



OTTAWA, May 20, 2021

STATEMENT OF REASONS

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

**CERTAIN UPHOLSTERED DOMESTIC SEATING
ORIGINATING IN OR EXPORTED FROM CHINA AND VIETNAM**

DECISION

Pursuant to subsection 38(1) of the *Special Import Measures Act*, the Canada Border Services Agency made preliminary determinations on May 5, 2021 respecting the dumping and subsidizing of certain upholstered domestic seating originating in or exported from China and Vietnam.

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

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SUMMARY OF EVENTS

[1] On October 16, 2020, the Canada Border Services Agency (CBSA) received a written complaint from Palliser Furniture Ltd. (Winnipeg, MB) (hereinafter, “the complainant”), alleging that imports of certain upholstered domestic seating (UDS) from the People’s Republic of China (China) and the Socialistic Republic of Vietnam (Vietnam) (hereinafter, “the named countries”) are being dumped and subsidized. The complainant alleged that the dumping and subsidizing have caused injury and are threatening to cause injury to the Canadian producers of UDS.

[2] On November 6, 2020, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. The CBSA also notified the Government of China (GOC) and Government of Vietnam (GOV) that a properly documented complaint had been received. The GOC and the GOV were also provided with the non-confidential version of the subsidy complaint and were invited for consultations prior to the initiation of the subsidy investigation, pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures*. A request for consultations was not received by the CBSA.

[3] SIMA provides that, under normal circumstances, the decision whether to initiate investigations shall be made within 30 days of the date of the properly documented complaint. However, on November 30, 2020, the CBSA informed the complainant, the GOC, and the GOV that it had made the decision to extend this period to 45 days, pursuant to subsection 31(6) of SIMA.

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

[5] On December 21, 2020, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of UDS from China and Vietnam.

[6] Upon receiving notice of the initiation of the investigations, the Canadian International Trade Tribunal (CITT) commenced a preliminary injury inquiry, pursuant to subsection 34(2) of SIMA, into whether the evidence discloses a reasonable indication that the dumping and subsidizing of the above-mentioned goods have caused injury or are threatening to cause injury to the Canadian industry producing the like goods.

[7] On February 19, 2021, 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 UDS from China and Vietnam have caused or are threatening to cause injury to the domestic industry.

[8] On March 15, 2021, the CBSA notified interested parties that the preliminary stage of the investigations will be extended pursuant to subsection 39(1) of SIMA.

[9] On May 5, 2021, 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 UDS originating in or exported from China and Vietnam.

[10] On May 5, 2021, pursuant to subsection 8(1) of SIMA, provisional duty was imposed on imports of dumped and subsidized goods that are of the same description as any goods to which the preliminary determinations apply, and that are released during the period commencing on the day the preliminary determinations were made and ending on the earlier of the day on which the CBSA causes the investigations in respect of any goods to be terminated pursuant to subsection 41(1) of SIMA or the day the CITT makes an order or finding pursuant to subsection 43(1) of SIMA. Where an exporter's estimated margin of dumping and/or estimated amount of subsidy is insignificant, provisional anti-dumping and/or countervailing duties will not be applied.

PERIOD OF INVESTIGATION

[11] The Period of Investigation (POI) for the investigations is June 1, 2019 to November 30, 2020.

PROFITABILITY ANALYSIS PERIOD

[12] The Profitability Analysis Period (PAP) for the investigations is June 1, 2019 to November 30, 2020.

INTERESTED PARTIES

Complainant

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

**Palliser Furniture Ltd.
70 Lexington Park
Winnipeg, MB
R2G 4H2**

[14] Palliser was founded in 1944. Palliser manufactures, distributes and sells UDS to retailers throughout Canada. Palliser manufactures UDS at its Canadian facility located in Winnipeg, Manitoba.¹

¹ Exhibit 2 (NC) – Complaint – Paragraphs 14-15

Other Producers

[15] The complainant identified 14 additional producers of UDS in Canada:²

Company Name	Address
EQ3 Ltd.	70 Lexington Park Winnipeg, MB, R2G 4H2
Fornirama Inc.	9100 Boulevard Maurice-Duplessis Montréal (QC) H1E 7C2
Elran Furniture Ltd.	2751 Transcanada Highway Pointe-Claire (QC) H9R 1B4
Jaymar Furniture	75 rue Jaymar Terrebonne (QC) J6W 1M5
Décor-rest Furniture Ltd.	511 Chrislea Rd. Woodbridge, ON, L4L 8N6
Superstyle Furniture Ltd.	123 Ashbridge Circle Woodbridge, ON, L4L 3R5
Edgewood Furniture Inc.	2-7933 Huntington Rd. Woodbridge, ON, L4H 0S9
Brentwood Classics Ltd.	57 Adesso Dr. Vaughan, ON, L4K 3C7
Dynasty Furniture Manufacturing Ltd.	3344 54th Ave. SE Calgary, AB, T2C 0A8
Stylus Made to Order Sofas	7885 Riverfront Gate Burnaby, BC, V5J 5L6
Van Gogh Designs	19178 34A Ave. Surrey, BC, V3Z 1A7
Leather Living Furniture	1A-2001 Drew Rd. Mississauga, ON, L5S 1S4
Leathercraft Furniture	40 Ronson Dr. Units 6 & 7 Toronto, ON, M9W 1B3
Stratum Designs Inc.	180 Norelco Dr. Toronto, ON, M9L 1S4

[16] Fornirama Ltd. (Fornirama), Elran Furniture Ltd. (Elran), and Jaymar Furniture (Jaymar) support the complaint.³ Additionally, EQ3 Ltd. (EQ3), a related company to Palliser, supports the complaint.⁴ The complainant did not indicate if it was aware of any domestic producers who would oppose the complaint.

² Exhibit 2 (NC) – Complaint – Paragraphs 144-146

³ Exhibit 2 (NC) – Complaint – Appendix 19B – Letters of Support

⁴ Exhibit 2 (NC) – Complaint – Appendix 19B – Letters of Support

[17] In addition, through its own research, the CBSA identified 36 other potential Canadian producers of UDS. As a result, on November 6, 2020, 50 potential producers of UDS in Canada were sent a Standing Request for Information (RFI)⁵ primarily to identify whether they produce like goods, the amount of like goods produced in Canada, and whether they support, oppose, or are neutral to the complaint. The CBSA received six complete responses to the Standing RFI, four from the previously mentioned supporting producers and two from the following producers:

Creative Custom Furnishings
350 Oakdale Road
Toronto, ON
M3N 1W5

Huppé Meubles Inc.
225 Rue de la Jacques Cartier
Victoriaville (QC)
G6T 1Y1

[18] Additionally, four companies confirmed that they do not produce like goods in Canada. As a result, there are seven confirmed producers and 40 other potential producers of UDS in Canada.

Trade Unions

[19] The complainant stated that there are no known trade unions that represent persons employed in the production of UDS in Canada.⁶

Importers

[20] At the initiation of the investigations, the CBSA identified 1,989 potential importers of the subject goods based on both information provided by the complainant and CBSA import entry documentation. All of the potential importers were asked to respond to the CBSA's Importer RFI⁷. The CBSA received 31 responses to the Importer RFI and two general submissions of comments regarding the Importer RFI.

Exporters

[21] At the initiation of the investigations, the CBSA identified 671 potential exporters/producers of the subject goods originating in or exported from China and Vietnam from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were sent the CBSA's Dumping RFI⁸ and the CBSA's Subsidy RFI⁹.

⁵ Exhibit 26 (PRO) – Standing RFI

⁶ Exhibit 2 (NC) – Complaint – Paragraph 154

⁷ Exhibit 29 (NC) – Importer RFI

⁸ Exhibit 28 (NC) – Exporter Dumping RFI

⁹ Exhibit 30 (NC) – Exporter Subsidy RFI – China, Exhibit 31 (NC) – Exporter Subsidy RFI – Vietnam

[22] The following exporters/producers of subject goods originating in or exported from China provided substantially complete responses to the Dumping RFI: Anji Cozy Home Co., Ltd.; Anji Hengrui Furniture Co., Ltd.; Anji Hengyi Furniture Co., Ltd.; Anji UES Furniture Co., Ltd.; Dongguan Tianhang Furniture Co., Ltd.; Gu Jia Intelligent Household Jiaxing Co., Ltd.; Haining Nicelink Home Furnishings Co., Ltd.; Henglin Home Furnishings Co., Ltd.; HHC Changzhou Corp.; HTL Furniture (China) Co., Ltd.; HTL Furniture (Huai An) Co., Ltd.; Jason Furniture (Hangzhou) Co., Ltd.; Taizhou Delancey Street Furniture Co., Ltd.; UE Furniture Co., Ltd.; Vanguard Industrial JiaXing Co., Ltd.; Violino Furniture (Shenzhen) Ltd.; Zhejiang Chuanyang Furniture Co., Ltd.; and Zhejiang Kuka Merlin Furniture Co., Ltd.

[23] The following exporters/producers of subject goods originating in or exported from China provided substantially complete responses to the Subsidy RFI: Anji Cozy Home Co., Ltd.; Anji Hengrui Furniture Co., Ltd.; Anji Hengyi Furniture Co., Ltd.; Anji Shengxing Office Furniture Co., Ltd.; Anji UES Furniture Co., Ltd.; Dongguan Tianhang Furniture Co., Ltd.; Foshan DOB Furniture Co., Ltd.; Gu Jia Intelligent Household Jiaxing Co., Ltd.; HaiNing Happy Leather Furniture Co., Ltd.; Haining Nicelink Home Furnishings Co., Ltd.; Henglin Home Furnishings Co., Ltd.; HHC Changzhou Corp.; HTL Furniture (China) Co., Ltd.; HTL Furniture (Huai An) Co., Ltd.; Jason Furniture (Hangzhou) Co., Ltd.; Jiaxing Motion Furniture Co., Ltd.; Megain Furniture (Dong Guan) Co., Ltd.; Natuzzi (China) Ltd.; Suzhou Yimei Furniture Co., Ltd.; UE Furniture Co., Ltd.; Vanguard Industrial JiaXing Co., Ltd.; Violino Furniture (Shenzhen) Ltd.; Zhejiang Botai Furniture Co., Ltd.; Zhejiang Chuanyang Furniture Co., Ltd.; Zhejiang Happy Smart Furnishings Co., Ltd.; Zhejiang Kuka Merlin Furniture Co., Ltd.; and Zoy Home Furnishing Co., Ltd.

[24] The following exporters/producers of subject goods originating in or exported from Vietnam provided substantially complete responses to the Dumping RFI: Motomotion Vietnam Limited Company; Vietnam Hang Phong Furniture Company Limited, Wendelbo Interiors A/S, and Wendelbo SEA JSC.

[25] The following exporters/producers of subject goods originating in or exported from Vietnam provided substantially complete responses to the Subsidy RFI: Delancey Street Furniture Vietnam Co., Ltd.; Motomotion Vietnam Limited Company; Timberland Co., Ltd.; UE Vietnam Co., Ltd.; Vietnam Hang Phong Furniture Company Limited; and Wendelbo SEA JSC.

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

Government

[27] At the initiation of the investigations, the GOC and the GOV were sent the CBSA's Government Particular Market Situation (PMS) RFI¹⁰ and Government Subsidy RFI¹¹. The GOC did not respond to either the Government Subsidy or PMS RFI. The GOV provided a response to both the Government Subsidy and PMS RFI¹².

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

PRODUCT INFORMATION

Definition

[29] For the purpose of these investigations, subject goods are defined as:¹³

Upholstered seating for domestic purposes originating in or exported from the People's Republic of China and the Socialist Republic of Vietnam, whether motion (including reclining, swivel and other motion features) or stationary, whether upholstered with a covering of leather (either full or partial), fabric (including leather-substitutes) or both, including, but not limited to seating such as sofas, chairs, loveseats, sofa-beds, day-beds, futons, ottomans, stools and home-theatre seating.

Excluding:

- (a) Stationary (i.e. non-motion) seating upholstered only with fabric (rather than leather), even if the fabric is a leather-substitute (such as leather-like or leather-look polyurethane or vinyl);*
- (b) dining table chairs or benches (with or without arms) that are manufactured for dining room end-use, which are commonly paired with dining table sets;*
- (c) upholstered stools with a seating height greater than 24 inches (commonly referred to as "bar stools" or "counter stools"), with or without backs, and/or foldable;*
- (d) seating manufactured for outdoor use (e.g. patio or swing chairs);*
- (e) bean bag seating; and*
- (f) foldable or stackable seating.*

¹⁰ Exhibit 34 (PRO) & 35 (NC) – Foreign Government Subsidy RFI – China, Exhibit 36 (PRO) & 37 (NC) – Foreign Government Subsidy RFI – Vietnam

¹¹ Exhibit 32 (NC) – Foreign Government PMS RFI – China, Exhibit 33 (NC) – Foreign Government PMS RFI – Vietnam

¹² Exhibits 634 (NC) & 635 (PRO) – Foreign Government Subsidy RFI Response – Vietnam, Exhibits 636 (NC) & 637 (PRO) – Foreign Government PMS RFI Response – Vietnam

¹³ Exhibit 2 (NC) – Complaint – Paragraphs 39-40

For greater certainty, the product definition includes:

- (a) Upholstered motion seating with reclining, swivel, rocking, zero-gravity, gliding, adjustable headrest, massage functions or similar functions;*
- (b) seating with frames constructed from metal, wood or both;*
- (c) seating produced as sectional items or parts of sectional items;*
- (d) seating with or without arms, whether part of sectional items or not; and*
- (e) foot rests and foot stools (with or without storage).*

Additional Product Information¹⁴

[30] The term “upholstered” refers to leather, leather-like and/or fabric cover material, which may be used in combination with padding and springs, to make a soft covering for the frame. This covering may be permanently (e.g. sewn) or semi-permanently (e.g. with Velcro or ties) attached to the frame of the seating. Similarly, some or all the soft covering may also be removable from the frame of the seating in the form of loose cushions designed as an integral part of the seating, whether those cushions are on the seat, back or both parts of the chair.

[31] The subject goods may be commercially described in a variety of ways based on various factors such as shape, style or purpose, including as “wedge chairs”, “lounge chairs”, “saucer chairs”, “bergere chairs”, “side chairs” and other non-standard descriptions. The subject goods may be described as “occasional chairs”, which typically (though not always) means that they are living room chairs that are styled differently from a matching furniture set.

[32] Other than “occasional chairs”, these descriptions do not have any industry standard meaning. These descriptive marketing terms may be used by manufacturers and retailers in different ways, such as one retailer calling a chair by one description, whereas another retailer calls a very similar chair by a different description. Conversely, two retailers may apply the same descriptive word to two relatively different chairs.

[33] These descriptive words generally do not indicate any material differences in the nature of the goods or detract from the goods being subject goods. Notwithstanding the various descriptions, if the goods have the essential elements of the above definition (e.g. upholstered, seating, for domestic purposes, not expressly excluded), they are within the scope of subject goods.

¹⁴ Exhibit 2 (NC) – Complaint – Paragraphs 41-60

For Domestic Purposes

[34] Subject goods are intended for domestic (i.e. residential) purposes and use. “For domestic purposes” in the product description is defined in the same way as “for domestic purposes” under Chapter 94 of the Customs Tariff Schedule and in accordance with Canadian International Trade Tribunal (CITT) jurisprudence.

[35] While the subject goods are primarily intended by producers and retailers for residential use as opposed to commercial applications, some subject goods may be occasionally used in commercial establishments by customers. The occasional end-use of the subject goods within commercial settings does not detract from the primary intended use in domestic or residential settings, and such goods remain subject goods.

[36] To determine whether the subject goods are primarily intended for domestic purposes, factors including the design, characteristics, marketing and pricing of the goods must be considered, which accords with CITT practice in interpreting the “for domestic purposes” qualification.

[37] A key distinction between residential and commercial seating goods is that goods intended for commercial use are generally built to a higher specification in the types of materials used, such as the urethane quality and fabric durability, to withstand heavier use in busier settings. Additionally, producers and retailers market the subject goods online and on showroom floors as intended for home rather than business use and are priced lower relative to goods intended for business use.

[38] Goods clearly designed and marketed for non-domestic use (i.e. commercial use purposes), such as in offices, business reception areas, restaurants, studios, airports, concert halls and other non-residential applications, are not covered by these investigations.

UDS Product Use and Characteristics

[39] The subject goods are designed for sitting or sleeping in residential settings. While the subject goods have common functions, there are some variations in their uses. For example, sofas that convert into sofa-beds are designed for sleeping in their fold-out or extended configuration, whereas sofas, arm-chairs and Home Theater Seating (“HTS”) are not specifically designed for sleeping purposes.

[40] The subject goods are made of wood and/or steel tubular frames, with urethane foam inner material or padding that is covered in either fabric; genuine leather; a manufactured leather-substitute; a combination of genuine leather and leather-substitute (known as leather-match).

[41] The subject goods generally consist of the following components:

- (1) Wood or metal frame – The goods are of either metal or wood frames. Metal frames are steel and/or aluminum. Material for wood frames includes solid wood, plywood or engineered materials such as oriented strand board (“OSB”) and particleboard.
- (2) Urethane foam – Foam is used for internal upholstery padding and can have various characteristics or be composed of several materials to create comfort inside the outer upholstery cover.
- (3) Cover material – The upholstery covering on the exterior of the seating is made up of leather or a leather-like good, fabric, or a combination of leather and fabric.
- (4) Motion components – Complicated metal components and mechanisms are made from hot-rolled coil (“HRC”) and cold-rolled coil (“CRC”) steel used in motion furniture.
- (5) Miscellaneous parts and components – These items vary and may include webbing, fiber, springs, legs, zippers, etc. and are globally sourced.

[42] Particularly, leather or leather-like cover material may consist of the following materials:

- (a) Leather – Genuine leather is commercially known as ‘top grain’. The outer surface of the hide is processed with varying degrees of finish but based on the original outer surface.
- (b) Split leather – Leather processed in a tannery is typically split into the outer layer and a second layer known as ‘split’. This is genuine leather but given a manufactured surface. Split leather is less strong structurally, is less expensive and may be used on the sides or back of furniture where strength is not a factor.
- (c) Bicast – Split leather that is covered with a film of some kind of plastic to provide a look and a more durable surface.
- (d) Bonded leather – This is a leather-substitute such as polyurethane that has leather shavings glued to the back. The leather shavings cannot be seen or felt, and add very little to the cost compared to a pure leather substitute product. The shavings are used as a marketing strategy to allow for the use of the word ‘leather’.
- (e) Leather-match – An upholstered product that combines the use of real or top grain leather together with a leather-substitute such as vinyl or polyurethane on the same item. Normally the leather is used on surfaces that can be touched by the consumer or are more visible. The leather-substitute will be produced to look as identical as possible to genuine leather and is used on the side or back of the product. This combination is done to reduce cost and leather-match products are typically less expensive than comparable pure leather products.
- (f) Leather-substitutes – These are covering materials constructed from polyurethane, vinyl or other chemicals that may be constructed as a sheet of material or as a textile but in all case designed to create the feel or visual look of leather. They are typically less expensive than a comparable product containing any degree of leather.

[43] “Leather” cover material goods refer to goods falling into categories (a) – (e), and “leather-like” goods is synonymous with leather-substitutes in category (e). Most customers cannot readily distinguish between leather and leather-like goods.

[44] Fabric cover material goods refer to goods that may consist of wool, cotton, nylon, polyester, acrylic, rayon or a combination thereof, which may be in any colour.

[45] The subject goods and domestically produced like goods (together “Upholstered Domestic Seating”) may be ordered to be custom-built for a customer, which usually includes the choice of cover material and sometimes some technical features in motion furniture.

Production Process¹⁵

[46] There are common production methods involved in combining components to produce UDS, whether produced in the named countries or in Canada.

[47] For wood-framed domestic seating, typically plywood, OSB and/or particleboard are used for the frames. Additional wood-based products that may be used for the framing structure include hardwood, medium-density fibreboard usually in smaller dimensions around 3 mm (MDF), and wood legs and tables used for upholstery. The complainant believes that the named countries source their wood frames from China, Vietnam, Uruguay, Brazil and Russia.

[48] Wood frames are cut into shape and meet certain specifications using large specialized equipment such as computer numerical control machines (CNC). Springs and webbing are typically attached to the frames. The complainant believes that producers in the named countries source these components domestically from both Vietnam and China.

[49] The wood frame may be produced in the plant where final assembly occurs or may be purchased externally, either as parts or an assembled frame. The complainant believes that producers in the named countries also typically manufacture their wood frames in-house, although it may be possible that some outsource their frame production.

[50] The urethane foam is primarily produced from a mix of toluene diisocyanate (TDI) and some catalyst chemicals, then poured and assembled into lines to be cut into shape. As with the wood, the urethane foam may be sourced as components externally or cut into parts inside the plant where final assembly occurs. The complainant believes that producers in the named countries domestically purchase and cut urethane components in-house and some of the larger, vertically-integrated producers will also pour their own foam from domestically-sourced chemicals.

[51] Urethane foam may be used in combination with conjugated fiber products and dacron fiber rolls to form the soft padding or cushion for seating products. The complainant believes that the producers in the named countries domestically source both of these components.

¹⁵ Exhibit 2 (NC) – Complaint – Paragraphs 62-74

[52] Leather is a labour-intensive, more expensive cover material to handle and process because every cow hide is a different size and texture. First, the hides are dehaired, degreased, desalted and soaked in water for a period of time. Next, the hides are tanned to enhance durability and to possibly alter the colour.

[53] The complainant believes that producers in the named countries source most of their leather cover material from Argentina and Brazil, among many other countries globally. Further, the complainant believes that they typically purchase and transport cow hides at their most basic, unprocessed (salted) forms to be fully processed at local tanneries. The leather tanning and processing requires significant use of chemicals, including chrome, aniline, polyurethane pigment and acrylic.

[54] The cover material may also be fabric. The complainant believes that producers in the named countries source the fabric material for their covers from China, or possibly the US, with the US supply being mostly for furniture orders that are customized by cover material and/or style.

[55] The leather, leather-like or fabric cover material is cut by hand or in an automated process. Cover material for a large order which requires more repetitive cut processes, are typically cut together in many layers at the same time. The cover material pieces are then gathered in a roll and moved to a separate sewing station to be sewn together. Cut and sew processes of leather compared to fabric cover material are more expensive and requires more expertise to evaluate quality and shade. The complainant believes that producers in the named countries typically perform cut and sew operations at their assembly facilities, and/or at the same facilities as their leather tanning/processing operations, as many of their production facilities are vertically integrated incorporating various elements of the supply chain.

[56] For motion seating (e.g. recliners), the mechanisms, components and frames are made up of about 60-70 pounds of steel, either hot or cold rolled. The complainant believes that producers in the named countries domestically source this steel and often produce the mechanisms.

[57] The complainant believes that the final assembly of frame, foam, cover material and mechanical parts (where applicable for motion seating) usually occurs in the same plants as where the leather processing and cut and sew operations have taken place.

Classification of Imports

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

9401.40.00.00
9401.61.10.10
9401.61.10.90
9401.71.10.10
9401.71.10.90

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

LIKE GOODS AND CLASS OF GOODS

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

[61] In considering the issue of like goods, the CITT typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics and whether the domestic goods fulfill the same customer needs as the subject goods.

[62] With respect to the definition of like goods, the complainant stated that like goods are those goods described in the product definition. That is, domestically produced UDS, which meets the product definition. Therefore, it does not include domestically produced goods which are specifically excluded from the product definition. The complainant also submits that subject goods and like goods form a single class of goods.

[63] The complainant indicated that the producer’s intended use of an upholstered seating good and the customer’s actual end-use of that good within a particular setting do not always align. For example, an office chair produced for commercial use may in fact be used by a customer in a residential setting (or vice-versa). However, the more specialized products built to a higher specification for heavier use within a commercial setting are excluded from the product definition because they are not “for domestic purposes”.¹⁶

[64] For the purposes of this analysis, like goods consist of domestically produced UDS described in the product definition.

[65] With respect to physical characteristics, the complainant stated that the subject goods and like goods are all composed of the same materials, with wooden or metal frames, foam, and a cover composed of leather or fabric. The goods are generally similar in appearance, in particular with sofas, loveseats and chairs often being effectively larger or smaller versions of each other.¹⁷

[66] In terms of market characteristics, the complainant stated that the distribution channels are the same for the goods. The end-use of the goods is all the same: they are intended for a person to sit on. There is sufficient substitutability and pricing similarities across the range of subject goods and like goods such that the goods should all be considered a single class of goods.¹⁸

¹⁶ Exhibit 2 (NC) – Complaint – Paragraph 138

¹⁷ Exhibit 2 (NC) – Complaint – Paragraph 135

¹⁸ Exhibit 2 (NC) – Complaint – Paragraph 136

[67] After considering questions of use, physical characteristics and all other relevant factors, the CBSA initiated its investigations under the premise that domestically produced UDS are like goods to the subject goods. Further, the CBSA was of the opinion that subject goods and like goods constitute only one class of goods.

[68] In its preliminary injury inquiry for these investigations, the CITT further reviewed the matter of like goods and classes of goods. On February 19, 2021, the CITT issued its preliminary injury inquiry determination and reasons indicating that “*the Tribunal is not persuaded by the arguments made by parties opposed that there is more than one class of goods.*”

THE CANADIAN INDUSTRY

[69] In addition to the complainant, there are six other confirmed producers of UDS in Canada and 40 other potential producers of UDS in Canada that were identified by the complainant and the CBSA.

[70] The complainant provided letters of support from producers EQ3, Fornirama, El Ran, and Jaymar.¹⁹

[71] The CBSA received six complete responses to the Standing RFIs from EQ3, Jaymar, Fornirama, El Ran, Creative Custom Furnishings, and Huppé Meubles Inc., which included information on their total production of like goods in Canada. EQ3, Jaymar, Fornirama, El Ran, and Creative Custom Furnishings indicated that they support the complaint, while Huppé Meubles Inc. indicated that it is neutral to the complaint.

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

IMPORTS INTO CANADA

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

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

¹⁹ Exhibit 2 (NC) – Complaint – Appendix 19B – Letters of Support

**Import Volumes of UDS
(June 1, 2019 to November 30, 2020)**

Country	% of Total Import Volume ²⁰
China	58.37%
Vietnam	8.43%
All Other Countries	33.20%
Total Imports	100.00%

REPRESENTATIONS

[75] During the preliminary phase of the investigations, counsel for the complainant made representations concerning various exhibits on the administrative records, including certain RFI responses.²¹ These representations concerned the completeness of information provided by Man Wah Furniture Manufacturing (Huizhou) Co., Ltd. (Man Wah Huizhou), as well as additional information to inquire about. Counsel for Man Wah Huizhou provided a response to these comments.²²

[76] Counsel for the complainant also made representation that the GOV manipulates its currency, which results in the undervaluation of the Vietnamese dong. The complaint argues that this should be treated as a countervailable subsidy for the purpose of this investigation. The complainant provided evidence that the Vietnamese dong is undervalued, showed how the United States addresses these situations, and provided arguments as to how this is a countervailable subsidy under SIMA.²³

[77] The GOV provided a submission concerning the subsidy allegations presented in the complaint. The GOV argued that the complaint did not contain sufficient evidence, as required by the World Trade Organisation (WTO), to initiate a subsidy investigation and that the complaint relied on assertions that were unsubstantiated by evidence. The GOV also pointed out that the CBSA recently concluded its subsidy investigation concerning *Certain Corrosion-Resistant Steel Sheet* from Vietnam where no countervailing duties were applied.²⁴

²⁰ The CBSA's import documentation was used to estimate the imports of subject goods during the POI. Since import volume information on the customs documentation was reported in various units of measure (i.e. number of sets, number of modules, weight, etc.), it was not feasible to estimate the imports of subject goods by volume. As a result, import value was used as the unit of measure for estimating imports of certain upholstered domestic furniture.

²¹ Exhibits 715 (PRO) & 716 (NC) – Comments submitted by counsel for Palliser Furniture Ltd. and EQ3 regarding the Dumping RFI Response of Man Wah Furniture Manufacturing (Huizhou) Co., Ltd.

²² Exhibit 734 (NC) – Comments submitted by counsel for Man Wah Furniture Manufacturing (Huizhou) Co., Ltd. regarding Palliser Furniture Ltd. and EQ3 comments to their Dumping RFI Response, Exhibits 801 (PRO) & 802 (NC) – Additional comments submitted by counsel for Man Wah Furniture Manufacturing (Huizhou) Co., Ltd. regarding Palliser Furniture Ltd. and EQ3 comments to their Dumping RFI Response

²³ Exhibit 583 (PRO) & 584 (NC) – Comments submitted by counsel for Palliser Furniture Ltd. and EQ3 regarding Vietnam currency manipulation

²⁴ Exhibit 175 (NC) – Comments submitted by the GOV regarding the Subsidy Investigation

[78] The GOC provided representations, which concern the conduct of the CBSA's investigative process in regards to a PMS, including stating the CBSA's PMS approach is not WTO consistent.²⁵

[79] The GOC submitted that by sending them a PMS RFI, the CBSA is shifting the evidentiary burden to the GOC to prove that a PMS does not exist, when it is the responsibility of the complainant to prove that a PMS does exist.²⁶

[80] The GOC also submitted that Article 2.2 of the Anti Dumping Agreement (ADA) requires an investigating authority to look at whether the PMS has led to an inability to make a proper comparison between the domestic selling price and the export sales price and cited the WTO Panel Report in *Australia-A4 Paper (Indonesia)* as supporting this interpretation. Specifically, the GOC stated that: "the authority shall analyze whether the market situation has different effects on the domestic sale prices and export prices of the responding companies, and whether such difference does not permit to use the comparison between domestic and export prices to determine the dumping margin."²⁷

[81] The GOC further submitted that even if a PMS is found requiring constructed normal values, Article 2.2.1.1 of the ADA requires that the investigating authority use the actual costs on record of the producer, provided they are in accordance with the generally accepted accounting principles of the exporting country, and reasonably reflect the costs associated with the production and sale of the product under consideration. The GOC argued that Article 2.2.1.1 does not impose an additional requirement as to the reasonableness of the costs, such that the investigating authority cannot substitute the actual costs with another cost. The GOC cited the WTO Appellate Body Report in *EU-Biodiesel (Argentina)* as upholding this interpretation.²⁸

[82] The GOC also submitted that the CBSA is misinterpreting the purpose of the PMS provisions in the ADA, as it is meant to address situations where a proper comparison cannot be made between the domestic and export sales. Instead, the GOC alleges that the complainant and the CBSA are focusing too much on the idea of market distortions and government policies rather than looking at whether this proper comparison can be made.²⁹

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

²⁵ Exhibit 219 (NC) – Comments submitted by the GOC regarding PMS

²⁶ Exhibit 219 (NC) – Comments submitted by the GOC regarding PMS, Page 2

²⁷ Exhibit 219 (NC) – Comments submitted by the GOC regarding PMS, Pages 3-4

²⁸ Exhibit 219 (NC) – Comments submitted by the GOC regarding PMS, Pages 4-5

²⁹ Exhibit 219 (NC) – Comments submitted by the GOC regarding PMS, Pages 5-6

INVESTIGATION PROCESS

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

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

[86] Regarding the PMS allegation, questions concerning the existence of a PMS were added to the Exporter Dumping RFIs. Additionally, information related to the UDS market was requested from the GOC and the GOV.

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

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

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

[90] 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 August 3, 2021.

DUMPING INVESTIGATION

[91] The following presents the preliminary results of the investigation into the dumping of UDS originating in or exported from China and Vietnam.

Normal Value

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

Export Price

[93] 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.

[94] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is estimated based on the importer's resale price of the imported goods in Canada to unrelated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that are additional to those incurred on the sales of like goods for use in the country of export, all costs included in the resale price that are incurred in reselling the goods (including duties and taxes) or associated with the assembly of the goods in Canada and an amount representative of the average industry profit in Canada as provided for in paragraphs 25(1)(c) and 25(1)(d) of SIMA.

Margin of Dumping

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

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

Particular Market Situation

[97] Paragraph 16(2)(c) is a provision of SIMA that may be applied when the President is of the opinion that domestic sales of like goods in the country of export do not permit a proper comparison with the sales of the goods to the importer in Canada because a PMS prevails.

[98] The CBSA may form the opinion that a PMS exists, which does not permit a proper comparison with the sale of the goods to the importer in Canada, if one or more of the following factors have had a significant impact on the domestic sales of like goods in the country of export:

- government regulations, such as price floors, price ceilings, production quotas, import and export controls;
- taxation policies;
- government support programs (financial or otherwise);
- the presence and activities of state-owned or state-controlled enterprises in the domestic market as suppliers or purchasers of the like goods (also including other state-owned or state-controlled enterprises such as financial institutions);
- the acquisition of production inputs or processing services that do not reflect market-based costs because they are acquired from suppliers which are state-owned or state-controlled or that are affected by government influence or control;
- significant volatility in economic conditions in the home market of the exporter;
- evidence of distorted input costs; and
- any other circumstances which may or may not be the result of government intervention, in which normal market conditions or patterns of supply and demand do not prevail.

[99] In such cases, the CBSA would not estimate normal values using the methodology of section 15 of SIMA, which relies on domestic prices. Accordingly, and where such information is available, the CBSA would look to using the constructed normal value methodology of paragraph 19(b).

[100] Where the President is of the opinion that a PMS also distorts the cost of inputs that are significant in the production of the goods, the President will use information in accordance with subsection 11.2(2) of the *Special Import Measures Regulations* (SIMR), that best represents the actual cost of the input to permit a proper comparison.

PRELIMINARY RESULTS OF THE DUMPING INVESTIGATION

China

Particular Market Situation

[101] The CBSA is investigating allegations that a PMS exists with respect to China's UDS market. The complainant made the allegation that a PMS may exist in China due to the combined effect of a multitude of factors. Based on the PMS factors outlined in section 5.2.2.9. of the SIMA Handbook, the most relevant of the factors that are potentially having a significant impact on the domestic sales of like goods in China are:

- government support programs (financial or otherwise);
- the acquisition of production inputs or processing services that do not reflect market based costs because they are acquired from suppliers which are state owned or state controlled or that are affected by government influence or control; and
- evidence of distorted input costs.

[102] For the allegations concerning inputs, the complainant alleged that steel, wood, and chemical inputs are sourced from SOEs and are purchased at distorted costs. At initiation there was insufficient evidence to justify estimating normal values using a PMS methodology.

[103] At the initiation of the dumping investigation, the CBSA sent a PMS RFI to the GOC. The Dumping RFI sent to exporters in China also included questions relating to PMS. While the GOC did not respond to the PMS RFI, it did make a submission that included a statement that there are no government regulations, programs, or other policies that impact the UDS industry.³⁰ This statement also included representations that the CBSA's PMS investigation is not being done in accordance with the ADA and the WTO jurisprudence.

[104] The CBSA has considered and attempted to verify the evidence, information and comments provided by the complainant, the responding exporters/producers, the governments, as well as all of the other information on the administrative record. For the purposes of the preliminary determination, there is insufficient evidence for the CBSA to form the opinion that a particular market situation exists in the UDS market in China that affects the domestic sales such that they do not permit a proper comparison with the sales to the importers in Canada.

[105] In the final phase of the investigation, the CBSA will continue to review and analyze the information available and will seek to gather additional information necessary in order to form an opinion as to whether a PMS exists in China.

Normal Values and Export Prices

Anji Cozy Home Co., Ltd.

[106] Anji Cozy Home Co., Ltd (Cozy Home) is a producer and exporter of subject goods, located in Huzhou City, China.

[107] Cozy Home provided a response to the Dumping RFI³¹, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[108] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

³⁰ Exhibit 219 (NC) – Comments submitted by the GOC regarding PMS

³¹ Exhibit 502 (PRO) & 503 (NC) – Exporter Dumping RFI – Cozy Home

[109] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Cozy Home's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Cozy Home's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[111] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 40.54% for Cozy Home, expressed as a percentage of the export price.

Anji Hengrui Furniture Co., Ltd.

[112] Anji Hengrui Furniture Co., Ltd. (Hengrui) is a producer and exporter of subject goods located in Huzhou City, China.

[113] Hengrui is associated with three additional companies involved in the production and export of subject goods:

- Anji Hengyi Furniture Co., Ltd. (China) is a producer and exporter of subject goods;
- Henglin Home Furnishings Co., Ltd. (China) is a producer and exporter of subject goods; and
- Vietnam Hang Phong Furniture Co., Ltd. (Vietnam) is a producer and exporter of subject goods.

[114] Hengrui provided a response to the Dumping RFI³², including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[115] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

³² Exhibit 608 (PRO) & 609 (NC) – Exporter Dumping RFI – Hengrui

[116] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Hengrui's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Hengrui's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[118] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 70.23% for Hengrui, expressed as a percentage of the export price.

Anji Hengyi Furniture Co., Ltd.

[119] Anji Hengyi Furniture Co., Ltd. (Hengyi) is a producer and exporter of subject goods, located in Huzhou City, China.

[120] Hengyi provided a response to the Dumping RFI³³, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[121] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[122] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Hengyi's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Hengyi's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

³³ Exhibit 591 (PRO) & 592 (NC) – Exporter Dumping RFI – Hengyi

[124] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 32.25% for Hengyi, expressed as a percentage of the export price.

Anji UES Furniture Co., Ltd.

[125] Anji UES Furniture Co., Ltd (Anji UES) is a producer and exporter of subject goods located in Huzhou, China.

[126] Anji UES provided a response to the Dumping RFI³⁴, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[127] Normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits, where the cost of production was provided.

[128] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Anji UES's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Anji UES's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[129] Where the cost of production was not provided, normal values were estimated using the *All Other Exporters – China* methodology described below.

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

[131] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 84.37% for Anji UES, expressed as a percentage of the export price.

Dongguan Tianhang Furniture Co., Ltd.

[132] Dongguan Tianhang Furniture Co., Ltd. (Tianhang) is a producer and exporter of subject goods, located in Dongguan, China.

³⁴ Exhibits 402 (PRO) & 403 (NC) – Exporter Dumping RFI Response – Anji UES

[133] Tianhang is associated with an additional company involved in the sales of subject goods, named Happy Home (HK) Furniture Co., Limited³⁵ (Happy Home) (Hong Kong), a trading company of furniture products.

[134] Tianhang provided a response to the Dumping RFI.³⁶ However, Tianhang did not have any domestic sales of like goods during the PAP, and as a result, normal values could not be estimated in accordance with section 15 of SIMA.

[135] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[136] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Tianhang's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Tianhang's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[138] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 41.09% for Tianhang, expressed as a percentage of the export price.

Gu Jia Intelligent Household Jiaxing Co., Ltd.

[139] Gu Jia Intelligent Household Jiaxing Co., Ltd. (Gu Jia) is a producer and exporter of subject goods, located in Jiaxing City, China. Gu Jia is a subsidiary of another exporter, Jason Furniture.

[140] Gu Jia is associated with four companies involved in the production or procurement of inputs into the subject goods, and production and sale of subject goods:

- Jason Furniture (Hangzhou) Co., Ltd. (China) is a producer and exporter of subject goods;³⁷
- Zhejiang Kuka Merlin Furniture Co., Ltd. (China) is a producer and exporter of subject goods;³⁸

³⁵ Exhibits 517 (PRO) & 518 (NC) – Exporter Dumping RFI Response – Happy Home

³⁶ Exhibits 432 (PRO) & 433 (NC) – Exporter Dumping RFI Response – Tianhang

³⁷ Exhibits 422 (PRO) & 423 (NC) – Exporter Dumping RFI Response – Jason Furniture (Hangzhou) Co., Ltd.

³⁸ Exhibits 426 (PRO) & 427 (NC) – Exporter Dumping RFI Response – Zhejiang Kuka Merlin Furniture Co., Ltd.

- Zhejiang Sinomax Gu Sponge Co., Ltd. (China) is a producer of sponge for use as an input in the manufacture of subject goods by its associated exporters listed above;³⁹ and
- Kuka (HK) Trade Co., Limited (Hong Kong) assisted its associated exporters with their sales to customers in Canada.⁴⁰

[141] Gu Jia provided a response to the Dumping RFI⁴¹, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with the requirements of sections 15 and 16 of SIMA to permit a proper comparison with the sales of the subject goods to the importers in Canada.

[142] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[143] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on the unverified cost data of Gu Jia associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[145] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 33.07% for Gu Jia, expressed as a percentage of export price.

Haining Nicelink Home Furnishings Co., Ltd.

[146] Haining Nicelink Home Furnishings Co., Ltd. (Nicelink) is a producer and exporter of subject goods, located in Haining City, China.

³⁹ Exhibits 438 (PRO) & 439 (NC) – Exporter Dumping RFI Response – Part D – Zhejiang Sinomax Gu Sponge Co., Ltd.

⁴⁰ Exhibits 242 (PRO) & 243 (NC) – Exporter Dumping RFI Response – Kuka (HK) Trade Co., Limited

⁴¹ Exhibits 418 (PRO) & 419 (NC) – Exporter Dumping RFI Response – Gu Jia

[147] Nicelink provided a response to the Dumping RFI⁴², including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[148] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits, where the cost of production was provided.

[149] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Nicelink's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Nicelink's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Nicelink's sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[150] Where the cost of production was not provided, normal values were estimated using the *All Other Exporters – China* methodology described below.

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

[152] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 11.01% for Nicelink, expressed as a percentage of the export price.

Henglin Home Furnishings Co., Ltd.

[153] Henglin Home Furnishings Co., Ltd. (Henglin) is a producer and exporter of subject good, located in Huzhou City, China.

[154] Henglin provided a response to the Dumping RFI⁴³, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

⁴² Exhibits 456 (PRO) & 457 (NC) – Exporter Dumping RFI Response – Nicelink

⁴³ Exhibits 645 (PRO) & 646 (NC) – Exporter Dumping RFI Response – Henglin

[155] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[156] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Henglin's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Henglin's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[158] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 38.16% for Henglin, expressed as a percentage of the export price.

HHC Changzhou Corp.

[159] HHC Changzhou Corp (Changzhou Corp) is a producer and exporter of subject goods, located in Changzhou City, China.

[160] Changzhou Corp is associated with two additional companies involved in the production or procurement of inputs into the subject goods as well as one producer and exporter of subject goods:

- Changzhou FBS Manufacturing Corp.⁴⁴ (FBS) (China) is a producer of mechanical and electronic products;
- HHC YourWay Mechs. Corp.⁴⁵ (YourWay) (China) is a producer of mechanical components; and
- Motomotion Vietnam Limited Company (Motomotion) (Vietnam) is a producer and exporter of subject goods.

⁴⁴ Exhibits 490 (PRO) & 491 (NC) – Exporter Dumping RFI Response – Part D – Changzhou FBS Manufacturing Corp. (“HHCMNT”)

⁴⁵ Exhibits 492 (PRO) & 493 (NC) – Exporter Dumping RFI Response – Part D – HHC YourWay Mechs. Corp. (“HHCYW”)

[161] Changzhou Corp provided a response to the Dumping RFI⁴⁶, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[162] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[163] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Changzhou Corp's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Changzhou Corp's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[165] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 39.19% for Changzhou Corp, expressed as a percentage of the export price.

HTL Furniture (China) Co., Ltd.

[166] HTL Furniture (China) Co., Ltd. (HTL-FC) is a producer and exporter of subject goods, located in Kunshan Development Zone, China.

[167] HTL-FC is associated with seven additional companies involved in the production or procurement of inputs into the subject goods, and production and sale of subject goods:

- HTL Furniture (Huai An) Co., Ltd.⁴⁷ (China) is a producer and exporter of subject goods;
- HTL Manufacturing Pte Ltd.⁴⁸ (Singapore) is the vendor that sold subject goods to importers in Canada that were exported from China by HTL Furniture (Huai An) Co., Ltd. and HTL Furniture (China) Co., Ltd.;

⁴⁶ Exhibits 494 (PRO) & 495 (NC) – Exporter Dumping RFI Response – Changzhou Corp. (“HHCCZ”)

⁴⁷ Exhibits 523 (PRO) & 524 (NC) – Exporter Dumping RFI Response – HTL Furniture (Huai An) Co., Ltd.

⁴⁸ Exhibits 521 (PRO) & 522 (NC) – Exporter Dumping RFI Response – HTL Manufacturing Pte Ltd.

- HTL Leather (China) Co., Ltd.⁴⁹ (China) is a producer of leather used in the manufacture of subject goods by associated exporters;
- HTL Furniture (Changshu) Co., Ltd.⁵⁰ (China) acquired inputs for use in the manufacture of subject goods by associated exporters;
- HTL Furniture (Kunshan) Co., Ltd.⁵¹ (China) acquired inputs for use in the manufacture of subject goods by associated exporters; and,
- Trends Leather (Yangzhou) Co., Ltd.⁵² (Japan) acquired inputs for use in the manufacture of subject goods by associated exporters.

[168] The subject goods exported by HTL-FC were sold to importers in Canada by a related vendor located in Singapore, HTL Manufacturing Pte Ltd. (HTL-MP). HTL-MP purchased the subject goods from HTL-FC and sold them to the importers in Canada, though the goods were shipped directly from production facilities of HTL-FC in China to the importers in Canada. For purposes of the preliminary determination, the CBSA found HTL-FC to be the exporter of the subject goods as it is located in the country of export, China, and based on other information designated by HTL-FC as confidential.

[169] HTL-FC provided a response to the Dumping RFI⁵³, including a database of domestic sales of UDS during the POI. For exports of subject goods by HTL-FC where it had sufficient domestic sales of like goods that met the requirements of sections 15 and 16 of SIMA, the CBSA estimated normal values in accordance with section 15 of SIMA based on prices of domestic sales of like goods. For all other exports of subject goods by HTL-FC, the CBSA estimated normal values in accordance with paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[170] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on HTL-FC's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on HTL-FC's sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

⁴⁹ Exhibits 498 (PRO) & 499 (NC) – Exporter Dumping RFI Response – Part D – HTL Leather (China) Co., Ltd.

⁵⁰ Exhibits 604 (PRO) & 605 (NC) – Exporter Dumping RFI Response – Part D – HTL Furniture (Changshu) Co., Ltd.

⁵¹ Exhibits 606 (PRO) & 607 (NC) – Exporter Dumping RFI Response – Part D – HTL Furniture (Kunshan) Co., Ltd.

⁵² Exhibits 602 (PRO) & 603 (NC) – Exporter Dumping RFI Response – Part D – Trends Leather (Yangzhou) Co., Ltd.

⁵³ Exhibits 519 (PRO) & 520 (NC) – Exporter Dumping RFI Response – HTL-FC

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

[172] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 58.38% for HTL-FC, expressed as a percentage of the export price.

HTL Furniture (Huai An) Co., Ltd.

[173] HTL Furniture (Huai An) Co., Ltd. (HTL-HA) is a producer and exporter of subject goods, located in Huai An City, China.

[174] The subject goods exported by HTL-HA were sold to importers in Canada by a related vendor located in Singapore, HTL Manufacturing Pte Ltd. (HTL-MP). HTL-MP purchased the subject goods from HTL-HA and sold them to the importers in Canada, though the goods were shipped directly from production facilities of HTL-HA in China to the importers in Canada. For purposes of the preliminary determination, the CBSA found HTL-HA to be the exporter of the subject goods as it is located in the country of export, China, and based on other information designated by HTL-HA as confidential.

[175] HTL-HA provided a response to the Dumping RFI.⁵⁴ However, HTL-HA did not have domestic sales of UDS during the PAP and as a result, normal values could not be estimated in accordance with section 15 of SIMA.

[176] As such, the CBSA estimated normal values for HTL-HA in accordance with paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[177] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on HTL-HA's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

⁵⁴ Exhibits 523 (PRO) & 524 (NC) – Exporter Dumping RFI Response – HTL-HA

[179] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 58.76% for HTL-HA, expressed as a percentage of the export price.

Jason Furniture (Hangzhou) Co., Ltd.

[180] Jason Furniture (Hangzhou) Co., Ltd. (Jason Furniture) is a producer and exporter of subject goods, located in Hangzhou, China.

[181] Jason Furniture provided a response to the Dumping RFI⁵⁵, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with the requirements of sections 15 and 16 of SIMA to permit a proper comparison with the sales of the subject goods to the importers in Canada.

[182] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[183] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Jason Furniture's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[185] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 47.87% for Jason Furniture, expressed as a percentage of export price.

Taizhou Delancey Street Furniture Co., Ltd.

[186] Taizhou Delancey Street Furniture Co., Ltd. (Taizhou Delancey) is a producer and exporter of subject goods and is located in Taizhou City, China.

[187] Taizhou Delancey provided a response to the Dumping RFI.⁵⁶ However, Taizhou Delancey did not have any domestic sales of like goods during the PAP, and as a result, normal values could not be estimated in accordance with section 15 of SIMA.

⁵⁵ Exhibits 422 (PRO) & 423 (NC) – Exporter Dumping RFI Response – Jason Furniture

⁵⁶ Exhibits 525 (PRO) & 526 (NC) – Exporter Dumping RFI Response – Man Wah Furniture Manufacturing

[188] As such, normal values were estimated 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.

[189] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Taizhou Delancey's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Taizhou Delancey's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[191] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 50.77% for Taizhou Delancey, expressed as a percentage of the export price.

UE Furniture Co., Ltd.

[192] UE Furniture Co., Ltd. (UE) is a producer and exporter of subject goods located in Huzhou, China. UE has three factories that were involved in the production of subject goods during the POI.

[193] UE provided a response to the Dumping RFI⁵⁷, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[194] Normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits, where the cost of production was provided.

⁵⁷ Exhibits 397 (PRO) & 398 (NC) – Exporter Dumping RFI Response – UE Furniture Co., Ltd.

[195] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on UE's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on UE's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[196] Where the cost of production was not provided, normal values were estimated using the *All Other Exporters – China* methodology described below.

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

[198] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 68.88% for UE, expressed as a percentage of the export price.

Vanguard Industrial JiaXing Co., Ltd.

[199] Vanguard Industrial JiaXing Co., Ltd. (Vanguard) is a producer and exporter of subject goods, located in Jiaxing City, China.

[200] Vanguard is associated with three additional companies involved in the production and export of subject goods:

- Sovereign Industrial JiaXing Co., Ltd. (Sovereign) (China) is a producer of steel, plastic, hardware, wood furniture and wood products;
- United Ocean Holdings Ltd. (United Ocean) (British Virgin Islands) is a trading company of furniture products; and
- Ontai Group Limited Taiwan Branch (Ontai) (Taiwan) is a trading company of furniture products.

[201] Vanguard provided a response to the Dumping RFI⁵⁸, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

⁵⁸ Exhibit 579 (PRO) & 580 (NC) – Exporter Dumping RFI – Vanguard

[202] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits, where the cost of production was provided.

[203] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Vanguard's cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Vanguard's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[204] Where the cost of production was not provided, normal values were estimated using the *All Other Exporters – China* methodology described below.

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

[206] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 58.37% for Vanguard, expressed as a percentage of the export price.

Violino Furniture (Shenzhen) Ltd.

[207] Violino Furniture (Shenzhen) Ltd. (Violino SZ) is a producer and exporter of subject goods, located in Shenzhen, China.

[208] Violino SZ is associated with an additional company involved in the production of inputs into subject goods, named Dongguan LokYin Foam Manufacturing Co., Ltd. (Dongguan Lokyin), a producer of foam.

[209] Violino SZ provided a response to the Dumping RFI⁵⁹, including a database of domestic sales of UDS during the POI. Normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[210] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profit, where the cost of production was provided.

⁵⁹ Exhibits 434 (PRO) & 435 (NC) – Exporter Dumping RFI Response – Violino SZ

[211] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Violino SZ's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Violino SZ's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[212] Where the costs of production were not provided, normal values were estimated using the *All Other Exporters – China* methodology described below.

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

[214] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 20.65% for Violino SZ, expressed as a percentage of the export price.

Zhejiang Chuanyang Furniture Co., Ltd.

[215] Zhejiang Chuanyang Furniture Co., Ltd. (Chuanyang) is a producer and exporter of subject goods, located in Haining City, China.

[216] Chuanyang is associated with an additional company involved in the production or procurement of inputs into the subject goods, named Zhejiang Chuanyang New Material Inc.⁶⁰ (New Material) (China), a producer of foam.

[217] Chuanyang provided a response to the Dumping RFI⁶¹, including a database of domestic sales of UDS during the POI. Normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[218] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

⁶⁰ Exhibits 371 (PRO) & 372 (NC) – Exporter Dumping RFI Response – Zhejiang Chuanyang New Material Inc.

⁶¹ Exhibits 387 (PRO) & 388 (NC) – Exporter Dumping RFI Response – Chuanyang

[219] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Chuanyang's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Chuanyang's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Chuanyang's sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[221] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 50.63% for Chuanyang, expressed as a percentage of the export price.

Zhejiang Kuka Merlin Furniture Co., Ltd.

[222] Zhejiang Kuka Merlin Furniture Co., Ltd. (Kuka Merlin) is a producer and exporter of subject goods, located in Jiaxing City, China. Kuka Merlin is a subsidiary of Jason Furniture.

[223] Kuka Merlin provided a response to the Dumping RFI⁶², including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with the requirements of sections 15 and 16 of SIMA to permit a proper comparison with the sales of the subject goods to the importers in Canada.

[224] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[225] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Kuka Merlin's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

⁶² Exhibits 426 (PRO) & 427 (NC) – Exporter Dumping RFI Response – Zhejiang Kuka Merlin Furniture Co., Ltd.

[227] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 26.70% for Kuka Merlin, expressed as a percentage of export price.

All Other Exporters – China

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

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

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

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

[232] The CBSA considered that the highest amount by which the estimated normal value exceeded the estimated export price on an individual transaction of the 18 exporters mentioned above (expressed as a percentage of export price, excluding anomalies), was an appropriate basis for estimating normal values. This methodology limits the advantage that an exporter may gain from not providing the necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[233] Based on the above methodology, for exporters that did not provide a response to the Dumping RFI, the margin of dumping of subject goods originating in or exported from China was estimated to be 206.36%, expressed as a percentage of export price.

Vietnam

Particular Market Situation

[234] The CBSA is investigating allegations that a PMS exists with respect to Vietnam's UDS market. The complainant made the allegation that a PMS may exist in Vietnam due to the combined effect of a multitude of factors. Based on the PMS factors outlined in section 5.2.2.9. of the SIMA Handbook, the most relevant of the factors that are potentially having a significant impact on the domestic sales of like goods in Vietnam are:

- government support programs (financial or otherwise);
- the acquisition of production inputs or processing services that do not reflect market based costs because they are acquired from suppliers which are state owned or state controlled or that are affected by government influence or control; and
- evidence of distorted input costs.

[235] For the allegations concerning inputs, the complainant alleged that steel is acquired from SOEs, while steel, wood, and chemicals are purchased at distorted costs. At initiation there was insufficient evidence to justify estimating normal values using a PMS methodology.

[236] At the initiation of the dumping investigation, the CBSA sent a PMS RFI to the GOV. The Dumping RFI sent to exporters in Vietnam also included questions relating to PMS. The GOV did provide a response to the PMS RFI.⁶³

[237] The CBSA has considered and attempted to verify the evidence, information and comments provided by the complainant, the responding exporters/producers, the governments, as well as all of the other information on the administrative record. For the purposes of the preliminary determination, there is insufficient evidence for the CBSA to form the opinion that a particular market situation exists in the UDS market in Vietnam that affects the domestic sales such that they do not permit a proper comparison with the sales to the importers in Canada.

[238] In the final phase of the investigation, the CBSA will continue to review and analyze the information available and will seek to gather additional information necessary in order to form an opinion as to whether a PMS exists in Vietnam.

Normal Values and Export Prices

Motomotion Vietnam Limited Company

[239] Motomotion Vietnam Limited Company (Motomotion) is a producer and exporter of subject goods, located in Ben Cat Town, Vietnam.

⁶³ Exhibit 637 (NC) – Response to the PMS RFI – GOV

[240] Motomotion is associated with three additional companies involved in the production or procurement of inputs into the subject goods as well as one producer and exporter of subject goods:

- Changzhou HHC Strategic Solutions Corp.⁶⁴ (HHC Strategic Solutions) (China) is a trading company involved in the procurement of inputs;
- YourWay (China) is a producer of mechanical components; and
- Changzhou Corp⁶⁵ is a producer of inputs and a producer and exporter of subject goods from China.

[241] Motomotion provided a response to the Dumping RFI.⁶⁶ However, Motomotion did not have any domestic sales of like goods during the PAP, and as a result, normal values could not be estimated in accordance with section 15 of SIMA.

[242] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[243] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Motomotion's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Motomotion's selling and administrative expenses incurred during the PAP. The amount for profits could not be estimated in accordance with subparagraphs 11(1)(b)(i) to 11(1)(b)(vi) as there were not a sufficient amount of profits from exporters from Vietnam. As such, the amount for profits was estimated using the weighted-average of the amount for profits estimated for one responding exporter from Vietnam together with the amount for profits estimated for three responding exporters from China.

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

[245] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 34.98% for Motomotion, expressed as a percentage of the export price.

Vietnam Hang Phong Furniture Company Ltd.

[246] Vietnam Hang Phong Furniture Company Ltd. (Hang Phong) is a producer and exporter of subject goods located in Khu Phố Tân Bình City, Vietnam.

⁶⁴ Exhibits 596 (PRO) & 597 (NC) – Exporter Dumping RFI Response – Part D – Changzhou HHC Strategic Solutions Corp. (“HHCMW”)

⁶⁵ Exhibits 651 (PRO) & 652 (NC) – Exporter Dumping RFI Response – Part D – Changzhou Corp. (“HHCCZ”)

⁶⁶ Exhibits 496 (PRO) & 497 (NC) – Exporter Dumping RFI Response – Motomotion

[247] Hang Phong provided a response to the Dumping RFI⁶⁷, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[248] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[249] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Hang Phong's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Hang Phong's selling and administrative expenses incurred during the PAP. The amount for profits could not be estimated in accordance with subparagraphs 11(1)(b)(i) to 11(1)(b)(vi) as there were not a sufficient amount of profits from exporters from Vietnam. As such, the amount for profits was estimated using the weighted-average of the amount for profits estimated for one responding exporter from Vietnam together with the amount for profits estimated for three responding exporters from China.

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

[251] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in a margin of dumping of 45.60% for Hang Phong, expressed as a percentage of the export price.

Wendelbo Interiors A/S

[252] Wendelbo Interiors A/S (Wendelbo Interiors) is an exporter of subject goods located in Risskov, Denmark.

[253] Wendelbo Interiors is associated with an additional company involved in the production and export of subject goods, named Wendelbo SEA JSC (Vietnam), a producer and exporter of subject goods. Wendelbo Interiors is an exporter of UDS produced by Wendelbo SEA JSC in Vietnam.

[254] Wendelbo Interiors provided a response to the Dumping RFI⁶⁸, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

⁶⁷ Exhibit 643 (PRO) & 644 (NC) – Exporter Dumping RFI – Hang Phong

⁶⁸ Exhibit 541 (PRO) & 542 (NC) – Exporter Dumping RFI – Wendelbo Interiors

[255] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[256] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Wendelbo Interiors' unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Wendelbo Interiors' selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Wendelbo Interiors' sales of goods in Denmark, during the PAP, that were of the same general category as the subject goods exported to Canada and includes the profit earned by the producer of the goods, in accordance with subsection 11(2) of the SIMR.

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

[258] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 69.37% for Wendelbo Interiors, expressed as a percentage of the export price.

Wendelbo SEA JSC

[259] Wendelbo SEA JSC (Wendelbo SEA) is a producer and exporter of subject goods, located Di An City, Vietnam.

[260] Wendelbo SEA provided a response to the Dumping RFI⁶⁹, including a database of domestic sales of UDS during the POI. However, normal values could not be estimated in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[261] As such, normal values were estimated pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

⁶⁹ Exhibit 541 (PRO) & 542 (NC) – Exporter Dumping RFI – Wendelbo SEA

[262] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Wendelbo SEA's unverified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Wendelbo SEA's selling and administrative expenses incurred during the PAP. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Wendelbo SEA's sales of goods in Vietnam, during the PAP, that were of the same general category as the subject goods exported to Canada.

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

[264] For purposes of the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 17.44% for Wendelbo SEA, expressed as a percentage of the export price.

All Other Exporters – Vietnam

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

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

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

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

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

[270] Based on the above methodologies, for exporters that did not provide a response to the Dumping RFI, the margin of dumping of subject goods originating in or exported from Vietnam was estimated to be 89.77%, expressed as a percentage of export price.

Summary of Preliminary Results – Dumping

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

Summary of Preliminary Results - Dumping Period of Investigation (June 1, 2019 to November 30, 2020)

Exporter	Estimated Margin of Dumping (% of Export Price)	Estimated Volume of Subject Goods (% of Total Imports)*
Anji Cozy Home Co., Ltd.	40.54%	0.31%
Anji Hengrui Furniture Co., Ltd.	70.23%	0.14%
Anji Hengyi Furniture Co., Ltd.	32.25%	0.13%
Anji Shengxing Office Furniture Co., Ltd.	206.36%	0.29%
Anji UES Furniture Co., Ltd.	84.37%	1.20%
Dongguan Tianhang Furniture Co., Ltd.	41.09%	0.82%
Foshan DOB Furniture Co., Ltd.	206.36%	0.35%
Gu Jia Intelligent Household Jiaxing Co., Ltd.	33.07%	2.87%
HaiNing Happy Leather Furniture Co., Ltd.	206.36%	0.02%
Haining Nicelink Home Furnishings Co., Ltd.	11.01%	0.08%
Henglin Home Furnishings Co., Ltd.	38.16%	0.44%
HHC Changzhou Corp.	39.19%	0.23%
HTL Furniture (China) Co., Ltd.	58.38%	1.20%
HTL Furniture (Huai An) Co., Ltd.	58.76%	0.31%
Jason Furniture (Hangzhou) Co., Ltd.	47.87%	1.38%
Jiaxing Motion Furniture Co., Ltd.	206.36%	0.15%
Megain Furniture (Dong Guan) Co., Ltd.	206.36%	0.02%
Natuzzi (China) Ltd.	206.36%	2.34%
Suzhou Yimei Furniture Co., Ltd.	206.36%	0.14%
Taizhou Delancey Street Furniture Co., Ltd.	50.77%	0.08%
UE Furniture Co., Ltd	68.88%	0.18%
Vanguard Industrial JiaXing Co., Ltd.	58.37%	0.30%
Violino Furniture (Shenzhen) Ltd.	20.65%	0.46%
Zhejiang Botai Furniture Co., Ltd.	206.36%	0.17%
Zhejiang Chuanyang Furniture Co., Ltd.	50.63%	0.14%
Zhejiang Happy Smart Furnishings Co., Ltd.	206.36%	1.69%
Zhejiang Kuka Merlin Furniture Co., Ltd.	26.70%	1.04%
Zoy Home Furnishing Co., Ltd.	206.36%	1.16%
All Other Exporters – China	206.36%	40.76%
Total – China		58.37%

Exporter	Estimated Margin of Dumping (% of Export Price)	Estimated Volume of Subject Goods (% of Total Imports)*
Delancey Street Furniture Vietnam Co., Ltd.	89.77%	0.01%
Motomotion Vietnam Limited Company	34.98%	0.03%
Timberland Co., Ltd.	89.77%	0.14%
UE Vietnam Co., Ltd.	89.77%	0.01%
Vietnam Hang Phong Furniture Company Limited	45.60%	0.03%
Wendelbo Interiors A/S	69.37%	0.00% †
Wendelbo SEA JSC	17.44%	0.01%
All Other Exporters – Vietnam	89.77%	8.20%
Total – Vietnam		8.43%
All Other Countries		33.20%
All Countries		100.00%

* The CBSA's import documentation was used to estimate the imports of subject goods during the POI. Since import volume information on the customs documentation was reported in various units of measure (i.e. number of sets, number of modules, weight, etc.), import value was used as the unit of measure for estimating import volumes of certain upholstered domestic furniture.

† Some percent totals appear as 0.00% due to small amounts and rounding.

[272] 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.

[273] 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.

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

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

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

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

SUBSIDY INVESTIGATION

[278] 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.

[279] 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.

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

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

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

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

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

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

PRELIMINARY RESULTS OF THE SUBSIDY INVESTIGATION

China

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

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

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

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

[289] For the purposes of the preliminary determination, the CBSA has received sufficient information from 40 exporters/producers to estimate amounts of subsidy. The GOC did not respond to the CBSA's Government Subsidy RFI.

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

[291] 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.

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

Anji Cozy Home Co., Ltd.

[293] Anji Cozy Home Co., Ltd (Cozy Home) is a producer and exporter of subject goods, located Huzhou City, China.

[294] Cozy Home provided a response to the Subsidy RFI.⁷⁰ For purposes of the preliminary determination, Cozy Home was found to have received countervailable benefits from the following 11 subsidy programs:

- Program 5: Insurance grants
- Program 6: Design, research and development grants
- Program 10: Grant - patent assistance/award
- Program 11: Environment protection grant
- Program 17: Corporate income tax reduction for new high tech enterprises ("NHTE")
- Program 18: Municipal/local income or property tax reductions
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 31: Grants/Awards – Subsidies Related to Pandemic Support

⁷⁰ Exhibit 500 (PRO) & 502 (NC) – Exporter Subsidy RFI Response – Cozy Home

Program 34: Grants/Awards – Subsidies Related to Social Security
Program 35: Grants/Awards – Subsidies Related to Talent and Skills

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

[296] For purposes of the preliminary determination, the estimated amount of subsidy for Cozy Home is 1.58%, expressed as a percentage of the export price.

Anji Hengrui Furniture Co.,Ltd.

[297] Anji Hengrui Furniture Co.,Ltd. (Hengrui) is a producer and exporter of subject goods located in Huzhou City, China.

[298] Hengrui provided a response to the Subsidy RFI.⁷¹ Hengrui reported that it did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Hengrui. As such, for purposes of the preliminary determination, there is no subsidy amount for goods exported to Canada by Hengrui. A SRFI will be sent to gather additional information and seek clarification. The CBSA will continue to collect and verify information from Hengrui.

Anji Hengyi Furniture Co., Ltd.

[299] Anji Hengyi Furniture Co., Ltd. (Hengyi) is a producer and exporter of subject goods located in Huzhou City, China.

[300] Hengyi provided a response to the Subsidy RFI.⁷² Hengyi reported that it did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Hengyi. As such, for purposes of the preliminary determination, there is no subsidy amount for goods exported to Canada by Hengyi. A SRFI will be sent to gather additional information and seek clarification. The CBSA will continue to collect and verify information from Hengyi.

Anji Shengxing Office Furniture Co., Ltd.

[301] Anji Shengxing Office Furniture Co., Ltd. (Shengxing Office) is a producer and exporter of subject goods, located in Huzhou City, China.

⁷¹ Exhibit 610 (PRO) & 611 (NC) – Exporter Subsidy RFI Response – Hengrui

⁷² Exhibit 593 (PRO) & 594 (NC) – Exporter Subsidy RFI Response – Hengyi

[302] Shengxing Office provided a response to the Subsidy RFI.⁷³ For the purposes of the preliminary determination, Shengxing Office was found to have received countervailable benefits from 12 subsidy programs:

- Program 1: Loans from state-owned banks at preferential rates
- Program 4: Preferential export financing and export credit guarantee/insurance
- Program 5: Insurance Grants
- Program 6: Design, research and development grants
- Program 10: Grant – patent assistance/award
- Program 17: Corporate income tax reduction for new high tech enterprises (“NHTE”)
- Program 18: Municipal/local income or property tax reductions
- Program 20: Preferential tax policies related to research and investment
- Program 28: Grants/Awards – Financial Subsidy
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 36: Grants/Awards – Subsidies to Provide Business Support
- Program 37: Refund – Other Tax Subsidies

[303] For program 4, Shengxing Office did not provide sufficient information in response to the Subsidy RFI, the CBSA estimated the amount of subsidy by using the average amount received by exporters that benefitted from program 4.

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

[305] For purposes of the preliminary determination, the estimated amount of subsidy for Shengxing Office is 20.09%, expressed as a percentage of the export price.

Anji UES Furniture Co., Ltd.

[306] Anji UES Furniture Co., Ltd (Anji UES) is a producer and exporter of subject goods located in Huzhou City, China.

[307] Anji UES provided a response to the Subsidy RFI.⁷⁴ For the purposes of the preliminary determination, Anji UES was found to have received countervailable benefits from the following subsidy program:

- Program 18: Municipal/local income or property tax reductions

⁷³ Exhibit 569 (PRO) & 570 (NC) – Exporter Subsidy RFI Response – Shengxing Office

⁷⁴ Exhibits 404 (PRO) & 405 (NC) – Exporter Subsidy RFI Response – Anji UES

[308] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy program constitutes a financial contribution that confers a benefit to the exporter. The CBSA also considers this program to be specific and therefore actionable.

[309] For purposes of the preliminary determination, the estimated amount of subsidy for Anji UES is 0.59%, expressed as a percentage of the export price. This figure includes the pass-through subsidies received from associated suppliers.

Dongguan Tianhang Furniture Co., Ltd.

[310] Dongguan Tianhang Furniture Co., Ltd. (Tianhang) is a producer and exporter of subject goods, located in Dongguan City, China.

[311] Tianhang provided a response to the Subsidy RFI.⁷⁵ For the purposes of the preliminary determination, Tianhang was found to have received countervailable benefits from the following subsidy program:

Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation

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

[313] For purposes of the preliminary determination, the estimated amount of subsidy for Tianhang is 0.15%, expressed as a percentage of the export price.

Foshan DOB Furniture Co., Ltd.

[314] Foshan DOB Furniture Co., Ltd. (DOB Furniture) is a producer and exporter of UDS, located in Foshan City, China.

[315] DOB Furniture provided a response to the Subsidy RFI.⁷⁶ For the purposes of the preliminary determination, DOB Furniture was found to have received countervailable benefits from the following 5 subsidy programs:

Program 10: Grant – patent assistance/award

Program 28: Grants/Awards – Financial Subsidy

Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation

Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment

Program 32: Grants/Awards – Subsidies related to Quality & Improvement

⁷⁵ Exhibits 508 (PRO) & 509 (NC) – Exporter Subsidy RFI Response – Tianhang

⁷⁶ Exhibits 408 (PRO) & 409 (NC) – Exporter Subsidy RFI Response – DOB Furniture

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

[317] For purposes of the preliminary determination, the estimated amount of subsidy for DOB Furniture is 0.48%, expressed as a percentage of the export price.

Gu Jia Intelligent Household Jiaxing Co., Ltd.

[318] Gu Jia Intelligent Household Jiaxing Co., Ltd. (Gu Jia) is a producer and exporter of subject goods, located in Jiaxing City, China.

[319] Gu Jia provided a response to the Subsidy RFI.⁷⁷ For the purposes of the preliminary determination, Gu Jia was found to have received countervailable benefits from the following 7 subsidy programs:

- Program 5: Insurance grants
- Program 7: Export development and performance grants
- Program 27: Grants /Awards – Subsidies Related to Science and Technology
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 34: Grants/Awards – Subsidies Related to Social Security
- Program 36: Grants/Awards – Subsidies to Provide Business Support

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

[321] For purposes of the preliminary determination, the estimated amount of subsidy for Gu Jia is 4.63%, expressed as a percentage of the export price.

HaiNing Happy Leather Furniture Co., Ltd.

[322] HaiNing Happy Leather Furniture Co., Ltd. (Happy Leather) is a producer and exporter of subject goods, located in Haining City, China. Happy Leather is a subsidiary of Zhejiang Happy Smart Furnishings Co., Ltd. (Happy Smart), who also produced and exported subject goods during the POI.

⁷⁷ Exhibits 420 (PRO) & 421 (NC) – Exporter Subsidy RFI Response – Gu Jia

[323] Happy Smart and Happy Leather submitted a joint response to the export Subsidy RFI.⁷⁸ As each company produced and exported subject goods during the POI, amounts for subsidy were estimated for each exporter separately.

[324] For purposes of the preliminary determination, Happy Leather was found to have received countervailable benefits from the following 10 subsidy programs:

- Program 4: Preferential Export Financing and Export Credit
- Program 6: Design, research and development grants
- Program 10: Grant – patent assistance/award
- Program 11: Environment protection grant
- Program 17: Corporate income tax reduction for new high tech enterprises (“NHTE”)
- Program 20: Preferential Tax Policies Related to Research and Investment
- Program 29 Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 31: Grants/Awards – Subsidies Related to Pandemic Support
- Program 36: Grants/Awards – Subsidies to Provide Business Support

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

[326] For purposes of the preliminary determination, the estimated amount of subsidy for Happy Leather is 4.51%, expressed as a percentage of the export price.

Haining Nicelink Home Furnishings Co., Ltd.

[327] Haining Nicelink Home Furnishings Co., Ltd. (Nicelink) is a producer and exporter of subject goods, located in Haining City, China.

[328] Nicelink provided a response to the Subsidy RFI.⁷⁹ For the purposes of the preliminary determination, Nicelink was found to have received countervailable benefits from 7 subsidy programs:

- Program 1: Loans from state-owned banks at preferential rates
- Program 4: Preferential export financing and export credit guarantee/insurance
- Program 5: Insurance grants
- Program 7: Export development and performance grants
- Program 17: Corporate income tax reduction for new high tech enterprises (“NHTE”)
- Program 18: Municipal/local income or property tax reductions
- Program 27: Grants/Awards – Subsidies Related to Science and Technology

⁷⁸ Exhibits 612 (PRO) & 613 (NC) – Exporter Subsidy RFI Response – Happy Leather

⁷⁹ Exhibit 464 (PRO) & 465 (NC) – Exporter Subsidy RFI Response – Nicelink

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

[330] For purposes of the preliminary determination, the estimated amount of subsidy for Nicelink is 40.77%, expressed as a percentage of the export price.

Henglin Home Furnishings Co., Ltd.

[331] Henglin Home Furnishings Co., Ltd. (Henglin) is a manufacturer and exporter of subject goods located in Anji County, China.

[332] Henglin provided a response to the Subsidy RFI.⁸⁰ For the purposes of the preliminary determination, Henglin was found to have received countervailable benefits from 4 subsidy programs:

- Program 6: Design, research and development grants
- Program 17: Corporate income tax reduction for new high tech enterprises (“NHTE”)
- Program 18: Municipal/local income or property tax reductions
- Program 20: Preferential tax policies related to research and investment

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

[334] For purposes of the preliminary determination, the estimated amount of subsidy for Henglin is 2.28%, expressed as a percentage of the export price.

HHC Changzhou Corp.

[335] HHC Changzhou Corp. (Changzhou Corp) is a producer and exporter of subject goods, located in Changzhou City, China.

[336] Changzhou Corp provided a response to the Subsidy RFI.⁸¹ Additionally, its associated input suppliers, FBS⁸² and YourWay⁸³, also provided responses to the Subsidy RFI. For the purposes of the preliminary determination, Changzhou Corp was found to have received countervailable benefits from the following 12 subsidy programs:

- Program 5: Insurance Grants
- Program 6: Design research and development grants

⁸⁰ Exhibits 565 (PRO) & 566 (NC) – Exporter Subsidy RFI Response – Henglin

⁸¹ Exhibits 476 (PRO) & 477 (NC) – Exporter Subsidy RFI Response – Changzhou Corp.

⁸² Exhibits 472 (PRO) & 473 (NC) – Exporter Subsidy RFI Response – FBS

⁸³ Exhibits 468 (PRO) & 469 (NC) – Exporter Subsidy RFI Response – YourWay

Program 7: Export development and performance grants
Program 17: Corporate income tax reduction for new high tech enterprises (“NHTE”)
Program 20: Preferential tax policies related to research and investment
Program 28: Grants/Awards – Financial Subsidy
Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
Program 31: Grants/Awards – Subsidies Related to Pandemic Support
Program 33: Grants/Awards – Subsidies Related to Science and Technology
Program 35: Grants/Awards – Subsidies Related to Talent and Skills
Program 37: Refund – Other Tax Subsidies

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

[338] For purposes of the preliminary determination, the estimated amount of subsidy for Changzhou Corp is 1.52%, expressed as a percentage of the export price. This figure includes pass-through subsidies received from FBS and YourWay.

HTL Furniture (China) Co., Ltd.

[339] HTL Furniture (China) Co., Ltd. (HTL-FC) is a producer and exporter of subject goods, located in Kunshan Development Zone, China.

[340] HTL-FC provided a response to the Subsidy RFI.⁸⁴ For the purposes of the preliminary determination, HTL-FC was found to have received countervailable benefits from the following 4 subsidy programs:

Program 6: Design, research and development grants
Program 11: Environment protection grant
Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
Program 37: Refund – Other Tax Subsidies

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

[342] For purposes of the preliminary determination, the estimated amount of subsidy for HTL-FC is 0.08%, expressed as a percentage of the export price.

⁸⁴ Exhibits 563 (PRO) & 564 (NC) – Exporter Subsidy RFI Response – HTL-FC

HTL Furniture (Huai An) Co., Ltd.

[343] HTL Furniture (Huai An) Co., Ltd. (HTL-HA) is a producer and exporter of subject goods, located in Huai An City, China.

[344] HTL-HA provided a response to the Subsidy RFI.⁸⁵ For the purposes of the preliminary determination, HTL-HA was found to have received countervailable benefits from the following 3 subsidy programs:

- Program 6: Design, research and development grants
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 37: Refund – Other Tax Subsidies

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

[346] For purposes of the preliminary determination, the estimated amount of subsidy for HTL-HA is 1.44%, expressed as a percentage of the export price.

Jason Furniture (Hangzhou) Co., Ltd.

[347] Jason Furniture (Hangzhou) Co., Ltd. (Jason Furniture) a manufacturer and exporter of subject goods, located in Hangzhou, China.

[348] Jason Furniture provided a response to the Subsidy RFI.⁸⁶ For the purposes of the preliminary determination, Jason Furniture was found to have received countervailable benefits from the following 11 subsidy programs:

- Program 5: Insurance grants
- Program 8: Performance award grants
- Program 11: Environment protection grant
- Program 27: Grants /Awards – Subsidies Related to Science and Technology
- Program 28: Grants/Awards – Financial Subsidy
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 31: Grants/Awards – Subsidies Related to Pandemic Support
- Program 32: Grants/Awards – Subsidies Related to Quality & Improvement
- Program 35: Grants/Awards – Subsidies Related to Talent and Skills
- Program 36: Grants/Awards – Subsidies to Provide Business Support

⁸⁵ Exhibits 561 (PRO) & 562 (NC) – Exporter Subsidy RFI Response – HTL-HA

⁸⁶ Exhibits 424 (PRO) & 425 (NC) – Exporter Subsidy RFI Response – Jason Furniture

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

[350] For purposes of the preliminary determination, the estimated amount of subsidy for Jason Furniture is 8.84%, expressed as a percentage of the export price.

Jiaxing Motion Furniture Co., Ltd.

[351] Jiaxing Motion Furniture Co., Ltd. (Jiaxing Motion) is a producer and exporter of UDS, located in Jiashan, China.

[352] Jiaxing Motion provided a response to the Subsidy RFI.⁸⁷ For the purposes of the preliminary determination, Jiaxing Motion was found to have received countervailable benefits from the following 5 subsidy programs:

- Program 8: Performance award grants
- Program 20: Preferential tax policies related to research and investment
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 34: Grants/Awards – Subsidies Related to Social Security
- Program 36: Grants/Awards – Subsidies to Provide Business Support

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

[354] For purposes of the preliminary determination, the estimated amount of subsidy for Jiaxing Motion is 0.81%, expressed as a percentage of the export price.

Megain Furniture (Dong Guan) Co., Ltd.

[355] Megain Furniture (Dong Guan) Co., Ltd. (Megain Dong Guan) is producer and exporter of subject goods, located in Dongguan City, China.

[356] Megain Dong Guan provided a response to the Subsidy RFI.⁸⁸ For purposes of the preliminary determination, Megain Dong Guan was found to have received countervailable benefits from the following 4 subsidy programs:

- Program 2: Loan guarantee through the GOC/SOE banks/public bodies
- Program 16: Corporate income tax exemption and/or reduction in special economic zones (SEZs) and other designated areas

⁸⁷ Exhibits 412 (PRO) & 413 (NC) – Exporter Subsidy RFI Response – Simon Li Furniture

⁸⁸ Exhibits 390 (PRO) & 391 (NC) – Exporter Subsidy RFI Response – Megain

Program 28: Grants/Awards – Financial Subsidy

Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation

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

[358] For purposes of the preliminary determination, the estimated amount of subsidy for Megain Dong Guan is 2.21%, expressed as a percentage of the export price.

Natuzzi China Limited

[359] Natuzzi China Limited (Natuzzi China) is a producer and exporter of subject goods, located in Shanghai, China.

[360] Natuzzi China provided a response to the Subsidy RFI.⁸⁹ For the purposes of the preliminary determination, Natuzzi China was found to have received countervailable benefits from the following 2 subsidy programs:

Program 22: Exemption or refund of tariff and import value-added tax (VAT) for imported technologies and equipment

Program 23: Relief from duties and taxes on imported material and other manufacturing inputs

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

[362] For purposes of the preliminary determination, the estimated amount of subsidy for Natuzzi China is 1.13%, expressed as a percentage of the export price.

Suzhou Yimei Furniture Co., Ltd.

[363] Suzhou Yimei Furniture Co., Ltd. (Yimei) is a privately-held limited liability company established in 2015 and is the producer and exporter of subject goods. Production operations are located in Suzhou City, China.

⁸⁹ Exhibits 478 (PRO) & 479 (NC) – Exporter Subsidy RFI Response – Natuzzi China

[364] Yimei provided a response to the Subsidy RFI⁹⁰. For purposes of the preliminary determination, Yimei was found to have received countervailable benefits from the following subsidy program:

Program 22: Exemption or refund of tariff and import value-added tax (VAT) for imported technologies and equipment

[365] Further to its analysis of the information on the administrative record, the CBSA considers that the above subsidy program constitutes a financial contribution that confers a benefit to the exporter. The CBSA also considers this program to be specific and therefore actionable.

[366] For purposes of the preliminary determination, the estimated amount of subsidy for Yimei is 1.93%, expressed as a percentage of the export price.

UE Furniture Co., Ltd.

[367] UE Furniture Co., Ltd (UE) is a producer and exporter of subject goods located in Huzhou City, China.

[368] UE provided a response to the Subsidy RFI.⁹¹ For the purposes of the preliminary determination, UE was found to have received countervailable benefits from the following 11 subsidy programs:

Program 1: Loans from state-owned banks at preferential rates
Program 4: Preferential export financing and export credit guarantee/insurance
Program 6: Design, research and development grants
Program 7: Export development and performance grants
Program 8: Performance award grants
Program 10: Grant patent assistance/award
Program 18: Municipal/local income or property tax reductions
Program 23: Relief from duties and taxes on imported material and other manufacturing inputs
Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
Program 34: Grants/Awards – Subsidies Related to Social Security
Program 37: Refund – Other Tax Subsidies

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

⁹⁰ Exhibits 632 (PRO) & 633 (NC) – Exporter Subsidy RFI Response – Yimei

⁹¹ Exhibits 454 (PRO) & 455 (NC) – Exporter Subsidy RFI Response – UE

[370] For purposes of the preliminary determination, the estimated amount of subsidy for UE is 3.34%, expressed as a percentage of the export price. This figure includes the pass-through subsidies received from an associated supplier.

Vanguard Industrial JiaXing Co., Ltd.

[371] Vanguard Industrial JiaXing Co., Ltd. (Vanguard) is a producer and exporter of subject goods, located in Jiaxing City, China.

[372] Vanguard provided a response to the Subsidy RFI.⁹² For the purposes of the preliminary determination, Vanguard was found to have received countervailable benefits from the following 12 subsidy programs;

- Program 5: Insurance grants
- Program 6: Design research and development grants
- Program 7: Export development and performance grants
- Program 8: Performance award grants
- Program 10: Grant – patent assistance/award
- Program 11: Environment protection grant
- Program 17: Corporate income tax reduction for new high tech enterprises (“NHTE”)
- Program 27: Grants/Awards – Subsidies Related to Science and Technology
- Program 28: Grants/Awards – Financial Subsidy
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 32: Grants/Awards – Subsidies related to Quality & Improvement
- Program 35: Grants/Awards – Subsidies Related to Talent and Skills

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

[374] For purposes of the preliminary determination, the estimated amount of subsidy for Vanguard is 1.74%, expressed as a percentage of the export price. This figure includes pass-through subsidies received from an associated input supplier.

Violino Furniture (Shenzhen) Ltd.

[375] Violino Furniture (Shenzhen) Co., Ltd. (Violino SZ) is a producer and exporter of subject goods located, in Shenzhen City, China.

⁹² Exhibits 488 (PRO) & 489 (NC) – Exporter Subsidy RFI Response – Vanguard

[376] Violino SZ and Dongguan LokYin Foam Manufacturing provided a joint response to the Subsidy RFI.⁹³ For the purposes of the preliminary determination, Violino SZ was found to have received countervailable benefits from the following 5 subsidy programs:

- Program 4: Preferential export financing and export credit guarantee/insurance
- Program 18: Municipal/local income or property tax reductions
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 31: Grants/Awards – Subsidies Related to Pandemic Support

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

[378] For purposes of the preliminary determination, the estimated amount of subsidy for Violino SZ is 0.14%, expressed as a percentage of the export price. This figure includes a pass-through subsidy received from Dongguan LokYin Foam Manufacturing.

Zhejiang Botai Furniture Co., Ltd.

[379] Zhejiang Botai Furniture Co., Ltd. (Zhejiang Botai) is a producer and exporter of subject goods, located in Huzhou City, China.

[380] Zhejiang Botai provided a response to the Subsidy RFI.⁹⁴ For the purposes of the preliminary determination, Zhejiang Botai was found to have received countervailable benefits from the following 13 subsidy programs:

- Program 1: Loans from state-owned banks at preferential rates
- Program 6: Design, research and development grants
- Program 10: Grant – patent assistance/award
- Program 18: Municipal/local income or property tax reductions
- Program 26: Provision of land for less than adequate remuneration by government
- Program 28: Grants/Awards – Financial Subsidy
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 31: Grants/Awards – Subsidies Related to Pandemic Support
- Program 33: Grants/Awards – Subsidies Related to Science and Technology
- Program 34: Grants/Awards – Subsidies Related to Social Security
- Program 35: Grants/Awards – Subsidies Related to Talent and Skills

⁹³ Exhibits 742 (PRO) & 743 (NC) – Exporter Subsidy RFI Response – Violino SZ

⁹⁴ Exhibits 393 (PRO) & 394 (NC) – Exporter Subsidy RFI Response – Zhejiang Botai

Program 37: Refund – Other Tax Subsidies

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

[382] For purposes of the preliminary determination, the estimated amount of subsidy for Zhejiang Botai is 8.28%, expressed as a percentage of the export price.

Zhejiang Chuanyang Furniture Co., Ltd.

[383] Zhejiang Chuanyang Furniture Co., Ltd. (Chuanyang) is a producer and exporter of subject goods, located in Haining City, China.

[384] Chuanyang provided a response to the Subsidy RFI.⁹⁵ Additionally, its associated input supplier, New Material, also provided a response to the Subsidy RFI.⁹⁶ For the purposes of the preliminary determination, Chuanyang was found to have received countervailable benefits from the following 11 subsidy programs:

- Program 4: Preferential export financing and export credit guarantee/insurance
- Program 6: Design research and development grants
- Program 7: Export development and performance grants
- Program 10: Grant – patent assistance/award
- Program 17: Corporate income tax reduction for new high tech enterprises (“NHTE”)
- Program 18: Municipal/local income or property tax reductions
- Program 27: Grants /Awards – Subsidies Related to Science and Technology
- Program 28: Grants/Awards – Financial Subsidy
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 37: Refund – Other Tax Subsidies

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

[386] For purposes of the preliminary determination, the estimated amount of subsidy for Chuanyang is 0.69%, expressed as a percentage of the export price. This figure includes pass-through subsidies received from New Material.

⁹⁵ Exhibits 385 (PRO) & 386 (NC) – Exporter Subsidy RFI Response – Chuanyang

⁹⁶ Exhibits 373 (PRO) & 374 (NC) – Exporter Subsidy RFI Response – Zhejiang Chuanyang New Material Inc.

Zhejiang Happy Smart Furnishings Co., Ltd.

[387] Zhejiang Happy Smart Furnishings Co., Ltd. (Happy Smart) is a producer and exporter of subject goods, located in Haining City, China.

[388] Happy Smart and Happy Leather submitted a joint response to the export Subsidy RFI.⁹⁷ For purposes of the preliminary determination, Happy Smart was found to have received countervailable benefits from the following 12 subsidy programs:

- Program 4: Preferential Export Financing and Export Credit
- Program 5: Insurance grants
- Program 8: Performance Award Grants
- Program 10: Grant – patent assistance/award
- Program 11: Environment protection grant
- Program 17: Corporate income tax reduction for new high tech enterprises (“NHTE”)
- Program 20: Preferential Tax Policies Related to Research and Investment
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 31: Grants/Awards – Subsidies Related to Pandemic Support
- Program 36: Grants/Awards – Subsidies to Provide Business Support
- Program 39: Subsidy for Establishment Of Non-Manufacturing Facilities

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

[390] For purposes of the preliminary determination, the estimated amount of subsidy for Happy Smart is 5.94%, expressed as a percentage of the export price.

Zhejiang Kuka Merlin Furniture Co., Ltd.

[391] Zhejiang Kuka Merlin Furniture Co., Ltd. (Kuka Merlin) is a producer and exporter of subject goods, located in Jiaxing City, China.

[392] Kuka Merlin provided a response to the Subsidy RFI.⁹⁸ For the purposes of the preliminary determination, Kuka Merlin was found to have received countervailable benefits from the following 9 subsidy programs:

- Program 7: Export development and performance grants
- Program 8: Performance award grants
- Program 11: Environment protection grant

⁹⁷ Exhibits 612 (PRO) & 613 (NC) – Exporter Subsidy RFI Response – Happy Leather

⁹⁸ Exhibits 428 (PRO) & 429 (NC) – Exporter Subsidy RFI Response – Kuka Merlin

- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 32: Grants/Awards – Subsidies related to Quality & Improvement
- Program 34: Grants/Awards – Subsidies Related to Social Security
- Program 36: Grants/Awards – Subsidies to Provide Business Support
- Program 38: Subsidy for Utilities for Certain Enterprises

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

[394] For purposes of the preliminary determination, the estimated amount of subsidy for Kuka Merlin is 9.08%, expressed as a percentage of the export price.

Zoy Home Furnishing Co., Ltd.

[395] Zoy Home Furnishing Co., Ltd. (Zoy) is a producer and exporter of subject goods, located in Huzhou City, China.

[396] Zoy provided a response to the Subsidy RFI.⁹⁹ For purposes of the preliminary determination, Zoy was found to have received countervailable benefits from the following 13 subsidy programs:

- Program 5: Insurance grants
- Program 6: Design, research and development grants
- Program 7: Export development and performance grants
- Program 10: Grant – patent assistance/award
- Program 11: Environment protection grant
- Program 16: Corporate income tax exemption and/or reduction in special economic zones (SEZs) and other designated areas
- Program 17: Corporate income tax reduction for new high tech enterprises (“NHTE”)
- Program 18: Municipal/local income or property tax reductions
- Program 29: Grants/Awards – Subsidies Related to Company/Enterprise Development and Innovation
- Program 30: Grants/Awards – Subsidies Related to Employment, Training and Recruitment
- Program 32: Grants/Awards – Subsidies related to Quality & Improvement
- Program 35: Grants/Awards – Subsidies Related to Talent and Skills
- Program 36: Grants/Awards – Subsidies to Provide Business Support

⁹⁹ Exhibits 416 (PRO) & 417 (NC) – Exporter Subsidy RFI Response – Zoy

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

[398] For purposes of the preliminary determination, the estimated amount of subsidy for Zoy is 1.83%, expressed as a percentage of the export price.

All Other Exporters – China

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

- 1) the highest amount of subsidy for each of the 29 programs, as found at the preliminary determination, for the producers/exporters located in China for whom the CBSA has sufficient information to estimate an amount of subsidy, plus;
- 2) the highest amount of subsidy for the 29 programs listed in (1), applied to each of the remaining 10 potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the preliminary determination.

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

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

[402] Using the above methodology, for the preliminary determination, the estimated amount of subsidy for all other exporters in China is 89.54%, expressed as a percentage of the export price.

Vietnam

[403] The following presents the preliminary results of the investigation into the subsidizing of UDS originating in or exported from Vietnam.

[404] At the initiation of the investigation, the CBSA sent Subsidy RFIs to the GOV, as well as to all known exporters/producers of UDS in Vietnam.

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

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

[407] For the purposes of the preliminary determination, the CBSA has received sufficient information from 10 exporters/producers to estimate amounts of subsidy. The GOV provided a response to the CBSA's Government Subsidy RFI, but it was considered deficient for the purpose of the preliminary determination.

[408] In conducting its investigation, the CBSA requested information respecting the various programs, as listed in **Appendix 3**. During the preliminary phase of the investigation, the CBSA identified additional potential programs.

[409] 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.

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

Delancey Street Furniture Vietnam Co., Ltd.

[411] Delancey Street Furniture Vietnam Co., Ltd. (Vietnam Delancey) is a producer and exporter of subject goods and is located in Ben Cat Town, Vietnam.

[412] Vietnam Delancey provided a response to the Subsidy RFI.¹⁰⁰ Vietnam Delancey reported that they did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Vietnam Delancey. As such, for purposes of the preliminary determination, there is no subsidy amount for goods exported to Canada by Vietnam Delancey. A SRFI will be sent to gather additional information and seek clarification. The CBSA will continue to collect and verify information from Vietnam Delancey.

¹⁰⁰ Exhibits 614 (PRO) & 615 (NC) – Exporter Subsidy RFI Response – Man Wah Furniture Manufacturing

Motomotion Vietnam Limited Company

[413] Motomotion is a producer and exporter of subject goods, located in Ben Cat Town, Vietnam.

[414] Motomotion provided a response to the Subsidy RFI.¹⁰¹ Motomotion reported that they did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Motomotion. As such, for purposes of the preliminary determination, there is no subsidy amount for goods exported to Canada by Motomotion. A SRFI will be sent to gather additional information and seek clarification. The CBSA will continue to collect and verify information from Motomotion.

Timberland Co., Ltd.

[415] Timberland Co., Ltd. (Timberland) is a producer and exporter of subject goods, located in Tan Uyen District, Vietnam.

[416] Timberland provided a response to the Subsidy RFI.¹⁰² Timberland reported that they did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Timberland. As such, for purposes of the preliminary determination, there is no subsidy amount for goods exported to Canada from Timberland. A SRFI will be sent to gather additional information and seek clarification. The CBSA will continue to collect and verify information from Timberland.

UE Vietnam Co., Ltd.

[417] UE Vietnam Co., Ltd. (UE Vietnam) is a producer and exporter of subject goods, located in Tan Uyen Town, Vietnam.

[418] UE Vietnam provided a response to the Subsidy RFI.¹⁰³ For the purposes of the preliminary determination, UE Vietnam was found to have received countervailable benefits from the following 4 subsidy programs:

Program 1: Exemptions of import tax and duty

Program 2: Refunds of import duties

Program 5: Export and import support in forms of preferential loan, guarantee and factoring

Program 7: Vat preferences, exemptions and reductions

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

¹⁰¹ Exhibits 474 (PRO) & 475 (NC) – Exporter Subsidy RFI Response – Motomotion

¹⁰² Exhibits 614 (PRO) & 615 (NC) – Exporter Subsidy RFI Response – Man Wah Furniture Manufacturing

¹⁰³ Exhibits 462 (PRO) & 463 (NC) – Exporter Subsidy RFI Response – UE Vietnam

[420] For purposes of the preliminary determination, the estimated amount of subsidy for UE Vietnam is 0.00% expressed as a percentage of the export price..

Vietnam Hang Phong Furniture Company Ltd.

[421] Vietnam Hang Phong Furniture Company Ltd. (Hang Phong) is a producer and exporter of subject goods, located in Khu Phố Tân Bình City, Vietnam.

[422] Hang Phong provided a response to the Subsidy RFI.¹⁰⁴ Hang Phong reported that they did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Hang Phong. As such, for purposes of the preliminary determination, there is no subsidy amount for goods exported to Canada by Hang Phong. A SRFI will be sent to gather additional information and seek clarification. The CBSA will continue to collect and verify information from Hang Phong.

Wendelbo SEA JSC

[423] Wendelbo SEA JSC (Wendelbo SEA) is a producer and exporter of subject goods, located in Di An City, Vietnam.

[424] Wendelbo SEA provided a response to the Subsidy RFI.¹⁰⁵ Wendelbo SEA reported that they did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Wendelbo SEA. As such, for purposes of the preliminary determination, there is no subsidy amount for goods exported to Canada by Wendelbo SEA. A SRFI will be sent to gather additional information and seek clarification. The CBSA will continue to collect and verify information from Wendelbo SEA.

All Other Exporters – Vietnam

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

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

[427] The CBSA further considered that the GOV did not provide a substantially complete response to the Subsidy RFI, which impeded the CBSA's ability to make a fully informed decision.

¹⁰⁴ Exhibits 618 (PRO) & 619 (NC) – Exporter Subsidy RFI Response – Hang Phong

¹⁰⁵ Exhibits 513 (PRO) & 514 (NC) – Exporter Subsidy RFI Response – Wendelbo SEA

[428] The CBSA decided that the most appropriate amount of subsidy to use for all other exporters was the amount of subsidy for all exporters of the goods from Vietnam that was estimated at the initiation, which was based on the difference between the estimated weighted average full costs of the subsidized goods with the estimated weighted average of export prices. This difference was then expressed as a percentage of the estimated export price of the goods from Vietnam.

[429] This methodology uses information available to estimate an amount of subsidy as it represents the differential between the producers' full costs of the subject goods and the estimated export price. Subsidies reduce the total cost to produce a good, thereby allowing producers to sell their goods at a lower price. This methodology limits the advantage that an exporter may gain from not providing necessary information requested in a subsidy investigation as compared to an exporter that did provide the necessary information.

[430] Using the above methodology, for the preliminary determination, the estimated amount of subsidy for all other exporters in Vietnam is 11.73%, expressed as a percentage of the export price.

Summary of Preliminary Results – Subsidy

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

Summary of Preliminary Results - Subsidy Period of Investigation (June 1, 2019 to November 30, 2020)

Exporter	Estimated Amount of Subsidy (% of Export Price)	Estimated Volume of Subject Goods (% of Total Imports)*
Anji Cozy Home Co., Ltd.	1.58%	0.31%
Anji Hengrui Furniture Co., Ltd.	0.00%	0.14%
Anji Hengyi Furniture Co., Ltd.	0.00%	0.13%
Anji Shengxing Office Furniture Co., Ltd.	20.09%	0.29%
Anji UES Furniture Co., Ltd.	0.59%	1.20%
Dongguan Tianhang Furniture Co., Ltd.	0.15%	0.82%
Foshan DOB Furniture Co., Ltd.	0.48%	0.35%
Gu Jia Intelligent Household Jiaxing Co., Ltd.	4.63%	2.87%
HaiNing Happy Leather Furniture Co., Ltd.	4.51%	0.02%
Haining Nicelink Home Furnishings Co., Ltd.	40.77%	0.08%
Henglin Home Furnishings Co., Ltd.	2.28%	0.44%
HHC Changzhou Corp.	1.52%	0.23%
HTL Furniture (China) Co., Ltd.	0.08%	1.20%
HTL Furniture (Huai An) Co., Ltd.	1.44%	0.31%
Jason Furniture (Hangzhou) Co., Ltd.	8.84%	1.38%
Jiaxing Motion Furniture Co., Ltd.	0.81%	0.15%
Megain Furniture (Dong Guan) Co., Ltd.	2.21%	0.02%
Natuzzi (China) Ltd.	1.13%	2.34%
Suzhou Yimei Furniture Co., Ltd.	1.93%	0.14%
Taizhou Delancey Street Furniture Co., Ltd.	89.54%	0.08%
UE Furniture Co., Ltd	3.34%	0.18%
Vanguard Industrial JiaXing Co., Ltd.	1.74%	0.30%
Violino Furniture (Shenzhen) Ltd.	0.14%	0.46%
Zhejiang Botai Furniture Co., Ltd.	8.28%	0.17%
Zhejiang Chuanyang Furniture Co., Ltd.	0.69%	0.14%
Zhejiang Happy Smart Furnishings Co., Ltd.	5.94%	1.69%
Zhejiang Kuka Merlin Furniture Co., Ltd.	9.08%	1.04%
Zoy Home Furnishing Co., Ltd.	1.83%	1.16%
All Other Exporters – China	89.54%	40.76%
Total – China		58.37%

Exporter	Estimated Amount of Subsidy (% of Export Price)	Estimated Volume of Subject Goods (% of Total Imports)*
Delancey Street Furniture Vietnam Co., Ltd.	0.00%	0.01%
Motomotion Vietnam Limited Company	0.00%	0.03%
Timberland Co., Ltd.	0.00%	0.14%
UE Vietnam Co., Ltd.	0.00% †	0.01%
Vietnam Hang Phong Furniture Company Limited	0.00%	0.03%
Wendelbo Interiors A/S	N/A	0.00% †
Wendelbo SEA JSC	0.00%	0.01%
All Other Exporters – Vietnam	11.73%	8.20%
Total – Vietnam		8.43%
All Other Countries		33.20%
All Countries		100.00%

* The CBSA's import documentation was used to estimate the imports of subject goods during the POI. Since import volume information on the customs documentation was reported in various units of measure (i.e. number of sets, number of modules, weight, etc.), import value was used as the unit of measure for estimating import volumes of certain upholstered domestic furniture.

† Some percent totals appear as 0.00% due to small amounts and rounding.

[432] 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.

[433] 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.

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

[435] 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.

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

[437] Neither the ASCM nor SIMA defines or provides any guidance regarding the determination of a "developing country" for purposes of Article 27.10 of the ASCM. As an administrative practice, the CBSA refers to the *Development Assistance Committee List of Official Development Assistance Recipients*¹⁰⁶ and regards a country as developing if it is listed as a least developed country, low income country, or lower middle income country or territory. As Vietnam is included in these lists for 2021, the CBSA extends developing country status to Vietnam for purposes of this investigation.

[438] As can be seen from the above table, the volume of subject goods from each China is above 3% of the total volume of goods released into Canada from all countries, and that from Vietnam is above 4%. Based on the provisions above, the volume of subject goods from China and Vietnam is, therefore, not negligible.

[439] The amount of subsidy estimated for Anji Hengrui Furniture Co., Ltd.; Anji Hengyi Furniture Co., Ltd.; Anji UES Furniture Co., Ltd.; Dongguan Tianhang Furniture Co., Ltd.; Foshan DOB Furniture Co., Ltd.; HTL Furniture (China) Co., Ltd.; Jiaying Motion Furniture Co., Ltd.; Violino Furniture (Shenzhen) Ltd.; and Zhejiang Chuanyang Furniture Co., Ltd. are below 1% of the export price and were, therefore, determined to be insignificant.

[440] Similarly, the amount of subsidy estimated Delancey Street Furniture Vietnam Co., Ltd.; Motomotion Vietnam Limited Company; Timberland Co., Ltd.; UE Vietnam Co., Ltd.; Vietnam Hang Phong Furniture Company Limited; and Wendelbo SEA JSC, are below 2% of the export price and were, therefore, also determined to be insignificant. Furthermore, the amount of subsidy estimated for Wendelbo Interiors A/S was determined to be nil.

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

[442] The estimated amounts of subsidy on the goods for all other exporters exceed 1% or 2% of the export price, as appropriate, and are therefore not insignificant. In respect of these exporters, provisional countervailing duty will be imposed on subject goods imported into Canada during the provisional period.

¹⁰⁶ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-List-ODA-Recipients-for-reporting-2021-flows.pdf>

DECISIONS

[443] On May 5, 2021, pursuant to subsection 38(1) of SIMA, the CBSA made preliminary determinations of dumping and subsidizing respecting UDS originating in or exported from China and Vietnam.

PROVISIONAL DUTY

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

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

[446] Imports of UDS originating in or exported from China and Vietnam, and released by the CBSA on or after May 5, 2021, will be subject to provisional duties equal to the estimated margin of dumping and estimated amount of subsidy, expressed as a percentage of the export price of the goods per exporter. **Appendix 1** contains the estimated margins of dumping, estimated amounts of subsidy and the rates of provisional duty.

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

FUTURE ACTION

The Canada Border Services Agency

[448] The CBSA will continue its investigations of the dumping and subsidizing and will make final decisions by August 3, 2021.

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

The Canadian International Trade Tribunal

[450] The CITT has begun its inquiry into the question of injury to the Canadian industry. The CITT is expected to issue its finding by September 2, 2021.

[451] 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.

[452] 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 UDS that are of the same description as goods described in the CITT's finding.

[453] 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.

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

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

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[456] 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.

[457] 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

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

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

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

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

[462] 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

[463] 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

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

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

Telephone: Kevin Lambertsen 613-954-7341
Jeffrey Laplante 613-954-7236

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

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



Doug Band
Director General
Trade and Anti-dumping Programs Directorate

ATTACHMENTS

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

Appendix 2: Summary of Preliminary Findings for Subsidy Programs – China

Appendix 3: Summary of Preliminary Findings for Subsidy Programs – Vietnam

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

The following table lists the estimated margins of dumping, the estimated amounts of subsidy, and the provisional duty by exporter as a result of the decisions mentioned above. Imports of subject goods released from the Canada Border Services Agency on or after May 5, 2021, will be subject to provisional duties at the rates specified below.

Country of Origin or Export	Estimated Margin of Dumping (% of Export Price)	Estimated Amount of Subsidy (% of Export Price)	Total Provisional Duty Payable
China			
Anji Cozy Home Co., Ltd.	40.54%	1.58%	42.12%
Anji Hengrui Furniture Co., Ltd.	70.23%	0.00% *	70.23%
Anji Hengyi Furniture Co., Ltd.	32.25%	0.00% *	32.25%
Anji Shengxing Office Furniture Co., Ltd.	206.36%	20.09%	226.45%
Anji UES Furniture Co., Ltd.	84.37%	0.59% *	84.37%
Dongguan Tianhang Furniture Co., Ltd.	41.09%	0.15% *	41.09%
Foshan DOB Furniture Co., Ltd.	206.36%	0.48% *	206.36%
Gu Jia Intelligent Household Jiaxing Co., Ltd.	33.07%	4.63%	37.70%
HaiNing Happy Leather Furniture Co., Ltd.	206.36%	4.51%	210.87%
Haining Nicelink Home Furnishings Co., Ltd.	11.01%	40.77%	51.78%
Henglin Home Furnishings Co., Ltd.	38.16%	2.28%	40.44%
HHC Changzhou Corp.	39.19%	1.52%	40.71%
HTL Furniture (China) Co., Ltd.	58.38%	0.08% *	58.38%
HTL Furniture (Huai An) Co., Ltd.	58.76%	1.44%	60.20%
Jason Furniture (Hangzhou) Co., Ltd.	47.87%	8.84%	56.71%
Jiaxing Motion Furniture Co., Ltd.	206.36%	0.81% *	206.36%
Megain Furniture (Dong Guan) Co., Ltd.	206.36%	2.21%	208.57%
Natuzzi (China) Ltd.	206.36%	1.13%	207.49%
Suzhou Yimei Furniture Co., Ltd.	206.36%	1.93%	208.29%
Taizhou Delancey Street Furniture Co., Ltd.	50.77%	89.54%	140.31%
UE Furniture Co., Ltd	68.88%	3.34%	72.22%
Vanguard Industrial JiaXing Co., Ltd.	58.37%	1.74%	60.11%
Violino Furniture (Shenzhen) Ltd.	20.65%	0.14% *	20.65%
Zhejiang Botai Furniture Co., Ltd.	206.36%	8.28%	214.64%
Zhejiang Chuanyang Furniture Co., Ltd.	50.63%	0.69% *	50.63
Zhejiang Happy Smart Furnishings Co., Ltd.	206.36%	5.94%	212.30%
Zhejiang Kuka Merlin Furniture Co., Ltd.	26.70%	9.08%	35.78%
Zoy Home Furnishing Co., Ltd.	206.36%	1.83%	208.19%
All Other Exporters – China	206.36%	89.54%	295.90%

Country of Origin or Export	Estimated Margin of Dumping (% of Export Price)	Estimated Amount of Subsidy (% of Export Price)	Total Provisional Duty Payable
Vietnam			
Delancey Street Furniture Vietnam Co., Ltd.	89.77%	0.00% *	89.77%
Motomotion Vietnam Limited Company	34.98%	0.00% *	34.98%
Timberland Co., Ltd.	89.77%	0.00% *	89.77%
UE Vietnam Co., Ltd.	89.77%	0.00% *	89.77%
Vietnam Hang Phong Furniture Company Limited	45.60%	0.00% *	45.60%
Wendelbo Interiors A/S	69.37%	N/A	69.37%
Wendelbo SEA JSC	17.44%	0.00% *	17.44%
All Other Exporters – Vietnam	89.77%	11.73%	101.50%

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

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

This Appendix consists of descriptions of the subsidy programs which 25 of 27 responding exporters, Anji Cozy Home Co., Ltd.; Anji Shengxing Office Furniture Co., Ltd.; Anji UES Furniture Co., Ltd.; Dongguan Tianhang Furniture Co., Ltd.; Foshan DOB Furniture Co., Ltd.; Gu Jia Intelligent Household Jiaxing Co., Ltd.; HaiNing Happy Leather Furniture Co., Ltd.; Haining Nicelink Home Furnishings Co., Ltd.; Henglin Home Furnishings Co., Ltd.; HHC Changzhou Corp.; HTL Furniture (China) Co., Ltd.; HTL Furniture (Huai An) Co., Ltd.; Jason Furniture (Hangzhou) Co., Ltd.; Jiaxing Motion Furniture Co., Ltd.; Megain Furniture (Dong Guan) Co., Ltd.; Natuzzi (China) Ltd.; Suzhou Yimei Furniture Co., Ltd.; UE Furniture Co., Ltd.; Vanguard Industrial JiaXing Co., Ltd.; Violino Furniture (Shenzhen) Ltd.; Zhejiang Botai Furniture Co., Ltd.; Zhejiang Chuanyang Furniture Co., Ltd.; Zhejiang Happy Smart Furnishings Co., Ltd.; Zhejiang Kuka Merlin Furniture Co., Ltd.; and Zoy Home Furnishing Co., Ltd., benefited from during the course of the POI and other potentially actionable subsidy programs identified by the CBSA that were not used by the responding exporters during the POI.

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

Subsidy Programs Used by the Responding Exporters

Category 1: Preferential Loans and Loan Guarantees

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

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

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

General Information

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

Financial Contribution

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

Specificity

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

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

General Information

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

Financial Contribution

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

Specificity

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

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

General Information

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

Financial Contribution

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

Specificity

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

Category 2: Grants and Grant Equivalent

Program 5: Insurance Grants

General Information

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

Financial Contribution

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

Specificity

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

Program 6: Design, Research and Development Grants

General Information

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

Financial Contribution

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

Specificity

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

Program 7: Export Development and Performance Grants

General Information

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

Financial Contribution

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

Specificity

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

Program 8: Performance award Grants

General Information

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

Financial Contribution

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

Specificity

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

Program 10: Grant – Patent Assistance/Award

General Information

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

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

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

Financial Contribution

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

Specificity

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

Program 11: Environment Protection Grant

General Information

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

Financial Contribution

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

Specificity

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

Category 3: Preferential Tax Programs

Program 16: Corporate Income Tax Exemption and/or Reduction in Special Economic Zones (SEZs) and Other Designated Areas

General Information

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

Financial Contribution

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

Specificity

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

Program 17: Corporate Income Tax Reduction for New High Tech Enterprises

General Information

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

Financial Contribution

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

Specificity

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

Program 18: Municipal/Local Income Tax Property Reductions

General Information

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

Financial Contribution

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

Specificity

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

Program 20: Preferential Tax Policies Related to Research and Investment

General Information

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

Financial Contribution

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

Specificity

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

Category 4 - Relief From Duties And Taxes

Program 22: Exemption or Refund of Tariff and Import Value-added Tax (VAT) for Imported Technologies and Equipment

General Information

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

Financial Contribution

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

Specificity

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

Program 23: Relief from Duties and Taxes on Imported Material and Other Manufacturing Inputs

General Information

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

Financial Contribution

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

Specificity

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

Category 5: Goods/Services Provided by the Government at Less Than Fair Market Value

Program 26: Provision of Land for Less Than Adequate Remuneration by Government

General Information

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

Financial Contribution

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

Specificity

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

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

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

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

General Information

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

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

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

General Information

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

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Program 12: Forest Certification Pilot Special Fund

General Information

In United States – Certain Hardwood Plywood Products from the People’s Republic of China, this program was found to be countervailable. The CBSA was unable to obtain a description of this program, however, this program appears to be specific to the forestry sector and potentially to UDS and has been countervailed in a recent investigation by the U.S. Department of Commerce.

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Program 13: Interest Loan Subsidies for the Forest Industry

General Information

In United States – Certain Hardwood Plywood Products from the People’s Republic of China, this program was found to be countervailable. The CBSA was unable to obtain a description of this program, however, this program appears to be specific to the forest sector and potentially to UDS and has been countervailed in a recent investigation by the U.S. Department of Commerce.

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Program 14: Grants for the retirement of capacity

General Information

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

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Program 15: Grants for Relocation to Reduce Emissions

General Information

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

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Program 19: Preferential Tax Policies for Foreign-Invested Enterprises (FIEs)

General Information

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

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Program 21: Offsets to Taxable Income Related to Purchases of Domestic Machinery

General Information

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

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Program 24: Deed tax exemption for SOEs undergoing mergers or restructuring

General Information

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

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Program 25: Acquisition of Government Inputs/Utilities at Less Than Fair Market Value

General Information

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

State-owned or state-controlled suppliers may be considered to constitute "government" if they possess, exercise or are vested with government authority, which may be indicated by the following factors:

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

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

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

Financial Contribution

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

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Other Programs Received by Exporters but Not Previously Addressed

These additional programs were reported to have been received by some of the responding exporters that were not previously addressed in the CBSA’s list of 26 programs under investigation at the initiation.

Program 27: Grants /Awards - Subsidies Related to Science and Technology

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 constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a benefit to the recipient equal to the amount of the grant.

Specificity

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

Program 28: Grants/Awards - Financial Subsidy

General Information

Subsidies under this program relate to financial grants and awards.

Financial Contribution

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

Specificity

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

Program 29: Grants/Awards - Subsidies Related to Company/Enterprise Development and Innovation

General Information

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

Financial Contribution

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

Specificity

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

Program 30: Grants/Awards - Subsidies Related to Employment, Training and Recruitment

General Information

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

Financial Contribution

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

Specificity

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

Program 31: Grants/Awards - Subsidies Related to Pandemic Support

General Information

Subsidies under this program are related to pandemic support programs.

Financial Contribution

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

Specificity

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

Program 32: Grants/Awards - Subsidies related to Quality & Improvement

General Information

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

Financial Contribution

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

Specificity

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

Program 33: Grants/Awards - Subsidies Related to Science and Technology

General Information

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

Financial Contribution

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

Specificity

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

Program 34: Grants/Awards - Subsidies Related to Social Security

General Information

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

Financial Contribution

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

Specificity

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

Program 35: Grants/Awards – Subsidies Related to Talent and Skills

General Information

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

Financial Contribution

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

Specificity

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

Program 36: Grants/Awards – Subsidies to Provide Business Support

General Information

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

Financial Contribution

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

Specificity

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

Program 37: Refund – Other Tax Subsidies

General Information

Subsidies provided under the program related to tax programs otherwise not included in preferential tax programs.

Financial Contribution

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

Specificity

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

Program 38: Subsidy for Utilities for Certain Enterprises

General Information

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

Financial Contribution

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

Specificity

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

Program 39: Award for the Establishment Of Non-Manufacturing Facilities

General Information

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

Financial Contribution

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

Specificity

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

APPENDIX 3 – SUMMARY OF PRELIMINARY FINDINGS FOR SUBSIDY PROGRAMS – VIETNAM

This Appendix consists of descriptions of the subsidy programs which 1 of the 6 responding exporters, UE Vietnam Co., Ltd., benefited from during the course of the POI and other potentially actionable subsidy programs identified by the CBSA that were not used by the responding exporters during the POI.

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

Subsidy Programs Used by the Responding Exporters

Category 1: Relief From Import Tax and Duty

Program 1: Exemptions of Import Tax and Duty

General Information

Due to their similarities, the following programs identified by the complainant will be grouped into one program to be investigated: Exemptions of Import Tax and Duty.

1. Preferential policies on import tax
2. Import Duty Exemptions for Supporting Industries
3. Import Duty Exemptions for Enterprises within Economic Zones, Industrial Parks or Other Designated Areas
4. Exemption of Import Tax on Equipment and Machinery Imported to Create Fixed Assets
5. Import Duty Exemptions on Imports of Raw Materials for Exporting Goods
6. Import Duty Exemption on Imports of Spare Parts and Accessories for Companies in Industrial Zones
7. Import Duty Exemptions for Foreign-Invested Entities
8. Import Duty Exemptions on Imported Raw Materials for Export Processing Enterprises and Export Processing Zones

This program is administered by the Ministry of Finance and grant tax and/or duty exemptions on certain imported goods to certain companies, including on goods imported for manufacture of domestic exports, for fixed assets used for eligible investment incentives, and a five-year exemption from import duties on raw materials, supplies and components as described in Articles 12, 14 and 15 of *Decree No. 134/2016/ND-CP*¹⁰⁷ respectively.

¹⁰⁷ Exhibit 2 (NC) – Complaint – Public Appendix 25, Pages 18-58

The programs of import duty exemptions are made available pursuant to the *Law No. 107/2016/QH1* dated April 6, 2016, on export and import duties (*Law No. 107*) and *Decree No. 134/2016/ND-CP* dated September 1, 2016, on guidelines for the law on export and import duties (*Decree No. 134*). *Law No. 107* replaced the *Law on Export and Import Tax No. 45/2005/QH11* dated June 14, 2005, on detailing a number of articles of the law on export and import duties (*Law No. 45*). *Decree 134* replaced *Decree No. 87/2010/ND-CP* dated August 13, 2010, guiding the implementation of a number of articles of the *Law on Export Tax and Import Tax* (*Decree No. 87*).

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.2) of SIMA because they are limited to either enterprises in certain geographic areas or investment projects specified in Appendix 1 and Appendix 2 of *Decree No. 118/2015/ND-CP* dated November 12, 2015, guiding the implementation of a number of articles of the law on investment. This will be further analyzed in the final phase of the investigation.

Program 2: Refunds of Import Duties

General Information

Due to similarities, the following programs identified by the complainant will be grouped into one program to be investigated: Refunds of Import Duties

- Import Duty Refund for Supporting Industries
- Import Duty Refund for Enterprises within Economic Zones, Industrial Parks or Other Designated Areas

These programs are administered by the Ministry of Finance and allow a refund of duties on certain imported goods, including on certain re-exported imports as described in Article 34 of *Decree No. 134/2016/ND-CP*, to enterprises located in certain geographic areas.¹⁰⁸

¹⁰⁸ Exhibit 2 (NC) – Complaint – Public Appendix 25, Pages 46-44

The import duty refund programs are made available pursuant to the *Law No. 107/2016/QH13* dated April 6, 2016, on export and import duties (Law No. 107) and *Decree No. 134/2016/ND-CP* dated September 1, 2016, on guidelines for the law on export and import duties (Decree No. 134). Law No. 107 replaced the *Law on Export and Import Tax No. 45/2005/QH11* dated June 14, 2005, on detailing a number of articles of the law on export and import duties (Law No. 45). Decree 134 replaced *Decree No. 87/2010/ND-CP* dated August 13, 2010, guiding the implementation of a number of articles of the *Law on Export Tax and Import Tax* (Decree No. 87). Duty refund is stipulated in Article 19 of Law No. 45 and Law No. 107 and specified in Article 15 of Decree No. 87 and Article 33 to 37 of Decree No. 134.

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises located in certain geographic areas or contingent upon export performance and, therefore, may constitute a prohibited subsidy as defined in subsection 2(1) of SIMA. This will be further analyzed in the final phase of the investigation.

Category 3: Preferential Loans and Loan Guarantees

Program 5: Export And Import Support In Forms Of Preferential Loan, Guarantee And Factoring

General Information

Due to their similarities, the following programs identified by the complainant will be grouped into one program to be investigated: Export and Import Support in Forms of Preferential Loan, Guarantee and Factoring

- Preference in Crediting for Supporting Industries
- Export and Import Support in Forms of Preferential Loan, Guarantee and Factoring
- Preferential Lending and Export Credits from the Vietnam Development Bank
- Preferential Lending to Exporters
- Interest Rate Support Program
- Export Factoring
- Financial Guarantees for Export Activities

This program provides financial support to enterprises exporting/importing goods in the forms of preferential loans, guarantees and factoring.¹⁰⁹

Investment credit and export credit are made available pursuant to *Decree No. 75/2011/ND-CP* dated August 30, 2011, on state investment credit and export credit (Decree No. 75) and *Decree No. 151/2006/ND-CP* dated December 20, 2006, on state investment credit and export credit (Decree No. 151).

Investment credit is stipulated in Chapter II and Appendix I of Decree No. 75 and in Chapter II and List of Eligible Projects for Investment Credit of Decree No. 151. Export credit is stipulated in Chapter III and Appendix II of Decree No. 75 and in Chapter III and List of Eligible projects for export credit of Decree No. 151. The regulation of guarantee operation is detailed in the Circular 28/2012/TT-NHNN issued by the State Bank of Vietnam.

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to paragraph 2(7.2)(b) of SIMA as it is contingent upon export performance and, therefore, constitute a prohibited subsidy as defined in subsection 2(1) of SIMA. This will be further analyzed in the final phase of the investigation.

Category 4: Preferential Tax Programs

Program 7: Vat Preferences, Exemptions and Reductions

General Information

Due to their similarities, the following programs identified by the complainant will be grouped into one program to be investigated: Vat Preferences, Exemptions and Reductions.

- Preference in VAT for Supporting Industries
- Preference in VAT Exemptions/Reductions for Enterprises within Economic Zones, Industrial Parks or Other Designated Areas

¹⁰⁹ Exhibit 2 (NC) – Complaint – Page 111, Paragraph 395

This program provides VAT preferences in the form of preferential rates, exemptions and/or reductions to individuals and organizations of supporting industries or to enterprises located within certain eligible geographic areas.

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.2) of SIMA because eligibility is limited to supporting industries or enterprises located in specific geographical areas. This will be further analyzed in the final phase of the investigation.

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

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

Category 2: Relief From Land Rent, Tax and Levy

Program 3: Incentives On Non-Agricultural Land Use Tax

General Information

This program grants tax exemptions and reductions for non-agricultural land use. The complainant stated upholstered furniture production is considered a non-agricultural land use.¹¹⁰

¹¹⁰ Exhibit 2 (NC) – Complaint – Paragraph 395

Based on CBSA research, non-agricultural land use tax is regulated by *Law No. 48/2010/QH12* dated June 17, 2010, on non-agricultural land use tax (Law No. 48); *Decree 53/2011/ND-CP* dated July 1, 2011, guiding the implementation of this Law No. 48; and *Circular No. 153/2011/TT-BTC* dated November 11, 2011, guiding on non-agricultural land use tax (Circular No. 153). Articles 9 and 10 of Law No. 48 provide for tax exemption and reduction for non-agricultural land use.

Appendix 1 of *Decree No. 118/2015/ND-CP* dated November 12, 2015, guiding the implementation of the Law on Investment (Decree No. 118), defines domains eligible for investment promotion and domains eligible for special investment preferences. Appendix 2 of Decree No. 118 defines areas with extreme socio-economic difficulties, areas with socio-economic difficulties eligible for investment preferences.

Financial Contribution

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

Specificity

Based on the CBSA's prior decision, the program is considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to industries located in the regions prescribed.

Program 4: Exemptions/Reductions of Land Rent, Tax and Levy

General Information

Due to their similarities, the following programs identified by the complainant will be grouped into one program to be investigated: Exemptions/Reductions of Land Rent, Tax and Levy.

- Preferences in leases of land and water surface
- Preference for SMEs in land rents and water surface rents
- Preferences on Land Rents for Enterprises within Economic Zones, Industrial Parks or Other Designated Areas
- Land-Use Levy Exemption/Reduction
- Land Rent Exemption/Reduction
- Land Rent Exemptions for Exporters
- Land Rent Exemptions for Foreign-Invested Enterprises
- Land Rent Exemptions for Enterprises Located in Special Zones

This program grants exemptions or reductions of land rents, taxes and levy to enterprises operating in certain domains and regions entitled to investment incentives.

Land used for production and business purposes is governed by *Law No. 45/2013/QH13* dated June 21, 2013, on Land (Law No. 45); *Decree No. 46/2014/ND-CP* dated May 15, 2014, on regulating the collection of land rents and water surface rents (Decree No. 46); *Circular No. 77/2014/TT-BTC* dated June 16, 2014, guiding *Decree No. 46/2014/ND-CP*; and *Circular No. 333/2016/TT-BTC* dated December 26, 2016, amending and supplementing a number of articles of *Circular No. 77/2014/TT-BTC*. Land rent exemption and reduction in land rent are provided in Articles 19 and 20 of Decree No. 46.

The land-use levy exemption/reduction program was terminated on July 1, 2014, as the effective date of the *Law No. 45/2013/QH13* dated June 21, 2013, on Land (Law No. 45), replaced Law No. 13. Although this program was terminated on July 1, 2014, companies that were eligible for the program could have benefited from the subsidy while it was in effect. Depending on the size of the benefits, the benefits could potentially be amortized over the following subsequent years.

Financial Contribution

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

Specificity

Further to the CBSA's prior decision, the program is considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to the List of domains entitled to investment incentives and the List of regions entitled to investment incentives as specified in Article 110 of the Law on Land 2013; Section II, Chapter II of Decree No. 46; and Appendix II of Decree 118/2015/ND-CP.

Category 4: Preferential Tax Programs

Program 6: Enterprise Income Tax Preferences, Exemptions And Reductions

General Information

Due to their similarities, the following programs identified by the complainant will be grouped into one program to be investigated: Enterprise Income Tax Preferences, Exemptions And Reductions

- Preferential policies on corporate income tax
- Preference in Environmental Protection for Supporting Industries
- Corporate Income Tax Exemptions/Reductions for Enterprises within Economic Zones, Industrial Parks or Other Designated Areas
- Establishments Dealing with Exported Goods
- Tax Exemptions and Reductions for Investment in Disadvantaged Regions

- Tax Exemptions and Reductions for Encouraged Sectors
- Enterprise Income Tax Exemption/Reduction for Business Expansion and Intensive Investment Projects
- Tax Preferences for Investors Producing and/or Dealing in Export Goods
- Establishments Dealing with Exported Goods
- Preferential Income Tax Rates for Enterprises Within Economic Zones or Industrial Parks
- Tax Exemptions and Reductions for Foreign-Invested Enterprises
- Income Tax Preferences to Companies in Special Zones
- Income Tax Preferences for Exporters
- Income Tax Preferences for Small And Medium-Sized Enterprises
- Income Tax Exemptions and Reductions for Business Expansion and Intensive Investment
- Preferential Income Tax Programs for Foreign Invested Entities

This program provides corporate income tax preferences and benefits in the form of preferential rates, exemptions and/or reductions to certain types of enterprises either involved in specific operations or located in specific geographical areas.

Corporate income tax and tax benefits are governed by *Law No. 14/2008/QH12* dated June 3, 2008, on Enterprise Income Tax 2008 (Law No. 14); *Law No. 32/2013/QH13* dated June 19, 2013, on amending and supplementing a number of articles of Law on Enterprise Income Tax 2008 (Income Tax 2008 Amending); *Law No. 71/2014/QH13* dated December 8, 2014, on amending and supplementing a number of articles of the laws on taxes (Law No. 71); *Decree No. 218/2013/ND-CP* dated December 26, 2013, on detailing and guiding the implementation of law on corporate income tax (Decree No. 218) and *Decree No. 12/2015/ND-CP* dated February 12, 2015, on elaboration of the law on amendments to tax laws (Decree No. 12). Income tax rate preference is provided in Article 15 of Decree No. 218 and tax exemptions and reductions is provided in Article 16 of Decree No. 218.

Article 20.2 of Decree 218 allows the continuation of the application of corporate income tax preferences granted before the Decree's effective date as of February 15, 2014, if those preferences are more advantaged than those granted under Decree 218.

According to Article 15 of *Law No. 67/2014/QH13* dated November 26, 2014, on the Law on Investment (Law No. 67), corporate income tax preferences apply to: (1) Economic zone, high-tech zone established by Decision of the Prime Minister in area with difficult socio-economic conditions; (2) Industrial, processing zone established by Decision of the Prime Minister in areas with special difficult socio-economic conditions specified in Attachment II to *Decree No. 118/2015/ND-CP* dated November 12, 2015, on guidelines for some articles of the law on Investment (Decree No. 118).

Financial Contribution

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

Specificity

Further to the CBSA's prior decisions, the program is considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to investment projects within certain eligible geographic areas as specified in Article 15 of Law No. 67.

Program 8: Accelerated Depreciation of Fixed Assets

General Information

This program lets certain enterprises operating in investment incentive sectors and geographical areas accelerate the depreciation of fixed assets, hereby conferring a benefit in the form of a reduction or exemption of an otherwise amount owing and due to the government.

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.2) of SIMA because it is limited to particular enterprises with fixed assets and specialized technological capabilities. This will be further analyzed in the final phase of the investigation.

Category 5: Grants and Grant Equivalents

Program 9: Investment Support

General Information

Due to their similarities, the following programs identified by the complainant will be grouped into one program to be investigated: Investment Support.

- Preference for SMEs in Investment Credits
- Preference in investment by geographical areas

Investment Support programs provide extra financial support for new investment projects to enterprises of certain sectors operating in certain geographical areas.

Investment Support is made available pursuant to *Decree 108/2006/ND-CP of the Government*, dated September 22, 2006. Decree 108 details in which areas the government will support new investments.

Financial Contribution

For the purposes of the preliminary determination, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA, in that amounts confer a benefit to the recipient equal to the amount of the extra support received from the government.

Specificity

Further to the CBSA's prior decision, the program is considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to a list of sectors entitled to investment incentives and a list of geographical areas entitled to investment incentives as specified in Appendix I and II and of the Law.

Program 10: Export Promotion

General Information

This program provides funds for trade promotion related activities to enterprises for specific trade promotion schemes.

The National Trade program was established by *Decision No. 279/2005/QD-TTg* of November 3, 2005. The Decision constituted the framework for state-funded trade promotion activities from 2006 to 2010. The state funding of these activities was derived from the Export Promotion Fund, established pursuant to Prime Minister's *Decision No. 195/1999/QD-TTg*. The Decision 279 was amended and supplemented by Prime Minister's *Decision No. 80/2009/QD-TTg* of May 21, 2009.

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.2) of SIMA because Article 9 of Decision 279 specifies the types of trade promotion schemes that are eligible for support and Article 10 specifies the level of support that is available for each of the eligible schemes. This will be further analyzed in the final phase of the investigation.

Program 11: Consultancy Support for Small and Medium-Sized Enterprises

General Information

This program provides a benefit in the form of a financial contribution to SMEs for consulting support offered via a consultant network. Through this program, micro-businesses, small and medium enterprises can benefit from 10%, 30% or 100% in subsidy of the consultancy contract value up to a certain amount, depending on their enterprise size and the value of the contract.

This program is governed by *Circular No. 06/2019/TT-BKHDT* dated March 29, 2019, on guidelines for organization and operation of consultant network, consultancy support for small and medium-sized enterprises through consultant network. The program took effect on May 12, 2010, and is given authority by The Ministry of Planning and Investment.

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.3) of SIMA, in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available. This will be further analyzed in the final phase of the investigation.

Program 12: Support for the Human Resources Development of Small and Medium-Sized Enterprises

General Information

This program provides a benefit in the form of a financial contribution to women-owned small and medium-sized enterprises (SMEs) for training-related activities in the fields of entrepreneurship and business administration for women employees. SMEs may receive 100% subsidy for training expenses for women at women-owned SMEs and a subsidy of at least 50% for the organization of a training course in entrepreneurship and business administration. Per *Decree No. 118.2015/ND-CP*, SMEs may receive a 100% subsidy for training expenses if they are located in extremely disadvantaged areas.

This program is governed by *Circular 05/2019/TT-BKHDT* dated March 29, 2019 on support for the human resources development of SMEs. The program took effect on May 12, 2020, and is given authority by The Ministry of Planning and Investment.

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.3) of SIMA, in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available. This will be further analyzed in the final phase of the investigation.

Program 13: Grants to Firms that Employ More than 50 Employees

General Information

This program provides direct financial support to enterprises of a certain size. The CBSA investigated this program in Copper Pipe Fittings 2 and Cold-Rolled Steel. The CBSA identified this program as a potentially actionable subsidy in Copper Pipe Fittings 2.

This program is made available pursuant to *Decree No. 51/1999/ND-CP* dated July 8, 1999, detailing the implementation of *Law No. 3/1998/QH10* on Domestic Investment Promotion (Amended) (Decree No. 51). Article 15 of Decree No. 51 provides the eligibility criteria for investment preferences. Articles 16 to 27 provides for various types of preferences for eligible investments.

The last date that a company could apply for or claim benefits under this program was July 1, 2006, the date which *Law No. 59/2005/QH11* dated November 29, 2005, on the Law on Investment (Law No. 59) came into effect. Articles 27 to 31 of Law No. 59 provides for the domains and sectors entitled to investment preference, including “labour intensive industries”. Articles 32 to 44 provides for investment preferences and supports.

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.2) of SIMA because it is limited to particular enterprises with a certain size that are entitled to investment preferences because of operations in certain domains and sectors. This will be further analyzed in the final phase of the investigation.

Program 14: Assistance to Enterprises Facing Difficulties Due to Objective Reasons

General Information

This program provides benefits in the form of direct financial support or reductions or exemptions of amounts owed to the government to companies facing difficulties that arise as the result of unforeseen reasons, such as policy changes in terms of taxation and other dues to the state budget; relocation of enterprises upon request of competent authorities; loss due to natural disaster, etc.

Financial Contribution

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

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.2) of SIMA because it is limited to particular enterprises targeted by the GOV. This will be further analyzed in the final phase of the investigation.

Category 6: Goods/Services Provided by the Government at Less Than Fair Market Value

Program 15: Utilities Provided at Less than Fair Market Value for Enterprises in Industrial Zones

General Information

This program provides rates of water, power and other utilities for Less Than Adequate Remuneration (LTAR) to enterprises located in industrial zones in designated geographic regions.

This program was specifically identified by the complainant citing the USDOC final determination in the countervailing duty investigation of Laminated Woven Sacks from Vietnam.

Financial Contribution

For the purposes of the preliminary determination, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(c) of SIMA as it involves the provision of services, other than general governmental infrastructure.

Specificity

Due to the lack of a full response by the GOV, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program appears to be specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises located in industrial zones in designated geographic regions. This will be further analyzed in the final phase of the investigation.