



C-714-001
Administrative Review
POR: 11/30/2020 – 12/31/2021
~~BUSINESS PROPRIETARY~~
PUBLIC VERSION
E&C/VIII: JCM

DATE: November 2, 2023

MEMORANDUM TO: The File

THROUGH: Robert Palmer *RJP*
Program Manager
AD/CVD Operations, Office VIII

FROM: Jaron Moore *JM*
International Trade Compliance Analyst
AD/CVD Operations, Office VIII

RE: Final Results of the Countervailing Duty Administrative Review of Phosphate Fertilizers from the Kingdom of Morocco; 2020-2021

SUBJECT: OCP S.A. Calculations for the Final Results

On May 5, 2023, the Department of Commerce (Commerce) published its *Preliminary Results* in the *Federal Register*.¹ On October 11, 2023, Commerce issued its Post-Preliminary Results.² Attached are the calculations for the final determination for OCP S.A. (OCP) and its cross-owned affiliates: Jorf Fertilizer Company (JFC) I (JFC I), JFC II, JFC III, JFC IV, and JFC V (collectively, OCP Group). We have made certain changes to the preliminary calculations based on our final results, as described below. The methodologies used to calculate the benefit and subsidy rate for the programs under examination are further discussed in the Issues and Decisions Memorandum (IDM).³ We calculated the following total countervailable subsidy rate for OCP for these final results:

Total Subsidy Rate: 2.12 % *ad valorem*

¹ See *Phosphate Fertilizers from the Kingdom of Morocco: Preliminary Results of the Countervailing Duty Administrative Review, 2020-2021*, 88 FR. 29089 (May 5, 2023) (*Preliminary Results*) and accompanying Preliminary Decision Memorandum (PDM).

² See Memorandum, “Post-Preliminary Analysis of the Countervailing Duty Administrative Review of Phosphate Fertilizers from the Kingdom of Morocco; 2020-2021,” dated October 11, 2023 (Post-Preliminary Analysis).

³ See Memorandum, “Issues and Decision Memorandum for the Final Results of the Countervailing Duty Investigation Administrative Review of Phosphate Fertilizers from the Kingdom of Morocco; 2020-2021,” dated November 1, 2023 (IDM).



This memorandum provides the details to the methodologies applied to calculate the benefit and subsidy rate for the programs under examination discussed in the IDM.⁴

A. Calculation of Subsidy Rates for the Countervailable Programs

1. Provision of Phosphate Mining Rights for Less Than Adequate Remuneration (LTAR)

As noted below and in Comments 5-9 of our IDM, we made changes from the *Preliminary Results* in our calculations regarding this program.

a. Inclusion of OCP's HQ, Support, and Debt Costs

As explained in Comment 6 of the IDM, we accepted OCP's allocation of its HQ, Support, and Debt Costs, in the amount of [], calculated using MIN-12 of OCP's IQR.⁵ We included these costs in our calculations.

See Attachment I, sheet 'OCPMiningCosts'.

b. OCP's Profit Rate

As explained in Comment 7 of the IDM, we made changes to the profit rate calculated for OCP. Specifically, and to calculate OCP's profit, we derived figures from OCP's 2021 profit and loss statement in Exhibit GEN-4(a)(iii) of OCP's IQR Part 2,⁶ and Exhibit MIN-3 of OCP's IQR.

- 1) Began with OCP's Operating Revenue, [] and subtracted its Income Before Tax, [].
- 2) The resulting figure is OCP's "Phosphate Rock Production Costs at Level of Income Before Tax" (Costs at Level of Income Before Tax), [].
- 3) Divided OCP's Income Before Tax by Costs at Level of Income Before Tax, resulting in a [] percent profit ratio.
- 4) Multiplied this profit ratio by OCP's 2021 Total Phosphate Rock Production Costs, [].⁷
- 5) The resulting figure is OCP's calculated profit, [].
- 6) OCP's calculated profit is included in OCP's mining costs calculation.

Note that OCP's 2021 Total Phosphate Rock Production Costs, [], includes the allocated amount for HQ, Support, and Debt Costs derived from OCP's IQR at Exhibit MIN-3.⁸

See Attachment I at sheet 'Profit Calculations' and 'OCPMiningCosts'.

⁴ See Memorandum, "Decision Memorandum for the Preliminary Results of the Countervailing Duty Administrative Review; 2020-2021: Phosphate Fertilizers from the Kingdom of Morocco," dated April 28, 2023 (PDM).

⁵ See OCP's Letter, "OCP S.A. Section III Initial Questionnaire Response," dated August 22, 2022 (OCP IQR).

⁶ See OCP's Letter, "OCP S.A. Section III Initial Questionnaire Response – Certain Financial Statements and Responses for Government Loan Guarantees and Direct Loans IQR Part 2," (OCP IQR Part 2) at Exhibit GEN-4(a)(iii)," dated September 1, 2022.

⁷ See OCP IQR at Exhibit MIN-3.

⁸ *Id.*

c. OCP's 2021 Financial Information

As noted in Comment 7 of the IDM, we inadvertently relied on OCP's 2020 financial data in the aforementioned profit calculation. For the final results, we rely on OCP's 2021 financial data.

These changes, in sum, result in a subsidy rate of 00.00 percent *ad valorem* rate for this program.

2. Customs Duty Exemptions for Capital Goods, Machinery, and Equipment

At the *Preliminary Results*, we inadvertently calculated the benefit of this program based on the value of the underlying shipment, instead of the value of the exemption. We have corrected this error by multiplying the calculated benefit by the applicable interest rate.

This change results in a 0.05 percent *ad valorem* rate for this program. See Attachment I at sheet 'Customs Exemption OCP'.

2. **Programs Unchanged from the Preliminary Results and the Post-Preliminary Determination**

1. Government Loan Guarantees
2. Tax Incentives for Export Operations
3. Reductions in OCP's Tax Fines and Penalties
4. Revenue Exclusions for Minimum Tax Contributions

3. **Programs Determined Not Used or Does Not Confer a Benefit**

1. Direct Loans
2. Reductions in Local Tax Fines and Penalties
3. Rail Transport Services for LTAR
4. Provision of Port Services and Infrastructure for LTAR
5. GOM Purchase of Electricity for More Than Adequate Remuneration (MTAR).
6. Provision of Phosphate Mining Rights for LTAR⁹

⁹ Note: The changes to our methodology are discussed in Comments 5 through 9 in the accompanying IDM.

ATTACHMENT I

PUBLIC VERSION DOES NOT INCLUDE ATTACHMENT