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Investigation
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December 29, 2025

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: Alex Villanueva
Acting Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Affirmative
Determination in the Countervailing Duty Investigation of
Hardwood and Decorative Plywood from Indonesia

I. SUMMARY

The U.S. Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of hardwood and decorative plywood (plywood) from Indonesia, pursuant to section 703 of the Tariff Act of 1930, as amended (the Act).

II. BACKGROUND

A. Initiation and Case History

On May 22, 2025, Commerce received a countervailing duty (CVD) petition concerning imports of plywood from Indonesia, filed on behalf of the Coalition for Fair Trade in Hardwood Plywood (the petitioner).¹ On June 11, 2025, Commerce initiated a CVD investigation on plywood from Indonesia.² In the *Initiation Notice*, Commerce notified parties of an opportunity to comment on the scope of the investigation.³ We received numerous scope and rebuttal scope comments. We intend to issue our preliminary decision regarding the scope of the less-than-fair-value (LTFV) and CVD investigations on or before the date of the preliminary determination in the companion

¹ Members of the coalition are U.S. manufacturers: Columbia Forest Products, Commonwealth Plywood Inc., Manthei Wood Products, States Industries Inc., and Timber Products Company. See Petitioner's Letter, "Petitions for the Imposition of Antidumping and Countervailing Duties," dated May 22, 2025 (Petition), at Volumes I and V.

² See *Hardwood and Decorative Plywood from the People's Republic of China, Indonesia, the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations*, 90 FR 25225, (June 16, 2025) (*Initiation Notice*).

³ *Id.*, 90 FR at 25225-26.



LTFV investigation.⁴ We will incorporate the scope decision from the LTFV investigations into the scope of the final CVD determination for this investigation. For a full description of the scope of this investigation, see the *Federal Register* notice accompanying this memorandum at Appendix I.

B. Respondent Selection

In the “Respondent Selection” section of the *Initiation Notice*, Commerce stated that it intended to select respondents based on responses to quantity and value (Q&V) questionnaires.⁵ On June 10, 2025, we placed on the record U.S. Customs and Border Protection (CBP) entry data for entries under the Harmonized Tariff Schedule of the United States subheadings listed in the scope of the Petition.⁶ On June 12, 2025, we issued Q&V questionnaires to the 15 exporters or producers of the subject merchandise with the largest volume of entries in the CBP data identified by the petitioner in the Petition with complete contact information.⁷ Additionally, we posted the Q&V questionnaire, along with filing instructions, on the Enforcement and Compliance website.⁸ On June 30, 2025, we confirmed that, as of the deadline for submitting a response to Commerce’s Q&V questionnaire, all exporters and producers of subject merchandise to which we issued a Q&V questionnaire via Federal Express had received it.⁹ We received timely filed Q&V questionnaire responses from 32 exporters and producers of the merchandise under consideration,¹⁰ but did not receive a response from one company that received the Q&V questionnaire, PT. Mustika Buana Sejahtera (Mustika).

On July 11, 2025, Commerce selected PT. Sengon Indah Mas (Sengon) and PT. Wijaya Cahaya Timber Tbk. (WCT) as the mandatory respondents.¹¹

C. Questionnaires and Responses

On July 11, 2025, we issued the CVD Questionnaire to the Government of Indonesia (GOI) and instructed the GOI to forward the questionnaire to Sengon and WCT.¹² In addition, on this same date, we issued the Transnational CVD Questionnaire to the Government of the People’s Republic of China (GOC) regarding the alleged transnational subsidy programs in this investigation.¹³

⁴ See *Hardwood and Decorative Plywood from the People’s Republic of China, Indonesia, and the Socialist Republic of Vietnam: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations*, 90 FR 51649 (November 18, 2025); see also Section F, *infra*.

⁵ See *Initiation Notice*, 90 FR at 25227-8.

⁶ See Memorandum, “Release of U.S. Customs and Border Protection Entry Data,” dated June 10, 2025.

⁷ See Memorandum, “Issuance of Quantity and Value Questionnaires,” dated June 13, 2025; see also Petition at Volume I (Exhibit I-16).

⁸ See *Initiation Notice*, 90 FR at 25228; see also <https://trade.gov/enforcement/news.asp>.

⁹ See Memorandum, “Confirmation of Delivery of Quantity and Value Questionnaires,” dated June 30, 2025 (Delivery Confirmation Memorandum).

¹⁰ *Id.*

¹¹ See Memorandum, “Respondent Selection,” dated July 11, 2025.

¹² See Commerce’s Letter, “Initial Questionnaire,” dated July 11, 2025 (CVD Questionnaire).

¹³ See Commerce’s Letter, “Transnational Countervailing Duty Questionnaire,” dated July 11, 2025 (Transnational CVD Questionnaire).

On August 1, 2025, Sengon and WCT submitted their responses to the affiliation portion of section III of the CVD Questionnaire.¹⁴ On August 25, 2025, and September 5, 2025, WCT submitted responses to the remaining portions of section III of the CVD Questionnaire for itself and its cross-owned affiliates PT. Wijaya Triutama Plywood Industri (WTU), PT. Fortuna Anugrah Sumber Terpadu (FAST), PT. Semangat Maju Sentosa (SMS), PT. Mandiri Sejahtera Jaya Abadi (MSJA), and PT. Maju Aman Selalu (MAS).¹⁵ On August 28, 2025, Sengon and its cross-owned input supplier, PT. Java Wood Industri (JWI), submitted their responses to the remaining portions of section III of the CVD Questionnaire;¹⁶ the GOI submitted its response certain portions of section II of the CVD Questionnaire;¹⁷ and the GOC submitted its response to the Transnational CVD Questionnaire.¹⁸ On September 2, 2025, the GOI submitted its response to the remaining portions of section II of the CVD Questionnaire.¹⁹ Between August and November 2025, we issued supplemental questionnaires to WCT, Sengon, the GOI, and the GOC, to which we received timely responses from these entities.²⁰ Between November and December 2025, we received comments and rebuttal comments for consideration in the preliminary determination.²¹

D. Postponement of Preliminary Determination

On July 22, 2025, based on a request from the petitioner, Commerce postponed the deadline for the preliminary determination until October 20, 2025, in accordance with section 703(c)(1)(A) of

¹⁴ See Sengon's Letter, "Identifying Affiliates Questionnaire Response," dated August 1, 2025 (Sengon's AQR); *see also* WCT's Letter, "Response to Section III Identifying Affiliated Companies of WCT," dated August 1, 2025 (WCT's AQR).

¹⁵ See WCT's Letter, "Section III Questionnaire Response of WCT and Affiliates," dated August 25, 2025 (WCT's IQR).

¹⁶ See Sengon's Letter, "SIM Section III Questionnaire Response," dated August 28, 2025 (Sengon's IQR); and JWI's Letter, "JWI Section III Questionnaire Response," dated August 28, 2025 (JWI's IQR).

¹⁷ See GOI's Letter, "Government of Indonesia's Response to Section II Questionnaire," dated August 28, 2025 (GOI's August 28, 2025 IQR).

¹⁸ See GOC's Letter, "Response to the Transnational Subsidies Questionnaire," dated August 28, 2025 (GOC's IQR).

¹⁹ See GOI's Letter, "Government of Indonesia's Response to Section II Questionnaire – Part II," dated September 2, 2025 (GOI's September 2, 2025 IQR).

²⁰ See Sengon's Letter, "SIM/JWI Supplemental Questionnaire Response," dated September 25, 2025; *see also* WCT's Letters, "First Affiliation Supplemental Questionnaire Response," dated August 29, 2025; "Second Affiliation Supplemental Questionnaire Response," dated September 2, 2025, "WCT Response to Certain Portions of Supplemental Questionnaires," dated September 5, 2025 (WCT's September 5, 2025 SQR); "Second Affiliation Supplemental Questionnaire Response," dated September 22, 2025 (WCT September 22, 2025 SQR); and "Fourth Supplemental Questionnaire Response," dated September 29, 2025 (WCT September 29, 2025 SQR); GOI's Letters, "Response to Section II Supplemental Questionnaire," dated September 11, 2025; "Response to the 2nd Section II Supplemental Questionnaire," dated September 29, 2025 (GOI's September 29, 2025 SQR); "Government of Indonesia's Response to the 3rd Section II Supplemental Questionnaire," dated October 14, 2025 (GOI's October 14, 2025 SQR); "Government of Indonesia's Response to the 4th Section II Supplemental Questionnaire," dated October 16, 2025; and "Government of Indonesia's Response to the 5th Section II Supplemental Questionnaire," dated November 21, 2025; and GOC's Letters, "Response to Supplemental Questionnaire," dated September 11, 2025; and "Response to Supplemental Questionnaire," dated September 25, 2025 (GOI's September 25, 2025 SQR).

²¹ See Green Forest Wood Products LLC, DBA Green Forest Cabinetry' Letter, "Green Forest Pre-Prelim Scope Comments," dated November 18, 2025; Petitioner's Letter, "Petitioner's Comments in Advance of the Preliminary Determination," dated November 19, 2025; WCT's Letter, "Pre-Preliminary Determination Comments of WCT and Affiliates," dated November 24, 2025; WCT's Letter, "Rebuttal Pre-Preliminary Determination Comments of WCT and Affiliates," dated December 15, 2025; and Sengon's Letter, "Preliminary Comments," dated December 18, 2025.

the Act.²² On November 14, 2025, due to the lapse in appropriations and Federal Government shutdown, Commerce tolled all deadlines in administrative proceeding by 47 days.²³ 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.²⁴ Accordingly, the deadline for this preliminary determination is now December 29, 2025.²⁵

E. Period of Investigation

The period of investigation (POI) is January 1, 2024, through December 31, 2024.

F. Alignment

On December 5, 2025, the petitioner requested that Commerce align the date of the final CVD determination with that of the final determination in the companion LTFV determination.²⁶ Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), and based on the petitioner's request, Commerce is aligning the final CVD determination in this investigation with the final determination in the concurrent LTFV investigation of plywood from Indonesia. Consequently, the final CVD determination will be issued on the same date as the final LTFV determination, which is currently scheduled to be issued no later than May 11, 2026, unless postponed.

III. NEW SUBSIDY ALLEGATIONS

On September 17, 2025, the petitioner submitted timely new subsidy allegations.²⁷ On September 24, 2025, we requested clarification from the petitioner regarding the alleged programs,²⁸ to which the petitioner timely responded.²⁹

²² See *Hardwood and Decorative Plywood from the People's Republic of China, Indonesia, and the Socialist Republic of Vietnam: Postponement of Preliminary Determinations in the Countervailing Duty Investigations*, 90 FR 34415 (July 22, 2025).

²³ See Memorandum, "Deadlines Affected by the Shutdown of the Federal Government," dated November 14, 2025.

²⁴ See Memorandum, "Tolling of all Case Deadlines," dated November 24, 2025.

²⁵ Because December 26, 2025, is a federal holiday, the deadline becomes the next business day. See *Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

²⁶ See Petitioner's Letter, "Request to Align Countervailing Duty Investigation Final Determinations with Antidumping Duty Investigation Final Determinations," dated December 5, 2025.

²⁷ See Petitioner's Letter, "New Subsidy Allegations," dated September 17, 2025 (NSA Submission).

²⁸ See Commerce's Letter, "Supplemental Questions Regarding New Subsidy Allegations," dated September 24, 2025.

²⁹ See Petitioner's Letter, "New Subsidy Allegations Supplemental Questionnaire Response," dated September 30, 2025 (NSA Supplement).

On December 22, 2025, Commerce initiated an investigation of the alleged new programs and issued questionnaires to the GOI, GOC, Sengon, and WCT related to these programs.³⁰ We intend to address these programs in a post-preliminary analysis.³¹

IV. INJURY TEST

Because Indonesia is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, the U.S. International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from Indonesia materially injure, or threaten material injury to, a U.S. industry. On July 9, 2025, the ITC preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of plywood from Indonesia.³²

V. APPLICATION OF FACTS AVAILABLE AND ADVERSE INFERENCES

A. Legal Standard

Sections 776(a)(1) and (2) of the Act provide that, if necessary information is missing from the record, or if an interested party: (A) withholds information that has been requested by Commerce; (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding under the statute; or (D) provides such information but the information cannot be verified, Commerce shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Where Commerce determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that Commerce will inform the party submitting the response and will, to the extent practicable, provide that party an opportunity to remedy or explain the deficiency. If the party fails to remedy or satisfactorily explain the deficiency within the applicable time limits, subject to section 782(e) of the Act, Commerce may disregard all or part of the original and subsequent responses, as appropriate.

Section 776(b) of the Act provides that Commerce may use an adverse inference in selecting from 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. In doing so, Commerce is not required to determine, or make any adjustments to, a weighted-average dumping margin based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information. Further, section 776(b)(2) states that an adverse inference may include reliance on information derived from the petition or other information placed on the record.

³⁰ See Memorandum, “Initiation of Investigation of New Subsidy Programs,” dated December 22, 2025 (NSA Memo); see also Letters, “New Subsidy Allegations Questionnaire,” dated December 22, 2025; “Supplemental Questionnaire,” dated December 22, 2025; “New Subsidy Allegations Questionnaire,” dated December 22, 2025; and “Transnational New Subsidy Allegations Questionnaire,” dated December 22, 2025.

³¹ See NSA Memo.

³² See *Hardwood and Decorative Plywood from China, Indonesia, and Vietnam*, 90 FR 30262 (July 9, 2025).

In *Nippon Steel*, the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) held that, while the statute does not provide an express definition of the “failure to act to the best of its ability” standard, the ordinary meaning of “best” is “one’s maximum effort.”³³ Thus, according to the Federal Circuit, the statutory mandate that a respondent act to the “best of its ability” requires the respondent to do the maximum it is able to do. The Federal Circuit indicated that inadequate responses to an agency’s inquiries would suffice to find that a respondent did not act to the best of its ability. While the Federal Circuit noted that the “best of its ability” standard does not require perfection, it does not condone inattentiveness, carelessness, or inadequate record keeping.³⁴ The “best of its ability” standard requires a respondent to, among other things, “have familiarity with all of the records it maintains,” and “conduct prompt, careful, and comprehensive investigations of all relevant records that refer or relate to the imports in question to the full extent of “its ability to do so.”³⁵ Moreover, affirmative evidence of bad faith on the part of a respondent is not required before Commerce may make an adverse inference.³⁶

Section 776(c) of the Act provides that, when Commerce 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.³⁷ 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 {of the Act} concerning the subject merchandise.”³⁸ It is Commerce’s practice to consider information to be corroborated if it has probative value.³⁹ In analyzing whether information has probative value, it is Commerce’s practice to examine the reliability and relevance of the information to be used.⁴⁰ However, the SAA emphasizes that Commerce need not prove that the selected facts available are the best alternative information.⁴¹ Furthermore, Commerce is not required to corroborate any countervailable subsidy rate applied in a separate segment of the same proceeding.⁴²

Finally, under section 776(d) of the Act, when using an adverse inference when selecting from the facts otherwise available, Commerce 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 countervailable subsidy rate for a subsidy program from a proceeding that Commerce considers reasonable to use.⁴³ When selecting an AFA rate, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party

³³ See *Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382-83 (Fed. Cir. 2003) (*Nippon Steel*).

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*; see also *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27340 (May 19, 1997).

³⁷ See also 19 CFR 351.308(d).

³⁸ See Statement of Administrative Action accompanying the Uruguay Round Agreement, H.R. Doc. No. 103-316, 103d Cong., 2d Session, Vol. 1 (1994) (SAA), at 869-70.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² See section 776(c)(2) of the Act.

⁴³ See section 776(d)(1) of the Act.

failing to cooperate had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.⁴⁴

For purposes of this preliminary determination, we are applying AFA in the circumstances outlined below.

B. Application of Facts Available: GOC Provision of Veneers for Less Than Adequate Remuneration (LTAR) to Indonesian Plywood Producers

1. Whether Chinese Veneer Producers Are “Authorities”

We are investigating the GOC’s provision of veneers for LTAR to Indonesian plywood producers. For this analysis, we instructed the mandatory respondents and their cross-owned affiliates to provide a complete list of the suppliers and producers from which they sourced veneers during the POI, including from producers in China.⁴⁵ In the Input Producer Appendix of the Transnational CVD Questionnaire, we requested information to assess the relationship between the GOC and these input producers, including specific information for both majority government-owned and non-majority government-owned enterprises.⁴⁶ However, as explained below, the GOC failed to provide a complete response to our information requests in the Input Producer Appendix.

The information that we sought from the GOC in the Input Producer Appendix included the basic ownership structure of the Chinese producers, registration information, information tracing the ownership of the input producers back to their ultimate individual or state owners, articles of incorporation, capital verification reports, articles of groupings, company by-laws, annual reports, and articles of association.⁴⁷ The GOC reported that “none of the input suppliers that produce the veneers in China used by the mandatory respondents during the POI are “authorities” within the meaning of applicable U.S. law or “public bodies” within the meaning of the SCM Agreement.”⁴⁸

For non-majority government-owned enterprises specifically, in addition to the documentation cited above, we requested information regarding the role of Chinese Communist Party (CCP) officials in the management and operations of the veneer producers.⁴⁹ This included information on the owners, members of the board of directors, or managers of the producers who were also government or CCP officials or representatives during the POI.⁵⁰ In response, the GOC provided basic registration information for certain of the veneer producers in question.⁵¹ The GOC failed to provide the specific documentation we requested (*e.g.*, annual reports, articles of association, *etc.*), stating the information it provided was sufficient.⁵²

⁴⁴ See section 776(d)(3) of the Act.

⁴⁵ See CVD Questionnaire at III-12.

⁴⁶ See Transnational CVD Questionnaire at Input Producer Appendix.

⁴⁷ *Id.*

⁴⁸ See GOC’s IQR at 6.

⁴⁹ See Transnational CVD Questionnaire at Input Producer Appendix.

⁵⁰ *Id.*

⁵¹ See GOC’s IQR at 7 and Exhibit 2.

⁵² See GOI’s September 25, 2025 SQR at 4.

Further, in response to our request for information on the CCP's role in the management and operations of the input producers, the GOC refused to provide the requested information. For example, in response to our request to identify whether a CCP committee, branch, or "primary organization" has been formed within the enterprises in question, the GOC stated, "{t}he GOC submits that the facts below and related {World Trade Organization} jurisprudence demonstrates that the 'nine entity' questions are irrelevant to this proceeding and do not help determine whether the suppliers at issue are 'public bodies' for the purposes of {Commerce's} LTAR analysis."⁵³ Additionally, in response to our request to identify any owners, members of the board of directors, or managers of the input producers who were government or CCP officials during the POI, the GOC responded that "{t}here is no central governmental database to search for the requested information...{.}"⁵⁴ The GOC concluded its response to this question by stating that "{i}f {Commerce} insists on the necessity of this information, {Commerce} should collect this information through the respondents, via their suppliers directly."⁵⁵ By contrast, in *Citric Acid from China*, the GOC was able to obtain the requested information independently from respondent companies.⁵⁶ Therefore, we find that the GOC failed to provide requested information for producers of inputs supplied to the mandatory respondents and their cross-owned affiliates.

By refusing to respond adequately to Commerce's questionnaires, the GOC withheld information requested of it regarding the input producers in China that supplied the mandatory respondents and their cross-owned affiliates with veneers. Although the GOC provided basic registration information for the input producers, the GOC failed to provide other relevant information specifically requested by Commerce, such as company by-laws, annual reports, tax registration documents, and articles of association.⁵⁷ Further, for the non-majority government-owned producers that supplied the mandatory respondents and their cross-owned affiliates with the inputs, the GOC withheld information on the CCP's role in the ownership and management of these input producers.⁵⁸ Record evidence demonstrates that the CCP exerts significant control over economic activities in China.⁵⁹ Record evidence also demonstrates that the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector.⁶⁰ Consistent with prior CVD proceedings, we find that the requested information regarding the role of CCP officials and CCP committees in the management and operations of

⁵³ See GOC's IQR at 14.

⁵⁴ *Id.* at 25-26.

⁵⁵ *Id.*

⁵⁶ See *Citric Acid and Certain Citrate Salts {from the People's Republic of China}: Final Results of Countervailing Duty Administrative Review; 2012, 79 FR 78799 (December 31, 2014) (Citric Acid from China)*, and accompanying Issues and Decision Memorandum (IDM) at Comment 5.b.

⁵⁷ See GOC's IQR at 7 and Exhibit 2.

⁵⁸ *Id.* at 25-26.

⁵⁹ See Memorandum, "Placing Documents on the Record," dated September 5, 2025 (with attached Memorandum, "Section 129 Determination of the Countervailing Duty Investigation of Circular Welded Carbon Quality Steel Pipe; Light-Walled Rectangular Pipe and Tube; Laminated Woven Sacks; and Off-the-Road Tires from the People's Republic of China: An Analysis of Public Bodies in the People's Republic of China in Accordance with the WTO Appellate Body's Findings in WTO DS 379," dated May 18, 2012 (Public Bodies Memorandum) at 37-38).

⁶⁰ *Id.*

non-majority GOC-owned input producers in China is necessary for our determination of whether these companies are “authorities” within the meaning of section 771(5)(B) of the Act.⁶¹

On this basis, pursuant to sections 776(a)(1), (a)(2)(A), (B), and (C) of the Act, we preliminarily find that information necessary for our financial contribution analysis is not available on the record of this case, that the GOC withheld information requested by Commerce, and that the GOC significantly impeded this proceeding. Thus, for the preliminary determination, we must rely on “facts otherwise available” to analyze whether the GOC provided a financial contribution under the alleged program.⁶²

Commerce’s Public Bodies Memorandum on the record of this investigation states that Commerce may find enterprises with little or no formal government ownership to be public entities if the government exercises meaningful control over them (*e.g.*, where this is a significant GOC presence through CCP committees).⁶³ The Public Bodies Memorandum also states that “enterprises in China in which the government has significant ownership that are also subject to certain government industrial plans may be found to be public bodies.”⁶⁴ Further, the memorandum states that “{u}nder this case-by-case analysis, {Commerce} may also examine, *inter alia*, whether the industry producing the subject merchandise or the industry supplying inputs to the production of the subject merchandise is covered by an industrial plan or plans that indicated enterprises are being used to carry out government functions; government appointed company officials; the presence of government or CCP officials on the board or in management; and the existence and role of a Party committee.”⁶⁵

Based on facts otherwise available, we preliminarily find that GOC public entities (and, hence, “authorities” pursuant to section 771(5)(B) of the Act) have provided a financial contribution to the mandatory respondents and their cross-owned affiliates in the form of the provision of goods. In the sections below, we address the facts available on the record for producers of veneers.

Input Producers in China with Facts Available on the Record

The petitioner submitted evidence that a producer of veneers in China is an authority pursuant to section 771(5)(B) of the Act. Specifically, the petitioner provided evidence that China National Building Materials Group, a state-owned entity in China, manufactures and distributes a wide variety of wood-based panel products, including “Veneer Faced {Medium-Density Fiberboard (MDF)},” “Commercial Plywood,” and “Film Faced Plywood.”⁶⁶ No party submitted rebuttal evidence regarding this input producer. Based on the information available on the record, and in the absence of the information requested from the GOC, we preliminarily find that the input producer identified in the Petition meets the standards established in the Public Bodies Memorandum. Therefore, we preliminarily find, based on facts available, that Chinese input

⁶¹ See, *e.g.*, *Citric Acid from China* IDM at Comment 5.b.

⁶² See section 776(a) of the Act.

⁶³ See Public Bodies Memorandum at 5.

⁶⁴ *Id.* at 37-38.

⁶⁵ *Id.*

⁶⁶ See Petitioner’s Letter, “Petitioner Response to the 2nd Supplemental Questionnaire Regarding Indonesia Countervailing Duty Volume V of the Petition,” dated May 29, 2025 (Petition Supplement), at Exhibit V-Supp2-5.

producers are “authorities” that have provided a financial contribution to Sengon, JWI, and WCT.⁶⁷

Input Producers in China for Which No Record Information Is Available

For any input producers for which no record information is available, we are preliminarily relying on “facts available” to determine the share of Sengon’s, JWI’s, and WCT’s remaining input purchases that came from GOC authorities. As noted above, information on the record shows that GOC authorities account for at least 70 percent of veneer production in China.⁶⁸ On this basis, for any purchases by Sengon, JWI, and WCT of veneers from unknown producers in China, we preliminarily find that 70 percent of veneer purchases by quantity were produced and supplied by GOC “authorities.” This methodology is consistent with Commerce’s practice in other instances for the provision of inputs for LTAR in China by producers for which no record information was available.⁶⁹

2. Specificity

In the CVD Questionnaire, we requested information from the GOC regarding the specificity of the GOC provision of veneers for LTAR to Indonesian plywood producers’ program. However, the GOC declined to provide the information that Commerce requested because it claimed not to maintain the requested data or that the requested information was not relevant.⁷⁰ Pursuant to section 776(a)(1) of the Act, we preliminarily find that the petitioner’s allegation is the only source of facts available regarding specificity on the record for these subsidy programs, and provide information that the alleged transnational subsidies are specific.⁷¹ Accordingly, based on facts available pursuant to section 776(a)(1) of the Act, we preliminarily find that the GOC provision of veneers for LTAR is *de facto* specific pursuant to section 771(5A)(D)(iii)(I) of the Act, because the GOC provides veneers to only to a limited number of industries that use veneers in production.⁷²

⁶⁷ See sections 771(5)(B) and 771 (5)(D)(iii) of the Act, respectively. The specific names of the mandatory respondents and their cross-owned affiliates’ input producers are business proprietary information. Accordingly, our determination based on facts available applies to the input producer identified in the petitioner’s allegation regardless of whether the specific input producer is a supplier to Sengon, JWI, and WCT.

⁶⁸ See NSA Submission at Exhibit NSA-8.

⁶⁹ See, e.g., *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from Malaysia: Final Affirmative Countervailing Duty Determination*, 90 FR 17384 (April 25, 2025), and accompanying IDM at Comment 18; *Drawn Stainless Steel Sinks from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review and Rescission in Part; 2012–2013*, 80 FR 69638 (November 10, 2015), and accompanying IDM at 10; *Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 73 FR 31966 (June 5, 2008), and accompanying IDM at 11; and *Light-Walled Rectangular Pipe and Tube from People’s Republic of China: Final Affirmative Countervailing Duty Investigation Determination*, 73 FR 35642 (June 24, 2008), and accompanying IDM at 8.

⁷⁰ See, e.g., GOI’s IQR at 1-5 and 27-29; see also GOC’s September 11, 2025 SQR at 3-5; and GOC’s September 25, 2025 SQR at 1-3.

⁷¹ See Petition at Volume V (page 38).

⁷² See *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination, in Part*, 90 FR 17399 (April 25, 2025), and accompanying IDM at Comment 4.

Section 771(5A)(D) of the Act states that Commerce will conduct its domestic specificity analysis when determining whether a subsidy is specific to an enterprise or industry “within the jurisdiction” of the authority providing the subsidy. As described above, the GOC did not provide complete information regarding this program and the respondents were not able to provide complete information on the origin of their veneers inputs. Due to this gap in necessary information, we must analyze the facts available on the record, which indicate that the respondents are within the “jurisdiction” of the GOC based on the provision of a subsidy in furtherance of the program for the purposes of analyzing specificity.

Specifically, Article 6 of the Measures for the Supervision and Administration of Overseas Investments by Central Enterprises (SASAC Decree No. 35), demonstrates that outbound investment by state-invested enterprises and their subsidiaries at all levels outside China are subject to Chinese law.⁷³ Under SASAC Decree No. 35, a “central enterprise” is any enterprise in which a State-owned Assets Supervision and Administration Commission (SASAC) serves as a capital contributor (*i.e.*, an investor).⁷⁴ According to Article 6 of SASAC Decree No. 35, the foreign investments made by “central enterprises” are subject to Chinese law.⁷⁵ Therefore, as facts available, we preliminarily find that because Chinese law extends to certain Chinese companies or subsidiaries of Chinese companies abroad, these entities are within the jurisdiction of the GOC.

In the initial and supplemental questionnaires, Commerce also sought information from both the GOC and GOI about the extent of cooperation between the two governments and their participation in China’s Belt and Road Initiative (BRI).⁷⁶ However, the GOC declined to provide this information, while the GOI referred to Indonesia’s Ministry of Foreign Affairs website.⁷⁷ Therefore, because there is a gap in the record related to cooperation between the GOC and GOI, we must fill this gap in accordance with sections 776(a)(1), (a)(2)(A), and (a)(2)(C) of the Act. As a result, we must rely on the information provided by the petitioner, which is the only information on the record related to cooperation between the GOC and GOI.

The petitioner provided information indicating that the GOC and GOI have signed several agreements and that the GOI has been participating in China’s BRI,⁷⁸ including a Joint Statement issued by the GOC and GOI in 2024 for advancing a “comprehensive strategic partnership.”⁷⁹ Therefore, based on facts available, we preliminarily find that the respondents are within the jurisdiction of the GOC under section 771(5A)(D) of the Act. As a result, we find these programs to be *de facto* specific within the meaning of section 771(5A)(D)(iii)(I) of the Act.

⁷³ See GOC’s September 25, 2025 SQR at Exhibit 2S-3.

⁷⁴ *Id.*

⁷⁵ *Id.*

⁷⁶ See Transnational CVD Questionnaire at 15-17; see also Initial Questionnaire at II-9 to II-11; Commerce’s Letter to the GOC, “Supplemental Questionnaire,” dated September 11, 2025, at 4-5; and Commerce’s Letter to the GOI, “Supplemental Questionnaire,” dated September 11, 2025, at 4.

⁷⁷ See GOI’s August 28, 2025 IQR at 141-142; see also GOI’s October 14, 2025 SQR at 1; GOC’s IQR at 1-5; GOC’s September 11, 2025 SQR at 3-5; and GOC’s September 25, 2025 SQR at 1-3.

⁷⁸ See Petition at Volume V (pages 33-35); see also Petition Supplement at 11-15 and Exhibits V-Supp-16, V-Supp-18, V-Supp-19, V-Supp-20, and V-Supp-22.

⁷⁹ See Petition Supplement at Exhibit V-Supp-20.

C. Application of Adverse Facts Available (AFA): Non-Responsive Company

As noted in the “Background” section above, Commerce issued the Q&V questionnaire to 15 companies and, one company which received the Q&V questionnaire,⁸⁰ Mustika, failed to respond to it. Therefore, we preliminarily determine that, by failing to respond to Commerce’s Q&V questionnaire, Mustika withheld necessary information that Commerce requested, failed to provide information within the established deadlines, and significantly impeded this proceeding. Thus, Commerce is relying on the facts otherwise available in making our preliminary determination with respect to Mustika, pursuant to sections 776(a)(2)(A)-(C) of the Act.

Moreover, we preliminarily determine that an adverse inference is warranted in selecting from the facts available, pursuant to section 776(b) of the Act, because Mustika received Commerce’s Q&V questionnaire and declined to respond.⁸¹ Mustika did not cooperate to the best of its ability to comply with a request for information in this investigation. Accordingly, we preliminarily find that the application of AFA is warranted to ensure that Mustika does not obtain a more favorable result by failing to cooperate than if they had fully complied with Commerce’s requests for information.

As facts otherwise available with an adverse inference, we find that Mustika used all the programs alleged in this proceeding,⁸² and that these programs confer a benefit within the meaning of sections 771(5)(B) and (E) of the Act. However, as discussed in the “Analysis of Programs” section below, because we are preliminarily finding that the Provision of Electricity for LTAR program is not countervailable, we did not include this program in the AFA rate for Mustika. For all of the remaining programs, as described below, we preliminarily find each of these programs to be specific and to provide a financial contribution. Commerce has previously found these or similar programs to be countervailable. We selected an AFA rate for each of these programs based on the statutory hierarchy provided in section 776(d) of the Act and in accordance with Commerce’s practice. We summed the AFA program rates to derive the total AFA rate applied to Mustika.

Selection of the AFA Rate

It is Commerce’s practice in CVD proceedings to determine an AFA rate for non-cooperating companies using the highest calculated program-specific rates determined for the cooperating respondents in the instant investigation, or, if not available, rates calculated in prior CVD cases involving the same country.⁸³ When selecting AFA rates, section 776(d) of the Act provides that we may use a countervailable subsidy rate determined for the same or a similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a countervailable subsidy rate for a subsidy program from a proceeding that Commerce considers

⁸⁰ See Delivery Confirmation Memorandum at Attachment II.

⁸¹ *Id.*

⁸² See Appendix.

⁸³ See 19 CFR 351.308(j).

reasonable to use, including the highest of such rates.⁸⁴ Accordingly, when selecting AFA rates, if we have cooperating respondents, as in this investigation, we first determine if there is an identical program in the instant investigation and use the highest calculated above zero rate for the identical program. If there is no identical program for which we calculated a subsidy rate above zero for a cooperating respondent in the investigation, we then determine if the identical program was used in another CVD proceeding involving the same country and apply the highest calculated rate for the identical program (excluding *de minimis* rates).⁸⁵ If no such rate exists, we then determine whether there is a similar/comparable program (based on the treatment of the benefit) in any CVD proceeding involving the same country and apply the highest calculated above-*de minimis* rate for the similar/comparable program. Finally, where no such rate is available, we apply the highest calculated above-*de minimis* rate from any non-company-specific program in a CVD case involving the same country that the company's industry could conceivably use.⁸⁶

Commerce's methodology is consistent with section 776(d)(1)(A) of the Act, which states that, when applying an adverse inference in selecting from the facts otherwise available, we may: (i) "use a countervailable subsidy rate applied for the same or similar program in a {CVD} proceeding involving the same country, or (ii) if there is no same or similar program, use a countervailable subsidy for a subsidy rate from a proceeding that {we} consider{} reasonable to use." Thus, section 776(d)(1)(A) of the Act expressly allows for our existing practice of using an AFA hierarchy in selecting a rate "among the facts otherwise available" in CVD cases, should the facts warrant such a selection.

Section 776(d)(2) of the Act authorizes Commerce to rely on the highest prior rate under certain circumstances. In deriving an AFA rate under section 776(d)(1)(A) of the Act described above, the provision states that we "may apply any of the countervailable subsidy rates or dumping margins specified under that paragraph, including the highest such rate or margin, based on the evaluation by the administering authority of the situation that resulted in the administering authority using an adverse inference in selecting among the facts otherwise available."⁸⁷

The Act anticipates a two-step process for determining an appropriate AFA rate in CVD cases: (1) Commerce may apply its hierarchy methodology; and (2) Commerce may apply the highest rate derived from this hierarchy to a respondent, should it choose to apply that hierarchy in the first place, unless, after an evaluation of the situation that resulted in the use of AFA, Commerce

⁸⁴ See *Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 78 FR 50391 (August 19, 2013) (*Shrimp from China*), and accompanying IDM at 13; see also *Essar Steel Ltd. v. United States*, 753 F.3d 1368, 1373-74 (Fed. Cir. 2014) (upholding "hierarchical methodology for selecting an AFA rate").

⁸⁵ For purposes of selecting AFA program rates, we normally treat rates of less than 0.5 percent to be *de minimis*. See, e.g., *Pre-Stressed Concrete Steel Wire Strand from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 28557 (May 21, 2010), and accompanying IDM at 12-13.

⁸⁶ See *Shrimp from China* IDM at 13-14.

⁸⁷ See section 776(d)(2) of the Act.

determines that the situation warrants a rate different than the rate derived from the hierarchy be applied.⁸⁸

In applying the AFA rate provision, it is well established that, when selecting the rate from among possible sources, we seek to use a rate that is sufficiently adverse to effectuate the statutory purpose of section 776(b) of the Act to induce respondents to provide Commerce with complete and accurate information in a timely manner. This ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”⁸⁹ Further, “in the case of an uncooperative respondent, Commerce is in the best position, based on its expert knowledge of the market and the individual respondent, to select adverse facts that will create the proper deterrent to non-cooperation with its investigations and assure a reasonable margin.”⁹⁰ It is pursuant to this knowledge and experience that we have implemented our AFA hierarchy in CVD cases to select an appropriate AFA rate.⁹¹

In applying its AFA hierarchy in CVD investigations, Commerce’s goal is as follows: in the absence of necessary information from cooperative respondents, we are seeking to find a rate that is a relevant indicator of how much the government of the country under investigation is likely to subsidize the industry at issue, through the program at issue, while inducing cooperation. Accordingly, in sum, the three factors that we take into account in selecting a rate are: (1) the need to induce cooperation; (2) the relevance of a rate to the industry in the country under investigation (*i.e.*, can the industry use the program from which the rate is derived?); and (3) the relevance of a rate to a particular program, though not necessarily in that order of importance.

Furthermore, the hierarchy (as well as section 776(d)(1) of the Act) recognizes that there may be a “pool” of available rates that we can rely upon for purposes of identifying an AFA rate for a particular program. In investigations, for example, this “pool” of rates could include the rates for the same or similar programs used in either that same investigation, or prior CVD proceedings for that same country. Of those rates, the hierarchy provides a general order of preference to achieve the goal identified above. The hierarchy, therefore, does not focus on identifying the

⁸⁸ This differs from AD proceedings, for which no hierarchy applies, under section 776(d)(1)(B) of the Act. Under that provision, “any dumping margin from any segment of the proceeding under the applicable antidumping order” may be applied, which suggests an adverse rate could be derived from different available margins, given the facts on the record.

⁸⁹ See SAA at 870; see also *Essar Steel Ltd. v. United States*, 678 F.3d 1268, 1270-80 (Fed. Cir. 2012) (citing *F. Lii De Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F.3d 1027, 1032 (Fed. Cir. 2000) (*De Cecco*) (finding that “{t}he purpose of the adverse facts statute is ‘to provide respondents with an incentive to cooperate’ with Commerce’s investigation, not to impose punitive damages”)).

⁹⁰ See *De Cecco*, 216 F.3d at 1032.

⁹¹ We have adopted a practice of applying this hierarchy in CVD cases. See, e.g., *Finished Carbon Steel Flanges from India: Final Affirmative Countervailing Duty Determination*, 82 FR 29479 (June 29, 2017), and accompanying IDM at 28-31 (applying the AFA hierarchical methodology within the context of a CVD investigation); see also *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 80 FR 41003 (July 14, 2015), and accompanying IDM at 11-15 (applying the AFA hierarchical methodology within the context of a CVD administrative review). However, depending on the type of program, we may not always apply the AFA hierarchy. See, e.g., *Certain Uncoated Paper from Indonesia: Final Affirmative Countervailing Duty Determination*, 81 FR 3104 (January 20, 2016), and accompanying IDM at 7-8 (applying, outside of the AFA hierarchical context, the highest combined standard income tax rate for corporations in Indonesia).

highest possible rate that could be applied from among that “pool” of rates; rather, it adopts the factors identified above of inducement, relevancy to the industry, and relevancy to the particular program.

Under the first step of Commerce’s investigation hierarchy, pursuant to section 351.308(j)(1)(i), we apply the highest above *de minimis* rate calculated for a cooperating company for the identical program in the investigation. However, if there is no identical program match within the investigation, or if the rate is *de minimis*, then we will shift to the second step of our investigation hierarchy, and either apply the highest above *de minimis* rate calculated for a cooperating company in another CVD proceeding involving the same country for the identical program, or if the identical program is not available, for a similar program. This step focuses on the amount of subsidy that the government has provided in the past under the investigated program. The assumption under this step is that the non-cooperating respondent under investigation uses the identical program at the highest above *de minimis* rate of any other company using the identical program. Finally, if no such rate exists, under the third step of Commerce’s investigation hierarchy, we apply the highest rate calculated for a cooperating company from any non-company-specific program that the industry subject to the investigation could have used for the production or exportation of subject merchandise.⁹²

In all three steps of Commerce’s AFA investigation hierarchy, if we were to choose low AFA rates consistently, the result could be a negative determination with no order (or a company-specific exclusion from an order) and a lost opportunity to correct future subsidized behavior. In other words, the result of a lack of cooperation would be no order discipline in the future for all or some producers and exporters. Thus, in selecting the highest rate available in each step of Commerce’s investigation AFA hierarchy (which is different from selecting the highest possible rate in the “pool” of all available rates), we strike a balance between the three necessary variables: inducement, industry relevancy, and program relevancy.⁹³

Furthermore, we find that section 776(d)(2) of the Act applies as an exception to the selection of an AFA rate under section 776(d)(1) of the Act; that is, after “an evaluation of the situation that resulted in the application of an adverse inference,” we may decide that, given the unique and unusual facts on the record, the use of the highest rate within that step is not appropriate.

⁹² In an investigation, unlike in an administrative review, Commerce is just beginning to develop an understanding of how the industry under investigation uses subsidies. Commerce may have no prior understanding of the industry and no final calculated and verified rates for the industry.

⁹³ It is significant that all interested parties, since at least 2007, that choose not to provide requested information have notice that Commerce, in the application of facts available with an adverse inference, may apply its hierarchy methodology and select the highest rate in accordance with that hierarchy. See, e.g., *Coated Free Sheet Paper from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007), and accompanying IDM at 2 (“As AFA in the instant case, {Commerce} is relying on the highest calculated final subsidy rates for income taxes, VAT and Policy lending programs of the other producer/exporter in this investigation, Gold East Paper (Jiangsu) Co., Ltd. (GE). GE did receive any countervailable grants, so for all grant programs, we are applying the highest subsidy rate for any program otherwise listed ...”). Therefore, when an interested party is deciding whether or not to cooperate and respond to a request for information by Commerce, it does not make this decision in a vacuum. Instead, the interested party makes this decision in an environment in which Commerce may, under its hierarchy, apply the highest rate as AFA.

There are no facts on this record that suggest that a rate other than the highest rate envisioned under the appropriate step of the hierarchy applied in accordance with section 776(d)(1) of the Act should be applied as AFA. As explained above, we are preliminarily applying AFA because Mustika chose not to participate in this investigation. Therefore, we preliminarily find that the record does not support the application of an alternative rate, pursuant to section 776(d)(2) of the Act.

In determining the AFA rate for Mustika, we applied Commerce's methodology detailed above. We began by applying, as AFA, the calculated program-specific above *de minimis* rates we preliminarily calculated for Sengon and WCT in this investigation. Accordingly, we are applying as AFA to Mustika the applicable subsidy rates calculated for the mandatory respondents for the following programs:

1. Government Prohibition of Log Exports
2. GOC Provision of Veneers for LTAR to Indonesian Plywood Producers

For all other programs not mentioned above,⁹⁴ we are applying, where available, the highest above-*de minimis* subsidy rate calculated for the same or comparable programs in a CVD proceeding involving Indonesia.⁹⁵ For this preliminary determination, we are able to match, based on program names, descriptions, and treatment of the benefit, the following programs to the same or comparable programs from any CVD proceeding involving Indonesia:

1. Exemption from Import Income Tax Withholding
2. Import Duty Exemption on Imported Capital Goods, Machinery, and Equipment
3. Value-Added Tax (VAT) Exemptions for Capital Goods and Equipment Used to Produce Exports in Bonded Zones
4. Export Financing from the Indonesia Export-Import Bank
5. Export Credit Insurance
6. Provision of Standing Timber for LTAR

In determining an AFA rate for the following income tax reduction programs on which we initiated an investigation, we are finding, as AFA, that Mustika paid no Indonesian income tax during the POI:

1. Corporate Income Tax Holiday for Pioneer Industries
2. Income Tax Benefits for Listed Investments
3. Industrial Estate Subsidies

The standard income tax rate for corporations in Indonesia in effect during the POI was 22 percent.⁹⁶ Thus, the highest possible benefit for income tax programs is 22 percent. Accordingly, we are applying a total 22 percent AFA rate to the three tax programs listed above.

⁹⁴ See Appendix.

⁹⁵ For each program for which the calculated rates were expensed prior to the POI during the average useful life (AUL) period, we applied the highest calculated rate. See Appendix.

⁹⁶ See GOI's August 28, 2025 IQR at 6 and Exhibit 7 (stating that "domestic corporate Taxpayers and permanent establishments are 22% (twenty-two percent) which shall be in force from the 2022 tax year").

Consistent with Commerce's practice, application of this AFA rate for preferential income tax programs does not apply to tax credit, tax rebate, or import tariff and VAT exemption programs, because such programs may provide a benefit in addition to a preferential tax rate.⁹⁷

Based on the methodology described above, we preliminarily determine the AFA net countervailable subsidy rate for Mustika to be 128.66 percent *ad valorem*. The appendix to this memorandum contains a chart summarizing our calculation of this AFA rate.

Corroboration of AFA Rate

Section 776(c)(1) of the Act provides that, in general, when Commerce 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 {of the Act} concerning the subject merchandise."⁹⁸ The SAA provides that to "corroborate" secondary information, Commerce will satisfy itself that the secondary information to be used has probative value.⁹⁹

Commerce will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that Commerce need not prove that the selected facts available are the best alternative information.¹⁰⁰ Furthermore, Commerce is not required to estimate what the countervailable subsidy rate would have been if the interested party failing to cooperate had cooperated, or to demonstrate that the countervailable subsidy rate reflects an "alleged commercial reality" of the interested party.¹⁰¹

With regard to 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, Commerce will consider information reasonably at its disposal in considering the relevance of information used to calculate a countervailable subsidy benefit. Commerce will not use information where circumstances indicate that the information is not appropriate as AFA.¹⁰²

In the absence of record evidence concerning the non-responsive company's usage of the subsidy programs at issue due to its decision not to respond to Commerce's Q&V questionnaire, we have reviewed the information concerning Indonesian subsidy programs in other cases. Where there is a program-type match, we find that, because these are the same or similar programs, they are

⁹⁷ See, e.g., *Aluminum Extrusions from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 18521 (April 4, 2011), and accompanying IDM at the section, "Application of Adverse Inferences: Non-Cooperative Companies."

⁹⁸ See SAA at 870.

⁹⁹ *Id.*

¹⁰⁰ *Id.* at 869-70.

¹⁰¹ See section 776(d)(3) of the Act.

¹⁰² See, e.g., *Fresh Cut Flowers from Mexico: Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996).

relevant to the programs in this investigation. The relevance of these rates is that they are actual calculated subsidy rates for Indonesian programs, from which Mustika could actually receive a benefit. Due to the lack of participation by Mustika and the resulting lack of record information concerning the identified programs, we have corroborated the rates we selected to use as AFA to the extent practicable pursuant to section 776(c)(1) of the Act for this preliminary determination.

VI. SUBSIDIES VALUATION

A. Allocation Period

Commerce normally allocates the benefits from non-recurring subsidies over the AUL of renewable physical assets used in the production of subject merchandise.¹⁰³ We find the AUL in this proceeding to be 10 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System.¹⁰⁴ We notified the respondents of the AUL in the CVD questionnaire and requested data accordingly.¹⁰⁵ 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 a subsidy 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)-(v) 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; or (v) 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)(vi), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other

¹⁰³ See 19 CFR 351.524(b).

¹⁰⁴ 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").

¹⁰⁵ See CVD Questionnaire at II-I.

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. The U.S. Court of International Trade has 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.¹⁰⁶

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 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.

Sengon

Sengon responded to the CVD questionnaire on behalf of itself and its cross-owned affiliate JWI.¹⁰⁷ Sengon reported that: (1) it and JWI are both producers of subject merchandise; (2) JWI also supplied certain inputs to Sengon for the production of subject merchandise; and (3) there is common ownership between Sengon and JWI, as defined under 19 CFR 351.525(b)(6)(vii).¹⁰⁸ Therefore, we preliminarily find that Sengon and JWI are cross-owned, pursuant to 19 CFR 351.525(b)(6)(vii). Furthermore, because Sengon and JWI both produced subject merchandise during the POI, in accordance with 19 CFR 351.525(b)(6)(ii), we are preliminarily attributing subsidies received by either Sengon or JWI to the products produced by both companies.

WCT

WCT responded to the CVD questionnaire on behalf of itself and seven cross-owned affiliate companies: WTU, FAST, SMS, MSJA, MAS, and Company A.¹⁰⁹ As discussed in the WCT Cross-Ownership Memorandum, we preliminarily find that WCT and WTU, FAST, SMS, MSJA, MAS, and Company A are cross-owned, pursuant to 19 CFR 351.525(b)(6)(vii).¹¹⁰ Further, because WCT and WTU both produced subject merchandise during the POI, we are preliminarily attributing subsidies received by either WCT or WTU to the products produced by both companies, pursuant to 19 CFR 351.525(b)(6)(ii).¹¹¹ We preliminarily determine that FAST, SMA, and MSJA were not involved in the production of subject merchandise, did not provide an input used in the production of subject merchandise, nor did they receive any subsidies attributable to WCT or WTU.¹¹² In addition, because MAS and Company A each

¹⁰⁶ See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

¹⁰⁷ See, generally, Sengon's IQR and JWI's IQR.

¹⁰⁸ See Sengon's AQR at 3.

¹⁰⁹ See WCT's IQR at Volumes I-VI; see also WCT's September 25, 2025 SQR at Volume VII.

¹¹⁰ See Memorandum, "Preliminary Determination Cross-Ownership Analysis for WCT," dated concurrently with this memorandum (WCT Cross-Ownership Memorandum). Because WCT claimed business proprietary treatment for the name of Company A, we cannot disclose it here.

¹¹¹ *Id.* at 2.

¹¹² See WCT Cross-Ownership Memorandum.

provided inputs used in the production of subject merchandise, we are preliminarily attributing subsidies received by each input supplier to the respective producer of subject merchandise (*i.e.*, WCT and/or WTU), pursuant to 19 CFR 351/525(b)(6)(iv)(A).¹¹³

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.¹¹⁴

VII. BENCHMARKS AND INTEREST RATES

A. 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.¹¹⁵ 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."¹¹⁶

Section 351.505(a)(2)(ii) of Commerce's regulations instructs that when selecting a "commercial" loan, Commerce will normally use a loan taken out by the firm from a commercial lending institution but will treat a loan from a government-owned bank as a commercial loan, unless there is evidence that the loan from a government-owned bank is provided on noncommercial terms or at the direction of the government. 19 CFR 351.505(a)(2)(ii) further stipulates that Commerce will not consider a loan provided by a government-owned special purpose bank in its calculation of a benchmark interest rate.

Sengon

Sengon and JWI did not report having outstanding Indonesian rupiah (IDR)-denominated short-term loans from commercial banks during the POI.¹¹⁷ To calculate the benefit from the

¹¹³ *Id.* at 2-3.

¹¹⁴ See Memorandum, "Preliminary Determination Calculations Memorandum for PT Sengon Indah Mas and PT Java Wood Industri," dated concurrently with this memorandum (Sengon's Preliminary Calculation Memorandum); see also Memorandum, "Preliminary Determination Calculations Memorandum for WCT and its Affiliates," dated concurrently with this memorandum (WCT's Preliminary Calculation Memorandum).

¹¹⁵ See 19 CFR 351.505(a)(3)(i).

¹¹⁶ See 19 CFR 351.505(a)(3)(ii).

¹¹⁷ See Sengon's IQR at 12 and Exhibit 3, and JWI's IQR at 12 and Exhibit 3. Although Sengon and JWI provided Jakarta Interbank Offered Rates during the POI, we note that these rates are lending rates between banks. See Sengon's IQR at Exhibit 15.

Exemption from Import Income Tax Withholding and the VAT Exemptions for Capital Goods and Equipment Used to Produce Exports in Bonded Zones programs, we preliminarily used the national average short-term interest rates for IDR-denominated loans provided by the petitioners for benchmark purposes, as provided by 19 CFR 351.505(a)(3)(ii). Specifically, we used the short-term loan interest rates for Indonesia from the World Bank, reported on a percent per annum basis.¹¹⁸

WCT

WCT and its cross-owned affiliates did not report having outstanding IDR-denominated short-term loans from commercial banks during the POI. However, WCT reported receiving a short-term loan from Bank Negara Indonesia (BNI),¹¹⁹ a state-owned bank, during the POI.¹²⁰ The record of this investigation does not contain evidence that BNI operated as a special purpose policy bank, a government “authority” that was part of a government program, or that this short-term loan from BNI is otherwise not useable under 19 CFR 351.505(a)(2). Additionally, the petitioner has not alleged that WCT’s loan from BNI conferred countervailable subsidies. Consequently, consistent with 19 CFR 351.505(a)(6)(ii) we have not investigated this loan as potentially conferring countervailable benefits. Therefore, in keeping with 19 CFR 351.505(a)(2)(ii) we have treated the loan from the BNI as a commercial loan and, pursuant to 19 CFR 351.505(a)(2)(i), and used the interest rate from the BNI loan as the benchmark to determine whether WCT received benefits under the Export Financing from the Indonesia Export-Import Bank program.¹²¹

B. Logs Benchmark

We selected benchmarks for determining the benefit for the GOI’s log export ban in accordance with 19 CFR 351.511. Section 351.511(a)(2) of Commerce’s regulations sets forth the basis for identifying comparative benchmarks for determining whether a government good or service is provided for LTAR. These potential benchmarks are listed in hierarchical order by preference: (1) market prices from actual transactions within the country under investigation (*e.g.*, actual sales or actual imports) (tier one); (2) world market prices that would be available to purchasers in the country under investigation (tier two); or (3) an assessment of whether the government price is consistent with market principles (tier three).¹²²

Normally, Commerce will select a benchmark for determining the benefit for LTAR program in accordance with the methodology described in 19 CFR 351.511(a)(2). However, where it is reasonable to conclude that prices in that market are significantly distorted as a result of the

¹¹⁸ See Petitioner’s Letter, “Benchmark Submission,” dated September 15, 2025 (Petitioner’s Benchmark Submission) at Exhibit 6.

¹¹⁹ See WCT’s September 22, 2025 SQR at 12 and Exhibit SQ3-8; *see also* WCT’s IQR at Volume I (Exhibit I-6).

¹²⁰ See GOI’s August 28, 2025 IQR at Exhibits 40 (page 981) and 80 (page 733); *see also* *Aluminum Extrusions from Indonesia: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with the Final Antidumping Duty Determination*, 89 FR 17405 (March 11, 2024), and accompanying IDM at 16. WCT also submitted as a potential loan benchmark the Central Bank of Indonesia’s lending facility rates. *See* WCT’s Letter, “Rebuttal Benchmark Submission of WCT and Affiliates,” dated September 29, 2025, at Exhibit 7.

¹²¹ *See* WCT’s Preliminary Calculation Memorandum at Attachment II.

¹²² *See* 19 CFR 351.511(a)(2).

government's involvement in that market, Commerce will not use the prices within that market.¹²³ Therefore, when information on the record indicates that the government is involved in the market, before determining whether it is appropriate to use prices from within that market, Commerce must determine whether that market is distorted due to the presence of the government.¹²⁴ Once it is determined that the market is distorted by the presence of the government, prices between private parties, import prices, or government auction prices are no longer viable benchmark prices. While Sengon's cross-owned affiliate, JWI, reported imported log purchases during the POI,¹²⁵ as detailed below, we find that we cannot apply actual domestic purchases or actual imports in Indonesia as a benchmark price under "tier one" because the domestic market is distorted due to the presence of the government.

In this investigation, there are no meaningful or usable private prices for logs or actual import prices to evaluate for purposes of identifying a "tier one" benchmark. The GOI reported that it owns virtually all harvestable forest land in Indonesia and that private forest land accounts for a very small percentage of Indonesia's total harvestable forest land.¹²⁶ This fact alone would render any private prices unusable in accordance with 19 CFR 351.511(a)(2)(i). We also note that all logs, including logs harvested from private land, are subject to the export ban. As such, we find that it is not possible to determine a private benchmark price in Indonesia for use calculating the benefit under the GOI's log export ban program. In addition, imports of logs into Indonesia represent 0.30 percent of Indonesian production and 0.31 percent of domestic consumption,¹²⁷ indicating low levels of import penetration and, thus, that import prices are greatly influenced by prices in Indonesia's domestic log market. Consequently, we are relying on "tier two" (world market) prices to calculate the benchmark for logs for LTAR, in accordance with 19 CFR 351.511(a)(2)(ii).

Regarding the benchmark information on the record, Sengon and WCT submitted a December 2023 publication containing Log Export Monitoring Report data that was provided to the Papua New Guinea Forest Authority by Societe Generale de Surveillance (SGS), which includes 2023 monthly log export prices by species from Papua New Guinea,¹²⁸ and Sengon submitted 2024 monthly world market prices for exports of logs for Harmonized System (HS) subheading 4403, sourced from UN COMTRADE.¹²⁹ The petitioner submitted 2024 monthly world market prices for exports of logs for HS subheadings 4403, 4403.25, 4403.41, 4403.42, 4403.49, 4403.91, 4403.93, 4403.95, 4403.97, 4403.98, and 4403.99, sourced from UN COMTRADE.¹³⁰

¹²³ See, e.g., *Countervailing Duties; Final Rule*, 63 FR 65348, 65377 (November 25, 1998) (*Preamble*).

¹²⁴ *Id.*, 63 FR at 65377 (referencing situations where the government provider constitutes a majority or, in certain circumstances, a substantial portion of the market).

¹²⁵ See JWI's IQR at 13 and Exhibit 9.1.

¹²⁶ *Id.* See GOI's September 2, 2025 IQR at 3.

¹²⁷ *Id.*, at 28 and Exhibit 69.

¹²⁸ See Sengon's Letter, "Benchmark Submission," dated September 15, 2025 (Sengon's Benchmark Submission), at Exhibit 1; see also WCT's Letter, "Benchmark Submission of WCT and Affiliates," dated September 15, 2025 (WCT's Benchmark Submission), at Exhibit 9.

¹²⁹ See Sengon's Benchmark Submission at Exhibit 2.

¹³⁰ See Petitioner's Benchmark Submission at Exhibit 1a.

Regarding these data, we preliminarily find such world market prices for logs would be available to purchasers in Indonesia and thus are suitable for use as benchmark prices for this program.¹³¹ However, we preliminarily find that the export price data compiled by SGS are not suitable for use as benchmark prices because over 89 percent of exports in the data set were to China.¹³² While the data contains log export prices by species or by destination, the data does not allow us to calculate Chinese-exclusive export prices by species because of the format and presentation of the report. In China, the GOC owns all of the forest lands from which timber is extracted, and also controls the timber harvest quantities through a licensing system covering all entities that extract timber.¹³³ Thus, we find that we cannot use exports to China for the construction of a benchmark price because the Chinese market is distorted due to the GOC's involvement in it. Additionally, the SGS data only include information from five additional countries, *i.e.*, India, Japan, South Korea, Taiwan, and Vietnam.¹³⁴ In general, it is Commerce's preference to utilize data from a broad set of countries where available.¹³⁵

The UN COMTRADE data provided by Sengon showing world market prices for exports of logs under HS subheading 4403 are prices of "wood in the rough, whether or not stripped of bark or sapwood, or roughly squared."¹³⁶ This represents a broad variety of log types, including species which the respondents did not purchase.¹³⁷

The six-digit HS subheading UN Comtrade data provided by the petitioner reflects narrower categories of log prices, allowing for greater comparability with the logs the respondents purchased during the POI. Therefore, we have used the 2024 monthly world market prices of exports of logs for HS subheadings 4403.41 and 4403.49, which consist of "wood, tropical {...} dark red meranti, light red meranti and meranti bakau, in the rough" and "wood, tropical, other than dark red meranti, light red meranti meranti bakau and teak," respectively, as the benchmarks to evaluate the purchase prices of the mandatory respondents and their cross-owned affiliates under "tier two" for the preliminary determination. This selection accounts for "factors affecting comparability" under 19 CFR 351.511(a)(2)(ii) by choosing the HS subheadings similar to the

¹³¹ See JWI's IQR at 13.

¹³² See Sengon's Benchmark Submission at Exhibit 2; see also WCT's Benchmark Submission at Exhibit 9.

¹³³ See Petition Supplement at Exhibits V-Supp2-1 and V-Supp2-3; see also *Multilayered Wood Flooring from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review, and Intent To Rescind Review, in Part*; 2018, 86 FR 21693 (April 23, 2021), and accompanying Preliminary Decision Memorandum (PDM) at 13 (stating that "the GOC's involvement in the ... cut timber; fiberboard; plywood; and veneer markets in China results in the significant distortion of the prices of multilayered wood flooring, such that they cannot be used as a tier one benchmark under 19 CFR 351.511(a)(2)(i)"), unchanged in *Multilayered Wood Flooring from the People's Republic of China: Final Results and Partial Rescission of Countervailing Duty Administrative Review*; 2018, 86 FR 59362 (October 27, 2021), and *Multilayered Wood Flooring from the People's Republic of China: Notice of Amended Final Results of Countervailing Duty Administrative Review*; 2018, 86 FR 68219 (December 1, 2021).

¹³⁴ See WCT's Benchmark Submission at Exhibit 9.

¹³⁵ See, e.g., *Certain Mobile Access Equipment and Subassemblies Thereof from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 86 FR 57809 (October 19, 2021) (*Mobile Access Equipment from China*), and accompanying IDM at Comment 6.

¹³⁶ See Sengon's Benchmark Submission at Exhibit 2.

¹³⁷ See WCT's IQR at Exhibit I-20; see also WCT's September 22, 2025 SQR at Exhibits SQ3-WTU-9 and SQ3-MAS-4; and Sengon's Letter, "SIM/JWI Supplemental Questionnaire Response," dated September 25, 2025, at Exhibit SQ1-29.

log species the respondents actually purchased (*i.e.*, tropical wood varieties). Accordingly, we preliminarily calculated a weighted-average benchmark using these two HS subheadings.

In addition, pursuant to 19 CFR 351.511(a)(2)(iv), benchmarks should reflect “delivered prices” and include import duties and delivery charges. However, the GOI reported that imports of logs were not subject to import tariffs during the POI.¹³⁸ Accordingly, we added international freight charges to calculate the price that a respondent would have paid on the world market for these inputs. The petitioner provided monthly ocean freight rates from Descartes that represent rates from U.S. ports to Indonesia during the POI for 20-foot dry containers.¹³⁹ Sengon provided monthly ocean freight rates from Xeneta that represent rates from a variety of world ports to Indonesia during the POI for 20-foot and 40-foot dry containers.¹⁴⁰ Because the Descartes data does not cover a broad set of countries, we have relied on the Xeneta data and calculated simple average monthly ocean freight rates.¹⁴¹ Finally, for inland freight expenses, we used the monthly average of the amounts WCT paid during the POI for its imports of veneers to create the logs benchmark for WCT because these amounts represent “actual transactions,” pursuant to 19 CFR 351.511(a)(2)(i).¹⁴² For JWI, we calculated a POI average using the inland freight amounts JWI paid during the POI for its imports of logs to create the logs benchmark because these amounts represent “actual transactions,” pursuant to 19 CFR 351.511(a)(2)(i).¹⁴³

C. Veneers Benchmark

The provision of veneers provides a benefit within the meaning of section 771(5)(E)(iv) of the Act to the extent that GOC authorities receive LTAR from the sale of the inputs when measured against appropriate benchmarks. In determining the benchmark, we must first consider whether market-determined prices from actual transactions are available on the record to determine whether GOC authorities provided the inputs to Sengon, JWI, and WCT for LTAR. Notwithstanding the regulatory preference for the use of prices stemming from actual transactions in the country, where Commerce finds that the 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. When the 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, and comparing the government prices to private prices would amount to comparing the financial contribution to itself.¹⁴⁴

The *Preamble* states that Commerce will not use tier one benchmark prices, such as prices from private parties or government-run auctions, in instances where it is reasonable to conclude that these prices are significantly distorted as a result of the government’s involvement in the market.

¹³⁸ See GOI’s September 2, 2025 IQR at 2-3.

¹³⁹ See Petitioner’s Benchmark Submission at Exhibit 3b.

¹⁴⁰ See Sengon’s Benchmark Submission at Exhibit 6.

¹⁴¹ *Id.*

¹⁴² See WCT’s IQR at Exhibit I-27; see also WCT’s Preliminary Calculation Memorandum.

¹⁴³ See JWI’s IQR at Exhibit 10; see also Sengon’s Preliminary Calculation Memorandum. Because JWI did not pay inland freight expenses every month of the POI for the import of logs, we calculated an average of all associated POI inland freight expenses to be added to the monthly benchmarks.

¹⁴⁴ See *Preamble*, 63 FR at 65377.

However, the *Preamble* also states that we will normally find government distortion to be minimal unless the government's sale of the good accounts for a majority or, in certain circumstances, a substantial portion of the market.¹⁴⁵

In this investigation, WCT and WTU reported their domestic purchases of veneers during the POI.¹⁴⁶ However, we preliminarily determine that these purchases are not sufficiently similar to WCT's imports of veneers from China to be used as a "tier one" benchmark pursuant to 19 CFR 351.511(a)(2)(i).¹⁴⁷ Accordingly, we preliminarily determine that there are no usable "tier one" benchmarks on the record to calculate the benefit under this program and we must therefore rely upon a world market price as a "tier two" benchmark under 19 CFR 351.511(a)(2)(ii).

Regarding the benchmark information on the record, Sengon provided 2024 monthly data from Eurostat for exports of veneers from European countries under HS subheading 4408.90.85.¹⁴⁸ WCT submitted 2024 monthly veneer export prices from Peru and Ghana sourced from the Tropical Timber Market (TTM) Report of the International tropical Timber Organization Market Information Service.¹⁴⁹ WCT also provided 2024 monthly world market prices for exports of veneers under HS subheading 4408.90 sourced from Trade Data Monitor (TDM),¹⁵⁰ and export prices for birch veneers for 2024 from the Global Birch Veneer Industry Market Research Report (Maia Report) published by Maia Research.¹⁵¹ The petitioner submitted 2024 monthly world market prices for exports of veneers under HS subheading 4408.90 sourced from UN COMTRADE.¹⁵²

As discussed in the "Application of Facts Available and Adverse Inferences Above," we are preliminarily determining, as facts available, that 70 percent of veneers produced in China were produced by GOC "authorities." Therefore, we preliminarily determine that the market for veneers in China is distorted due to the GOC's involvement in the market, and prices for exports of veneers to China are not suitable for use as benchmarks for this program. Because the Eurostat data do not allow us to calculate export prices exclusive of exports to China, we also preliminarily determine that these data are not appropriate for construction of a benchmark.¹⁵³

The TTM Report data provided by WCT consist of export data from only two countries, Peru and Ghana.¹⁵⁴ It is Commerce's practice, in general, to not use data from sources covering a single or limited number of countries because such sources may be self-selected and distort the benchmark by overemphasizing certain countries.¹⁵⁵ Further, the TTM Report data does not allow us to exclude exports to China from our calculation of export price, nor does it include the

¹⁴⁵ *Id.*

¹⁴⁶ See WCT's IQR at Volume I (Exhibit I-25) and Volume II (Exhibit II-17).

¹⁴⁷ The details of WCT's veneers purchases are business proprietary information. See WCT's Preliminary Calculation Memorandum for further discussion.

¹⁴⁸ See Sengon's Benchmark Submission at Exhibit 3.

¹⁴⁹ See WCT's Benchmark Submission at Exhibit 2.

¹⁵⁰ *Id.* at Exhibit 4.

¹⁵¹ *Id.* at Exhibit 7.

¹⁵² See Petitioner's Benchmark Submission at Exhibit 2.

¹⁵³ See Sengon's Benchmark Submission at Exhibit 3.

¹⁵⁴ See WCT's Benchmark Submission at Exhibit 2.

¹⁵⁵ See, e.g., *Mobile Access Equipment from China* IDM at Comment 6.

underlying export quantities necessary for weight averaging.¹⁵⁶ Accordingly, we preliminarily determine that the TTM Report data are not suitable for construction of a benchmark.

Finally, Commerce has previously declined to use data from Maia Research because, among other reasons, it consists of business proprietary information,¹⁵⁷ as is the case in the instant investigation.¹⁵⁸ Commerce's preference is to use public benchmark information where available.¹⁵⁹ Further, for reasons discussed further in WCT's Preliminary Calculation Memorandum, we preliminarily determine that the Maia Report data are otherwise not suitable for construction of a benchmark.¹⁶⁰

Therefore, we preliminarily determine that the 2024 monthly UN COMTRADE and TDM world market prices for exports of veneers under HS subheading 4408.90 are usable as "tier two" benchmarks because they contain prices that are comparable to the veneers purchased by the respondents during the POI.¹⁶¹ Therefore, we have used a weighted average of these data as a "tier two" benchmark, excluding exports to China, to evaluate the respondents' and their cross-owned affiliates' veneer purchase prices under for the preliminary determination.

In addition, pursuant to 19 CFR 351.511(a)(2)(iv), benchmarks should reflect "delivered prices" and include import duties and delivery charges; therefore, we have added the applicable import duty and VAT rates, where appropriate, as provided by the GOI.¹⁶² Additionally, we added international freight charges to calculate the price that a respondent would have paid on the world market for these inputs. As described in the "Logs Benchmark" section, above, we are preliminarily relying on the Xeneta data to calculate simple average monthly ocean freight rates.¹⁶³ Lastly, for inland freight expenses, we used the monthly average of the amounts WCT paid during the POI for its import of veneers to create the veneers benchmark for WCT because these amounts represent "actual transactions," pursuant to 19 CFR 351.511(a)(2)(i).¹⁶⁴ For

¹⁵⁶ See WCT's Benchmark Submission at Exhibit 2. Commerce's practice is to calculate weighted-average monthly benchmarks to account for differing export quantities between countries that could otherwise skew the benchmark when using a simple average. See, e.g., *RZBC Group Shareholding Co., Ltd. v. United States*, 100 F. Supp. 3d 1288 (CIT 2015) (citing *Steel Concrete Reinforcing Bar from the Republic of Turkey: Final Affirmative Countervailing Duty Determination Final Affirmative Critical Circumstances Determination*, 79 FR 54963 (September 15, 2014), and accompanying IDM at Comment 1 (stating that "weight averaging prices after excluding data lacking quantity terms"); and *Certain Oil Country Tubular Goods from the Republic of Turkey: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*, 79 FR 41964 (July 18, 2014), and accompanying IDM at Comment 4 (stating the "{u}sing weighted-average prices where possible reduces the potential distortionary effect of any specific transactions (e.g., extremely small transactions) in the data"))).

¹⁵⁷ See, e.g., *Certain Aluminum Foil from the People's Republic of China: Amended Final Results of Countervailing Duty Administrative Review*, 2022, 89 FR 102107 (December 17, 2024) (*Aluminum Foil from China*), and accompanying IDM at Comment 5.

¹⁵⁸ See WCT's Benchmark Submission at Exhibit 7.

¹⁵⁹ See, e.g., *Aluminum Foil from China* IDM at Comment 5; see also *Steel Concrete Reinforcing Bar from the Republic of Turkey: Final Results of Countervailing Duty Administrative Review and Rescission, in Part; 2020*, 88 FR 34129 (May 26, 2023), and accompanying IDM at 6-10.

¹⁶⁰ See WCT's Preliminary Calculation Memorandum at section "GOC Provision of Veneers for LTAR to Indonesian Plywood Producers." Because this discussion involves business proprietary information, it cannot be disclosed here.

¹⁶¹ See 19 CFR 351.511(a)(2)(ii).

¹⁶² See GOI's August 29, 2025 SQR at 149-150.

¹⁶³ See Sengon's Benchmark Submission at Exhibit 6.

¹⁶⁴ See WCT's IQR at Exhibit I-27; see also WCT's Preliminary Calculation Memorandum.

Sengon and JWI, we calculated a POI average, for each company, based on the amounts each company paid during the POI for its imports of veneers to create the veneers benchmark because these amounts represent “actual transactions,” pursuant to 19 CFR 351.511(a)(2)(i).¹⁶⁵

VIII. ANALYSIS OF PROGRAMS

A. Programs Preliminarily Determined to Be Countervailable

1. Exemption from Import Income Tax Withholding

Sengon and JWI reported that they were exempted from import income tax withholding during the POI because of their status as “bonded zone” companies.¹⁶⁶ WCT and its affiliates reported that they did not use the program during the POI.¹⁶⁷ The GOI defines a bonded zone as a “bonded storage area that is used to store imported goods or goods from other locations in the Indonesia customs territory for further processing or assembly before being exported.”¹⁶⁸ Under “bonded zone” status, goods processed in a bonded zone may be sold for domestic consumption, but a company’s domestic sales may not exceed 50 percent of the company’s prior year’s export value.¹⁶⁹ According to the GOI, any company from any industry can apply for a bonded zone facility provided it can fulfill all the requirements in the bonded zone regulations.¹⁷⁰ The GOI explained that a bonded zone is categorized as neutral Customs territory where import duty and taxes cannot be collected.¹⁷¹ These customs areas are under the control and supervision of the Directorate General of Customs and Excise within the Ministry of Finance (MOF).¹⁷² The GOI requires companies in bonded zones to keep accurate records related to the movement of equipment, goods, and inventory in and out of their bonded zones.¹⁷³ These requirements are subject to both planned and spontaneous audit by the Directorate General of Customs and Excise.¹⁷⁴

Income tax in Indonesia is administered based on a combination of self-assessment and withholding tax systems. According to the system, certain types of income and transactions are subject to withholding taxes which are collected by its payer or withholder.¹⁷⁵ At the end of the respective fiscal year, the withholding tax paid will be credited against total income tax payable.¹⁷⁶ The GOI reported that, absent the program, companies operating in Indonesia are required to pay their corporate income tax, which includes a tax at a rate of 2.5 percent that is

¹⁶⁵ See Sengon’s IQR at Exhibit 11; see also JWI’s IQR at Exhibit 13; and Sengon’s Preliminary Calculation Memorandum. Because JWI did not pay inland freight expenses every month of the POI for the import of veneers, we calculated an average of all POI inland freight expenses to be added to the monthly benchmarks.

¹⁶⁶ See Sengon’s IQR at Exhibit 6.1; see also JWI’s IQR at Exhibit 6.1.

¹⁶⁷ See WCT’s IQR at Volume I (page 13), Volume II (page 12), Volume III (page 11), Volume IV (page 11), Volume V (page 11), and Volume VI (page 11); see also WCT’s September 5, 2025 SQR at Volume VII (page 12).

¹⁶⁸ See GOI’s August 28, 2025 IQR at 45.

¹⁶⁹ *Id.* at 46 and Exhibit 21.

¹⁷⁰ *Id.* at 49.

¹⁷¹ *Id.* at 45.

¹⁷² *Id.* at 48.

¹⁷³ *Id.* at Exhibit 21.

¹⁷⁴ *Id.*

¹⁷⁵ *Id.* at 47.

¹⁷⁶ *Id.*

payable for every importation made by the company, in monthly income tax installments, which will be taken into account in the annual income tax balance amount at the end of the corresponding tax period.¹⁷⁷ The GOI explained that registered bonded zone companies are exempted from paying the 2.5 percent import income tax for each importation into a bonded zone where the imported goods will be used for further production and/or assembling process.¹⁷⁸

Typically, when a company imports merchandise, Indonesian Customs requires that the company pay a “withholding” amount for “import income tax” upon importation of capital goods, equipment, or raw materials.¹⁷⁹ The GOI credits any import income tax collected (or prepaid) through this withholding towards the company’s total income tax payable at the end of the tax year.¹⁸⁰ However, a company that imports into a bonded zone is not required to pay the import income tax withholding upon entry because the goods are not yet considered “fully imported.”¹⁸¹ The GOI explains that companies in bonded zones are required to pay the balance of the import income tax at the end of the year with their annual income tax and, thus, the program provides no benefit to the companies.¹⁸² We preliminarily find that such withholding exemption for companies in bonded zones constitutes a deferral of direct taxes within the meaning of 19 CFR 351.509(a)(2), and that a benefit exists to the extent that appropriate interest charges are not collected.

As a result, and consistent with prior proceedings, we preliminarily determine that this import income tax program provides a financial contribution in the form of revenue forgone by the government under section 771(5)(D)(ii) of the Act.¹⁸³ The GOI explained that this bonded zone program is regulated under MOF Regulation No. 131/PMK.04/2018 (Regulation 131/2018), which has been in force since 2018.¹⁸⁴ One purpose of this regulation is “to further improve investment and export and also national industry development.”¹⁸⁵ Article 12 of MOF Regulation 131/2018 states that a bonded zone license can be granted to companies that process goods for direct and indirect export purposes, for import substitution, for industrial downstream production, and for certain industries including aviation, shipping, railroad, and defense/security.¹⁸⁶ Finally, the GOI explained that a bonded zone company’s domestic sales are

¹⁷⁷ *Id.* at 47 and Exhibit 25.

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Id.*

¹⁸¹ *Id.* at 45-47.

¹⁸² *Id.*

¹⁸³ See *Certain Uncoated Paper from Indonesia: Final Affirmative Countervailing Duty Determination*, 81 FR 3104 (January 20, 2016) (*Uncoated Paper from Indonesia*), and accompanying IDM at 21; see also *Utility Scale Wind Towers from Indonesia: Preliminary Affirmative Countervailing Duty Determination and alignment of Final Determination with Final Antidumping Duty Determination*, 84 FR 68109 (December 13, 2019), and accompanying PDM at 22, unchanged in: (1) *Utility Scale Wind Towers from Indonesia: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 85 FR 40241 (July 6, 2020), (2) *Utility Scale Wind Towers from Canada, Indonesia, and the Socialist Republic of Vietnam: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Orders*, 85 FR 52543 (August 26, 2020), and (3) *Utility Scale Wind Towers from Indonesia: Notice of Court Decision Not in Harmony With the Final Determination of Countervailing Duty Investigation; Notice of Amended Final Determination; Notice of Revocation of Countervailing Duty Order*, 87 FR 2137 (January 7, 2022), (collectively *Wind Towers from Indonesia*).

¹⁸⁴ See GOI’s August 28, 2025 IQR at Exhibit 21 (MOF Regulation 131/2018).

¹⁸⁵ *Id.*

¹⁸⁶ *Id.*

limited to a maximum of 50 percent of the company's prior year export sales value and/or deliveries to other bonded zones or similar zones.¹⁸⁷ Therefore, the import income tax withholding exemptions are contingent upon export performance and, thus, specific pursuant to sections 771(5A)(A) and (B) of the Act.¹⁸⁸

Consistent with 19 CFR 351.509(a)(2), we are treating the import income tax otherwise subject to withholding, *i.e.*, the tax amount deferred, as a government-provided loan that provides a benefit in the form of uncollected interest charges.¹⁸⁹ To calculate the benefit from this program, we multiplied the import income tax withholding exempted during the POI for Sengon and JWI, respectively, by the applicable interest rate benchmark divided by the number of days the import income tax amount was suspended before becoming payable at the end of the tax year. We applied the monthly short-term interest rate benchmarks discussed above in the "Benchmarks and Interest Rates" section and summed the uncollected interest benefit for the POI for each company. We then divided the benefit amounts by each company's appropriate export sales denominator. For Sengon and its cross-owned company JWI, the sales denominator was comprised of the companies' combined POI total export sales, net of any intra-company sales. On this basis, we preliminarily determine a net countervailable subsidy rate of 0.02 percent *ad valorem* for Sengon.¹⁹⁰

2. Import Duty Exemption on Imported Capital Goods, Machinery, and Equipment

Sengon and JWI reported that they were exempted from import duties on imports of machinery and equipment during the AUL period because of their status as "bonded zone" companies.¹⁹¹ WCT and its affiliates reported that they did not use the program during the POI.¹⁹² According to the GOI, all registered bonded zone companies are eligible for this program.¹⁹³

The GOI explained that import duties on capital goods, machinery, and equipment are deferred as long as such material is not sold within four years in the domestic market.¹⁹⁴ Consequently, imports of capital goods and equipment by Sengon and JWI that stay within the bonded zone are not subject to import duties in Indonesia. The GOI claims that "there shall be no deferral of import duty if the imported capital goods, machinery or equipment is already subject to zero percent preferential import tariff under certain Regional or Free Trade Agreements."¹⁹⁵ Sengon and JWI reported imported capital equipment exempt from import duty during the POI or AUL period.

In prior proceedings involving Indonesia, Commerce found this program to be not countervailable, explaining that "imports within the bonded zone are not subject to Indonesian

¹⁸⁷ *Id.* at 46 and Exhibit 21.

¹⁸⁸ *Id.* at 53; *see also Uncoated Paper from Indonesia and Wind Towers from Indonesia.*

¹⁸⁹ *Id.*

¹⁹⁰ *See* Sengon's Preliminary Calculation Memorandum.

¹⁹¹ *See* Sengon's IQR at Exhibit 7.1; *see also* JWI's IQR at Exhibit 7.1.

¹⁹² *See* WCT's IQR at Volume I (page 13), Volume II (page 13), Volume III (page 12), Volume IV (page 11), Volume V (page 11), and Volume VI (page 11); *see also* WCT's September 5, 2025 SQR at Volume VII (page 12).

¹⁹³ *See* GOI's August 28, 2025 IQR 69.

¹⁹⁴ *Id.* at 71.

¹⁹⁵ *Id.* at 60.

customs duties,” and thus, found there was no financial contribution.¹⁹⁶ Upon reexamining this program, Commerce has reconsidered this finding and preliminarily determines that this import duty exemption program provides a financial contribution in the form of revenue forgone by the government under section 771(5)(D)(ii) of the Act. The GOI reported that imports of capital goods and equipment that stay within the bonded zone are not subject to import duties, but subsequently processed goods that are sold domestically in Indonesia are charged import duties.¹⁹⁷ However, the above explanation does not account for the capital goods, machinery, and equipment imported into the bonded zone and used to produce goods sold both domestically and for export. Imported equipment can be used to produce finished goods sold domestically, but such equipment is never subject to import duties if it does not leave the bonded zone within four years.¹⁹⁸ Furthermore, the operation of this bonded zone program resembles a duty drawback scheme, whereby export-oriented companies can be exempted from import duties on inputs consumed in the production of subsequently exported products. However, exemptions on inputs not consumed (*i.e.*, capital goods, equipment, and machinery) are excessive, and thus, they provide a financial contribution and benefit. Therefore, for these reasons and considering the totality of the evidence, Commerce preliminarily determines that, because import duties on capital goods, machinery, and equipment would otherwise be due to the GOI absent this program, the exemption of such duties constitutes revenue forgone within the meaning of section 771(5)(D)(ii) of the Act.

The GOI explained that this bonded zone program is regulated under the MOF Regulation 131/2018, which has been in force since December 26, 2018.¹⁹⁹ One purpose of this regulation is “to further improve investment and export and also national industry development.”²⁰⁰ Article 12 of MOF Regulation 131/2018 states that a bonded zone license can be granted to companies that process goods for direct and indirect export purposes, for import substitution, for industrial downstream production, and for certain industries including aviation, shipping, railroad, and defense/security.²⁰¹ Finally, the GOI explained that a bonded zone company’s domestic sales is limited to a maximum of 50 percent of the company’s prior year export value and/or deliveries to other bonded zones or similar zones.²⁰² Therefore, the import duty exemptions are contingent upon export performance and, thus, specific pursuant to sections 771(5A)(A) and (B) of the Act.

As noted above, this program operates like a duty drawback scheme; therefore, for the preliminary determination, we are applying 19 CFR 351.519 to determine a benefit for this program. In accordance with 19 CFR 351.519(3)(ii), we are preliminarily considering the benefit to be the amount of exempted import charges that exceed the import charges that would have been paid on the inputs consumed in the production of the exported product, making normal allowances for waste. In this instance, the import duty exemptions on imported capital equipment provide an excess exemption. When an indirect tax or import charge exemption is

¹⁹⁶ See, e.g., *Uncoated Paper from Indonesia* IDM at 22-23.

¹⁹⁷ See GOI’s August 28, 2025 IQR at 70.

¹⁹⁸ *Id.* at 71.

¹⁹⁹ *Id.* at Exhibit 21 (MOF Regulation 131/2018).

²⁰⁰ *Id.*

²⁰¹ *Id.*

²⁰² *Id.* at 46 and Exhibit 21.

provided for, or tied to, the capital structure or capital assets of a firm, Commerce may treat it as a non-recurring benefit and allocate the benefit to the firm over the AUL period.²⁰³

To calculate the benefit from this program, for duty-exempt imports of capital equipment during the POI or over the AUL period, we multiplied the value of each company's capital equipment imports by the applicable duty rate. For each company, we summed the uncollected import duties by year of purchase and divided by the applicable company total exports denominator to perform the allocation test (*i.e.*, 0.5 percent test).²⁰⁴ In accordance with 19 CFR 351.524(b)(2), we determined whether to allocate the benefit over the AUL period by dividing the benefit amount by each company's appropriate sales denominator in the year the import was received. Benefit amounts that did not exceed the 0.5 percent threshold were expensed in the year of receipt, and those that exceeded the 0.5 percent threshold were allocated to the POI. To calculate Sengon's subsidy rate for this program, we divided the total benefit allocated or expensed to the POI by Sengon's total export sales denominator, which was comprised of Sengon's and JWI's combined POI total export sales, net of any intra-company sales. On this basis, we preliminarily determine a net countervailable subsidy rate of 0.08 percent *ad valorem* for Sengon.²⁰⁵

3. Government Prohibition of Log Exports

JWI, WCT, WTU, and MAS reported purchases of domestically sourced logs used in the production of plywood.²⁰⁶ According to the GOI, because “{t}he policy on the export of logs/wood chips {was} being exploited by illegal loggers and black market traders...,” the GOI found it “necessary to establish a policy to halt the export of logs/wood chips through a joint decision between the Minister of Forestry and the Minister of Industry and Trade.”²⁰⁷

Article 1(1) of the GOI's Joint Decree No. 1132/Kpts-II/2001 and No. N292/MPP/Kep/ 10/2001, provides for an outright ban on the export of logs and wood chips from Indonesia, specifically stating that “{t}he export of roundwood/chip raw materials is to be terminated from all regions of the Republic of Indonesia.”²⁰⁸ Commerce finds that by means of this total ban on log exports, the GOI entrusts or directs domestic log suppliers to sell logs at suppressed prices to domestic consumers, thus providing a good to plywood producers for LTAR, in accordance with sections 771(5)(B)(iii) and 771(5)(D)(iii) of the Act.

According to the SAA, regulatory measures can be countervailed as indirect subsidies under section 771(5)(D)(iii) of the Act in cases involving a private entity being entrusted or directed to provide a good or service to producers of the subject merchandise.²⁰⁹

In the past, {Commerce} has countervailed a variety of programs where the government has provided a benefit through private parties. (*See, e.g., Certain*

²⁰³ See 19 CFR 351.524(c)(2)(iii) and (d)(2).

²⁰⁴ See 19 CFR 351.524(b) and (d).

²⁰⁵ See Sengon's Preliminary Calculation Memorandum.

²⁰⁶ See JWI's IQR at Exhibit 9.2; see also WCT's IQR at Volume I (Exhibit I-20); and WCT's September 22, 2025 SQR at Exhibits SQ3-WTU-9 and SQ3-MAS-4.

²⁰⁷ See GOI's October 14, 2025 SQR at Exhibit Supp-III-3.

²⁰⁸ *Id.*

²⁰⁹ See SAA at 926.

Softwood Lumber Products from Canada, Leather from Argentina, Lamb from New Zealand, Oil Country Tubular Goods from Korea, Carbon Steel Wire Rod from Spain, and Certain Steel Products from Korea.) The specific manner in which the government acted through the private party to provide the benefit varied widely in the above cases. Commerce has found a countervailable subsidy to exist where the government took or imposed (through statutory, regulatory or administrative action) a formal, enforceable measure which directly led to a discernible benefit being provided to the industry under investigation.

In cases where the government acts through a private party, such as in *Certain Softwood Lumber Products from Canada* and *Leather from Argentina* (which involved export constraints that led directly to a discernible lowering of input costs), the Administration intends that the law continue to be administered on a case-by-case basis consistent with the preceding paragraph. It is the Administration's view that Article 1.1(a)(1)(iv) of the Subsidies Agreement and section 771(5)(B)(iii) encompass indirect subsidy practices like those which Commerce has countervailed in the past, and that these types of indirect subsidies will continue to be countervailable, provided that Commerce is satisfied that the standard under section 771(5)(b)(iii) has been met.²¹⁰

Furthermore, the *Preamble* states that with regard to the meaning of "entrusts or directs" under section 771(5)(B)(iii) of the Act, "we do not believe it is appropriate to develop a precise definition of the phrase for purposes of these regulations. Rather, we believe that we should follow the guidance provided in the SAA to examine indirect subsidies on a case-by-case basis."²¹¹ With regard to the countervailability of export restraints as indirect subsidies, the *Preamble* also notes the following:

With regard to export restraints, while they may be imposed to limit parties' ability to export, they can also, in certain circumstances, lead those parties to provide the restrained good to domestic purchasers for less than adequate remuneration. This was recognized by {Commerce} in *Certain Softwood Lumber Products from Canada*, 57 FR 22570 (May 28, 1992) ("Lumber") and *Leather from Argentina*, 55 FR 40212 (October 2, 1990) ("Leather"). Further, as indicated by the SAA (at 926) and as we confirm in these Final Regulations, if {Commerce} were to investigate situations and facts similar to those examined in *Lumber* and *Leather* in the future, the new statute would permit {Commerce} to reach the same result.²¹²

As a preliminary matter, we observe that the GOI's log export ban in the instant case is not merely a partial restraint on exports; rather, the joint decrees impose a complete, outright ban that prevents any export of logs and wood chips by making such exports illegal.²¹³ The GOI's complete ban on the export of logs was in place from 1985 through the POI, with the exception

²¹⁰ See SAA at 926.

²¹¹ See *Preamble*, 63 FR at 65349.

²¹² *Id.*, 63 FR at 65351.

²¹³ See GOI's October 14, 2025 SQR at 13-14.

of a short period of time from 1998 to 2001.²¹⁴ As a result, for 37 of the 39 years prior to the POI, the GOI's log export ban completely foreclosed log suppliers' access to any possible alternative to the domestic market.

This fact pattern can be contrasted to other types of export restraints, such as: quantitative export restrictions that curtail but still allow for some amount of exports, export duties, or various types of administrative or bureaucratic requirements (*e.g.*, certification requirements). Depending on the type, severity and other characteristics of the restraint, these "partial restraints" may allow for alternative sales outlets that are not available under an export ban which eliminates all such alternative sales outlets and would likely have a significant impact on the market dynamics of the product in question. A total export ban, especially one that has remained in effect for as long as the Indonesian log ban, therefore, stands out in terms of the scope and extent of its likely impact on the market for the product and players involved.

We find that this log export ban is not a mere policy pronouncement or exhortation; log suppliers are required to comply with the ban under threat of law, including criminal sanctions.²¹⁵ The GOI therefore exercises direction over these suppliers by imposing its legal authority to criminally prosecute any supplier who exports logs from Indonesia. The result is that log suppliers are limited to selling in the domestic market as directed by the government. This, as noted by the independent studies discussed below, resulted in an abundant supply of logs at suppressed prices that benefitted the downstream industries that use these logs, including the plywood industry.

Turning to the empirical evidence on the impact that this ban has had on the log and downstream forestry products industry in Indonesia, we have reviewed the three independent studies on the log export ban in Indonesia that were provided by the GOI.²¹⁶ Our analysis of these independent studies shows that the GOI's log export ban induced log suppliers to sell logs domestically at suppressed prices to benefit Indonesia's downstream wood processing industries. More specifically, the evidence in these studies demonstrates that this export ban reduced the price of logs and wood chips, as well as the value of stumpage in Indonesia; it increased the incidence of illegal logging; it led to greater consumption of logs; and, it was specifically used to benefit the expansion of the downstream users of wood, particularly the plywood industry.

Two of the independent studies conclude that the imposition of a log export ban in Indonesia acted as a subsidy which lowered the price of logs and contributed to greater log consumption and illegal logging. The first study, Economic Adjustment and Forestry Sector, examines how

²¹⁴ See *Coated Free Sheet Paper from Indonesia: Final Affirmative Countervailing Duty Determination*, 72 FR 60642 (October 25, 2007) (*CFS Paper from Indonesia*), and accompanying IDM at 29.

²¹⁵ *Id.* (stating that "verification the Ministry of Forestry officials noted cases where "they have previously identified companies that have committed customs fraud by completing false customs declarations and as a result, have subjected those companies to criminal sanctions").

²¹⁶ See GOI's October 14, 2025 SQR at Exhibits Supp-III-10, Supp-III-11, and Supp-III-12 (containing the following three independent studies: "Economic Adjustment and the Forestry Sector: Does Removing the Log Export Ban Matter Much?" published by the Centre for Strategic and International Studies (CSIS) (February 2004) (Economic Adjustment and Forestry Sector); "Competitiveness and Efficiency of the Forest Product Industry in Indonesia" published by CSIS (February 2004) (Efficiency of Forest Product Industry); and "Can Indonesia Gain from Log Export Barriers?" published by CSIS (December 2002) (Gain from Log Export Barriers)).

the removal of the earlier log export ban in Indonesia affected the domestic wood processing industry.

Furthermore, domestic demand for logs is already at high levels, fostered by the structural excess capacity in the plywood sector. In addition, the rapid expansion of the pulp and paper industries in the 1990s has also put additional pressure on Indonesia's forests. The export ban/tax has basically acted as a subsidy, increasing demand for log consumption further. Subsequently, despite lower prices for domestic logs, consumption stayed at relatively high levels, and the gap between official supply and consumption capacity of wood-based industry is very likely filled by illegal logging.²¹⁷

The authors of the study concluded that they could not prove empirically that the log export ban (noted as "LEB" in the study) had helped to reduce the rate of wood extraction; to the contrary, they found that "the removal of LEB decreased, instead of increased, log production."²¹⁸ This study therefore indicates that the log export ban caused an increase in log consumption and production and, thus, contributed to increased illegal logging. An increase in log production within the context of a log export ban would generally mean increased supply and availability of logs, which would clearly be beneficial to downstream users such as plywood producers.

The findings of this first study also indicate that the actual impact of the ban was completely opposite from the GOI's rationale for imposing the ban, *i.e.*, to protect forest resources. In contrast to the GOI's stated intent, this study draws a direct link between the log export ban and the financial contribution and benefit received by the wood processing industries from low log prices – a subsidy which encouraged greater consumption and illegal logging.

The second independent study provided by the GOI, Efficiency of Forest Product Industry, explains how the use of the log export ban in Indonesia increased rather than decreased log consumption by providing a subsidy to the downstream wood-based industries through artificially low domestic log prices.²¹⁹ In outlining its argument, this study provided the following explanations:

First, basic economics of renewable resource theory suggests that for slow growing resources such as tropical forest, it is optimal in the eye of concessionaires to harvest the forests when the rate of growth of the timber equals the rate of return from processing the timber. Higher rate of return from timber processing would induce the concessionaires to harvest the forest as quickly as possible, increasing the rate of deforestation.

{Second,} low stumpage value would also induce the concessionaires to use logs inefficiently, to build excessive new capacity and to waste the raw materials during harvesting as well as processing....

²¹⁷ See Economic Adjustment and Forestry Sector at 14.

²¹⁸ *Id.* at 13.

²¹⁹ See Efficiency of Forest Product Industry at 16.

Finally, the low stumpage value created disincentives for adopting resource saving technology in Indonesia.²²⁰

This study also explains that, with regard to the Indonesian wood-based industries, “the tremendous growth of production and export has been made possible through heavy subsidy, resulting in inefficiencies in harvesting and production.”²²¹ Specifically, this study noted that since 1980, “the plywood industry, for example, which in 1972 consisted of only two operational mills with a (severely under-utilized) total capacity of 10,000-15,000 cubic metres per year, had grown to include 122 operational mills with a combined annual capacity of more than 12.7 million cubic metres by 1996.”²²² This study found an “inefficiency impact of the log export ban due to the artificially low price of domestic log{s},” with the result that “the stumpage value was reduced by 33% under the log export ban policy.”²²³

The third independent study, *Gain from Log Export Barriers*, states that the GOI intended the first log export ban to provide a subsidy to benefit downstream wood processing industries: “toward the end of the 1970s, the Indonesia government began to impose log export barriers to encourage the growth of downstream wood industries, primarily the plywood industry.”²²⁴ This study further explained that “several economic studies on the impact of log export barriers in Indonesia between 1978 and 1989 suggest a substantial loss in government revenues through large implicit subsidies to the downstream processing industry and forgone revenues from log exports”²²⁵

We also note that the effectiveness of the log export ban in reducing the price of logs is further demonstrated by the fact that during the short period when the ban was lifted, export prices for logs were significantly higher on average than domestic prices (\$110 for export logs versus \$80 for domestic logs).²²⁶ The information discussed above indicates that the price disparity between export and domestic log prices implicates the GOI and its use of the log export ban to subsidize downstream wood processing industries with low cost timber inputs. The GOI maintained and even reimposed (in 2001) this log export ban in the presence of mounting empirical evidence that, not only was the ban ineffective in furthering the ostensible goal of protecting forest resources and preventing illegal logging, but it was promoting the opposite by distorting and flooding the market with timber.

Furthermore, the studies’ conclusions have not been contradicted by any other record information. In imposing the log export ban, the GOI did not perform its own independent appraisal or assessment of whether it would be effective. Nor has the GOI conducted subsequent studies to evaluate whether the present ban has been effective in its stated purpose. Therefore, the GOI’s purported purpose for the log export ban is not supported by evidence to substantiate its claim that imposing a ban would reduce the rate of deforestation and the occurrence of illegal

²²⁰ *Id.* at 6-7.

²²¹ *Id.* at 11.

²²² *Id.* at 5.

²²³ *Id.* at 6.

²²⁴ See *Gain from Log Export Barriers* at 1-2.

²²⁵ *Id.*

²²⁶ See *CFS Paper from Indonesia IDM* at 31-32.

logging. Accordingly, the benefits of the log export ban to the downstream consumers, as noted in the studies, cannot reasonably be considered inadvertent or a mere by-product of the ban.

In sum, the totality of the record evidence refutes the GOI's claims that the log export ban is used to protect forest resources and prevent illegal logging, and that it is not "entrusting or directing" (or inducing) log suppliers to provide a financial contribution to the wood processing industries. On the contrary, these studies show that the GOI imposed or maintained the log export ban to provide lower priced inputs (*i.e.*, logs and wood chips) to the industries that consume those inputs, leading to increased deforestation and greater illegal logging. Furthermore, these studies show that the plywood industry is among the few beneficiaries of this indirect subsidy. Accordingly, we find that the GOI used its authority to impose a log export ban that directed these logs suppliers, under threat of criminal sanctions, to provide logs and wood chips for LTAR to downstream wood processing industries, including the plywood industry that produces subject merchandise. As such, the log export ban provides a financial contribution in accordance with section 771(5)(D)(iii) of the Act.

In determining whether the log export ban was specific as a matter of law in accordance with section 771(5A)(D)(i) of the Act, we examined the two government decrees provided by the GOI which first reimposed the export ban on logs and wood chips, and later identified all the product categories and the relevant HS subheadings that fell under those categories which were subject to an export ban. The first GOI decree banned the export of logs and wood chips.²²⁷ Subsequently, through the Ministry of Trade (MOT) Regulation No. 22 of 2023, the GOI identified only six industries which were affected by the export ban, and a small subsection of products within these industries which included 398 discrete HS subheadings provided at mostly the six-digit and eight-digit levels.²²⁸

In 2024, through the MOT Regulation No. 10 of 2024, the GOI amended the goods prohibited from export for the mining sector,²²⁹ and through the MOT Regulation No. 20 of 2024, the GOI amended the regulation to allow certain agricultural products to be exported and prohibited the export of marine sedimentation.²³⁰ Therefore, through these amendments the GOI's export ban affected a total of seven industries, including a small subsection of forestry products within these industries (146 discrete HS subheadings provided at mostly the six-digit and eight-digit levels).²³¹ One of these seven industry categories included "cultural heritage goods" (HS subheadings 97.05 (referred to as "Collectors' items" which are 50 years or older and "{h} as cultural value for strengthening national character"); and 97.06 (referred to as "Antique items" that are over 100 years old and "{p}ossessing cultural value for the strengthening of national character of the nation") for which there is no associated industry.²³² Thus, we have not included this category in our analysis in finding that only six industries benefitted from an export ban.²³³ Based on this information, we find that the GOI's decree banning the export of a small subsection of products in six industries, and its specific decree banning the exports of logs in

²²⁷ See GOI's October 14, 2025 SQR at Exhibit Supp-III-3.

²²⁸ See GOI's September 2, 2025 IQR at Exhibit 66.

²²⁹ *Id.* at Exhibit 67.

²³⁰ *Id.* at Exhibit 68.

²³¹ *Id.*

²³² *Id.* at Exhibit 66.

²³³ *Id.*

particular, are *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act because it is restricted by law to only a limited group of industries and because it covers only a small, discrete number of products within each of these six industries.

As explained in the “Benchmarks and Interest Rates” section above, to calculate the benefit, we are preliminarily using a “tier two” benchmark to measure the adequacy of remuneration of domestically purchased logs. We compared the benchmark prices to JWI’s, WCT’s, WTU’s, and MAS’s reported individual purchase prices of logs, including delivery charges.²³⁴ For purchases where the benchmark price was greater than the purchase price, we summed the benefit calculated for each individual purchase to calculate each respondent’s total benefit. We then divided the benefit amounts by each company’s appropriate total POI sales denominator. On this basis, we preliminarily determine net countervailable subsidy rates of 1.09 percent *ad valorem* for Sengon,²³⁵ and 60.73 percent *ad valorem* for WCT.²³⁶

4. GOC Provision of Veneers for LTAR to Indonesian Plywood Producers

Sengon, JWI, and WCT reported that they purchased veneers from unaffiliated Chinese producers during the POI.²³⁷

As explained in the “Application of Facts Available” section above, Commerce is relying on facts otherwise available pursuant to sections 776(a)(1), (a)(2)(A), (a)(2)(B), and (a)(2)(C) of the Act to analyze financial contribution and specificity for this program. Based on facts otherwise available, we preliminarily find that GOC public entities (and, hence, “authorities” pursuant to section 771(5)(B) of the Act) have provided a financial contribution to Sengon, JWI, and WCT in the form of the provision of veneers for LTAR. Additionally, based on facts available, pursuant to section 776(a)(1) of the Act, we preliminarily find that the petitioner’s allegation, the only source of facts available for specificity on the record for this subsidy program, provides evidence that the GOC’s provision of veneers for LTAR is specific.²³⁸ Thus, we preliminarily find that the GOC’s provision of veneers for LTAR is *de facto* specific, pursuant to section 771(5A)(D)(iii)(I) of the Act, because the actual recipients of veneers for LTAR from the GOC are a limited number of industries.²³⁹

Further, we preliminarily find that Sengon, JWI, and WCT received a benefit under this program pursuant to section 771(5)(E)(iv) of the Act and 19 CFR 351.511(a). As explained in the “Benchmarks for Measuring the Adequacy of Remuneration” section above, to measure the benefit that Sengon, JWI, and WCT received during the POI, we are preliminarily using a “tier two” benchmark to measure the adequacy of remuneration of these companies purchases of Chinese-origin veneers.

²³⁴ For JWI, we did not include import duties or taxes because JWI does not pay duties and taxes, pursuant to the Import Duty Exemption on Imported Capital Goods, Machinery, and Equipment program. See section “Import Duty Exemption on Imported Capital Goods, Machinery, and Equipment,” above.

²³⁵ See Sengon’s Preliminary Calculation Memorandum.

²³⁶ See WCT’s Preliminary Calculation Memorandum.

²³⁷ See Sengon’s IQR at Exhibit 10, and JWI’s IQR at Exhibit 12; see also WCT’s IQR at Volume I (Exhibit I-25).

²³⁸ See Petition at Volume V (page 38).

²³⁹ *Id.*

We compared the benchmark prices to the reported individual purchase prices for veneers sold by the GOC authorities, including delivery charges. As noted above in the “Import Duty Exemption on Imported Capital Goods, Machinery, and Equipment” section, we did not include import duties or taxes for Sengon and JWI because these companies do not pay duties and taxes. For purchases where the benchmark price was greater than the purchase price, we summed the benefit calculated for each individual purchase to calculate the total benefit. As explained in the “Application of Facts Available” section above, we preliminarily find that at least 70 percent of purchased veneers, by quantity, was produced and supplied by GOC authorities. Therefore, to determine the portion of the benefit attributable to GOC authorities, we applied a ratio of 70 percent to the LTAR benefit.²⁴⁰

We then divided the benefit amounts by each company’s appropriate total POI sales denominator. For Sengon and its cross-owned affiliate JWI, the sales denominator was comprised of the companies’ combined POI total sales, net of any intra-company sales. On this basis, we preliminarily determine net countervailable subsidy rates of 1.21 percent *ad valorem* for Sengon,²⁴¹ and 1.95 percent *ad valorem* for WCT.²⁴²

B. Programs Preliminarily Determined Not to Confer a Measurable Benefit During the POI

1. VAT Exemptions for Capital Goods and Equipment Used to Produce Exports in Bonded Zones

Sengon and JWI reported usage of the above-listed subsidy program during the POI. However, because the benefit received under this program is *de minimis* (*i.e.*, less than 0.005 percent *ad valorem*),²⁴³ we have not included this program in our calculation of Sengon’s POI net subsidy rate.

2. Export Financing from the Indonesia Export-Import Bank

WCT reported usage of the above-listed subsidy during the POI. However, because the benefit received under this program is *de minimis* (*i.e.*, less than 0.005 percent *ad valorem*),²⁴⁴ we have not included this program in our calculation of WCT’s POI net subsidy rate.

²⁴⁰ Under this methodology, we are treating 70 percent of Sengon’s, JWI’s, and WCT’s purchase quantity as a financial contribution in the form of the provision of a good provided by the GOC pursuant to section 771(5)(D)(iii) of the Act for these specific purchases.

²⁴¹ See Sengon’s Preliminary Calculation Memorandum.

²⁴² See WCT’s Preliminary Calculation Memorandum.

²⁴³ See Sengon’s Preliminary Calculation Memorandum.

²⁴⁴ See WCT’s Preliminary Calculation Memorandum.

C. Program Preliminarily Determined Not to Be Countervailable

1. Provision of Electricity for LTAR

Sengon, JWI, WCT, WTU, and Company A reported purchases of electricity from state-owned electricity company PT Perusahaan Listrik Negara (Persero) (PLN).²⁴⁵ According to the GOI, “the respondent companies who purchased electricity from PLN are all I-3 tariff classification,” and the GOI “has not made any tariff adjustments for said tariff group since 2017.”²⁴⁶ Although Commerce has previously found this program to be specific based on disproportionate use,²⁴⁷ the GOI’s responses on the record for this program demonstrate that neither the respondents nor the plywood industry were disproportionate or predominant users of this subsidy.²⁴⁸ Further, there is no evidence on the record to demonstrate that the program is regionally specific, export contingent, or *de jure* specific.²⁴⁹ Therefore, for purposes of this investigation, we preliminarily determine that the provision of electricity for LTAR is not specific within the meaning of section 771(5A) of the Act.

D. Programs Preliminarily Determined Not to Be Used During the POI

1. Corporate Income Tax Holiday for Pioneer Industries
2. Income Tax Benefits for Listed Investments
3. Industrial Estate Subsidies
4. Export Credit Insurance
5. Provision of Standing Timber for LTAR

²⁴⁵ See Sengon’s IQR at Exhibit 9.1; see also JWI’s IQR at Exhibit 11.1; WCT’s September 5, 2025 SQR at Exhibit VII-14; and WCT’s September 22, 2025 SQR at Exhibits SQ3-11 and SQ3-WTU-6A.

²⁴⁶ See GOI’s August 28, 2025 IQR at 124.

²⁴⁷ See *Wind Towers from Indonesia*.

²⁴⁸ See GOI’s August 28, 2025 IQR at 113-140 and Exhibits 76-89; see also GOI’s September 29, 2025 SQR at 9-19; and GOI’s November 21, 2025 SQR at 1-3.

²⁴⁹ *Id.*

IX. 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* and notify the ITC of our determination.

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

Appendix

AFA Rate Calculation

Program	AFA Rate (percent)
Tax Programs	
Corporate Income Tax Holiday for Pioneer Industries ²⁵⁰	22.00
Income Tax Benefits for Listed Investments	
Industrial Estate Subsidies	
Exemption from Import Income Tax Withholding ²⁵¹	0.75
Import Duty Exemption on Imported Capital Goods, Machinery, and Equipment ²⁵²	0.75
VAT Exemptions for Capital Goods and Equipment Used to Produce Exports in Bonded Zones ²⁵³	0.75
Lending Programs	
Export Financing from the Indonesia Export-Import Bank ²⁵⁴	1.18
Export Credit Insurance ²⁵⁵	1.18
Provision of Inputs and Services for LTAR	
Provision of Standing Timber for LTAR ²⁵⁶	39.37
Government Prohibition of Log Exports ²⁵⁷	60.73
GOC Provision of Veneers for LTAR to Indonesian Plywood Producers ²⁵⁸	1.95
Total AFA Rate	128.66

²⁵⁰ See GOI's August 28, 2025 IQR at 6 and Exhibit 7 (stating that "domestic corporate Taxpayers and permanent establishments are 22% (twenty-two percent) which shall be in force from the 2022 tax year").

²⁵¹ No above-*de minimis* rate exists for this program; therefore, we are using the rate for "Debt Forgiveness Through the GOI's Acceptance of Instruments that Had No Market Value." See *Coated Free Sheet Paper from Indonesia: Final Affirmative Countervailing Duty Determination*, 72 FR 60642 (October 25, 2007), and accompanying IDM at 40.

²⁵² *Id.*

²⁵³ *Id.*

²⁵⁴ No above-*de minimis* rate exists for this program; therefore, we are using the rate for "Subsidized Funding of Reforestation (HTI)." See *Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Lined Paper Products from Indonesia*, 71 FR 47174 (August 16, 2006), and accompanying IDM at 10.

²⁵⁵ *Id.*

²⁵⁶ See *Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Lined Paper Products from Indonesia*, 71 FR 47174 (August 16, 2006), and accompanying IDM at 9.

²⁵⁷ See WCT's Preliminary Calculation Memorandum.

²⁵⁸ *Id.*