



OTTAWA, March 13, 2026

**TMFT 2025 IN**

## **STATEMENT OF REASONS**

**Concerning the preliminary determinations of the investigations into the alleged dumping and subsidizing of**

### **THERMOFORMED MOLDED FIBER TABLEWARE ORIGINATING IN OR EXPORTED FROM CHINA**

### **DECISION**

Pursuant to subsection 38(1) of the *Special Import Measures Act*, the Canada Border Services Agency made preliminary determinations on February 27, 2026 respecting the dumping and subsidizing of certain thermoformed molded fiber tableware originating in or exported from China.

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

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## SUMMARY

[1] On August 25, 2025, the Canada Border Services Agency (“CBSA”) received a written complaint from CKF Inc. (Hantsport, NS) (hereinafter, “the complainant”) alleging that imports of certain thermoformed molded fiber tableware (hereinafter, “TMFT”) originating in or exported from the People’s Republic of China (“China” or “the subject country”), are being injuriously dumped and subsidized.

[2] On September 15, 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 September 25, 2025, the CBSA informed the Government of China that a properly documented complaint had been filed. At that time, the Government of China 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 from the Government of China.

[3] On October 15, 2025, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of TMFT from China.

[4] 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.

[5] On December 12, 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 TMFT from China have caused injury or are threatening to cause injury to the domestic industry.

[6] On February 27, 2026, 2026, as a result of the CBSA’s preliminary investigations and pursuant to subsection 38(1) of SIMA, the CBSA made preliminary determinations of dumping and subsidizing of TMFT originating in or exported from China.

[7] On the same date, pursuant to subsection 8(1) of SIMA, provisional duties were imposed on imports of dumped and subsidized goods that are of the same description as any goods to which the preliminary determinations apply, and that are released during the period commencing on the day the preliminary determinations were made and ending on the earlier of the day on which the CBSA causes the investigations in respect of any goods to be terminated pursuant to subsection 41(1) of SIMA or the day the CITT makes an order or finding pursuant to subsection 43(1) of SIMA.

## **PERIOD OF INVESTIGATION**

[8] The Period of Investigation (POI) for the investigations are October 1, 2024 to September 30, 2025.

## **PROFITABILITY ANALYSIS PERIOD**

[9] The Profitability Analysis Period (PAP) is October 1, 2024 to September 30, 2025.

## **INTERESTED PARTIES**

[10] Interested parties were notified at the initiation of the investigations and were sent Requests for Information (RFI). Refer to the Initiation [Statement of Reasons](#) for additional information on interested parties.

### **Exporters**

[11] Guangxi Ecolink Technology Co., Ltd. (“Guangxi Ecolink”), provided a substantially complete response to the CBSA’s Dumping RFI in sufficient time to be considered for the preliminary determination.<sup>1</sup>

[12] The following four exporters provided responses to the CBSA’s Dumping RFI. However, these responses were found to be deficient for the purposes of the dumping preliminary determination:

- Guangxi Huabao Fiber Products Co., Ltd. (“Guangxi Huabao”)<sup>2</sup>
- Shaoneng Group Guangdong Luzhou Eco Technology Co, Ltd. (“Guangdong Luzhou”)<sup>3</sup>
- Shaoneng Group Luzhou Eco (XinFeng) Technology Co., Ltd. (“Luzhou Xinfeng”)<sup>4</sup>
- Zhejiang Zhongxin Environmental Protection Technology Group Co., Ltd. (“Zhejiang Zhongxin”)<sup>5</sup>

[13] The CBSA also received four responses to the CBSA’s Dumping RFI from input suppliers, producers, and vendors.

- Chongzuo Zhongxin Environmental Protection Technology Co., Ltd.<sup>6</sup>
- Guangdong Shaoneng Group Luzhou Technology Development Co., Ltd.<sup>7</sup>

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<sup>1</sup> Exhibit 115 (PRO) & 116 (NC) – Response to Dumping RFI – Ecolink.

<sup>2</sup> Exhibit 76 (PRO) & 77 (NC) – Response to Dumping RFI – Guangxi Huabao.

<sup>3</sup> Exhibit 128 (PRO) & 129 (NC) – Response to Dumping RFI – Guangdong Luzhou.

<sup>4</sup> Exhibit 91 (PRO) & 92 (NC) – Response to Dumping RFI – Luzhou Xinfeng.

<sup>5</sup> Exhibit 84 (PRO) & 85 (NC) – Response to Dumping RFI – Zhejiang Zhongxin.

<sup>6</sup> Exhibit 97 (PRO) & 98 (NC) – Response to Dumping RFI – Chongzuo Zhongxin.

<sup>7</sup> Exhibit 86 (PRO) & 87 (NC) – Response to Dumping RFI – Guangdong Shaoneng Group Luzhou Technology Development Co., Ltd.

- Guangxi Jiadebao Technology Co.,Ltd.<sup>8</sup>
- Zhejiang Jiadebao Technology Co.,Ltd.<sup>9</sup>

[14] The following five exporters provided substantially complete responses to the CBSA's Subsidy RFI in sufficient time to be considered for the preliminary determination:

- Guangxi Ecolink<sup>10</sup>
- Guangxi Huabao<sup>11</sup>
- Guangdong Luzhou<sup>12</sup>
- Luzhou Xinfeng<sup>13</sup>
- Zhejiang Zhongxin<sup>14</sup>

[15] The CBSA also received 19 responses to the CBSA's Subsidy RFI from input suppliers, producers, and vendors.

- Chengdu C&D Paper&Pulp Co., Ltd.<sup>15</sup>
- Fujian Yingsen Paper Co., Ltd.<sup>16</sup>
- Fuzhou Cledrey Trading Co., Ltd.<sup>17</sup>
- Guangdong Shaoneng Group Luzhou Technology Development Co., Ltd.<sup>18</sup>
- Guangxi Boguan Environmental Products Co., Ltd.<sup>19</sup>
- Guangxi Huafeng Paper Industry Co., Ltd.<sup>20</sup>
- Guangxi Jiadebao Technology Co.,Ltd.<sup>21</sup>
- Guangxi Laibin Dongtang Paper Industry Co., Ltd.<sup>22</sup>
- Guangxi Liantuo Trading Co., Ltd.<sup>23</sup>
- Guangxi Xinggui Paper Industry Co., Ltd.<sup>24</sup>
- Guangxi Yutong Packaging Material Co., Ltd.<sup>25</sup>

<sup>8</sup> Exhibit 67 (PRO) & 68 (NC) – Response to Dumping RFI – Guangxi Jiadebao Technology Co., Ltd.

<sup>9</sup> Exhibit 74 (PRO) & 75 (NC) – Response to Dumping RFI – Zhejiang Jiadebao Technology Co., Ltd.

<sup>10</sup> Exhibit 49 (PRO) & 50 (NC) – Response to Subsidy RFI – Guangxi Ecolink.

<sup>11</sup> Exhibit 160 (PRO) & 161 (NC) – Response to Subsidy RFI – Guangxi Huabao.

<sup>12</sup> Exhibit 95 (PRO) & 96 (NC) – Response to Subsidy RFI – Guangdong Luzhou.

<sup>13</sup> Exhibit 99 (PRO) & 100 (NC) – Response to Subsidy RFI – Luzhou Xinfeng.

<sup>14</sup> Exhibit 162 (PRO) & 163 (NC) – Response to Subsidy RFI – Zhejiang Zhongxin.

<sup>15</sup> Exhibit 141 (PRO) & 142 (NC) – Response to Subsidy RFI – Chengdu C&D Paper&Pulp Co., Ltd.

<sup>16</sup> Exhibit 130 (PRO) & 131 (NC) – Response to Subsidy RFI – Fujian Yingsen Paper Co., Ltd.

<sup>17</sup> Exhibit 121 (PRO) & 122 (NC) – Response to Subsidy RFI – Fuzhou Cledrey Trading Co., Ltd.

<sup>18</sup> Exhibit 93 (PRO) & 94 (NC) – Response to Subsidy RFI – Guangdong Shaoneng Group Luzhou Technology Development Co., Ltd.

<sup>19</sup> Exhibit 137 (PRO) & 138 (NC) – Response to Subsidy RFI – Guangxi Boguan Environmental Products Co., Ltd.

<sup>20</sup> Exhibit 149 (PRO) & 150 (NC) – Response to Subsidy RFI – Guangxi Huafeng Paper Industry Co., Ltd.

<sup>21</sup> Exhibit 126 (PRO) & 127 (NC) – Response to Subsidy RFI – Guangxi Jiadebao Technology Co.,Ltd.

<sup>22</sup> Exhibit 202 (PRO) & 203 (NC) – Response to Subsidy RFI – Guangxi Laibin Dongtang Paper Industry Co., Ltd.

<sup>23</sup> Exhibit 145 (PRO) & 146 (NC) – Response to Subsidy RFI – Guangxi Liantuo Trading Co., Ltd.

<sup>24</sup> Exhibit 204 (PRO) & 205 (NC) – Response to Subsidy RFI – Guangxi Xinggui Paper Industry Co., Ltd.

<sup>25</sup> Exhibit 151 (PRO) & 152 (NC) – Response to Subsidy RFI – Guangxi Yutong Packaging Material Co., Ltd.

- Jiangxi Mutian Trading Co., Ltd.<sup>26</sup>
- Longzhou Nanhua Paper Industry Co., Ltd.<sup>27</sup>
- Nanning Hongyi Pulp and Paper Co., Ltd.<sup>28</sup>
- Nanning Xianglan Paper Industry Co., Ltd.<sup>29</sup>
- Shanghai C&D Paper Co., Ltd.<sup>30</sup>
- Shandong Liaowei Paper Industry Co., Ltd.<sup>31</sup>
- Zhejiang Jiadebao Technology Co.,Ltd.<sup>32</sup>
- Zhejiang Welbon Pulp & Paper Group Corp.<sup>33</sup>
- Zhejiang Yacan Trading Co., Ltd.<sup>34</sup>

## Importers

[16] Three importers provided a response to the CBSA's Importer RFI:

- Eco-Packaging Inc.<sup>35</sup>
- ICON Global Supply Inc.<sup>36</sup>
- JFC International (Canada) Inc.<sup>37</sup>

## Surrogate Producer

[17] The CBSA sent Surrogate producer RFIs to TMFT manufacturers located in the United States, Brazil, Italy, South Korea, Chinese Taipei, seeking their voluntary assistance. The CBSA received one response to the surrogate producer RFI from Huhtamaki Inc., based in the United States.<sup>38</sup>

## Government

[18] The Government of China provided a partially complete response to the Government Subsidy RFI.<sup>39</sup>

[19] The Government of China was sent the CBSA's Section 20 RFI requesting information concerning the pulp and paper sector in China but did not provide a response to the RFI.

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<sup>26</sup> Exhibit 175 (PRO) & 176 (NC) – Response to Subsidy RFI – Jiangxi Mutian Trading Co., Ltd.

<sup>27</sup> Exhibit 200 (PRO) & 201 (NC) – Response to Subsidy RFI – Longzhou Nanhua Paper Industry Co., Ltd.

<sup>28</sup> Exhibit 139 (PRO) & 140 (NC) – Response to Subsidy RFI – Nanning Hongyi Pulp and Paper Co., Ltd.

<sup>29</sup> Exhibit 135 (PRO) & 136 (NC) – Response to Subsidy RFI – Nanning Xianglan Paper Industry Co., Ltd.

<sup>30</sup> Exhibit 173 (PRO) & 174 (NC) – Response to Subsidy RFI – Shanghai C&D Paper Co., Ltd.

<sup>31</sup> Exhibit 133 (PRO) & 134 (NC) – Response to Subsidy RFI – Shandong Liaowei Paper Industry Co., Ltd.

<sup>32</sup> Exhibit 74 (PRO) & 75 (NC) – Response to Subsidy RFI – Zhejiang Jiadebao Technology Co.,Ltd.

<sup>33</sup> Exhibit 179 (PRO) & 180 (NC) – Response to Subsidy RFI – Zhejiang Welbon Pulp & Paper Group Corp.

<sup>34</sup> Exhibit 171 (PRO) & 172 (NC) – Response to Subsidy RFI – Zhejiang Yacan Trading Co., Ltd.

<sup>35</sup> Exhibit 39 (NC) – Response to Importer RFI – Eco-Packaging Inc.

<sup>36</sup> Exhibit 43 (PRO) & 44 (NC) – Response to Importer RFI – ICON Global Supply Inc.

<sup>37</sup> Exhibit 27 (NC) – Response to Importer RFI – JFC International (Canada) Inc.

<sup>38</sup> Exhibit 177 (PRO) & 178 (NC) – Response to Surrogate RFI – Huhtamaki.

<sup>39</sup> Exhibit 101 (PRO) & 102 (NC) – Response to Government Subsidy RFI – Government of China.

## **PRODUCT INFORMATION**

### **DEFINITION**

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

Thermoformed molded fibre plates and platters regardless of diameter or length, and bowls with diameters or widths of eight centimeters or greater and lips up to eight centimetres, regardless of fibre source, thickness, additives, colour, design, coating, or surface or other finishing, originating in or exported from the People’s Republic of China.

[21] For additional product information, the production process, the classification of imports, like goods and classes of goods, and information on the Canadian industry, refer to the Initiation [\*Statement of Reasons\*](#).

### **IMPORTS INTO CANADA**

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

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

**Table 1: Import volume of TMFT  
(October 1, 2024 to September 30, 2025)**

<b>Country of Origin or Export</b>	<b>Estimated % of Total Imports for POI (by volume)</b>
China	51.6%
All Other Countries	48.4%
<b>Total</b>	<b>100.0%</b>

### **INVESTIGATIONS PROCESS**

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

[25] 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 Government of China concerning specificity and financial contributions made to exporters or producers of TMFT released into Canada during the POI.

[26] The Government of China and the exporters/producers were also notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the RFI, failure to permit verification of any information or failure to provide documentation requested during the verification visits, 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 the facts available to the CBSA. Further, they were notified that non-cooperative parties will not receive an advantage for failing to provide the necessary information.

[27] After reviewing the RFI responses, supplemental RFIs (SRFIs) were sent to respondents who submitted complete/partially complete submissions, in order to clarify information provided in the responses and request additional information, where necessary. Information that was submitted following the original Request for Information (RFI) responses and that could not be taken into consideration for the preliminary determinations due to the timelines of the investigations, will be considered for the final determinations.

[28] For the responding parties that did not provide complete information, deficiency letters were sent, in order to notify them that information was missing and that without the missing information, preliminary determinations would be made on the basis of facts available.

[29] Preliminary determinations are based on the information available to the CBSA at the time of the preliminary determinations. During the final phase of the investigations, the CBSA will continue to collect and verify information, the results of which will be incorporated into the CBSA's final decisions, which must be made by May 28, 2026.

## **REPRESENTATIONS**

[30] During the preliminary phase of the investigations, counsel for the complainants made representations concerning exhibits on the administrative records, including certain RFI responses. These representations concern topics including the accuracy and completeness of information provided, and other missing or unclear information provided in the RFI responses.<sup>40</sup>

## **DUMPING INVESTIGATION**

### **NORMAL VALUE**

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

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<sup>40</sup> Exhibit 227 (PRO) & 228 (NC) – Comments submitted on behalf of CKF.

## **EXPORT PRICE**

[32] The export price of goods sold to importers in Canada is generally estimated in accordance with the methodology of section 24 of SIMA based on the lesser of the adjusted exporter's sale price for the goods or the adjusted importer's purchase price. These prices are adjusted where necessary by deducting the costs, charges, expenses, duties and taxes resulting from the exportation of the goods as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

## **MARGIN OF DUMPING**

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

## **BACKGROUND OF SECTION 20 INQUIRY**

[34] 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.<sup>41</sup>

[35] The provisions of section 20 are applied on a sector basis rather than on the country as a whole. The relevant sector will normally only include the industry producing and exporting the goods under investigation.

[36] The complainant alleges that the conditions described in section 20 of SIMA prevail in the pulp and paper 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 TMFT established in China, would not be reliable for determining normal values.

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<sup>41</sup> China is a prescribed country under Section 17.1 of the *Special Import Measures Regulations*.

[37] In the event that the CBSA forms an opinion that domestic prices of pulp and paper in China are substantially determined by the government, and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be if they were determined in a competitive market, the normal values of the goods under investigation will be determined, pursuant to paragraph 20(1)(c) of SIMA, where such information is available, on the basis of the domestic selling prices or the aggregate of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits of like goods sold by producers in any country designated by the CBSA and adjusted for price comparability; or, pursuant to paragraph 20(1)(d) of SIMA, where such information is available, on the basis of the selling price in Canada of like goods produced and imported from any country designated by the CBSA and adjusted for price comparability.

## **ANALYSIS OF SECTION 20 CONDITIONS**

### **Government Control Analysis**

[38] This section will present the CBSA's analysis of the extent the Government of China exerts control over the pulp and paper sector in China, by examining the following:

- Government of China's State-Ownership and Control of Producers in the Pulp and Paper Sector;
- Government of China's Plans, Policies and Directives Impacting the Pulp and Paper Sector and Associated Industries;
- Government of China Intervention in the Cost of Production of Raw Material Inputs; and the
- Subsidization of TMFT Producers.

### ***Government of China's State-Ownership and Control of Producers in the Pulp and Paper Sector***

[39] As shown in the table below, of the top ten Chinese pulp and paper manufacturers, by revenue, seven of them are controlled by the Government of China through a controlling ownership interest, or are owned and operated by prominent members of the Chinese Communist Party ("CCP").

**Table 2: Top 10 Chinese Pulp and Paper Manufacturers by Revenue<sup>42</sup>**

Company Name	2024 Income in millions (CAD)	Government affiliation
Nine Dragons Paper (Holdings) Limited	12,290.7	Yes
Shandong Chenming Paper Holdings Limited	4,480.6	Yes
Guangxi Jingui Pulp	2,409.1	None identified
Zhanjiang Chenming Pulp & Paper Co., Ltd.	2,370.6	Yes
Xianhe Co.,Ltd.	1,849.5	None identified
Guangxi Sun Paper Co., Ltd	1,613.1	None identified
Huanggang Chenming Pulp & Paper Co. Ltd.	906.8	Yes
Guangxi Yuegui Guangye Holdings Co., Ltd	551.2	Yes
Zhejiang Jinlong Recycled Resources Technology Co., Ltd.	546.5	Yes
Fujian Qingshan Paper Industry Co., Ltd.	512.6	Yes

[40] The following companies are listed as major players in the pulp and paper industry in China:

- Nine Dragons Paper (Holdings) Limited – According to its 2024 Interim Report, the company is majority owned and controlled by Zhang Yin, a prominent member of Chinese national government committee.<sup>43</sup>
- Shandong Chenming Paper Holdings Limited (“Shandong Chenming”) – According to its 2023 Annual Report, controlling interest is held by Chenming Holdings Company Limited, a state-owned enterprise.<sup>44</sup>
- Zhanjiang Chenming Pulp & Paper Co. Ltd. is a subsidiary of Shandong Chenming – controlling interest held by Chenming Holdings Company Limited, a state-owned enterprise.<sup>45</sup>

<sup>42</sup> Exhibit 2 (NC) – TMFT Complaint – Public Attachment VII-03: Capital IQ Largest China Pulp Manufacturers (PUBLIC).

<sup>43</sup> Exhibit 2 (NC) – TMFT Complaint – Attachment VII-62 - Nine Dragon Paper (Holdings) Limited Interim Report, 2024-2025; Attachment VII-63 - “Rich CPPCC member kicks up storm, China Daily, March 10, 2008 (PUBLIC).

<sup>44</sup> Exhibit 2 (NC) – TMFT Complaint – Attachment VII-04 - Shandong Chenming Paper Holdings Limited Annual Report 2023.

<sup>45</sup> Exhibit 2 (NC) – TMFT Complaint – Attachment VII-04 - Shandong Chenming Paper Holdings Limited Annual Report 2023.

- Huanggang Chenming Pulp & Paper Co. Ltd. is a subsidiary of Shandong Chenming – controlling interest held by Chenming Holdings Company Limited, a state-owned enterprise.<sup>46</sup>
- Guangxi Yuegui Guangye Holdings Co., Ltd. – Based on its 2023 Annual Report, the company is state-owned, with its controlling shareholder being Guangxi State-Owned Assets Supervision and Administration Commission (SASAC).<sup>47</sup>
- Zhejiang Jinlong Recycled Resources Technology Co., Ltd. – The second largest shareholder is ultimately Longyou County People's Government State-owned Assets Supervision and Administration Office with government representative (Luo Xu) on Board of Directors.<sup>48</sup>

[41] According to the Trade Policy Review – China Report released on November 19, 2024, the Secretariat of the World Trade Organization pointed out that the number of state-owned enterprises (SOEs) in both the industrial and construction sectors, which includes light industries such as pulp and paper sector, increased over the review period. While SOEs can act as instruments for implementing government policies, supporting national industrial goals, and maintaining state control over critical sectors, China's SOEs consistently base their actions on non-commercial considerations. Moreover, state ownership remains very important in the economy; even in many commercially oriented sectors, SOEs still have substantial market shares and account for a large portion of total assets and profits in the sectors.<sup>49</sup>

[42] The significant presence of state-owned and state-controlled enterprises in the pulp and paper sector, provides evidence that sales of pulp and paper products may be influenced by non-market factors, such as fulfilling the Government of China's policy objectives, industrial planning and major investments from state-backed entities. Consequently, domestic selling prices for TMFT in China may not be substantially the same as they would be if they were determined in a competitive market. This significant presence of SOEs supports the conclusion that the government may substantially determine prices in China's pulp and paper sector.

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<sup>46</sup> Exhibit 2 (NC) – TMFT Complaint – Attachment VII-04 - Shandong Chenming Paper Holdings Limited Annual Report 2023.

<sup>47</sup> Exhibit 2 (NC) – TMFT Complaint – Attachment VII-64 - Summary of Guangxi Yuegui Guangye Holding Co., Ltd. 2023 Annual Report.

<sup>48</sup> Exhibit 2 (NC) – TMFT Complaint – Attachment VII-65 - Zhejiang Jinlong Recycled Resources Technology Co., Ltd., Haitong Securities Co., Ltd., December 2023.

<sup>49</sup> [WTO | Trade Policy Reviews - gateway, Results list](#)

## ***Government of China’s Plans, Policies and Directives Impacting the Pulp and Paper Sector and Associated Industries***

### *Five Year Plans*

[43] The Government of China’s five-year plans and industrial policies are used by the government and industry parties as a roadmap and direction in relation to the development of a specific industry. These five-year plans and industrial policies exist on both a national and provincial level. At the national level, the CBSA found several five-year plans (current and past plans), as well as other national policy documents, to demonstrate that the Government of China directs the forestry, pulp and paper industries in China.

[44] Within the 14th Five-Year Plan (2021–2025), the Government of China’s National Economic and Social Development and Long-Range Objectives outline a continued emphasis on industrial transformation, with papermaking and green manufacturing identified as the key sectors targeted for accelerated upgrading. The policy direction signals an intention to modernize light industries, such as pulp and paper production and reduce environmental impacts across the value chain.<sup>50</sup>

[45] Under the 14th Five-Year Plan (2021–2025), the Government of China has continued to advance its national Plastics Pollution Control Action Plan, placing particular emphasis on the phased substitution of conventional plastics with environmentally preferable alternatives including use of bamboo, wood, paper products, biodegradable plastic products and other resources throughout the life cycle.<sup>51</sup>

### *Structural Industrial Policies*

[46] The *Catalogue for Guiding Industry Restructuring* designates large-scale paper and pulp product manufacturing as an “Encouraged” sector, signaling the Government of China’s intent to prioritize investment, modernization, and capacity expansion within the pulp and paper sector. This classification reflects a policy emphasis on consolidating production, improving resource efficiency, and achieving economies of scale across the pulp and paper value chain.<sup>52</sup> In contrast to its support for large-scale operations, the *Catalogue for Guiding Industry Restructuring* prohibits smaller-scale pulp and paper facilities, which reflects the Government of China’s influence to result in the consolidation of the pulp and paper industry into larger, more technologically advanced producers.

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<sup>50</sup> Exhibit 2 (NC) – TMFT Complaint – Attachment VII-07 - 14th Five-Year Plan of China (PUBLIC).

<sup>51</sup> Exhibit 2 (NC) – TMFT Complaint – Attachment VII-08 – 14th Five-Year Plan’ Plastics Pollution Control Action Plan (PUBLIC).

<sup>52</sup> Exhibit 2 (NC) – TMFT Complaint – Attachment VII-10 – Catalogue for Guiding Industry Restructuring (2019 Edition) (PUBLIC).

### *Other Industrial Policies*

[47] In 2021, the Government of China implemented its *Opinions on Accelerating the High-Quality Development of the Manufacturing Service Industry*. Government of China has committed to accelerating the high-quality development of the manufacturing services industry and advancing green manufacturing across key sectors, including pulp and paper sector. Responsibility for implementing the green-transformation agenda has been assigned to the Ministry of Science and Technology, the Ministry of Industry and Information Technology, and the National Development and Reform Commission. These agencies are tasked with coordinating and executing green-transformation actions within the manufacturing sector, such as pulp and paper sector.<sup>53</sup>

### *China Paper Association*

[48] The China Paper Association (“CPA”) provides a controlling mechanism over the paper-making industry in China. Article 3 of the Association specifies that it adheres to the leadership of the CCP. In 2021, CPA issued the *Outline for the 14th Five-Year Plan and Medium- and Long-term High-quality Development of the Papermaking Industry*, establishing strategic priorities and setting target of the production output for the sector of paper-making through 2035. A central development objective of the plan is to “adjust the raw material structure” by enhancing the domestic supply capacity of wood-fiber raw materials.<sup>54</sup>

[49] The CBSA finds that the presence of government plans, directives, regulations and targets provides evidence that the Government of China may substantially control prices in the China’s pulp and paper sector. Consequently, domestic selling prices for TMFT in China may not be substantially the same as they would be if they were determined in a competitive market.

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<sup>53</sup> Exhibit 2(NC) – TMFT Complaint – Attachment VII-13 - National Development and Reform Commission, “Opinions on accelerating the high-quality development of the manufacturing services industry” (March 23, 2021).

<sup>54</sup> Exhibit 2(NC) – TMFT Complaint – Attachment VII-17 - China Paper Association - "Outline for the 14th Five-Year Plan and Medium- and Long-term High-quality Development of the Papermaking Industry" (December 24, 2021) (PUBLIC).

## ***Government of China Intervention in the Cost of Production of Raw Material Inputs***

### *Wood and Forestry*

[50] China’s Forest Law establishes that all forest resources are either state-owned or collectively owned, with 2020 data indicating that approximately 42.5% of forestland is directly state-owned and 57.6% held by collectives. In practice, collectively owned forests remain under effective state control through village-level governance structures. The China Forestry Group, a state-owned enterprise, plays a central role in national forestry management and is heavily involved in the import and export of timber and pulp. In addition, the China Forestry Group is identified as the sole central-level enterprise in China’s forestry sector under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council.<sup>55</sup>

### *Bagasse*

[51] Bagasse, a by-product of sugarcane processing, is the principal raw-material input used in TMFT exported from China, and most recent imports into Canada consist primarily of bagasse-based products. The prices for bagasse, are based on Government of China’s pricing setting. Sugarcane prices in China are subject to a statutory floor price.<sup>56</sup> The government’s statutory floor price for sugarcane artificially increases sugarcane production, which expands the supply of bagasse and lowers its market price. As a result, the cost of bagasse—and therefore TMFT production costs—reflects government-directed pricing rather than market-determined conditions.

### *Bamboo*

[52] Government of China policies actively promote bamboo as a substitute for plastics, including through subsidies and production targets. This support has contributed to a significant increase in China’s production of bamboo-based disposable tableware in recent years. In 2022, the government issued a *Three-Year Action Plan for Replacing Plastics with Bamboo*, which calls for a 20% increase in bamboo utilization by 2025.<sup>57</sup> The CBSA has observed that this government support has resulted in bamboo product prices that are lower than would be expected under competitive market conditions.

[53] The information on the record reasonably supports the argument that bagasse and bamboo are the main inputs for the TMFT produced and exported from China. Government of China’s influence over forestry, sugarcane and bamboo may result in distorted selling prices of these goods. Consequently, domestic selling prices for TMFT in China may not be substantially the same as they would be if they were determined in a competitive market.

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<sup>55</sup> Exhibit 2(NC) – TMFT Complaint – Attachment VII-24 - China Forestry Group Co. Ltd, “Corporate Bond Interim report” (2023) (Public).

<sup>56</sup> Exhibit 2(NC) – TMFT Complaint – Attachment VII-34 – “The sugar policy in China, the sharing of value at the heart of the device” *Agriculture Strategies*, March 14, 2019 (PUBLIC).

<sup>57</sup> Exhibit 2(NC) – TMFT Complaint – Attachment VII-36 – China’s Three Year Action Plan for Replacing Plastics with Bamboo at p 2 (PUBLIC)

### ***Subsidization of Producers of TMFT***

[54] At the preliminary stage of the investigation, the CBSA has received information from the Government of China regarding subsidies provided to producers of goods in the pulp and paper sector. In addition, the CBSA determined a specific amount of subsidy for five of the largest producers in China of TMFT. These five exporters accounted for a significant portion of all subject imports of TMFT into Canada. This indicates the extent of subsidization in the pulp and paper sector in China.

[55] Similarly, the CBSA received responses to the subsidy RFI from related and unrelated input suppliers in China. Two of the related input suppliers specifically reported that they received benefits related to the production of pulp. This evidence further shows the level of subsidization provided by the Government of China in the pulp and paper sector. Consequently, domestic selling prices for TMFT in China may not be substantially the same as they would be if they were determined in a competitive market.

### ***Summary of Government Control Analysis***

[56] The information reviewed by the CBSA indicates a material level of government influence in the pulp and paper sector. Several of the aforementioned policies, guidelines, plans, and directives show that the Government of China exerts influence and control in the pulp and paper sector, including related sectors (i.e. sugarcane production and wood). Consequently, domestic selling prices for TMFT in China may not be substantially the same as they would be if they were determined in a competitive market.

### **Price Analysis**

[57] Chinese domestic prices of TMFT are not publicly available. However, one Chinese exporter provided substantially complete response to the CBSA's dumping RFI for the purpose of the preliminary determination.

[58] The CBSA received one response to the surrogate producer RFI. However, the information submitted regarding the domestic sales and costs of production by the surrogate producer cannot be used for the purpose of the preliminary determination due to identified inconsistencies.

[59] For the purposes of the preliminary determination, the CBSA does not have benchmark pricing data to conduct a comparison between TMFT prices in China and those in other competitive markets, nor to determine whether the prices of TMFT are substantially different between China and other competitive markets.

[60] During the final phase of the investigation, the CBSA will continue to collect data on the domestic selling prices of TMFT from producers in China and from the surrogate producer.

## **PRELIMINARY RESULTS OF THE SECTION 20 INQUIRY**

[61] Based on the analysis presented and the information on the administrative record, while the scope of the Government of China's macroeconomic policies and initiatives provides evidence of potential influence over pulp and paper sector in China, the CBSA does not have sufficient and representative pricing data to compare the domestic prices of TMFT between China and other competitive markets.

[62] For the purposes of the preliminary determination of dumping, the CBSA has not formed the opinion that domestic prices in the pulp and paper sector in China are substantially determined by the Government of China and that domestic prices are not substantially the same as they would be in a competitive market.

[63] During the final phase of the investigation, the CBSA will collect additional information and continue the section 20 inquiry.

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

### **COOPERATIVE EXPORTERS**

#### **Guangxi Ecolink Technology Co., Ltd.**

[64] Guangxi Ecolink is a producer and exporter of subject goods located in Southern China. It has two related suppliers. All of the subject goods shipped to Canada by Guangxi Ecolink during the POI were produced at its production facility.

[65] Guangxi Ecolink's exports of subject goods represent 0.1% of imports from all countries during the POI. Guangxi Ecolink and its related suppliers, provided substantially complete responses to the Dumping RFIs which gave the CBSA sufficient information to estimate normal values and export prices of the subject goods under sections 15 to 28 of SIMA.

[66] Guangxi Ecolink's response to the Dumping RFI included a database of domestic sales of TMFT during the PAP. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all of the conditions referred to in sections 15 and 16 of SIMA, as to permit a proper comparison with the sales of the goods to the importer in Canada. As a result, normal values were estimated using a cost-plus methodology pursuant to 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.

[67] The cost of production was estimated pursuant to paragraph 11(1)(a) of SIMR, based on the costs associated with the production of the subject goods. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Guangxi Ecolink's sales of TMFT in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[68] During the POI, all of the subject goods exported to Canada by Guangxi Ecolink were sold to one unrelated importer. Export prices were estimated using the methodology of 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.

[69] The total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 20.0% for Guangxi Ecolink, expressed as a percentage of the export price.

#### **ALL OTHER EXPORTERS**

[70] The following four exporter submissions were considered deficient.. As a result, the CBSA was unable to estimate the normal values and export prices of the subject goods under sections 15 to 28 of SIMA for:

- Guangxi Huabao;
- Guangdong Luzhou;
- Luzhou XinFeng; and
- Zhejiang Zhongxin.

[71] As such, their normal values and export prices will be estimated pursuant to the methodology for all other exporters. Any information collected following the preliminary determination will be considered, along with information currently on the record, for the final determination.

[72] In establishing the methodology for estimating the normal values and export prices for all other exporters from China, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by parties who responded to the dumping RFI, and CBSA customs entry documentation.

[73] The CBSA decided that the normal values and export prices estimated for the exporter, whose submission was complete for purposes of the preliminary determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating normal values for all other exporters of subject goods from China.

[74] The CBSA examined the difference between the estimated normal value and the estimated export price for each individual transaction of the exporter that provided a complete submission for purposes of the preliminary determination and considered that the highest amount (expressed as a percentage of the export price), was an appropriate basis for estimating normal values. The transactions were examined to ensure that they were not affected by anomalies, such as very low volume and value, effects of seasonality or other business factors. This methodology uses the best information available on the record. It applies that information to all other exporters such that non-cooperative parties do not receive an advantage for failing to provide the necessary information to calculate their individual normal values.

[75] As a result, based on the information available, for all other exporters that did not provide a complete response to the dumping RFI for purposes of the preliminary determination, normal values of subject goods originating in or exported from China were estimated based on the highest amount by which an estimated normal value exceeded the estimated export price, on an individual transaction for the cooperative exporter during the POI.

[76] The CBSA considered that the information submitted on the CBSA customs entry documentation was the best information on which to estimate the export price of the goods, as it reflects actual import data.

[77] Using the above methodologies, for the preliminary determination, the estimated margin of dumping for all other exporters in China is 26.1%, expressed as a percentage of the export price.

**SUMMARY OF PRELIMINARY RESULTS – DUMPING**

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

Table 3: Summary of Preliminary Results - Dumping  
(October 1, 2024 to September 30, 2025)

<b>Exporter</b>	<b>Estimated % of Total Imports for POI (by volume)</b>	<b>Estimated Margins of Dumping (% of export price)</b>
Guangxi Ecolink Technology Co., Ltd.	0.1%	20.0%
All Other Exporters - China	51.5%	26.1%
<b>Total China</b>	51.6%	
All Other Countries	48.4%	N/A
<b>Total</b>	<b>100.0%</b>	

## NEGLIGENCE

[79] Pursuant to paragraph 35(1)(a) of SIMA, the CBSA is required to terminate an investigation prior to the preliminary determination if the volume of goods of a country is negligible.

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

[81] The table above confirms that the volume of imports from China is above 3% of the total volume of goods released into Canada. The volume of imports from China is therefore not negligible.

## INSIGNIFICANCE

[82] If, in making a preliminary determination, the CBSA determines that the margin of dumping of the goods of an exporter is insignificant pursuant to section 38 of SIMA, the investigation will continue in respect of those goods, but provisional anti-dumping duties will not be imposed on goods of the same description imported during the provisional period. Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price of the goods is defined as insignificant.

[83] For all exporters, the estimated margin of dumping, expressed as a percentage of the export price, is at or above 2% and is, therefore, not insignificant. In respect of these goods, provisional anti-dumping duties will be imposed on goods of the same description imported during the provisional period.

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

## SUBSIDY INVESTIGATION

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

[86] SIMA defines “government” in subsection 2(1) as, in relation to any country other than Canada, means the government of that country and includes:

- a. any provincial, state, municipal or other local or regional government in that country,
- b. any person, agency 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, municipal or other local or regional government, and
- c. any association of sovereign states of which that country is a member,

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

- a. practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities;
- b. amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected;
- c. the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- d. the government permits or directs a non-governmental body to do anything referred to in any of paragraphs (a) to (c) where the right or obligation to do the thing is normally vested in the government and the manner in which the non-governmental body does the thing does not differ in a meaningful way from the manner in which the government would do it.

[88] A state-owned enterprise (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 4) some combination thereof.

[89] If a subsidy is found to exist, it may be subject to countervailing measures if it is specific. A subsidy is considered to be specific when it is limited, in law (de jure) or in fact (de facto), to a particular enterprise, or is a prohibited subsidy. An “enterprise” is defined under SIMA as also including a “group of enterprises, an industry and a group of industries”. Any subsidy which is contingent, in whole or in part, on export performance or on the use of goods that are produced or that originate in the country of export is considered to be a prohibited subsidy and is, therefore, specific according to subsection 2(7.2) of SIMA for the purposes of a subsidy investigation.

[90] In accordance with subsection 2(7.3) of SIMA, notwithstanding that a subsidy is not specific in law, a subsidy may also be considered specific in fact, having regard as to whether:

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

[91] For purposes of a subsidy investigation, the CBSA refers to a subsidy that has been found to be specific as an “actionable subsidy”, meaning it is countervailable.

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

[92] At the initiation of the subsidy investigation, the CBSA sent subsidy RFIs to the Government of China, as well as to all known exporters/producers of TMFT in China.

[93] The Government of China 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, that were asked to respond to questions pertaining to their legal characterization as SOEs.

#### **GOVERNMENT OF CHINA**

[94] The Government of China provided a response to the Government Subsidy RFI. For the purposes of the preliminary determination, the CBSA is treating the Government of China’s response as partially complete. For programs where complete information was provided by the Government of China, the CBSA used this information in its determination of specificity. For programs where the Government of China’s response was incomplete or contradictory to other evidence obtained by the CBSA, the CBSA relied on the best information available.

[95] At the initiation of the subsidy investigation, the CBSA requested information on 25 potential subsidy programs that could potentially confer benefits to producers/exporters of TMFT in China.

[96] The CBSA removed and/or consolidated 3 potential subsidy programs that were found at the initiation. The CBSA also found an additional 5 potential subsidy programs that were reported by the exporters/producers. In total, and for the preliminary determination, the CBSA found 28 potential subsidy programs that could potentially confer benefits to producers/exporters of TMFT in China. A summary of the preliminary findings for the subsidy programs can be found in **Appendix 2** of this document.

[97] The Government of China's response regarding the determination of specificity for the 28 potential subsidy programs fell into one of the three following categories:

- i) Confirmation of specificity of certain programs;
- ii) Failure to provide sufficient information to determine specificity of certain programs; or
- iii) Provision of information contradicted by other compelling evidence on the record.

[98] For programs in category ii), due to the lack of information provided by the Government of China with respect to these programs, there is insufficient information on the record to determine whether these programs are specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. The CBSA has made adverse inferences based on information available on the administrative record, and as a result, programs in category ii) were considered to be specific for the purposes of the preliminary determination.

[99] For programs in category iii), the CBSA weighed the evidence available on the administrative record from both the participating exporters and from the Government of China. The evidence provided by the participating exporters, which includes information on programs that they received during the POI, and which the CBSA found in China's Notification to the WTO on Subsidies and Countervailing Measures<sup>58</sup> contradicted the information provided by the Government of China in its response. In instances where the Government of China stated that a subsidy program did not exist, the CBSA found compelling evidence to the contrary from the exporters and/or China's WTO notification. On the basis of the information available, programs in category iii) were considered to be specific for the purposes of the preliminary determination.

[100] For programs in categories ii) and iii), the Government of China has been requested to provide additional information to address these issues.

[101] For the preliminary determination, the CBSA determined all 28 subsidy programs to be specific, and therefore actionable, as detailed in **Appendix 2**.

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

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<sup>58</sup> Exhibit 285 (NC) – CBSA Research – Government of China's Notification to the WTO on Subsidies and Countervailing Measures

## COOPERATIVE EXPORTERS

### **Guangxi Ecolink Technology Co., Ltd.**

[103] Guangxi Ecolink provided a response to the subsidy RFI. For purposes of the preliminary determination, Guangxi Ecolink was found to have received countervailable benefits from six subsidy programs.

Program 2: Export Development and Performance Grants  
Program 4: Performance Award Grants  
Program 5: Subsidies Related to Company/Enterprise Development and Innovation  
Program 10: National and Local Investment Promotion Grants  
Program 11: Subsidies Related to Employment, Training and Recruitment  
Program 12: Subsidies Related to Environmental Protections, Energy Conservation, Water Saving, Pollution Treatment, and other Environmental Initiatives

[104] Further to its analysis of the information on the administrative record, the CBSA considers that financial contributions conferring a subsidy were provided to the exporter pursuant to the above subsidy programs. The CBSA also considers these programs as specific and therefore actionable.

[105] For purpose of the preliminary determination, the estimated amount of subsidy for Guangxi Ecolink is 5.2%, expressed as a percentage of the export price.

### **Guangxi Huabao Fiber Products Co., Ltd.**

[106] Guangxi Huabao is a producer and exporter of subject goods located in Laibin City, Guangxi Province. Guangxi Huabao exports' of subject goods represent 2.3% of imports from all countries during the POI. Guangxi Huabao provided a response to the subsidy RFI. For purposes of the preliminary determination, Guangxi Huabao was found to have received countervailable benefits from 17 subsidy programs.

Program 2: Export Development and Performance Grants  
Program 4: Performance Award Grants  
Program 5: Subsidies Related to Company/Enterprise Development and Innovation  
Program 6: Subsidies for Industrial and/or Technology Transformation or Restructuring  
Program 8: Other Science and Technology Related Subsidies  
Program 9: Grants Related to Intellectual Property Rights  
Program 10: National and Local Investment Promotion Grants  
Program 11: Subsidies Related to Employment, Training and Recruitment  
Program 12: Subsidies Related to Environmental Protections, Energy Conservation, Water Saving, Pollution Treatment, and other Environmental Initiatives  
Program 14: Subsidies Related to Social Security  
Program 15: Corporate Income Tax Reduction for New High-Tech Enterprises

- Program 17: Income Tax Deductions for Research and Development Expenses Under the Enterprise Income Tax Law
- Program 24: Government Policy Loans and Loan Guarantees
- Program 26: Tax Incentives for the Development of the Western Region
- Program 27: Income Tax Handling Fee Refund
- Program 28: Sugar Industry Development Grants
- Program 30: Grants Related to Parties and Other Organizations

[107] Further to its analysis of the information on the administrative record, the CBSA considers that financial contributions conferring a subsidy were provided to the exporter pursuant to the above subsidy programs. The CBSA also considers these programs as specific and therefore actionable.

[108] For purposes of the preliminary determination, the estimated amount of subsidy for Guangxi Huabao is 5.7%, expressed as a percentage of the export price.

### **Shaoneng Group Guangdong Luzhou Eco Technology Co, Ltd.**

[109] Guangdong Luzhou is a producer and exporter of subject goods located in Nanyong City, Guangdong Province. Guangdong Luzhou exports' of subject goods represent 0.4% of imports from all countries during the POI. Guangdong Luzhou provided a response to the subsidy RFI. For purposes of the preliminary determination, Guangdong Luzhou was found to have received countervailable benefits from seven subsidy programs.

- Program 10: National and Local Investment Promotion Grants
- Program 11: Subsidies Related to Employment, Training and Recruitment
- Program 14: Subsidies Related to Social Security
- Program 24: Government Policy Loans and Loan Guarantees
- Program 25: Export Loans and Credits from Chinese State-Owned Banks
- Program 27: Income Tax Handling Fee Refund
- Program 29: Subsidies Related to Deferred Income

[110] Further to its analysis of the information on the administrative record, the CBSA considers that financial contributions conferring a subsidy were provided to the exporter pursuant to the above subsidy programs. The CBSA also considers these programs as specific and therefore actionable.

[111] For purposes of the preliminary determination, the estimated amount of subsidy for Guangdong Luzhou is 4.0%, expressed as a percentage of the export price.

### **Shaoneng Group Luzhou Eco (XinFeng) Technology Co., Ltd.**

[112] Luzhou Xinfeng is a producer and exporter of subject goods located in Shaoguan City, Guangdong Province. Luzhou Xinfeng exports' of subject goods represent 11.6% of imports from all countries during the POI. Luzhou Xinfeng provided a response to the subsidy RFI. For purposes of the preliminary determination, Luzhou Xinfeng was found to have received countervailable benefits from seven subsidy programs.

- Program 2: Export Development and Performance Grants
- Program 4: Performance Award Grants
- Program 5: Subsidies Related to Company/Enterprise Development and Innovation
- Program 11: Subsidies Related to Employment, Training and Recruitment
- Program 14: Subsidies Related to Social Security
- Program 24: Government Policy Loans and Loan Guarantees
- Program 27: Income Tax Handling Fee Refund

[113] Further to its analysis of the information on the administrative record, the CBSA considers that financial contributions conferring a subsidy were provided to the exporter pursuant to the above subsidy programs. The CBSA also considers these programs as specific and therefore actionable.

[114] For purposes of the preliminary determination, the estimated amount of subsidy for Luzhou Xinfeng is 0.4%, expressed as a percentage of the export price.

### **Zhejiang Zhongxin Environmental Protection Technology Group Co., Ltd.**

[115] Zhejiang Zhongxin is a producer and exporter of subject goods located in Zhejiang Province. Zhejiang Zhongxin exports' of subject goods represent 5.1% of imports from all countries during the POI. Zhejiang Zhongxin provided a response to the subsidy RFI. For purposes of the preliminary determination, Zhejiang Zhongxin was found to have received countervailable benefits from 16 subsidy programs.

- Program 4: Performance Award Grants
- Program 5: Subsidies Related to Company/Enterprise Development and Innovation
- Program 6: Subsidies for Industrial and/or Technology Transformation or Restructuring
- Program 8: Other Science and Technology Related Subsidies
- Program 9: Grants Related to Intellectual Property Rights
- Program 10: National and Local Investment Promotion Grants
- Program 11: Subsidies Related to Employment, Training and Recruitment
- Program 12: Subsidies Related to Environmental Protections, Energy Conservation, Water Saving, Pollution Treatment, and other Environmental Initiatives
- Program 14: Subsidies Related to Social Security
- Program 15: Corporate Income Tax Reduction for New High-Tech Enterprises
- Program 17: Income Tax Deductions for Research and Development Expenses Under the Enterprise Income Tax Law

Program 24: Government Policy Loans and Loan Guarantees  
Program 26: Tax incentives for the development of the western region  
Program 27: Income Tax Handling Fee Refund  
Program 28: Sugar Industry Development Grants  
Program 30: Grants Related to Parties and Other Organizations

[116] Further to its analysis of the information on the administrative record, the CBSA considers that financial contributions conferring a subsidy were provided to the exporter pursuant to the above subsidy programs. The CBSA also considers these programs as specific and therefore actionable.

[117] For purposes of the preliminary determination, the estimated amount of subsidy for Zhejiang Zhongxin is 11.8%, expressed as a percentage of the export price.

#### **ALL OTHER EXPORTERS**

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

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

[119] The potentially available programs include programs identified in the Government of China's subsidy response, China's Notification to the WTO on Subsidies and Countervailing Measures, and other programs identified by the CBSA. The CBSA will continue its investigation into whether these programs would be potentially available to non-cooperative exporters. The nine potentially available programs include:

Program 1: Pulp and Paper Integration Development Grants  
Program 7: National Key Technology Research and Development ("R&D") Funding  
Program 16: Accelerated Depreciation of Fixed Assets for Light Industry and High-tech Enterprises  
Program 18: Income Tax Concessions for Enterprises Engaged in Comprehensive Utilization of Resources  
Program 19: Income Tax Deductions/Credits for Purchase of Special Equipment  
Program 20: Import Tariff and VAT Exemptions on Imported Equipment for Encouraged Industries  
Program 21: VAT Rebates on Domestically Produced Equipment

Program 22: Provision of Government Inputs/Utilities at Less Than Adequate Remuneration

Program 23: Provision of Land for Less Than Adequate Remuneration

[120] In establishing the methodology for estimating the amount of subsidy for all other exporters from China, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, the CBSA’s estimates at the initiation of the investigation, and information submitted by the exporters and the Government of China, as well as their related affiliates in China who responded to the subsidy RFI. This methodology uses the best information available on the record. It applies that information to all other exporters such that non-cooperative parties do not receive an advantage for failing to provide the necessary information to calculate an amount of subsidy.

[121] Using the above methodology, for the preliminary determination, the estimated amount of subsidy for all other exporters in China is 27.6% expressed as a percentage of the export price.

**SUMMARY OF PRELIMINARY RESULTS – SUBSIDY**

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

**Table 4: Summary of Preliminary Results - Subsidy  
(October 1, 2024 to September 30, 2025)**

<b>Exporter</b>	<b>Estimated % of Total Imports (by Volume)</b>	<b>Estimated Amounts of Subsidy (% of Export Price)</b>
Guangxi Ecolink Technology Co., Ltd.	0.1%	5.2%
Guangxi Huabao Fiber Products Co., Ltd.	2.3%	5.7%
Shaoneng Group Guangdong Luzhou Eco Technology Co, Ltd.	0.4%	4.0%
Shaoneng Group Luzhou Eco (XinFeng) Technology Co., Ltd.	11.6%	0.4%
Zhejiang Zhongxin Environmental Protection Technology Group Co., Ltd.	5.1%	11.8%
All Other Exporter	32.1%	27.6%
<b>Total China</b>	<b>51.6%</b>	
<b>All Other Countries</b>	<b>48.4%</b>	N/A
<b>Total</b>	<b>100%</b>	

## NEGLIGENCE

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

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

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

## INSIGNIFICANCE

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

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

[128] The amount of subsidy estimated for Shaoneng Group Luzhou Eco (XinFeng) Technology Co., Ltd. is below 1% of the export price and was, therefore, determined to be insignificant. As a result, the investigation will continue in respect of these goods but provisional countervailing duty will not be imposed on subject goods imported into Canada from this exporter during the provisional period.

[129] For all other exporters, the estimated amount of subsidy, expressed as a percentage of the export price, is above 1% and is, therefore, not insignificant. In respect of these goods, provisional countervailing duties will be imposed on goods of the same description imported during the provisional period.

[130] A summary of the estimated amounts of subsidy and provisional duties by exporter is presented in **Appendix 1**.

## DECISIONS

[131] On February 27, 2026, pursuant to subsection 38(1) of SIMA, the CBSA made preliminary determinations of dumping and subsidizing respecting TMFT originating in or exported from China.

## **PROVISIONAL DUTY**

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

[133] Imports of TMFT originating in or exported from China, and released by the CBSA on or after February 27, 2026, will be subject to provisional duties equal to the sum of the estimated margin of dumping and estimated amount of subsidy, expressed as a percentage of the export price of the goods per exporter. **Appendix 1** contains the estimated margins of dumping, estimated amounts of subsidy and the rates of provisional duties.

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

## **FUTURE ACTION**

### **THE CANADA BORDER SERVICES AGENCY**

[135] The CBSA will continue its dumping and subsidy investigations and will make a final decisions by May 28, 2026.

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

### **THE CANADIAN INTERNATIONAL TRADE TRIBUNAL**

[137] The CITT has begun its inquiry into the question of injury to the Canadian industry. The CITT is expected to issue its finding by June 26, 2026.

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

[139] If the CITT makes a finding that the dumping has caused injury, retardation or is threatening to cause injury, anti-dumping duty in an amount equal to the margin of dumping will be levied, collected and paid on imports of TMFT that are of the same description as goods described in the CITT's finding.

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

[141] If the CITT makes a finding that the subsidizing has caused injury, retardation or is threatening to cause injury, countervailing duty in the amount equal to the amount of subsidy on the imported goods will be levied, collected and paid on imports of TMFT that are of the same description as goods described in the CITT's finding.

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

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

[143] 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.

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

## **UNDERTAKINGS**

[145] After a preliminary determination of dumping by the CBSA, other than a preliminary determination in which a determination was made that the margin of dumping of the goods is insignificant, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated.

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

[147] In view of the time needed for consideration of undertakings, written undertaking proposals should be made as early as possible, and no later than 60 days after the preliminary determinations of dumping and subsidizing. Further details regarding undertakings can be found in the CBSA's [Memorandum D14-1-9: Information pertaining to the acceptance, enforcement and renewal of undertakings in dumping and subsidy investigations](#).

[148] Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties that wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone, mailing address and email address to the CBSA using the contact information identified in the *Information* section of this document.

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

## **PUBLICATION**

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

## **INFORMATION**

[151] 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:

**Email:** [simaregistry-depotlmsi@cbsa-asfc.gc.ca](mailto:simaregistry-depotlmsi@cbsa-asfc.gc.ca)

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

A handwritten signature in black ink, appearing to read 'S. Borg', with a stylized flourish at the end.

Sean Borg  
A/Executive Director  
Trade Programs Directorate

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

The following table lists the estimated margins of dumping, the estimated amounts of subsidy, and the provisional duties by exporter as a result of the decisions mentioned above. Imports of subject goods released from the Canada Border Services Agency on or after February 27, 2026, will be subject to provisional duties at the rate specified below.

<b>Exporter</b>	<b>Estimated Margins of Dumping (% of Export Price)</b>	<b>Estimated Amounts of Subsidy (% of Export Price)</b>	<b>Provisional Duties (% of Export Price)</b>
Guangxi Ecolink Technology Co., Ltd.	20.0%	5.2%	25.2%
Guangxi Huabao Fiber Products Co., Ltd.	26.1%	5.7%	31.8%
Shaoneng Group Guangdong Luzhou Eco Technology Co, Ltd.	26.1%	4.0%	30.1%
Shaoneng Group Luzhou Eco (XinFeng) Technology Co., Ltd.	26.1%	0.4%*	26.1%
Zhejiang Zhongxin Environmental Protection Technology Group Co., Ltd.	26.1%	11.8%	37.9%
All Other Exporters	26.1%	27.6%	53.7%

\* The estimated amount of subsidy for this exporter is insignificant. As such, no provisional countervailing duties will be assessed on subject goods from this exporter.

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

The CBSA included a list of 25 potential subsidy programs at the initiation of the investigation. For the purposes of the preliminary determination, an additional 5 programs were identified and 3 programs were removed/consolidated with other programs for a total number of 28 potentially actionable subsidy programs. Cooperative exporters were found to have received benefits under 19 of these programs. The remaining 9 programs were found to be potentially available to non-responding exporters. The CBSA is continuing its investigation into all potentially available programs and as a result, it is likely that the list of programs for the final determination will change.

As noted in the body of this document, the Government of China provided a response to the subsidy RFI. Similarly, the CBSA received numerous subsidy RFI responses from exporters of TMFT. As such, the CBSA used the information on the administrative record to determine the specificity of the following 28 programs.

This Appendix consists of descriptions of the subsidy programs which responding cooperative exporters benefited from during the course of the POI and other potentially actionable subsidy programs which were not used by the responding exporters during the POI, but identified in the Government of China's RFI response, China's Notification to the WTO, and found by the CBSA.

### **CATEGORY 1: GRANTS**

#### **PROGRAM 1: PULP AND PAPER INTEGRATION DEVELOPMENT GRANTS**

##### **General Information**

This program refers to a set of government-backed financial incentives and policy measures aimed at promoting the integration of domestic wood pulp production with plantation development and downstream paper manufacturing. These grants are part of a broader Government of China strategy to reduce reliance on imported pulp and modernize the industry. The Chinese government has supported this initiative through discounted loans, capital subsidies, and fast-track investment approvals, targeting the creation of millions of hectares of fast-growing pulpwood plantations and large-scale integrated pulp-paper projects.

##### **Financial Contribution**

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to subsection 2(7.3) of SIMA because it is limited to enterprises in certain industries and may not be generally available.

## **PROGRAM 2: EXPORT DEVELOPMENT AND PERFORMANCE GRANTS**

### General Information

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

### Financial Contribution

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to subsection 2(7.3) of SIMA because it is limited to enterprises that export goods and may not be generally available.

## **PROGRAM 3: ENVIRONMENTAL PROTECTION GRANTS**

### General Information

Subsidies under this program are grants given to promote energy conservation, improve energy efficiency, and protect and improve the environment.

Over the course of the preliminary phase of the subsidy investigation, the CBSA has concluded that this program is similar in nature to Program 12. As such, this program was consolidated with Program 12: Subsidies Related to Environmental Protections, Energy Conservation, Water Saving, Pollution Treatment, and other Environmental Initiatives.

## **PROGRAM 4: PERFORMANCE AWARD GRANTS**

### General Information

Subsidies provided under this program relate to grants that provide financial aid to enterprises with excellent performance.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **PROGRAM 5: SUBSIDIES RELATED TO COMPANY/ENTERPRISE DEVELOPMENT AND INNOVATION**

### General Information

Subsidies provided under this program relate to grants and incentives given to companies and enterprises for development and innovation.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **PROGRAM 6: SUBSIDIES FOR INDUSTRIAL AND/OR TECHNOLOGY TRANSFORMATION OR RESTRUCTURING**

### General Information

Grants and incentives related to facilitating the transformation or restructuring of industries and/or technologies.

### Financial Contribution

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

## **PROGRAM 7: NATIONAL KEY TECHNOLOGY RESEARCH AND DEVELOPMENT (“R&D”) FUNDING**

### General Information

Grants and incentives provided to support technological upgrades in key industries, key enterprises, and key products; promote technological progress in enterprises; adjust product structure; improve product quality; develop import-substituting products; increase effective supply; and expand domestic demand.

### Financial Contribution

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

## **PROGRAM 8: OTHER SCIENCE AND TECHNOLOGY RELATED SUBSIDIES**

### General Information

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

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **PROGRAM 9: GRANTS RELATED TO INTELLECTUAL PROPERTY RIGHTS**

### General Information

Subsidies provided under this program are grants and incentives related to intellectual property rights, which are awarded at the local and national levels.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **PROGRAM 10: NATIONAL AND LOCAL INVESTMENT PROMOTION GRANTS**

### General Information

Subsidies under this program are grants and incentives related to promoting investments at the national and local levels.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **PROGRAM 11: SUBSIDIES RELATED TO EMPLOYMENT, TRAINING AND RECRUITMENT**

### General Information

Subsidies under this program are grants and incentives related to employment, talent, skills, and recruitment.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary

determination. The CBSA will continue to analyze this program in the final phase of the investigation.

**PROGRAM 12: SUBSIDIES RELATED TO ENVIRONMENTAL PROTECTIONS, ENERGY CONSERVATION, WATER SAVING, POLLUTION TREATMENT, AND OTHER ENVIRONMENTAL INITIATIVES**

General Information

Subsidies under this program are grants given to promote energy conservation, improve energy efficiency, and protect and improve the environment.

Financial Contribution

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

Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

**PROGRAM 13: SUBSIDIES RELATED TO PANDEMIC SUPPORT**

General Information

Subsidies under this program are grants and incentives designed to support job stabilization and economic hardships experienced by enterprises during the COVID-19 pandemic.

Over the course of the preliminary phase of the subsidy investigation, the CBSA has concluded that this program no longer exists. As such, this program was removed from the investigation.

**PROGRAM 14: SUBSIDIES RELATED TO SOCIAL SECURITY**

General Information

Subsidies under this program are grants and incentives related to social security.

Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **PROGRAM 27: INCOME TAX HANDLING FEE REFUND**

### General Information

Subsidies under this program are refunds and incentives related to the handling of income taxes.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **PROGRAM 28: SUGAR INDUSTRY DEVELOPMENT GRANTS**

### General Information

Subsidies under this program are grants and incentives related to the development of the sugar cane industry.

### Financial Contribution

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

### Specificity

For the purpose of the preliminary determination, this program is considered specific pursuant to subsection 2(7.3) of SIMA because it is limited to enterprises in certain industries and may not be generally available.

## **PROGRAM 29: SUBSIDIES RELATED TO DEFERRED INCOME**

### General Information

Subsidies under this program are grants and incentives related to the deferral of income from previous years.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **PROGRAM 30: GRANTS RELATED TO PARTIES AND OTHER ORGANIZATIONS**

### General Information

Subsidies under this program are grants and incentives related to the support of parties and other organizations.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **CATEGORY 2: PREFERENTIAL TAX PROGRAMS**

### **PROGRAM 15: CORPORATE INCOME TAX REDUCTION FOR NEW HIGH-TECH ENTERPRISES**

#### General Information

Under Article 28 of the Enterprise Income Tax Law in China, companies designated as high- and new-Technology Enterprise (“HNTE”) are entitled to a reduced income tax rate of 15 percent rather than the normal national corporate tax rate of 25 percent.

#### Financial Contribution

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

#### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

## **PROGRAM 16: ACCELERATED DEPRECIATION OF FIXED ASSETS FOR LIGHT INDUSTRY AND HIGH-TECH ENTERPRISES**

### General Information

The purpose of the program is to support manufacturing enterprises to accelerate technological transformation and equipment upgrading. The nature of the program is to provide companies, when calculating the income tax payable, to accrue more depreciation expenses as costs and expenses deducted from current taxable income during the initial stage of use of fixed asset.

### Financial Contribution

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

## **PROGRAM 26: TAX INCENTIVES FOR THE DEVELOPMENT OF THE WESTERN REGION**

### General Information

Companies located in the Western Regions of China are entitled to a reduced income tax rate.

### Financial Contribution

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the program is limited in law to particular enterprises in a designated geographic region within the jurisdiction of the granting authority.

## **CATEGORY 3: RELIEF FROM DUTIES AND TAXES**

### **PROGRAM 17: INCOME TAX DEDUCTIONS FOR RESEARCH AND DEVELOPMENT EXPENSES UNDER THE ENTERPRISE INCOME TAX LAW**

#### **General Information**

According to Article 30 of the *Corporate Income Tax Law of the People's Republic of China*, the expenses born by the enterprise incurred in the work of researching and development of new technologies, products, or techniques can be expensed and not capitalized, thereby reducing the enterprise's actual income tax payable.

#### **Financial Contribution**

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

#### **Specificity**

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

### **PROGRAM 18: INCOME TAX CONCESSIONS FOR ENTERPRISES ENGAGED IN COMPREHENSIVE UTILIZATION OF RESOURCES**

#### **General Information**

Article 33 of the *Corporate Income Tax Law of the People's Republic of China* allocates a reduction in taxable income for enterprises “producing products complying with the industrial policies of the state by comprehensively utilizing resources.” If a Chinese enterprise utilizes resources listed in the *Catalogue of Preferential Income Tax Policies for Enterprises Utilizing Comprehensive Resources* to produce goods also listed in the Catalogue that meet national and industrial standards, the enterprise may be entitled to a reduced income tax rate.

#### **Financial Contribution**

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

## **PROGRAM 19: INCOME TAX DEDUCTIONS/CREDITS FOR PURCHASE OF SPECIAL EQUIPMENT**

### General Information

According to Article 34 of the *Corporate Income Tax Law of the People's Republic of China*, tax deductions are awarded to enterprises that purchase “special equipment for protecting environment, saving energy, work safety, etc.”

### Financial Contribution

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

## **PROGRAM 20: IMPORT TARIFF AND VAT EXEMPTIONS ON IMPORTED EQUIPMENT FOR ENCOURAGED INDUSTRIES**

### General Information

This program is to encourage foreign investment and to introduce advanced technology and equipment from abroad. The Government of China 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.

### Financial Contribution

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

## **PROGRAM 21: VAT REBATES ON DOMESTICALLY PRODUCED EQUIPMENT**

### General Information

Foreign-invested enterprises that meet the conditions for tax refunds can purchase equipment that conforms to the "Foreign Investment Industry Guidance Catalogue" (encouraged and restricted category B) as stipulated in the *Notice of the State Council on Adjusting the Tax Policy for Imported Equipment* and the *Current National Key Encouraged Industries, Products and Technologies Catalogue* for investment projects, and purchase such equipment domestically, could get a VAT refund for the purchase.

### Financial Contribution

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

### Specificity

For the purposes of the preliminary determination, this program is considered specific pursuant to paragraph 2(7.2)(a) of SIMA, as the Government of China has confirmed that this program is *de jure* specific.

## **CATEGORY 4: PROVISION OF GOODS OR SERVICES AT LESS THAN ADEQUATE REMUNERATION**

### **PROGRAM 22: PROVISION OF GOVERNMENT INPUTS/UTILITIES AT LESS THAN ADEQUATE REMUNERATION**

### General Information

This program related to the acquisition of inputs materials and utilities from state-owned enterprises (SOE) at below fair market value. These could include inputs for TMFT, such as bagasse and bamboo pulp.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **PROGRAM 23: PROVISION OF LAND FOR LESS THAN ADEQUATE REMUNERATION**

### General Information

All land in China belongs to the Government of China (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.

### Financial Contribution

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

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

## **CATEGORY 5: PREFERENTIAL LOANS AND LOAN GUARANTEES**

### **PROGRAM 24: GOVERNMENT POLICY LOANS AND LOAN GUARANTEES**

#### General Information

This program relates to government loans at a preferential rate of interest. The benefit provided in this case is a lower rate of interest than would otherwise be available if the enterprises had to obtain a non-guaranteed commercial loan (i.e. the benchmark non-guaranteed commercial loan). A loan guarantee is assurance provided by the Government of China, a SOE bank or public body (the guarantor) to assume the debt obligation of a borrower if that borrower defaults. A guarantee can be limited or unlimited, making the guarantor liable for only a portion or all of the debt.

#### Financial Contribution

For the purposes of the preliminary determination, this program constitutes a financial contribution pursuant to paragraphs 2(1.6)(a) and (b) of SIMA. Loans are in the form of a benefit that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption. Loan guarantees are in the form of a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

#### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.

### **PROGRAM 25: EXPORT LOANS AND CREDITS FROM CHINESE STATE-OWNED BANKS**

#### General Information

The China Exim Bank and Sinosure, a state-funded policy-oriented insurance company, were established to promote China's foreign trade, investment, and international economic cooperation. The China Exim Bank and Sinosure each provide export loans and credit guarantees which, according to information from the Bank, have "played a key role in supporting Chinese companies to go global" and promoted "the export of new and high tech products".

### Financial Contribution

For the purposes of the preliminary determination, this program constitutes a financial contribution pursuant to paragraphs 2(1.6)(a) and (b) of SIMA. Export loans are in the form of a benefit that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption. Export credits are in the form of a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

### Specificity

Due to the lack of information provided by the Government of China on this program, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the information available, this program does not appear to be generally available to all enterprises in China and thus appears to be specific for the purposes of the preliminary determination. The CBSA will continue to analyze this program in the final phase of the investigation.