



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

C-552-829

Administrative Review

POR: 01/01/2024 – 12/31/2024

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June 16, 2026

**MEMORANDUM TO:** Christopher Abbott  
Deputy Assistant Secretary  
for Policy and Negotiations,  
performing the non-exclusive functions and duties  
of the Assistant Secretary for Enforcement and Compliance

**FROM:** Scot Fullerton  
Acting Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

**SUBJECT:** Decision Memorandum for the Preliminary Results of the  
Administrative Review of the Countervailing Duty Order on  
Passenger Vehicle and Light Truck Tires from the Socialist  
Republic of Vietnam; 2024

## I. SUMMARY

The U.S. Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of passenger vehicle and light truck tires (PVLTL tires) from the Socialist Republic of Vietnam (Vietnam), pursuant to section 751 of the Tariff Act of 1930, as amended (the Act).

## II. BACKGROUND

### A. Initiation and Case History

On July 19, 2021, Commerce published the countervailing duty (CVD) order for PVLTL tires from Vietnam in the *Federal Register*.<sup>1</sup> On June 30, 2025, Commerce published in the *Federal Register* a notice of opportunity to request an administrative review of the *Order* for the period of review (POR) covering January 1, 2024, through December 31, 2024.<sup>2</sup> On July 31, 2025, Commerce received requests for an administrative review from Kumho Tire (Vietnam) Co., Ltd. (KTV) and Kumho Tire Co., Inc. (Kumho Tire), as well as American Kenda Rubber Industrial

<sup>1</sup> See *Passenger Vehicle and Light Truck Tires from the Socialist Republic of Vietnam: Countervailing Duty Order*, 86 FR 38013 (July 19, 2021) (*Order*).

<sup>2</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review and Join Annual Inquiry Service List*, 90 FR 27841 (June 30, 2025).



Co. Ltd. (American Kenda) and Kenda Rubber (Vietnam) Co., Ltd. (Kenda).<sup>3</sup> On Augst 22, 2025, Commerce initiated an administrative review of the *Order* in accordance with 19 CFR 351.221(c)(1)(i) with respect to KTV, Kumho Tire, American Kenda, and Kenda.<sup>4</sup>

## B. Respondent Selection and Questionnaire Responses

In the “Respondent Selection” section of the *Initiation Notice*, Commerce stated that it intended to select respondents based on U.S. Customs and Border Protection (CBP) data for entries of subject merchandise during the POR.<sup>5</sup> Accordingly, on August 26, 2024, Commerce released the CBP data to all interested parties under an administrative protective order and requested comments regarding the data and respondent selection.<sup>6</sup> No interested parties filed comments in response.

On September 15, 2025, we selected KTV and Kenda, the two exporters which accounted for the largest volume of entries of subject merchandise into the United States during the POR, for individual examination in this administrative review.<sup>7</sup> On September 17, 2025, we issued the initial questionnaire to the Government of Vietnam (GOV) and instructed the GOV to forward the questionnaire to the mandatory respondents.<sup>8</sup> Commerce received timely initial and supplemental questionnaire responses from the GOV, KTV, and Kenda.<sup>9</sup>

On December 29, 2025, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial Service Workers International Union, AFL-CIO, CLC (the petitioner) timely submitted new subsidy allegations (NSAs) regarding 11 programs: (1) Interest Rate Support Program from the State Bank of Vietnam; (2) Policy Lending from the State Bank of Vietnam and Other Policy Banks; (3) Lending Programs Facilitating Switch to Green Energy; (4) Preferential Income Tax treatment for Supporting Industries; (5) Preferential Income Tax Program for Foreign-Invested Enterprises; (6) Accelerated Depreciation and Increases of Deductible Expenses; (7) Import Duty Exemptions on Imported Raw Materials for Export Processing Enterprises and Export Processing Zones; (8) Import Duty Exemptions on Equipment and Machinery; (9) Provision of Electricity for Less than Adequate Remuneration; (10) Finance Leasing by the Government of Korea; and (11) Provision of Natural Rubber, Synthetic Rubber and Butadiene, Carbon Black, and Nylon Cord for Less than Adequate Remuneration by the

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<sup>3</sup> See KTV and Kumho Tire Co., Inc.’s Letter, “Request for Administrative Review,” dated July 31, 2025; *see also* Kenda and American Kenda Rubber Industrial Co. Ltd.’s Letter, “Request for Administrative Review of Kenda Rubber,” dated July 31, 2025.

<sup>4</sup> *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 90 FR 41043 (*Initiation Notice*).

<sup>5</sup> *Id.*

<sup>6</sup> See Memorandum, “U.S. Customs and Border Protection Data Release,” dated August 26, 2025 (CBP Data).

<sup>7</sup> See Memorandum, “Respondent Selection,” dated September 15, 2025 (Respondent Selection Memorandum).

<sup>8</sup> See Commerce’s Letter, “Countervailing Duty Questionnaire,” dated September 17, 2025.

<sup>9</sup> See KTV’s Letters, “Identification of Affiliated Companies Required to Response to Questionnaire,” dated October 1, 2025 (KTV’s AQR); “Response to Section III of Initial Questionnaire,” dated November 10, 2025 (KTV’s IQR); and “Response to the Department’s February 25 Supplemental Questionnaire,” dated March 16, 2026; *see also* Kenda’s Letters, “Kenda Affiliated Companies Response,” dated October 20, 2025 (Kenda’s AQR); “Initial Questionnaire Response,” dated November 3, 2025 (Kenda’s IQR); and “Kenda Supplemental Questionnaire Response,” dated February 27, 2026; and GOV’s Letters, “GOV’s Initial Questionnaire Response,” dated November 3, 2025 (GOV’s IQR); and “GOV’s New Allegation Questionnaire Response,” dated May, 18, 2026.

Government of China.<sup>10</sup> We received no rebuttal comments. On February 25, 2026, Commerce issued a supplemental questionnaire to the petitioner to provide additional information regarding the alleged programs.<sup>11</sup> On March 9, 2026, the petitioner timely filed its response.<sup>12</sup> On April 30, 2026, Commerce initiated on six NSAs: (1) Policy Lending from the State Bank of Vietnam and Other Policy Banks; (2) Interest Rate Support Program from the State Bank of Vietnam; (3) Lending Programs Facilitating Switch to Green Energy; (4) Accelerated Depreciation and Increases of Deductible Expenses; (5) Import Duty Exemptions on Equipment and Machinery; and (6) Import Duty Exemptions on Imported Raw Materials for Export Processing Enterprises and Export Processing Zones.<sup>13</sup> In response to Commerce's April 30, 2026 supplemental questionnaires,<sup>14</sup> Kenda, KTV, and the GOV all reported that the respondents had not used or benefitted from the NSAs we initiated on.<sup>15</sup>

Due to the lapse in appropriations and Federal Government shutdown, on November 14, 2025, Commerce tolled all deadlines in administrative proceedings by 47 days.<sup>16</sup> Additionally, due to a backlog of documents that were electronically filed via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS) during the Federal Government shutdown, on November 24, 2025, Commerce tolled all deadlines in administrative proceedings by an additional 21 days.<sup>17</sup>

On February 13, 2026, Commerce requested that the U.S. Department of Treasury (Treasury) provide its evaluation of whether Vietnam's currency was undervalued during the POR.<sup>18</sup> On March 13, 2026, Treasury responded to our request, assessing that any undervaluation of Vietnam's currency during the POR was not due to government action on the exchange rate.<sup>19</sup>

On April 10, 2026, KTV and Kenda timely filed benchmark information.<sup>20</sup> On April 22, 2026, the petitioner filed benchmark rebuttal comments.<sup>21</sup> On April 23, 2026, KTV filed benchmark rebuttal comments.<sup>22</sup> On May 26, 2026, KTV submitted comments for Commerce to consider in

<sup>10</sup> See Petitioner's Letter, "New Subsidy Allegations," dated December 29, 2025.

<sup>11</sup> See Commerce's Letter, "Request for Supplemental Information on New Subsidy Allegations," dated February 25, 2026.

<sup>12</sup> See Petitioner's Letter, "New Subsidy Allegations Supplemental Information," dated March 9, 2026.

<sup>13</sup> See Memorandum, "New Subsidy Allegation Initiation Memorandum," dated April 30, 2026.

<sup>14</sup> See Commerce's Letters, "NSA Supplemental Questionnaire," dated April 30, 2026; "NSA Supplemental Questionnaire," dated April 30, 2026; and "NSA Supplemental Questionnaire," dated April 30, 2026.

<sup>15</sup> See Kenda's Letter, "Kenda New Subsidy Allegations Questionnaire," dated May 7, 2026; *see also* KTV's Letter, "Response of Kumho Tire (Vietnam) Co., Ltd. to the Department's April 30 New Subsidy Allegations Questionnaire," dated May 14, 2026; and GOV's Letter, "GOV's New Allegation Questionnaire Response," dated May 18, 2026.

<sup>16</sup> See Memorandum, "Deadlines Affected by the Shutdown of the Federal Government," dated November 14, 2025.

<sup>17</sup> See Memorandum, "Tolling of all Case Deadlines," dated November 24, 2025.

<sup>18</sup> See Commerce's Letter to Treasury, dated February 13, 2026.

<sup>19</sup> See Treasury's Letter to Commerce, dated March 13, 2026.

<sup>20</sup> See KTV's Letter, "Benchmark Submission," dated April 10, 2026 (KTV's Benchmark Submission); *see also* Kenda's Letter, "Kenda Submission of Benchmark Information," dated April 10, 2026 (Kenda's Benchmark Submission).

<sup>21</sup> See Petitioner's Letter, "Rebuttal Benchmark Submission," dated April 22, 2026 (Petitioner's Benchmark Rebuttal Submission).

<sup>22</sup> See KTV's Letter, "Resubmission of Rebuttal Information to Kenda Benchmark Submission," dated April 23, 2026.

these preliminary results.<sup>23</sup> On June 2, 2026, we extended the deadline for the preliminary results of this review until June 16, 2026.<sup>24</sup>

### C. Period of Review

The POR is January 1, 2024, through December 31, 2024.

### III. SCOPE OF THE *ORDER*<sup>25</sup>

The scope of this order is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by this order may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.

Subject tires have, at the time of importation, the symbol “DOT” on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

Prefix designations:

P – Identifies a tire intended primarily for service on passenger cars.

LT – Identifies a tire intended primarily for service on light trucks.

Suffix letter designations:

LT – Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service.

All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this order regardless of their intended use.

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that fits passenger cars or light trucks. Sizes that fit passenger cars and light trucks include, but are not limited to, the numerical size designations listed in the passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually. The scope includes all tires that are of a size that fits passenger cars or light trucks, unless the tire falls within one of the specific exclusions set out below.

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<sup>23</sup> See KTV’s Letter, “Pre-Preliminary Comments,” dated May 26, 2026.

<sup>24</sup> See Memorandum, “Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review,” dated June 2, 2024.

<sup>25</sup> See *Order*, 86 FR at 38014-15.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.

Specifically excluded from the scope are the following types of tires:

- (1) Racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;
- (2) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;
- (3) non-pneumatic tires, such as solid rubber tires;
- (4) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:
  - (a) The size designation and load index combination molded on the tire’s sidewall are listed in Table PCT-1R (“T” Type Spare Tires for Temporary Use on Passenger Vehicles) or PCT1B (“T” Type Diagonal (Bias) Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Year Book, the designation “T” is molded into the tire’s sidewall as part of the size designation, and, the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a “M” rating;
- (5) tires designed and marketed exclusively as temporary use spare tires for light trucks which, in addition, exhibit each of the following physical characteristics:
  - (a) the tires have a 265/70R17, 255/80R17, 265/70R16, 245/70R17, 245/75R17, 245/70R18, or 265/70R18 size designation;
  - (b) “Temporary Use Only” or “Spare” is molded into the tire’s sidewall;
  - (c) the tread depth of the tire is no greater than 6.2 mm; and
  - (d) Uniform Tire Quality Grade Standards (“UTQG”) ratings are not molded into the tire’s sidewall with the exception of 265/70R17 and 255/80R17 which may have UTQG molded on the tire sidewall;
- (6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:
  - (a) The size designation molded on the tire’s sidewall is listed in the ST sections of the Tire and Rim Association Year Book,
  - (b) the designation “ST” is molded into the tire’s sidewall as part of the size designation,
  - (c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is “For Trailer Service Only” or “For Trailer Use Only”,
  - (d) the load index molded on the tire’s sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Year Book for the relevant ST tire size, and
  - (e) either

- (i) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed does not exceed 81 MPH or an "M" rating; or
  - (ii) the tire's speed rating molded on the sidewall is 87 MPH or an "N" rating, and in either case the tire's maximum pressure and maximum load limit are molded on the sidewall and either
    - (1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book; or
    - (2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;
- (7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:
  - (a) The size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Year Book,
  - (b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",
  - (c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 55 MPH or a "G" rating, and
  - (d) the tire features a recognizable off-road tread design;
- (8) Tires designed and marketed for off-road use as all-terrain-vehicle (ATV) tires or utility-terrain vehicle (UTV) tires, and which, in addition, exhibit each of the following characteristics:
  - (a) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 87 MPH or an "N" rating, and
  - (b) both of the following physical characteristics are satisfied:
    - (i) The size designation and load index combination molded on the tire's sidewall does not match any of those listed in the passenger car or light truck sections of the Tire and Rim Association Year Book, and
    - (ii) The size designation and load index combination molded on the tire's sidewall matches any of the following size designation (American standard or metric) and load index combinations:



| American Standard Size | Metric Size | Load Index |
|------------------------|-------------|------------|
| 26x10R12               | 254/70R/12  | 72         |
| 27x10R14               | 254/65R/14  | 73         |
| 28x10R14               | 254/70R/14  | 75         |
| 28x10R14               | 254/70R/14  | 86         |
| 30X10R14               | 254/80R/14  | 79         |
| 30x10R15               | 254/75R/15  | 78         |
| 30x10R14               | 254/80R/14  | 90         |
| 31x10R14               | 254/85R/14  | 81         |
| 32x10R14               | 254/90R/14  | 95         |
| 32x10R15               | 254/85R/15  | 83         |
| 32x10R15               | 254/85R/15  | 94         |
| 33x10R15               | 254/90R/15  | 86         |
| 33x10R15               | 254/90R/15  | 95         |
| 35x9.50R15             | 241/105R/15 | 82         |
| 35x10R15               | 254/100R/15 | 97         |

The products covered by this order are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.90.10.10, 4011.90.10.50, 4011.90.20.10, 4011.90.20.50, 4011.90.80.10, 4011.90.80.50, 8708.70.45.30, 8708.70.45.46, 8708.70.45.48, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

#### IV. INTENT TO RESCIND THE ADMINISTRATIVE REVIEW, IN PART

It is Commerce's practice to rescind an administrative review of a CVD order, pursuant to 19 CFR 351.213(d)(3), when there are no reviewable entries of subject merchandise during the POR for which liquidation is suspended. Normally, upon completion of an administrative review, the suspended entries are liquidated at the CVD assessment rate calculated for the review period. Therefore, for an administrative review of a company to be conducted, there must be a reviewable, suspended entry that Commerce can instruct CBP to liquidate at the calculated CVD assessment rate calculated for the review period. According to the CBP import data, except for the two mandatory respondents, Kenda and KTV, the remaining companies subject to this review, American Kenda and Kumho Tire, did not have reviewable entries of subject merchandise during the POR for which liquidation is suspended.<sup>26</sup> Accordingly, in the absence of reviewable, suspended entries of subject merchandise during the POR, we intend to rescind this administrative review with respect to the American Kenda and Kumho Tires, in accordance with 19 CFR 351.213(d)(3). A final decision on whether to rescind the review of the companies with no reviewable entries will be made in the final results of this administrative review.

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<sup>26</sup> See CBP Data.

## V. SUBSIDIES VALUATION

### A. Allocation Period

Commerce normally allocates the benefits from non-recurring subsidies over the average useful life (AUL) of renewable physical assets used in the production of subject merchandise.<sup>27</sup> We find the AUL in this proceeding to be 14 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System.<sup>28</sup> We notified the respondents of the AUL in the CVD questionnaire and requested data accordingly.<sup>29</sup> No party in this proceeding disputed this allocation period.

Further, for non-recurring subsidies, we applied the "0.5 percent test," as described in 19 CFR 351.524(b)(2). Under this test, we divide the amount of subsidies approved under a given program in a particular year by the relevant sales value (*e.g.*, total sales or export sales), for the year in which the assistance was approved. If the amount of the subsidies is less than 0.5 percent of the relevant sales value, then the benefits are allocated to the year of receipt rather than across the AUL period.

### B. Attribution of Subsidies

In accordance with 19 CFR 351.525(b)(6)(i), Commerce normally attributes a subsidy to the products produced by the company that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(vii) provides additional rules for the attribution of subsidies received by respondents with cross-owned affiliates. Subsidies to the following types of cross-owned affiliates are covered in these additional attribution rules: (ii) producers of the subject merchandise; (iii) holding companies or parent companies; (iv) producers of an input that is primarily dedicated to the production of the downstream product; (v) providers of utility products, under certain conditions; or (vi) an affiliate producing non-subject merchandise that otherwise transfers a subsidy to a respondent. Further, 19 CFR 351.525(c) provides that benefits from subsidies provided to a trading company which exports subject merchandise shall be cumulated with benefits from subsidies provided to the firm producing the subject merchandise that is sold through the trading company, regardless of affiliation.

According to 19 CFR 351.525(b)(6)(vii), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same way it can use its own assets. This regulation states that this standard will normally be met where there is a majority voting interest between two corporations or through common ownership of two (or more) corporations.<sup>30</sup>

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<sup>27</sup> See 19 CFR 351.524(b).

<sup>28</sup> See U.S. Internal Revenue Service Publication 946 (2023), "How to Depreciate Property" at Appendix B, Table of Class Lives and Recovery Periods at 100 (Asset Class 28.0 pertaining to "Manufacture of Chemicals and Allied Products"); *see also* Petition at Volume VII.

<sup>29</sup> See CVD Questionnaire at II-1.

<sup>30</sup> See 19 CFR 351.525(b)(6)(vi).



The *CVD Preamble* to Commerce's regulations further clarifies Commerce's cross-ownership standard. According to the *CVD Preamble*, relationships captured by the cross-ownership definition include those where:

the interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits) . . . . Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership.<sup>31</sup>

Thus, Commerce's regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists.<sup>32</sup> The CIT upheld Commerce's authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.<sup>33</sup>

In accordance with 19 CFR 351.525(b)(2), we attribute an export subsidy only to products exported by a firm. In accordance with 19 CFR 351.525(b)(3), we attribute a domestic subsidy to all products sold by a firm, including products that are exported. In accordance with 19 CFR 351.525(b)(6)(i), we attribute a subsidy to the products produced by the corporation that received the subsidy in cases where companies are cross-owned. In accordance with 19 CFR 351.525(b)(6)(ii), for the producers with cross-ownership that produce the subject merchandise, we attribute the subsidies received by any of the producers to the products produced by all producers.

#### *KTV*

As discussed above, we selected KTV as a mandatory respondent.<sup>34</sup> KTV responded to Commerce's questionnaire on behalf of itself.<sup>35</sup> KTV is a producer of the subject merchandise.<sup>36</sup> Therefore, in accordance with 19 CFR 351.525(b)(6)(i), we are preliminarily attributing subsidies received by KTV to its own sales. Although KTV identified other companies with which it was affiliated during the POR, these affiliates were not involved in the production or sale of subject merchandise during the POR, and they did not otherwise meet any of the attribution conditions in our regulations.<sup>37</sup> Therefore, we preliminarily determine that such affiliated companies do not meet any of the conditions set forth in 19 CFR 351.525(b)(6)(ii)-(vi).

<sup>31</sup> See *Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998) (*CVD Preamble*).

<sup>32</sup> *Id.*, 63 FR at 65401.

<sup>33</sup> See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

<sup>34</sup> See Respondent Selection Memorandum.

<sup>35</sup> See KTV's IQR.

<sup>36</sup> *Id.*

<sup>37</sup> See KTV's AQR.

## *Kenda*

As discussed above, we selected Kenda as a mandatory respondent.<sup>38</sup> Kenda responded to Commerce's questionnaire on behalf of itself.<sup>39</sup> Kenda is a producer of the subject merchandise.<sup>40</sup> Therefore, in accordance with 19 CFR 351.525(b)(6)(i), we are preliminarily attributing subsidies received by Kenda to its own sales. Although Kenda identified nine cross-owned affiliates in Kenda's AQR, we preliminarily determine that those companies do not meet any of the conditions set forth in 19 CFR 351.525(b)(6)(ii)-(vi).<sup>41</sup>

### **C. Denominators**

In accordance with 19 CFR 351.525(b), when selecting an appropriate denominator for use in calculating the *ad valorem* subsidy rate, Commerce considers the basis for the respondent's receipt of benefits under each program. As discussed in further detail below in the "Programs Preliminarily Determined to Be Countervailable" section, where the program has been found to be countervailable as a domestic subsidy, we used the recipient's total sales as the denominator. Where the program has been found to be countervailable as an export subsidy, we used the recipient's total export sales as the denominator. In the sections below, we describe the denominators we used to calculate the countervailable subsidy rates for the various subsidy programs. Further, the denominators used to calculate the countervailable subsidy rates are explained in further detail in the preliminary calculation memoranda prepared for this preliminary determination.<sup>42</sup>

## **VI. BENCHMARKS AND INTEREST RATES**

### **A. Benchmarks For Measuring the Adequacy of Remuneration**

#### *Natural Rubber*

The provision of natural rubber for less than adequate remuneration (LTAR) provides a benefit within the meaning of section 771(5)(E)(iv) of the Act to the extent these inputs are provided for less than adequate remuneration when measured against appropriate benchmarks. Section 351.511(a)(2) of Commerce's regulations sets forth the basis for identifying benchmarks to determine whether a government provides a good or service for LTAR. These potential benchmarks are listed in hierarchical order by preference: (1) a market-determined price from actual transactions within the country under investigation (tier one); (2) world market prices that would be available to purchasers in the country under investigation (tier two); or (3) assessment of whether the government price is consistent with market principles (tier three).<sup>43</sup> This

<sup>38</sup> See Respondent Selection Memorandum.

<sup>39</sup> See Kenda's IQR.

<sup>40</sup> *Id.* at 2.

<sup>41</sup> See Kenda's AQR at Exhibit Affiliate-1.

<sup>42</sup> See Memorandum, "Preliminary Determination Calculations Memorandum for KTV," dated concurrently with this memorandum (KTV's Preliminary Calculation Memorandum); *see also* Memorandum, "Kenda Rubber's Preliminary Calculation Memorandum," dated concurrently with this memorandum (Kenda's Preliminary Calculation Memorandum).

<sup>43</sup> See 19 CFR 351.511(a)(2).

hierarchy reflects a logical preference for achieving the objectives of the statute.<sup>44</sup> In addition, as provided in 19 CFR 351.511(a)(2)(i), we take into consideration product similarity, quantity sold imported, or auctioned, and other factors affecting comparability to identify appropriate benchmarks.

The most direct means of determining whether a government has provided a good for LTAR is through a comparison with private transactions for a comparable good or service in the investigated country (*i.e.*, a tier one benchmark).<sup>45</sup> We base this on an observed market price for a good, in the country under investigation, from a private supplier located either within the country or outside the country (*i.e.*, imports).<sup>46</sup> As provided in our regulations, the preferred benchmark in the hierarchy is an observed market price from actual transactions within the country under investigation.<sup>47</sup> This is because such prices generally would be expected to reflect more closely the commercial environment of the purchaser under investigation.<sup>48</sup>

Based on the hierarchy, we must first consider whether market-determined prices from actual transactions are available on the record to determine whether GOV authorities provided the inputs to KTV and Kenda Rubber for LTAR. Notwithstanding the regulatory preference for the use of prices stemming from actual transactions in the country, where Commerce finds that a government provides the majority or, in certain circumstances, a substantial portion of the market for a good or service, it may consider prices for such goods and services in the country to be significantly distorted and not an appropriate basis of comparison to determine whether there is a benefit.<sup>49</sup> When a government's role as provider of the good or service is so predominant, the government in effect determines the prices for private sellers of the same or similar goods or services.<sup>50</sup> As a result, comparing the government prices to private prices would amount to comparing the financial contribution to itself.<sup>51</sup>

#### Applicability of Tier One Benchmark

Both respondents reported purchases of natural rubber during the POR for the production of subject merchandise.<sup>52</sup>

The GOV reports that it maintains a majority ownership or a controlling management interest in a number of companies involved in rubber production in Vietnam.<sup>53</sup> However, the GOV further reported that “{w}ith respect to policies governing the pricing of natural rubber, during the POR, the GOV did not issue any laws or policies to control or govern the pricing of natural rubber.”<sup>54</sup> In addition, the GOV provided data indicating the volume of natural rubber produced by these

<sup>44</sup> *Id.*; see *Countervailing Duties; Final Rule*, 63 FR 65348, 65377 (November 25, 1998) (*CVD Preamble*).

<sup>45</sup> See 19 CFR 351.511(a)(2)(i).

<sup>46</sup> *Id.*

<sup>47</sup> *Id.*

<sup>48</sup> See *CVD Preamble*.

<sup>49</sup> *Id.*

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> See KTV's IQR at 24-27; see also Kenda's IQR at 12-14.

<sup>53</sup> See GOV's IQR at Exhibit C-2.

<sup>54</sup> See GOV's IQR at II-8.

companies, the total volume of natural rubber produced by all producers in Vietnam, and the volume of imports of natural rubber into Vietnam during the POI.<sup>55</sup> Based on this information, we preliminarily determine that the market for natural rubber is not distorted through the GOV's ownership or controlling management interest in these companies, nor does the GOV intervene in the market, specifically through controls on imports and exports. Accordingly, we preliminarily determine that market prices from actual transactions within Vietnam may serve as a tier one benchmark. On that basis, we used the respondents' actual prices paid for purchases of natural rubber from private rubber producers as the tier one benchmark for their respective benefit calculations.

For our full description of the benefit calculation, *see* KTV's Preliminary Calculation Memorandum.

### *Preferential Rent*

In *PRCBs from Vietnam*, we concluded that we could not rely on the use of so-called "first-tier" and "second-tier benchmarks" to assess the benefits from the provision of land at LTAR in Vietnam.<sup>56</sup> We found that the GOV retained ultimate ownership of all land in Vietnam and that the government-determined land prices, which are set by decree, provided the starting point for all land prices in Vietnam, regardless of what valuation methods were utilized, and that the resulting rates were not market-determined.<sup>57</sup> While some sub-leasing transactions occurred between private parties, the GOV had placed restrictions on those leasing rights.<sup>58</sup> We also found that the GOV had significant control over the supply of land on the market through conversions and that the government – not the market – decided land allocations.<sup>59</sup> Commerce completed a memorandum analyzing developments in Vietnam's land market since 2009.<sup>60</sup>

As discussed in the Land Analysis Memorandum, although modest reforms have taken place, the reforms have not addressed the fundamental institutional factors that underlie the Vietnamese government's monopoly control over land use.<sup>61</sup> It is, therefore, the government (at the central and local level) that ultimately decides whether and how land is used in Vietnam under a unified but decentralized land planning system.<sup>62</sup> From our prior findings and updated Land Analysis Memorandum, we preliminarily determine that there is no information on the record of the instant administrative review that warrants a reconsideration of our finding in *PRCBs from Vietnam*.<sup>63</sup> Therefore, in selecting a benchmark for land, Commerce analyzed comparable

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<sup>55</sup> See GOV's IQR at Exhibit 2-C.

<sup>56</sup> See *Polyethylene Retail Carrier Bags from the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination*, 75 FR 16428 (April 1, 2010) (*PRCBs from Vietnam*), and accompanying Issues and Decision Memorandum (IDM) at Comment 9.

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> See Memorandum, "Analysis of Vietnam's Land-Use Rights," dated concurrently with this memorandum (Land Analysis Memorandum).

<sup>61</sup> *Id.*

<sup>62</sup> *Id.*

<sup>63</sup> Compare *id.*, and *PRCBs from Vietnam* IDM at Comment 9.

market-based prices in another country at a comparable level of economic development within the geographic vicinity of Vietnam.<sup>64</sup>

We have on the record the following sources of information for use as benchmarks in this administrative review: Kenda submitted Indonesian data from the 2023 *Cost of Doing Business in Batam* publication by Badan Pengusahaan Batam and Sri Lankan data from a 2025 *Gazette Extraordinary* publication.<sup>65</sup> KTV submitted Indonesian data from Kota Bukit Indah's April 2024 report, Malaysian data from the Malaysian Investment Development Authority's (MIDA) April 2024 report, and Filipino data from the Philippine Economic Zone Authority's 2024 report.<sup>66</sup> The petitioner submitted Thai data from Knight Frank Thailand's 2024 report.<sup>67</sup>

We do not find it appropriate to use Kenda's submitted data sets because the prices were not contemporaneous with the POR.<sup>68</sup> We also do not find it appropriate to use the petitioner's Thai data because it yielded an anomalous USD per m<sup>2</sup> benchmark figure that was significantly higher than the rest of the data on the record submitted by other interested parties, calling into question whether it is truly representative of or comparable to the rental market conditions in Vietnam during the POR.<sup>69</sup> Moreover, based on the data provided Kenda and the petitioner, we find those prices to be representative of city locale benchmark price and not respondent's reported state level prices. Therefore, for the purposes of these preliminary results, we find that the prices in KTV's benchmark submission constitute a viable dataset for the purposes of benchmark calculation.<sup>70</sup> Further, we preliminarily determine that the data provided by KTV—Indonesia, Malaysia, and the Philippines—are comparable, and therefore are appropriate to use to calculate the preferential rent benchmark.<sup>71</sup>

Though Commerce typically considers various factors including population density as a possible comparability factor in determining a specific locality, in this case, none of the data<sup>72</sup> we have deemed usable for the purposes of benchmark calculation corresponded to a locality listed in any party's benchmark submission with the population density of Dong Nai, Vietnam, where both companies are located. Thus, the population density comparison was an ineffective metric of benchmark selection in this review.

Thus, we preliminarily find that the population density comparability factor is not practicable with the data on the record of this proceeding, and that its implementation would result in inappropriate comparisons between localities and benchmark price data. Because, as stated above, all three of the countries' data submitted by KTV are usable for the purposes of this benchmark calculation, we simply took the simple average of those prices for our benchmark,<sup>73</sup>

<sup>64</sup> See Land Analysis Memorandum.

<sup>65</sup> See Kenda's Benchmark Submission at Exhibit Benchmark-9 and Exhibit Benchmark-12.

<sup>66</sup> See KTV's Benchmark Submission at Attachment 1-A through 1-C.

<sup>67</sup> See Petitioner's Benchmark Rebuttal Submission at Exhibit 3.

<sup>68</sup> See Kenda's Benchmark Submission at Exhibit Benchmark-9 and Exhibit Benchmark-12.

<sup>69</sup> See Petitioner's Benchmark Rebuttal Submission at Exhibit 3.

<sup>70</sup> See KTV's Benchmark Submission at Attachment 1-A through 1-C.

<sup>71</sup> *Id.*

<sup>72</sup> *Id.*

<sup>73</sup> See KTV's Preliminary Calculation Memorandum.

which we find reflects a representative rent price for the region in which the mandatory respondents operate.

## B. Interest Rate Benchmarks

Section 771(5)(E)(ii) of the Act explains that the benefit for the loans is the “difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market,” indicating that a benchmark must be a market-based rate. Normally, Commerce uses comparable commercial loans reported by the company for benchmarking purposes.<sup>74</sup> If the firm does not receive any comparable commercial loans during the relevant periods, Commerce’s regulations provide that we “may use a national average interest rate for comparable commercial loans.”<sup>75</sup>

In *Shrimp from Vietnam 2013*, we found that “domestic interest rates in Vietnam are distorted due to the predominant role of the GOV in the banking sector through its direct and indirect ownership as well as through other means such as interest rate controls, policy, plans, and administrative guidance.”<sup>76</sup> For the reasons explained in the Financial Sector Memorandum, we preliminarily determine that domestic interest rates in Vietnam are distorted due to the predominant role of the GOV in the banking sector through its direct and indirect ownership, as well as through other means such as interest rate controls, policy, plans and administrative guidance.<sup>77</sup> Therefore, we find that any loans received by respondents from private Vietnamese or foreign-owned banks are not suitable for use as benchmarks under 19 CFR 351.505(a)(3)(i). For the same reasons, we cannot use a national interest rate for commercial loans pursuant to 19 CFR 351.505(a)(3)(ii). Therefore, because of the special difficulties inherent in using a Vietnamese benchmark for loans, Commerce is selecting an external market-based benchmark interest rate.<sup>78</sup> The use of an external benchmark is consistent with Commerce’s practice.<sup>79</sup>

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<sup>74</sup> See 19 CFR 351.505(a)(3)(i).

<sup>75</sup> See 19 CFR 351.505(a)(3)(ii).

<sup>76</sup> See *Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Preliminary Countervailing Duty Determination*, 78 FR 33342 (June 4, 2013), and accompanying Preliminary Decision Memorandum (PDM) at 12-13, unchanged in *Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination*, 78 FR 50387 (August 19, 2013) (*Shrimp from Vietnam 2013*).

<sup>77</sup> See Memorandum, “Analysis of Vietnam’s Financial Sector,” dated June 10, 2026 (Financial Sector Memorandum).

<sup>78</sup> See Memorandum, “Loan Interest Rate Benchmarks,” dated June 10, 2026.

<sup>79</sup> See, e.g., *Certain New Pneumatic Off-The-Road Tires from the People’s Republic of China: Preliminary Results of Countervailing Duty Administrative Review*; 2015, 82 FR 46754 (October 6, 2017), and accompanying PDM at 21, unchanged in *Certain New Pneumatic Off-the-Road Tires from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review*; 2015, 83 FR 16055 (April 13, 2018); see also *Passenger Vehicle and Light Truck Tires from the Socialist Republic of Vietnam: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 71607 (November 10, 2020) (*PVLT from Vietnam Preliminary Determination*); and accompanying PDM at 13, unchanged in *Passenger Vehicle and Light Truck Tires from the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination*, 86 FR 28566 (May 27, 2021) (*PVLT from Vietnam Final Determination*).



### i. Short-Term Vietnamese Dong (VND) Benchmark

For loans denominated in VND, we are calculating the external benchmark following the regression-based methodology first developed in the CVD investigation of *CFS from China*, and updated in several subsequent investigations on exports from China.<sup>80</sup> This methodology bases the benchmark interest rate on the inflation-adjusted interest rates of countries with per-capita gross national incomes (GNIs) similar to Vietnam's, and takes into account a key factor involved in interest rate formation, that of the quality of a country's institutions, which is not directly tied to the state-imposed distortions in the banking sector discussed in the Financial Sector Memorandum.

Under this methodology, we first determine which countries are similar to the country in question, in this case Vietnam, in terms of GNI, based on the World Bank's classification of countries as: low income, lower-middle income, upper-middle income, and high income. Based on GNI data for 2018 and previous years for which we require a benchmark, Vietnam falls into the lower middle-income (LMI) category; hence, we selected the countries in the LMI range of the World Bank's GNI rankings for 2018 and previous years.<sup>81</sup>

After identifying the appropriate interest rates for each year, the next step is constructing the benchmark to incorporate an important factor in interest rate formation – the strength of governance as reflected in the quality of the countries' institutions. The strength of governance is factored into the analysis by using a statistical regression that relates the interest rates to these governance indicators. As explained in *CFS from China*, the regression captures the broad inverse relationship between income and interest rates.<sup>82</sup> By limiting the analysis to the pool of countries within the GNI range of the country in question, the analysis yields a reasonable estimate of a benchmark interest rate for the country in question.

Many of the countries in the World Bank's LMI categories reported lending and inflation rates to the International Monetary Fund (IMF), and they are included in the agency's international financial statistics (IFS). With the exceptions noted below, we have used the interest and inflation rates reported in the IFS for the countries identified as "lower middle income" for 2016 and previous year for which we require a benchmark. First, we did not include those economies that Commerce considered to be non-market economies for antidumping purposes for any part of the years in question. Second, the pool necessarily excludes any country that did not report both lending and inflation rates to IFS for those years because we use real interest rates (*i.e.*, nominal interest rates less inflation) in the regression. Third, we removed any country that reported a rate that was not a lending rate or that based its lending rate on foreign currency-denominated

<sup>80</sup> See *Coated Free Sheet Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (*CFS from China*), and accompanying IDM at "Benchmarks" section; *Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 16836 (April 13, 2009) (*Citric Acid from China*), and accompanying IDM at "Benchmarks and Discount Rates" section.

<sup>81</sup> See World Bank Country Classification, publicly available at <https://data.worldbank.org/about/country-and-lending-groups>.

<sup>82</sup> See *CFS from China* IDM at "Benchmarks" section.

instruments. Finally, for each year we excluded from the regression any countries that had aberrational or negative interest rates for the year in question.<sup>83</sup>

As stated above, the regression relies on real interest rates. However, the loans in question have not been adjusted to remove inflation. Therefore, to ensure an accurate comparison in the benefit calculation, we adjusted the short-term benchmark to include inflation. This adjustment was done using the inflation rates that Vietnam reported to the IFS.<sup>84</sup>

## ii. Long-Term VND Benchmark

Many of the countries in the World Bank's LMI categories reported lending and inflation rates to the IMF, and they are included in that agency's IFS.<sup>85</sup> The lending rates reported in the IFS represent short- and medium-term lending, and there are not sufficient publicly available long-term interest rate data upon which to base a robust benchmark for long-term loans. To address this problem, Commerce has developed an adjustment to the short- and medium-term rates to convert them to long-term rates using Bloomberg U.S. corporate BB-rated bond rates.<sup>86</sup>

In *Citric Acid from China*, this methodology was revised by switching from a long-term markup based on the ratio of the rates of BB-rated bonds to applying a spread which is calculated as the difference between the two-year BB bond rate and the n-year BB Bond rate, where "n" equals or approximates the number of years of the term of the loan in question.<sup>87</sup> We are using the revised methodology here. Finally, because these long-term rates are net of inflation as noted above, we adjusted the benchmark to include an inflation component.

## VII. ANALYSIS OF PROGRAMS

### A. Programs Preliminarily Determined to Be Countervailable

#### 1. Tax Benefits for New Investments

The GOV reported that this program has not changed during the POR and that both respondents received tax benefits under this program.<sup>88</sup>

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<sup>83</sup> See, e.g., *PVLT from Vietnam Preliminary Determination* PDM at 8, unchanged in *PVLT from Vietnam Final Determination*; *Steel Concrete Reinforcing Bar from the Socialist Republic of Vietnam: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 91 FR 1265 (January 13, 2026) (*SCRB from Vietnam Preliminary Determination*), and accompanying PDM at 8-9.

<sup>84</sup> See, e.g., *PVLT from Vietnam Preliminary Determination* PDM at 8-9, unchanged in *PVLT from Vietnam Final Determination*; *SCRB from Vietnam Preliminary Determination* PDM at 8-9.

<sup>85</sup> See, e.g., *PVLT from Vietnam Preliminary Determination* PDM at 8-9, unchanged in *PVLT from Vietnam Final Determination*; *SCRB from Vietnam Preliminary Determination* PDM at 9.

<sup>86</sup> See, e.g., *PVLT from Vietnam Preliminary Determination* PDM at 8, unchanged in *PVLT from Vietnam Final Determination*.

<sup>87</sup> See *Citric Acid from China* IDM at the "Benchmarks and Discount Rates" section; see also *PVLT from Vietnam Preliminary Determination* PDM at 8-9, unchanged in *PVLT from Vietnam Final Determination*.

<sup>88</sup> See GOV's IQR at II-2 and Exhibit A-1.

The GOV reported that it provided corporate income tax preferences to the companies under Decree 218/2013/ND-CP (Decree 218).<sup>89</sup> Specifically, the GOV stated that Kenda received corporate income tax preferences under Article 16.3 of Decree 218, which pertains to a “tax exemption for 2 years, reduction of 50% of tax payable for the next 4 years for incomes from performing new investment projects.”<sup>90</sup> Similarly, the GOV stated that KTV received corporate income tax preferences under Article 16.5 of the same, which offers tax incentives to companies undergoing certain investment projects including exemption from or reduction in income tax increases arising from the investment and expansion associated with said investment projects.<sup>91</sup> We preliminarily determine that these tax benefits provide a benefit to the respondents in the amount of the tax savings pursuant to section 771(5)(E) of the Act and 19 CFR 351.509(a)(1).

Commerce has previously determined in the underlying investigation that this program provides a financial contribution and is specific.<sup>92</sup> The GOV reported that this program has not changed during the POR.<sup>93</sup> It is Commerce’s practice not to revisit financial contribution and specificity determinations made in a prior segment of the same proceeding, absent the presentation of new facts or evidence.<sup>94</sup> In light of the lack of new information on the record, and consistent with our practice, we are continuing to find this program to constitute a financial contribution under section 771(5)(D)(ii) of the Act and to be specific under section 771(5A)(D)(i) of the Act.

To calculate the net subsidy rate, we divided each respondent’s tax savings applicable to the tax return filed during the POR by the appropriate POR sales total, as described in the “Subsidies Valuation” section above. On this basis, we preliminarily determine that KTV received a countervailable subsidy rate of 0.87 percent *ad valorem* and Kenda received a countervailable subsidy rate of 1.53 percent *ad valorem*.<sup>95</sup>

## 2. Import Duty Exemptions on Imports of Raw Materials for Exporting Goods

The GOV reported that this program has not changed during the POR and that only KTV received benefits under this program.<sup>96</sup>

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<sup>89</sup> *Id.*

<sup>90</sup> *Id.* at 48.

<sup>91</sup> *Id.* at Exhibit III-1-1.

<sup>92</sup> See *PVLT from Vietnam Preliminary Determination* PDM at 13; unchanged in *PVLT from Vietnam Final Determination* IDM at Section V.

<sup>93</sup> *Id.* at II-2.

<sup>94</sup> See, e.g., *Multilayered Wood Flooring from the People’s Republic of China: Preliminary Results and Partial Rescission of Countervailing Duty Administrative Review*; 2020, 87 FR 78644 (December 22, 2022) (*Wood Flooring Investigation Prelim*), and accompanying PDM at 21-35, unchanged in *Multilayered Wood Flooring from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review*; 2020, 88 FR 34828 (May 31, 2023) (*Wood Flooring Investigation Final*), and accompanying IDM at Comment 1; *Multilayered Wood Flooring from the People’s Republic of China: Preliminary Results of Countervailing Duty Administrative Review, and Intent To Rescind Review, in Part*; 2019, 86 FR 73244 (December 27, 2021) (*Wood Flooring AR2019 Prelim*), and accompanying PDM at 19-25, unchanged in *Multilayered Wood Flooring from the People’s Republic of China: Final Results and Partial Rescission of Countervailing Duty Administrative Review*; 2019, 87 FR 36305 (June 16, 2022) (*Wood Flooring AR2019 Final*), and accompanying IDM at Comment 1; see also *Magnola Metallurgy, Inc. v United States*, 508 F.3d 1349, 1353-56 (Fed. Cir. 2007) (*Magnola*).

<sup>95</sup> See KTV’s Preliminary Calculation Memorandum; see also Kenda’s Preliminary Calculation Memorandum.

<sup>96</sup> See GOV’s IQR at II-3 and Exhibit B-1.

The GOV and KTV reported this program is governed by Decree 134/2016/ND-CP dated September 1, 2016 (Decree 134).<sup>97</sup> Under the program, import duty exemptions are provided for imported raw materials that are incorporated into exported goods, or directly used in the processing of such goods.<sup>98</sup> The amount of the exemption is equal to the amount of the duty corresponding to the value of imported materials actually used in the production of the finished goods that are exported.<sup>99</sup> This amount is determined or declared at the time of reporting to Vietnam's Customs agency on the use of imported raw materials for manufacture of exported goods, in accordance with customs regulations.<sup>100</sup>

Commerce has previously determined in the underlying investigation that this program provides a financial contribution and is specific, and that the entire amount of the duties exempted is countervailable under 19 CFR 351.519(a)(4) because the GOV does not have a system or procedure in place to confirm which inputs are consumed in the production of the exported product, and in what amounts.<sup>101</sup> The GOV reported that this program has not changed during the POR.<sup>102</sup> It is Commerce's practice not to revisit financial contribution and specificity determinations made in a prior segment of the same proceeding, absent the presentation of new facts or evidence.<sup>103</sup> In light of the lack of new information on the record, and consistent with our practice, we are continuing to find this program to constitute a financial contribution by an authority pursuant to section 771(5)(D)(ii) of the Act and to be specific in accordance with sections 771(5A)(A) and (B) of the Act. We also preliminarily find that the import duty exemptions enjoyed by KTV under this program confer a benefit equal to the total amount of the duties exempted, in accordance with section 771(5)(E) of the Act and 19 CFR 351.519(a)(4).

To calculate the net subsidy rate, we divided the sum of the exemptions reported by KTV during the POR by the appropriate POR sales total, as described in the "Subsidies Valuation" section above. On this basis, we preliminarily determine that KTV received a countervailable subsidy rate of 0.96 percent *ad valorem*.<sup>104</sup>

### 3. Preferential Loans to Exporters by State-Owned Commercial Banks (SOCBs)

The GOV reported that Vietnamese SOCBs provide lending to exporters under Circular 39/2016/TT-NHNN (Circular 39).<sup>105</sup> In the "Standard Question Appendix," the GOV reported that export performance was taken into account when determining eligibility for this program.<sup>106</sup> Both respondents reported that they had outstanding loans from SOCBs during the POI.<sup>107</sup>

<sup>97</sup> *Id.* at B-1; *see also* KTV's IQR at 20-21.

<sup>98</sup> *See* KTV's IQR at 20-21.

<sup>99</sup> *Id.* at 21.

<sup>100</sup> *Id.* at 21.

<sup>101</sup> *See PVL from Vietnam* IDM at Section V.

<sup>102</sup> *Id.* at II-3.

<sup>103</sup> *See, e.g., Wood Flooring Investigation Prelim PDM* at 21-35, unchanged in *Wood Flooring Investigation Final IDM* at Comment 1; *Wood Flooring AR2019 Prelim PDM* at 19-25, unchanged in *Wood Flooring AR2019*; *see also Magnola*, 508 F.3d at 1353.

*Final IDM* at Comment 1.

<sup>104</sup> *See* KTV's Preliminary Calculation Memorandum.

<sup>105</sup> *See* GOV's IQR at Exhibit III-14.

<sup>106</sup> *Id.*

<sup>107</sup> *See* KTV's IQR at 35; *see also* Kenda's IQR at 22.

The GOV provided annual reports for multiple banks, including Vietnam Bank for Agriculture and Rural Development (Agribank), the Bank for Investment and Development of Vietnam JSC (BIDV), Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), and Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) that indicate the banks are majority state-owned by the GOV.<sup>108</sup> As described in the Financial Sector Memorandum, state ownership and control has been observed at the highest level of SOCBs' corporate structures. This has included many high-ranking government or Communist Party of Vietnam (CPV) officials that serve on the board of directors in an official government capacity to actively manage the banks' daily activities and ensure they are consistent with GOV policies and objectives.<sup>109</sup> Moreover, the Financial Sector Memorandum explains that according to Vietcombank's annual report, these officials are "armed with the confidence and expectations of the Central Party" and, together with the leaders of the SOCBs, work under the guidance and direction of the GOV and the SBV as principal managers of all aspects of the banks' operations.<sup>110</sup> We note that similar statements are included in Agribank, BIDV, Vietcombank and VietinBank's annual reports regarding cooperation with government guidelines and "serving the country's socio-economic development programs."<sup>111</sup>

We preliminarily determine that this program is specific under section 771(5A)(A) and (B) of the Act, because preferential loans under this program are contingent on exports of Vietnamese products.<sup>112</sup> As described above, we preliminarily determine that SOCBs are state owned and constitute government authorities under section 771(5)(B) of the Act. Therefore, we preliminarily find this program provides a financial contribution in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act. We also preliminarily find that this program confers a benefit within the meaning of section 771(5)(E) of the Act. Both respondents reported outstanding loans from SOCBs. On this basis, we preliminarily determine that the net countervailable subsidy rate for this program for KTV is 3.42 percent *ad valorem* and 0.03 percent *ad valorem* for Kenda.<sup>113</sup>

#### 4. Preferential Rent for Areas with Difficult Socio-Economic Conditions

The GOV reported that both respondents rented land in areas that we found in the underlying investigation of PVLTV tires from Vietnam to constitute areas with difficult socio-economic conditions within the meaning of Decree 46/2014/ND-CP (Decree 46).<sup>114</sup> Under Decree 46, the annual land rent unit price equals a ratio (expressed as a percentage) times land price.<sup>115</sup> The GOV explained that this ratio is normally one percent, with certain exceptions.<sup>116</sup> One such circumstance is for land in "{1}" and in remote and mountainous areas, islands, regions facing socio-economic difficulties or facing extreme socio-economic difficulties; land used for agricultural production, forestry, aquaculture, salt making; land used as production and business

<sup>108</sup> See GOV's IQR at Exhibit III-12-2.

<sup>109</sup> See Financial Sector Memorandum.

<sup>110</sup> *Id.*

<sup>111</sup> See GOV's IQR at Exhibit III-12-2.

<sup>112</sup> *Id.* at Exhibit III-14.

<sup>113</sup> See KTV's Preliminary Calculation Memorandum; see also Kenda's Preliminary Calculation Memorandum.

<sup>114</sup> See GOV's IQR at Exhibit D-1.

<sup>115</sup> *Id.*

<sup>116</sup> *Id.*



premises of the projects on investment promotions and special investment promotions under the regulations of the laws.”<sup>117</sup> For such areas, the GOV stated the People’s Committees of provinces “shall provide the rates (%) of the land prices to identify the annual unit prices but not less than” 0.5 percent.<sup>118</sup>

KTV explained that the land on which its head office and tire-production plant are located was leased from Becamex IDC Corporation in Ben Cat Town, Binh Duong Province, which is listed as an area “with Difficult Socio-Economic Conditions” in Appendix 1b of Ministry of Finance Decision 189/2000/QD-BTC (Decision 189).<sup>119</sup> KTV states elsewhere in KTV’s IQR that it received an abatement of rent for the first five years of the lease term from 2006 through 2011 under Decision 189.<sup>120</sup> We found in the investigation of PVL T tires from Vietnam that those rent exemptions were recurring subsidies in accordance with 19 CFR 351.524(c) and that KTV received no benefit attributable to the period of investigation for those exemptions.<sup>121</sup> Here too, we find that the exemptions received under Decision 189 conferred zero benefit to KTV during the POR in accordance with 19 CFR 524(b)(2). However, because Decision 189 indicates the minimum and maximum rents applicable to various types of land (*i.e.* urban, non-urban) and provides for multipliers, called “co-efficients,” which are similar to the ratios the GOV described with respect to Decree 46, except those co-efficients are always one or greater, and further provides with respect to “urban land in areas with specially difficult socioeconomic conditions” that the rate “shall be equal to fifty (50) per cent of the rate stipulated in clause 1.1 of the article,” we continue to determine, as we did in the underlying investigation, that the GOV provides preferential rent to areas with difficult socio-economic conditions or specially difficult socio-economic conditions.<sup>122</sup> The provinces where the lands leased by KTV and Kenda are located appear in the list of areas with difficult socio-economic conditions or specially difficult socio-economic conditions located at Appendix 1b of Decree 189.<sup>123</sup> We preliminarily determine that this program provides a benefit equal to the difference between the market rate for rent in the locality and the actual rent paid pursuant to section 771(5)(E) of the Act and 19 CFR 351.511(a)(1).

Commerce has previously determined in the underlying investigation that this program provides a financial contribution and is specific.<sup>124</sup> The GOV reported that this program has not changed during the POR.<sup>125</sup> It is Commerce’s practice not to revisit financial contribution and specificity determinations made in a prior segment of the same proceeding, absent the presentation of new facts or evidence.<sup>126</sup> In light of the lack of new information on the record, and consistent with our practice, we are continuing to find this program to constitute a financial contribution by an

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<sup>117</sup> *Id.*

<sup>118</sup> *Id.*

<sup>119</sup> See KTV’s IQR at Appendix 10-G.

<sup>120</sup> *Id.* at 32.

<sup>121</sup> See *PVL T from Vietnam Final Determination* IDM at 3.

<sup>122</sup> *Id.*

<sup>123</sup> See KTV’s IQR at Appendix 10-G.

<sup>124</sup> See *PVL T from Vietnam Final Determination* IDM at 3.

<sup>125</sup> See GOV’s IQR at II-15 through II-17.

<sup>126</sup> See, e.g., *Wood Flooring Investigation Prelim* PDM at 21-35, unchanged in *Wood Flooring Investigation Final* IDM at Comment 1; *Wood Flooring AR2019 Prelim* PDM at 19-25, unchanged in *Wood Flooring AR2019 Final* IDM at Comment 1; see also *Magnola*, 508 F.3d at 1353.



authority within the meaning of section 771(5)(D)(iii) of the Act and to be specific within the meaning of section 771(5A)(D)(iv) of the Act.

To calculate the total benefits received, we multiplied the per-square meter benefits by the areas and summed the products for each respondent. For KTV, we conducted an additional analysis using business proprietary information pertaining to certain fees paid at the establishment of its lease. For further proprietary analysis which cannot be discussed in this memorandum, *see* KTV's Preliminary Calculation Memorandum. Finally, we divided the total benefits the respondents received by the appropriate sales denominators, as described in the "Subsidies Valuation" section above.

On this basis, Commerce preliminary determines a net countervailable subsidy rate of 0.59 percent *ad valorem* for KTV and a net countervailable subsidy rate of 1.91 percent *ad valorem* for Kenda.<sup>127</sup>

**a. Programs Preliminarily Determined Not to Confer a Measurable Benefit During the POR**

- i. Provision of Natural Rubber for LTAR.
- ii. Discount on Loading and Unloading Costs
- iii. Exemption of Maintenance and Management Fee

**b. Programs Preliminarily Determined Not to Be Used During the POI**

1. Exemption of Import Duties for Imports into Industrial Zones
2. Income Tax Preferences Received under Articles 34 and 35 of Decree No. 24/2007/ND-CP
3. Currency Undervaluation
4. Income Tax Preferences for Companies in
5. Special Zones (Decree No. 124/2008/ND-CP)
6. Income Tax Preferences for Exporters
7. Exemption of Import Duties for
8. Foreign-Invested Enterprises (FIEs)
9. Exemptions or Reductions of Rent
10. for Encouraged Enterprises
11. Exemption or Reduction of Rent for Exporters
12. Exemption or Reduction of Rent for
13. Foreign-Invested Enterprises (FIEs)
14. Preferential Rent for Enterprises Located in Special Zones
15. Export Promotion Grants
16. Export Credits from the Vietnam Development Bank
17. Interest Rate Support from the Vietnam Development Bank
18. Export Factoring by State-Owned Commercial Banks (SOCB)
19. Guarantees for Export Activities
20. Investment Support (Decree 51, Article 30)
21. Land Use Rights for Less-Than-Adequate

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<sup>127</sup> *See* KTV's Preliminary Calculation Memorandum; *see also* Kenda's Preliminary Calculation Memorandum.

22. Remuneration for Encouraged Industries
23. Exemption of Import Taxes on Imports
24. of Iron and Steel for Tire Production
25. Policy Lending from the State Bank of Vietnam and Other Policy Banks
26. Interest Rate Support Program from the State Bank of Vietnam
27. Lending Programs Facilitating Switch to Green Energy
28. Accelerated Depreciation and Increases of Deductible Expenses
29. Import Duty Exemptions on Equipment and Machinery
30. Import Duty Exemptions on Imported Raw Materials for Export Processing Enterprises and Export Processing Zones
31. Provision of Utilities for Less Than Adequate Remuneration
32. Banking Services from Government-Owned Banks

### VIII. RECOMMENDATION

We recommend that you approve the preliminary findings described above. If this recommendation is accepted, Commerce will publish the preliminary determination in the *Federal Register*.



Agree



Disagree

X



Signed by: CHRISTOPHER ABBOTT

Christopher Abbott

Deputy Assistant Secretary

for Policy and Negotiations,

performing the non-exclusive functions and duties

of the Assistant Secretary for Enforcement and Compliance