only one class of goods.

[46] In its preliminary injury inquiry for these investigations, the CITT further reviewed the matter of like goods and classes of goods. On June 4, 2025 the CITT issued its preliminary inquiry *Statement of Reasons*, indicating that:

“No information on the record leads the Tribunal to believe that there is more than a single class of goods.”⁸

⁷ Exhibit 2 - PETR2 Complaint (NC), paras. 71-73

⁸ Canadian International Trade Tribunal; Preliminary Injury Inquiry – Polyethylene Terephthalate – *Statement of Reasons* (June, 2025), PI-2024-005, para. 20

THE CANADIAN INDUSTRY

DOMESTIC PRODUCERS

[47] Besides the complainant, there are no other known producers of subject PET resin in Canada. The CBSA conducted independent research but could not identify any other producers in Canada. Based on the available evidence, the CBSA is satisfied that the complainant account for all known production of like goods produced in Canada

IMPORTS INTO CANADA

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

[49] The following table presents the CBSA's analysis of imports of PET resin for the purposes of the final determinations:

Table 1:
Import volume of PET Resin
(January 1, 2024 to December 31, 2024)

Country	% of total import volume
China	42.4%
Pakistan	22.5%
Other	35.1%
Total	100%

INVESTIGATIONS PROCESS

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

[51] Regarding the subsidy investigation, information related to potential actionable subsidies was requested from all known and potential exporters and producers in China. Information was also requested from the GOC concerning financial contributions made to exporters or producers of PET resin 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.

[52] 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 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 determinations on the basis of facts available could be less favorable to them than if complete, verifiable information was made available.

[53] After reviewing the RFI responses, supplemental RFIs (SRFIs) were sent to respondents who submitted submissions, in order to clarify information provided in the responses and request additional information, where necessary.

[54] Details pertaining to the information submitted by the exporter in response to the Dumping and Subsidy RFI as well as the results of the CBSA's investigations are provided in the *Results of the Dumping Investigation* and *Subsidy Investigation* sections of this document, respectively.

[55] As part of the final phase of the investigations, case briefs and reply submissions were provided by counsel representing the complainant and the exporter from Pakistan. A summary of the representations is provided in **Appendix 2**.

DUMPING INVESTIGATION

[56] The following presents the final results of the investigation into the dumping of PET resin originating in or exported from China and Pakistan.

NORMAL VALUE

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

[58] Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, normal values are determined pursuant to a ministerial specification in accordance with subsection 29(1) of SIMA.

EXPORT PRICE

[59] The export price of goods sold to importers in Canada is generally determined in accordance with 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.

[60] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is 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.

[61] Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, export prices are determined pursuant to a ministerial specification under subsection 29(1) of SIMA.

MARGIN OF DUMPING

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

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

BACKGROUND OF SECTION 20 INQUIRY

[64] Section 20 is a provision of SIMA that may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.⁹

[65] The CBSA initiates dumping investigations on the presumption that section 20 is not applicable to the sector under investigation unless there is information that suggests otherwise.

[66] A section 20 inquiry refers to the process whereby the CBSA collects information from various sources in order to form an opinion as to whether the conditions described under subsection 20(1) of SIMA exist with respect to the sector under investigation. Before initiating an inquiry under section 20, the CBSA must first analyze the information submitted in the complaint and the evidence it has gathered independently to determine if it is sufficient to warrant the initiation of an inquiry.

⁹ China is a prescribed country under Section 17.1 of the *Special Import Measures Regulations*.

[67] The complainant alleges that the conditions described in section 20 of SIMA prevail in the polyester sector in China. That is, the complainant alleges that this industry sector in China does not operate under competitive market conditions and consequently, the domestic prices of PET resin established in China, would not be reliable for determining normal values.

[68] The complainant provided a variety of evidence to support the claim that the GOC substantially determines domestic prices of PET resin and that the prices are substantially different than they would be in a competitive market. Specifically, the complainant cited specific policies implemented by the GOC and provided evidence of state-ownership and subsidization in the polyester, petrochemical and chemical sectors.

[69] At the initiation of the investigation, the CBSA had reviewed the information provided in the complaint and conducted its own research. Based on this information, the CBSA believed that there was reasonable evidence to support an inquiry into the allegations that the measures taken by the GOC substantially influence prices in the polyester sector in China, and that the prices are substantially different than they would be in a competitive market.

[70] Consequently, on March 19, 2025, the CBSA included in its investigation, a section 20 inquiry in order to determine whether the conditions set forth in paragraph 20(1)(a) of SIMA prevail in the polyester sector in China.

[71] As part of this section 20 inquiry, the CBSA sent section 20 RFIs to all potential producers and exporters of PET resin in China, as well as to the GOC, requesting detailed information related to the polyester sector in China.

[72] In cases where conditions of section 20 exist, pursuant to paragraph 20(1)(c), the normal value can be determined based on profitable selling prices or full costs of production and an amount for profit on goods sold domestically in a surrogate country, to which the conditions described in section 20 of SIMA are not applicable.

[73] For the preliminary determination, the CBSA had insufficient information to form an opinion with respect to section 20 of SIMA.

SUMMARY OF CHINESE EXPORTER RESPONSES

[74] The CBSA did not receive any responses to the CBSA's Dumping RFI or Section 20 RFI from exporters/producers of PET resin in China.

GOVERNMENT OF CHINA RESPONSE

[75] An RFI was sent to the GOC requesting information for the purposes of the section 20 inquiry. No response was received from the GOC.

SURROGATE COUNTRY RESPONSES

[76] The CBSA received one response to the surrogate RFI by Alpek Polyester Mexico.¹⁰

RESULTS OF THE SECTION 20 INQUIRY

[77] The information reviewed by the CBSA suggests that the GOC maintains a notable level of involvement in the polyester sector. Available evidence indicates that this sector, along with related industries such as oil and gas, petrochemicals, and chemicals, appears to be of considerable interest to the GOC. Various policies, guidelines, plans and directives point to its recognized economic and strategic relevance.

[78] The CBSA did not receive complete information relating to the domestic selling prices of PET Resin from Chinese producers and was unable to obtain complete information related to the domestic selling prices of PET Resin from benchmark countries during the period of investigation. As a result, there was insufficient information on the administrative record for the CBSA to form an opinion with respect to section 20 of SIMA.

[79] Consequently, the normal values and the export prices for all exporters in China were determined, based on the methodology explained in the section below entitled “All Exporters - China”.

FINAL RESULTS OF THE DUMPING INVESTIGATION

CHINA

Normal Values and Export Prices

[80] For the purposes of the final determination, the CBSA did not receive any complete responses to the Dumping RFI from China. As such, for all exporters in China, the normal values and export prices were determined pursuant to a ministerial specification under subsection 29(1) of SIMA, which is based on an analysis of facts available.

All Exporters – China

[81] The CBSA did not receive any Dumping RFI response from exporters of PET resin located in China. The CBSA determined the normal values and export prices for China on the basis of facts available. In establishing the methodology for determining normal values and export prices, the CBSA considered all the information on the administrative record, including the complaint filed by the domestic industry and the CBSA’s estimates at the preliminary determination, information submitted by exporters of PET resin from the named countries and customs documentation.

¹⁰ Exhibit 53 – Surrogate Country RFI Response (NC)

[82] The CBSA decided that the normal values determined for the exporter whose submissions was complete and reliable for the final determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for determining normal values since it reflects exporters' actual trading practices during the POI.

[83] The CBSA would normally first consider whether information from an exporter of PET resin from the applicable country, who provided complete and reliable information, would be appropriate to use as the basis for determining normal values for all other exporters in each respective country. However, as no exporters in China provided a complete and reliable response to the CBSA's Dumping RFI, the CBSA instead considered whether information from Novatex Limited (Novatex), the only other exporter of PET from the other named country, Pakistan, who provided complete and reliable information, would be appropriate to use as the basis for determining normal values.

[84] The CBSA examined the difference between the normal value and the export price for each individual transaction of Novatex, and considered that the highest amount (expressed as a percentage of the export price), was an appropriate basis for determining normal values. This methodology relies on information related to goods that were shipped to Canada during the POI and limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[85] Using the above methodology, for exporters that did not provide a response or provided an incomplete response to the Dumping RFI, and for purposes of the final determination, the normal values of subject goods originating in or exported from China were determined based on the highest amount by which a normal value exceeded the export price, on an individual transaction for Novatex of Pakistan, during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[86] The export prices were based on the declared selling prices on import documentation of certain PET resin. The CBSA considers this the best available information on which to base the export prices of goods for all other exporters as it reflects actual import data.

[87] If the CITT finds that the dumped imports from China are causing injury, the CBSA will impose anti-dumping duty on these goods. Based on the methodology described above, in the event of a finding by the CITT, the normal value for all exporters from China will be determined by advancing the export price by 100.6%, pursuant to a ministerial specification under subsection 29(1) of SIMA.

PAKISTAN

Normal Values and Export Prices

Novatex Limited

[88] Novatex Limited (Novatex) is a public limited company established in 1991. Novatex manufactures and sell PET resin as well as other types of resin, PET Preforms, Recycled PET and biaxially oriented PET film.

[89] Subject goods shipped to Canada during the POI were produced at one of Novatex's manufacturing facility located in Karachi, Pakistan. The majority of the subject goods shipped to Canada during the POI were sold to a related company, which imports subject goods from Pakistan.

[90] Novatex purchased PTA, a significant inputs, from related suppliers during the POI.

[91] Exports by Novatex represent 98.3% of the volume of subject goods shipped to Canada during the POI from Pakistan.

[92] Novatex and its related parties each provided a substantially complete response to the CBSA's RFIs. SRFIs were sent to each entity to gather additional information and seek clarifications regarding their original responses.

[93] Novatex's response to the Dumping RFI included a database of domestic sales of PET resin during the POI. Where applicable, normal values were either determined following section 15 of SIMA based on domestic selling prices of like goods or paragraph 19(b) of SIMA, based on the aggregate of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The amount for profits was calculated in accordance with subparagraph 11(1)(b)(i) of the SIMR, using the weighted average profit made by Novatex on the sales in the country of export.

[94] Novatex exported subject goods to unrelated importers in Canada during the POI. Export prices for the subject goods sold to unrelated importers were calculated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[95] For export sales to G-PAC, a related importer, a reliability test was performed by comparing the export prices determined pursuant to sections 24 and 25(1)(c) of SIMA. Export prices, pursuant to section 24 of SIMA, are determined on the basis of the lesser of the exporter's selling price and the importers' purchase prices, adjusted by deducting the costs, charges, and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods. Export prices, pursuant to section 25(1)(c) of SIMA, are determined on the basis of the related importer's resale price of the goods to unrelated purchasers, adjusted by deducting all costs incurred in preparing, shipping and exporting the goods to Canada that were in addition to those incurred on the sales of like goods for use in the country of export, all costs included in the resale prices that were incurred in reselling the goods in Canada, and an amount representative of the average industry profit in Canada.

[96] The test revealed that for the majority of the sales, the export prices determined under section 25 of SIMA were less than the export price determined under section 24. As such, the export prices determined in accordance with section 24 of SIMA were deemed unreliable. The amount for profit was determined in accordance with paragraph 22(a) of the SIMR, based on sales of like goods in Canada by vendors at substantially the same trade level as the importer. As a result of the reliability test, export prices for sales to G-PAC were determined using the methodology of section 25 of SIMA.

[97] For purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 18.8% for Novatex, expressed as a percentage of the export price.

All Other Exporters – Pakistan

[98] In establishing the methodology for determining the normal values and export prices for all other exporters from Pakistan, 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 preliminary determination, information submitted by parties who responded to the Dumping RFI, and CBSA customs entry documentation.

[99] The CBSA decided that the normal values and export prices determined for Novatex, the only exporter from Pakistan whose submission was complete for purposes of the final determination, rather than the information provided in the complaint or estimated at the preliminary determination, would be used to establish the methodology for determining normal values for all other exporters of subject goods from Pakistan since it is more relevant and reflects the trading practices of a Pakistani exporter of subject goods during the POI.

[100] The CBSA examined the difference between the normal value and the export price for each individual transaction, and considered that the highest amount for the exporter (expressed as a percentage of the export price), was an appropriate basis for determining normal values. This methodology relies on information related to goods that originated in Pakistan and in general, provides an incentive for exporters to participate by ensuring that exporters who have provided the necessary information requested in a dumping investigation will always have a more favourable outcome than those who have not participated.

[101] As a result, based on the facts available, for all other exporters that did not provide a response to the Dumping RFI, normal values of subject goods originating in or exported from Pakistan were determined based on the highest amount by which a normal value exceeded the export price, on an individual transaction for the cooperative exporter during the POI. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[102] The export prices were based on the declared selling prices on import documentation of certain PET resin. The CBSA considers this the best available information on which to base the export prices of goods for all other exporters as it reflects actual import data.

[103] If the CITT finds that the dumped imports from Pakistan are causing injury, the CBSA will impose anti-dumping duty on these goods. Based on the methodology described above, in the event of a finding by the CITT, the normal value for all other exporters from Pakistan will be determined by advancing the export price by 100.6%, pursuant to a ministerial specification under subsection 29(1) of SIMA.

SUMMARY OF RESULTS – DUMPING

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

Table 2:
Summary of Results - Dumping
(January 1, 2024 to December 31, 2024)

Country of Origin or Export	Margin of Dumping (% of Export Price)	% of Total Imports (by Volume)
All Exporters - China	100.6%	42.4%
Total China		42.4%
Novatex Limited	18.8%	22.1%
All Other Exporters - Pakistan	100.6%	0.4%
Total Pakistan		22.5%
All Other Countries	N/A	35.1%
All Countries		100%

[105] In order to make a final determination of dumping, the CBSA must be satisfied that:

- i) the subject goods have been dumped; and
- ii) that the margin of dumping of a particular exporter is not insignificant.

[106] Under paragraph 41(1)(a) of SIMA, the CBSA is required to terminate an investigation in respect of any goods of an exporter if it is satisfied that the goods have not been dumped or the margin of dumping of the goods of that exporter is insignificant, meaning a margin of dumping that is less than 2% of the export price of the goods.

[107] The margin of dumping determined for all exporters of subject goods originating in or exported from China and Pakistan is greater than the threshold of 2% and is therefore not considered insignificant. As a result, the legislative requirements are satisfied for making a final determination of dumping respecting PET resin from China and Pakistan.

[108] A summary of the margins of dumping by exporter is presented in **Appendix 1**.

SUBSIDY INVESTIGATION

[109] In accordance with section 2 of SIMA, a subsidy exists where 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.

[110] Pursuant to subsection 2(1.6) of SIMA, a financial contribution exists 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) above 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.

[111] 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.

[112] 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.

[113] 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.

[114] 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.

[115] 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.

RESULTS OF THE SUBSIDY INVESTIGATION

[116] At the initiation of the subsidy investigation, the CBSA sent subsidy RFIs to the GOC, as well as to all known exporters/producers of PET resin in China.

[117] The GOC was also requested to forward the subsidy RFI 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.

[118] 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 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.

[119] 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.

[120] Due to a lack of government and exporter response, subsidy amounts for all exporters were determined pursuant to subsection 30.4(2) of SIMA, based on a ministerial specification.

[121] The amount of subsidy for all exporters from China is presented in a summary table in **Appendix 1**. A description of identified programs and incentives is included in **Appendix 3**.

ALL EXPORTERS – CHINA

[122] The CBSA did not receive any subsidy RFI response from exporters of PET resin located in China. The CBSA did not receive a response from the GOC to the government subsidy RFI.

[123] In establishing the methodology for determining the amount of subsidy for all exporters from China, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, and the CBSA’s estimates at the preliminary determination of the investigation. Due to the absence of sufficient responses from the Government of China and exporters in China, for all exporters, the amount of subsidy of subject goods originating in or exported from China were based on the CBSA’s preliminary determination estimates of the amount of subsidy.

[124] Using the above methodology, for the final determination, the amount of subsidy for all exporters in China is 57.4% expressed as a percentage of the export price.

SUMMARY OF RESULTS – SUBSIDY

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

Table 3:
Summary of Results - Subsidy
(January 1, 2024 to December 31, 2024)

Country of Origin or Export	Amount of Subsidy (% of Export Price)	% of Total Imports (by Volume)
All Exporters - China	57.4%	42.4%
Total China		42.4%
All Other Countries	N/A	57.6%
Total		100%

[126] Under paragraph 41(1)(a) of SIMA, the CBSA is required to terminate an investigation in respect of any goods of an exporter if the CBSA is satisfied that the goods have not been subsidized or the amount of subsidy on the goods of that exporter is insignificant.

[127] Pursuant to subsection 2(1) of SIMA, an amount of subsidy of less than 1% of the export price of the goods, for a developed country, is defined as insignificant.

[128] The amount of subsidy determined for all exporter of PET resin originating in or exported from China is greater than the 1% threshold and is therefore not considered insignificant. As a result, the legislative requirements are satisfied for making a final determination of subsidy respecting PET resin originating in or exported from China.

[129] A summary of the results of the subsidy investigation respecting the subject goods released into Canada during the subsidy POI are presented in **Appendix 1**.

DECISIONS

[130] On September 15, 2025, pursuant to paragraph 41(1)(b) of SIMA, the CBSA made final determinations respecting the dumping of PET resin originating in or exported from China and Pakistan, and subsidizing of PET resin originating in or exported from China.

FUTURE ACTION

[131] The provisional period began on June 17, 2025, and will end on the date the CITT issues its finding. The CITT is expected to issue its decision by October 15, 2025. Provisional duties will continue to be imposed on the subject goods from China and Pakistan until the CITT renders its decision. For further details on the application of provisional duty, refer to the Statement of Reasons issued for the preliminary determination.

[132] If the CITT finds that the dumped and subsidized goods have not caused injury and do not threaten to cause injury, all proceedings will be terminated. In this situation, all provisional duty paid or security posted by importers will be returned.

[133] If the CITT finds that the dumped and subsidized goods have caused injury, the anti-dumping duty and/or countervailing payable on subject goods released by the CBSA during the provisional period will be finalized pursuant to section 55 of SIMA. Imports released by the CBSA after the date of the CITT's finding will be subject to anti-dumping duty equal to the margin of dumping and countervailing duty equal to the amount of subsidy.

[134] The importer in Canada shall pay all applicable duties. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the customs documents, an administrative monetary penalty could be imposed. The provisions of the Customs Act apply with respect to the payment, collection or refund of any duty collected under SIMA. As a result, failure to pay duty within the prescribed time will result in the application of interest.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[135] 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.

[136] 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.

PUBLICATION


[137] A notice of these final determinations of dumping and subsidizing will be published in the *Canada Gazette* pursuant to paragraph 41(3)(a) of SIMA.

CONTACT US

[138] This *Statement of Reasons* is available through the CBSA's website at the address below. For further information, please contact the email address identified below:

E-mail: simaregistry@cbsa-asfc.gc.ca

Web site: www.cbsa-asfc.gc.ca/sima-lmsi



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a/Executive Director

Trade and Anti-dumping Programs Directorate

ATTACHMENTS

Appendix 1: Summary of Margins of Dumping and Amount of Subsidy

Appendix 2: Dumping and Subsidy Representations

Appendix 3: Description of Identified Programs and Incentives

**APPENDIX 1 – SUMMARY OF MARGINS OF DUMPING AND
AMOUNT OF SUBSIDY**

Exporter	Margin of Dumping (% of Export Price)	Amount of Subsidy (% of Export Price)
China		
All Exporters - China	100.6%	57.4%
Pakistan		
Novatex Limited	18.8%	N/A
All Other Exporters - Pakistan	100.6%	N/A

Note: The margins of dumping and amounts of subsidy reported in this table were determined by the CBSA for the purposes of the final decisions. These margins and amounts may not reflect the amount of anti-dumping or countervailing duties to be levied on future importations of dumped or subsidized goods. In the event of an injury finding by CITT, normal values and amounts of subsidy for future shipments to Canada will be provided to the exporters who provided sufficient information in their response to the CBSA RFIs, as appropriate. These normal values and amounts of subsidy would come into effect the day after an injury finding. Information regarding normal values of the subject goods and amounts of subsidy should be obtained from the exporters. Imports from any other exporters will be subject to an anti-dumping duty rate and a countervailing duty rate, as applicable, in accordance with a ministerial specification and in an amount equal to the margin of dumping or the amount of subsidy found for “all other exporters” at the final determinations.

Section 10 of SIMA directs that where the whole (or a portion of the) margin of dumping is attributable to an export subsidy, that portion of the margin of dumping shall not be leviable, collectable and payable as anti-dumping duty.

Normally, normal values will not be applied retroactively. However, normal values may be applied retroactively in cases where the exporter does not adjust export prices to account for increases in domestic prices and/or costs, or the parties have not advised the CBSA in a timely manner of substantial changes that affect values for SIMA purposes. Therefore, where substantial changes occur in prices, market conditions, costs associated with production and sales of the goods, the onus is on the concerned parties to increase the export price accordingly to ensure that any sale made to Canada is not only above the normal value but at or above selling prices and full costs and profit of the goods in the exporter’s domestic market, and advise the CBSA of any substantial changes.

Please consult the [SIMA Self-Assessment Guide](#) for more detailed information explaining how to determine the amount of SIMA duties owing.

APPENDIX 2 – DUMPING AND SUBSIDY REPRESENTATIONS

During the investigations, representations were received on behalf of the complainant, Compagnie Alpek Polyester Canada (hereinafter, “the complainant”)¹¹, on behalf of Novatex Limited (Novatex)¹² and by the Consulate General of Pakistan¹³.

Following the closing of the record on July 25, 2025, case arguments were received on behalf of the following parties:

- Novatex and G-Pac¹⁴
- The complainant¹⁵

The CBSA also received reply submissions on behalf of the following parties:

- Novatex and G-Pac¹⁶
- The complainant¹⁷

Certain details provided in case briefs and reply submissions were designated as confidential information by the submitting counsel. This has restricted the ability of the CBSA to discuss all issues raised in these submissions. The material issues raised by the parties are summarized as follows:

Dumping Representations

Absence of Responses from Chinese Exporters and the Government of China

Counsel for the complainant emphasized that although the CBSA had issued Requests for Information (RFIs) concerning dumping, subsidies, and section 20 to Chinese exporters, as well as subsidy and section 20 RFIs to the Government of China (GOC), no responses were received. Consequently, both the GOC and the Chinese exporters chose not to challenge the section 20 evidence. Counsel therefore submitted that the CBSA should reasonably conclude that the conditions outlined in section 20 prevail in China’s polyester sector.

¹¹ Exhibits 67 (PRO) & 68 (NC) - Comments submitted by counsel for Compagnie Alpek Polyester Canada regarding exhibits 001-055, and Exhibits 107 (PRO) & 108 (NC) - Comments submitted by counsel for Compagnie Alpek Polyester Canada regarding exhibits 056-104

¹² Exhibits 95 (PRO) & 96 (NC) - Comments submitted by counsel for Novatex Limited regarding the notice of preliminary determinations.

¹³ Exhibits 104 (NC) - Comments submitted by the Government of Pakistan regarding the notice of preliminary determinations.

¹⁴ Exhibits 118 (PRO) & 119 (NC) – Case brief filed on behalf of Novatex Limited and G-Pac Corporation.

¹⁵ Exhibits 120 (PRO) & 121 (NC) – Case brief filed on behalf of the complainant.

¹⁶ Exhibits 125 (PRO) & 126 (NC) – Reply submission filed on behalf of Novatex Limited and G-Pac Corporation.

¹⁷ Exhibits 123 (PRO) & 124 (NC) – Reply submission filed on behalf of the complainant.

Furthermore, counsel argued that normal values should be determined based on the facts available on the CBSA's record, including the RFI response submitted by Alpek Polyester Mexico. Alternatively, data from cooperative exporters in Pakistan could be used.

Counsel also contended that Vietnam, South Korea, and Chinese Taipei were unsuitable benchmarks. Vietnam is a prescribed country under paragraph 20(1)(a); South Korea's market had been predominantly supplied by Chinese PET resin prior to its anti-dumping finding; and Taiwan's domestic prices for a key PET resin input closely mirrored China's prices for most months of the POI.

CBSA's response

The CBSA considered the submissions and arguments provided by the complainant. After thoroughly reviewing all of the information in the complaint and on the administrative record, the CBSA is satisfied with the limited pricing information available.

Exporter-Specific Margin of Dumping at the Preliminary Determination

Counsel for Novatex requested that the CBSA assign a provisional duty rate based on an estimate of Novatex's margin of dumping. They argued that the CBSA is legally obligated under Section 38(1) of SIMA and Article 6.10 of the WTO Anti-Dumping Agreement to estimate a margin of dumping for each cooperating exporter. They added that the CBSA's policy aims to assign a punitive rate only to exporters who fail to cooperate, in order to incentivize full participation. They maintained that Novatex submitted all required information in a timely and complete manner and that the CBSA had ample information to estimate Novatex's margin of dumping at the preliminary determination. Counsel for Novatex also argued that deficiencies in the related supplier's response were not justifiable grounds for the CBSA to deem Novatex's RFI response deficient, given its inability to control or compel the related supplier to provide information to the CBSA.

Counsel for Novatex argued that the CBSA's failure to calculate a provisional duty rate at the preliminary determination impeded Novatex's ability to identify the issues the CBSA considered relevant for the purpose of determining normal values and export prices at the final determination. As a result, they were hindered in their ability to address those issues in their submissions.

The Consulate General of Pakistan expressed concerns regarding the treatment of Novatex during the investigations. They argued that, despite Novatex's full cooperation and timely submission of information, the CBSA declined to issue an exporter-specific provisional margin of dumping at the preliminary determination. Furthermore, they contended that this decision was inconsistent with Canada's obligations under international agreements and the provisions of SIMA.

Counsel for the complainant submitted that Novatex's information was deficient for the purpose of preliminary determination and, as such, the CBSA did not have to issue a preliminary margin of dumping. Counsel for the complainant added that Novatex did not provide valid reasons to justify the CBSA changing its position.

CBSA's Response

The CBSA reviewed the submissions and arguments provided by both parties. However, it did not revise its position since the reasons for why this decision was taken had not changed. An exporter specific margin of dumping was not issued at the preliminary determination due to the late submission of key information by the related input suppliers. Novatex had been instructed in the original exporter Dumping RFI to forward the questionnaire to its related input suppliers and submit their responses by April 25, 2025. However, the data was only added to the administrative record on June 10, 2025, which did not allow sufficient time for the CBSA to assess and incorporate the information into its preliminary analysis.

Exporter Responses Deficiencies

Counsel for the complainant submitted that the information provided by Novatex in response to the RFI, deficiency letter, and SRFIs was inaccurate, incomplete, and unreliable. Counsel highlighted several deficiencies and inconsistencies related to costs, the appendices, the currency, and the exchange rates.

Counsel argued that, as sufficient information had not been provided, the normal values and export prices for Novatex should be determined pursuant to a ministerial specification in accordance with subsection 29(1) of SIMA.

Counsel for Novatex submitted that they, along with their related input suppliers, provided complete information during the investigations to enable the CBSA to calculate normal values and export prices at the final determination. They asserted that the CBSA should base its calculations on the information provided by Novatex. Furthermore, counsel argued that the vast majority of concerns raised by the complainant regarding their responses have been addressed through the SRFI submissions or resolved during the verification of Novatex.

In their reply submission, counsel for the complainant responded to Novatex's arguments that the deficiencies identified by Alpek Canada were "moot, speculative, or have been resolved through supplemental RFIs" by asserting that the exporter responses remain deficient following verification. Counsel reiterated that various deficiencies, inconsistencies, and other issues persist across Novatex and G-Pac's RFI, SRFI, deficiency letter, and verification responses.

In its reply submission, counsel for Novatex emphasized that Alpek primarily reiterated the same alleged deficiencies previously raised during the investigations. Counsel further stated that Novatex submitted complete responses to the best of their abilities, which were subsequently verified by the CBSA. Accordingly, counsel contended that the CBSA is obligated to rely on the information provided.

CBSA's Response

The CBSA reviewed the submissions and arguments presented by both parties. In response to concerns raised by the complainant during the course of the investigation, the CBSA issued SRFIs to Novatex, G-PAC, and its related suppliers. Following a thorough review, the CBSA is satisfied with the information provided by Novatex and considers their responses to be substantially complete for the purposes of the final determination. Accordingly, the information submitted by the exporter was used in the CBSA's final calculations.

Related Parties

Counsel for Novatex submitted that Novatex is not affiliated with either Perimeter General Trading LLC or Perimeter General Trading FZCO, asserting that the entities do not qualify as "persons related to each other" within the meaning of subsection 2(3) of SIMA. Furthermore, counsel argued that the entities are not "associated persons" under subsection 2(2)(a) of SIMA, citing the blood relationship between the respective directors as insufficient to establish such an association. For these reasons, they argued that the information submitted by the two Perimeter entities should not be used in these investigations.

Counsel for the complainant responded by presenting evidence of an indirect relationship of control between Novatex and the Perimeter entities. They contended that the blood relationship between the directors satisfied the definition of "individuals connected by blood relationship" as outlined in subsection 2(3)(a) of SIMA. Additionally, they referenced information published on the Gatronova conglomerate's website, which identified both Novatex and the Perimeter entities as part of the same corporate group. They further contended that the information submitted by the Perimeter entities was incomplete, thereby rendering Novatex's response deficient.

In its reply submission, counsel for Novatex submitted that LCPL's response was complete, and the timing of the response had not unduly hindered the investigations or the availability of information necessary to render a final determination. Additionally, counsel for Novatex argued that, contrary to the assertions made by Alpek Canada, a blood relationship between two natural persons who are directors of two separate companies does not cause the legal persons they serve, i.e., the companies, to be "related to each other" under subsection 2(3) of SIMA.

In its reply submission, counsel for Novatex asserted that LCPL's response was complete and that the timing of its submission did not impede the investigations or affect the availability of information necessary for the final determination. Furthermore, counsel for Novatex argued that, contrary to Alpek's assertions, a blood relationship between two natural persons serving as directors of separate companies does not render the companies themselves "related to each other" within the meaning of subsection 2(3) of SIMA. Novatex maintained its position that the two Perimeter entities are not affiliated with Novatex.

CBSA's Response

The CBSA considered the submissions made by both the complainant's counsel and Novatex. For the purposes of the final determination, the CBSA concluded that the two Perimeters entities are related to Novatex. Consequently, the responses provided by the Perimeters entities were reviewed and incorporated into the CBSA's final calculations. Furthermore, the CBSA assessed the information submitted by LCPL, determined that their responses were substantially complete, and utilized this information for the purposes of final determination.

Like Goods

Counsel for Novatex argued that using product codes was a narrow approach to identify like goods. Counsel submitted that Novatex assigns product codes to its products based on various characteristics that were not specifically identified in the CBSA's RFI. As such, counsel for Novatex argued that the CBSA should use the intrinsic viscosity (IV) as the key characteristic to identify which goods are "like goods" for the purposes of normal value calculations.

In their reply submission, counsel for the complainant argued that the CBSA should match product codes to determine the transactions which were sales of like goods, to ensure that only correct and accurate like goods were identified for the purpose of calculating normal values. They contended that grouping products by IV bands alone would not have captured all the characteristics relevant to the identification and selection of like goods.

CBSA's Response

The CBSA acknowledges the arguments presented by both parties. Based on the information submitted and for the purpose of determining the exporter-specific margin of dumping, the CBSA calculated normal values using the product codes provided in Novatex's responses. This approach was deemed appropriate for the final determination, as it accurately reflects both the selling price and the cost of production of specific products sold during the POI.

For the purpose of issuing future normal values, the CBSA will establish new model IDs that incorporate IV ranges and other relevant product characteristics. The CBSA determined that normal values issued on the basis of these revised model IDs continue to accurately reflect the cost of production,

Normal Values for Future Sales

Counsel for Novatex submitted that the company has sold subject goods in its domestic market that were not exported to Canada during the POI, but might be exported at a later date. Accordingly, Novatex requested that the CBSA issue future normal values for all products sold domestically, as well as for subject goods previously sold but not imported during the POI. Counsel emphasized that issuing these normal values would reduce the need for subsequent administrative reviews to establish normal values for these goods.

In their reply submission, counsel for the complainant argued that the inclusion of prospective sales is too speculative, and therefore the CBSA should refrain from issuing normal values for goods that have not yet been exported to Canada. Alternatively, should the CBSA consider assigning normal values to models not previously sold in the Canadian market, counsel submitted that this should only have been done if Novatex could demonstrate a clear and committed intention to supply these models to Canadian customers in the near term.

CBSA's Response

The CBSA considered the arguments presented by both the complainant's counsel and Novatex. For the purpose of issuing future normal values, the CBSA has generated new model IDs that incorporate IV ranges and other relevant product characteristics. By organizing model IDs in this way, the CBSA can cover products sold domestically but not exported during the POI, while also ensuring that the future normal values accurately reflect production costs.

Adjustment for Duties Paid on Materials Used for Domestic Sales but Not Exports

Counsel for Novatex submitted that, under Section 10 of SIMR, Novatex's domestic selling prices should be adjusted by deducting duties applied to inputs used in domestic sales, where such duties were relieved for inputs used in export production. Section 10 provides that if duties are imposed on domestic sales but not on goods sold to Canadian importers, the domestic price must be adjusted accordingly. Under Pakistan's Export Facilitation Scheme, customs duties are waived on certain raw materials used to produce goods for export.

In their reply submission, counsel for the complainant argued that Novatex has not provided sufficient information to support an adjustment under Section 10 of the SIMR.

CBSA's Response

After reviewing submissions from both parties regarding section 10 of the SIMR. The CBSA considers that Novatex has reasonably argued that customs duties are waived on raw materials used in export production. While the documentation may not be exhaustive, the principle underlying the adjustment is consistent with the regulatory framework, and the available evidence reasonably supports the claim. As such, adjustment under section 10 appears appropriate to ensure fair comparison.

Importer Responses deficiencies

Counsel for the complainant argued that the CBSA lacks complete and reliable RFI responses from importers of subject goods from Pakistan. Therefore, the CBSA should consider the record incomplete and calculate export prices under section 29(1). Counsel contended that importer RFIs are necessary for exporters to receive normal values, and the CBSA should not issue company-specific margins of dumping and normal values where complete importer RFI responses are missing.

Counsel submitted that responses provided by G-PAC were incomplete and unreliable, as such, export prices for exports from Novatex to G-PAC should be determined by ministerial specification. Alternatively, the CBSA should conduct a reliability test to assess the reliability of the export prices, and determined export prices under section 25 or subsection 29(1) of SIMA.

Counsel presented a list of deficiencies in G-PAC's responses that remain unresolved and argued that, as a result, both G-PAC and Novatex's responses continue to be deficient. Counsel for Novatex and G-PAC submitted that they have provided sufficient information throughout the course of the investigations to enable the CBSA to calculate normal values and export prices at the final determination. They contended that the majority of the concerns raised by the complainant regarding their responses have been adequately addressed through the submissions made in response to the SRFI and the verification conducted for G-PAC.

Counsel for Novatex and G-PAC did not dispute the necessity of conducting a section 25 reliability test. However, they argued that only G-PAC's transactions should be subject to this test.

In their reply submission, counsel for the complainant argued that the CBSA should disregard an attachment submitted by Novatex, which outlined a methodology for conducting the section 25 reliability analysis. They contended that the attachment was submitted after the close-of-record deadline, as part of Novatex's case brief, and should therefore be removed from the administrative record.

In their reply submission, counsel for Novatex and G-PAC argued that Novatex exercised no control over and had no ability to compel unassociated importers to provide a response to the CBSA's importer RFI. A lack of response from an unassociated importer is not a justifiable ground for the CBSA to treat Novatex as uncooperative in the investigations and deny it a company-specific margin of dumping.

In their reply submission, counsel for Novatex and G-PAC argued that Novatex neither exercised control over nor possessed the authority to compel unaffiliated importers to respond to the CBSA's importer RFI. Counsel further asserted that the failure of an unrelated importer to provide a response does not constitute a valid basis for the CBSA to deem Novatex uncooperative in the investigations or to deny it a company-specific margin of dumping.

CBSA's Response

The CBSA reviewed the submissions and arguments presented by both parties. In response to concerns raised by the complainant during the investigation, the CBSA issued follow-up questions to G-PAC to clarify specific aspects of their responses. Upon completing its review, the CBSA is satisfied that the information provided by G-PAC is sufficiently complete for the purposes of the final determination. Consequently, the data submitted by Novatex and G-PAC was relied upon in conducting the section 25 reliability analysis.

Importer Amount of Profit

Counsel for Novatex and G-PAC submitted that the administrative record contains sufficient data to calculate an importer profit for the purposes of the investigations. They proposed that this calculation could be done by combining available profit data from G-PAC and other Canadian importers over the relevant period of investigation, in accordance with Sections 21 and 22 of SIMR. Counsel further argued that relying on the average profit of importers engaged in the Canadian market is the most accurate basis for determining profit in the ordinary course of trade.

In their reply submission, counsel for the complainant contended that the CBSA lacks sufficient data to calculate an importer profit amount for these investigations. Counsel argued that the CBSA cannot rely on G-PAC's information, as it remains deficient, and that other importers purchasing from Novatex did not respond to the importer RFI. Furthermore, counsel submitted that the other importers who responded were not operating at the same trade level and also have deficiencies in their own responses. Accordingly, counsel maintained that the CBSA is unable to calculate an accurate and reliable importer profit amount for the purposes of section 22 of the SIMR.

CBSA's Response

The CBSA reviewed the arguments presented by both parties, and believe that the administrative record contains sufficient data from importers to reasonably support a profit calculation. Using the average profit of importers active in the Canadian market during the POI aligns with the principles of determining profit in the ordinary course of trade. While it is true that not all importers responded to the RFI, the available data still offers a reasonable foundation for estimating importer profit.

APPENDIX 3 – DESCRIPTION OF IDENTIFIED PROGRAMS AND INCENTIVES

As noted in the body of this document, the GOC did not provide a response to the subsidy RFI, which significantly impeded the CBSA's ability to conduct a proper analysis of the potential subsidy programs for the final determination.

The CBSA included a list of 25 potential subsidy programs at the initiation of the investigation. For purposes of the final determination, the subsidy programs identified remained unchanged.

This Appendix consists of descriptions of the subsidy programs which all exporters in China may have benefited from during the course of the POI.

The CBSA has used the best information available to describe the potentially actionable subsidy programs. This includes using information in the complaint, as well as information obtained from the CBSA's research on potential subsidy programs in China.

Category 1: Preferential loans and loan guarantees

Program 1: Loans from state-owned banks at preferential rates

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 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.

The CBSA has previously countervailed this program in *Fabricated Industrial Steel Components (FISC)*, *Carbon and Alloy Steel Line Pipe (Line Pipe)*, *Pup Joints*, *Oil Country Tubular Goods (OCTG)*, *Seamless Casing*, *Upholstered Domestic Seating (UDS)*, *Mattresses (MAT)*, *Wind Towers* and *High Protein Content Pea Protein (HPC)*.

This program may constitute 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 or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption. 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 2: Policy loans to the PET resin industry

According to the US Department of Commerce (USDOC), Chinese PET resin producers reported having loans outstanding from state owned commercial banks (“SOCB”) in China between January 1, 2014 and December 31, 2014. The Government of China (GOC) emphasized the development of petrochemical and ethylene industries in the 2024 Guidance Catalogue on Industrial Structural Adjustment, which highlights the plastic resin manufacturing sector as an “encouraged” industry, as well as in previous editions of the Guidance Catalogue.

Evidence provided in the complaint states that the loans aim at developing China’s petrochemical industries and, more specifically the plastic resin manufacturing sector. This program may constitute 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 or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption. 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 3: Preferential export financing and export credit guarantee/insurance

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”.

The CBSA has previously countervailed this program in *Line Pipe, UDS, Mattresses* and *HPC*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA; i.e., amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected. The above confers a benefit to the exporter by way of reducing its financial costs upon obtaining loans from a financial institution, and the benefit is equal to the amount of the exemption/deduction. 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: Sichuan Province industrial investment guidance fund

In August 2024, the government of Sichuan Province announced the launch of the Sichuan Industrial Investment Guidance Fund with an initial size of CNY 20 billion (USD \$2.8 billion). The stated objective of this program is to support Sichuan's industrial companies. Although the specific public support granted was not disclosed, the overall budget and the provincial government's commitment to contributing up to 80% of the fund's capital suggest its implementation affects foreign commercial interests. Funds will be disbursed in the form of capital injection and equity stakes including bailouts.

Evidence provided in the complaint states that these loans and interest subsidies are aimed at developing the industrial sector in Sichuan Province. Sichuan Province is home to at least three producers of subject goods, one of which, Sichuan Hanjiang ("Baosheng") New Materials Co., has an annual PET resin production capacity of 600,000 MT.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA; i.e., amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected. The above confers a benefit to the exporter by way of reducing its financial costs upon obtaining loans from a financial institution, and the benefit is equal to the amount of the exemption/deduction. 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 5: Foreign trade development fund grants

Under this program, the GOC provides funding support for projects undertaken by exporting enterprises to: improve the competitiveness of their exported products; to develop an export processing base; to support the registration of trademarks in foreign countries; to support the training of foreign trade professional; and, to explore international markets.

The CBSA has previously countervailed this program in *Decorative and Other Non-structural Plywood (Plywood)*.

The financial contribution by the government is the direct transfer of funds pursuant to section 2(1.6)(a) of SIMA. The program may be considered specific pursuant to subsection 2(7.2)(b) of SIMA as a prohibited export-contingent subsidy.

Program 6: Foreign economic and trade development support funds

The GOC listed this fund in their 2021 notification of active subsidy programs to the WTO. It provides funding support for projects undertaken by exporting enterprises to: improve the competitiveness of their exported products; to develop an export processing base; to support the registration of trademarks in foreign countries; to support the training of foreign trade professional; and, to explore international markets.

Evidence provided in the complaint suggests that PET resin producers may have obtained grants relating to the foreign economic and trade development support fund.

The financial contribution by the government is the direct transfer of funds pursuant to section 2(1.6)(a) of SIMA. The program may be considered specific pursuant to subsection 2(7.2)(b) of SIMA as a prohibited export-contingent subsidy.

Program 7: Export assistance grants & other export development performance grants

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

The CBSA has previously countervailed this program in *Sucker Rods, OCTG, Unitized Wall Modules, Galvanized Steel Wire, Aluminum Extrusions, Carbon Steel Welded Pipe, Steel Grating, Plywood, UDS, Wind Towers* and *HPC*.

The program was established in the *Circular of the Trial Measures of the Administration of International Market Development Funds for Small and Medium-Sized Enterprises*, which came into force on October 24, 2000. The program was established to support the development of small and medium-sized enterprises, to encourage SMEs to join in the competition of international markets, to reduce the business risks of the enterprises, and to promote the development of the national economy. The granting authority is the Foreign Trade and Economic Department and the program is administered at the local levels.

The financial contribution by the government is the direct transfer of funds pursuant to section 2(1.6)(a) of SIMA. 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: Design, research and development grants

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

Grants may be provided for the commercialization of technological innovation and research findings and to promote scientific and technological results. The CBSA has previously countervailed this program in *Sucker Rods, Copper Tube, Photovoltaic Modules and Laminates, OCTG, Unitized Wall Modules, Seamless Casing, Pup Joints, Plywood, UDS, MAT, Wind Towers* and *HPC*.

The financial contribution by the government is the direct transfer of funds pursuant to section 2(1.6)(a) of SIMA. 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 9: Energy conservation and emission reduction grant

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

The CBSA has previously countervailed similar programs in *Copper Tube, MAT* and *Wind Towers* which addressed grants relating to improving environmental performances. Further, the GOC has listed this title in its notification of subsidy programs to the WTO.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. 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 10: State aid to promote a modern industrial system in the new era in Shanghai

In April 2023, the Shanghai municipal government adopted *Hufu bangui 2023/12*, announcing several state aid measures to “promote and accelerate the construction of a modern industrial system”. Within the same document, the government adopted additional measures to support ‘new-type industrialization’. These measures are administered by the Shanghai municipal government and include the following:

- *State aid to Shanghai's manufacturing sector.* The measure is in place between 20 April 2023 and 19 April 2028. The government did not specify the form the state aid would take. Eligible beneficiaries can receive state aid of up to CNY 100 million (USD \$14.54 million) for the introduction of other advanced manufacturing projects with large investment scales.
- *Interest payment subsidies to incentivize industrial companies to expand production.* The measure is in place between 20 April 2023 and 19 April 2028. Eligible companies already established in Shanghai can benefit from interest payment subsidies of up to 50% of the loan interest, capped at CNY 20 million (USD \$2.9 million). The stated objective is to “increase investment in technological transformation by increasing production capacity, expanding factories, and updating equipment.”

Evidence provided in the complaint states that the municipality of Shanghai is home to at least two producers of subject goods, one of which, Far Eastern New Century (“FENC”), has an annual PET resin production capacity of 560,000 MT in mainland China and an additional 754,000 MT in Taiwan.

This program is a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. 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, and likewise pursuant to subsection 2(7.2) because it is limited to a group of enterprises situated within the municipality's jurisdiction.

Program 11: State aid to promote the continued recovery of Sichuan Province's economy

In September 2024, the government of Sichuan Province adopted *Chuan bangui 2024/3*, announcing several measures “to promote the continued recovery of the economy”. Among other programs, the provincial government will provide state aid to incentivize industrial enterprises' production growth between October 1, 2024 and March 31, 2025. The provincial government will provide incentives of CNY 5 million and CNY 10 million (USD713,000 and USD1.43 million) for enterprises that demonstrate a year-on-year increase of their production of 10%-20% and 20% respectively between October 1, 2024 and March 31, 2025.

Evidence provided in the complaint states that Sichuan Province is home to at least three producers of subject goods, one of which, Sichuan Hanjiang (“Baosheng”) New Materials Co., has an annual PET resin production capacity of 600,000 MT.

This program is a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. 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, and likewise pursuant to subsection 2(7.2) because it is limited to a group of enterprises situated within the municipality's jurisdiction.

Program 12: Measures to promote energy efficiency and environmental protection in Shenzhen's industrial clusters

Available information indicates that in May 2024, the government of the Shenzhen municipality issued “Several Measures to Promote High-Quality Development of Safety, Energy-Saving and Environmentally Friendly Industrial Clusters in Shenzhen.” Among other measures, the government will provide state aid of up to CNY 10 million (USD1.41 million) per beneficiary to support the development of recycling and carbon-reducing technologies. The measure will enter into force on May 23, 2024 for a period of 5 years.

Evidence provided in the complaint states that the municipality of Shenzhen is home to at least one producer of subject goods, Asia Int'l Enterprise Ltd., which has an annual PET resin production capacity of 400,000 MT.

This program is a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. 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, and likewise pursuant to subsection 2(7.2) because it is limited to a group of enterprises situated within the municipality's jurisdiction.

Program 13: Energy savings technology reform program

Available information indicates that the GOC, through the Xiamen Municipal Bureau of Economic and Information Technology has provided energy savings grants to PET resin producers in China.

The USDOC in a recent Expedited First Sunset Reviews of the Countervailing Duty Orders on Polyethylene Terephthalate Resin from the People's Republic of China and India (July 16, 2021) countervailed this program as "Energy Savings Technology Reform Program".

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. 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 3: Preferential tax programs

Program 14: Corporate income tax reduction for new high tech enterprises ("NHTE")

Under Article 28.2 of the Enterprise Income Tax Law in China, companies designated as high- or new-technology enterprises (NHTE) are entitled to a reduced income tax rate of 15 percent rather than 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 WTO, the GOC listed this program.

The CBSA has previously countervailed this program in *FISC, Line Pipe, Certain Seamless Casing, OCTG, Pup Joints, Plywood, UDS, Container Chassis, MAT, Wind Towers and HPC*.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

Program 15: Preferential tax policies related to research and investment

According to Article 30 of the *Enterprise Income Tax Law* and Article 95 of the implementing *Regulations of the Enterprise Income Tax Law*, the expenses born by the enterprise incurred in the work of researching and development of new technologies, products, or techniques can be accounted for at the actual accrued amount of total expenses, thereby reducing the enterprise's actual income tax payable.

The CBSA has previously countervailed this program in *Photovoltaic Modules and Laminates, Seamless Casing, OCTG, Pup Joints, Plywood, UDS, MAT and Wind Towers*.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. 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 16: General-benefit tax exemption for micro and small enterprises

Available information indicates that under this program from 2021 to 2022, the portion of the annual taxable income of small enterprises making little profits not exceeding 1 million yuan is reduced by 12.5% of the taxable income and subject to corporate income tax at a rate of 20%. From 2019 to 2021, the portion of the annual taxable income of small enterprises making little profits exceeding from 1 million yuan to 3 million yuan is reduced by 50% of the taxable income and subject to corporate income tax at a rate of 20%. From 2022 to 2024, it is reduced by 25% of the taxable income and subject to corporate income tax at a rate of 20%.

The GOC has listed this title in its notification of subsidy programs to the WTO.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. 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 17: Preferential tax policies in the Western Regions

Under this program, eligible businesses enjoy a reduced enterprise income tax rate of 15% and are exempted from paying tariffs.

The GOC has listed this title in its notification of subsidy programs to the WTO. Evidence provided in the complaint states that the “Western Regions” include Sichuan Province and the Xinjiang Uyghur Autonomous Region, which are both home to PET resin producers and production facilities.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. 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 18: Preferential tax policies for enterprises established in special economic zones (SEZs)

The program's objectives are to attract foreign investment in these zones and to expand and enhance their development. The preferential tax treatment is provided to high or new technology enterprises, registered on or after 1 January 2008 in special economic zones (SEZs) and Pudong New Area of Shanghai, which need special support from the State. Under Article 57 of the Enterprise Income Tax Law in China and the "Notification of the State Council on Providing Transitional Preferential Tax Treatments to High-Tech Enterprises Newly Set Up in Special Economic Zones and in the Pudong New District of Shanghai," the GOC exempts HNTes from income taxes for the first two years after earning a profit from production, and pay only half of the standard tax rate for the next three years if located in a "special economic zone"

The GOC has listed this title in its notification of subsidy programs to the WTO. Evidence provided in the complaint states that a number of Chinese PET resin producers are located in these special economic zones.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. 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 19: Offsets to taxable income related to purchases of domestic machinery

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.

The CBSA has previously countervailed this program in *Aluminum Extrusions, Photovoltaic Modules and Laminates, Seamless Casing, OCTG, Pup Joints and Wind Towers*.

The financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. 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 20: Import tariff exemptions on imported equipment in encouraged industries

This program is to encourage foreign investment and to introduce advanced technology and equipment from abroad. The GOC provides a subsidy to Foreign Invested Enterprises (FIEs) and certain domestic enterprises engaged in “encouraged” industries in the form of import tariffs and VAT exemptions on imported equipment, including components and parts.

The CBSA has previously countervailed this program in *Photovoltaic Modules and Laminates, Unitized Wall Modules, Seamless Casing, Pup Joints, and Line Pipe*.

The financial contribution by the Government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. 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 21: Municipal/local income or property tax reductions

This program pertains to reductions and exemptions in tax provided from municipal or local income tax units.

The CBSA has previously countervailed similar programs in *UDS* and *MAT*.

The financial contribution by the Government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. 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 22: Tax-based additional deductions for R&D expenses

Available information indicates that in March 2023, the Ministry of Finance and State Administration of Taxation announced the establishment of a permanent 100% super-deduction rate for R&D expenses for “all qualifying industry enterprises”. This tax deduction policy also provides that if intangible assets are formed by an enterprise in carrying out research and development activities, 200% of the cost of the intangible assets can be amortized before tax. The policy entered into force retrospectively on January 1, 2023

Evidence provided in the complaint states that PET resin producers are eligible beneficiaries.

The financial contribution by the Government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. 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 23: Preferential tax treatment for dutiable oils used in the production of ethylene

According to the complainant, this program stipulates that ethylene-producing enterprises who produce their own naphtha and fuel oil for the production of ethylene and aromatic chemicals are temporarily exempted from consumption tax on the basis of the actual quantity consumed. The complainant provides evidence that the production and sale of PET resin inputs are less than market value under this program.

The GOC has listed this title in its notification of subsidy programs to the WTO.

This financial contribution by the government consists of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. 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 5: Good / services provided by the government at less than fair market value

Program 24: Acquisition of government inputs/utilities at less than fair market value

The complainant allege that exporters may avail themselves of input materials and utilities from state-owned enterprises (SOE) at below fair market value. They have identified the predominant inputs for PET resin producers through state-owned and controlled suppliers at less than fair market value. In addition, the complainant identified electricity as an input that may be provided to PET resin producers at less than fair market value.

The CBSA has previously countervailed this program in *Seamless Casing, OCTG, Stainless Steel Sinks, Steel Piling Pipe, Large Line Pipe, Pup Joints, UDS, Container Chassis, and Wind Towers*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(c) of SIMA as they involve the provision of goods or services, other than general governmental infrastructure. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

Program 25: Provision of land for less than adequate remuneration by government

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 rights.

The CBSA has previously countervailed this program in *Line Pipe and Large Line Pipe*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(c) of SIMA as they involve the provision of goods or services, other than general governmental infrastructure. 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.