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Investigation
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May 12, 2026

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

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

SUBJECT: Decision Memorandum for the Preliminary Affirmative
Determination in the Countervailing Duty Investigation of Fresh
Mushrooms from Canada

I. SUMMARY

The U.S. Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of fresh mushrooms from Canada, as provided in section 703 of the Tariff Act of 1930, as amended (the Act).

II. BACKGROUND

A. Initiation and Case History

On September 16, 2025, the petitioners¹ filed a petition with Commerce seeking the imposition of countervailing duties (CVD) concerning imports of fresh mushrooms from Canada.² On September 29, 2025, Commerce held consultations with representatives of the Government of Canada (GOC) with respect to the CVD petition.³ On January 2, 2026, Commerce initiated a CVD investigation of fresh mushrooms from Canada.⁴

In the *Initiation Notice*, Commerce notified parties of an opportunity to comment on the scope of the investigation.⁵ 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 preliminary determination of the companion LTFV investigation,

¹ The petitioner is the Fresh Mushroom Fair Trade Coalition.

² See Petitioner's Letter, "Fresh Mushrooms from Canada: Antidumping and Countervailing Duty Petitions," dated September 16, 2025 (Petition), at Volume III.

³ See Memorandum, "Consultations with the Government of Canada," dated November 21, 2025.

⁴ See *Fresh Mushrooms from Canada: Initiation of Countervailing Duty Investigation*, 91 FR 668 (January 8, 2026) (*Initiation Notice*).

⁵ *Id.*, 91 FR at 668.



the deadline for which is July 13, 2026.⁶ We will incorporate the scope decision from the LTFV investigation into the scope of the final determination for this investigation.

B. Respondent Selection

In the *Initiation Notice*, Commerce stated that the petitioner identified 24 companies in Canada as producers and/or exporters of fresh mushrooms during the period of investigation (POI).⁷ Accordingly, Commerce stated that it intends to follow its standard practice in CVD investigations and calculate company-specific subsidy rates in the investigation. Following standard practice in CVD investigations, in the event Commerce determines that the number of companies is large, and it cannot individually examine each company based upon Commerce's resources, where appropriate, Commerce intends to select mandatory respondents based on U.S. Customs and Border Protection (CBP) data for fresh mushrooms from Canada under the appropriate Harmonized Tariff Schedule of the United States subheadings during the period of investigation (POI), January 1, 2024, through December 31, 2024.⁸ We received timely filed comments from the petitioner's regarding respondent selection,⁹ and on January 26, 2026, we selected Champ's Fresh Farm Inc. (Champ's) and Farmers' Fresh Mushroom Inc. as respondents, representing the largest exporters of fresh mushrooms identified in U.S. Customs and Border Protection data.¹⁰

During this investigation, we analyzed information for Champ's, its cross-owned affiliate, Loveday Mushrooms Inc., and an unaffiliated supplier (collectively, Champ's Mushrooms); and Farmers' Fresh Mushrooms Inc. and certain of its cross-owned affiliates, Ross Land Mushroom Farm Ltd., Farmers' Fresh Farm Management Ltd., 1134017 B.C. Ltd. (dba Triple 8 Mushrooms), Abbycel Substrate Ltd., Five Star Mushrooms Ltd., Truong Holdings Inc. (dba Central Mushrooms), Truong's Enterprises Limited, and Truong Mushrooms (Phase 1) Inc. (collectively, Farmers' Fresh).

C. Questionnaires and Responses

On January 29, 2026, Commerce issued the initial CVD questionnaire to the GOC, which was responsible for forwarding the questionnaire to Champ's and Farmers' Fresh.¹¹ On February 2026, Farmers' Fresh filed a request to exclude certain unaffiliated suppliers from their reporting obligation.¹² Commerce responded to Farmers' Fresh on February 11, 2026.¹³

⁶ See *Fresh Mushrooms from Canada: Postponement of Preliminary Determination in the Countervailing Duty Investigation*, 91 FR 7440 (February 18, 2026) (*Prelim Postponement*).

⁷ *Id.*, 91 FR at 670.

⁸ *Id.*

⁹ See Petitioner's Letter, "Petitioner's Comments on U.S. Customs and Border Protection Data and Respondent Selection," dated January 12, 2026 (Petitioner's Respondent Selection Comments); see also Champ's Letter, "Champs's Mushrooms' Comments on CBP Data and Respondent Selection," dated January 12, 2026 (Champ's Respondent Selection Comments); and Farmers' Fresh's Letter, "Farmers' Fresh Comments on CBP Data and Mandatory Respondent Selection," dated January 13, 2026 (Farmers' Fresh's Respondent Selection Comments).

¹⁰ See Commerce's Letter, "Respondent Selection," dated January 26, 2026 (Respondent Selection Memo).

¹¹ See Commerce's Letter, "Countervailing Duty Questionnaire," dated January 29, 2026 (Initial Questionnaire).

¹² See Farmers' Fresh's Letter, "Farmers' Fresh Request to Exclude Unaffiliated Suppliers," dated February 3, 2026, (Farmers' Fresh Exclusion Request).

¹³ See Commerce's Letter, "Exclusion of Unaffiliated Suppliers," dated February 11, 2026. Commerce granted Farmers' Fresh's full exclusion request for the unaffiliated suppliers listed in their letter based on the fact that the suppliers accounted for a small percentage of Farmers' Fresh's exports of subject merchandise.

On February 12, 2026, Champ's and Farmers' Fresh filed timely responses to the affiliated companies section of the Initial Questionnaire.¹⁴ Champ's filed a request to exclude certain unaffiliated suppliers from their reporting obligation concurrently with their affiliation questionnaire response.¹⁵ Commerce responded to Champ's notice of reporting difficulty on February 20, 2026.¹⁶ On March 6, 2026, Commerce issued supplemental affiliation questionnaires to Champ's and Farmers' Fresh.¹⁷ On March 9, 2026, Farmers' Fresh issued an amendment to its original affiliation response.¹⁸ On March 13, 2026, Farmers' Fresh filed timely responses to its supplemental affiliation questionnaire.¹⁹ On March 16, 2026, Champ's filed timely responses to section II of the Initial Questionnaire.²⁰ Between March 18 and March 19, 2026, the GOC, including the Government of British Columbia (GBC), the Government of Manitoba (GOM), Export Development Canada (EDC), and Farm Credit Canada (FCC), filed timely responses to section III of the initial questionnaire.²¹ On March 20, 2026, Champ's filed timely responses to its supplemental affiliation response.²² On March 23, 2026, Farmers' Fresh filed timely responses to section II of the Initial Questionnaire.²³ Commerce issued supplemental questionnaires to both Champ's, Farmer's Fresh and the GOC (including the EDC, the GBC, the GOM, FCC) on April 8, 2026.²⁴ On April 27, 2026, Champ's, Farmers' Fresh, and the GOC filed timely responses to their supplemental questionnaires.²⁵

¹⁴ See Champ's Letter, "Champ's Mushrooms' Affiliated Companies Response," dated (Champ's AQR); *see also* Farmers' Fresh's Letter, "Farmers' Fresh Affiliation Response," dated February 12, 2026 (Farmer's Fresh AQR).

¹⁵ See Champ's Letter, "Champ's Mushrooms' Notice of Reporting Difficulty and Request to Exclude Unaffiliated Suppliers," dated February 12, 2026 (Champ's Exclusion Request).

¹⁶ See Commerce's Letter, "Exclusion of Unaffiliated Suppliers," dated February 20, 2026. Commerce granted Champ's a partial exclusion request and required Champ's to provide full questionnaire response for their largest unaffiliated suppliers.

¹⁷ See Commerce's Letter, "Supplemental Affiliation Questionnaire," dated March 6, 2026 (Supp. AQR).

¹⁸ See Farmers' Fresh's Letter, "Farmers' Fresh Amendment to Affiliation Response," dated March 9, 2026 (Farmers' Fresh Affiliation Amendment). Farmers' Fresh reported an additional affiliated supplier who they had originally identified as inactive during the AUL.

¹⁹ See Farmers' Fresh's Letter, "Farmers' Fresh Supplemental Affiliation Response," dated March 13, 2026 (Farmers' Fresh Supp. AQR).

²⁰ See Champ's Letter, "Champ's Mushrooms' Initial Questionnaire Response," dated March 16, 2026 (Champ's IQR).

²¹ See GOC's Letter, "Government of Canada's Response to Section II of the Initial Countervailing Duty Questionnaire," dated March 18, 2026 (GOC IQR); *see also* GBC's Letter, "Government of British Columbia's Initial Questionnaire Response," dated March 18, 2026 (GBC IQR); GOM's Letter, "Response of the Government of Manitoba to Section II of the Department' Initial Questionnaire," dated March 18, 2026 (GOM IQR); EDC's Letter, "Initial Questionnaire Response of Export Development Canada," dated March 19, 2026 (EDC IQR); and FCC's Letter, "Initial Questionnaire Response of Farm Credit Canada," dated March 19, 2026 (FCC IQR).

²² See Champ's Letter, "Champ's Mushrooms' Supplemental Affiliation Questionnaire Response," dated March 20, 2026 (Champ's Supp. AQR).

²³ See Farmers' Fresh's Letter, "Farmer's Fresh Initial Questionnaire Response," dated March 23, 2026 (Farmers' Fresh IQR).

²⁴ See Commerce's Letter, "First Supplemental Questionnaire," dated April 8, 2026 (Supp. IQR).

²⁵ See Champ's Letter, "Champ's Mushrooms' First Supplemental Questionnaire Response," dated April 27, 2026 (Champ's Supp. IQR); *see also* Farmers' Fresh's Letter, "Farmers' Fresh First Supplemental Questionnaire Response," dated April 27, 2026 (Farmers' Fresh Supp. IQR); GOC's Letter, "Government of Canada's First Supplemental Questionnaire Response,"; GBC's Letter, "Government of British Columbia's First Supplemental Questionnaire Response," (GBC Supp. IQR); GOM's Letter, "Government of Manitoba's First Supplemental Questionnaire Response," (GOM Supp. IQR); FCC's Letter, "Farm Credit Canada's First Supplemental Questionnaire Response," (FCC Supp. IQR); and EDC's Letter, "Export Development Canada's First Supplemental Questionnaire Response," (EDC Supp. IQR) dated April 27, 2026.

Between April 23 and 29, 2026, the petitioner submitted comments for consideration in the preliminary determination.²⁶ Commerce issued a second supplemental questionnaire to Champ's and Farmers' Fresh on May 4, 2026.²⁷ Between May 5 and 6, 2026, Champ's and Farmers' Fresh filed timely responses to the second supplemental questionnaire.²⁸ On May 5, 2026, Champ's submitted rebuttal comments to the petitioner's pre-preliminary comments.²⁹ On May 6, 2026, FCC submitted rebuttal comments to the petitioner's pre-preliminary comments.³⁰

D. Postponement of Preliminary Determination

On February 18, 2026, Commerce postponed the deadline for the preliminary determination until May 12, 2026, in accordance with section 703(c)(1)(A) of the Act.³¹

E. Period of Investigation

The POI is January 1, 2024, through December 31, 2024. This period corresponds to the most recently completed calendar year, in accordance with 19 CFR 351.204(b)(2).

F. Alignment

In accordance with sections 705(a)(1) of the Act and 19 CFR 351.210(b)(4), and based on the petitioner's request,³² we are aligning the final determination of this investigation with the final determination in the companion LTFV investigation. Consequently, the final determination will be issued on the same date as the final LTFV determination, which is currently scheduled to be issued no later than September 28, 2026, unless postponed.

III. INJURY TEST

Because Canada 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 fresh mushrooms from Canada materially injure, or threaten material injury to, a U.S. industry. On January 16, 2026, 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 fresh mushrooms from Canada.³³

²⁶ See Petitioner's Letters, "Petitioner's Comments in Advance of the Department's Preliminary Determination," dated April 24, 2026; "Petitioner's Pre-Preliminary Comments on the Calculation of Benefit for Farmers' Fresh Mushrooms," and "Petitioner's Pre-Preliminary Comments on the Calculation of Benefit for Champ's Mushrooms," dated April 29, 2026.

²⁷ See Commerce's Letter, "Supplemental Questionnaire," dated May 4, 2026.

²⁸ See Champ's Letter, "Champ's Mushrooms' Second Supplemental Questionnaire Response," dated May 6, 2026; see also Farmers' Fresh's Letter, "Farmer's Fresh Second Supplemental Questionnaire Response," dated May 5, 2026.

²⁹ See Champ's Letter, "Champ's Mushrooms' Rebuttal to Petitioner's Pre-Preliminary Comments," dated May 5, 2026 (Champ's Rebuttal Comments).

³⁰ See FCC's Letter, "Farm Credit Canada's Rebuttal of Petitioner's Pre-Preliminary Comments," dated May 6, 2026 (FCC Rebuttal Comments).

³¹ See *Prelim Postponement*, 91 FR at 7440.

³² See Petitioner's Letter, "Request to Align Countervailing Duty Investigation Final Determination with Antidumping Duty Investigation Final Determination," dated May 12, 2026.

³³ See *Fresh Mushrooms from Canada; Determination*, 91 FR 2801 (January 22, 2026).

IV. DIVERSIFICATION OF CANADA'S ECONOMY

In evaluating the specificity factors for domestic subsidies, pursuant to section 771(5A)(D)(iii) of the Act, Commerce must take into account the extent of diversification of economic activities within the jurisdiction of the authority providing the subsidy. According to the SAA, the additional criteria of the extent of diversification of economic activities (and length of time during which the subsidy program in question has been in operation) serve to inform the application of, rather than supersede or substitute for, the enumerated specificity factors.³⁴

To determine the extent of diversification of economic activities within a given jurisdiction, Commerce will normally consider publicly available data and information from expert third party sources, including such information as provided by interested parties in a proceeding. Available and reliable information sources necessarily vary from case to case.

On March 30, 2026, Commerce placed on the record of this investigation the memorandum, "The Extent of Diversification of Economic Activities in Canada for the Purpose of Determining Specificity of a Domestic Subsidy for Countervailing Duty (CVD) Purposes," dated September 13, 2018.³⁵ This information reflects a wide diversification of economic activities in Canada. In the memorandum, data from the Organization of Economic Cooperation and Development (OECD) show a total of 1,168,728 establishments operating in the primary (agricultural), secondary (manufacturing), and tertiary (services) sectors of the Canadian economy that span 19 industry groupings, with no extreme concentration apparent in any single grouping.³⁶

V. SUBSIDIES VALUATION INFORMATION

A. Allocation Period

Commerce normally allocates the benefits from non-recurring subsidies over the average useful life (AUL) of renewable physical assets used in the production of subject merchandise.³⁷ Pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System, the AUL in this proceeding is 15 years. No party in this proceeding submitted comments challenging the proposed AUL period. Therefore, we preliminarily determine that a 15-year period is appropriate for purposes of allocating non-recurring subsidies.

Furthermore, for non-recurring subsidies, we applied the "0.5 percent test," as described in 19 CFR 351.524(b)(2). Under this test, we divide the amount of subsidies approved under a given program in a particular year by the relevant sales value (*e.g.*, total sales or export sales) for the year in which assistance was approved. If the amount of the subsidy 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

³⁴ See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H. R. Doc. 103-316, Vol. 1 (1994) (SAA), at 911 and 931.

³⁵ See Memorandum, "Economic Diversification Memorandum," dated March 30, 2026.

³⁶ *Id.* at 4.

³⁷ See 19 CFR 351.524(b).

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

According to 19 CFR 351.525(b)(6)(vii), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. This section of Commerce's regulations states that this standard will normally be met where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. The *CVD Preamble* to Commerce's 1998 regulations further clarifies Commerce's cross-ownership standard.³⁸ According to the *CVD Preamble*, relationships captured by the cross-ownership definition include those where:

the interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits) . . . Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership.³⁹

Thus, Commerce's regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists. The U.S. Court of International Trade 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.⁴⁰

Regarding an input supplier, the *CVD Preamble* also explains that "{t}he main concern we have tried to address is the situation where a subsidy is provided to an input supplier whose production is dedicated almost exclusively to the production of a higher value-added product – the type of input product that is merely a link in the overall production chain."⁴¹

Champ's Fresh Farms Inc.

Champ's is a producer/exporter of fresh mushrooms to this investigation.

³⁸ See *Countervailing Duties; Final Rule*, 63 FR 65348, 65401-02 (November 25, 1998) (*CVD Preamble*).

³⁹ *Id.*, 63 FR at 65401.

⁴⁰ See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F.Supp.2d 593, 600-04 (CIT 2001).

⁴¹ See *CVD Preamble*, 63 FR at 65401.

Champs also provided questionnaire responses on behalf of its cross-owned producer of subject merchandise: Loveday Mushroom Farms Ltd. (Loveday).⁴² Based on its corporate structure, we preliminarily determine that Loveday satisfies Commerce's cross-ownership criteria set forth in 19 CFR 351.525(b)(6)(vii).⁴³ Due to the proprietary nature of Champ's affiliations information, *see* Champ's calculation memorandum for the details of the cross-ownership analysis memorandum.⁴⁴ Further, because Champ's and Loveday produced fresh mushrooms during the POI, we are preliminarily attributing subsidies received by either Champ's or Loveday to the combined sales value of both companies, net of intercompany sales, pursuant to 19 CFR 351.525(b)(6)(ii).

Additionally, Champ's provided questionnaire responses on behalf of an unaffiliated grower and supplier of subject merchandise that Champ's exports to the United States.⁴⁵ Because the unaffiliated supplier produced subject merchandise during the POI, and Champ's exported its subject merchandise during the POI, we are preliminarily attributing subsidies received by the unaffiliated supplier to its own sales, and cumulating its final subsidy rate with Champ's final subsidy rate, pursuant to 19 CFR 351.525(c)(1).

Further, Champ's reported that there was a change in ownership (CIO) on December 22, 2017, during the AUL period, with the acquisition of Champ's Mushrooms Inc. (CMI) along with the equity of nine affiliated mushroom farming and composting businesses (collectively, Champ's Business).⁴⁶ CMI, an unrelated privately held company was the central management and asset-holding company for the Champ's Business, while the nine affiliated companies carried out the production, sales, and distribution of mushrooms and compost.⁴⁷ Champ's Business was offered for sale through a competitive bidding process open to the public. Champ's bid was selected from a short list because the sellers determined Champ's offered the most favorable terms with respect to total expected return for the sellers.⁴⁸ 100 percent of the shares in the nine affiliated companies, along with the assets of CMI, were sold in a single private-to-private sale to Champ's, and Champ's reported to the best of their knowledge that CMI had ended its operations after the sale.⁴⁹ Champ's provided a Certificate of Amalgamation confirmed the nine affiliated companies were amalgamated into Champ's on January 1, 2018.⁵⁰ No public or government entity was involved or participated in the sale of the assets and shares.⁵¹

Champ's provided the purchase agreement for the 2017 acquisition which includes the total consideration for the sale.⁵² In addition, Champ's asserted that the acquisition of Champ's Business extinguished all non-recurring subsidies that may have been received prior to the purchase.⁵³

⁴² *See* Champ's AQR at 1-2.

⁴³ *Id.*

⁴⁴ *See* Memorandum, "Preliminary Determination Calculations for Champ's Mushrooms Inc.," dated concurrently with this memorandum (Champ's Preliminary Calculation Memorandum).

⁴⁵ *See* Champ's IQR at Appendix A-9 and A-10.

⁴⁶ *See* Champ's IQR at Appendix A-I.D.1

⁴⁷ *Id.*

⁴⁸ *Id.* at Appendix A-I.D. 1-7.

⁴⁹ *Id.* at Appendix A-I.D. 1-2.

⁵⁰ *Id.* at Exhibit CIO1-2.

⁵¹ *Id.* at Appendix A-I.D. 1-3.

⁵² *Id.* at Exhibit CIO1-1

⁵³ *Id.*

Commerce issued a supplemental questionnaire concerning the CIO transaction and pre-acquisition subsidies.⁵⁴ In its response, Champ's disclosed that Champ's Business had received non-recurring and recurring subsidies during the AUL period and provided usage information with regards to the non-recurring subsidies.⁵⁵ Champ's confirmed that the pre-acquisition subsidies were valued during the arm's length and fair market value CIO transaction by providing the valuation methodology and financial statements utilized by Champ's to determine its bid price for Champ's Business.⁵⁶ In accordance with generally accepted accounting principles,⁵⁷ the accounting records pertinent to Champ's Business accounted for the value of any subsidies received by the nine companies. Champ's used these accounting records in their valuation model, which incorporated projections of profitability, sales, revenue, and future expansions. Thus, Champ's argues they are certain their purchase price necessarily valued the full amount of all subsidies received by the nine companies.⁵⁸

Pursuant to 19 CFR 351.526(b)(ii), Champ's has demonstrated that the sale was at arm's length and for fair market value, and thus, we consider the pre-acquisition subsidies extinguished. Therefore, for this preliminary determination, we have not included any subsidies received by Champ's Business prior to the acquisition in Champ's calculated subsidy rate.

Farmers' Fresh Mushrooms Inc.

Farmers' Fresh is a producer/exporter of fresh mushrooms subject to this investigation. Accordingly, we are attributing subsidies received by Farmers' Fresh to its sales, in accordance with 19 CFR 351.525(b)(6)(i).

Farmers' Fresh also provided questionnaire responses on behalf of its cross-owned producers of subject merchandise: Ross Land Mushroom Farm Ltd. (RLMF), Farmers' Fresh Farm Management Ltd. (FFFM), and 1134017 B.C. Ltd. (d/b/a Triple 8 Mushrooms) (T8M).⁵⁹ It also provided responses on behalf of its cross-owned input supplier of compost: Abbycel Substrate Ltd. (AS).⁶⁰ Based on its corporate structure, we preliminarily determine that RLMF, FFFM, T8M, and AS satisfy Commerce's cross-ownership criteria set forth in 19 CFR 351.525(b)(6)(vi).⁶¹ Due to the proprietary nature of Farmers' Fresh's affiliations information, *see* Farmers' Fresh's calculation memorandum for the details of the cross-ownership calculation.⁶² Further, because Farmers' Fresh, RLMF, FFFM, and T8M produced fresh mushrooms during the POI, we are preliminarily attributing subsidies received by either Farmers' Fresh, RLMF, FFFM, or T8M to the combined sales value of those companies, net of intercompany sales, pursuant to 19 CFR 351.525(b)(6)(ii).

AS provides an input for the production of subject merchandise: compost.⁶³ In including compost producers in our calculations, we have determined that compost is "primarily dedicated" to the production of the downstream product in accordance with 19 CFR

⁵⁴ See Supp. IQR.

⁵⁵ See Champ's Supp IQR at Exhibit A-GEN-13.

⁵⁶ *Id.* at Exhibit A-GEN-14.

⁵⁷ See Champ's Supp IQR at Exhibit A-GEN-15.

⁵⁸ See Champ's Supp IQR at SQR-10.

⁵⁹ See Farmers' Fresh AQR at 1-2.

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² See Memorandum, "Preliminary Determination Calculations for Farmers' Fresh Mushrooms," dated concurrently with this memorandum (Farmers' Fresh Preliminary Calculation Memorandum).

⁶³ See Farmers' Fresh AQR.

351.525(b)(6)(iv)(B). Specifically, compost provided by AS is primarily dedicated because compost is essential in the mushroom production chain, and AS's business activities are focused on providing compost to the Farmers' Fresh cross-owned group with a customer base which consists of Farmers' Fresh, RLMF, FFFM, T8M, Five Star, and Central. In its supplemental questionnaire response, Farmers' Fresh confirmed the production flow of Farmers' Fresh Mushrooms and described AS as the primary compost provider for Farmers' Fresh and its cross-owned producers.⁶⁴ Because AS provided inputs primarily dedicated to the production of downstream products for Farmers' Fresh, RLMF, FFFM, and T8M we preliminarily determine that AS is a cross-owned input producer within the meaning of 19 CFR 351.525(b)(6)(iv). Therefore, we are attributing subsidies received by AS to the combined sales of the company itself and Farmers' Fresh cross owned producers of subject merchandise (*i.e.*, RLMF, FFFM, T8M) in accordance with 19 CFR 351.525(b)(6)(iv).

Alongside the responses of cross-owned input producers and producers of subject merchandise, Farmers' Fresh provided questionnaire responses on behalf of suppliers of subject merchandise sold to the United States that are not "cross-owned": Farmers' Fresh purchases mushrooms from Truong Holdings Inc. (d/b/a Central Mushrooms)(Central) and Five Star Mushrooms Ltd. (Five Star). In their affiliation response,⁶⁵ Farmers' Fresh asserted that these two growers are not owned by any Farmers' Fresh entity or its shareholders, and Commerce sees no other indicia that these two producers are cross-owned with Farmers' Fresh. Because Five Star and Central produced subject merchandise during the POI, and Farmers' Fresh exported their subject merchandise during the POI, we are preliminarily attributing subsidies received by Five Star and Central to their own sales and cumulating their final subsidy rates with Farmers' Fresh's final subsidy rate, pursuant to 19 CFR 351.525(c)(1).

Farmers' Fresh also provided questionnaire responses for one producer of subject merchandise, Truong Enterprise Limited (TEL), and one input provider, Truong Mushrooms (Phase 1) Inc. (TMP1), which were inactive during the POI, but active during the AUL. Farmers' Fresh reported that there was a change in ownership in 2017, during the AUL period, with the acquisition of TEL by RLMF. TEL was affiliated with Farmers' Fresh prior to the acquisition as a producer of subject merchandise.⁶⁶ Following completion of the acquisition,⁶⁷ RLMF acquired all the mushroom growing assets of TEL. Farmers' Fresh provided questionnaire responses for TEL concerning any non-recurring subsidies received prior to the 2017 acquisition with RLMF.⁶⁸ Therefore, for this preliminary determination, we have included all non-recurring subsidies received by TEL prior to the acquisition in Farmers' Fresh's calculated subsidy rate. TMP1 supplied compost to Central; however, TMP1 currently has no productive operations. Thus, we are attributing subsidies received by TMP1 during the AUL to Central's sales.

C. Denominators

In accordance with 19 CFR 351.525(b)(1)-(5), Commerce considers the basis for a respondent's receipt of benefits under each program when attributing subsidies, *e.g.*, to the respondent's export sales (where the program is determined to be countervailable as an export subsidy) or total sales (where the program is determined to be countervailable as a domestic subsidy). As discussed below and as discussed in the calculation memoranda prepared for this preliminary

⁶⁴ See Farmers' Fresh Supp. IQR at 9-10.

⁶⁵ See Farmers' Fresh AQR at 5.

⁶⁶ See FFM's AQR at 6.

⁶⁷ *Id.*

⁶⁸ See Farmers' Fresh IQR.

determination, we have identified the denominator we used to calculate the countervailable subsidy rate for each program.⁶⁹

D. Loan Benchmarks and Interest Rates

Section 771(5)(E)(ii) of the Act provides that the benefit for 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. In addition, 19 CFR 351.505(a)(3)(i) stipulates that, when selecting a comparable commercial loan that the recipient “could actually obtain on the market,” Commerce will normally rely on actual loans obtained by the firm. However, when there are no comparable commercial loans during the period, Commerce “may use a national average interest rate for comparable commercial loans,” pursuant to 19 CFR 351.505(a)(3)(ii). In addition, 19 CFR 351.505(a)(2)(ii) states that Commerce will not consider a loan provided by a government-owned special-purpose bank for purposes of calculating benchmark rates.⁷⁰ In the absence of reported long-term loan interest rates, we are preliminarily using the below-discussed interest rates as discount rates for purposes of allocating non-recurring benefits over time, pursuant to 19 CFR 351.524(d)(3)(i)(B).⁷¹

Short-Term and Long-Term Loans

Based on the responses, we preliminarily determine that none of the companies received comparable Canadian dollar-denominated short-term or long-term loans from commercial banks (or syndicated lending without GOC involvement) for certain years for which we must calculate benchmark and discount rates.⁷² Thus, we do not have loan information from the respondents in the year subsidies were provided. Because these loan rates were not available, we are preliminarily using national average interest rates, pursuant to 19 CFR 351.505(a)(3)(ii). Specifically, we used the national average of chartered bank administered interest rates for prime business (the prime business loan rates) from the Bank of Canada, Data and Statistics Office as benchmark rates for Canadian dollar-denominated short-term and long-term loans. We preliminarily find that the average of the Bank of Canada prime business loan rates provides a reasonable representation of both short-term and long-term interest rates for Canadian dollar-denominated loans available to the respondents.

Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i), we used, as our discount rates, the interest rates calculated according to the methodology described above for the year in which the government provided non-recurring subsidies. The interest-rate benchmarks and discount rates used in our preliminary calculations are provided in the preliminary calculation memoranda.

⁶⁹ See Champ’s Preliminary Calculation Memorandum; see also Farmers’ Fresh Preliminary Calculation Memorandum.

⁷⁰ See, e.g., *Certain Frozen Warmwater Shrimp from India: Final Affirmative Countervailing Duty Determination*, 78 FR 50385 (August 19, 2013), and accompanying Issues and Decision Memorandum (IDM) at “Benchmark and Discount Rates.”

⁷¹ See, e.g., *Certain Pasta from Italy: Final Results of Countervailing Duty Administrative Review; 2012*, 80 FR 11172 (March 2, 2015), and accompanying IDM at “C. Loan Benchmarks and Discount Rates.”

⁷² We received GOC submission for a benchmark rate. The GOC submitted Bank of Canada data for prime business loan rates; however, their submission did not cover all the years required for loan calculations. Therefore, we supplemented their submission with the prior data for prime business loan rates from the Bank of Canada, Statistics and Data Office.

VI. NEW SUBSIDY ALLEGATIONS

Between March 25, 2026, and April 10, 2026 the petitioner timely filed new subsidy allegations (NSAs) with respect to three programs: the GOC's Special Tax Provision for Farming and Fishing under Section 28 of the Income Tax Act, Class 8 Capital Cost Allowance for Farm Assets and Certain Agricultural Structures, and the Canadian Agricultural Income Stabilization (CAIS).⁷³ On April 8, 2026, Champ's, Farmers' Fresh, and the GOC timely filed rebuttal comments to the petitioner's NSA submission.⁷⁴ On May 1, 2026, we initiated on the NSAs submitted by the petitioner.⁷⁵ We intend to issue a post-preliminary analysis with respect to these NSA programs.

VII. USE OF PARTIAL FACTS OTHERWISE AVAILABLE

A. Legal Standard

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

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 the agency will so inform the party submitting the response and will, to the extent practicable, provide that party with 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 further provides that Commerce may use an adverse inference in selecting from among the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. Further, section 776(b)(2) of the Act states that an adverse inference may include reliance on information derived from the petition, the final determination from the investigation, a previous administrative review, or other information placed on the record. When selecting an adverse facts available (AFA) rate from among the possible sources of information, Commerce's practice is to ensure that the rate is sufficiently adverse "as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide Commerce with complete and accurate information in a timely

⁷³ See Petitioner's Letter, "New Subsidy Allegations," dated March 25, 2026; *see also* Petitioner's Letter, "Additional New Subsidy Allegations," dated April 10, 2026.

⁷⁴ See Champ's Letter, "Champ's Rebuttal to Petitioner's New Subsidy Allegations," dated April 8, 2026; *see also* FFM's Letter, "Farmer's Fresh Mushrooms Rebuttal to Petitioner's New Subsidy Allegations," dated April 8, 2026; and Governmental Parties' Letter, "Governmental Parties' Rebuttal to Petitioner's New Subsidy Allegations," dated April 8, 2026.

⁷⁵ See Memorandum, "Initiation of Investigation of New Subsidy Programs," dated May 1, 2026.

manner.”⁷⁶ Commerce’s practice also ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”⁷⁷ At the same time, section 776(b)(1)(B) of the Act states that Commerce is not required to determine, or make any adjustments to, a countervailing subsidy rate based on any assumptions about information the interested party would have provided if the interested party had complied with the request for information.

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.”⁷⁸ 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.⁷⁹ The “best of its ability” standard recognizes that mistakes sometimes occur; however, it 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.⁸⁰ Moreover, further, affirmative evidence of bad faith on the part of a respondent is not required before Commerce may make an adverse inference.⁸¹

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than 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.⁸² Secondary information is “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.”⁸³ It is Commerce’s practice to consider information to be corroborated if it has probative value.⁸⁴ In analyzing whether information has probative value, it is Commerce’s practice to examine the reliability and relevance of the information to be used.⁸⁵ However, the SAA emphasizes that Commerce need not prove that the selected facts available are the best alternative information.⁸⁶ Furthermore, Commerce is not required to corroborate any countervailing subsidy rate applied in a separate segment of the same proceeding.⁸⁷

⁷⁶ See, e.g., *Drill Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination*, 76 FR 1971 (January 11, 2011); see also *Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors from Taiwan*, 63 FR 8909, 8932 (February 23, 1998).

⁷⁷ See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H. R. Doc. 103-316, Vol. 1 (1994) (SAA), at 870.

⁷⁸ See *Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382-83 (Fed. Cir. 2003) (*Nippon Steel*).

⁷⁹ *Id.*, 337 F.3d at 1382.

⁸⁰ *Id.*

⁸¹ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Circular Seamless Stainless Steel Hollow Products from Japan*, 65 FR 42985 (July 12, 2000); see also *Preamble*, 62 FR at 27340; and *Nippon Steel*, 337 F.3d at 1382-83.

⁸² See 19 CFR 351.308(d).

⁸³ See, e.g., SAA at 870.

⁸⁴ *Id.*

⁸⁵ *Id.* at 869.

⁸⁶ *Id.* at 869-870.

⁸⁷ See section 776(c)(2) of the Act

Under section 776(d) of the Act, Commerce may use any countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a CVD rate for a subsidy program from a proceeding that Commerce considers reasonable to use, including the highest of such rates. Additionally, when selecting an AFA rate, Commerce is not required for purposes of section 776(c) of the Act, or any other purpose, to estimate what the countervailable subsidy rate would have been if the interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality” of the interested party.⁸⁸

For purposes of this preliminary determination, we are applying facts available for the circumstance outlined below.

A. Application of FA: British Columbia Provincial Sales Tax for Farm Inputs

In the initial questionnaire,⁸⁹ both respondents were asked to provide a standard question appendix and an income tax appendix for the British Columbia Provincial Sales Tax for Farm Equipment program. The appendices clearly lay out the expectations for respondent’s reporting requirements and the information we need to complete our benefit calculations. Specifically, we requested the following from Champ’s and Farmers’ Fresh:

Indicate where benefits under this program can be found in your accounting system (*i.e.*, specify the ledgers or journals) and financial statements. If you have to file anything with the government to continue receiving benefits under this program, provide a complete translated set of your most recent submissions made during, or before, the POI. (Standard question appendix)

Indicate the amount of the tax savings derived from the use of this program. Provide a detailed calculation of the assistance and all source materials. Show the amount of tax (or the amount of loss incurred) that would have been due absent this benefit. Indicate where in the tax return this assistance is shown. For tax deferrals, please indicate the amount of tax owed and the length of the deferral period.

However, in their initial questionnaire responses, both Champ’s and Farmers’ Fresh provided benefit calculations with methodologies which failed to capture the full extent of the farm equipment and goods exempted under the B.C. PST for farm inputs program.⁹⁰ We issued supplemental questionnaires requesting both respondents to revise their methodology for calculating the benefit calculation. For Farmers’ Fresh, we expressly requested they include certain categories listed in their general ledger accounts, however, we also stated the revised benefit calculation should not be limited to only those requested categories. For Champ’s, we requested that they provide the complete screened transaction list and include excluded transactions. Both Champ’s and Farmers’ Fresh did not include all energy purchases exempt from the B.C. PST within their benefit calculation. Schedule 2 of the B.C. PST Regulation provides tables listing items exempt from the provincial sales tax. Specifically, table 9 lists all fuel and energy exemptions and expressly lists electricity. Additionally, Section 29 (1) of the B.C. PST Regulation lays out the following language regarding electricity exemptions:

⁸⁸ See section 776(d)(3) of the Act.

⁸⁹ See Commerce’s IQR at Income Tax Appendix and Standard Questions Appendix.

⁹⁰ See Champ’s IQR at Exhibit A-B.C.PST-6 and B-B.C.PST-1; see also Farmers’ Fresh’s IQR at Exhibit PST-5.

29(1) Electricity is exempt from tax imposed under Part 3 of the Act, other than Division 9 of that Part, if

- (a) the electricity is obtained by a qualifying farmer for use only for
 - (i) residential use in a residential dwelling, and
 - (ii) a farm purpose, and
- (b) the seller of the electricity provides the electricity for both purposes described in paragraph (a) through the same meter.

Thus, for the preliminary determination, we are relying on Farmers' Fresh's general ledger accounts to determine exempted PST for the omitted energy purchases.

As noted above, Champ's reported their PST exemption on certain energy purchases; however, they did not include their PST exemptions for all energy purchases included in the B.C. PST Regulation. When we attempted to map the reported exemptions for energy to Champ's chart of accounts,⁹¹ we identified several entries of energy purchases in the financial statements of the parent company of Champ's and Loveday that were not included within Champ's revised calculations.

Therefore, we preliminary determine necessary information is not on the record, and that Champ's and Farmers' Fresh withheld necessary information that Commerce requested in both initial and supplemental questionnaires with regards to the total benefit calculation for the B.C. PST for farm inputs program. Thus, Commerce is relying on the facts available in making our preliminary determination with respect to Champ's and Farmers' Fresh usage of PST exemptions, pursuant to sections 776(a)(1) and (2)(A) of the Act.

B. Selection of the FA

Farmers' Fresh's general ledger accounts for 2024 disclose certain energy purchases which were omitted from the benefit calculation. Thus, for the preliminary determination, we are relying on Farmers' Fresh's general ledger accounts to correct the omitted certain energy purchases.⁹² To calculate the appropriate benefit received, we are applying the seven percent provincial sales tax to the amount reflected in the general ledger accounts. For Champ's, Five Star, and Central's FA rate, there is no documentation on the record which reflects the value of certain energy purchases during the POI. Therefore, we will calculate the benefit for Farmers' Fresh's energy purchases and determine the portion of benefits attributed to certain energy purchases when compared to total benefits received from the B.C. PST for farm inputs program. We will use that average to determine the appropriate portion of benefits Champ's, Five Star, and Central would receive for exempted energy purchases with respect to their total benefits. We used the same methodology to calculate the energy purchase benefits for their unaffiliated supplier.

⁹¹ See Champ's Supp IQR at Exhibit A-GEN-11

⁹² See Farmers' Fresh SQR at Exhibit SUPP1-3 to SUPP1-9

VIII. ANALYSIS OF PROGRAMS

Based on our analysis of the record information, we preliminarily determine the following programs are countervailable. The details of our calculations and additional BPI concerning our analysis are included in the analysis memoranda.⁹³

Federal Lending Programs

1. Farm Credit Canada Preferential Lending

Farm Credit Canada is a federal Crown corporation and lender to the agriculture and agrifood sector with a mandate to provide specialized and personalized financial products and services to farming operations, and businesses related to farming.⁹⁴ FCC was established in 1959 by the Farm Credit Act, as the successor to the Canadian Farm Loan Board, and has the statutory authority to provide financial services to farming operations, as well as businesses related to farming.⁹⁵ FCC benefits from federal backing typical of Crown financial institutions.⁹⁶

FCC provides loans as the sole lender, in collaboration with other lenders, or as a participating lender in a syndicated loan. FCC offers three principal categories of loans: (1) primary agriculture lending; (2) agribusiness lending; and (3) food and beverage lending. Both respondents qualify for primary agriculture lending which aims to enable producers to acquire assets, invest in their agricultural operations and production efficiency, manage volatility inherent in agricultural cycles, and support the longevity of their farms.⁹⁷

We preliminarily determine that there is a financial contribution in the form of a direct transfer of funds by a government authority, within the meaning of section 771(5)(D)(i) of the Act. We preliminarily determine that assistance provided under FCC lending (*i.e.*, primary agriculture lending) is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act, because, as a matter of law and practice, eligibility for this lending is limited to enterprises in the agricultural and agri-food sectors, specifically farming operations and businesses related to farming.⁹⁸ FCC lending provides a benefit to the extent that the terms of FCC loans, including interest rates, collateral requirements, or repayment terms, are more favorable than those of comparable commercial loans available on the market, as provided in 19 CFR 351.505(a)(1) and 771(5)(E)(ii) of the Act. We initiated on the FCC program where the petitioner alleged that the FCC's taxpayer backed funding enabled it to compete aggressively with private lenders and to

⁹³ See Champ's Preliminary Calculation Memorandum; see also Farmers' Fresh's Preliminary Calculation Memorandum; Memorandum, "Preliminary Determination Calculations Champ's Unaffiliated Supplier," dated concurrently with this memorandum (Champ's Unaffiliated Supplier Preliminary Calculation Memorandum); Memorandum, "Preliminary Determination Calculations for Five Star Mushrooms," dated concurrently with this memorandum (Five Star Preliminary Calculation Memorandum); and Memorandum, "Preliminary Determination Calculations for Central Mushrooms," dated concurrently with this memorandum (Central Preliminary Calculation Memorandum).

⁹⁴ See FCC IQR at 1.

⁹⁵ *Id.* at 4.

⁹⁶ See Petition Volume III at 13.

⁹⁷ *Id.* at 3.

⁹⁸ See FCC IQR at Exhibit FCC-1.

expand its loan book using concessional features, raising concerns about crowding out private credit and the build-up of taxpayer risk exposure.⁹⁹

Champ's, RLMF, FFFM, and Five Star reported they received multiple FCC loans during the AUL.¹⁰⁰ In accordance with 19 CFR 351.505, the benefit conferred is the difference between the actual interest paid on the loan during the POI compared to the interest that would have been paid on a non-preferential commercial loan. We calculated the countervailable subsidy rate by using a benchmark loan rate to calculate the difference between the interest RLMF, FFFM, and Five Star paid on their loans and the interest that would have been paid on a non-preferential commercial loan.

On this basis, we preliminarily calculated a net countervailable subsidy rate of 0.08 percent *ad valorem* for Farmers' Fresh, and no measurable benefit for Five Star.

We have determined that the FCC lending provided to Champ's is not countervailable. The details of our determination are discussed below under "Program Determined Not to Be Countervailable."

FCC Debt Forgiveness

For TEL, a cross-owned producer of subject merchandise of RLMF, we preliminarily determine that the FCC provided a subsidy in the form of debt forgiveness, and, pursuant to 19 CFR 351.508, we are countervailing the entire amount of forgiven principal and accrued unpaid interest forgiven by the FCC.¹⁰¹ There is a financial contribution in the form of a direct transfer of funds from a government agency (the FCC), and a benefit pursuant to 19 CFR 351.508(a). The debt forgiveness is *de facto* specific as it pertains solely to TEL and is not part of a wider program of debt restructuring or forgiveness (*i.e.*, this is an ad hoc matter limited to TEL). In accordance with 19 CFR 351.524(c)(2)(i), we are treating this subsidy as a non-recurring subsidy. We calculated the countervailable subsidy rate by allocating the amount of debt forgiven by the FCC across the AUL and divided the amount allocated to the POI by the combined sales of the cross-owned producers of subject merchandise.

On this basis, we preliminarily calculated a net countervailable subsidy rate of 0.05 percent *ad valorem* for Farmers' Fresh.

Federal Income Tax and Direct Tax Program

1. Capital Cost Allowance Class 1a and 1b

Under this program, companies are able to claim an additional six percent CCA on top of the standard four percent, leading to a total of a ten percent CCA deduction on their taxable income.¹⁰² Class 1 assets are defined by the ITR as non-residential buildings acquired after 1987. In order to qualify for the additional six percent depreciation, at least 90 percent of the available floor space must be used at the end of the year for manufacturing or processing

⁹⁹ See Petition at Vol III, 7.

¹⁰⁰ See Farmers' Fresh IQR.

¹⁰¹ *Id.* at 33 and Exhibit FCCOS-1 to FCCOS-4.

¹⁰² See GOC IQR at CAN VOLUME XIV.

Canadian goods.¹⁰³ Alternatively, if 90 percent of the floor space is not used for manufacturing or processing, enterprises may claim an additional two percent CCA rather than six percent. The Canada Revenue Agency (CRA) is responsible for administering this program under the ITR.¹⁰⁴ The ITR's definition of manufacturing and processing explicitly excludes certain industries from benefitting from this deduction.¹⁰⁵ Commerce has previously countervailed this program.¹⁰⁶

We preliminarily determine that this tax credit provides a financial contribution in the form of revenue forgone, within the meaning of section 771(5)(D)(ii) of the Act. We preliminarily determine that the additional depreciation for Class 1 assets is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act because, as a matter of law, eligibility for this tax program is expressly limited to certain industries, *i.e.*, those industries not specifically excluded by the ITR's definition of manufacturing and processing.¹⁰⁷ We preliminarily determine that the tax credit provides a benefit in the amount of the difference between the tax the company paid and the tax the company would have paid absent the tax credit, as provided in section 771(5)(E) and 19 CFR 351.509(a)(1). In the absence of the Class 1 accelerated depreciation provisions, the Class 1 eligible assets acquired would otherwise have been subject to normal, *i.e.*, non-accelerated, depreciation.¹⁰⁸ Accordingly, the benefit conferred is the tax savings of the difference between the deduction calculated using the Class 1 accelerated rate of depreciation and the deduction calculated using the standard rate of depreciation. Commerce has previously countervailed this program.¹⁰⁹

Champ's and Loveday reported using this program.¹¹⁰ However, Loveday was in a tax loss position during the POI, so it did not benefit from the additional CCA depreciation during the POI. In accordance with 19 CFR 351.524(c)(1), we are treating this subsidy as a recurring subsidy, and to calculate the tax savings on this difference, we multiplied the difference in the deductions by the effective corporate tax rate. We calculated the countervailable subsidy rate by dividing the amount of the benefit received under this program during the POI by the combined sales of the companies during the POI, as described above in the "Attribution of Subsidies" section.

On this basis, we preliminarily calculated a net countervailable subsidy rate of 0.15 percent *ad valorem* for Champ's.

2. Federal Investment Tax Credit for Scientific Research and Experimental Development (SR&ED)

The GOC provides a tax credit on companies' qualified expenditures for scientific research and experimental development work performed Canadian companies.¹¹¹ Eligible SR&ED activities cover basic research and applied research as well as experimental development. The credit is

¹⁰³ See GOC IQR at CAN-VOL XIV-2.

¹⁰⁴ *Id.* at CAN-VOL XIV-5.

¹⁰⁵ *Id.*

¹⁰⁶ See *Utility Scale Wind Towers from Canada: Final Affirmative Countervailing Duty Determination and Final Negative Determination of Critical Circumstances*, 85 FR 40245 (July 6, 2020) (*Wind Towers from Canada*), and accompanying IDM.

¹⁰⁷ See Champ's IQR at Exhibit Class 1.

¹⁰⁸ *Id.*

¹⁰⁹ See *Wind Towers from Canada* IDM.

¹¹⁰ *Id.*

¹¹¹ See GOC IQR Volume XVIII at 1.

currently provided at a general rate of 15 percent of the cost of qualified expenditures.¹¹² There was no application to receive this tax credit; rather it was claimed on Form T661 of the taxpayer's federal tax return.¹¹³ The Canadian Revenue Agency is responsible with the administration and application of Canadian tax laws, including the Federal SR&ED tax credit.¹¹⁴ Commerce has previously countervailed this program.¹¹⁵

We preliminarily find that this tax credit provides a financial contribution in the form of revenue forgone, within the meaning of section 771(5)(D)(ii) of the Act. The GOC reported that approximately 20,830 companies claimed this tax credit in the POI, out of approximately 2,498,220 corporate tax filers.¹¹⁶ Because the number of actual recipients, relative to the total number of corporate tax filers, is limited on an enterprise basis, we preliminarily find that this program is *de facto* specific, in accordance with section 771(5A)(D)(iii)(I) of the Act. The tax credit received confers a benefit equal to the amount of the tax savings pursuant to 19 CFR 351.509(a)(1).

Farmers' Fresh, RLMF, AS, T8M, Central, Five Star, and Champ's reported receiving this tax credit during the POI.¹¹⁷ Because this is a recurring subsidy under 19 CFR 351.524(c), we multiplied the deductions by the effective corporate tax rate to determine the POI benefit. We calculated the countervailable subsidy rate by dividing the amount received under this program during the POI, by each company's total sales during the POI, as described above in the "Attribution of Subsidies" section and, for Farmers' Fresh, RLMF, AS, and T8M we summed each company's subsidy rate to arrive at the total program rate and attributed this rate to Farmers' Fresh.

On that basis, we preliminarily calculated a net countervailable subsidy of 0.02 percent *ad valorem* for Champ's, 0.20 percent *ad valorem* for Farmers' Fresh, 0.51 percent *ad valorem* for Five Star, and 0.25 percent *ad valorem* for Central.

British Columbia Income Tax and Direct Tax Program

1. British Columbia Tax Reductions and Exemptions for Class 9 Farm Property

The GBC provides a series of tax reductions and exemptions for companies that own Class 9 properties, which are qualified as "farm class" properties.¹¹⁸ There are a variety of tax reductions and exemptions that can be received by the GBC by being classified as owning Class 9 property including reductions for provincial school tax, school tax credits, farm building tax exemptions, and light industry tax exemptions. To qualify as Class 9, land must be used for qualifying agricultural use or purposes that contribute to qualifying agricultural use where the property must produce a prescribed amount of primary agricultural products for sale with a minimum amount of income relative to the size of the farm. This is a voluntary program where the tax must be

¹¹² *Id.*

¹¹³ *Id.* at 11.

¹¹⁴ *Id.* at 3.

¹¹⁵ See *Certain Softwood Lumber Products from Canada: Final Results and Final Rescission, in Part, of the Countervailing Duty Administrative Review; 2023*, 90 FR 38755 (August 12, 2025) (*Lumber from Canada 2023 Final*).

¹¹⁶ See GOC IQR Volume XVIII at 17 and Exhibit CAN-CLASS1-12.

¹¹⁷ See Champ's IQR at Exhibit FSRED; See also Farmer's Fresh IQR at Exhibit FSRED.

¹¹⁸ See GBC IQR at Volume III-1.

applied for and received approval from the GBC.¹¹⁹ The Class 9 School Tax Assessment Exemption is currently provided at a rate of 50 percent of the assessed value of the class 9 land which is exempt from school taxes. The Farm Land School Tax Credit is currently provided at a rate of 50 percent reductions on the school tax otherwise payable. Buildings on class 9 properties may also qualify for class 1 farm buildings tax exemptions as well, which are currently offered as an assessment exemption in the amount equal to the greater of \$50,000 or 87.5 percent of the assessed value of the farm building.¹²⁰ B.C. Assessment is responsible for the approval of applications for this subsidy. One respondent also included a small portion of tax savings in this category which they received from the GBC for class 5 exemptions which are classified as light industry buildings.

We preliminarily find that this tax credit provides a financial contribution in the form of revenue forgone, within the meaning of section 771(5)(D)(ii) of the Act. The program is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act because section 23 of the Assessment Act and the Classification of Land as a Farm Regulation limit favorable treatment to land that satisfies the farm-classification rules.¹²¹ The tax credits and exemptions received confer a benefit equal to the amount of the tax savings pursuant to section 771(5)(E) of the Act and 19 CFR 351.509(a)(1).

Champ's, Champ's unaffiliated supplier, Farmers' Fresh, RLMF, FFFM, T8M, and Central reported using this program during the POI. Because this is a recurring subsidy under 19 CFR 351.524(c)(1), to calculate the subsidy rate we divided the benefit reported by the company, by the relevant denominator, as described in the "Attribution of Subsidies" section of this memorandum. For Champ's we divided the total benefit by their combined sales during the POI. For Farmers' Fresh, we summed the benefits received by Farmers' Fresh and its cross owned producers, and we divided the benefit by the combined sales of Farmers' Fresh and its cross owned entities. For Central, we divided the total benefit by their respective sales value during the POI. For Champ's' unaffiliated supplier we divided their benefit by their respective sales value during the POI.

On this basis, we preliminarily calculated a net countervailable subsidy of 0.04 percent *ad valorem* for Champ's, 0.17 percent *ad valorem* for Champ's' unaffiliated supplier, 0.22 percent *ad valorem* for Farmers' Fresh, and 0.08 percent *ad valorem* for Central.

2. British Columbia Investment Tax Credit for Scientific Research and Experimental Development

The B.C. SR&ED tax credit is administered by the CRA on behalf of the GBC. The program is designed to encourage research and development that will lead to new, improved, or technologically advanced products or processes.¹²² Corporations with permanent establishments in British Columbia that conduct qualifying SR&ED activities in British Columbia during a

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ See GBC IQR Volume IV-2 to IV-5

¹²² See GBC's IQR at Volume XI.

particular tax year may claim a B.C. tax credit on their qualifying expenditures.¹²³ Commerce has previously countervailed this program.¹²⁴

We preliminarily find that this tax credit provides a financial contribution in the form of revenue forgone, within the meaning of section 771(5)(D)(ii) of the Act. Based on record evidence, we find that this tax credit is not limited by law to certain enterprises or industries under section 771(5A)(D)(i) of the Act. Thus, we examined whether the program is specific as a matter of fact under section 771(5A)(D)(iii) of the Act. The GBC reported 2,010 B.C. SR&ED¹²⁵ beneficiaries for the tax year corresponding to the POI and 391,260 corporate tax filers in B.C.;¹²⁶ thus we find less than 0.5 percent of corporate tax filers utilized the tax credit. The number of recipients that received the B.C. SR&ED tax credit, compared to total corporate tax filers in the province,¹²⁷ is limited in number on an enterprise basis. Therefore, we preliminarily determine that this program is *de facto* specific, in accordance with section 771(5A)(D)(iii)(I) of the Act. The tax credit conferred a benefit equal to the amount of the tax savings pursuant to 19 CFR 351.509(a)(1).

Champ's, Farmers' Fresh, RLMF, FFFM, AS, T8M, Five Star, and Central reported using this program during the POI. Because we preliminarily find that this is a recurring subsidy under 19 CFR 351.524(c), we calculate the subsidy rate by dividing the benefit reported by each company, to its relevant denominator, as described in the "Attribution of Subsidies" section of this memorandum. For Champ's, to calculate the benefit, we divided the sum of the tax savings by Champ's total consolidated sales for the POI, as described in the "Attribution of Subsidies" section of this memorandum. For Farmers' Fresh, to calculate the benefit, we summed the tax savings received by Farmers' Fresh, RLMF, FFFM, AS, and T8M and divided by the combined sales values of Farmers' Fresh's cross owned group, as described in the "Attribution of Subsidies" in this memorandum. For Five Star and Central we divided each company's benefit by their respective sales value during the POI.

On that basis, we preliminarily calculate a net countervailable subsidy of 0.02 percent *ad valorem* for Champ's, 0.06 percent *ad valorem* for Farmers' Fresh, 0.16 percent *ad valorem* for Five Star, and 0.08 percent *ad valorem* for Central.

Federal Indirect Tax Program

1. Fuel Charge Exemption for Farmers (Gasoline & Diesel)

Under the greenhouse gas pricing framework, the fuel charge exemption for farmers allows farming operations to receive relief from fuel charges on certain fuels used in eligible farming activities.¹²⁸ These rules apply only to certain provinces which does not include British Columbia, which is why their fuel tax exemptions are included in a different subsidy.

We preliminary determine that the tax exemption constitutes a financial contribution in the form of revenue forgone by the GOC, within the meaning of section 771(5)(D)(ii) of the Act. The exemption is *de jure* specific within the meaning of section 771(5A)(D)(i) because, as a matter of

¹²³ *Id.*

¹²⁴ *See Lumber from Canada 2023 Final*, 90 FR 38755.

¹²⁵ *See GBC's IQR at Volume XI.*

¹²⁶ *Id.* at Volume XI-11.

¹²⁷ *Id.*

¹²⁸ *See GBC IQR at CAN VOLUME VI.*

law, eligibility is limited to farming operations carrying out eligible agricultural activities, including mushroom producers. The fuel tax exemption confers a benefit equal to the amount of tax savings the recipient gains from paying less taxes on fuel that would have been paid absent the exemption, consistent with section 771(5)(E)(iv) of the Act.

Champ's reported Loveday received the tax exemption during the POI. Because this is a recurring subsidy under 19 CFR 351.524(c)(1) to calculate the subsidy rate we divided the benefit reported by the company, by the relevant denominator, as described in the "Attribution of Subsidies" section of this memorandum.¹²⁹ For Loveday we divided the total benefit by Champ's combined sales during the POI.

On this basis, we preliminarily calculated a net countervailable subsidy of 0.01 percent *ad valorem* for Champ's.

British Columbia Indirect Tax Program

1. British Columbia Coloured Fuel Tax Exemptions

The Motor Fuel Act of British Columbia permits the GBC to charge different tax rates for clear and colored fuel.¹³⁰ Specifically, the GBC allows farmers to purchase and use coloured gasoline and coloured diesel exempt from both the Motor Fuel Tax and Carbon Tax. Colored fuel is taxed at a lower rate than clear fuel; however, certain conditions must be met in order to purchase colored fuel. In particular, purchasers must complete a Coloured Fuel Certification (FIN-430) certifying that they are eligible to purchase colored fuel and selecting on the form the reasons why, as colored fuel may only be used for certain authorized purposes.¹³¹ The authorized uses for colored fuel are primarily limited to off-highway and farm-licensed applications under B.C.'s Motor Fuel Tax Act. The form FIN-430 must be provided to any suppliers of colored fuel before making a purchase. Companies may then purchase colored fuel at the reduced motor fuel tax rate. Commerce has previously countervailed this program.¹³²

We preliminarily determine that the program constitutes a financial contribution in the form of revenue forgone by the GBC, within the meaning of section 771(5)(D)(ii) of the Act.

We preliminarily determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act, because access to the lower fuel tax rates is expressly limited to companies engaging in off-highway applications of motor fuel, including the operation of licensed farm equipment. A benefit is conferred in the tax savings from being exempt to a provincial fuel tax on fuel used for specified farm uses, consistent with section 771(5)(E)(iv) of the Act and 19 CFR 351.510(a)(1).

Champ's, Champ's unaffiliated supplier, Farmers' Fresh, RLMF, FFFM, AS, Five Star, and Central reported using this program during the POI. Because this is a recurring subsidy under 19 CFR 351.524(c)(1) to calculate the benefit we divided the benefit reported by the company, by the relevant denominator, as described in the "Attribution of Subsidies" section of this memorandum. For Champ's we summed the benefits received by Champ's and Loveday, and we divided the benefit by their combined sales during the POI. For Farmers' Fresh, we summed the benefits received by Farmers' Fresh and its cross owned producers, and we divided the benefit by

¹²⁹ *Id.*

¹³⁰ See GBC IQR at Volume II.

¹³¹ *Id.*

¹³² See *Lumber from Canada 2023 Final*, 90 FR at 38755.

the combined sales of Farmers' Fresh and its cross owned entities. For Five Star and Central, we divided each company's benefit by their respective sales value during the POI.

On this basis, we preliminarily calculated a net countervailable subsidy of 0.01 percent *ad valorem* for Champ's, 0.02 percent *ad valorem* for Champ's unaffiliated supplier, 0.17 percent *ad valorem* for Farmers' Fresh 0.11 percent *ad valorem* for Five Star, and 0.40 percent *ad valorem* for Central.

2. British Columbia Provincial Sales Tax (PST) Exemptions for Farm Machinery

The B.C. Provincial Sales Tax Act and the B.C. Provincial Sales Tax Exemption and Refund Regulation lay out the regulatory framework for the GBC to provide tax exemptions on eligible farm equipment and other goods used exclusively for farm purposes, parts, and related services.¹³³ The B.C. PST is typically 7 percent on certain goods and services, collected as part of the purchase price during the point of sale. The B.C. PST exemption is available for qualifying farmers. In particular, purchasers must complete a Certificate of Exemption - Farmer (FIN-458) certifying that they are eligible to purchase farm-eligible goods and related services without paying the PST. The form FIN-458, or a B.C. Farmer Identity Card must be provided to any suppliers before making a purchase.

Based on the record evidence, we preliminarily determine that the B.C. PST Exemption constitutes a financial contribution in the form of revenue forgone, within the meaning of section 771(5)(D)(ii) of the Act. The tax exemption conferred a benefit equal to the amount of the tax savings pursuant to 19 CFR 351.510(a)(1) and section 771(5)(E) of the Act. The program is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act because it is limited to qualifying farmers and listed equipment, goods, parts, and related services and is claimed through FIN-458 or a B.C. Farmer Identity Card.

Champ's, Champ's unaffiliated supplier, Farmers' Fresh, RLMF, FFFM, AS, T8M, Five Star, and Central reported using this program during the POI. Because this is a recurring subsidy under 19 CFR 351.524(c)(1), to calculate the subsidy rate we divided the benefit reported by the company, by the relevant denominator, as described in the "Attribution of Subsidies" section of this memorandum. For Champ's we divided the total benefit by their combined sales during the POI. For Farmers' Fresh, we summed the benefits received by Farmers' Fresh and its cross owned producers, and we divided the benefit by the combined sales of Farmers' Fresh and its cross owned entities. For Five Star and Central we divided each company's benefit by their respective sales value during the POI. For Champ's unaffiliated supplier we divided their benefit by their respective sales value during the POI.

On that basis, we preliminarily calculated a net countervailable subsidy of 0.92 percent *ad valorem* for Champ's, 2.84 percent *ad valorem* for Champ's unaffiliated supplier, 3.32 percent *ad valorem* for Farmers' Fresh, 3.23 percent *ad valorem* for Five Star, and 4.02 percent *ad valorem* for Central.

¹³³ See Champ's IQR at A-BCPST.

Manitoba Indirect Tax Programs

1. Manitoba Farm Land School Tax Rebate

The GOM provides tax rebate to eligible properties classified as ‘farm properties’ under the Municipal Assessment Act to receive the Manitoba Farm Land School Tax Rebate (MFLSTR).¹³⁴ Under the Municipal Assessment Act, property may be assessed as ‘farm property’ when it consists of land used solely for farming purposes.¹³⁵ Under this program, the owner of the qualifying Manitoba-based property is entitled to a rebate equal to 50 percent of the school taxes payable to the property. No application is required and the rebate is applied automatically on the property tax statement.

We preliminarily determine that the program constitutes a financial contribution in the form of revenue forgone by the GOM, within the meaning of section 771(5)(D)(ii) of the Act. We preliminarily determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act, because qualifying properties are expressly limited to those classified as “farm property.” A benefit is conferred in the tax savings from the tax rebate on farm properties for their exempt provincial school tax, consistent with section 771(5)(E)(iv) of the Act and 19 CFR 351.510(a)(1).

Champ’s reported Loveday used this program during the POI. Because this is a recurring subsidy under 19 CFR 351.524(c)(1) to calculate the benefit we divided the benefit reported by Loveday, by the relevant denominator, as described in the “Attribution of Subsidies” section of this memorandum.

On that basis, we preliminarily calculate a net countervailable subsidy of 0.02 percent *ad valorem* for Champ’s.

2. Manitoba Retail Sales Tax Exemption for Direct Farm Inputs

Under this program, purchasers of eligible farm equipment are exempt from Manitoba’s retail sales tax, which is equivalent to 7 percent. While the Retail Sales Tax Act defines the application of the provincial retail sales tax to the purchase of tangible personal property; section 3(1)(i) of the RST Act provides an exemption for certain farm machinery, farm equipment and other items used principally for farming and purchased for use in qualifying farming operations.¹³⁶ There is no application form or approval procedure for the tax exemption since this exemption primarily operates at the point of sale.¹³⁷ In order to receive the RST exemption, purchasers must provide a farm use certification to the vendor to confirm the purchase for a tax-exempt sale. Vendors are responsible for maintaining detailed accounting records of all transactions with exempt sales (*i.e.*, receipts, invoices, exemption certificates).¹³⁸ The GOM does not maintain comprehensive

¹³⁴ See GOM’s IQR at Exhibit MB-MFLSTR-1.

¹³⁵ *Id.* at Exhibit A-MFLSTR-1.

¹³⁶ See GOM’s IQR at Exhibit MB-RSTFE-1

¹³⁷ *Id.* at Exhibit MB-RSTFE-8

¹³⁸ *Id.* at Exhibit MB-RSTFE-6.

records of buyers that use the RST exemption on qualifying purchases and does not track the amount of assistance received under this program.¹³⁹

We preliminarily determine that the program constitutes a financial contribution in the form of revenue forgone by the GOM, within the meaning of section 771(5)(D)(ii) of the Act.

We preliminarily determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act, because qualifying purchases for the RST exemption are expressly limited to purchases for use in qualifying farming operations. A benefit is conferred in the tax savings from the tax exemption on purchases used for specified farm activities, consistent with 19 CFR 351.510(a)(1) and section 771(5)(E) of the Act.

Champ's reported Loveday used this program during the POI. Because this is a recurring subsidy under 19 CFR 351.524(c)(1) to calculate the benefit we divided the benefit reported by Loveday, by the relevant denominator, as described in the "Attribution of Subsidies" section of this memorandum.

On that basis, we preliminarily calculate a net countervailable subsidy of 0.22 percent *ad valorem* for Champ's.

3. Manitoba Retail Sales Tax Reduced Electricity Rate for Farms

Under this program, farmers are eligible to pay a reduced retail sales tax on electricity that is used for heating or cooling a farm building.¹⁴⁰ Section 2(1.2) of the RST Act outlines that farmers are subject to a reduced "mixed"¹⁴¹ rate of 1.4 percent if at least 80 percent of the electricity is used for the heating or cooling of a farm building.¹⁴² The program is administered by Manitoba Hydro, a wholly owned Crown corporation tasked with overseeing the electricity and natural gas supply in Manitoba. Farmers must request the reduced rate directly with Manitoba Hydro and provide information concerning their energy usage to determine if they meet the eligibility criteria.¹⁴³ Due to the nature of the program, the GOM does not maintain records for total benefits attributed to the rate reduction.¹⁴⁴

We preliminarily determine that the program constitutes a financial contribution in the form of revenue forgone by the GOM, within the meaning of section 771(5)(D)(ii) of the Act.

We preliminarily determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act, because qualifying purchases for the RST exemption are expressly limited to electricity purchased for eligible farming purposes. A benefit is conferred in the tax savings from being exempt from provincial retail sales tax on electricity purchases used for specified farm activities, consistent with 19 CFR 351.510(a)(1) and section 771(5)(E) of the Act.

Champ's reported Loveday used this program during the POI. Because this is a recurring subsidy under 19 CFR 351.524(c)(1) to calculate the benefit we calculated the tax difference between the electricity purchased at the reduced rate compared to energy purchased at the normal

¹³⁹ *Id.* at Exhibit MB-RSTFE-5.

¹⁴⁰ See GOM's IQR at Exhibit MB-RSTRE-1.

¹⁴¹ Note that "mixed" is used to describe the rate because a small portion of energy use is still taxed at the full 7 percent retail sales tax.

¹⁴² See GOM's IQR at Exhibit MB-RSTRE-1.

¹⁴³ *Id.* at MB-RSTRE-10.

¹⁴⁴ *Id.* at MB-RSTRE-14.

tax rate. We divided that tax difference by the relevant denominator, as described in the “Attribution of Subsidies” section of this memorandum.

On that basis, we preliminarily calculate a net countervailable subsidy of 0.02 percent *ad valorem* for Champ’s.

Federal Grant Programs

1. AgriInvest

AgriInvest is a producer-government savings account program to help producers experiencing small income declines and manage risks. The program falls under the Sustainable Canadian Agricultural Partnership and is one of the business risk management programs offered. Every year, the program provides agricultural producers with up to a 1 percent government match, with a maximum value of CAD 10,000, if the producer deposits a portion of their allowable net sales (ANS) into an AgriInvest account. The ANS is calculated as the difference between the revenue from eligible agricultural commodities and the purchases of eligible agricultural commodities.¹⁴⁵ Eligibility is determined based on if the applicant has farming income reported on companies’ income tax return. The following commodities are reported under farming income: grains, oil seeds, specialty crops, forages, edible horticultures (*i.e.*, mushrooms), non-edible horticulture, and livestock.¹⁴⁶ During the POI, participants were allowed to deposit up to one percent of their allowable net sales, and the government matched the deposit up to CAD 10,000.¹⁴⁷ To participate in AgriInvest, producers must submit an application (*i.e.*, Form T1163, T1273, or Statement A), and have an established AgriInvest account where the producer will make their deposit and the government will transfer their matching contribution into.¹⁴⁸

We preliminarily determine that the grant constitutes a financial contribution in the form of a direct transfer of funds by the GOC, within the meaning of section 771(5)(D)(i) of the Act. We preliminarily determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act, because eligibility for the government matching contributions is limited by law to entities earning farming income. A benefit is conferred in the total matching contribution deposited into the AgriInvest account because it provides funds to the recipient that would not otherwise be available on comparable commercial terms, consistent with section 771(5)(E)(i) of the Act and 19 CFR 351.504(a).

Champ’s reported their unaffiliated mushroom supplier participated in the program during the POI. Because this is a recurring subsidy under 19 CFR 351.524(c)(1) to calculate the benefit we divided the benefit reported by unaffiliated supplier, by the relevant denominator, as described in the “Attribution of Subsidies” section of this memorandum.

On that basis, we preliminarily calculate a net countervailable subsidy of 0.23 percent *ad valorem* for Champ’s unaffiliated supplier.

¹⁴⁵ See GOC’s IQR at CAN-VOL VII-1

¹⁴⁶ *Id.* at CAN-VOL VII-11.

¹⁴⁷ *Id.* at Exhibit CAN-VOL VII-1.

¹⁴⁸ *Id.* at Exhibit CAN-VOL VII-9.

2. AgriStability

AgriStability is a federal Business Risk Management program which falls under the *Sustainable Canadian Agriculture Partnership*. The program was created in 2007 and has evolved through four different agreements, each lasting five years. The current AgriStability program began in 2023 and will run until 2028.¹⁴⁹ For Manitoba participants, the program is administered by the federal government, however, for participants residing in British Columbia, the program is administered by the provincial government.¹⁵⁰ AgriStability aims to provide protection and prevent producers from experiencing large declines in farming income due to increased costs, production costs, or unfavorable market conditions. The program is driven by producers calculated margins on allowable income and expenses. If the margin falls below a trigger rate, based on the producer's historic average margins, the producer is provided with compensation to.¹⁵¹ AgriStability payments are one-time payments subject to certain conditions and thus, we preliminarily determine that the AgriStability program constitute grants. While the program is offered on a yearly basis and participants often enroll every year, the grant is only provided on exceptional basis, *i.e.*, when the participating producers margins fall below historic average.¹⁵²

We preliminarily determine that the grant constitutes a financial contribution in the form of a direct transfer of funds by the GOC, within the meaning of section 771(5)(D)(i) of the Act. We preliminarily determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act, because eligibility for the government matching contributions is limited by law to entities reporting farming income. A benefit is conferred in the total payment amount received by producers whose margins fall below historic average because it provides funds to the recipient that it would otherwise have to bear, consistent with section 771(5)(E)(i) of the Act and 19 CFR 351.504(a).

RLMF, Central, and Champ's' unaffiliated supplier reported they received program grants during the AUL. Because RLMF and Champ's' unaffiliated supplier did not receive these benefits on an ongoing basis, we are treating this subsidy as a non-recurring grant. Therefore, we performed the "0.5 percent test," for each of these respondents as described in 19 CFR 351.524(b)(2). Because the total approved amounts of funding for Champ's' unaffiliated producer and RLMF were each greater than 0.5 percent of each company's total sales in the year the grants were approved, we allocated the grant over the AUL to determine the allocable benefit for the POI pursuant to 19 CFR 351.524(b)(1). We divided the allocable benefit for the POI, by the relevant denominator, as described in the "Attribution of Subsidies" section of this memorandum. Because Central's total approved amount of funding was less than 0.5 percent of the company's total sales in the year the grants were approved, we expensed the funding to the year of receipt, which was before the POI.

On that basis, we preliminarily calculate a net countervailable subsidy of 0.22 percent *ad valorem* for Champ's' unaffiliated supplier, 0.07 percent *ad valorem* for Farmers' Fresh, and no measurable benefit for Central.

¹⁴⁹ See GOC's IQR at CAN- VOL VIII-3.

¹⁵⁰ *Id.* at CAN-VOL-VIII-2.

¹⁵¹ *Id.* at CAN-VOL-VIII-1.

¹⁵² *Id.* at CAN-VOL-VIII-27.

British Columbia Grant Programs

1. British Columbia Hydro Power Smart Self-Serve Incentives

B.C. Hydro is a Crown corporation established by the Hydro Act, which authorizes the company to generate, manufacture, conserve, supply, acquire, and dispose of power in British Columbia.¹⁵³ B.C. Hydro operates the B.C. Hydro Power Smart program to comply with British Columbia's Clean Energy Act.¹⁵⁴ This program includes subprograms under which industrial customers may qualify for a variety of grants as incentives for companies to lower their electricity usage and in turn reduce electricity load growth on B.C. Hydro's infrastructure.¹⁵⁵ Under the Incentives subprogram, B.C. Hydro provides funding to support capital projects that achieve greater energy efficiency or displace the electrical load purchased from B.C. Hydro.¹⁵⁶ For customers participating in the incentives subprogram, the criteria generally includes presenting a project that meets either of the objectives stated above, and the customer must submit proof of project expenditures before receiving project funds.¹⁵⁷ Commerce has previously countervailed this program.¹⁵⁸

We preliminarily determine that the grant constitutes a financial contribution in the form of a direct transfer of funds by the GBC, within the meaning of section 771(5)(D)(i) of the Act. B.C. Hydro divides its customers into three segments (*i.e.* residential, commercial, and industrial), and customers who have farming facilities typically fall into the industrial segment.¹⁵⁹ Because the program expressly limits access to the subsidy to industrial customers who consume more than one Gwh of electricity annually,¹⁶⁰ we preliminarily determine that the B.C. Hydro Power Smart Incentives subprogram is *de jure* specific under section 771(5A)(D)(i) of the Act. A benefit is conferred in the total project funding provided by B.C. Hydro because it provides funds to the recipient that the recipient would otherwise bear, consistent with section 771(5)(E)(i) of the Act and 19 CFR 351.504(a).

Champ's, Farmers' Fresh, RLMF, Five Star, and Central reported receiving grants under this program during the AUL. Because Champ's, Farmers' Fresh, RLMF, Five Star, and Central did not receive these benefits on an ongoing basis, we are treating this subsidy as a non-recurring grant. Therefore, we performed the "0.5 percent test," for each of these respondents' grant as described in 19 CFR 351.524(b)(2). Because the total approved amounts of funding for Farmers' Fresh, RLMF, Central, and Champ's were each less than 0.5 percent of each company's total sales in the year the grants were approved, we expensed each disbursement of funding to the year of receipt, which was before the POI in these instances. However, one of RLMF's grants and Five Star's grant passed the 0.5 percent test of the company's total sales in the year the grants were approved, therefore, we allocated the disbursement of funding to the POI. Pursuant to 19 CFR 351.525(b)(6)(i), we divided the allocable benefit received for the grants by the relevant denominators, as described in the "Attribution of Subsidies" section of this memorandum. Additionally, Farmers' Fresh received one grant during the POI. Pursuant 19 CFR

¹⁵³ See GOC's IQR at Volume IX-12.

¹⁵⁴ See GBC's IQR at Volume IX-1.

¹⁵⁵ *Id.* at Volume IX-2.

¹⁵⁶ *Id.* at Volume IX-6.

¹⁵⁷ *Id.* at Volume IX-9.

¹⁵⁸ See *Lumber from Canada 2023 Final*, 90 FR at 38755.

¹⁵⁹ See GBC's IQR. at Volume IX-3.

¹⁶⁰ *Id.*

351.525(b)(6)(i), we divided the benefit received for the grant received in the POI by Farmers' Fresh by its total sales in the POI. We summed the subsidy rate for Farmers' Fresh's and RLMF's grants to calculate the final subsidy rate for Farmers' Fresh.

On that basis, we preliminarily calculate a net countervailable subsidy of 0.02 percent *ad valorem* for Farmers' Fresh, 0.06 percent *ad valorem* for Five Star, no measurable benefit for Central, and Champ's.

2. British Columbia Food Processing Growth Fund

The B.C. Food Processing Growth Fund (FPG) provides cost-shared funding for infrastructure, equipment, and training projects to program participants with the aims of improving productivity and increasing competitiveness in the food processing sector.¹⁶¹ The program is funded by the GBC through the Ministry of Agriculture and Food and is administrated by the Investment Agriculture Foundation of British Columbia, a third party non-profit entity.¹⁶² The FPG provides 75 percent of the funding for the project, and funding ranges between CAD 100,000 to CAD 1,000,000 for each project.¹⁶³ Eligible projects can be up to 24 months, but must be completed by February 1, 2026, and application for this round of funding opened in 2023.¹⁶⁴ There are four categories for eligible projects: capital investments, new technology and systems investments, applied research and development, and training. To apply, participants must submit a form on the online Investment Agriculture Foundation portal, and provide details related to the project. When reviewing applications, the Investment Agriculture Foundation prioritizes funding for B.C.-based food and seafood processing businesses, and participants who currently use or will increase B.C. inputs.¹⁶⁵

We preliminarily determine that the grant constitutes a financial contribution in the form of a direct transfer of funds by the GBC, within the meaning of section 771(5)(D)(i) of the Act. We preliminarily determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act, because eligibility for the government project funding is limited to entities within the food processing sector and priority is given to B.C. based food processors. A benefit is conferred in the total project funding covered by the FPG because it provides funds to the recipient that it would otherwise have to bear, consistent with section 771(5)(E)(i) of the Act and 19 CFR 351.504(a).

Farmers' Fresh reported it received project funding during the POI and AUL. The project was pursuant to a one-time approval for project funding; funds were disbursed at intervals. Because Farmers' Fresh did not receive these benefits on an ongoing basis, we are treating this subsidy as a non-recurring grant. Therefore, we performed the "0.5 percent test," for each of the funding payments as described in 19 CFR 351.524(b)(2). The total approved amount of funding for Farmers' Fresh was greater than 0.5 percent of Farmers' Fresh's total subject merchandise sales during the approved year, we allocated each disbursement of funding to the POI. We divided the allocable benefit for the POI, by the relevant denominator, as described in the "Attribution of Subsidies" section of this memorandum. Because this program is tied to project funding directly related to the production of subject merchandise (*i.e.*, mushroom processing equipment)¹⁶⁶ and

¹⁶¹ See GBC's IQR at Exhibit Volume III-1.

¹⁶² *Id.*

¹⁶³ *Id.* at Exhibit Volume III-2

¹⁶⁴ *Id.*

¹⁶⁵ *Id.* at Exhibit Volume III-8

¹⁶⁶ See Farmers' Fresh's IQR at FPGF-2 and Exhibit FPGF-3.

the government authority is aware of the project details before issuing funding, we used sales of subject merchandise as the relevant sales value.

On that basis, we preliminarily calculate a net countervailable subsidy rate of 0.12 percent *ad valorem* for Farmers' Fresh.

3. British Columbia AgriStability Enhancement

The B.C. AgriStability Enhancement provides additional to entities in B.C. that were eligible for assistance under the national AgriStability program.¹⁶⁷ The program is funded and administered by the GBC.¹⁶⁸ The program was only available during the 2017, 2019, 2020, and 2024 program years.¹⁶⁹ The B.C. AgriStability Enhancement program was established in 2017 under the B.C. *Farm Income Insurance Act* and the Business Risk Management Branch within the B.C. Ministry of Agriculture and Food administers all aspects of the program.¹⁷⁰ There is no application process for this assistance, rather, participants are automatically eligible if they received assistance under the national AgriStability program.¹⁷¹ As described above, we are preliminarily finding the national AgriStability program countervailable.

We preliminarily determine that the grant constitutes a financial contribution in the form of a direct transfer of funds by the GBC, within the meaning of section 771(5)(D)(i) of the Act. We preliminarily determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act, because eligibility for the government matching contributions is limited by law to entities reporting farming income. A benefit is conferred in the total payment amount received by recipients eligible for the national AgriStability program because it provides funds to the recipient that it would otherwise have to bear, consistent with section 771(5)(E)(i) of the Act and 19 CFR 351.504(a).

RLMF, and Champ's unaffiliated supplier reported they received assistance under the B.C. AgriStability Enhancement Program. Because assistance received under this program, was reported alongside the assistance received under the national AgriStability program, both in respondent's benefit calculations and grant approval letters. We are combining the benefits provided by those respective programs and treating the combined amount as the total approved amount for assistance under the national AgriStability program. Therefore, the appropriate net countervailable subsidy rate for Farmers' Fresh and Champ's unaffiliated supplier can be found under the AgriStability program.

4. British Columbia Agri-Business Planning Program

The B.C. Agri-Business Planning Program is part of the *Sustainable Canadian Agriculture Partnership*, which is the third continuation agreement to the Province's *Growing Forward* framework established in 2009.¹⁷² The program provides grant funding to support primary agricultural producers and food and beverage processors with the aims of strengthening business development.¹⁷³ These services are provided through two streams: Agri-Business Skills and

¹⁶⁷ See GBC's IQR at Volume VI-1.

¹⁶⁸ *Id.*

¹⁶⁹ *Id.*

¹⁷⁰ *Id.* at VI-3.

¹⁷¹ *Id.* at VI-8.

¹⁷² *Id.* at Volume V-3

¹⁷³ *Id.* at Volume V-1.

Development; and Business Planning, Preparedness, and Disaster Recovery.¹⁷⁴ To be eligible for the program, applicants must be either primary agricultural producers who grow or raise food or agricultural products that are fully produced in B.C. and intended for sale, or processors whose products are processed and packaged in B.C. with at least 51 percent of total direct production costs originating within the Province.¹⁷⁵ Eligible participants apply on the GBC's online application system, and applications are reviewed seasonally. Applicants accepted into the program receive up to CAD 10,000 per fiscal year and can only receive funding once for the same activity during the five-year cycle (*i.e.* 2023-2028).¹⁷⁶

We preliminarily determine that the grant constitutes a financial contribution in the form of a direct transfer of funds by the GBC, within the meaning of section 771(5)(D)(i) of the Act. We preliminarily determine that this program is *de jure* specific under section 771(5A)(D)(i) of the Act, because eligibility for the services is limited to entities within the agricultural and food processing sector. A benefit is conferred in the amount of the grant because it offsets the costs of services that the recipient would otherwise have to bear, consistent with section 771(5)(E)(i) of the Act and 19 CFR 351.504(a).

Farmers' Fresh reported it received project funding during the POI. The project was approved prior to the POI; however, funds were disbursed during the POI. Because Farmers' Fresh did not receive these benefits on an ongoing basis, we are treating this subsidy as a non-recurring grant. Therefore, we performed the "0.5 percent test," for the funding as described in 19 CFR 351.524(b)(2). The total approved amount of funding for Farmers' Fresh was less than 0.5 percent of Farmers' Fresh's total sales during the approved year, therefore we expensed the disbursement of funding to the year of receipt. We divided the benefit for the POI, by the relevant denominator, as described in the "Attribution of Subsidies" section of this memorandum.

On that basis, we preliminarily calculate a net countervailable subsidy rate of .01 percent *ad valorem* for Farmers' Fresh.

B. Programs Preliminarily Determined Not to Provide Measurable Benefits During the POI

Based on the record evidence, we preliminarily determine that the benefits from certain programs were fully expensed prior to the POI or are less than 0.005 percent *ad valorem* when attributed to the respondent's applicable sales as discussed above in the "Attribution of Subsidies" section. We have not included those programs in our preliminary subsidy rate calculations for the respondents. We also determine that it is unnecessary for Commerce to make a preliminary as to the countervailability of those programs.

For the subsidy programs that do not provide a measurable benefit for each respondent, or that were expensed prior to the POI, *See* the Preliminary Calculation Memoranda.

¹⁷⁴ *Id.*

¹⁷⁵ *Id.*

¹⁷⁶ *See* GBC's IQR at Volume V-2.

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

Each respondent reported non-use of programs under examination. Below is a list of the subsidy programs not used by each respondent.¹⁷⁷

1. Canadian Agricultural Loans Act (CALA) Loan Guarantees
2. Advance Payments Program
3. AgriInnovate (Repayable Contributions)
4. Ontario Farm Property Class Tax Rate Program (Property Tax Reduction)
5. Clean Technology Investment Tax Credit
6. Capital Cost Allowance Class 43.1/43.2 – High-Efficiency/Renewable Energy Equipment
7. Ontario Coloured Fuel Tax Exemption
8. Saskatchewan PST – Farmers’ Exemptions
9. Ontario Risk Management Program – Edible Horticulture
10. Agri-Marketing Payment to Mushrooms Canada
11. Ontario Electricity Rebate (OER)
12. Regional Economic Growth Through Innovation (REGI) Programs – Business Scale-Up & Productivity
13. PrairiesCan – Business Scale-Up & Productivity
14. PacificCan – Business Scale-Up & Productivity
15. CED-Q – Business Scale-Up & Productivity
16. ACOA – Business Scale-Up & Productivity
17. CanNor – Business Scale-Up & Productivity
18. Environment & Climate Change Canada (ECCC) – Low Carbon Economy Fund (Challenge)
19. Agricultural Clean Technology (“ACT”) Adoption Stream
20. Export Buyer Financing
21. Export Guarantee Program
22. EDC’s Foreign Exchange Facility Guarantee

D. Programs Preliminarily Determined to Not Be Countervailable

Each respondent reported programs that we determined to not be countervailable because the programs provided pandemic relief or employment assistance. Pursuant to 19 CFR 351.502(d) and (e), Commerce does not regard pandemic relief or employment assistance as specific. Below is a list of the subsidy programs determined to not be countervailable.¹⁷⁸

1. Farm Credit Canada’s Participation in Syndicated Lending

While Champ’s reported that it received an FCC loan during the AUL, it explained the loan was executed under syndicated terms and thus they concluded the loan did not confer a benefit.¹⁷⁹ FCC explained that in all syndications, it acts solely as a participating lender rather than the lead bank. In doing so, FCC has no disproportionate influence on the purpose of the financing or the proposed loan structure. Rather, the lead bank brings forward their recommended structure and

¹⁷⁷ See Preliminary Calculation Memoranda.

¹⁷⁸ See Farmers’ Fresh’s IQR

¹⁷⁹ See Champ’s IQR.

presents it to a variety of financial institutions to seek interested lenders.¹⁸⁰ With regards to Champ’s syndicated loan, Champ’s provided relevant documentation related to the participating members and the syndication process.¹⁸¹ The materials provided confirmed that FCC did not have a disproportionate influence on the conditions of the loan, the FCC lent the funds on the same terms as the commercial banks (including U.S. commercial banks) in the syndicate, and the syndicate was led by a U.S. commercial bank.¹⁸² Moreover, Commerce sees no indication that the FCC acts as a guarantor for other lenders in the syndicate or in any other way acts as reduces the risk of the other members or otherwise might be inducing them to participate in the syndicate or to offer preferential terms. Therefore, we preliminary determine that the FCC’s syndicated loan to Champ’s did not confer a benefit, as provided in section 771(5)(E)(ii) of the Act and 19 CFR 351.505(a)(1), and thus, we are treating this loan as non-countervailable.

- 2. Canada Emergency Wage Subsidy (CEWS)
- 3. Canada Emergency Business Account (CEBA) Loan
- 4. British Columbia Increased Employment Incentive
- 5. COVID-Related Funding under the Regional Relief and Recovery Fund

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.

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

¹⁸⁰ See FCC IQR at 14.

¹⁸¹ See Champ’s Supp IQR at SQR-35.

¹⁸² *Id.*