June 19, 2017

MEMORANDUM TO: Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

FROM: Scot Fullerton
Director, Office VI
Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the
Administrative Review of the Countervailing Duty Order on
Certain Steel Nails from the Socialist Republic of Vietnam

I. SUMMARY

The Department of Commerce (the Department) is conducting an administrative review of the
countervailing duty (CVD) order on certain steel nails (steel nails) from the Socialist Republic of
Vietnam (Vietnam).1 The period of review (POR) is November 3, 2014, through December 31,
2015. The Department selected Truong Vinh Ltd. (Truong Vinh) and Rich State Inc. (Rich
State) as mandatory respondents.

If these preliminary results are adopted in the final results of this review, we will instruct U.S.
Customs and Border Protection (CBP) to assess CVDs on all appropriate entries of subject
merchandise during the POR. Interested parties are invited to comment on these preliminary
results. Unless the deadline is extended, pursuant to section 751(a)(3)(A) of the
Tariff Act of 1930, as amended (the Act), we will issue the final results no later than 120 days
after the publication of these preliminary results.

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1 See Certain Steel Nails from the Socialist Republic of Vietnam: Countervailing Duty Order, 80 FR 41006 (July 14,
II. BACKGROUND

On July 14, 2015, we published a CVD Order on steel nails from Vietnam. On July 5, 2016, we published a notice of “Opportunity to Request Administrative Review” of the CVD Order.2

On August 1, 2016, the Department received timely requests to conduct an administrative review of the CVD Order of the following companies: Astrotech Steels Private Limited; Blue Moon Logistics Private Ltd.; Bollore Logistics Vietnam Co. Ltd.; Dahnay Logistics Private Ltd; Dicha Sombrilla Co., Ltd. (Dicha Sombrilla); FGS Logistics Co. Ltd.; Honour Lane Shipping Ltd; Rich State; SDV Vietnam Co. Ltd.; Truong Vinh; and United Nail Products Co. Ltd.

On September 12, 2016, in accordance with 19 CFR 351.221(c)(1)(i), the Department published in the Federal Register a notice of initiation of an administrative review of the CVD Order for 11 producers/exporters for the POR.3 In the Initiation Notice we stated that, in the event we limited the number of respondents for individual examination in this administrative review, we intended to select respondents based on CBP data for U.S. imports during the POR.4 On September 28, 2016, we released the CBP data to interested parties that applied for administrative protective orders.5 On October 5, 2016, we received comments from Mid Continent Steel & Wire, Inc. (the petitioner) concerning respondent selection.6 Also on October 5, 2016, the petitioner withdrew its requests for review of Astrotech Steels Private Limited; Blue Moon Logistics Private Ltd.; Bollore Logistics Vietnam Co. Ltd.; Dahnay Logistics Private Ltd; FGS Logistics Co. Ltd.; Honour Lane Shipping Ltd; SDV Vietnam Co. Ltd.; and United Nail Products Co. Ltd.7 Therefore, the only outstanding requests for review pertained to Dicha Sombrilla; Truong Vinh; and Rich State.

Based upon an examination of the CBP data, Dicha Sombrilla did not have Type 3 (i.e., reviewable) entries during the POR. As described in the Opportunity Notice, it is the Department’s practice to select respondents based on CBP data for U.S. imports during the POR.8 Further, none of the parties has submitted information that would cause us to question the integrity of the CBP data. Therefore, the only two producers and/or exporters for which a review was requested and for which there is evidence on the record that they had entries of subject merchandise during the POR are Truong Vinh and Rich State.

2 See Antidumping or Countervailing Duty Order, Finding, or Suspected Investigation; Opportunity To Request Administrative Review, 81 FR 43584 (July 5, 2016) (Opportunity Notice).
3 See Initiation of Antidumping and Countervailing Duty Administrative Reviews, 81 FR 62720 (September 12, 2016) (Initiation Notice).
4 Id.
8 See Opportunity Notice at 43584.
On December 7, 2016, we sent CVD questionnaires to Truong Vinh and Rich State, as well as the Government of Vietnam (GOV). On January 9, 2017, we received a letter from Truong Vinh and Rich State informing us that they would not reply to the specific requests for information contained in the Department’s Initial CVD Questionnaire. On January 22, 2017, we received a letter from the GOV informing us that it would not file a response to the Initial CVD Questionnaire. On February 2, 2017, we received a letter from the petitioner requesting that we expedite the preliminary and final results of this administrative review and apply total adverse facts available (AFA) to Truong Vinh and Rich State for the preliminary and final results for their failure to respond to the Department’s Initial CVD Questionnaire.

On March 28, 2017, the Department extended the deadline for these preliminary results by 60 days, to June 1, 2017. On May 31, 2017, the Department extended the deadline an additional 19 days, until June 20, 2017.

III. PARTIAL RESCISSION OF REVIEW AND INTENT TO RESCIND, IN PART

For those companies for which we received timely withdrawals of the requests for review (i.e., Astrotech Steels Private Limited; Blue Moon Logistics Private Ltd.; Bollore Logistics Vietnam Co. Ltd.; Dahny Logistics Private Ltd.; FGS Logistics Co. Ltd.; Honour Lane Shipping Ltd; SDV Vietnam Co. Ltd.; and United Nail Products Co. Ltd.), we are rescinding this administrative review, pursuant to 19 CFR 351.213(d)(1), because no other party requested review of these companies. For these companies, CVDs shall be assessed upon publication of these preliminary results at rates equal to the rates of cash deposits for estimated CVDs required at the time of entry, or withdrawn from warehouse, for consumption, during the period November 3, 2014, through December 31, 2015, in accordance with 19 CFR 351.212(c)(2).

As explained above, Dicha Sombrilla did not have Type 3 (i.e., reviewable) entries of subject merchandise during the POR. Therefore, pursuant to 19 CFR 351.213(d)(3), we preliminarily intend to rescind the administrative review of Dicha Sombrilla in the final results of review.

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9 See Department Letter re: Countervailing Duty Questionnaire, dated December 7, 2017 (Initial CVD Questionnaire).
15 In Alleghany Ludlum Corp. v. United States, 346 F.3d 1368, 1372 (Fed. Cir. 2003), the Court of Appeals for the Federal Circuit upheld the Department’s practice of rescinding annual reviews when there are no entries of subject merchandise during the POR.
IV. **SCOPE OF THE CVD ORDER**

The merchandise covered by the CVD Order is certain steel nails having a nominal shaft length not exceeding 12 inches.\(^1\) Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may consist of a one piece construction or be constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material.

Excluded from the scope of the CVD Order are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25, unless otherwise excluded based on the other exclusions below.

Also excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings: 1) builders’ joinery and carpentry of wood that are classifiable as windows, French-windows and their frames; 2) builders’ joinery and carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture (other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers’ chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (e.g., furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

\(^1\) The shaft length of certain steel nails with flat heads or parallel shoulders under the head shall be measured from under the head or shoulder to the tip of the point. The shaft length of all other certain steel nails shall be measured overall.
Also excluded from the scope of the CVD Order are steel nails that meet the specifications of Type I, Style 20 as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).

Also excluded from the scope of the CVD Order are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under HTSUS subheadings 7317.00.20.00 and 7317.00.30.00.

Also excluded from the scope of the CVD Order are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.

Also excluded from the scope of the CVD Order are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.

Also excluded from the scope of the CVD Order are corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.

Also excluded from the scope of the CVD Order are thumb tacks, which are currently classified under HTSUS subheading 7317.00.10.00.

Certain steel nails subject to the CVD Order are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00, 7318.29.0000, and 7806.00.8000. Certain steel nails subject to the CVD Order also may be classified under HTSUS subheading 8206.00.00.00 or other HTSUS subheadings.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the CVD Order is dispositive.

V. APPLICATION OF THE COUNTERVAILING DUTY LAW TO IMPORTS FROM VIETNAM

On April 1, 2010, the Department published Carrier Bags from Vietnam, in which we found the CVD law applicable to Vietnam. Furthermore, on March 13, 2012, HR 4105 was enacted, which makes clear that the Department has the authority to apply the CVD law to non-market economies such as Vietnam. The effective date provision of the enacted legislation makes clear that this provision applies to this proceeding.

Additionally, for reasons stated in Carrier Bags from Vietnam, we are using the date of January 11, 2007, the date on which Vietnam became a member of the World Trade Organization

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18 See HR 4105, 112th Cong. 1(b) (2012) (enacted)
19 Id.
(WTO), as the date from which the Department will identify and measure subsidies in Vietnam for purposes of CVD proceedings.\textsuperscript{20}

VI. USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCE

Sections 776(a)(1) and (2) of the Act provide that the Department shall, subject to section 782(d) of the Act, apply “facts otherwise available” if necessary information is not on the record or an interested party or any other person: (A) withholds information that has been requested; (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly impedes a proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.\textsuperscript{21}

Section 776(b) of the Act further provides that the Department may use an adverse inference in selecting from among the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. Further, section 776(b)(2) of the Act states that an adverse inference may include reliance on information derived from the petition, the final determination from the investigation, a previous administrative review, or other information placed on the record. When selecting an AFA rate from among the possible sources of information, the Department’s practice is to ensure that the rate is sufficiently adverse “as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner.”\textsuperscript{22} The Department’s practice also ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperating fully.”\textsuperscript{23}

Section 776(c) of the Act provides that, in general, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject

\textsuperscript{20} Id., at Comment 3.
\textsuperscript{21} On June 29, 2015, the President of the United States signed into law the Trade Preferences Extension Act of 2015, which made numerous amendments to the AD and CVD law, including amendments to sections 776(b) and 776(c) of the Act and the addition of section 776(d) of the Act, as summarized below. See Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (June 29, 2015). The 2015 law does not specify dates of application for those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced the applicable dates for each amendment to the Act, except for amendments contained to section 771(7) of the Act, which relate to determinations of material injury by the ITC. See Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015, 80 FR 46793 (August 6, 2015). Therefore, the amendments apply to this administrative review.
merchandise, or any previous review under section 751 concerning the subject merchandise. 24

It is the Department’s practice to consider information to be corroborated if it has probative value. 25 In analyzing whether information has probative value, it is the Department’s practice to examine the reliability and relevance of the information to be used. 26 However, the SAA emphasizes that the Department need not prove that the selected facts available are the best alternative information. 27

Finally, under the new section 776(d) of the Act, when applying an adverse inference, the Department may use a countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a CVD rate for a subsidy program from a proceeding that the Department considers reasonable to use, including the highest of such rates. Additionally, when selecting an AFA rate, the Department is not required for purposes of section 776(c) of the Act, or any other purpose, to estimate what the countervailable subsidy rate would have been if the interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party. 28

For purposes of these preliminary results, we are applying AFA with respect to Truong Vinh, Rich State, and the GOV, as outlined below.

A. Application of AFA: Truong Vinh, Rich State, and the GOV

As discussed in the “Background” section above, Truong Vinh, Rich State, and the GOV, the only mandatory respondents in this administrative review, have chosen not to participate. Specifically, both companies, and the GOV, responded to the Department’s Initial CVD Questionnaire informing the Department that they will not reply to specific requests for information. 29 Therefore, we preliminarily find that each of these companies and the GOV withheld requested information and failed to provide information within the deadlines established. By affirmatively deciding not to provide requested information, each of these parties significantly impeded this proceeding. Thus, for these preliminary results, pursuant to sections 776(a)(2)(A), (B), and (C) of the Act, we based the CVD rates for these companies, and our findings regarding specificity and financial contribution by the GOV, on facts otherwise available.

Moreover, we preliminarily determine that an adverse inference is warranted, pursuant to section 776(b) of the Act, because, responding to the Department’s Initial CVD Questionnaire that they will not participate, each of these companies and the GOV did not cooperate to the best of their ability to comply with the requests for information in this administrative review. Accordingly, we preliminarily find that use of AFA is warranted.

24 See, e.g., SAA at 870.
25 See SAA at 870.
26 See, e.g., SAA at 869.
27 See SAA at 869-870.
28 See section 776(d)(3) of the Act.
29 See Truong Vinh Non-Participation Letter and GOV Non-Participation Letter.
The Department is, therefore, finding all programs in this proceeding to be countervailable—that is, they provide a financial contribution within the meaning of sections 771(5)(B)(i) and (D) of the Act, confer a benefit within the meaning of section 771(5)(B) of the Act, and are specific within the meaning of section 771(5A) of the Act. We are, therefore, including these programs in the determination of the AFA rate.\(^{30}\) We selected an AFA rate for each of these programs and included them in the determination of the AFA rate applied to Truong Vinh and Rich State. The Department has previously countervailed these programs.\(^{31}\)

**B. Selection of the Adverse Facts Available Rate**

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) authorize the Department to rely on information derived from (1) the petition, (2) a final determination in the investigation, (3) any previous review or determination, or (4) any information placed on the record. The Department’s practice when selecting an adverse rate from among the possible sources of information is to ensure that the rate is sufficiently adverse “as to effectuate the purpose of the facts available role to induce respondents to provide the Department with complete and accurate information in a timely manner.”\(^{32}\) The Department’s practice also ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”\(^{33}\)

When selecting AFA rates in an administrative review, we first determine if there is an identical program from any segment of the proceeding and use the highest calculated rate for the identical program (excluding *de minimis* rates). If no such identical program exists, we then determine if there is a similar/comparable program (based on the treatment of the benefit) within the same proceeding and apply the highest calculated rate for the similar/comparable program, excluding *de minimis* rates. Where there is no comparable program, we apply the highest calculated rate from any non-company specific program in any CVD case involving the same country.\(^{34}\)

In determining the AFA rate we will apply to Truong Vinh and Rich State, we are guided by the Department’s methodology detailed above. In this case, there is no information on the record of this proceeding from which to select appropriate AFA rates for any of the subject programs because Truong Vinh and Rich State did not provide any of the necessary information requested in the CVD questionnaire.

For the alleged income tax programs pertaining to either the reduction of the income tax rates or the payment of no income tax, in accordance with our normal practice, we have applied an

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\(^{30}\) See Appendix I.

\(^{31}\) See infra pages 8-9.

\(^{32}\) See Notice of Final Determination of Sales at Less than Fair Value: Static Random Access Memory Semiconductors From Taiwan, 63 FR 8909, 8932 (February 23, 1998).

\(^{33}\) See SAA at 870. Id.

adverse inference that the respondents paid no income tax during the POR.\textsuperscript{35} The standard income tax rate for corporations in Vietnam is 25 percent.\textsuperscript{36} Therefore, the highest possible benefit for the income tax rate programs is 25 percent. We are applying the 25 percent AFA rate on a combined basis (\textit{i.e.}, the income tax programs combined provided a 25 percent benefit).

For programs other than those involving income tax exemptions and reductions, we applied the highest non-\textit{de minimis} rate calculated for the same or similar program in another Vietnam CVD proceeding. Absent an above-\textit{de minimis} subsidy rate calculated for the same or similar program, we applied the highest calculated subsidy rate for any program otherwise listed that could conceivably be used by the mandatory company respondents.\textsuperscript{37}

For all other programs not mentioned above, we are applying, where available, the highest above-\textit{de minimis} subsidy rate calculated for the same or similar/comparable programs in a PRC CVD investigation or administrative review.\textsuperscript{38} For these preliminary results, we are able to match, based on program names, descriptions, and benefit treatments, the following programs to the same programs from other Vietnam CVD proceedings:

- Export Credits from the Vietnam Development Bank\textsuperscript{39}
- Import Duty Exemption on Equipment and Machinery Imported to Create Fixed Assets for Preferred Industries\textsuperscript{40}
- Import Duty Exemptions and Reimbursements for Imported Raw Materials for Exported Goods\textsuperscript{41}

We are able to match, based on program type and benefit treatment, the following programs to similar/comparable programs from other Vietnam CVD proceedings:

- Export Factoring\textsuperscript{42}

\textsuperscript{35} See, \textit{e.g.}, \textit{Circular Welded Carbon-Quality Steel Pipe from India: Final Affirmative Countervailing Duty Determination,} (77 FR 64468) (\textit{CWP from India}) and accompanying Issues and Decision Memorandum (IDM) at 11.
\textsuperscript{37} See, \textit{e.g.}, \textit{Certain Kitchen Shelving and Racks from the People’s Republic of China: Final Affirmative Countervailing Duty Determination,} 74 FR 37012, 37013 (July 27, 2009); see also \textit{Sodium Nitrite From the People’s Republic of China: Final Affirmative Countervailing Duty Determination,} 73 FR 38981, 38982 (July 8, 2008).
\textsuperscript{38} Id.
\textsuperscript{40} See \textit{Shrimp from Vietnam} IDM at the “Import Duty Exemption on Equipment and Machinery Imported to Create Fixed Assets” section.
\textsuperscript{42} See \textit{Shrimp from Vietnam} IDM at the “Export Lending from the Vietnam Joint Stock Bank for Industry and Trade (Vietinbank)” section.
Based on the methodology described above, we preliminarily determine the countervailable subsidy rate for each of the AFA companies to be 313.97 percent \textit{ad valorem}.\footnote{See Appendix I.}\footnote{See Shrimp from Vietnam IDM at the “Export Lending from the Vietnam Joint Stock Bank for Industry and Trade (Vietinbank)” section.}

\textbullet{} Export Promotion Program\footnote{See Wire Hangers from Vietnam IDM at the “Land Preferences for Enterprises in Encouraged Industries or Industrial Zones” section.}\footnote{See Shrimp from Vietnam IDM at the “Export Lending from the Vietnam Joint Stock Bank for Industry and Trade (Vietinbank)” section, citing Polyethylene Retail Carrier Bags from the Socialist Republic of Vietnam: Preliminary Affirmative Determination Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination, 74 FR 45811, 45817 (September 4, 2009) (unchanged in Carrier Bags from Vietnam and accompanying IDM).}


\textbullet{} Import Duty Exemptions on Equipment and Machinery Imported to Create Fixed Assets in Designated Geographic Areas (Article 26 of Decree 51)\footnote{See Shrimp from Vietnam IDM at the “Land Preferences for Enterprises in Encouraged Industries or Industrial Zones” section.}

\textbullet{} Interest Rate Support Program under the State Bank of Vietnam\footnote{Id., at the “Interest Rate Support Program Under the State Bank of Vietnam (SBV)” section.}

\textbullet{} Infrastructure Development Investment Support (Article 8 of Decree 51)\footnote{See Wire Hangers from Vietnam IDM at the “Land Preferences for Enterprises in Encouraged Industries or Industrial Zones” section.}

\textbullet{} Investment Support (Article 30 of Decree 51)\footnote{Id.}

\textbullet{} Land Preferences for Enterprises in Encouraged Industries or Industrial Zones\footnote{See Shrimp from Vietnam IDM at the “Export Lending from the Vietnam Joint Stock Bank for Industry and Trade (Vietinbank)” section.}

\textbullet{} Land Preferences for Enterprises in Encouraged Industries or Industrial Zones under Decree 142\footnote{Id.}

\textbullet{} Land Rent Exemptions Under Decision 189\footnote{Id.}

\textbullet{} Land Rent Reduction/Exemption for Exporters\footnote{Id.}

\textbullet{} Land Use Fees or Leases Exemptions/Reductions (Article 26 of Decree 108)\footnote{Id.}

\textbullet{} Land Use Tax Exemptions/Reductions (Article 19 of Decree 51)\footnote{Id.}

\textbullet{} Land-Rent Exemption/Reduction (Article 18 of Decree 51)\footnote{Id.}

\textbullet{} Land-Use Levy Exemption/Reduction (Article 17 of Decree 51)\footnote{Id.}

\textbullet{} Preferential Lending to Exporters\footnote{See Shrimp from Vietnam IDM at the “Export Lending from the Vietnam Joint Stock Bank for Industry and Trade (Vietinbank)” section.}

\textbullet{} Provision of Wire Rod for LTAR\footnote{See Wire Hangers from Vietnam IDM at the “Land Preferences for Enterprises in Encouraged Industries or Industrial Zones” section.}
C. Corroboration of Secondary Information

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.” The SAA provides that to “corroborate” secondary information, the Department will satisfy itself that the secondary information to be used has probative value. The Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that the Department need not prove that the selected facts available are the best alternative information.

Regarding the reliability aspect of corroboration, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on company-specific benefits resulting from countervailable subsidy programs. With respect to the relevance aspect of corroboration, the Department will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. The Department will not use information where circumstances indicate that the information is not appropriate as AFA. In this case, no evidence has been presented or obtained that contradicts the relevance of the information relied upon in prior Vietnam CVD proceedings. Therefore, in this case, the Department finds that the information used has been corroborated to the extent practicable pursuant to Section 776(c) of the Act.

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60 See SAA at 870.
61 Id.
62 See SAA at 869-870.
63 See, e.g., Fresh Cut Flowers From Mexico; Final Results of Antidumping Duty Administrative Review, 61 FR 6812 (February 22, 1996).
VII. CONCLUSION

We recommend that you approve the preliminary findings described above.

☐ ☒

Agree Disagree

6/19/2017

Signed by: GARY TAVERMAN

Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations
## Appendix I

### AFA Rate Calculation

<table>
<thead>
<tr>
<th>Program Name</th>
<th>AFA Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Export Credits from the Vietnam Development Bank</td>
<td>0.21%</td>
</tr>
<tr>
<td>2. Export Factoring</td>
<td>1.17%</td>
</tr>
<tr>
<td>3. Export Promotion Program</td>
<td>25.41%</td>
</tr>
<tr>
<td>4. Financial Guarantees by VietinBank and Vietcom Bank for Export Activity</td>
<td>1.17%</td>
</tr>
<tr>
<td>5. Import Duty Exemption on Equipment and Machinerty Imported to Create</td>
<td>0.03%</td>
</tr>
<tr>
<td>Fixed Assets for Preferred Industries</td>
<td></td>
</tr>
<tr>
<td>6. Import Duty Exemptions and Reimbursements for Imported Raw Materials</td>
<td>4.46%</td>
</tr>
<tr>
<td>for Exported Goods</td>
<td></td>
</tr>
<tr>
<td>7. Import Duty Exemptions on Equipment and Machinery Imported to Create</td>
<td>0.03%</td>
</tr>
<tr>
<td>Fixed Assets in Designated Geographic Areas (Article 26 of Decree 51)</td>
<td></td>
</tr>
<tr>
<td>8. Interest Rate Support Program under the State Bank of Vietnam</td>
<td>0.05%</td>
</tr>
<tr>
<td>9. Infrastructure Development Investment Support (Article 8 of Decree 51)</td>
<td>25.41%</td>
</tr>
<tr>
<td>10. Investment Support (Article 30 of Decree 51)</td>
<td>1.17%</td>
</tr>
<tr>
<td>11. Land Preferences for Enterprises in Encouraged Industries or Industrial</td>
<td>25.41%</td>
</tr>
<tr>
<td>Zones under Decree 142</td>
<td></td>
</tr>
<tr>
<td>12. Land Preferences for Enterprises in Encouraged Industries or Industrial</td>
<td>25.41%</td>
</tr>
<tr>
<td>Zones</td>
<td></td>
</tr>
<tr>
<td>13. Land Rent Exemptions Under Decision 189</td>
<td>25.41%</td>
</tr>
<tr>
<td>14. Land Rent Reduction/Exemption for Exporters</td>
<td>25.41%</td>
</tr>
<tr>
<td>15. Land Use Fees or Leases Exemptions/Reductions (Article 26 of Decree 108)</td>
<td>25.41%</td>
</tr>
<tr>
<td>16. Land Use Tax Exemptions/Reductions (Article 19 of Decree 51)</td>
<td>25.41%</td>
</tr>
<tr>
<td>17. Land-Rent Exemption/Reduction (Article 18 of Decree 51)</td>
<td>25.41%</td>
</tr>
<tr>
<td>18. Land-Use Levy Exemption/Reduction (Article 17 of Decree 51)</td>
<td>25.41%</td>
</tr>
<tr>
<td>19. Preferential Lending to Exporters</td>
<td>1.17%</td>
</tr>
<tr>
<td>20. Provision of Wire Rod for LTAR</td>
<td>25.41%</td>
</tr>
<tr>
<td>21. Enterprise Income Tax Exemptions and Reductions for Business Expansion</td>
<td></td>
</tr>
<tr>
<td>and Intensive Investment (Article 23 of Decree 51)</td>
<td></td>
</tr>
<tr>
<td>22. Enterprise Income Tax Preferences, Exemptions, and Reductions (Articles</td>
<td></td>
</tr>
<tr>
<td>20 and 21 of Decree 51)</td>
<td></td>
</tr>
<tr>
<td>23. Income Tax Preferences under Chapter IV of Decree 124</td>
<td>25.00%</td>
</tr>
<tr>
<td>24. Income Tax Preferences Under Chapter V of Decree 24</td>
<td></td>
</tr>
<tr>
<td>25. Income Tax Preferences under Chapter V of Decree 164</td>
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</tr>
<tr>
<td>26. Income Tax Preferences Under Decree 60/2012/ND-CP (Decree 60)</td>
<td></td>
</tr>
<tr>
<td>27. Tax Preferences for Investors Producing and/or Dealing in Export Goods</td>
<td></td>
</tr>
<tr>
<td>(Article 27 of Decree 51)</td>
<td></td>
</tr>
<tr>
<td><strong>Total AFA Rate</strong></td>
<td><strong>313.97%</strong></td>
</tr>
</tbody>
</table>