



31 July 2013

The Director
Operations 4
Anti-Dumping Commission
5 Constitution Avenue
Canberra ACT 2601

Review 248: Competitive market costs

This submission is made on behalf of Capral Ltd, a member of the Australian aluminium extrusions industry, in relation to Review 248 of certain aluminium extrusions exported to Australia from China. We specifically refer to the cost to make aluminium extrusions in China and submit that a number of the production costs incurred by Chinese extruders do not reasonably reflect competitive market costs in terms of the requirement of r.180(2)(b)(ii) of the *Customs Regulations 1926* (the Regulations).

Primary aluminium

In the original aluminium extrusions investigation (investigation 148) Customs determined that, with respect to the cost of primary aluminium, the conditions of r.180(2) had not been fulfilled. Customs found that “the cost of primary aluminium reflected in the records of the exporters do not reasonably reflect competitive market costs” because “distorting influences stemming from the Chinese government’s intervention in the domestic aluminium market on the price of primary aluminium ultimately paid by producing exporters of aluminium extrusions were identified”.¹

More recently in the aluminium road wheels investigation (investigation 181) Customs continued to find that the costs incurred by manufacturers in China for aluminium did not reasonably reflect competitive market costs.² We submit that the cost in China for primary aluminium during the current review period also does not reasonably reflect competitive market costs, on the basis that there is no evidence that the conditions in the Chinese market identified in investigations 148 and 181 have changed.

¹ REP 148 at 6.1.3, p.31

² REP 181, p.37

Non-Confidential – For Public Record

Primary aluminium benchmark

During investigation 148 Capral submitted that Customs should only substitute an exporter's actual aluminium cost for the benchmark aluminium cost where the actual cost is lower than the benchmark. Senior Counsel legal opinion supports this approach.³ At no point during investigation 148 did Customs explain why it is reasonable to determine a cost of production that is likely to be lower than the actual cost of production incurred. It is not clear that such a result is authorised by legislation and it is unlikely that Parliament ever considered this would occur.⁴ We therefore submit that it is unreasonable to substitute an exporter's actual aluminium cost for the benchmark aluminium cost where the exporter's actual cost is higher than the benchmark. This logic also applies to other benchmark costs discussed throughout this submission.

The benchmark used in investigation 148 was the LME plus 'premiums' paid in China. Capral has more recently submitted that this benchmark is flawed, in that it does not represent a cost for primary aluminium in a competitive market.⁵ We will be making a further submission on a suitable benchmark price for primary aluminium during this review.

Land-use rights

The US has countervailed the provision of land-use rights for less than adequate remuneration (LTAR) in most cases against China since 2008, including in relation to aluminium extrusions.⁶ In determining an appropriate benchmark as part of its subsidy investigations, the US has found that the purchase of land-use rights in China is not conducted in accordance with market principles due to the overwhelming presence of government involvement in the land-use rights market and the widespread and documented deviation from the authorised methods of pricing and allocating land.⁷

The US conducted an in-depth study of the Chinese land sector, including verification meetings with relevant government of China (GOC) officials at central and local levels, and a review of reports from other organisations on the subject.⁸ The US found a wide divergence between China's land laws, regulations and statements, which purport to provide an open, transparent system for transferring commercial land-use rights, and the operation of the market in practice.⁹ In aluminium extrusions and subsequent investigations the GOC has not submitted any evidence to the US to call this finding into question.¹⁰

³ *Stephen Lloyd*, pp.7-11

⁴ *ibid.*

⁵ *Aluminium benchmark submissions*

⁶ *Laminated woven sacks (US)* at VI.A.1; *Aluminium extrusions (US – CVD)* at VII.T & VII.U

⁷ *Laminated woven sacks (US)* at VI.A.1, p.16

⁸ *Photovoltaic cells (US)* at Comment 11, p.42

⁹ *ibid.*

¹⁰ *Aluminium extrusions (US – CVD)* at VII.T; *Photovoltaic cells (US)* at Comment 11, pp.42-43

Non-Confidential – For Public Record

The EU has also recently found that there is no functioning market for land in China.¹¹ The EU found that the supposed system of bidding, auction and competition for land-use rights does not work in practice, and that land provision and acquisition in China is unclear and non-transparent and the prices are often arbitrarily set by the authorities.¹²

This evidence clearly supports a finding that the cost of land-use rights in China does not meet the conditions of r.180(2) of the Regulations. Both the US and EU have found that no market-determined prices exist in China, therefore any cost for land-use rights incurred by Chinese producers of aluminium extrusions would not reasonably reflect a competitive market cost.

Land price benchmarks

The finding that no market-determined prices for land exist in China precludes the use of an in-country benchmark.¹³ The long-standing practice in the US is to base benchmark prices for land-use rights on rental rates and rates paid for land purchased in industrial parks outside Bangkok.¹⁴ The US chose Thailand as the most suitable source of benchmark land prices on the basis that:

- China and Thailand have similar levels of per capita gross national income
- population density in China and Thailand are roughly comparable, and
- producers consider Thailand as an option for diversifying production bases in Asia beyond China.¹⁵

We submit that the Commission adopt the methodology applied by the US to calculate appropriate benchmark prices for land in China. In the current US investigation into steel wire rod from China the US has calculated land benchmarks for 2002 to 2013. For example, the 2013 benchmark land price is **USD 96.57 per square metre**.¹⁶ We submit that the Commission use these benchmarks for the purposes of this review.

Competitive market cost for land-use rights

Having determined the benchmark price for land in China, we submit that the competitive market cost for land-use for each exporter is the amount that would have been payable over the review period had the exporter's land-use rights been charged at the benchmark price. We further submit that interest be included in the same manner as it is for amortizing benefits received under non-recurring subsidies.¹⁷

¹¹ *Coated steel (EU)* at 3.3.1.2, p.32 at (118)

¹² *ibid.* at (113)-(116)

¹³ *Laminated woven sacks (US)* at VI.A.1, pp.15-17; *Coated steel (EU)* at 3.3.1.2(f), p.33 at (120)

¹⁴ *Photovoltaic cells (US)* at II.E, p.6 & Comment 11, p.43

¹⁵ *ibid.* at Comment 11, p.43

¹⁶ *Wire rod (US)* at Attachment 8

¹⁷ Dumping and Subsidy Manual, pp.81-87

Non-Confidential – For Public Record

We note that the exporter questionnaire requests details of all suppliers of land-use rights during the review period and monthly prices.¹⁸ We request that the Commission seek to verify the area of land occupied by each exporter's operations, including extrusion plant/s, offices and dormitories, in order to have sufficient information to determine this cost. For example, we note that PanAsia Aluminium (China) Co Ltd (PanAsia), one of the selected exporters, occupies at least two properties with a combined site area of 165,228 square metres.¹⁹

Natural gas

We understand that some Chinese extruders use natural gas as an energy source in their production process, particularly in aluminium remelt operations, as gas-fired furnaces are common.²⁰ The GOC subsidises natural gas through pricing controls, which keep prices 60% lower on average than international prices. Furthermore, the price to consumers depends on region and industrial sector, with certain industries afforded lower prices.²¹ The International Energy Agency also reports that while in the long term the natural gas price in China is expected to be formed through market competition, prices are currently set by the GOC.²²

This evidence supports a finding that the cost of natural gas in China does not meet the conditions of r.180(2) and any such cost incurred by Chinese producers of aluminium extrusions would not reasonably reflect a competitive market cost.

Benchmark natural gas price

Use of an in-country benchmark is precluded because of pricing controls on natural gas in China that are inconsistent with market principles—ie the price of natural gas in China is based on a regulated wellhead price plus costs rather than the market value of the gas.²³ The benchmark should be derived by reference to a suitable international price.

The annual, quarterly and monthly commodity prices published by the International Monetary Fund (IMF) include three global natural gas prices:

- Indonesian LNG in Japan
- Russian border price in Germany, and
- US natural gas spot price, Henry Hub, Louisiana.²⁴

¹⁸ Exporter Questionnaire, p.66

¹⁹ *PanAsialum Global Offering*, pp.IV-3 to IV-8; Calculations at Appendix 1

²⁰ *US energy requirements*, p.72

²¹ *Haley & Haley*, p.42

²² *China oil & gas security*, p.16

²³ *Haley & Haley*, p.42

²⁴ *IMF – Prices at 'Annual, quarterly, and monthly prices'*

Non-Confidential – For Public Record

Of these three, the Indonesian price is clearly the most suitable for use as a benchmark for China. It is the only price in the Asian region and it represents a price delivered by ship as opposed to a pipeline. While China recently signed a deal with Russia for supply of natural gas, that supply will only commence in 2018, as no pipeline currently exists for transporting Russian gas to China.²⁵

Using the IMF published prices, the benchmark natural gas price for the review period is **USD 0.63 per cubic metre**.²⁶

Competitive market cost for natural gas

Having determined an appropriate benchmark price for natural gas in China, we submit that the competitive market cost for natural gas for each exporter is the amount that would have been payable over the review period had the exporter's natural gas usage been charged at the benchmark price. We note that the exporter questionnaire requests details of all suppliers of natural gas during the review period and monthly prices.²⁷ We request that the Commission seek to verify each exporter's natural gas usage in order to have sufficient information to determine this cost.

Heavy oil

We understand that some Chinese extruders use heavy oil as an energy source in their production process, particularly in aluminium remelt operations, as oil-fired furnaces are not uncommon.²⁸ Oil products such as heavy oil are produced at the refineries of China's two state-owned oil companies. The GOC subsidises heavy oil by setting prices and issuing rebates to the refineries to cover their losses. It is estimated that the GOC paid out at least RMB 130 billion in subsidies in 2008, or approximately 2.1% of government expenditure.²⁹ The International Energy Agency also reports that while China's oil price reforms aim to move gradually towards more market-oriented prices, the oil market in China is not yet fully competitive.³⁰

This evidence supports a finding that the cost of heavy oil in China does not meet the conditions of r.180(2) and any such cost incurred by Chinese producers of aluminium extrusions would not reasonably reflect a competitive market cost.

Benchmark heavy oil price

Use of an in-country benchmark is precluded because of pricing controls on oil products in China that are inconsistent with market principles—ie the price of oil products in China, including heavy oil, lag behind international prices.³¹ The benchmark should be derived by reference to a suitable international price.

²⁵ *The Washington Post*

²⁶ Calculations at Appendix 2

²⁷ Exporter Questionnaire, p.66

²⁸ *US energy requirements*, p.72

²⁹ *Haley & Haley*, pp.43-44

³⁰ *China oil & gas security*, p.8

³¹ *Haley & Haley*, pp.43-44.

Non-Confidential – For Public Record

The French National Institute of Statistics and Economic Studies publishes monthly prices for heavy oil.³² We submit that this is a suitable benchmark price for heavy oil in China because:

- China and the Netherlands are both major oil refining countries³³
- China and the Netherlands both import the majority of crude oil for refining³⁴
- China and the Netherlands both import crude oil from multiple sources including Saudi Arabia, Russia and Africa,³⁵ and
- the open market for refined oil products in Rotterdam reflects the movement of prices quoted in international transactions.³⁶

Based on these published monthly prices, the average price for heavy oil over the review period is USD 607.54 per metric tonne (FOB Rotterdam).³⁷ We note that the terms of this benchmark are effectively ex-refinery, therefore the cost of domestic distribution and delivery to the exporter must be added. These costs may be difficult to quantify, therefore an alternative benchmark price is provided by the US in its current review of the anti-dumping measures on aluminium extrusions from China. In that review the US has used the Philippines as a source of benchmark production costs on the basis that it is comparable to China in terms of economic development and has good quality data available.³⁸ The benchmark price for heavy oil used by the US is **USD 0.91 per kilogram**.³⁹

Competitive market heavy oil cost

Having determined an appropriate benchmark price for heavy oil in China, we submit that the competitive market cost for heavy oil for each exporter is the amount that would have been payable over the review period had the exporter's heavy oil usage been charged at the benchmark price. We also note that the exporter questionnaire requests details of all suppliers of heavy oil during the review period and monthly prices.⁴⁰ We request that the Commission seek to verify each exporter's heavy oil usage and delivery costs in order to have sufficient information to determine the overall heavy oil cost.

Steel dies

The Commission has found in multiple steel cases over the last two years that the costs incurred for steel raw material in China do not reasonably reflect competitive market costs in terms of r.180(2) due to the influence of the GOC in

³² *Insee – Prices* at 'Table'

³³ *EIA – China* at 'Refining'; *EIA – Netherlands* at points 1 & 2

³⁴ *EIA – China* at chart 'China's oil production and consumption, 1993-2015'; *EIA – Netherlands* at point 5

³⁵ *EIA – China* at chart 'China's crude oil imports by source, 2013'; *EIA – Netherlands* at point 5

³⁶ *Insee – Prices* at 'Information'

³⁷ Calculations at Appendix 3

³⁸ *Aluminium extrusions (US – Review)*, pp.20-24

³⁹ *Aluminium extrusions (US – Memo)* at Attachment 1, p.2

⁴⁰ Exporter Questionnaire, p.66

Non-Confidential – For Public Record

the Chinese iron and steel industry.⁴¹ Steel is a significant cost in the production of aluminium extrusion dies, which are required to produce aluminium extrusions. Each different extrusion product requires its own die. The dies have a finite life and typically have to be remade/replaced after a certain tonnage has passed through the die.

We understand that some extruders in China have their own in-house die shops (as Capral has) and will purchase steel as a 'blank'. These blanks are circular discs generally between 135 mm and 340 mm thick and with a diameter suitable for the size of the extrusion press (eg 4" and 6" presses are common). The thickness depends on the profile of the particular extrusion, which will require a solid or hollow die.⁴²

The blanks are machined/routed in a die shop to reflect the profile of extrusion required. Extruders without an internal die shop will be supplied by an external die maker who will purchase the steel blanks and produce dies for the extruder. In either case the cost of steel blanks is a major cost in the overall cost of the die and thus not an immaterial cost in the production of aluminium extrusions. The evidence from previous cases clearly supports a finding that the cost of steel, and thus steel blanks, in China does not meet the conditions of r.180(2).

Benchmark steel price

As the Commission has previously found, use of an in-country benchmark for steel is precluded because private domestic prices and import prices are equally affected by GOC influence. In these cases the Commission has based the external benchmark on prices of hot rolled coil steel (HRC) in other countries.⁴³

Steel blanks, however, are produced from high-grade tool steel, not from HRC.⁴⁴ Capral purchases steel blanks from an unrelated supplier and we submit that these prices are suitable for use as a benchmark.⁴⁵

Competitive market steel/die cost

Having determined an appropriate benchmark price for steel blanks in China, we submit that the competitive market cost for steel/dies for each exporter is:

- for exporters with an in-house die shop, the amount for steel blanks that would have been payable over the review period had the benchmark steel price been paid, or
- for exporters that outsourced die production, an amount for each die used equivalent to the benchmark steel price, plus the average die production cost from exporters with in-house die production, plus an amount for the die-maker's profit.

⁴¹ Most recent finding in *REP 198* at Appendix 2.2, p.66

⁴² For an explanation of die types see *AEC – Dies*

⁴³ Most recent finding in *REP 198* at Appendix 2.2, p.66

⁴⁴ Normally H13 grade tool steel (see *AEC – Dies* and *A to Z of Materials*).

⁴⁵ Calculations at Confidential Appendix 4

Non-Confidential – For Public Record

We note that the exporter questionnaire requests details of total raw material costs during the review period.⁴⁶ We request that the Commission seek to verify each exporter's steel and die production costs and usage in order to have sufficient information to determine this cost.

Depreciation on buildings

Construction costs in China are one of the lowest in the world. An independent survey in 2013 found that the cost to build a basic factory in China is the third lowest of the 23 countries surveyed, behind only South Africa and Uganda.⁴⁷ The industry in China is dominated by the GOC with most construction activity undertaken by state-owned enterprises, of which there are as many as 9,000.⁴⁸

In addition to its role in the construction industry itself, the GOC also controls production of construction materials, which account for around 60% of construction costs.⁴⁹ The major materials used in factory construction are steel and cement, both of which are heavily subsidised in China.

Australia has recently found the markets for numerous steel products, including structural steel sections, to be influenced by the GOC. In 2012 Customs found that the GOC materially distorted competitive conditions within the Chinese iron and steel industry such that prices of structural steel sections were likely to be artificially low.⁵⁰

The cement industry in China is also distorted by GOC influence. The GOC, through the National Development and Reform Commission (NDRC), has:

- imposed strict controls on new capacity
- controlled mergers and acquisitions
- eliminated out-dated capacity, and
- fast-tracked industry upgrades.⁵¹

Overcapacity in the cement industry has been driven largely by GOC subsidies at the local level. Last year China's Vice Minister of Industry described 'administrative interference' by local governments encouraging capacity expansions through subsidies, access to credit and favourable contracts.⁵²

⁴⁶ Exporter Questionnaire, p.39

⁴⁷ ICC survey; Benchmark building costs at Appendix 5

⁴⁸ *China Analyst*

⁴⁹ *Ahmad & Yan* at 3.11

⁵⁰ *REP 177*, p.166

⁵¹ *Global Cement; BOCI Equity Research*, p.16; *Directory Catalogue* items I.(X)1, I.(X)12-15, II.(IX)4, III.(VIII)3 and III.(VIII)8-10

⁵² *IB Times*

Non-Confidential – For Public Record

Further evidence of GOC interference in the cement industry includes that:

- in 2012, of 182 ‘obsolete’ companies closed down due to backward production capacity, 29% were from the cement industry⁵³
- the GOC aims to increase the market share of the top ten cement manufacturers from 26% to over 35% by 2015 through inter-provincial acquisitions,⁵⁴ and
- some provinces have imposed price caps on cement.⁵⁵

This evidence clearly supports a finding that construction costs in China are distorted by GOC influence. The GOC plays a major role in the construction industry directly, and influences prices of the two major construction materials—steel and cement. As a result the cost of buildings recorded in the accounts of Chinese producers of aluminium extrusions, and the depreciation costs thereon, do not meet the conditions of r.180(2).

Benchmark building costs

The 2013 survey of international construction costs details building costs in USD for various building types in 23 countries.⁵⁶ The only other countries included in the survey that are in the same income group as classified by the World Bank (upper middle income) are Brazil, Malaysia and South Africa. We submit that Malaysian building costs are a suitable benchmark for building costs in China on the basis that:

- Malaysia is located in the same region and is at a similar stage of economic development, and
- published data is available for various building types covering a period contemporary with the review period.

Exporters will typically have buildings for their extrusion factory, warehousing, administration offices and residential dormitories for workers. Using the published Malaysian building costs, the benchmarks for various building types are as follows:

- Factory/warehouse (basic)—**USD 585 per square metre**
- Offices (business park)—**USD 963 per square metre**, and
- Residential (affordable)—**USD 604 per square metre**.⁵⁷

Competitive market depreciation cost

Having determined appropriate benchmark building costs in China, we submit that the competitive market depreciation cost for each exporter is the amount of depreciation that would have applied over the review period had the value of the exporter’s buildings been recorded at the benchmark cost.

⁵³ *Morning Whistle*

⁵⁴ *Forward BI*

⁵⁵ *BOCI Equity Research*, pp.40 & 55

⁵⁶ *ICC survey*

⁵⁷ *ibid.*, p.30

Non-Confidential – For Public Record

We note that the exporter questionnaire requests overall depreciation costs during the review period.⁵⁸ However, as the benchmark building costs are expressed as a cost per square metre, we request that the Commission seek to verify the area of each exporter's factory/warehouses, offices and dormitories in order to have sufficient information to determine this cost. For example, we note that PanAsia, one of the selected exporters, occupies at least 22 buildings with a combined floor area of 84,000 square metres.⁵⁹

Other fixed production costs

Last year two experts on the Chinese economy published a book on GOC subsidies that discusses the economic rationale for subsidies to Chinese industry and highlights subsidies to key sectors.⁶⁰ They have found that cheap loans from state-controlled banks and other subsidies have contributed to an extraordinary rise in fixed-asset investments that has led to excess capacity in key industries including aluminium. China has exported its excess production, depressing international prices and driving down global industrial efficiencies.⁶¹

The authors also find that subsidies have inhibited the consolidation of manufacturing and reduction of excess capacity in China that normally would result from efforts to increase competitiveness in global markets. As a result, many Chinese manufacturers are actually economically inefficient in relation to their overseas competitors.⁶²

It is clear that Chinese manufacturers operating in sectors heavily influenced by GOC policies and subsidies would not exist in the same form in a truly competitive market. We have previously submitted in this review that the market for aluminium extrusions in China is distorted by the GOC to such an extent as to render domestic selling prices of extrusions unsuitable for establishing normal value.⁶³ We have also submitted that Chinese producers of aluminium extrusions have received significant subsidies in the form of cheap loans to fund their businesses.⁶⁴

We submit that the same government distortions and subsidised capital have allowed manufacturers of aluminium extrusions to become established and grow their business in a way that would not have occurred in the absence of GOC influence and subsidies. The economies of scale provided by these distortions have rendered fixed production costs lower than what they would otherwise have been in a competitive market. We therefore submit that all fixed costs of production for Chinese producers of aluminium extrusions do not meet the conditions of r.180(2).

⁵⁸ Exporter Questionnaire, p.14

⁵⁹ *PanAsialum Global Offering*, pp.IV-5 to IV-6; Calculations at Appendix 5

⁶⁰ *Haley & Haley*

⁶¹ *ibid.*, pp.26-27

⁶² *ibid.*, pp.179-180

⁶³ Capral submission dated 19 June 2014, item no. 005 on EPR 248

⁶⁴ Capral submission dated 19 June 2014, item no. 006 on EPR 248

Benchmark other fixed production costs

In its anti-dumping investigation of aluminium extrusions the US used India as a source country for benchmarking, however in its current review of the anti-dumping measures the US has used the Philippines. The US determined Colombia, Indonesia, Costa Rica, the Philippines, South Africa, and Thailand to be countries that are comparable to China in terms of economic development, and chose the Philippines on the basis that it has the best quality data available.⁶⁵

The US calculated a benchmark for all manufacturing overheads of 4.41% of materials, labour and energy.⁶⁶ This benchmark includes tools/dies, rental/land-use and depreciation, which are covered separately above. We have therefore excluded these costs and the remaining fixed production costs are for repairs/maintenance and factory supplies. We calculated a benchmark ratio for these other fixed production costs of **2.51% of materials, labour and energy**.⁶⁷

Competitive market other fixed production costs

Having determined an appropriate benchmark, we submit that the competitive market cost for fixed production costs other than tools/dies, land-use rights and depreciation for each exporter is their total materials, labour and energy cost (incorporating benchmark primary aluminium and energy costs) multiplied by the benchmark. We note that the exporter questionnaire requests details of total manufacturing overheads during the review period.⁶⁸ However, we request that the Commission seek to verify details of each exporter's fixed production costs in order to have sufficient information to determine this cost.

Interest on loans

The US has countervailed preferential lending or 'policy loans' in nearly all subsidy cases against China since 2007, including in relation to aluminium extrusions.⁶⁹ In determining an appropriate benchmark as part of its subsidy investigations, the US has found that no fully market-determined rates exist in China due to the continued significant intervention of state-owned banks in China's banking sector.⁷⁰

The US conducted an extensive study into the GOC's role in commercial bank lending, including verification meetings with GOC banking and regulatory officials and a review of material from the OECD and other organisations.⁷¹ The US has found that China's banking sector does not operate on a commercial basis and is subject to significant distortions, primarily arising out of the GOC's continued dominant role in the sector, including through:

⁶⁵ *Aluminium extrusions (US – Review)*, pp.20-24

⁶⁶ *Aluminium extrusions (US – Memo)*, p.7 and Attachment 7

⁶⁷ Calculations at Appendix 6

⁶⁸ Exporter Questionnaire, p.39

⁶⁹ *Coated paper (US)* at I.A; *Aluminium extrusions (US – CVD)* at VII.G

⁷⁰ *Coated paper (US)* at Comment 10, pp.67-72; *Wind towers (US)* at Comment 5, p.38

⁷¹ *Wind towers (US)* at Comment 5, p.38

Non-Confidential – For Public Record

- predominant state ownership of banks
- limiting foreign ownership of state-owned commercial banks to 25%, and
- simultaneously setting a deposit rate cap and lending rate floor.⁷²

The EU has also recently found that the Chinese financial market is characterised by GOC intervention, highlighting the Chinese central bank's role in setting specific limits on the way interest rates are set and fluctuate.⁷³

This evidence clearly supports a finding that interest paid on loans in China does not meet the conditions of r.180(2), however we understand that an exporter's borrowing costs, including interest on loans, may be determined in accordance with r.181 as an administrative, selling or general cost. We note that r.181(2)(b)(ii) does not refer to competitive market costs, however it does require an exporter's records to reasonably reflect the administrative, general and selling costs associated with the sale of aluminium extrusions. We submit that GOC distortion of the banking sector renders all borrowing activity in China to be unreasonable by global standards. Both the US and EU have found that no market-determined interest rates exist in China, therefore any interest costs incurred by Chinese producers of aluminium extrusions do not *reasonably* reflect costs associated with the sale of aluminium extrusions.

Interest rate benchmarks

The finding that no market-determined interest rates exist in China precludes the use of an in-country benchmark.⁷⁴ The long-standing practice in the US is to base benchmark interest rates on data from the IMF, World Bank and other publicly available sources. Rates are calculated from IMF interest rates (or LIBOR and corporate BB bond rates for foreign currency denominated loans) for countries in similar World Bank economy groupings to China, with an adjustment for 'governance indicators' and a further adjustment applicable to long-term loans.⁷⁵

The benchmark interest rates calculated by the US and EU also include an upward adjustment to reflect normal market risk and the unreliability of the creditworthiness of Chinese exporters.⁷⁶ We submit that the Commission adopt the methodology applied by the US, including an upward credit risk adjustment, to calculate appropriate benchmark interest rates for short-term, long-term and foreign currency loans in China.

⁷² *Coated paper (US)* at Comment 10, pp.67-68

⁷³ *Coated steel (EU)* at 3.3.2(c), pp.38-39 at (165)-(169)

⁷⁴ *Coated paper (US)* at Comment 10, p.70

⁷⁵ *Frozen shrimp (US)* at IV.E, pp.7-10

⁷⁶ *Photovoltaic cells (US)* at VI.A.2, p.12 & Comment 17, pp.54-58; *Coated steel (EU)* at 3.3.2(h), p.42 at (191)

Non-Confidential – For Public Record

The US has recently published interest rate benchmarks for Chinese and foreign currency loans taken out between 2001 and 2013 by Chinese companies deemed creditworthy by the US.⁷⁷ Higher benchmarks apply to loans taken out by companies during years in which they are deemed to have been uncreditworthy according to the US creditworthiness analysis methodology.⁷⁸

Reasonable interest cost

Having determined appropriate benchmark interest rates for loans in China, we submit that the reasonable interest cost for each exporter is the amount of interest that would have been payable over the review period had the exporter's loans been made at the benchmark interest rate. We note that the exporter questionnaire requests details of each loan received since 2005,⁷⁹ however we also note that the US countervails all loans taken out after China joined the World Trade Organization in 2001. We therefore request that the Commission collect additional information on loans taken out by exporters between 2001 and 2005.

Conclusion

There is strong evidence that certain costs incurred by Chinese producers of aluminium extrusions do not reasonably reflect competitive market costs and therefore do not meet the conditions of r.180(2) of the Regulations. As such it is appropriate for the Commission to substitute benchmark costs from external sources. We submit that the Commission investigate the cost issues and adopt the benchmarking methodology identified above as part of Review 248.

We further submit that the benchmarking methodology and benchmark prices are suitable for use in calculating the amount of benefit received for the following subsidy programs also under investigation as part of this review:

- Program 44: Preferential lending programs (Interest rate benchmarks)
- Program 45: Provision of land-use rights (Land price benchmarks)
- Program 60: Provision of natural gas (Natural gas benchmark price)
- Program 61: Provision of heavy oil (Heavy oil benchmark price)



Justin Wickes
Director

⁷⁷ *Interest rate benchmarks (US)*

⁷⁸ For an example of US creditworthiness analysis see *Photovoltaic cells (US)* at Comment 17, pp.54-58

⁷⁹ Exporter Questionnaire, p.64

List of evidence

Short title	Full title and document location
<i>A to Z of Materials</i>	'H13 Tool Steel - Chromium Hot-Work Steels', The A to Z of Materials http://www.azom.com/article.aspx?ArticleID_9107
<i>AEC – Dies</i>	'Extrusion design resources: Dies & tooling', US Aluminum Extruders Council http://www.aec.org/designresources/dies.cfm
<i>Ahmad & Yan</i>	Daud Ahmad & Zong Yan, 'An overview of the construction industry in China', World Bank Resident Mission in China http://cibworld.xs4all.nl/dl/ib/9701/pages/31.htm
<i>Aluminium benchmark submissions</i>	Capral submission to Review 229, 26 February 2014 http://www.adcommission.gov.au/cases/documents/012-Submission-AustralianIndustry-WickesandAssoconbehalfofCapralLtd.pdf Capral submission to Review 214, 12 August 2013 http://www.adcommission.gov.au/cases/documents/005-Submission-AustralianIndustry-CapralLimited.pdf
<i>Aluminium extrusions (US - AD)</i>	Aluminium extrusions from the People's Republic of China: Final determination of sales at less than fair value, 76 FR 18524, 4 April 2011 https://www.federalregister.gov/citation/76-FR-18524
<i>Aluminium extrusions (US - CVD)</i>	Aluminium extrusions from the People's Republic of China: Issues and decision memorandum for the final determination in the countervailing duty investigation, 28 March 2011 http://enforcement.trade.gov/frn/summary/prc/2011-7926-1.pdf
<i>Aluminium extrusions (US - Memo)</i>	Factor valuation memorandum for preliminary results of the antidumping duty review of aluminium extrusions from the People's Republic of China, 18 June 2014 (Memorandum and relevant attachments at Attachment A)
<i>Aluminium extrusions (US - Review)</i>	Aluminium extrusions from the People's Republic of China: Decision memorandum for preliminary results of antidumping duty administrative review 2012/2013, 18 June 2014 http://enforcement.trade.gov/frn/summary/prc/2014-14912-1.pdf
<i>BOCI Equity Research</i>	'China cement sector: Cementing growth over the twelfth five-year period', Bank of China International (BOCI) Equity Research, 25 May 2011 http://www.bocigroup.com/pub/sc/vision/yjbg/201105/P020110526414041955721.pdf
<i>China Analyst</i>	'China's construction industry: Strategic options for foreign players', The China Analyst, March 2011 http://www.thebeijingaxis.com/tca/editions/the-china-analyst-mar-2011/2
<i>China oil & gas security</i>	'Oil & gas security: Emergency response of IEA countries: People's Republic of China', International Energy Agency, 2012 http://www.iea.org/publications/freepublications/publication/china_2012.pdf
<i>Coated paper (US)</i>	Coated free sheet paper from the People's Republic of China: Issues and decision memorandum for the final determination in the countervailing duty investigation, 17 October 2007 http://enforcement.trade.gov/frn/summary/prc/E7-21046-1.pdf

Non-Confidential – For Public Record

Short title	Full title and document location
<i>Coated steel (EU)</i>	Certain organic coated steel products originating in the People's Republic of China: Council Implementing Regulation (EU) No 215/2013 imposing a countervailing duty, 11 March 2013 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:073:0016:0097:EN:PDF
<i>Directory Catalogue</i>	Directory Catalogue on Readjustment of Industrial Structure, Chinese National Development and Reform Commission, 2 December 2005 (Attachment 42 to the GOC's response to the government questionnaire in Investigation 181 – the GOC did not provide a full translation of the 2011 Directory Catalogue) http://www.adcommission.gov.au/cases/documents/083-submission-GovernmentofChina.pdf
<i>EIA - China</i>	'China Analysis', US Energy Information Administration http://www.eia.gov/countries/cab.cfm?fips=CH
<i>EIA - Netherlands</i>	'Netherlands Country Analysis Note', US Energy Information Administration http://www.eia.gov/countries/country-data.cfm?fips=NL
<i>Forward BI</i>	'China cement industry production and marketing demand and investment strategy report 2012-2016', Forward Business Intelligence Co. Ltd, Preface http://en.qianzhan.com/report/detail/2db6c053d33541e7.html
<i>Frozen shrimp (US)</i>	Certain frozen warmwater shrimp from the People's Republic of China: Issues and decision memorandum for the final determination in the countervailing duty investigation, 12 August 2013 http://enforcement.trade.gov/frn/summary/prc/2013-20170-1.pdf
<i>Global Cement</i>	'Same old story: cement overcapacity in China', Global Cement, 7 November 2012 http://www.globalcement.com/news/item/1246-same-old-story-cement-overcapacity-in-china
<i>Haley & Haley</i>	Usha C.V. Haley & George T. Haley, <i>Subsidies to Chinese Industry: State Capitalism, Business Strategy and Trade Policy</i> , Oxford University Press, 2013 (Relevant extract at Attachment B)
<i>IB Times</i>	'China's overcapacity: new projects banned in steel, cement and aluminum', International Business Times, 15 October 2013 http://www.ibtimes.com/chinas-overcapacity-new-projects-banned-steel-cement-aluminum-1426084
<i>ICC survey</i>	'A brighter outlook: International construction cost survey 2013', Turner & Townsend, 2013 http://www.turnerandtowntsend.com/ICC-2013/21145.html
<i>IMF – Prices</i>	'IMF Primary Commodity Prices', International Monetary Fund (IMF) http://www.imf.org/external/np/res/commod/index.aspx
<i>Insee – Prices</i>	'International prices of imported raw materials - Heavy fuel oil (Rotterdam)', National Institute of Statistics and Economic Studies, France http://www.insee.fr/en/bases-de-donnees/bsweb/serie.asp?idbank=001642883
<i>Interest rate benchmarks (US)</i>	Countervailing duty investigation of carbon and alloy steel wire rod from the People's Republic of China: Interest rate benchmark memorandum, 30 June 2014 (Overall benchmarks at Attachment C – Full memorandum is 44 MB)
<i>Laminated woven sacks (US)</i>	Laminated woven sacks from the People's Republic of China: Issues and decision memorandum for the final determination in the countervailing duty investigation, 16 June 2008 http://enforcement.trade.gov/frn/summary/prc/E8-14256-1.pdf
<i>Morning Whistle</i>	'Cement industry: most obsolete, massive over-capacity, rocketing on stock market', morningwhistle.com, 7 September 2012 (Attachment D)

Non-Confidential – For Public Record

Short title	Full title and document location
<i>PanAsialum Global Offering</i>	PanAsialum Holdings Company Limited: Global Offering, 23 January 2013 http://www.palum.com/attachment/201301230736032_en.pdf
<i>Photovoltaic cells (US)</i>	Crystalline silicon photovoltaic cells, whether or not assembled into modules, from the People's Republic of China: Issues and decision memorandum for the final determination in the countervailing duty investigation, 9 October 2012 http://enforcement.trade.gov/frn/summary/prc/2012-25564-1.pdf
<i>REP 148</i>	Report to the Minister No.148: Certain aluminium extrusions exported to Australia from the People's Republic of China, 15 April 2010 http://www.adcommission.gov.au/notices-reports/final/documents/MicrosoftWord-Report148_Final_withnotices-published.pdf
<i>REP 177</i>	Report to the Minister No.177: Certain hollow structural sections exported to Australia from the People's Republic of China, the Republic of Korea, Malaysia, Taiwan and the Kingdom of Thailand, 7 June 2012 http://www.adcommission.gov.au/notices-reports/final/documents/REP177-FINAL.pdf
<i>REP 181</i>	Report to the Minister No.181: Aluminium road wheels exported to Australia from the People's Republic of China, 12 June 2012 http://www.adcommission.gov.au/notices-reports/final/documents/ARWFinalReport181PUBLICFILE.pdf
<i>REP 198</i>	Report Number 198: Dumping of hot rolled plate steel exported from the People's Republic of China, Republic of Indonesia, Japan, the Republic of Korea and Taiwan, and subsidisation of hot rolled plate steel exported from the People's Republic of China, 16 September 2013 http://www.adcommission.gov.au/cases/documents/179-FinalReportNo198_000.pdf
<i>Stephen Lloyd</i>	Stephen Lloyd SC, Legal opinion in the matter of the dumping investigation into certain aluminium extrusions exported from China, 19 April 2011 http://www.adcommission.gov.au/cases/documents/35CapralSubmission-Attachment01-StephenLloydAdviceonSEF148A.pdf
<i>US energy requirements</i>	'US Energy Requirements for Aluminum Production: Historical Perspective, Theoretical limits and Current Practices', US Department of Energy, 2007 http://energy.gov/sites/prod/files/2013/11/f4/al_theoretical.pdf
<i>Washington Post</i>	'China, Russia sign \$400 billion gas deal', <i>The Washington Post</i> , 21 May 2014 http://www.washingtonpost.com/world/europe/china-russia-sign-400-billion-gas-deal/2014/05/21/364e9e74-e0de-11e3-8dcc-d6b7fed081a_story.html
<i>Wind towers (US)</i>	Utility scale wind towers from the People's Republic of China: Issues and decision memorandum for the final determination in the countervailing duty investigation, 17 December 2012 http://enforcement.trade.gov/frn/summary/prc/2012-30947-1.pdf
<i>Wire rod (US)</i>	Countervailing duty investigation: Carbon and certain alloy steel wire rod from the People's Republic of China: Preliminary determination calculations for Benxi Steel, 2 July 2014 (Memorandum and relevant attachment at Attachment E)

Land occupied by PanAsia

Source: PanAsialum Global Offering, pp.IV-3 to IV-8

PanAsia Aluminium (China) Co Ltd properties	
Property 1 (sqm)	129,133
Property 2 (sqm)	<u>36,095</u>
Total area occpied (sqm)	165,228

Natural gas benchmark price

Source: IMF Monthly Commodity Prices

<http://www.imf.org/external/np/res/commmod/index.aspx>

Series_Code	PNGASJP_USD		
Descriptions	Natural Gas, Indonesian Liquefied Natural Gas in Japan, US\$ per Million Metric British Thermal Unit (MMBtu)	Cubic metres per MMBtu*	Natural gas benchmark price for the review period, US\$ per cubic metre
2013M04	17.71		
2013M05	16.94		
2013M06	17.69		
2013M07	16.98		
2013M08	17.00		
2013M09	17.01		
2013M10	16.49		
2013M11	16.71		
2013M12	17.72		
2014M01	17.76		
2014M02	17.96		
2014M03	17.81		
Average	17.32	27.6263415	0.63

* US Energy Information Administration natural gas conversion calculator (see screenshot below)

http://www.eia.gov/kids/energy.cfm?page=about_energy_conversion_calculator-basics#natgascalc

Natural gas conversion calculator				
cubic feet	Btu	megajoules	cubic meters	Clear
975.609756	1000000	1058.14634	27.6263415	Calculate

1 cubic foot = 1,025 Btu (based on U.S. consumption, 2013)

Heavy oil benchmark price

Source: National Institute of Statistics & Economic Studies (France)

<http://www.insee.fr/en/bases-de-donnees/bsweb/serie.asp?idbank=001642883>

Identifier	001642883
Month	Heavy fuel oil (Rotterdam) - Prices in US dollars per tonne - FOB - 1% of sulfur
Mar-14	640.70
Feb-14	624.30
Jan-14	591.20
Dec-13	607.80
Nov-13	598.30
Oct-13	600.90
Sep-13	613.60
Aug-13	610.30
Jul-13	605.30
Jun-13	606.90
May-13	600.50
Apr-13	590.70
Average	607.54

Steel blank benchmark price

COMMERCIAL-IN-CONFIDENCE

Benchmark building costs

Source: International construction cost survey 2013, Turner & Townsend

Rank	Country	Factory (USD/m2)	Offices (USD/m2)	Residential (USD/m2)	World Bank income level
1	Uganda	350	830	350	Low
2	South Africa	408	777	657	Upper middle
3	China	421	765	442	Upper middle
4	Vietnam	436	661	550	Lower middle
5	Poland	473	1,009	852	High
6	India	507	590	354	Lower middle
7	Malaysia	585	963	604	Upper middle
8	Brazil	667	1,447	1,232	Upper middle
9	Ireland	671	1,579	2,421	High
10	Australia	700	1,691	2,136	High
11	Russia	810	1,500	1,350	High
12	Germany	816	1,645	1,447	High
13	South Korea	832	1,017	1,110	High
14	US	880	1,920	1,580	High
15	Canada	883	1,660	1,961	High
16	Qatar	951	1,113	1,511	High
17	Oman	1,158	1,079	1,289	High
18	Netherlands	1,171	2,039	2,105	High
19	UAE	1,188	1,117	1,327	High
20	UK	1,292	2,231	2,938	High
21	Japan	1,578	2,354	1,683	High
22	Singapore	1,732	1,614	1,213	High
23	Hong Kong	1,742	2,323	1,806	High
Average		880	1,388	1,344	

Notes

Rank	Based on factory building costs: lowest to highest
Factory	Industrial: Warehouse/factory units - basic
Offices	Commercial: Offices - business park
Residential	Residential: Aged care/affordable units

Floor area of PanAsia buildings

Source: PanAsialum Global Offering, pp.IV-5 to IV-6

PanAsia buildings	Storeys	Use	Type	Floor area (m2)
Yue Fang Zi Di No.1644213	1	Storage	Factory/warehouse	9,881.65
Yue Fang Zi Di No.1644214	1	Workshop	Factory/warehouse	2,015.00
Yue Fang Zi Di No.1644215	1	Workshop	Factory/warehouse	6,900.00
Yue Fang Zi Di No.1644216	1	Workshop	Factory/warehouse	1,786.40
Yue Fang Zi Di No.1644217	1	Workshop	Factory/warehouse	897.60
Yue Fang Zi Di No.1644219	1	Workshop	Factory/warehouse	640.00
Yue Fang Zi Di No.4014915	3	Office	Office building	1,032.00
Yue Fang Zi Di No.4014936	1	Office	Office building	200.00
Yue Fang Zi Di No.4014937	3	Residential	Residential	1,473.52
Yue Fang Zi Di No.4014940	2	Office	Office building	472.78
Yue Fang Zi Di No.4015000	1	Workshop	Factory/warehouse	1,573.80
Yue Fang Zi Di No.4066342	1	Workshop	Factory/warehouse	1,440.00
Yue Fang Zi Di No.4066343	1	Workshop	Factory/warehouse	7,504.20
Yue Fang Zi Di No.4066344	1	Workshop	Factory/warehouse	7,803.00
Yue Fang Di Quan Zheng Zi Zi Di No.00002843	1	Workshop	Factory/warehouse	1,500.00
Yue Fang Di Quan Zheng Zi Zi Di No.00002846	2	Canteen	Factory/warehouse	3,674.00
Yue Fang Di Quan Zheng Zi Zi Di No.00002847	1	Warehouse	Factory/warehouse	18,304.91
Yue Fang Di Quan Zheng Zi Zi Di No.00002850	1	Workshop	Factory/warehouse	3,763.20
Yue Fang Di Quan Zheng Zi Zi Di No.10004617	5	Dormitory	Residential	2,760.90
Yue Fang Di Quan Zheng Zi Zi Di No.10004618	5	Dormitory	Residential	2,760.90
Yue Fang Di Quan Zheng Zi Zi Di No.10004619	1	Workshop	Residential	4,654.27
Yue Fang Di Quan Zheng Zi Zi Di No.661602	4	Non- residential	Office building	2,918.58

Sum of Floor area (m2)	
Row Labels	Total
Factory/warehouse	67,684
Office building	4,623
Residential	11,650
Grand Total	83,957

Benchmark for other fixed production costs

Source: US Antidumping duty review of aluminum extrusions from China

US calculation of surrogate ratio for manufacturing overheads		Calulation of surrogate ratio for other fixed production costs
<u>Material, labour and energy (MLE)</u>		
Total	284,970,768.36	284,970,768.36
<u>Fixed production costs*</u>		
Tools^	1,080,794.05	
Rental	240,000.00	
Depreciation	4,098,382.03	
Repairs and maintenance - Machineries	5,099,682.97	5,099,682.97
Repairs and maintenance - Factory equipment	631,899.28	631,899.28
Factory supplies	1,423,270.79	1,423,270.79
Total	12,574,029.12	7,154,853.04
Fixed production costs as a % of MLE		2.51%

Notes

* These costs are collectively referred to as manufacturing overhead (MOH) in the US calculations

^ It is assumed that 'Tools' includes the extrusion dies



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

A-570-967

AR: 05/01/12 - 04/30/13

Public Version ~~Proprietary Document~~

E&C III: DNK

June 18, 2014

MEMORANDUM TO: The File

THROUGH: Erin Begnal *ECB*
Program Manager, Office III
Enforcement and Compliance

FROM: Demitrios Kalogeropoulos <s>p
Senior International Trade Analyst, Office III

RE: Factor Valuation Memorandum for Preliminary Results of the
Antidumping Duty Review of Aluminum Extrusions from the
People's Republic of China

SUMMARY

This memorandum outlines the methodology and selection of surrogate values used in the calculation of normal value and export price for Kromet International Inc. ("Kromet"). We calculated normal value based on the factors of production ("FOPs") of Kromet's supplier, Alnan Aluminum Co., Ltd. ("Alnan") in accordance with Section 773(c) of the Tariff Act of 1930, as amended ("the Act"), and 19 CFR 351.408.

The Department of Commerce ("Department") determined that the Philippines is the appropriate surrogate country to use in this review.¹ Consistent with recent determinations involving non-market economy ("NME") countries,² we selected where appropriate, and to the extent possible, values from publicly available information from the surrogate country to value the individual FOPs.³ In determining the surrogate values, we reviewed and evaluated information submitted

¹ See Memorandum titled "Decision Memorandum for Preliminary Results of Antidumping Duty Administrative Review: Aluminum Extrusions from the People's Republic of China," dated June 18, 2014 ("Preliminary Results Decision Memorandum").

² See, e.g., *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Results and Partial Rescission of First Antidumping Duty Administrative Review*, 77 FR 21734 (April 11, 2012); and *Freshwater Crawfish Tail Meat From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Rescission of Review in Part*, 77 FR 21529, April 10, 2012.

³ See Attachment 1 of this memorandum for a detailed summary of the selected surrogate values.



by Kromet and by the Aluminum Extrusions Fair Trade Committee (“Petitioner”),⁴ as well as our own research.

I. Surrogate Country

On October 18, 2013, the Department sent interested parties a letter inviting comments on surrogate country selection and surrogate value (“SV”) data.⁵ The Department has identified Colombia, Indonesia, Costa Rica, the Philippines, South Africa, and Thailand as a non-exhaustive list of countries that are at a level of economic development comparable to the PRC and for which good quality data is most likely available.⁶

The Department invited parties to submit comments on the selection of a surrogate country and to submit publicly available information for purposes of calculating normal value. The Department received surrogate country comments⁷ and SV comments and data⁸ from Jangho Curtain Wall Hong Kong Ltd. (collectively “Jangho”), Kromet, and Petitioner.⁹

After evaluating interested parties’ comments, the Department has determined that the Philippines is the appropriate surrogate country to use in this review in accordance with section 773(c)(4) of the Act. The Department has based its decision on the following facts: (1) the Philippines is at a level of economic development comparable to that of the PRC; (2) the Philippines is a significant producer of comparable merchandise; and (3) the Philippines has the best quality data available for the aluminum ingot input consumed by Kromet’s supplier, Alnan.¹⁰ Therefore, because the Philippines best represents the experience of producers of comparable merchandise operating in a single surrogate country, we have selected it as the

⁴ The Aluminum Extrusions fair Trade Committee is comprised of Aerolite Extrusion Company, Alexandria Extrusion Company, Benada Aluminum of Florida, Inc., William L. Bonnell Company, Inc., Frontier Aluminum Corporation, Futural Industries Corporation, Hydro Aluminum North America, Inc., Kaiser Aluminum Corporation, Profile Extrusions Company, Sapa Extrusions, Inc., and Western Extrusions Corporation.

⁵ See the Department’s Letter to All Interested Parties, “2012-2013 Administrative Review of the Antidumping Duty Order on Aluminum Extrusions from the People’s Republic of China: Request for Comments on the Selection of a Surrogate Country and Surrogate Values,” dated October 18, 2013.

⁶ See the Department’s Letter to All Interested Parties, “2012-2013 Administrative Review of the Antidumping Duty Order on Aluminum Extrusions from the People’s Republic of China: Request for Comments on the Selection of a Surrogate Country and Surrogate Values,” dated October 18, 2013. (“Surrogate-Country Memorandum”) at 2.

⁷ See Jangho’s November 8, 2013 submission entitled “Comments on Surrogate Country Selection”, *see also* Petitioner’s November 8, 2013 submission entitled “Comments on Surrogate Country Selection, *see also* Kromet’s November 8, 2013 submission entitled “Comments on Surrogate Country Selection, *see also* Petitioner’s January 23, 2014 submission entitled “Rebuttal Comments on Surrogate Country Selection and Surrogate Values”, *see also* Kromet’s January 23, 2014 submission entitled “Rebuttal Comments of Kromet International Inc. re Surrogate Country and Surrogate Values.”

⁸ See Kromet’s and Petitioner’s SV and rebuttal SV comments submitted on January 9, 2014 and January 23, 2014, respectively. *See also* Petitioner’s May 19, 2014 submission entitled “Second Submission of Surrogate Value Information”

⁹ On June 3, 2014, Petitioner submitted comments containing additional argument regarding the selection of surrogate country and SVs. *See* June 3, 2014 submission entitled “Pre-Preliminary Comments.” However, due to the proximity of this submission to the preliminary results, the Department makes no determination on these issues at this time. The Department intends, however, to consider the submission for the final results.

¹⁰ For further discussion on the valuation of Kromet’s supplier’s aluminum inputs, *see* “Raw materials Inputs and Packing Materials” section below.

surrogate country and, accordingly, have calculated NV using Philippine prices when available and appropriate to value Kromet's supplier's FOPs.¹¹ We have obtained and relied upon publicly available information to value all FOPs.

II. Producer Price Index Adjustors

In those instances where we could not obtain publicly available information contemporaneous to the POI with which to value factors, we adjusted the SVs using, where appropriate, the Philippine Producer Price Index ("PPI") inflators as published in the International Monetary Fund's *International Financial Statistics* for the Philippines, as appropriate.¹²

III. Exchange Rate Conversion

Where necessary, the Department made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect as certified by the Federal Reserve Bank on the date of the U.S. sale. The exchange rates for each date in the POR were taken from the Department's website.¹³

IV. Factors of Production

Section 773(c)(1) of the Act provides that the Department shall determine NV using a factors of production methodology if the merchandise is exported from an NME country and the Department finds that the available information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. When determining NV in an NME context, the Department will base NV on FOPs because the presence of government controls on various aspects of these economies renders price comparisons and the calculation of production costs invalid under our normal methodologies. The Department's questionnaire requires that Kromet provide information regarding the weighted-average FOPs across all of the company's plants and/or suppliers that produce the merchandise under consideration, not just the FOPs from a single plant or supplier. This methodology ensures that the Department's calculations are as accurate as possible. Therefore, we calculated NV based on FOPs in accordance with section 773(c)(3) and (4) of the Act and 19 CFR 351.408(c). The FOPs include: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs.

A. Raw Materials Inputs and Packing Materials

For the preliminary results, in accordance with the Department's practice, except where noted below, we used data from the Philippine import statistics in the Global Trade Atlas ("GTA") and

¹¹ See "Factors of Production" section, below.

¹² See Attachment 3 of this memorandum. See also, e.g., *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 74 FR 9591, 9600 (March 5, 2009) ("Kitchen Racks Prelim"), unchanged in *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 36656 (July 24, 2009) ("Kitchen Racks Final").

¹³ See <http://ia.ita.doc.gov/exchange/index.html>.

other publicly available Philippine sources in order to calculate SVs for Kromet's supplier's FOPs (*i.e.*, direct materials, energy, and packing materials) and certain movement expenses. In selecting the best available information for valuing FOPs in accordance with section 773(c)(1) of the Act, the Department's practice is to select, to the extent practicable, SVs which are non-export average values, most contemporaneous with the POR, product-specific, and tax-exclusive.¹⁴ The record shows that data in the Philippine import statistics, as well as those from the other Philippine sources, are contemporaneous with the POR, product-specific, and tax-exclusive.¹⁵

Specifically, the Department added to Philippine import surrogate values a Philippine surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory. This adjustment is in accordance with the decision of the U.S. Court of Appeals for the Federal Circuit in *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).

Moreover, in certain instances where the Department was unable to obtain Philippine import data from the POR, we used Thai import data. Specifically, for magnesium ingot and aluminum titanium boron wire, we used Thai GTA import data under the HTS categories recommended by Kromet with respect to these inputs.¹⁶ We have determined that, because these prices are contemporaneous with the POR, product-specific, and tax-exclusive, and because no data exist on the record to value them from the primary surrogate country, they represent the best available information with which to value these inputs.

Furthermore, with regard to import-based SVs, we have disregarded prices that we have reason to believe or suspect may be subsidized, such as those from Indonesia, South Korea, Thailand and India. We have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies and, therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized.¹⁷ We are also guided by the statute's legislative history that explains that it is not necessary to conduct a formal investigation to ensure that such prices are not subsidized.¹⁸ Rather, the Department was instructed by Congress to base its decision on information that is available to it at the time it is making its determination. In accordance with the foregoing, we have not used prices from these countries in calculating the import-based SVs.

¹⁴ See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004), unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004).

¹⁵ See Attachment 1 of this memorandum.

¹⁶ See Kromet's January 9, 2014, SV submission.

¹⁷ See *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Preliminary Results and Preliminary Partial Rescission of Antidumping Duty Administrative Review*, 70 FR 54007, 54011 (September 13, 2005), unchanged in *Certain Frozen Fish Fillets From the Socialist Republic of Vietnam: Final Results of the First Administrative Review*, 71 FR 14170 (March 21, 2006); and *China Nat'l Mach. Import & Export Corp. v. United States*, 293 F. Supp. 2d 1334 (CIT 2003), *affirmed* 104 Fed. Appx. 183 (Fed. Cir. 2004).

¹⁸ See H.R. Rep. No. 100-576 at 590 (1988).

Finally, we excluded all entries from any country which listed either a value and no quantity or a quantity and no value. We generally calculated average unit values in U.S. dollars per kilogram (“kg”), unless otherwise specified.¹⁹

We are addressing the SV selections for the following inputs:

Aluminum ingots

Kromet has reported the consumption of aluminum ingots as one of Alnan’s (its supplier) most significant inputs into the production of aluminum extrusions.²⁰ To value this input, Kromet proposed the use of Philippine HTS code 7601.10.0001 – “aluminum, ingots and pigs” because the detailed descriptions at the 10-digit level most accurately capture the specific aluminum ingot input which Alnan consumes. Petitioner contends instead that Thai HTS category 7601.10.90 – “other articles of aluminum, not alloyed, unwrought,” would more accurately describe the input in question. The Department has determined to value Kromet’s supplier’s ingot input using Philippine import data from HTS code 7601.10.0001 – “aluminum, ingots and pigs” because we find that it is more specific to Kromet’s supplier’s input than the Thai basket category for unalloyed aluminum.

Plywood

Kromet recommended that the Department value the consumption of its plywood packing input using retail plywood prices as reported by the forest management bureau of the Philippines for the calendar year 2009.²¹ We find that, because these data are representative of broad-market averages, from the selected surrogate country, and specific to the input, they represent the best available data with which to value Kromet’s supplier’s plywood input. Accordingly, we have valued Kromet’s supplier’s plywood using an average of these input prices. We have inflated the prices to the POR.

B. Direct, Indirect, and Packing Labor

On June 21, 2011, the Department published its revised methodology for valuing the labor input in NME antidumping proceedings.²² In *Labor Methodologies*, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization (“ILO”) Yearbook of Labor Statistics (“Yearbook”).

Hence, to value Kromet’s supplier’s direct, indirect, and packing labor, we relied on data reported by the Philippines to the ILO in Chapter 6A of the Yearbook. The labor rate category which most closely matches pure magnesium is ISIC-Revision 3-D, “Division: 28 – Manufacture

¹⁹ See Attachments 1 and 2 of this memorandum.

²⁰ See Kromet’s section D questionnaire response dated December 9, 2013 at page D-15.

²¹ See Kromet’s SV submission at Exhibit 6.

²² See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) (“*Labor Methodologies*”).

of fabricated metal products, except machinery and equipment.” The Philippines reported Division 28 data for 2008. Accordingly, relying on Chapter 6A of the Yearbook, we calculated labor using the rate for manufacture of fabricated metal products labor data reported by the Philippines to the ILO.

We converted the 2008 daily wage rate to an hourly rate by dividing the daily wage rate by eight hours per workday. We then adjusted the hourly wage rate to the POR using the relevant Consumer Price Index (“CPI”), as reported by the IMF’s International Financial Statistics. The calculated value for labor is 110.90 PHP per hour.²³ Because the wage rate does not separate the labor rates into different skill levels or types of labor, we applied the wage rate to Kromet’s supplier’s direct, indirect, and packing labor FOPs.

The ILO data from Chapter 6A of the Yearbook, which was used to value labor, reflects all costs related to labor—including wages, benefits, housing, training, *etc.* Pursuant to *Labor Methodologies*, the Department’s practice is to consider whether financial ratios reflect labor expenses that are included in other elements of the respondent’s factors of production (*e.g.*, general and administrative expenses).²⁴ The financial statements used to calculate financial ratios in this review were sufficiently detailed to allow the Department to isolate labor expenses from other expenses such as selling, general, and administrative expenses. As a result, manufacturing labor, benefits paid to or on behalf of employees, and other forms of compensation included in the ILO’s calculation of wages are categorized as labor in our calculation of surrogate financial ratios.²⁵

C. Energy

Electricity

We valued electricity using Philippine data from “Doing Business in Camarines Sur,” which are available at the Philippine government’s website for the province.²⁶ The electricity rates pertain exclusively to industrial consumption, are publicly available, and have been used in past proceedings by the Department.²⁷ We have not inflated this electricity rate because the website notes “Copyright © 2012” and does not otherwise specify that the electricity data is for a period other than 2012. The surrogate value for electricity is 7.82 PHP per kilowatt-hour.²⁸

Water

The Department valued water using price data based on the following water tariff sources from

²³ See Attachments II and VIII of this memorandum.

²⁴ See *Labor Methodologies*, 76 FR at 36093.

²⁵ See *id.* at 36094 and Attachment 7 of this memorandum.

²⁶ See <http://www.camarinessur.gov.ph/>.

²⁷ See, *e.g.*, Memorandum to the file, “Antidumping Duty Investigation of Multilayered Wood Flooring from the People’s Republic of China: Surrogate Value Memorandum,” (“*Multilayered Wood Flooring Surrogate Value Memorandum*”) dated May 19, 2011, at Attachment 3, and unchanged in the final determination, *Multilayered Wood Flooring From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 64318 (October 18, 2011), and accompanying Issues and Decision Memorandum.

²⁸ See Attachments I and IV of this memorandum.

Mayniland, Manila Water, and LWUA. For Manila Water, we used data for new rates effective from January 1, 2012, which were listed under “New Rate.” Similarly, for Mayniland, we obtained data for new rates effective from January 1, 2012, which were listed under “New Rate.” This source provides water rates for industrial and commercial users, which are identified as Business Group II that are contemporaneous with the POR of this review. For LWUA data, we used an average of data from January 1, 2011, July 1, 2011, January 1, 2012, and July 1, 2012. For Manila Water and Mayniland, we used an average of the Business Group II and included the itemized Environmental and Sewerage charges but did not include the Maintenance Service Charge because the record does not contain the information necessary to perform this calculation (i.e., the size of Kromet’s supplier’s water meter). We then averaged the prices from all three sources to calculate one surrogate value. Using this methodology, we calculated a surrogate value for water of 67.6 PHP/M3. Kromet reported its supplier’s water consumption in metric tons. Because 1 MT=1 cubic meter, the surrogate value for water is 67.6 PHP/MT.

D. Factory Overhead, Selling General & Administrative (“SG&A”), and Profit

19 CFR 351.408(c)(4) directs the Department to value overhead, general, and administrative expenses (“SG&A”) and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country. In this review, Kromet submitted the 2012 financial statements of Currimao Aluminum Corporation (“Currimao Aluminum”),²⁹ while Petitioner submitted multiple Thai financial statements on the record in addition to a Philippine producer.³⁰

For our preliminary determination, we valued factory overhead, selling, general, and administrative expenses, and profit, by using the audited financial statements of Currimao Aluminum. These surrogate financial statements are contemporaneous with the POR. Further, Currimao produces identical or comparable merchandise and earned a profit during the POR. There is no record evidence to indicate that Currimao received benefits that the Department has a basis to believe or suspect to be countervailable. Further, this set of audited financial statements is complete and sufficiently detailed to disaggregate materials, labor, overhead, and SG&A expenses. The ratios are:³¹

Manufacturing Overhead:	4.41%
SG&A:	7.22%
Profit:	2.30%

Domestic Inland Truck Freight

We valued the cost of transporting materials by truck using average Philippines freight rates charged by the Confederation of Truckers Association of the Philippines, Inc (“CTAP”) in 2011. The CTAP source is contemporaneous, is a broad market average of multiple destinations, is

²⁹ See Kromet’s SV submission dated January 9, 2014.

³⁰ See Petitioner’s January 9, 2014, submission entitled “Submission of Surrogate Value Information.” See also Petitioner’s submission dated May 19, 2014.

³¹ For the calculation of our financial ratios, see Attachment 7 of this memorandum.

specific to the input being valued, and contains numerous data points by which the Department was able to calculate the surrogate value for truck freight. We valued truck freight by averaging truck rates for transport of 20-foot and 40-foot containers; the resulting truck rate is 17.6 PHP per metric ton, per kilometer.³²

Export Brokerage and Handling

We valued export brokerage and handling costs using a price list of procedures necessary to export a standardized cargo of goods in a 20 foot container from the Philippines. The price list (for 2012) is published by the World Bank in *Doing Business 2013: Philippines*; it is compiled based on a survey of the procedural requirements for exporting a standard shipment of goods by ocean transport from the Philippines.³³ The methodology accompanying the report instructed businesses completing the survey to assume a “dry cargo 20-ft full container load” that “weighs 10 tons.” Hence, to determine the value on a metric ton basis, we applied the 10 ton cargo weight to the brokerage and handling value to determine the per ton value of brokerage and handling. We excluded the “inland transportation and handling” cost, since we account for that separately. We did not inflate this value because the source is contemporaneous with the POR; we calculated a cost of .0415 USD per kg in brokerage and handling fees for goods exported from the Philippines.

Marine Insurance

We valued the cost of insuring goods transported from the PRC to the United States using the marine insurance rate published by RJG Consultants on July 9, 2010. The rate given for insurance is 0.850 USD per 100 USD value; there is an additional war risk of 0.085 USD per 100 USD value; the insured value is 110 percent of the total shipment value.³⁴ We calculated a marine insurance cost of 0.0103 USD per one USD of value. We did not inflate this value since it is a percent of the value of goods shipped.

Ocean Freight

To value international ocean freight, the Department is using data obtained from the Descartes Carrier Rate Retrieval Database (“Descartes”), which can be accessed via <http://descartes.com>. Through Descartes, the Department obtained average rates – USD 0.0771 per kg for 20 foot container shipments departing from the PRC to the United States, and USD 0.124 per kg for 40 foot container shipments also departing from the PRC to the United States. The Department averaged all those rates to value Kromet’s international freight expense.³⁵

³² See Attachment 8 of this memorandum.

³³ See Attachment 9 of this memorandum.

³⁴ See Attachments I and 10 of this memorandum.

³⁵ See Attachment 11 of this memorandum and Petitioner’s SV submission at Exhibit 5B.

IV. List of Attachments

1. Summary of Surrogate Values
2. Surrogate Value Data for Materials, Packing Materials and By-Products
3. Producer Price Index and Inflation-Factor Calculations
4. Wage Rate Calculations
5. Electricity
6. Water
7. Surrogate Financial Ratio Calculations
8. Truck Freight
9. Brokerage and Handling
10. Marine Insurance
11. Ocean Freight

ATTACHMENT 1

Aluminum Extrusions from the PRC				2nd Administrative Review (A-570-967)						
Summary of Surrogate Values				Preliminary Results						
Cat.	Variable Name	Source	Value	UOM	HTS	Source	Time Period	Inflator /Deflato	Inflated Value	Alt Variable Name
DIRECT MATERIALS	INGOT	NME	1.86	USD /	7601100001	GTA - Philippines	POR	1 00	1.86	INGOT_SV
	PURCHASED_BILLET	NME	2.30	USD /	760120	GTA - Philippines	POR	1 00	2.30	PURCHASED_BILLET_SV
	MAGNESIUM_INGOTS	NME	122.86	USD /	810411	GTA - Thailand	POR	1 00	122.86	MAGNESIUM_INGOTS_SV
	ALUMINUM_SILICON_ALLOY	NME	2.30	USD /	760120	GTA - Philippines	POR	1 00	2.30	ALUMINUM_SILICON_ALLOY_SV
	ALUMINUM_TITANIUM_BORON_WIRE	NME	92.87	USD /	760521	GTA - Thailand	POR	1 00	92.87	ALUMINUM_TITANIUM_BORON_WIRE_SV
	ACID_ALKALI_STABILIZER	NME	4.89	USD /	291529	GTA - Philippines	POR	1 00	4.89	ACID_ALKALI_STABILIZER_SV
	LIQUID_CAUSTIC_SODA	NME	0.33	USD /	281512	GTA - Philippines	POR	1 00	0.33	LIQUID_CAUSTIC_SODA_SV
	AL_CROFREE_PASSIVATION_AGENT	NME	2.92	USD /	382490	GTA - Philippines	POR	1 00	2.92	AL_CROFREE_PASSIVATION_AGENT_SV
	AMMONIUM_HYDROXIDE	NME	3.81	USD /	281420	GTA - Philippines	POR	1 00	3.81	AMMONIUM_HYDROXIDE_SV
	ANTI_CORROSIVE_AGENT	NME	4.79	USD /	293100	GTA - Philippines	POR	1 00	4.79	ANTI_CORROSIVE_AGENT_SV
	CAUSTIC_SODA	NME	0.54	USD /	281511	GTA - Philippines	POR	1 00	0.54	CAUSTIC_SODA_SV
	COATING_POWDER	NME	3.35	USD /	320990	GTA - Philippines	POR	1 00	3.35	COATING_POWDER_SV
	COATING_REMOVING_AGENT	NME	2.16	USD /	381400	GTA - Philippines	POR	1 00	2.16	COATING_REMOVING_AGENT_SV
	DEGREASING_AGENT	NME	0.33	USD /	281512	GTA - Philippines	POR	1 00	0.33	DEGREASING_AGENT_SV
	DEOXIDIZER_FOR_OXIDIZING	NME	0.61	USD /	280800	GTA - Philippines	POR	1 00	0.61	DEOXIDIZER_FOR_OXIDIZING_SV
	DEOXIDIZER_FOR_POWDER_COAT	NME	0.32	USD /	280700	GTA - Philippines	POR	1 00	0.32	DEOXIDIZER_FOR_POWDER_COAT_SV
	DYE_AGENT	NME	5.82	USD /	321290	GTA - Philippines	POR	1 00	5.82	DYE_AGENT_SV
	NITRIC_ACID	NME	0.61	USD /	280800	GTA - Philippines	POR	1 00	0.61	NITRIC_ACID_SV
	PHOSPHORIC_ACID	NME	1.88	USD /	280920	GTA - Philippines	POR	1 00	1.88	PHOSPHORIC_ACID_SV
	POLISHING_AGENT	NME	4.35	USD /	3405901000	GTA - Philippines	POR	1 00	4.35	POLISHING_AGENT_SV
	SEALING_AGENT	NME	2.92	USD /	382490	GTA - Philippines	POR	1 00	2.92	SEALING_AGENT_SV
	SODIUM_ACETATE_TRIHYDRATE	NME	4.89	USD /	291529	GTA - Philippines	POR	1 00	4.89	SODIUM_ACETATE_TRIHYDRATE_SV
	SOLID_ETCHING_AGENT	NME	1.22	USD /	291816	GTA - Philippines	POR	1 00	1.22	SOLID_ETCHING_AGENT_SV
	SULFURIC_ACID	NME	0.32	USD /	280700	GTA - Philippines	POR	1 00	0.32	SULFURIC_ACID_SV
THINNER	NME	2.16	USD /	381400	GTA - Philippines	POR	1 00	2.16	THINNER_SV	
PACKING MATERIALS	PALLET	NME	1.26	USD /	441520	GTA - Philippines	POR	1 00	1.26	PALLET_SV
	PAPER_CARTON	NME	3.01	USD /	481920	GTA - Philippines	POR	1 00	3.01	PAPER_CARTON_SV
	PLYWOOD	NME	34.69	PHP / KG	N/A	See attached	POR	1 00	34.69	PLYWOOD_SV
	STRAPS_STEEL	NME	0.67	USD /	720839	GTA - Philippines	POR	1 00	0.67	STRAPS_STEEL_SV
	STRAPPING_BUCKLE	NME	0.33	USD /	721129	GTA - Philippines	POR	1 00	0.33	STRAPPING_BUCKLE_SV
	STRAPS_PLASTIC	NME	2.29	USD /	392010	GTA - Philippines	POR	1 00	2.29	STRAPS_PLASTIC_SV
	PAPER_BOARD	NME	0.63	USD /	480451	GTA - Philippines	POR	1 00	0.63	PAPER_BOARD_SV
	ADHESIVE_TAPE	NME	4.78	USD /	391910	GTA - Philippines	POR	1 00	4.78	ADHESIVE_TAPE_SV
	EPE_SHEET	NME	3.82	USD /	392690	GTA - Philippines	POR	1 00	3.82	EPE_SHEET_SV
	PE_FILM	NME	2.29	USD /	392010	GTA - Philippines	POR	1 00	2.29	PE_FILM_SV
	STYROFOAM	NME	0.61	USD /	392111	GTA - Philippines	POR	1 00	0.61	STYROFOAM_SV
	END_CAP	NME	3.82	USD /	392690	GTA - Philippines	POR	1 00	3.82	END_CAP_SV
SCREW	MEP	1	USD /	MEP	MEP	POR	1 00	1	SCREW_MEP	
By-Products	NET_REINTRODUCED_ALUMINUM	NME	1.39	USD / KG	760200	GTA - Philippines	POR	1 00	1.39	NET_REINTRODUCED_ALUMINUM_SV
Inputs	ELECTRICITY	NME	7.81	PHP/ KWH		See Attach		1 00	7.814	ELECTRICITY_SV
	DIESEL	NME	0.91	USD / KG	271019	GTA - Philippines		1 00	0.914	DIESEL_SV

Summary Sheet - All Surrogate Values

Cat.	Variable Name	Source	Value	UOM	HTS	Source	Time Period	Inflator /Deflato	Inflated Value	Alt Variable Name
Energy	HEAVY_OIL	NME	0.91	USD / KG	271019	GTA - Philippines		1 00	0.914	HEAVY_OIL_SV
	WATER	NME	67.62	PHP/M3	N/A	See Attach		1 00	67.62	WATER_SV
	COKE	NME	0.29		270400	GTA - Philippines		1 00	0.29	COKE_SV
Labor	DIRECT LABOR	NME	110.90	PHP/HR				1 00	110.90	DIRECT LABOR_SV
	INDIRECT LABOR	NME	110.90	PHP/HR	N/A	See Attach	2008	1 00	110.90	INDIRECT LABOR_SV
	PACKING LABOR	NME	110.90	PHP/HR				1 00	110.90	PACKING LABOR_SV
Fin Ratio	OVRHDSV	NME	0.04	%				1 00	0.0441	OVRHDSV
	SGASV	NME	0.07	%	N/A	See Attach		1 00	0.0722	SGASV
	PROFTSV	NME	0.02	%				1 00	0.0230	PROFTSV
Transportation	INT_FREIGHT	NME	0.10		N/A			1 00	0.1006	INT_FREIGHT_SV
	MARNINU	NME	0.01	USD/USD	N/A	RJG Consultants		1 00	0.0103	MARNINU_SV
	DBROKU	NME	41.50	USD / MT	N/A	See Attach		0.001	0.0415	DBROKU_SV
	TRUCK	NME	0.02	PHP / KG / KM	N/A	See Attach		1 00	0.0176	TRUCK_SV

ATTACHMENT 7

Calculation of Surrogate Financial Ratios: Manufacturing Overhead, SG&A and Profit											
CASE NAME: Aluminum Extrusions from the PRC CASE NUMBER: A-570-967											
Items	notes	P&L (Income) Statement Amounts	Category	Raw Material (RM)	Labor (L)	Energy (E)	Mfg Overhead (MOH)	Traded / Finished Goods (TFG)	SG&A and Interest (SGA)	Profit & Profit Adjustments (P)	Exclude
Net Sales	16	#####									316,375,571.79
Rental Income	I/S	391,071.48	exclude								391,071.48
Total Revenue		#####	a	-	-	-	-	-	-	-	316,375,571.79
Cost of Sales											
Direct Materials											
Raw materials, beginning	16	8,538,672.84	RM	8,538,672.84							
Add Purchases during year	16	#####	RM	#####							
Less Raw materials, ending	16	(8,120,760.15)	RM	(8,120,760.15)							
Direct Labor	I/S	3,700,000.00	L		#####						
Factory Overhead											
Tools	16	1,080,794.05	MOH				1,080,794.05				
Power, Light and Water	16	26,104,018.10	E			#####					
Gas, Oil and Lubricants	16	20,987,725.25	E			#####					
Rental	16	240,000.00	MOH				240,000.00				
Repairs and Maintenance - Machineries	16	5,099,682.97	MOH				5,099,682.97				
Repairs and Maintenance - Factory Equipment	16	631,899.28	MOH				631,899.28				
Depreciation	16	4,098,382.03	MOH				4,098,382.03				
Factory Supplies	16	1,423,270.79	MOH				1,423,270.79				
Add Finished goods inventory, beginning	16	8,702,666.10	TFG					8,702,666.10			
Less Finished Goods Inventory Ending	16	(17,468,032.11)	TFG					(17,468,032.11)			
Other operating expenses											
Salaries and Wages	18	5,272,000.00	SGA						5,272,000.00		
Employee Benefits	18	580,422.50	SGA						580,422.50		
SSS/Pag-ibig/Philhealth Premiums	18	1,371,733.00	SGA						1,371,733.00		
Insurance	18	494,224.83	SGA						494,224.83		
Taxes and Licenses	18	1,436,854.76	SGA						1,436,854.76		
Depreciation	18	594,387.57	SGA						594,387.57		
Office Supplies	18	219,098.62	SGA						219,098.62		
Professional Fee	18	10,000.00	SGA						10,000.00		
Repairs and Maintenance - Motor Vehicle	18	787,055.21	SGA						787,055.21		
Repairs and Maintenance - Office Equipment	18	17,352.68	SGA						17,352.68		
Communication, light and water	18	496,819.64	SGA						496,819.64		
Bank Charges	18	563,717.21	SGA						563,717.21		
Representation	18	139,118.71	SGA						139,118.71		
Miscellaneous Expense	18	64,413.24	SGA						64,413.24		
Gain on Sale of fixed assets	I/S	(83,671.87)	SGA						(83,671.87)		
Interest Income on Bank Deposits	I/S	(1,216.40)	SGA						(1,216.40)		
Finance Cost (Interest Expense on borrowings)	17	8,889,081.93	SGA						8,889,081.93		
Total Expenses		#####	b	#####	#####	#####	12,574,029.12	(8,765,366.01)	20,851,391.63	-	-
Profit before tax		7,135,820.17	profit	c	#####	#####	#####	#####	#####	7,135,820.17	7,135,820.17
Total for Calculation		7,135,820.17	d b+c-a	#####	#####	#####	12,574,029.12	(8,765,366.01)	20,851,391.63	7,135,820.17	#####
Check total		0.00		d1	d2	d3	d4	d5	d6	d7	d8

e Total of Material, Labor & Energy

e d1+d2+d3 284,970,768.36

Overhead as % of MLE

d4/e 0.0441

f Total of Material, Labor, Energy, Overhead, & Finished/Traded Goods

f d4+d5+e 288,779,431.47

SGA as % of MLE, Overhead & Finished/Traded Goods

d6/f 0.0722

g Total of MLE, Overhead, Finished/Traded Goods and SGA

g d6+f 309,630,823.10

Profit as % of MLE, Overhead, Finished/Traded Goods and SGA

d7/g 0.0230

demand; but over 70 percent of China's total proven coal reserves lie in three northwestern provinces, Shanxi, Shaanxi, and Inner Mongolia. Costly and unreliable transportation from these mines raises coal prices. Chinese coal also has on average lower calorific content and higher sulfur and ash content than Indonesian, Australian, or Russian coal. To produce the same energy output as a ton of imported coal, a Chinese power producer may have to use a ton and a half. China imports almost all its coking coal for steel production.

Since the 1980s, China has gradually liberalized coal pricing. As with many other Chinese goods, a two-tiered price system emerged, the first set by the NDRC for plan-allocated quotas and the second set by the market for other demand. Over the last two decades, the amount of coal produced for other demand has grown. At the beginning of 2007, the Chinese government abolished the two-tier system, and both contract and spot coal must now be negotiated at market rates; however, legacy behaviors linger among the companies.⁴

As the government continues to control electricity tariffs, indirect governmental influence affects coal prices in China. Government interventions allocate thermal coal through administrative persuasion of state-owned coal mines and through allocations of transportation capacity, which can represent up to 25 percent of coal price (Lin and Jiang 2011). Consequently, thermal-coal pricing, though undergoing several reforms, currently endures highly imperfect market conditions.

Electricity. Like the coal used to generate it, industry consumes the majority of the country's electricity. Rapid economic growth has led to dramatic growth in China's electricity demand. In 2007, China consumed 3271.18 TWh⁵ of electricity, of which industry consumed 75 percent, agriculture 3 percent, transportation 2 percent, and construction 1 percent. Household consumption accounted for approximately 11 percent, down slightly from a high of 12.5 percent in 2001 (CEIC database). Electricity pricing constitutes a highly sensitive issue, and the government firmly controls it (Lin and Jiang 2011).

China generally has set electricity tariffs lower than supply costs and lower than developed countries' tariffs. Industries also have had higher tariffs than residences. According to the SERC and *China Electric Power Yearbook* (2008), in 2007, the average residential customer paid CNY 470.88 per MWh,⁶ industrial customer CNY 514.18, and commercial customer CNY 851.79.

Electricity prices for Chinese industry appear high. However, conversations with industry analysts indicated that many companies do not bear the full costs indicated by national average figures from the

NBS. Subsidies or "price adjustments" permeate the system, and some of these price adjustments occasionally become declassified. The NDRC sets electricity tariffs province by province based on the recommendations of local pricing bureaus that answer to local officials. Local social and economic concerns often impede the NDRC's efforts to rationalize energy pricing and to reduce overall energy consumption. For example, the Chinese steel industry's energy-intensive firms consume about 20 to 40 percent more energy per ton of output than their competitors in the OECD (Wan 2006), and are therefore sensitive to electricity-price increases. The provinces that support their inefficient steel companies have resisted the NDRC's efforts to raise prices for steel, and nonpayment has become an important issue.

The NDRC on April 16, 2007, required 14 provinces to halt immediately their preferential electricity-price policy for local, high-energy-consuming enterprises, in an attempt to curb these industries' development (*Asia Pulse* 2007). To restrain high-energy-consuming industries, China had previously introduced in September 2006 differentiated electricity prices for such industries as steel, electrolytic aluminum, ferroalloy, calcium carbide, caustic soda, cement, yellow phosphorus, and zinc smelting. The provincial governments failed to implement the policies uniformly. Consequently, the NDRC, together with the SERC, ordered locals to rectify their misbehavior by the end of April 2007.

Yet provinces continue to subsidize routinely the costs of electricity for steel, glass, paper and auto-parts production. In 2006, when Beijing announced its nationwide campaign to raise electricity prices to energy-consuming industries, officials in Ningxia Province worked to evade the requirements. Fearing the impact on the local economy, the provincial government brokered a special deal for the Qingtongxia Aluminum Group, which accounted for 20 percent of the province's industrial consumption and 10 percent of its GDP. Provincial officials removed the company from the national electricity grid and supplied electricity directly to it, exempting it from expensive fees. Consequently, Qingtongxia continued to get its electricity at the lowest price available (French 2007).

Electricity prices overtly remain tightly controlled by the NDRC's Price Bureau. Unlike the developed countries, China has no separately determined transmission tariffs. The NDRC determines both the price at which the generators can sell power to the grid and what the grid can charge different categories of users. When setting these prices, the NDRC tries to accommodate provincial stakeholders' interests. Provincial officials lobby for end-user pricing low enough to keep their industries viable and citizens happy. The power generators lobby for on-grid tariffs high enough to

cover their fuel costs and to ensure profits for future investments. And grid companies lobby for margins to finance expansions such as the \$130 billion they asked to expand China's transmission network between 2006 and 2010 (Rosen and Houser 2007). Complex and opaque end-user pricing and transmission costs obfuscate the allocation of rents across the electricity-value chain. Because this study relied solely on published prices and the NDRC's disclosures on provinces that had subsidized their steel, glass, paper, and auto-parts industries, the subsidies to electricity are probably underrepresented.

The demand surges after 2004 shrank coal inventories and doubled spot prices. In response, the NDRC enacted a price pass-through mechanism whereby electricity tariffs could be raised by 75 percent of coal-price increases. Yet electricity prices have only risen by 20 percent on average since the beginning of 2004. The gap between the published national average on-grid price and end-user prices indicates that the grid should make huge profits. However, the reported transmission industry-wide data show meager 2006 profits of 4 percent, up from 1.6 percent in 2004. Further investigation has revealed that the grid can collect less from end users such as steel companies (either because of reduced rates or nonpayment) than the published rate tables suggest (Rosen and Houser 2007).

Reflecting the dominance of coal in China's electricity fuel mix, substantial growth in electricity output has increased demand for thermal coal. Coal consumption by the electricity sector increased at an average annual rate of around 21 percent between 2002 and 2004 following an increase of 5.6 percent in 2001. Many coal and power-generation companies have public listings, but considerable government control and ownership remains in both industries. The government is increasingly linking electricity prices with coal costs, and linking electricity consumption with the introduction of more transparent pricing mechanisms. For example, two-part tariff rates have been introduced to curb electricity consumption by energy-intensive industries, and retail electricity charges have also risen recently to reflect higher coal prices (Australian Bureau of Agricultural and Research Economics data).

In mid-2004, the price of electricity was increased on average by 0.08 cents per kWh.⁷ A further increase of 0.27 cents per kWh was introduced in the eastern, northern, central, and southern grids to pass on additional costs of transmission. In 2005, the State Council approved the implementation of a new pricing mechanism to link electricity charges to coal costs. An increase in the coal price is passed on to electricity consumers when the average coal price changes by more than 5 percent over six months. If the

change in the average coal price is less than 5 percent in six months, the percentage price change carries over to the next six months. However, as table 2.2 reveals, the central government simultaneously offers a subsidy to the electricity-generation industry, in effect since 2005, to offset the higher electricity prices; this subsidy is then passed on to electricity's customers, including the industries we cover in this book.⁸ The fuel-input adjustment in 2005 and the attendant increase in subsidy responded to a significant increase in thermal-coal prices in 2004 (Ni 2006). In June 2006, electricity charges were increased in response to higher coal costs, additional adjustments for new generation and transmission projects' higher construction costs, and relocation compensation and support for the development of renewable-energy projects. Simultaneously, a subsidy to industry was added to "adjust" for the increased prices.

Natural gas. China's central government has tightly controlled natural-gas prices and has attempted to keep gas prices for industry competitive with other developing countries. But this approach failed to

Table 2.2. SELECTED SUBSIDIES FOR ELECTRICITY IN CHINA

	Price changes and subsidies US cents/kWh
Average regional increases in sales prices	
Eastern China	0.22
Central China	0.36
Southern China	0.37
Northeastern China	0.17
Average increase (all regions)	0.30
Subsidies for state government projects	
Relocation compensation for new projects	0.78
Support for the development of renewable energy projects	0.0125
Subsidies for power-generation projects	
Compensation for losses caused by the rise in coal cost and transport fees	0.122
Compensation for installation of desulphurization facilities	0.03
Subsidies for grid construction	
State power-grid construction	0.026
Rural power-grid construction	0.007
Subsidies for local government projects	
Subsidies to small hydropower projects, gas-fired projects, wind-power projects, and WEP projects	0.016

Source: Derived from data provided by Australian Bureau of Agricultural and Research Economics, *Interfax China Energy Weekly*.

induce the development or importation of sufficient quantities of natural gas to meet burgeoning demand. Consequently, natural-gas prices have increased. Although Beijing sets natural-gas prices, they vary by province and sector. In most provinces, residential users pay the highest price, followed by chemical producers, power generators, and fertilizer manufacturers.⁹

Historical reasons add to the confusion surrounding natural-gas pricing in China. End-user prices basically consist of three parts: production costs, pipeline-transmission costs, and city-distribution costs. The government makes the production cost (or factory price) uniform for a particular gas source. Pipeline transmission and city distribution costs, however, also depend on the pipeline network's length, city-distribution characteristics, and consumers' income in addition to locations (Lin and Jiang 2011). Unable to estimate government costs, Lin and Jiang (2011) used American Henry Hub's natural gas price as the benchmark for domestic production costs.

China has a long history of using natural gas. Yet, in 2000, because of underdeveloped gas markets and institutions and the lack of an integrated, national gas-pipeline network, the share of gas in the fuel mix remained at a low 3.0 percent. The chemicals and fertilizer industries, and the oil and gas sector, served as primary consumers of natural gas. In 2000, only 0.5 percent of electricity generation in China was gas fired.

As figure 2.1 from the NDRC reveals, the Chinese price of natural gas is based on Cost-Plus rather than Net-Back pricing, where

$$\text{Cost-Plus Pricing} = \text{Wellhead Regulated Price} + \text{Pipeline Mark-up Cost} + \text{Local Distribution Mark-up Cost} = \text{Sales Price to Consumer}$$

and

$$\begin{aligned} \text{Net-Back Pricing} &= \text{Market Value of Gas Based on Price of Consumer's} \\ &\text{Competing Fuel} - \text{Distributor Charges} - \text{Pipeline Transportation Charges} = \\ &\text{Net-Back Price at the Well Head.} \end{aligned}$$

On December 22, 2005, the NDRC announced that it had changed the natural-gas pricing system and would allow a natural-gas price hike of 8 percent per annum (Yeh 2005). Despite the government's proposal of hiking prices by 8 percent a year, it could be the year 2016 before China's domestic-gas prices synchronize with international averages (HSBC projections). Because of pricing controls on natural gas, China's wellhead gas price trades 60 percent lower on average than international prices,

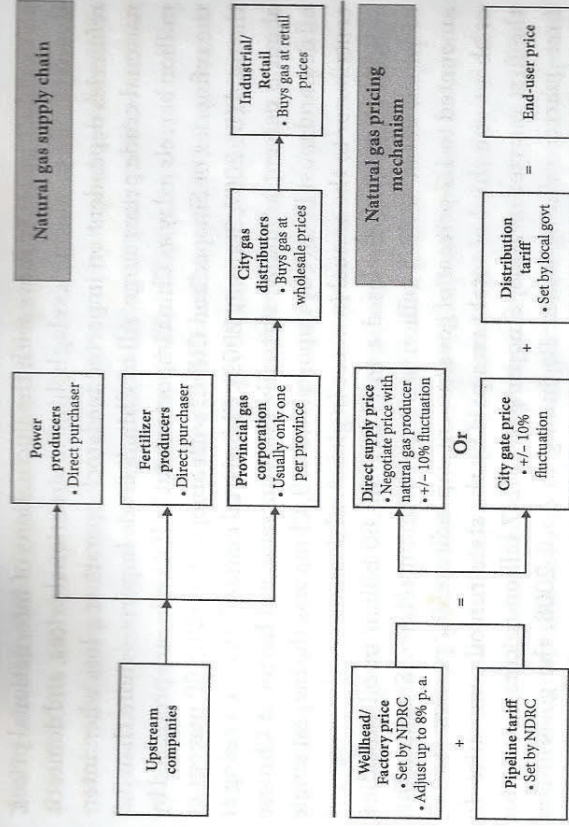


Figure 2.1
Natural Gas Supply Chain and Pricing Mechanisms in China
Source: National Development and Reform Commission through HSBC.

providing a significant subsidy. The EBITDA¹⁰ margin on the domestic wellhead price is 16 percent against the 60 percent of major international benchmarks. These artificially low gas prices reduce the financial burden for end users, including firms in the steel and auto-parts industries.

Despite the low usage of natural gas in Chinese industrial cost structures, firms benefited in 2005 from artificially low prices. However, as natural-gas prices have risen 8 percent per annum, many of these gains appear to have eroded. Also, a tight gas market creates an incentive for CNPC and Sinopec to supply residential customers at the expense of industry. Several firms have had difficulty ensuring reliable supply at the government-stipulated price, and prices have risen in response.

Heavy oil. China's two oil giants, China Petroleum and Chemical Corporation (Sinopec) and China National Petroleum Corporation (CNPC), receive subsidies for their operations from the NDRC and the Ministry of Finance. Specifically, while world-market prices dictate crude prices in China, the administration sets oil-product prices and also issues rebates. Theoretically, oil-product prices in China are pegged to the weighted average of the Brent, Dubai, and Minas crude-oil prices, taking into account processing costs, distribution costs, and refineries' profit margins. However, because of inflation concerns, rarely does the NDRC permit domestic

oil's product prices to move with the fluctuations of international prices. Domestic oil's product prices lag behind international prices, and domestic refineries dependent on imported feedstock operate at a loss when international crude prices surge. All of China's crude imports—more than 3.3 million barrels a day as China imports about half its oil—are processed by the refineries of Sinopec and CNPC, with Sinopec handling 80 percent of the total (Bo 2007; Stanway 2009). Chinese oil demand has been rising at about 8 percent annually; virtually every incremental barrel of Chinese oil demand must be met by imports. In 2009, China was the biggest single contributor to the annual increase in global-oil demand.

In 2007, Beijing disclosed a total of RMB 60 billion in oil subsidies, of which about RMB 5 billion went to the main refiner, Sinopec. This amounted to 1.2 percent of government expenditure, 0.2 percent of GDP, or about one-third of total taxes paid by the state-run oil companies. In the first quarter of 2008, Sinopec got RMB 7 billion to compensate for first-quarter refining losses. Beginning in April 2008, the government also began rebating 75 percent of the value-added tax paid on imports of crude oil by Sinopec and PetroChina's parent company, CNPC (the VAT rate on crude imports was 17 percent). This translated into a disclosed subsidy payment of RMB 7 billion for April 2008; total recorded refiner subsidies probably exceeded RMB 70 billion in 2008. Adding in user subsidies (which should not change much given that retail prices are fixed), Beijing probably paid out at least RMB 130 billion in subsidies in 2008, or about \$20 billion, more than double the 2007 figure. The gross cost approximated 2.1 percent of budgeted 2008 government expenditure.

Subsidies to Inputs, Land, Technology

The Chinese government has also provided a range of industry-specific subsidies for inputs into production, land, and technology to firms that the central and provincial governments perceive as strategically important. SOEs and favored companies can purchase inputs such as components and raw materials below cost and directly from each other, affecting the competitiveness of certain sectors in the global economy. Land subsidies arise as the government artificially holds the price of land below the full economic cost of usage for firms in key strategic sectors. Technology subsidies provide support for R&D, brand development, and technology acquisition.

A report from the Specialty Steel Industry of North America (2008) described how the Chinese government provides raw materials to producers in key industries at preferential, subsidized prices. Testimony in

2007 before the US-China Economic and Security Review Commission (USCC 2007, 40) also concluded that "provincial and municipal governments subsidize purchases of...raw materials...by requiring other SOEs or pressuring their own suppliers to provide these inputs at below-market or even below-cost prices" (G. T. Haley 2007). In 2008, in countervailing duty investigations of products imported from China, the US Department of Commerce found that the Chinese government conferred substantial countervailable subsidies upon producers of downstream products for the provision of raw-material inputs at below-market prices (Specialty Steel Industry of North America 2008, 51).

For the glass industry, subsidies that we could identify and measure include those for soda ash; for the paper industry, pulp and recycled paper; and for the auto-parts industry, glass, cold-rolled steel, and technology. As measurement and rationales for these subsidies are inextricably linked to government policies aimed at these industries, we explore each of these subsidies in depth in their industrial context and in subsequent chapters.

DATA PROBLEMS

A report on Chinese subsidies by the Specialty Steel Association of North America highlighted some problems with obtaining valid and reliable data on the issue.

Obtaining information regarding the nature and type of assistance received by

Chinese producers is complicated, because corporate reporting in China is limited and often unavailable, particularly from SOEs. Indeed, a report issued by the

Office of the US Trade Representative has described the difficulty of obtaining

information regarding Chinese support measures as follows: "China's subsidy pro-

grams are often the result of internal administrative measures that are not publicized. Sometimes they take the form of income tax reductions or exemptions.

They can also take a variety of other forms, including mechanisms such as credit

allocations, low interest loans, debt forgiveness, and reduction of freight charges."

Accordingly, due to the lack of publicly available information in China, the benefi-

ciaries of subsidies granted by the Chinese government are not identified, in most

instances, in this report. (Specialty Steel Association of North America 2008, 33)

Institutional reasons (including poor infrastructure to gather data) and strategic reasons (such as using data to create an informational black hole to confuse competitors) hinder the collection of high-quality data in China.¹¹ Researchers and analysts have found energy subsidies particularly



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

C-570-013

Investigation

POI: 01/01/2013-12/31/2013

Public Document

ADCVD Ops./SS

DATE: June 30, 2014

MEMORANDUM TO: The File

FROM: Shane Subler *SS*
International Trade Compliance Analyst
AD/CVD Operations

SUBJECT: Countervailing Duty Investigation of Carbon and Alloy Steel Wire
Rod from the People's Republic of China: Interest Rate
Benchmark Memorandum

The Department of Commerce is placing the attached interest rate benchmarks and supporting documentation on the record of the above-referenced investigation.



Attachment List

1. Renminbi (“RMB”) Short-term Benchmarks
2. U.S. Corporate Series BB Bonds
3. U.S. Dollar LIBOR Rates
4. Euro LIBOR Rates
5. Eurozone Rates
6. Overall Benchmarks

Attachment 6: Overall Benchmarks - Creditworthy

Columns: Time (12)

Country	Concept	Data Source	Frequency	Status	Unit	Facts	Scale	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
China, P.R.: Mainland	Consumer Prices, All Items	International Financial Statistics (IFS)	Annual	Published	Percent Change over Corresponding Period of Previous Year	Core Data	Units	0.723	-0.766	1.156	3.884	1.822	1.463	4.750	5.864	-0.703	3.315	5.411	2.662

Source: <http://elibrary-data.imf.org/>

String	RMB Long-term Benchmark	Benchmark	2 yr BB Bond	N year BB Bond	Difference	Addition	Inflation	Benchmark Rate	Year	Currency	Term					
2001 RMB 10	2001 10 year	10.73%	7.51%	8.94%	1.43%	12.16%	0.72%	12.88%	2001	RMB	10					
2001 RMB 11								12.81%	2001	RMB	11					
2001 RMB 12								12.81%	2001	RMB	12		2001	0.72%	0.722903	
2001 RMB 13								12.81%	2001	RMB	13		2002	-0.77%	-0.76595	
2001 RMB 14								12.81%	2001	RMB	14		2003	1.16%	1.15591	
2001 RMB 15	2001 15 year	10.73%	7.51%	9.31%	1.80%	12.54%	0.72%	13.26%	2001	RMB	15		2004	3.89%	3.884 83	
2001 RMB 16								13.08%	2001	RMB	16		2005	1.82%	1.821648	
2001 RMB 17								13.08%	2001	RMB	17		2006	1.46%	1.463 89	
2001 RMB 18								13.08%	2001	RMB	18		2007	4.75%	4.750297	
2001 RMB 19								13.08%	2001	RMB	19		2008	5.86%	5.864 84	
2001 RMB 20	2001 20 year	10.73%	7.51%	9.48%	1.97%	12.71%	0.72%	13.43%	2001	RMB	20		2009	-0.70%	-0.70295	
2001 RMB 21								13.20%	2001	RMB	21		2010	3.31%	3.314546	
2001 RMB 22								13.20%	2001	RMB	22		2011	5.41%	5.41083	
2001 RMB 23								13.20%	2001	RMB	23		2012	2.65%	2.65244	
2001 RMB 24								13.20%	2001	RMB	24					
2001 RMB 25	2001 25 year	10.73%	7.51%	9.54%	2.04%	12.77%	0.72%	13.23%	2001	RMB	25					
2001 RMB 26								13.23%	2001	RMB	26					
2001 RMB 27								13.23%	2001	RMB	27					
2001 RMB 28								13.23%	2001	RMB	28					
2001 RMB 29								13.23%	2001	RMB	29					
2001 RMB 30	2001 30 year	10.73%	7.51%	9.54%	2.03%	12.77%	0.72%	13.49%	2001	RMB	30					
2002 RMB 10	2002 10 year	10.33%	7.12%	8.69%	1.57%	11.90%	-0.77%	11.13%	2002	RMB	10					
2002 RMB 11								11.46%	2002	RMB	11					
2002 RMB 12								11.46%	2002	RMB	12					
2002 RMB 13								11.46%	2002	RMB	13					
2002 RMB 14								11.46%	2002	RMB	14					
2002 RMB 15	2002 15 year	10.33%	7.12%	9.35%	2.23%	12.56%	-0.77%	11.79%	2002	RMB	15					
2002 RMB 16								11.89%	2002	RMB	16					
2002 RMB 17								11.89%	2002	RMB	17					
2002 RMB 18								11.89%	2002	RMB	18					
2002 RMB 19								11.89%	2002	RMB	19					
2002 RMB 20	2002 20 year	10.33%	7.12%	9.54%	2.42%	12.76%	-0.77%	11.99%	2002	RMB	20					
2002 RMB 21								11.96%	2002	RMB	21					
2002 RMB 22								11.96%	2002	RMB	22					
2002 RMB 23								11.96%	2002	RMB	23					
2002 RMB 24								11.96%	2002	RMB	24					
2002 RMB 25	2002 25 year	10.33%	7.12%	9.48%	2.36%	12.69%	-0.77%	11.92%	2002	RMB	25					
2002 RMB 26								11.91%	2002	RMB	26					
2002 RMB 27								11.91%	2002	RMB	27					
2002 RMB 28								11.91%	2002	RMB	28					
2002 RMB 29								11.91%	2002	RMB	29					
2002 RMB 30	2002 30 year	10.33%	7.12%	9.46%	2.34%	12.67%	-0.77%	11.90%	2002	RMB	30					
2003 RMB 3	2003 3 year	9.99%	5.35%	5.89%	0.54%	0.54%	1.16%	11.69%	2003	RMB	3					
2003 RMB 4	2003 4 year	9.99%	5.35%	6.35%	1.00%	11.00%	1.16%	12.16%	2003	RMB	4					
2003 RMB 5	2003 5 year	9.99%	5.35%	6.63%	1.28%	11.27%	1.16%	12.43%	2003	RMB	5					
2003 RMB 6								12.63%	2003	RMB	6					
2003 RMB 7	2003 7 year	9.99%	5.35%	7.02%	1.67%	11.66%	1.16%	12.82%	2003	RMB	7					
2003 RMB 8	2003 8 year	9.99%	5.35%	7.18%	1.83%	11.83%	1.16%	12.98%	2003	RMB	8					
2003 RMB 9	2003 9 year	9.99%	5.35%	7.30%	1.95%	11.94%	1.16%	13.10%	2003	RMB	9					
2003 RMB 10	2003 10 year	9.99%	5.35%	7.49%	2.14%	12.13%	1.16%	13.29%	2003	RMB	10					
2003 RMB 11								13.59%	2003	RMB	11					
2003 RMB 12								13.59%	2003	RMB	12					
2003 RMB 13								13.59%	2003	RMB	13					
2003 RMB 14								13.59%	2003	RMB	14					
2003 RMB 15	2003 15 year	9.99%	5.35%	8.09%	2.74%	12.73%	1.16%	13.89%	2003	RMB	15					
2003 RMB 16								14.03%	2003	RMB	16					
2003 RMB 17								14.03%	2003	RMB	17					
2003 RMB 18								14.03%	2003	RMB	18					
2003 RMB 19								14.03%	2003	RMB	19					
2003 RMB 20	2003 20 year	9.99%	5.35%	8.37%	3.02%	13.02%	1.16%	14.17%	2003	RMB	20					
2003 RMB 21								14.15%	2003	RMB	21					
2003 RMB 22								14.15%	2003	RMB	22					
2003 RMB 23								14.15%	2003	RMB	23					
2003 RMB 24								14.15%	2003	RMB	24					
2003 RMB 25	2003 25 year	9.99%	5.35%	8.33%	2.98%	12.97%	1.16%	14.13%	2003	RMB	25					
2003 RMB 26								14.15%	2003	RMB	26					
2003 RMB 27								14.15%	2003	RMB	27					
2003 RMB 28								14.15%	2003	RMB	28					
2003 RMB 29								14.15%	2003	RMB	29					
2003 RMB 30	2003 30 year	9.99%	5.35%	8.38%	3.03%	13.02%	1.16%	14.18%	2003	RMB	30					
2004 RMB 3	2004 3 year	8.31%	4.36%	4.93%	0.57%	0.57%	3.89%	12.77%	2004	RMB	3					
2004 RMB 4	2004 4 yr	8.31%	4.36%	5.40%	1.04%	9.36%	3.89%	13.24%	2004	RMB	4					
2004 RMB 5	2004 5 yr	8.31%	4.36%	5.72%	1.36%	9.68%	3.89%	13.56%	2004	RMB	5					
2004 RMB 6								13.78%	2004	RMB	6					
2004 RMB 7	2004 7 year	8.31%	4.36%	6.15%	1.79%	0.10%	3.89%	13.99%	2004	RMB	7					
2004 RMB 8	2004 8 yr	8.31%	4.36%	6.33%	1.97%	0.29%	3.89%	14.17%	2004	RMB	8					
2004 RMB 9	2004 9 year	8.31%	4.36%	6.54%	2.18%	0.49%	3.89%	14.38%	2004	RMB	9					
2004 RMB 10	2004 10 yr	8.31%	4.36%	6.67%	2.31%	0.62%	3.89%	14.51%	2004	RMB	10					
2004 RMB 11								14.80%	2004	RMB	11					
2004 RMB 12								14.80%	2004	RMB	12					
2004 RMB 13								14.80%	2004	RMB	13					
2004 RMB 14								14.80%	2004	RMB	14					
2004 RMB 15	2004 15 yr	8.31%	4.36%	7.24%	2.88%	11.20%	3.89%	15.08%	2004	RMB	15					
2004 RMB 16								15.19%	2004	RMB	16					
2004 RMB 17								15.19%	2004	RMB	17					
2004 RMB 18								15.19%	2004	RMB	18					
2004 RMB 19								15.19%	2004	RMB	19					
2004 RMB 20	2004 20 yr	8.31%	4.36%	7.47%	3.11%	11.42%	3.89%	15.30%	2004	RMB	20					
2004 RMB 21								15.33%	2004	RMB	21					
2004 RMB 22								15.33%	2004	RMB	22					
2004 RMB 23								15.33%	2004	RMB	23					
2004 RMB 24								15.33%	2004	RMB	24					
2004 RMB 25	2004 25 yr	8.31%	4.36%	7.52%	3.16%	11.47%	3.89%	15.36%	2004	RMB	25					
2004 RMB 26								15.35%	2004	RMB	26					
2004 RMB 27								15.35%	2004	RMB	27					
2004 RMB 28								15.35%	2004	RMB	28					
2004 RMB 29								15.35%	2004	RMB	29					
2004 RMB 30	2004 30 yr	8.31%	4.36%	7.51%	3.15%	11.46%	3.89%	15.35%	2004	RMB	30					
2005 RMB 2	2005 2 year	8.90%	5.36%	5.65%	0.29%	0.29%	1.82%	10.72%	2005	RMB	2					
2005 RMB 3	2005 3 year	8.90%	5.36%	5.65%	0.29%	0.29%	1.82%	11.01%	2005	RMB	3					
2005 RMB 4	2005 4 year	8.90%	5.36%	5.88%	0.52%	0.42%	1.82%	11.24%	2005	RMB	4					
2005 RMB 5	2005 5 year	8.90%	5.36%	6.05%	0.69%	0.59%	1.82%	11.41%	2005	RMB	5					
2005 RMB 6								11.54%	2005	RMB	6					
2005 RMB 7	2005 7 year	8.90%	5.36%	6.31%	0.95%	0.85%	1.82%	11.67%	2005	RMB	7					
2005 RMB 8	2005 8 year	8.90%	5.36%	6.44%	1.08%	0.98%	1.82%	11.80%	2005	RMB	8					
2005 RMB 9</																

2006 RMB 11								10.71%	2006	RMB	11						
2006 RMB 12								10.71%	2006	RMB	12						
2006 RMB 13								10.71%	2006	RMB	13						
2006 RMB 14								10.71%	2006	RMB	14						
2006 RMB 15	2006 15 yr	7.95%	6.01%	7.51%	1.50%	9.45%	1.46%	10.91%	2006	RMB	15						
2006 RMB 16								10.98%	2006	RMB	16						
2006 RMB 17								10.98%	2006	RMB	17						
2006 RMB 18								10.98%	2006	RMB	18						
2006 RMB 19								10.98%	2006	RMB	19						
2006 RMB 20	2006 20 yr	7.95%	6.01%	7.65%	1.64%	9.59%	1.46%	11.05%	2006	RMB	20						
2006 RMB 21								11.06%	2006	RMB	21						
2006 RMB 22								11.06%	2006	RMB	22						
2006 RMB 23								11.06%	2006	RMB	23						
2006 RMB 24								11.06%	2006	RMB	24						
2006 RMB 25	2006 25 yr	7.95%	6.01%	7.66%	1.65%	9.60%	1.46%	11.07%	2006	RMB	25						
2006 RMB 26								11.07%	2006	RMB	26						
2006 RMB 27								11.07%	2006	RMB	27						
2006 RMB 28								11.07%	2006	RMB	28						
2006 RMB 29								11.07%	2006	RMB	29						
2006 RMB 30	2006 30 yr	7.95%	6.01%	7.68%	1.67%	9.62%	1.46%	11.08%	2006	RMB	30						
2007 RMB 1	2007 1 yr	7.30%			0.00%	7.30%	4.75%	12.06%	2007	RMB	1						
2007 RMB 2	2007 2 yr	7.30%			0.00%	7.30%	4.75%	12.06%	2007	RMB	2						
2007 RMB 3	2007 3 yr	7.30%	6.12%	6.35%	0.23%	7.53%	4.75%	12.29%	2007	RMB	3						
2007 RMB 4	2007 4 yr	7.30%	6.12%	6.55%	0.43%	7.73%	4.75%	12.49%	2007	RMB	4						
2007 RMB 5	2007 5 yr	7.30%	6.12%	6.76%	0.64%	7.94%	4.75%	12.70%	2007	RMB	5						
2007 RMB 6								12.86%	2007	RMB	6						
2007 RMB 7	2007 7 yr	7.30%	6.12%	7.08%	0.96%	8.26%	4.75%	13.01%	2007	RMB	7						
2007 RMB 8	2007 8 yr	7.30%	6.12%	7.21%	1.09%	8.40%	4.75%	13.15%	2007	RMB	8						
2007 RMB 9	2007 9 yr	7.30%	6.12%	7.31%	1.19%	8.49%	4.75%	13.24%	2007	RMB	9						
2007 RMB 10	2007 10 yr	7.30%	6.12%	7.51%	1.39%	8.69%	4.75%	13.44%	2007	RMB	10						
2007 RMB 11								13.62%	2007	RMB	11						
2007 RMB 12								13.62%	2007	RMB	12						
2007 RMB 13								13.62%	2007	RMB	13						
2007 RMB 14								13.62%	2007	RMB	14						
2007 RMB 15	2007 15 yr	7.30%	6.12%	7.86%	1.74%	9.04%	4.75%	13.79%	2007	RMB	15						
2007 RMB 16								13.90%	2007	RMB	16						
2007 RMB 17								13.90%	2007	RMB	17						
2007 RMB 18								13.90%	2007	RMB	18						
2007 RMB 19								13.90%	2007	RMB	19						
2007 RMB 20	2007 20 yr	7.30%	6.12%	8.07%	1.95%	9.25%	4.75%	14.00%	2007	RMB	20						
2007 RMB 21								14.04%	2007	RMB	21						
2007 RMB 22								14.04%	2007	RMB	22						
2007 RMB 23								14.04%	2007	RMB	23						
2007 RMB 24								14.04%	2007	RMB	24						
2007 RMB 25	2007 25 yr	7.30%	6.12%	8.14%	2.02%	9.32%	4.75%	14.08%	2007	RMB	25						
2007 RMB 26								14.10%	2007	RMB	26						
2007 RMB 27								14.10%	2007	RMB	27						
2007 RMB 28								14.10%	2007	RMB	28						
2007 RMB 29								14.10%	2007	RMB	29						
2007 RMB 30	2007 30 yr	7.30%	6.12%	8.18%	2.06%	9.36%	4.75%	14.12%	2007	RMB	30						
2008 RMB 1	2008 1 yr	3.99%			0.00%	3.99%	5.86%	9.85%	2008	RMB	1						
2008 RMB 2	2008 2 yr	3.99%			0.00%	3.99%	5.86%	9.85%	2008	RMB	2						
2008 RMB 3	2008 3 yr	3.99%	7.24%	7.67%	0.43%	4.43%	5.86%	10.28%	2008	RMB	3						
2008 RMB 4	2008 4 yr	3.99%	7.24%	7.93%	0.69%	4.68%	5.86%	10.54%	2008	RMB	4						
2008 RMB 5	2008 5 yr	3.99%	7.24%	8.37%	1.13%	5.12%	5.86%	10.98%	2008	RMB	5						
2008 RMB 6								11.22%	2008	RMB	6						
2008 RMB 7	2008 7 yr	3.99%	7.24%	8.86%	1.62%	5.61%	5.86%	11.47%	2008	RMB	7						
2008 RMB 8	2008 8 yr	3.99%	7.24%	9.20%	1.96%	5.95%	5.86%	11.81%	2008	RMB	8						
2008 RMB 9	2008 9 yr	3.99%	7.24%	9.35%	2.11%	6.10%	5.86%	11.96%	2008	RMB	9						
2008 RMB 10	2008 10 yr	3.99%	7.24%	9.55%	2.31%	6.30%	5.86%	12.16%	2008	RMB	10						
2008 RMB 11								12.39%	2008	RMB	11						
2008 RMB 12								12.39%	2008	RMB	12						
2008 RMB 13								12.39%	2008	RMB	13						
2008 RMB 14								12.39%	2008	RMB	14						
2008 RMB 15	2008 15 yr	3.99%	7.24%	10.01%	2.77%	6.76%	5.86%	12.62%	2008	RMB	15						
2008 RMB 16								12.71%	2008	RMB	16						
2008 RMB 17								12.71%	2008	RMB	17						
2008 RMB 18								12.71%	2008	RMB	18						
2008 RMB 19								12.71%	2008	RMB	19						
2008 RMB 20	2008 20 yr	3.99%	7.24%	10.19%	2.95%	6.94%	5.86%	12.80%	2008	RMB	20						
2008 RMB 21								12.82%	2008	RMB	21						
2008 RMB 22								12.82%	2008	RMB	22						
2008 RMB 23								12.82%	2008	RMB	23						
2008 RMB 24								12.82%	2008	RMB	24						
2008 RMB 25	2008 25 yr	3.99%	7.24%	10.22%	2.98%	6.97%	5.86%	12.83%	2008	RMB	25						
2008 RMB 26								12.82%	2008	RMB	26						
2008 RMB 27								12.82%	2008	RMB	27						
2008 RMB 28								12.82%	2008	RMB	28						
2008 RMB 29								12.82%	2008	RMB	29						
2008 RMB 30	2008 30 yr	3.99%	7.24%	10.19%	2.95%	6.94%	5.86%	12.80%	2008	RMB	30						
2009 RMB 1	2009 1 yr	8.58%			0.00%	8.58%	-0.70%	7.88%	2009	RMB	1						
2009 RMB 2	2009 2 yr	8.58%			0.00%	8.58%	-0.70%	7.88%	2009	RMB	2						
2009 RMB 3	2009 3 yr	8.58%	7.38%	7.87%	0.48%	9.07%	-0.70%	8.36%	2009	RMB	3						
2009 RMB 4	2009 4 yr	8.58%	7.38%	8.25%	0.87%	9.45%	-0.70%	8.75%	2009	RMB	4						
2009 RMB 5	2009 5 yr	8.58%	7.38%	8.67%	1.29%	9.87%	-0.70%	9.17%	2009	RMB	5						
2009 RMB 6								9.45%	2009	RMB	6						
2009 RMB 7	2009 7 yr	8.58%	7.38%	9.24%	1.86%	0.44%	-0.70%	9.74%	2009	RMB	7						
2009 RMB 8	2009 8 yr	8.58%	7.38%	9.43%	2.05%	0.63%	-0.70%	9.93%	2009	RMB	8						
2009 RMB 9	2009 9 yr	8.58%	7.38%	9.56%	2.18%	0.76%	-0.70%	10.06%	2009	RMB	9						
2009 RMB 10	2009 10 yr	8.58%	7.38%	9.67%	2.28%	0.87%	-0.70%	10.16%	2009	RMB	10						
2009 RMB 11								10.41%	2009	RMB	11						
2009 RMB 12								10.41%	2009	RMB	12						
2009 RMB 13								10.41%	2009	RMB	13						
2009 RMB 14								10.41%	2009	RMB	14						
2009 RMB 15	2009 15 yr	8.58%	7.38%	10.15%	2.77%	11.35%	-0.70%	10.65%	2009	RMB	15						
2009 RMB 16								10.76%	2009	RMB	16						
2009 RMB 17								10.76%	2009	RMB	17						
2009 RMB 18								10.76%	2009	RMB	18						
2009 RMB 19								10.76%	2009	RMB	19						
2009 RMB 20	2009 20 yr	8.58%	7.38%	10.36%	2.98%	11.56%	-0.70%	10.86%	2009	RMB	20						
2009 RMB 21								10.89%	2009	RMB	21						
2009 RMB 22								10.89%	2009	RMB	22						
2009 RMB 23								10.89%	2009	RMB	23						
2009 RMB 24								10.89%	2009	RMB	24						
2009 RMB 25	2009 25 yr	8.58%	7.38%	10.41%	3.03%	11.62%	-0.70%	10.91%	2009	RMB	25						

2010 RMB 30	2010 30 yr	6.66%	4.10%	7.85%	3.75%	0.41%	3.11%	13.73%	2010	RMB	30									
2011 RMB 1	2011 1 yr	5.46%			0.00%	5.46%	5.41%	10.87%	2011	RMB	1									
2011 RMB 2	2011 2 yr	5.46%	3.73%	3.73%	0.00%	5.46%	5.41%	10.87%	2011	RMB	2									
2011 RMB 3	2011 3 yr	5.46%	3.73%	4.05%	0.32%	5.78%	5.41%	11.19%	2011	RMB	3									
2011 RMB 4	2011 4 yr	5.46%	3.73%	4.51%	0.77%	6.24%	5.41%	11.65%	2011	RMB	4									
2011 RMB 5	2011 5 yr	5.46%	3.73%	5.12%	1.38%	6.84%	5.41%	12.26%	2011	RMB	5									
2011 RMB 6			3.73%				5.41%	12.60%	2011	RMB	6									
2011 RMB 7	2011 7 yr	5.46%	3.73%	5.80%	2.07%	7.53%	5.41%	12.94%	2011	RMB	7									
2011 RMB 8	2011 8 yr	5.46%	3.73%	6.02%	2.28%	7.74%	5.41%	13.15%	2011	RMB	8									
2011 RMB 9	2011 9 yr	5.46%	3.73%	6.27%	2.54%	8.00%	5.41%	13.41%	2011	RMB	9									
2011 RMB 10	2011 10 yr	5.46%	3.73%	6.55%	2.82%	8.28%	5.41%	13.69%	2011	RMB	10									
2011 RMB 11							5.41%	13.86%	2011	RMB	11									
2011 RMB 12							5.41%	13.86%	2011	RMB	12									
2011 RMB 13							5.41%	13.86%	2011	RMB	13									
2011 RMB 14							5.41%	13.86%	2011	RMB	14									
2011 RMB 15	2011 15 yr	5.46%	3.73%	6.90%	3.16%	8.62%	5.41%	14.04%	2011	RMB	15									
2011 RMB 16							5.41%	14.19%	2011	RMB	16									
2011 RMB 17							5.41%	14.19%	2011	RMB	17									
2011 RMB 18							5.41%	14.19%	2011	RMB	18									
2011 RMB 19							5.41%	14.19%	2011	RMB	19									
2011 RMB 20	2011 20 yr	5.46%	3.73%	7.21%	3.47%	8.93%	5.41%	14.34%	2011	RMB	20									
2011 RMB 21							5.41%	14.47%	2011	RMB	21									
2011 RMB 22							5.41%	14.47%	2011	RMB	22									
2011 RMB 23							5.41%	14.47%	2011	RMB	23									
2011 RMB 24							5.41%	14.47%	2011	RMB	24									
2011 RMB 25	2011 25 yr	5.46%	3.73%	7.46%	3.73%	9.19%	5.41%	14.60%	2011	RMB	25									
2011 RMB 26							5.41%	14.66%	2011	RMB	26									
2011 RMB 27							5.41%	14.66%	2011	RMB	27									
2011 RMB 28							5.41%	14.66%	2011	RMB	28									
2011 RMB 29							5.41%	14.66%	2011	RMB	29									
2011 RMB 30	2011 30 yr	5.46%	3.73%	7.59%	3.86%	9.32%	5.41%	14.73%	2011	RMB	30									
2012 RMB 1	2012 1 yr	5.90%				5.90%	2.65%	8.55%	2012	RMB	1									
2012 RMB 2	2012 2 yr	5.90%	3.43%	3.43%	0.00%	5.90%	2.65%	8.55%	2012	RMB	2									
2012 RMB 3	2012 3 yr	5.90%	3.43%	3.45%	0.02%	5.91%	2.65%	8.56%	2012	RMB	3									
2012 RMB 4	2012 4 yr	5.90%	3.43%	3.70%	0.26%	6.16%	2.65%	8.81%	2012	RMB	4									
2012 RMB 5	2012 5 yr	5.90%	3.43%	4.32%	0.89%	6.78%	2.65%	9.44%	2012	RMB	5									
2012 RMB 6			3.43%				2.65%	9.66%	2012	RMB	6									
2012 RMB 7	2012 7 yr	5.90%	3.43%	4.76%	1.33%	7.23%	2.65%	9.88%	2012	RMB	7									
2012 RMB 8	2012 8 yr	5.90%	3.43%	4.94%	1.51%	7.41%	2.65%	10.06%	2012	RMB	8									
2012 RMB 9	2012 9 yr	5.90%	3.43%	5.17%	1.74%	7.64%	2.65%	10.29%	2012	RMB	9									
2012 RMB 10	2012 10 yr	5.90%	3.43%	5.48%	2.05%	7.95%	2.65%	10.60%	2012	RMB	10									
2012 RMB 11							2.65%	10.86%	2012	RMB	11									
2012 RMB 12							2.65%	10.86%	2012	RMB	12									
2012 RMB 13							2.65%	10.86%	2012	RMB	13									
2012 RMB 14							2.65%	10.86%	2012	RMB	14									
2012 RMB 15	2012 15 yr	5.90%	3.43%	6.00%	2.57%	8.46%	2.65%	11.12%	2012	RMB	15									
2012 RMB 16							2.65%	11.30%	2012	RMB	16									
2012 RMB 17							2.65%	11.30%	2012	RMB	17									
2012 RMB 18							2.65%	11.30%	2012	RMB	18									
2012 RMB 19							2.65%	11.30%	2012	RMB	19									
2012 RMB 20	2012 20 yr	5.90%	3.43%	6.37%	2.94%	8.83%	2.65%	11.49%	2012	RMB	20									
2012 RMB 21							2.65%	11.54%	2012	RMB	21									
2012 RMB 22							2.65%	11.54%	2012	RMB	22									
2012 RMB 23							2.65%	11.54%	2012	RMB	23									
2012 RMB 24							2.65%	11.54%	2012	RMB	24									
2012 RMB 25	2012 25 yr	5.90%	3.43%	6.47%	3.04%	8.93%	2.65%	11.59%	2012	RMB	25									
2012 RMB 26							2.65%	12.16%	2012	RMB	26									
2012 RMB 27							2.65%	12.16%	2012	RMB	27									
2012 RMB 28							2.65%	12.16%	2012	RMB	28									
2012 RMB 29							2.65%	12.16%	2012	RMB	29									
2012 RMB 30	2012 30 yr	5.90%	3.43%	7.63%	4.19%	0.09%	2.65%	12.74%	2012	RMB	30									
2013 RMB 1							8.55%	2013	RMB	1										
2013 RMB 2							8.55%	2013	RMB	2										
2013 RMB 3							8.56%	2013	RMB	3										
2013 RMB 4							8.81%	2013	RMB	4										
2013 RMB 5							9.44%	2013	RMB	5										
2013 RMB 6							9.66%	2013	RMB	6										
2013 RMB 7							9.88%	2013	RMB	7										
2013 RMB 8							10.06%	2013	RMB	8										
2013 RMB 9							10.29%	2013	RMB	9										
2013 RMB 10							10.60%	2013	RMB	10										
2013 RMB 11							10.86%	2013	RMB	11										
2013 RMB 12							10.86%	2013	RMB	12										
2013 RMB 13							10.86%	2013	RMB	13										
2013 RMB 14							10.86%	2013	RMB	14										
2013 RMB 15							11.12%	2013	RMB	15										
2013 RMB 16							11.30%	2013	RMB	16										
2013 RMB 17							11.30%	2013	RMB	17										
2013 RMB 18							11.30%	2013	RMB	18										
2013 RMB 19							11.30%	2013	RMB	19										
2013 RMB 20							11.49%	2013	RMB	20										
2013 RMB 21							11.54%	2013	RMB	21										
2013 RMB 22							11.54%	2013	RMB	22										
2013 RMB 23							11.54%	2013	RMB	23										
2013 RMB 24							11.54%	2013	RMB	24										
2013 RMB 25							11.59%	2013	RMB	25										
2013 RMB 26							12.16%	2013	RMB	26										
2013 RMB 27							12.16%	2013	RMB	27										
2013 RMB 28							12.16%	2013	RMB	28										
2013 RMB 29							12.16%	2013	RMB	29										
2013 RMB 30							12.74%	2013	RMB	30										
String	U.S Dollar Long-term Benchmark	Benchmark (1 yr USD Libor)	1 yr BB Bond	N year BB Bond	Difference	Addition		Benchmark	Year	Currency	Term									
2001 USD 10	2001 0 year	3.85%	7.50%	8.94%	1.44%	5.29%		5.29%	2001	USD	10									
2001 USD 11								5.48%	2001	USD	11									
2001 USD 12								5.48%	2001	USD	12									
2001 USD 13																				

Barcode:3213104-07 C-570-013 INV - Investigation -

[illegible]


Filed By: Rebecca Trainor, Filed Date: 7/2/14 2:59 PM, Submission Status: Approved

2012 USD 15	2012 15 yr	1.01%	3.40%	6.00%	2.60%	3.61%		3.61%	2012	USD	15
2012 USD 16		1.01%	3.40%					3.88%	2012	USD	16
2012 USD 17		1.01%	3.40%					3.88%	2012	USD	17
2012 USD 18		1.01%	3.40%					3.88%	2012	USD	18
2012 USD 19		1.01%	3.40%					3.88%	2012	USD	19
2012 USD 20	2012 20 yr	1.01%	3.40%	6.37%	2.97%	3.98%		3.98%	2012	USD	20
2012 USD 21		1.01%	3.40%					4.12%	2012	USD	21
2012 USD 22		1.01%	3.40%					4.12%	2012	USD	22
2012 USD 23		1.01%	3.40%					4.12%	2012	USD	23
2012 USD 24		1.01%	3.40%					4.12%	2012	USD	24
2012 USD 25	2012 25 yr	1.01%	3.40%	6.47%	3.07%	4.08%		4.08%	2012	USD	25
2012 USD 26		1.01%	3.40%					4.75%	2012	USD	26
2012 USD 27		1.01%	3.40%					4.75%	2012	USD	27
2012 USD 28		1.01%	3.40%					4.75%	2012	USD	28
2012 USD 29		1.01%	3.40%					4.75%	2012	USD	29
2012 USD 30	2012 30 yr	1.01%	3.40%	7.63%	4.22%	5.24%		5.24%	2012	USD	30
2013 USD 1	2013 1 yr	0.68%	1.98%					1.98%	2013	USD	1
2013 USD 2	2013 2 yr	0.68%	1.98%	2.22%	0.25%	0.93%		0.93%	2013	USD	2
2013 USD 3	2013 3 yr	0.68%	1.98%	2.56%	0.58%	1.26%		1.26%	2013	USD	3
2013 USD 4	2013 4 yr	0.68%	1.98%	3.18%	1.20%	1.89%		1.89%	2013	USD	4
2013 USD 5	2013 5 yr	0.68%	1.98%	3.85%	1.88%	2.56%		2.56%	2013	USD	5
2013 USD 6		0.68%	1.98%					2.90%	2013	USD	6
2013 USD 7	2013 7 yr	0.68%	1.98%	4.54%	2.57%	3.25%		3.25%	2013	USD	7
2013 USD 8	2013 8 yr	0.68%	1.98%	4.80%	2.82%	3.50%		3.50%	2013	USD	8
2013 USD 9	2013 9 yr	0.68%	1.98%	5.00%	3.03%	3.71%		3.71%	2013	USD	9
2013 USD 10	2013 10 yr	0.68%	1.98%	5.16%	3.18%	3.87%		3.87%	2013	USD	10
2013 USD 11		0.68%	1.98%					4.23%	2013	USD	11
2013 USD 12		0.68%	1.98%					4.23%	2013	USD	12
2013 USD 13		0.68%	1.98%					4.23%	2013	USD	13
2013 USD 14		0.68%	1.98%					4.23%	2013	USD	14
2013 USD 15	2013 15 yr	0.68%	1.98%	5.90%	3.92%	4.60%		4.60%	2013	USD	15
2013 USD 16		0.68%	1.98%					4.87%	2013	USD	16
2013 USD 17		0.68%	1.98%					4.87%	2013	USD	17
2013 USD 18		0.68%	1.98%					4.87%	2013	USD	18
2013 USD 19		0.68%	1.98%					4.87%	2013	USD	19
2013 USD 20	2013 20 yr	0.68%	1.98%	6.44%	4.46%	5.14%		5.14%	2013	USD	20
2013 USD 21		0.68%	1.98%					5.23%	2013	USD	21
2013 USD 22		0.68%	1.98%					5.23%	2013	USD	22
2013 USD 23		0.68%	1.98%					5.23%	2013	USD	23
2013 USD 24		0.68%	1.98%					5.23%	2013	USD	24
2013 USD 25	2013 25 yr	0.68%	1.98%	6.61%	4.63%	5.32%		5.32%	2013	USD	25
2013 USD 26		0.68%	1.98%					5.90%	2013	USD	26
2013 USD 27		0.68%	1.98%					5.90%	2013	USD	27
2013 USD 28		0.68%	1.98%					5.90%	2013	USD	28
2013 USD 29		0.68%	1.98%					5.90%	2013	USD	29
2013 USD 30	2013 30 yr	0.68%	1.98%	7.77%	5.79%	6.47%		6.47%	2013	USD	30
String	Euro Long-term Benchmark	Benchmark (1 year EURO libor)	1 yr Eurozone	N year Eurozone	Difference	Addition		Benchmark	Year	Currency	Term
2003 EURO 3	2003 3 year	4.66%	4.66%	6.13%	1.47%	3.83%		4.66%	2003	EURO	3
2003 EURO 4	2003 4 year	2.37%	4.66%	6.46%	1.80%	4.16%		4.16%	2003	EURO	4
2003 EURO 5	2003 5 year	2.37%	4.66%	6.71%	2.05%	4.41%		4.41%	2003	EURO	5
2003 EURO 6								4.70%	2003	EURO	6
2003 EURO 7	2003 7 year	2.37%	4.66%	7.28%	2.62%	4.99%		4.99%	2003	EURO	7
2003 EURO 8	2003 8 year	2.37%	4.66%	7.58%	2.91%	5.28%		5.28%	2003	EURO	8
2003 EURO 9	2003 9 year	2.37%	4.66%	7.62%	2.96%	5.33%		5.33%	2003	EURO	9
2003 EURO 10	2003 10 year	2.37%	4.66%	7.01%	2.35%	4.71%		4.71%	2003	EURO	10
2004 EURO 3	2004 3 year	2.30%	3.46%	4.42%	0.96%	3.27%		3.27%	2004	EURO	3
2004 EURO 4	2004 4 yr	2.30%	3.46%	4.87%	1.21%	3.52%		3.52%	2004	EURO	4
2004 EURO 5	2004 5 yr	2.30%	3.46%	5.27%	1.82%	4.12%		4.12%	2004	EURO	5
2004 EURO 6								4.45%	2004	EURO	6
2004 EURO 7	2004 7 year	2.30%	3.46%	5.94%	2.48%	4.78%		4.78%	2004	EURO	7
2004 EURO 8	2004 8 yr	2.30%	3.46%	6.00%	2.54%	4.84%		4.84%	2004	EURO	8
2004 EURO 9	2004 9 year	2.30%	3.46%	6.01%	2.55%	4.86%		4.86%	2004	EURO	9
2004 EURO 10	2004 10 yr	2.30%	3.46%	6.04%	2.58%	4.89%		4.89%	2004	EURO	10
2005 EURO 2	2005 2 year	2.37%	2.97%	3.16%	0.19%	2.55%		2.55%	2005	EURO	2
2005 EURO 3	2005 3 year	2.37%	2.97%	3.50%	0.53%	2.89%		2.89%	2005	EURO	3
2005 EURO 4	2005 4 year	2.37%	2.97%	3.72%	0.75%	3.11%		3.11%	2005	EURO	4
2005 EURO 5	2005 5 year	2.37%	2.97%	4.20%	1.23%	3.60%		3.60%	2005	EURO	5
2005 EURO 6								3.85%	2005	EURO	6
2005 EURO 7	2005 7 year	2.37%	2.97%	4.71%	1.74%	4.11%		4.11%	2005	EURO	7
2005 EURO 8	2005 8 year	2.37%	2.97%	4.80%	1.83%	4.20%		4.20%	2005	EURO	8
2005 EURO 9	2005 9 year	2.37%	2.97%	4.81%	1.84%	4.21%		4.21%	2005	EURO	9
2005 EURO 10	2005 10 year	2.37%	2.97%	4.87%	1.90%	4.26%		4.26%	2005	EURO	10
2006 EURO 2	2006 2 yr	3.48%	3.77%	4.13%	0.37%	3.85%		3.85%	2006	EURO	2
2006 EURO 3	2006 3 yr	3.48%	3.77%	4.36%	0.59%	4.08%		4.08%	2006	EURO	3
2006 EURO 4	2006 4 yr	3.48%	3.77%	4.67%	0.90%	4.39%		4.39%	2006	EURO	4
2006 EURO 5	2006 5 yr	3.48%	3.77%	4.95%	1.18%	4.66%		4.66%	2006	EURO	5
2006 EURO 6								4.77%	2006	EURO	6
2006 EURO 7	2006 7 yr	3.48%	3.77%	5.15%	1.38%	4.87%		4.87%	2006	EURO	7
2006 EURO 8	2006 8 yr	3.48%	3.77%	5.24%	1.47%	4.95%		4.95%	2006	EURO	8
2006 EURO 9	2006 9 yr	3.48%	3.77%	5.43%	1.66%	5.15%		5.15%	2006	EURO	9
2006 EURO 10	2006 10 yr	3.48%	3.77%	5.68%	1.92%	5.40%		5.40%	2006	EURO	10
2007 EURO 2	2007 2 yr	4.51%	4.87%	4.98%	0.11%	4.62%		4.62%	2007	EURO	2
2007 EURO 3	2007 3 yr	4.51%	4.87%	5.11%	0.24%	4.75%		4.75%	2007	EURO	3
2007 EURO 4	2007 4 yr	4.51%	4.87%	5.30%	0.43%	4.94%		4.94%	2007	EURO	4
2007 EURO 5	2007 5 yr	4.51%	4.87%	5.40%	0.53%	5.04%		5.04%	2007	EURO	5
2007 EURO 6								5.11%	2007	EURO	6
2007 EURO 7	2007 7 yr	4.51%	4.87%	5.54%	0.67%	5.18%		5.18%	2007	EURO	7
2007 EURO 8	2007 8 yr	4.51%	4.87%	5.72%	0.85%	5.36%		5.36%	2007	EURO	8
2007 EURO 9	2007 9 yr	4.51%	4.87%	5.93%	1.06%	5.57%		5.57%	2007	EURO	9
2007 EURO 10	2007 10 yr	4.51%	4.87%	6.19%	1.31%	5.82%		5.82%	2007	EURO	10
2008 EURO 1	2008 1 yr	4.89%	4.89%	6.59%	1.70%	6.59%		6.59%	2008	EURO	1
2008 EURO 2	2008 2 yr	4.89%	4.89%	6.91%	0.32%	5.22%		5.22%	2008	EURO	2
2008 EURO 3	2008 3 yr	4.89%	4.89%	7.31%	0.72%	5.62%		5.62%	2008	EURO	3
2008 EURO 4	2008 4 yr	4.89%	4.89%	7.50%	0.91%	5.80%		5.80%	2008	EURO	4
2008 EURO 5	2008 5 yr	4.89%	4.89%	7.50%	0.91%	5.80%		5.80%	2008	EURO	5
2008 EURO 6								5.91%	2008	EURO	6
2008 EURO 7	2008 7 yr	4.89%	4.89%	7.72%	1.13%	6.02%		6.02%	2008	EURO	7
2008 EURO 8	2008 8 yr	4.89%	4.89%	7.92%	1.33%	6.23%		6.23%	2008	EURO	8
2008 EURO 9	2008 9 yr	4.89%	4.89%	8.11%	1.52%	6.41%		6.41%	2008	EURO	9
2008 EURO 10	2008 10 yr	4.89%	4.89%	8.32%	1.73%	6.62%		6.62%	2008	EURO	10
2009 EURO 1	2009 1 yr	1.63%	4.81%	4.81%	3.18%	4.81%		4.81%	2009	EURO	1
2009 EURO 2	2009 2 yr	1.63%	4.81%	6.00%	1.19%	2.82%		2.82%	2009	EURO	2
2009 EURO 3	2009 3 yr	1.63%	4.81%	6.69%	1.88%	3.51%		3.51%	2009	EURO	3
2009 EURO 4	2009 4 yr	1.63%	4.81%	7.23%	2.42%	4.05%		4.05%	2009	EURO	4
2009 EURO 5	2009 5 yr	1.63%	4.81%	7.77%	2.95%	4.58%		4.58%	2009	EURO	5
2009 EURO 6								5.09%	2009	EURO	6
2009 EURO 7	2009 7 yr	1.63%	4.81%	8.78%	3.96%	5.59%		5.59%	2009	EURO	7
2009 EURO 8	2009 8 yr							5.84%	2009	EURO	8
2009 EURO 9	2009 9 yr	1.63%	4.81%	9.28%	4.46%	6.09%		6.09%	2009	EURO	9
2009 EURO 10	2009 10 yr	1.63%	4.81%	9.36%	4.54%	6.17%		6.17%	2009	EURO	10
2010 EURO 1	20 0 1 yr	1.35%	3.00%	1.00%	1.66%	3.00%		3.00%	20 0	EURO	1
2010 EURO 2	20 0 2 yr	1.35%	3.00%	3.61%	0.60%	1.95%		1.95%	20 0	EURO	2
2010 EURO 3	20 0 3 yr	1.35%	3.00%	4.06%	1.06%	2.40%		2.40%	20 0	EURO	3
2010 EURO 4	20 0 4 yr	1.35%	3.00%	4.85%	1.85%	3.19%		3.19%	20 0	EURO	4
2010 EURO 5	20 0 5 yr	1.35%	3.00%	5.56%	2.56%	3.91%		3.91%	20 0	EURO	5
2010 EURO 6								3.76%	2010	EURO	6
2010 EURO 7	20 0 7 yr	1.35%	3.00%	6.81%	3.80%	5.15%		5.15%	20 0	EURO	7
2010 EURO 8								5.32%	2010	EURO	8
2010 EURO 9	20 0 9 yr	1.35%	3.00%	7.16%	4.16%	5.50%		5.50%	20 0	EURO	9
2010 EURO 10	2010 10 yr	1.35%	3.00%	7.24%	4.24%	5.58%		5.58%	20 0	EURO	10
2011 EURO 1	2011 1 yr	2.00%	3.05%	3.05%	1.05%	3.05%					

Barcode:3213104-07 C-570-013 INV - Investigation -

2012 EURO 7	2012 7 yr	1.09%	2.06%	5.92%	3.86%	4.95%		4.95%	2012	EURO	7						
2012 EURO 8	2012 8 yr	1.09%	2.06%	6.07%	4.01%	5.10%		5.10%	2012	EURO	8						
2012 EURO 9	2012 9 yr	1.09%	2.06%	6.13%	4.08%	5.16%		5.16%	2012	EURO	9						
2012 EURO 10	2012 10 yr	1.09%	2.06%	6.22%	4.17%	5.25%		5.25%	2012	EURO	10						
2013 EURO 1	2013 1 yr	0.46%	1.01%	1.01%				1.01%	2013	EURO	1						
2013 EURO 2	2013 2 yr	0.46%	1.01%	1.68%	0.66%	1.12%		1.12%	2013	EURO	2						
2013 EURO 3	2013 3 yr	0.46%	1.01%	2.43%	1.42%	1.88%		1.88%	2013	EURO	3						
2013 EURO 4	2013 4 yr	0.46%	1.01%	3.19%	2.18%	2.64%		2.64%	2013	EURO	4						
2013 EURO 5	2013 5 yr	0.46%	1.01%	3.79%	2.78%	3.24%		3.24%	2013	EURO	5						
2013 EURO 6		0.46%	1.01%					3.68%	2013	EURO	6						
2013 EURO 7	2013 7 yr	0.46%	1.01%	4.68%	3.67%	4.12%		4.12%	2013	EURO	7						
2013 EURO 8	2013 8 yr	0.46%	1.01%	4.81%	3.80%	4.25%		4.25%	2013	EURO	8						
2013 EURO 9	2013 9 yr	0.46%	1.01%	4.90%	3.89%	4.35%		4.35%	2013	EURO	9						
2013 EURO 10	2013 10 yr	0.46%	1.01%	5.02%	4.00%	4.46%		4.46%	2013	EURO	10						

OPEN A NETBANK SAVER TODAY.[Learn more >>](#)

- Follow Us   
- Nov 15th 2012

MORNING WHISTLE.com[Search](#)

- [Home](#)
- [Politics & Society](#)
- [Economy](#)
- [Finance & Markets](#)
- [Companies & Industries](#)
- [Events](#)
- [Blog](#)
- [Subscribe to RSS Feeds](#)
- [Mobile APPS](#)
- [Technology](#)
- [Auto](#)
- [Investment](#)
- [China Stocks](#)
- [Chinese Twitter](#)

[Register](#)[Log in](#)September 7, 3:01 pm | By [Kang Xiaoxiao](#)

Cement industry: most obsolete, massive over-capacity, rocketing on stock market

404 0

[Like](#)

1

[Google +1](#)

Ministry of Industry and Information Technology released on Sept 6 the second list of the obsolete companies of backward productivity in industrial sector in 2012. There are 182 companies in 16 industries on this list, much less than those on the first list (2,358 companies in 19 industries) published earlier this year.

According to this announcement, obsolete companies on the second list will all be closed down by the end of September and be eventually removed out by the end of 2012. It is forbidden to transfer to other regions and neighboring countries.

Among the 16 industries, cement industry performs the worst, to which 53 obsolete companies belong. In fact, on the earlier first list, the number of obsolete companies in this sector has reached high to 1053.

It's not a surprise. In fact, massive excess capacity has become a serious problem that restricts the development of cement industry. In the earlier time, a lot of insiders have appealed for the elimination of backward production equipment in this industry.

Data shows that the overall revenue of cement manufacturing industry reached 22.28 billion yuan in the first of 2012, with a year-on-year growth of 51.4%; cement inventory of key building materials enterprises arrives at 19.7 million tons, increasing by 15.1% year-on-year.

However, cement stocks increased dramatically by 9% today (Sept 7) in the stocks of both Shanghai and Shenzheng and 15 out of total 25 cement stocks climbed by daily limit.

Another main industry suffering with serious over-capacity is metallurgical industry. Obsolete production capacity of iron is 0.3 million tons, of steel 1.11 million tons, of coke 2.25 million tons, and of ferroalloy of 187,600 tons.

[cement industry](#) , [obsolete companies](#) , [over-capacity](#)

See Also:



[Bank of Communications of China to raise 56.6 bln yuan](#)



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, DC 20230

C-570-013

Investigation

POI: 01/01/2013-12/31/2013

~~Business Proprietary Document~~

ADCVD Ops./II/RK

PUBLIC VERSION

MEMORANDUM TO: Irene Darzenta Tzafolias *IT*
Program Manager
AD/CVD Operations, Office II

FROM: Reza Karamloo *RK*
Rebecca Trainor *RT*
International Trade Compliance Analysts
AD/CVD Operations, Office II

RE: Countervailing Duty Investigation: Carbon and Certain Alloy Steel
Wire Rod from the People's Republic of China (PRC)

SUBJECT: Preliminary Determination Calculations for Benxi Beiyong Iron &
Steel Group Import & Export Corp., Benxi Beiyong Iron & Steel
(Group) Co., Ltd., and Their Cross-Owned Affiliates (collectively
Benxi Steel)

We have preliminarily calculated an overall subsidy rate of 10.30 percent for Benxi Steel in the above-referenced investigation.¹ The period of investigation (POI) is January 1, 2013, through December 31, 2013. The following is a brief explanation of the calculation methodology.

I. General

A. Exchange Rate

We made currency conversions based on daily exchange rates reported by the Federal Reserve.²

B. Allocation Period

The average useful life (AUL) in this proceeding is 15 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System.³ The Department notified the respondents of the 15-year AUL in the initial questionnaire and requested

¹ For the calculation of the overall subsidy rate, see Attachment 1.

² See Attachment 2.

³ See U.S. Internal Revenue Service Publication 946 (2008), "How to Depreciate Property," at Table B-2: Table of Class Lives and Recovery Periods.



data accordingly.⁴ No party in this proceeding disputed this allocation period.

C. Sales Value and Attribution

We followed the attribution methodology described at pages 6-11 of the Preliminary Decision Memorandum.⁵ For the sales values we used in the benefit calculations, see Attachment 3.

II. **Programs Preliminary Determined to Be Countervailable**

1. Preferential Loans to State Owned Enterprises (SOEs)

As explained at page 25 of the Preliminary Decision Memorandum, we calculated a preliminary subsidy rate of 4.92 percent for Benxi Steel.⁶

2. Preferential Loans, Policy Loans, and Directed Credit to the Steel Wire Rod Industry

As explained at page 26 of the Preliminary Decision Memorandum, because we examined all loans under the Preferential Loans to SOEs program above, we did not examine loans separately under this program.

3. Sub-Central Government Subsidies for Development of Famous Brands and China World Top Brands

As explained at pages 26-27 of the Preliminary Decision Memorandum, the calculation of the subsidy from this grant results in a rate that is less than 0.005 percent, and, as such, does not have an impact on Benxi Steel's overall subsidy rate.⁷ Consistent with our past practice, we did not include this program in our preliminary net subsidy rate calculations for Benxi Steel.

4. Grants for Antidumping Investigations

As explained at pages 27-28 of the Preliminary Decision Memorandum, the calculation of the subsidy from this grant results in a rate that is less than 0.005 percent, and, as such, does not have an impact on Benxi Steel's overall subsidy rate.⁸ Consistent with our past practice, we did not include this program in our preliminary net subsidy rate calculations for Benxi Steel.

⁴ As discussed above and in accordance with the Department's practice, regardless of the AUL chosen, we will not countervail subsidies conferred before December 11, 2001, the date of the PRC's accession to the World Trade Organization. See, e.g., Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination, 77 FR 63788 (October 17, 2012) and accompanying Issues and Decision Memorandum at "Subsidies Valuation Information."

⁵ See Memorandum to Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Countervailing Duty Investigation of Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China: Decision Memorandum for the Preliminary Determination" (June 30, 2014) (Preliminary Decision Memorandum).

⁶ For the calculation of this subsidy rate, see Attachment 4.

⁷ For the calculation of this subsidy rate, see Attachment 5.

⁸ For the calculation of this subsidy rate, see Attachment 5.

5. Waste Water Treatment Subsidies

As explained at page 28 of the Preliminary Decision Memorandum, we intend to request additional information from the Government of China (GOC) to be considered in a post-preliminary analysis.

6. The Provision of Steel Billet for Less Than Adequate Remuneration (LTAR)

As explained at pages 28-30 of the Preliminary Decision Memorandum, we calculated a preliminary subsidy rate of 0.09 percent for Benxi Steel.⁹

7. The Provision of Electricity for LTAR

As explained at pages 30-31 of the Preliminary Decision Memorandum, we calculated a preliminary subsidy rate of 4.94 percent for Benxi Steel.¹⁰

8. The Provision of Land-Use to SOEs for LTAR

As explained at pages 31-33 of the Preliminary Decision Memorandum, we calculated a preliminary subsidy rate of 0.12 percent for Benxi Steel.¹¹

9. VAT and Import Duty Exemptions for Use of Imported Equipment

As explained at pages 33-35 of the Preliminary Decision Memorandum, we calculated a preliminary subsidy rate of 0.23 percent for Benxi Steel.¹²

10. VAT and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund Program

As explained at pages 35-36 of the Preliminary Decision Memorandum, the GOC reported that Benxi Steel utilized this program between December 11, 2001 and the end of the POI. However, according to Benxi Steel, it did not receive a benefit from this program during the POI. Accordingly, we did not include this program in our preliminary net subsidy rate calculations for Benxi Steel.

III. Programs Preliminarily Determined Not To Be Used or Not To Confer a Benefit During the POI

For the list of programs preliminarily determined not to be used or not to confer a benefit during the POI, see page 36 of the Preliminary Decision Memorandum.

⁹ For the calculation of this subsidy rate, see Attachment 6.

¹⁰ For the calculation of this subsidy rate, see Attachment 7.

¹¹ For the calculation of this subsidy rate, see Attachment 8.

¹² For the calculation of this subsidy rate, see Attachment 9.

ATTACHMENT LIST

1. Rate Summary
2. Exchange Rate
3. Sales Values
4. Preferential Loans to SOEs
5. Grant Programs
6. The Provision of Steel Billet for LTAR
7. The Provision of Electricity for LTAR
8. The Provision of Land-Use to SOEs for LTAR
9. VAT and Import Duty Exemptions for Use of Imported Equipment

ATTACHMENT 8

Provision of Land for LTAR - Benchmark

2010 Indicative Land Values: Thailand

	USD equivalent per square foot											
	Q1			Q2			Q3			Q4		
Calculation of Average Land Price	Low	High	Average	Low	High	Average	Low	High	Average	Low	High	Average
Amata Nakorn Industrial Estate, Chonburi	\$7.20	\$7.90	\$7.55	\$7.20	\$7.90	\$7.55	\$7.70	\$8.40	\$8.05	\$7.70	\$8.50	\$8.10
Wellgrow Industrial Estate, Choachoengsao	\$10.80	\$13.50	\$12.15	\$10.80	\$13.40	\$12.10	\$11.50	\$14.40	\$12.95	\$11.60	\$14.50	\$13.05
Rojana Industrial Park, Ayutthaya	\$5.40	\$6.30	\$5.85	\$5.40	\$6.30	\$5.85	\$5.70	\$6.70	\$6.20	\$5.80	\$6.80	\$6.30
Nava Nakorn Industrial Zone, Pathumthani	\$9.00	\$9.90	\$9.45	\$9.00	\$9.90	\$9.45	\$9.60	\$10.50	\$10.05	\$9.70	\$10.60	\$10.15
Eastern Seaboard Industrial Estate Rayong	\$4.70		\$4.70	\$4.70		\$4.70	\$5.00		\$5.00	\$5.00		\$5.00

Quarterly Average of Land Price in Thailand			\$7.94			\$7.93			\$8.45			\$8.52
---	--	--	--------	--	--	--------	--	--	--------	--	--	--------

Source: CBRE Asia Marketview Q1-Q4 2010

2010 Annual Thailand Land Benchmark (per square foot):	\$8.21
--	--------

Thailand Consumer Price Index (CPI)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
CPI	91.43	93.08	95.66	100	104.637	107.02	112.798	111.834	115.54	119.94	123.56	126.26

Source: IMF International Financial Statistics, Thailand, <http://elibrary-data.imf.org/>; <http://databank.worldbank.org/data/views/reports/tableview.aspx>; and OTR Tires.

Land Benchmark by Year

	Per Square Foot	Per Square Meter
2013 Land Benchmark	\$8.97	\$96.57
2012 Land Benchmark	\$8.78	\$94.51
2011 Land Benchmark	\$8.52	\$91.74
2010 Land Benchmark ***	\$8.21	\$88.37
2009 Land Benchmark	\$7.95	\$85.54
2008 Land Benchmark	\$8.02	\$86.28
2007 Land Benchmark*	\$6.50	\$69.97
2006 Land Benchmark**	\$6.36	\$68.41
2005 Land Benchmark**	\$6.07	\$65.38
2004 Land Benchmark**	\$5.81	\$62.54
2003 Land Benchmark**	\$5.65	\$60.85
2002 Land Benchmark**	\$5.55	\$59.78

Note: The Department used a conversion of 10.764 square feet per one square meter.

*This benchmark was used in previous investigations of land as the 2007 land benchmark (see OTR Tires and Laminated Woven Sacks).

**This benchmark was derived by deflating the 2007 land benchmark. See Preliminary Results Calculation Memorandum.

*** This benchmark was used in the investigation of Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People's Republic of China.