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November 21, 2014

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Results of the
Fourth Administrative Review of the Antidumping Duty Order on
Certain Steel Threaded Rod from the People's Republic of China

I. Summary

We analyzed the comments of the interested parties¹ in the fourth administrative review of the antidumping duty ("AD") order² of certain steel threaded rod ("steel threaded rod") from the People's Republic of China ("PRC"). Following the *Preliminary Results*,³ based on the analysis of the comments received and the record evidence, we revised the dumping margin calculations for the sole mandatory respondent, the RMB/IFI Group. Specifically, we incorporated into our calculations a revised database that was submitted by the RMB/IFI Group after the *Preliminary Results*.⁴ We recommend that you approve the positions described in the "Discussion of the Issues" section of this memorandum.

¹ Vulcan Threaded Products Inc. ("Petitioner"), and Jiaxing Brother Fastener Co., Ltd., RMB Fasteners Ltd., and IFI & Morgan Ltd. (collectively "RMB/IFI Group").

² See *Certain Steel Threaded Rod from the People's Republic of China: Notice of Antidumping Duty Order*, 70 FR 17154 (April 14, 2009) ("Steel Threaded Rod AD Order").

³ See *Certain Steel Threaded Rod from the People's Republic of China: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review; 2012-2013*, 79 FR 30543 (May 28, 2014) ("Preliminary Results") and accompanying Preliminary Decision Memorandum.

⁴ See Memorandum to the File, through Scot T. Fullerton, Program Manager, Office V, from Julia Hancock and Jerry Huang, Senior Case Analysts, Office V, "Final Results for RMB/IFI Group" (November 21, 2014) ("RMB/IFI Group Final Results Analysis Memo").



II. Scope

The merchandise covered by the order is steel threaded rod. Steel threaded rod is certain threaded rod, bar, or studs, of carbon quality steel, having a solid, circular cross section, of any diameter, in any straight length, that have been forged, turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied. In addition, the steel threaded rod, bar, or studs subject to the order are non-headed and threaded along greater than 25 percent of their total length. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (*i.e.*, galvanized, whether by electroplating or hot-dipping), paint, and other similar finishes and coatings, may be applied to the merchandise.

Included in the scope of the order are steel threaded rod, bar, or studs, in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.012 percent of boron, or
- 0.10 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.41 percent of titanium, or
- 0.15 percent of vanadium, or
- 0.15 percent of zirconium.

Steel threaded rod is currently classifiable under subheadings 7318.15.5051, 7318.15.5056, 7318.15.5090, and 7318.15.2095 of the United States Harmonized Tariff Schedule (“HTSUS”). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Excluded from the scope of the order are: (a) threaded rod, bar, or studs which are threaded only on one or both ends and the threading covers 25 percent or less of the total length; and (b) threaded rod, bar, or studs made to American Society for Testing and Materials (“ASTM”) A193 Grade B7, ASTM A193 Grade B7M, ASTM A193 Grade B16, or ASTM A320 Grade L7.

III. Background

On May 28, 2014, the Department published in the *Federal Register* the *Preliminary Results*.⁵ The period of review (“POR”) is April 1, 2012, through March 31, 2013. The following events occurred since we issued the *Preliminary Results*.

Between May 21, 2014, and July 15, 2014, we issued supplemental questionnaires to the RMB/IFI Group. On June 18, 2014, and July 22, 2014, the RMB/IFI Group submitted its responses to those supplemental questionnaires.

In accordance with 19 CFR 351.309, we invited parties to comment on our *Preliminary Results*. Petitioner and the RMB/IFI Group submitted case briefs on August 4, 2014,⁶ and Petitioner submitted a rebuttal brief on August 11, 2014.⁷ Additionally, on August 25, 2014, the Department extended the final results to November 4, 2014.⁸ Moreover, on October 22, 2014, the Department again extended the final results to November 24, 2014.⁹

IV. Discussion of the Issues

Comment 1: Selection of Surrogate Country

Because the Department treats the PRC as a non-market economy (“NME”), when calculating normal value (“NV”), section 773(c)(4) of the Tariff Act of 1930, as amended (“the Act”), requires the Department to value the factors of production (“FOPs”), to the extent possible, in a surrogate country that is (a) at a level of economic development comparable to the PRC, and (b) a significant producer of comparable merchandise.¹⁰ The Act specifically directs the Department to identify one or more countries that are “at a *level* of economic development comparable to that of the nonmarket economy country.”¹¹ Section 773(c)(4)(A) of the Act is silent with respect to how or on what basis the Department may make this determination, but it is the Department’s long standing practice to use *per capita* gross national income (“GNI”) data reported in the

⁵ See *Preliminary Results*.

⁶ See Letter to the Secretary from Petitioner, “Fourth Administrative Review of Certain Steel Threaded Rod from the People’s Republic of China: Case Brief” (August 4, 2014) (“Petitioner’s Case Brief”); Letter to the Secretary from RMB/IFI Group, “Steel Threaded Rod from the People’s Republic of China: RMB/IFI Group’s Case Brief” (August 4, 2014) (“RMB/IFI Group’s Case Brief”).

⁷ See Letter to the Secretary from Petitioner, “Fourth Administrative Review of Certain Steel Threaded Rod from the People’s Republic of China: Petitioner’s Rebuttal Brief” (August 11, 2014) (“Petitioner’s Rebuttal Brief”).

⁸ See Memorandum to Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, through James Doyle, Office Director, from Julia Hancock, Senior International Trade Compliance Analyst, “Certain Steel Threaded Rod from the People’s Republic of China: Extension of Deadline for Final Results of Administrative Review” (August 25, 2014).

⁹ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, through James Doyle, Office Director, from Jerry Huang, Senior International Trade Compliance Analyst, “Certain Steel Threaded Rod from the People’s Republic of China: Second Extension of Deadline for Final Results of Administrative Review” (October 22, 2014).

¹⁰ See also Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (“Policy Bulletin 04.1”).

¹¹ See section 773(c)(4)(A) of the Act (emphasis added).

World Bank's World Development Report. GNI is the primary indicator of a country's level of economic development.¹² In determining the appropriate surrogate values ("SVs"), the Department strongly favors selecting all SVs from a single country.¹³

In the *Preliminary Results*, the Department determined that Colombia, Costa Rica, Indonesia, the Philippines, South Africa, Thailand, and Ukraine were countries at the PRC's level of economic development.¹⁴ Moreover, the Department obtained export data and, based upon its significant producer analysis, found that Colombia, Costa Rica, Indonesia, the Philippines, South Africa, Thailand, and Ukraine are all significant producers of comparable merchandise.¹⁵ Parties did not challenge these findings from the *Preliminary Results*.

A. Data Considerations

RMB/IFI Group's Arguments

- In *Steel Threaded Rod from Thailand*, there is a definitive finding that Thailand is dumping steel threaded rod in the United States.¹⁶
- The legislative history indicates that Congress intended the Department to exclude prices that are believed or suspected to be dumped or subsidized.¹⁷
- In numerous countervailable duty ("CVD") proceedings where the Department found the domestic market distorted by government involvement, the Department also determined that import prices should be excluded as a reliable benchmark.¹⁸
- Import prices from Thailand are an inappropriate source for surrogate values ("SV") due to Thai Customs' manipulation of the entered values.
- The USTR¹⁹ National Trade Estimate Reports on Foreign Trade Barriers (2011, 2012, and 2013); the U.S. Department of Commerce, U.S Commercial Service, *Doing Business in Thailand: 2012 Country Commercial Guide for U.S. Companies*; and reports by U.S. companies and exporters, such as the FedEx Country Report on Thailand ("FedEx Report"), all express significant concern about Thailand's lack of transparency in its customs barriers and arbitrary import valuation policy.

¹² See, e.g., *Pure Magnesium from the People's Republic of China: Final Results of the 2008-2009 Antidumping Duty Administrative Review of the Antidumping Duty Order*, 75 FR 80791 (December 23, 2010) ("*Magnesium from the PRC*") and accompanying Issues and Decision Memorandum at Comment 4.

¹³ See 19 CFR 351.408(c)(2).

¹⁴ See *Preliminary Results* and accompanying Decision Memorandum at "Surrogate Country" section.

¹⁵ *Id.*

¹⁶ See *Certain Steel Threaded Rod From Thailand: Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances*, 79 FR 14476 (March 14, 2014) ("*Steel Threaded Rod from Thailand*") and accompanying Issues and Decision Memorandum.

¹⁷ See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988).

¹⁸ See, e.g., *Prestressed Concrete Steel Wire Strand from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 75 FR 28560 (May 21, 2010) ("*PC Strand from the PRC*") and accompanying Issues and Decision Memorandum at Comment 1.

¹⁹ Office of the United States Trade Representative ("USTR").

- The Department's findings in *Xanthan Gum from the PRC* are incorrect because the record evidence shows that Thai Customs' manipulation of entered values on imports is pervasive.²⁰
- An analogous situation to the Thai Customs' manipulation of import prices arises when the Department has reason to believe or suspect that import prices from certain countries might be dumped or subsidized.
- In *Xanthan Gum from the PRC*, the Department explained that it could exclude all exports from Thailand, South Korea, India, and Indonesia because there was past evidence that those countries benefitted from export subsidies.²¹ Accordingly, the findings from USTR, the Department and Federal Express satisfy the same "reason to suspect or believe" standard with regard to Thai imports and this import data should not be used for these final results.
- A comparison of Thai import and export prices of steel wire rod over the last three years shows that the export value is considerably lower than the import value of steel wire rod.
- The U.S. Court of International Trade ("CIT") found that the Department must consider government intervention when considering the potential surrogate country if distortive government actions result in price increases as well as price decreases.²²
- The recent military coup and suspending of democratic measures in Thailand further renders that country unsuitable as a surrogate country.

Petitioner's Arguments

- *Steel Threaded Rod from Thailand* has no bearing on this review because the Thai SVs are not based on the values of products manufactured in Thailand and exported to the United States, which was the subject of that investigation.
- The Department has previously rejected the argument that Thailand suffers from fatal flaws as a surrogate country because of customs data manipulation.
- There is no record evidence that the recent political changes in Thailand have any tangible effect on Thailand's import and financial data.

Department's Position: As explained above, the Department finds that all potential countries, Colombia, Costa Rica, Indonesia, the Philippines, South Africa, Thailand, and Ukraine, satisfy the level of economic development and significant-producer criteria for surrogate country selection purposes. Policy Bulletin 04.1 states that, if more than one country satisfies these criteria for surrogate country selection purposes, "then the country with the best factors data is selected as the primary surrogate country."²³ Importantly, Policy Bulletin 04.1 explains further that "data quality is a critical consideration affecting surrogate country selection" and that "a country that perfectly meets the requirements of economic comparability and significant producer is not of much use as a primary surrogate if crucial factor price data from that country are inadequate or unavailable."²⁴

²⁰ See *Xanthan Gum from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013) ("*Xanthan Gum from the PRC*") and accompanying Issues and Decision Memorandum at Comment 1.

²¹ See *Xanthan Gum from the PRC* and accompanying Issues and Decision Memorandum at Comment 4.

²² See *Yantai Oriental Juice Co. v. United States*, 26 CIT 605, 612-13 (2002) ("*Yantai Oriental Juice*").

²³ See Policy Bulletin 04.1.

²⁴ *Id.*

The Department has SV data on the record of this proceeding for three of the countries that meet the level of economic development and significant-producer criteria for surrogate country selection purposes: the Philippines, Thailand and Ukraine. The Department disagrees with the RMB/IFI Group's assertion that Thai SV data, in general, are unreliable. First, while the RMB/IFI Group notes that the Department found affirmative evidence of dumping in *Steel Threaded Rod from Thailand*, that case concerns exports of steel threaded rod from Thailand to the United States, and is not an analysis on the dumping of imports into Thailand from other countries.²⁵ In the *Preliminary Results*, the Department used Thai import data to value SVs.²⁶ Further, while the RMB/IFI Group cites to several CVD proceedings as support for its proposition that governments can exert control in industries such as to distort import prices, the Department finds that there is no support for the RMB/IFI Group's argument in this proceeding. Because the Department has neither conducted any CVD investigation on Thai steel threaded rod nor found the Thai industry to be subsidized or distorted by the Thai government, the Department cannot reach such a conclusion, as argued by the RMB/IFI Group. Also, the RMB/IFI Group's reliance on *Yantai Oriental Juice* is not appropriate in this case as there is no record evidence showing any distortion that would increase import prices into Thailand by any subsidy.

When calculating import-based, per-unit SVs, the Department disregards import prices that it has reason to believe or suspect may be dumped or subsidized.²⁷ The RMB/IFI Group correctly notes that the Department's practice when valuing FOPs using import statistics for any surrogate country is to exclude imports from countries such as Indonesia, South Korea and India that maintain broadly available, non-industry specific export subsidies.²⁸ The Department also excludes imports from Thailand in the calculation of SVs when using import data for other surrogate countries because there is reason to believe its exports benefitted from export subsidies.²⁹ Nevertheless, the Department does not find that the broadly available, non-industry specific export subsidies offered to Thai companies impact the SVs in this case, as the Department is using Thai import data to value SVs, which do not benefit from such export subsidies. Moreover, the Department has never previously determined that Thailand is itself unsuitable as a surrogate country because of the presence of export subsidies.³⁰

It is the Department's practice, guided by the legislative history, not to conduct a formal investigation to ensure that such prices are not dumped or subsidized; rather, the Department

²⁵ See *Steel Threaded Rod From Thailand*.

²⁶ See *Preliminary Results* and accompanying Decision Memorandum at "Factor Valuations" section.

²⁷ *Id.* (citing Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590).

²⁸ *Id.*

²⁹ See, e.g., *Certain Frozen Warmwater Shrimp From Thailand: Final Negative Countervailing Duty Determination*, 78 FR 50379 (August 19, 2013) ("*Shrimp From Thailand*").

³⁰ See, e.g., *Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Rescission, in Part; 2010-2011*, 78 FR 22513 (April 16, 2013) ("*Tires Final Results 2010-2011*") and accompanying Issues and Decision Memorandum at Comment 4.

bases its decision on information that is available to it at the time it makes its determination.³¹ That said, the Department must find specific and objective evidence to support its reason to believe or suspect the existence of dumping or subsidies.³² Regarding the alleged manipulation of Thai import prices, although the reports cited by the RMB/IFI Group indicate that the United States has expressed concern over the practices of Thailand's Customs Department officials, we cannot conclude from the reports that the entirety of the Thai import data under consideration should be rejected as unreliable. As indicated in *Xanthan Gum from the PRC*, while these reports express concern about Thailand's Customs Department's valuation of imports, they do not provide conclusive evidence to reject the entirety of the Thai import data as unreliable.³³

While the RMB/IFI Group points to a consistent difference between Thai import and export prices for steel wire rod as proof of customs manipulations, as noted above, Thai export prices are distorted by broadly-available export subsidies and are not reliable for comparison purposes.³⁴ When taking into account the Department's recent affirmative dumping finding regarding Thai steel threaded rod, the Department finds that it is not surprising that Thai export prices that are tainted with dumping are lower than import prices.³⁵ More to the point, even though the RMB/IFI Group argues that customs value manipulations are pervasive, the Department finds that the RMB/IFI Group failed to provide any specific, documentary evidence to demonstrate how any of the Thai import data used in this review were manipulated by Thai Customs. Similarly, while the RMB/IFI Group argues that Thai import data are unreliable in their entirety due to political upheaval, it provided no specific record evidence showing how this event had any specific distortive impact on the Thai import data in general. Neither did the RMB/IFI Group provide or identify any record evidence demonstrating that the specific Thai import data, particularly for the primary inputs, used in this review are unreliable. In sum, the Department finds that there is no specific and credible record evidence that would lead to the conclusion that the Thai import data, in totality or used in this review specifically, are inappropriate for consideration for surrogate valuation purposes.

1) Steel Surrogate Values

RMB/IFI Group's Arguments

- The Thai import prices for steel wire rod are contradicted by the World Bank's Global Economic Monitor ("GEM") commodity prices, Thai domestic price quotes, and Thai export prices, which are considerably lower in value.
- Given the complete unpredictability in surrogate country selection in the Department's NME AD cases, respondents are unable to comply with the remedial purpose of the antidumping laws.

³¹ See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590; see also *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 30758, 30763 (June 4, 2007), unchanged in *Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 60632 (October 25, 2007).

³² See *China National Machinery Imp. & Exp. Corp. v. United States*, 293 F. Supp. 2d 1334, 1339 (CIT 2003).

³³ See *Xanthan Gum from the PRC* and accompanying Issues and Decision Memorandum at Comment 1.

³⁴ See, e.g., *Shrimp From Thailand*.

³⁵ See *Steel Threaded Rod From Thailand* in general.

- The Thai SVs for the main steel inputs are the highest on the record and it is illogical for any NME producer to select the most expensive market to source its inputs.
- The Department found that the import data from Ukraine is specific to the percentage of the carbon content for the RMB/IFI Group's primary input, steel wire rod.
- There are Ukrainian domestic prices for steel wire rod and round bar from the Ukrainian source, Metal Expert, which were used in the *Nails AR3 Preliminary Results*.³⁶
- The Metal Expert domestic price data are actual transaction prices, specific by diameter and carbon content to the types of steel wire rod and round bar used by the RMB/IFI Group.
- The Metal Expert data also corroborates the GTA import data for steel wire rod and round bar from Ukraine, which are in concordance with world prices for steel wire rod published by the World Bank's World DataBank, GEM commodity prices.
- In *Steel Hangers AR3 Final Results*, the Department found that the Philippine steel data was more specific than Thai data.³⁷
- The Thai import data for steel wire rod is overly narrow concerning the carbon, silicon and aluminum content. The record contains no information that RMB/IFI Group's purchases are at all based on the content of these elements nor is there a correlation between the carbon content and the price of steel wire rod.

Petitioner's Arguments

- The Thai SVs for the main steel inputs that the Department selected are the best available information as they are specific to low-carbon steel.
- The Ukrainian and Philippine GTA data are overly broad and the Department properly selected the more specific and representative Thai GTA data.

Department's Position: In valuing FOPs, section 773(c)(1) of the Act instructs the Department to use "the best available information" from an appropriate market economy ("ME") country. While the RMB/IFI Group argues that the Department's surrogate country and SV selection is unpredictable and illogical because the results differ from review to review and thus deprived the RMB/IFI Group of the ability to comply with the remedial purpose of the AD laws, the Department disagrees. The Department follows the AD laws, regulations and precedents consistently in every AD proceeding. Each review proceeds *de novo* and determinations in that review are based upon the specific record developed during the course of that particular segment of the proceeding.³⁸ The Department has afforded parties to this proceeding, including the RMB/IFI Group, the appropriate time and opportunities to submit information and arguments regarding the best available information to use in valuing the RMB/IFI Group's FOPs. As

³⁶ See *Certain Steel Nails from the People's Republic of China: Preliminary Results and Partial Rescission of the Third Antidumping Duty Administrative Review*, 77 FR 53845, 53848-49 (September 4, 2012) ("*Nails AR3 Preliminary Results*").

³⁷ See *Steel Wire Garment Hangers From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 2010-2011*, 78 FR 28803 (May 16, 2013) ("*Steel Hangers AR3 Final Results*") and accompanying Issues and Decision Memorandum at Comment I.

³⁸ See, e.g., *Floor-Standing, Metal-Top Ironing Tables and Certain Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 77 FR 14499 (March 12, 2012) and accompanying Issues and Decision Memorandum at Comment I; see also *Shandong Huarong Mach. Co. v. United States*, 29 CIT 484, 491 (2005) ("Each administrative review is a separate segment of proceedings with its own unique facts.").

suggested by the RMB/IFI Group, the Department cannot predetermine the outcome of a review, such as the selected surrogate country, and ignore the relevant record evidence placed before the Department in each review.

When considering what constitutes the best available information, the Department considers several criteria, including whether the SV is: publicly available; contemporaneous with the POR; representative of a broad-market average; from an approved surrogate country; tax- and duty-exclusive; and specific to the input.³⁹ The Department's preference is to satisfy the breadth of the aforementioned selection criteria.⁴⁰ Moreover, it is the Department's practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.⁴¹ As there is no hierarchy for applying the above mentioned principles, the Department must weigh the available information with respect to each input and make a product-specific and case-specific decision as to what constitutes the "best" available SV for each input.⁴²

As steel threaded rod is drawn from wire rod or round bar, these steel inputs constitute most of the material cost and are the most important factors in proper valuation of steel threaded rod.⁴³ Throughout the RMB/IFI Group's questionnaire responses, the RMB/IFI Group has consistently stated that it only consumes low carbon steel inputs in the production of the subject merchandise.⁴⁴ The Department specifically asked RMB/IFI Group whether it consumed other grades of steel (*i.e.*, mid-carbon steel) as an input, and RMB/IFI Group confirmed that it did not.⁴⁵ The RMB/IFI Group also provided a range in terms of the carbon content of the type of steel it used,⁴⁶ which was confirmed by a sample mill certificate from its steel supplier and a definition of low-carbon steel.⁴⁷ Thus, the record evidence clearly indicates that the RMB/IFI Group only purchased and used low-carbon steel within the defined range of carbon content in the production of subject merchandise. While the RMB/IFI Group contends that the Department did not establish a correlation between the price of steel and the carbon content of the type of steel, the Department finds this argument is misplaced. The Department never intended to establish a linear relationship between the price of steel and the carbon content of the type of

³⁹ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China*, 71 FR 53079 (September 8, 2006) and accompanying Issues and Decision Memorandum at Comment 3.

⁴⁰ See, e.g., *Administrative Review of Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 76 FR 51940, 51943 (August 19, 2011) and accompanying Issues and Decision Memorandum at Comment 2.

⁴¹ See, e.g., *Certain Preserved Mushrooms from the People's Republic of China: Final Results and Final Partial Rescission of the Sixth Administrative Review*, 71 FR 40477 (July 17, 2006) ("*Mushrooms from the PRC*") and accompanying Issues and Decision Memorandum at Comment 1; *Freshwater Crawfish Tail Meat from the People's Republic of China: Notice of Final Results of Antidumping Duty Administrative Review, and Final Partial Rescission of Antidumping Duty Administrative Review*, 67 FR 19546 (April 22, 2002) and accompanying Issues and Decision Memorandum at Comment 2.

⁴² See *Mushrooms from the PRC* and accompanying Issues and Decision Memorandum at Comment 1.

⁴³ See RMB/IFI Group Final Results Analysis Memo at Exhibit 1.

⁴⁴ See RMB/IFI Group's January 16, 2014, Section D questionnaire response at 11.

⁴⁵ See RMB/IFI Group's March 10, 2014, supplemental Section D questionnaire response at 1 and 4.

⁴⁶ See RMB/IFI Group's March 25, 2014, supplemental Section C questionnaire response at 1.

⁴⁷ *Id.* at Exhibit SC-3; RMB/IFI Group's April 16, 2014, SV submission at Exhibit SV-5.

steel, nor the silicon and aluminum content of the steel. Rather, where information is available, the Department sought the best available source to value steel as specific as possible to the type of steel consumed by the RMB/IFI Group.

In applying the Department's SV selection criteria, the Department has found in numerous NME cases that import data are reliable information for valuation purposes because they consist of average import prices, are representative of prices within the POR, and are both product-specific and tax-exclusive.⁴⁸ With respect to the GTA import data on the record from the Philippines, Thailand and Ukraine, only the Thai import statistics are divided by different grades of steel based on carbon content and can be specifically matched to the grade of steel wire rod and round bar consumed by RMB/IFI Group during the POR.⁴⁹ In contrast, the Philippine import statistics cover steel with carbon content up to 0.60 percent into one category and thus group together low-carbon steel that was consumed and mid-carbon steel that was not consumed by the RMB/IFI Group.⁵⁰ Although the RMB/IFI Group cites to *Steel Hangers AR3 Final Results* as support for arguing for the selection of the Philippine GTA data, the respondent in that case used a wider range of steel and the Thai GTA data considered in that case were only for one HTS category that covered the lowest end of low-carbon steel.⁵¹ However, in the subsequent *Steel Hangers AR4 Final Results*, the Department relied upon three Thai GTA categories that best matched the type of low-carbon steel reported by the respondent to value steel wire rod instead of Philippine GTA data.⁵² Similarly, in this review, the Department included Thai GTA data from three HTS categories that cover the range of low-carbon steel reported by the RMB/IFI Group, and the RMB/IFI Group conceded in its case brief that these categories together cover the range of low-carbon steel in terms of carbon content.⁵³ Therefore, the Department finds that the RMB/IFI Group's reliance on the older *Steel Hangers AR3 Final Results* is not supported by the facts of this case.

With respect to Ukrainian GTA data, the Department notes that it found the import data from Ukraine specific to the percentage of the carbon content for the RMB/IFI Group's steel input in the last review.⁵⁴ However, in this review, the Ukrainian GTA data that is on the record for purposes of valuing the RMB/IFI Group's steel input are broad basket categories at the six-digit HTS level, which are not specific to low-carbon steel.⁵⁵ The RMB/IFI Group also placed on the record Metal Expert data from Ukraine to value steel wire rod and round bar.⁵⁶ Although the

⁴⁸ See, e.g., *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 75 FR 59217 (September 27, 2010) and accompanying Issues and Decision Memorandum at Comment 19.

⁴⁹ See Petitioner's January 16, 2014, SV submission at Exhibits 1 and 2.

⁵⁰ See RMB/IFI Group's January 16, 2014, SV submission at Exhibits SV-22 and 23.

⁵¹ See *Steel Hangers AR3 Final Results* and accompanying Issues and Decision Memorandum at Comment 1.

⁵² See *Steel Wire Garment Hangers from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Review, 2011-2012*, 79 FR 31298 (June 2, 2014) ("*Steel Hangers AR4 Final Results*") and accompanying Issues and Decision Memorandum at Comments 1 and 4.

⁵³ See RMB/IFI Group's Case Brief at 33.

⁵⁴ See *Certain Steel Threaded Rod from the People's Republic of China: Final Results of Third Antidumping Duty Administrative Review, 2011-2012*, 78 FR 66330 (November 5, 2013) ("*Steel Threaded Rod Third AR Final*") and accompanying Issues and Decision Memorandum at Comment 1.C.

⁵⁵ See RMB/IFI Group's January 31, 2014, SV submission at Exhibits SV-11 and 12.

⁵⁶ See RMB/IFI Group's April 16, 2014, SV submission at Exhibit SV-6.

Department ultimately did not use the Metal Expert data from Ukraine in the *Nails AR3 Final Results*,⁵⁷ we nonetheless find that the Metal Expert data are publicly available and representative of a broad-market average. Further, the Metal Expert data covers a carbon content range that matches the RMB/IFI Group's reported carbon content range for steel wire rod and round bar.⁵⁸ Accordingly, the Department finds that the Metal Expert data are specific to the types of steel wire rod and round bar used by RMB/IFI Group in the production of the subject merchandise. Thus, the Thai GTA import data and the Ukrainian Metal Export data are both specific to the grade of steel inputs consumed by RMB/IFI Group. In terms of public availability, quality, and contemporaneity, the Department also finds that the Thai import statistics and Ukrainian Metal Expert data meet the Department's criteria in selecting SVs.

With respect to the RMB/IFI Group's argument that the Thai GTA import data for steel wire rod and round bar are "contradicted" by other pricing information, the Department does not find the lower prices cited by RMB/IFI Group as evidence demonstrating that the Thai GTA information is distorted or misrepresentative. Consistent with the Department's practice,⁵⁹ and as found by the CIT, an interested party must introduce evidence in support of any claim that a value is aberrational or distortive.⁶⁰ If a party presents sufficient evidence to demonstrate a particular SV is aberrational or distortive, and thus not reliable, the Department will assess all relevant price information on the record, including appropriate benchmark data, in order to accurately value the input in question.⁶¹ The Department relied upon Thai import data to value low-carbon steel wire rod at about 950 U.S. Dollars per metric ton ("USD/MT"),⁶² while the RMB/IFI Group provided a World Bank GEM benchmark price for steel wire rod of 770 USD/MT,⁶³ a MEPS International Ltd. reported average world steel wire rod price of 680 USD/MT, and an average Asian steel wire rod price of 606 USD/MT.⁶⁴ Within Thailand, the RMB/IFI Group also provided domestic price quotes and Thai export prices for steel wire rod that are similarly lower.⁶⁵ It is important to note that, while the RMB/IFI Group points to generic steel wire rod prices from outside and within Thailand that are lower than the Thai SV the Department used for low carbon steel wire rod, none of these are appropriate apples-to-apples comparisons specific to the types of low-carbon steel wire rod that the Department used as a SV in the *Preliminary Results*.⁶⁶ Even at face value, the Department finds the information placed on the record by the

⁵⁷ See *Certain Steel Nails From the People's Republic of China: Final Results of Third Antidumping Duty Administrative Review; 2010-2011*, 78 FR 16651 (March 18, 2013) ("*Nails AR3 Final Results*") and accompanying Issues and Decision Memorandum at Comment 1.D.

⁵⁸ See RMB/IFI Group's March 25, 2014, supplemental Section C questionnaire response at 1.

⁵⁹ See, e.g., *Carbazole Violet Pigment 23 from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 75 FR 36630 (June 28, 2010) and accompanying Issues and Decision Memorandum at Comments 3 and 4.

⁶⁰ See *Trust Chem. Co. v. United States*, 791 F. Supp. 2d 1257, 1264-65 (CIT 2011) ("*Trust Chem*").

⁶¹ *Id.*

⁶² See Memorandum to the File, through Scot T. Fullerton, Program Manager, Office V, from Julia Hancock, Senior Case Analyst, Office V, "Fourth Administrative Review of Certain Steel Threaded Rod from the People's Republic of China: Surrogate Values for the Preliminary Results" (May 16, 2014) ("*Preliminary Results Surrogate Value Memo*") at Exhibit 3.

⁶³ See RMB/IFI Group's April 16, 2014, SV submission at Exhibit SV-2.

⁶⁴ *Id.* at Exhibit SV-1.

⁶⁵ See RMB/IFI Group's April 16, 2014, SV submission at Exhibit SV-4.

⁶⁶ See Preliminary Results Surrogate Value Memo at 3 and Exhibit 3.

RMB/IFI Group simply demonstrates that it was able to collect certain prices that are lower than the Thai GTA import prices. In *Camau II*, the Court noted that data may not be aberrational due to the sole fact that the data is the lowest or highest on the record.⁶⁷ In contrast, the Court found that data may be found to be aberrational when the data was significantly different than other data on the record, such as concerns regarding low volume size.⁶⁸ In analyzing whether a given value is aberrational or distortive, the Department typically compares the prices for an input from all countries found to be at a level of economic development comparable to the NME whose products are under review from the POR and prior years.⁶⁹ The RMB/IFI Group did not provide annual data from prior years for the specific HTS categories as an appropriate basis of comparison to demonstrate that the value used by the Department is aberrational or distortive. Accordingly, the Department finds that the RMB/IFI Group has not met the burden of evidentiary support for its argument that the Thai steel wire rod and round bar SVs are aberrational or distortive such that they should be rejected as unreliable.⁷⁰

2) Surrogate Financial Ratios

RMB/IFI Group's Arguments

- The record contains the fiscal year (“FY”) 2011 financial statements of the Ukrainian company, PJSC Dneprometiz (“Dneprometiz”), a producer of comparable merchandise. Dneprometiz’s production process is comparable to the RMB/IFI Group’s because Dneprometiz’s main workshops include a steel wire workshop, a metal coating workshop, etc.
- While the financial statements of Dneprometiz predate the POR by five months, the Department has used less contemporaneous statements when they are the best available data.
- Alternatively, the Department should rely on the financial statements of two Philippine companies, APO Industries, Inc. and Sterling Steel, Inc., who both produce comparable merchandise and have production processes similar to that of the RMB/IFI Group.

Petitioner's Arguments

- Unlike Ukraine and the Philippines, there are multiple Thai financial statements on the record that are contemporaneous with the POR.

Department’s Position: The Department’s criteria for choosing financial statements for the calculation of the surrogate financial ratios are based on the availability of contemporaneous financial statements, comparability to the respondent’s production experience, and publicly

⁶⁷ See *Camau Frozen Seafood Processing Import Export Corporation v. United States*, Slip Op. 13-95 (CIT 2013) at 10 and footnote 9 (“*Camau I*”).

⁶⁸ *Id.*

⁶⁹ See, e.g., *Certain Preserved Mushrooms from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review*, 77 FR 55808 (September 11, 2012) and accompanying Issues and Decision Memorandum at Comments 3 and 4.

⁷⁰ See *Small Diameter Graphite Electrodes from the People’s Republic of China: Final Results of the Antidumping Duty Administrative Review*, 77 FR 40854 (July 11, 2012) and accompanying Issues and Decision Memorandum at Comment 5; *Trust Chem*, 791 F. Supp. 2d at 1264-65.

available information.⁷¹ Moreover, for valuing overhead, selling, general and administrative (“SG&A”) expenses, and profit, the Department uses non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country.⁷² Further, the courts have recognized the Department’s discretion when choosing appropriate companies’ financial statements to calculate the surrogate financial ratios.⁷³

In the original less-than-fair value investigation, the Department found that downstream products that are drawn from wire rod are comparable merchandise to steel threaded rod.⁷⁴ With respect to the available financial statements placed on the record from Ukraine, although the RMB/IFI Group submitted the financial statement for a Ukrainian company, Dneprometiz, that produces comparable merchandise, this financial statement is from 2011 and not contemporaneous with the POR.⁷⁵ Additionally, the financial statements for the two Philippine companies, APO Industries and Sterling Steel, while also producers of comparable merchandise, are also from 2011 and not contemporaneous with the POR.⁷⁶ The Department notes that there are multiple financial statements that are available on the record from Thailand from producers of comparable merchandise that are usable for calculating the surrogate financial ratios.⁷⁷ Moreover, the Department finds that Thailand provides multiple financial statements that are contemporaneous with the POR. Specifically, Petitioner provided the financial statements of LS Industries Co., Ltd. (“LS Industries”) and Hitech Fastener Manufacture (Thailand) Co., Ltd (“Hitech”), which both are producers of comparable merchandise.⁷⁸ While Petitioner also provided financial statements for Tycoons Worldwide Group PLC, Bangkok Fastening Co., Ltd., and Thai Wire Products Public Company Limited, these statements do not provide a detailed breakout of the costs of material, labor and energy (“MLE”).⁷⁹ In contrast, the statements of LS Industries and Hitech break out the costs of MLE and thus provide more detailed information to calculate financial ratios.⁸⁰

In sum, the Department finds that only Thailand offers multiple financial statements that mirror the production experience of the RMB/IFI Group, are publicly available, contemporaneous with the POR, and sufficiently detailed and reliable, to allow the Department to accurately calculate the surrogate financial ratios.

⁷¹ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates from the People’s Republic of China*, 70 FR 24502 (May 10, 2005) and accompanying Issues and Decision Memorandum at Comment 3.

⁷² See 19 CFR 351.408(c)(4).

⁷³ See, e.g., *FMC Corp. v. United States*, 27 CIT 240, 251 (2003) (stating that the Department “has wide discretion in choosing among various surrogate sources”), *aff’d FMC Corp. v. United States*, 87 Fed. Appx. 753 (Fed. Cir. 2004).

⁷⁴ See *Certain Steel Threaded Rod from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 8907 (February 27, 2009) and accompanying Issues and Decision Memorandum at Comment 1.

⁷⁵ See RMB/IFI Group’s January 31, 2014, SV submission at Exhibit SV-14.

⁷⁶ *Id.* at Exhibits SV-25 and 26.

⁷⁷ See Petitioner’s January 31, 2014, SV submission at Exhibits 7-16.

⁷⁸ *Id.* at Exhibits 13 and 15.

⁷⁹ *Id.* at Exhibits 8-12.

⁸⁰ *Id.* at Exhibits 13 and 15.

Department's Position for Surrogate Country:

While the Department finds that the Philippines, Thailand and Ukraine all satisfy the level of economic development comparable to the NME country and significant-producer criteria for surrogate country selection purposes, in terms of the overall quality of data available for SVs, Thailand offers superior quality of data for the surrogate financial ratios. Accordingly, the Department finds that selecting Thailand as the primary surrogate country would allow the Department to best approximate the production experience of the RMB/IFI Group. Therefore, the Department has determined to continue to select Thailand as the primary surrogate country for these final results.

Comment 2: Surrogate Value for Steel Wire Rod

RMB/IFI Group's Arguments

- If the Department selects Thailand as the surrogate country, the Department should use the domestic price quote from Tata Steel (Thailand) ("Tata") to value low-carbon steel wire rod, consistent with *Hebei Metal*⁸¹ and *Yantai Oriental Juice*.
- Based on court precedent,⁸² the Department is not at liberty to ignore a respondent's own experience or the nature of the factor of production for which a surrogate value is sought.
- Alternatively, the Department could rely on the world benchmark steel wire rod prices: 1) the MEPS average world benchmark price for carbon steel wire rod; 2) World Bank GEM benchmark price for steel wire rod; or 3) the import price for carbon steel wire rod from the other potential surrogate countries.
- While the HTS categories used by the Department properly cover the low carbon range, the categories cover a small range of silicon content significantly lower than the average silicon content used by the RMB/IFI Group, as demonstrated in the sample mill certificates.
- If the Department relies on Thai import statistics, the Department should include three additional HTS categories (7213.91.90.033,⁸³ 7213.91.90.034⁸⁴ and 7213.91.90.035⁸⁵) of low-carbon steel wire rod, which better cover the type of steel wire rod used by the RMB/IFI Group based on carbon content and silicon content.
- The Department should calculate the average SV for steel wire rod using a weighted-average methodology.

⁸¹ See *Hebei Metals & Minerals Imp. & Exp. Corp. v. United States*, 366 F. Supp. 2d 1264, 1274 (CIT 2005) ("*Hebei Metal*").

⁸² See *Zhengzhou Harmoni Spice Co., Ltd. v. United States*, 617 F. Supp. 2d 1281 (CIT 2009) ("*Zhengzhou Harmoni*"); *Nation Ford Chem. Co. v. United States*, 166 F. 3d 1373 (Fed. Cir. 1999) ("*Nation Ford*"); *Rhodia, Inc. v. United States*, 185 F. Supp. 2d 1343 (CIT 2001) ("*Rhodia*").

⁸³ "Bars and Rods, Hot-Rolled, in Irregularly Wound Coils, of Iron or Non-Alloy Steel, Measuring Less Than 14 mm in Diameter, Containing by Weight Not More Than 0.10% Carbon, And Not More Than 0.10% Of Silicon, And Not Less Than 0.02% Of Aluminum."

⁸⁴ "Bars and Rods, Hot-Rolled, in Irregularly Wound Coils, of Iron or Non-Alloy Steel, Measuring Less Than 14 mm in Diameter, Containing by Weight More Than 0.10% Carbon, But Not More Than 0.15% Of Carbon, And Not More Than 0.10% Of Silicon, And Not Less Than 0.02% Of Aluminum."

⁸⁵ "Bars and Rods, Hot-Rolled, in Irregularly Wound Coils, of Iron or Non-Alloy Steel, Measuring Less Than 14 mm in Diameter, Containing by Weight More Than 0.15% But Not More Than 0.23% Of Carbon, And Not More Than 0.10% Of Silicon, And Not Less Than 0.02% Of Aluminum."

Petitioner's Arguments

- Contrary to the RMB/IFI Group's argument regarding silicon content, the Thai import statistics reported under HTS 7213.91.90.010, 7213.91.90.011, and 7213.91.90.012 are the most suitable data for valuing the steel wire rod input.
- The three alternative Thai HTS categories cover less than half of the silicon content range of the RMB/IFI Group's low-carbon steel wire rod input, as listed by the submitted mill certificate.
- Also, the sample mill certificate does not indicate that aluminum content is included in the RMB/IFI Group's steel wire rod input. Thus, the HTS categories used by the Department in the *Preliminary Results* are the most appropriate because these categories contain an aluminum content of no more than 0.02 percent, whereas HTS categories proposed by the RMB/IFI Group contain an aluminum content of no less than 0.02 percent with no upper limit that would include a range of aluminum outside the scope.
- By using a simple average to calculate the SV for steel wire rod, the Department recognized that these three HTS categories represent separate ranges of product with different values.

Department's Position: In valuing the FOPs, section 773(c)(1) of the Act instructs the Department to use "the best available information" from an appropriate ME country.⁸⁶ With respect to SV selection, "it is the Department's stated practice to use investigation or review period-wide price averages, prices specific to the input in question, prices that are net of taxes and import duties, prices that are contemporaneous with the period of investigation or review, and publicly available data."⁸⁷ As a consequence, the Department first attempts to find publicly available SVs from the primary surrogate country that are contemporaneous and representative of the FOPs being valued. In applying the Department's SV selection criteria, as mentioned above, the Department has found in numerous NME cases that the import data from GTA represent the best available information for valuation purposes because they represent an average of multiple price points within a specific period and are tax-exclusive.⁸⁸ The Department has stated that it prefers to use SVs that are not price quotes where other more reliable data, such as the Thai import statistics for steel wire rod, are available.⁸⁹

Based on the Department's preference to rely on surrogate data that represents a broad-market average, the Department does not find the domestic price quote from Tata to be the best available information as compared to the Thai import statistics for steel wire rod that are a broad-market average. While RMB/IFI Group cites to *Yantai Oriental Juice* and *Hebei Metals* in arguing domestic prices are more appropriate than import prices in valuing a SV when the import price is significantly higher, the RMB/IFI Group's premise is faulty because it does not present an appropriate comparison. Specifically, the RMB/IFI Group points to the domestic price quote from Tata that was offered six months after the POR for export of wire rod of a very narrow

⁸⁶ See 19 CFR 351.408(c)(2) ("The Secretary normally will value all factors in a single surrogate country.") .

⁸⁷ See Policy Bulletin 04.1; see also *Diamond Sawblades and Parts Thereof from the People's Republic of China, Final Determination in the Antidumping Duty Investigation*, 71 FR 29303 (May 22, 2006) ("*Sawblades*") and accompanying Issues and Decision Memorandum at Comment 11.

⁸⁸ See, e.g., *Sawblades*, and accompanying Issues and Decision Memorandum at Comment 11.

⁸⁹ See *PC Strand from the PRC* and accompanying Issues and Decision Memorandum at Comment 1.B.

range of low-carbon steel and of a single diameter.⁹⁰ In contrast, the HTS categories used by the Department for valuing the steel wire rod SV are POR import data that provide better coverage of the type of wire rod reported by the RMB/IFI Group based on low-carbon content and diameter.⁹¹ Moreover, as the Tata price was offered as a price for export, there is reason to suspect its reliability because of evidence that the price may be distorted due to the Department's reason to believe or suspect the existence of subsidies concerning Thai exports.⁹²

In some instances, the Department has disregarded import data where record evidence demonstrates that per-unit values are aberrational with respect to the product at issue, or the time period in question. The Department determines whether data are aberrational on a case-by-case basis after considering the totality of the circumstances.⁹³ The Department strongly favors selecting SVs from a single country,⁹⁴ and as discussed in the above section, the RMB/IFI Group provided no credible rationale or supporting record evidence that demonstrates Thai import data are aberrational such that the Department should rely on surrogate data from outside the primary surrogate country. Specifically, with regard to the RMB/IFI Group's argument to value its steel wire rod input with world-wide prices as in certain CVD proceedings, we disagree. The Department notes that world-wide prices are not specific to the surrogate country, Thailand. Moreover, the use of a world-wide price for a SV would contravene the plain language of the Act. Section 773(c)(1)(B) of the Act states that the valuation of the FOPs "shall be based on the best available information regarding the values of such factors *in a market economy country or countries considered to be appropriate by the administering authority*," and section 773(c)(4) of the Act states that the "administering authority shall utilize, to the extent possible, prices in one or more market economy countries that are *at a level of economic development comparable to that of the nonmarket economy country*" (emphasis added). By definition, a world-wide price cannot be specific to any appropriate surrogate country or countries. As such, we find that a world-wide price would not be a reliable indicator of prices in a ME at a comparable level of economic development to the PRC.

Consistent with the Court's reasoning in *Zhengzhou Harmoni*, *Nation Ford* and *Rhodia*, the Department sought the best available information to duplicate the production experience of the RMB/IFI Group by valuing the RMB/IFI Group's reported steel wire rod input as specific as possible to the type of steel wire rod based on the criteria outlined above. While the RMB/IFI Group argues that we should include additional HTS categories, the Department finds that these additional HTS categories are not the most specific categories to value the steel wire rod input based on the RMB/IFI Group's submitted mill certificates.⁹⁵ The RMB/IFI Group's rationale is that the HTS categories used by the Department for valuing its low-carbon steel wire rod input cover a very small range of silicon content, which is significantly lower than the average silicon

⁹⁰ See RMB/IFI Group's April 16, 2014, SV submission at Exhibit SV-4.

⁹¹ See Preliminary Surrogate Value Memo at 3 and Exhibit 3.

⁹² See *Tires Final Results 2010-2011*, and accompanying Issues and Decision Memorandum at Comment 4.

⁹³ See, e.g., *Lightweight Thermal Paper From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 57329 (October 2, 2008) and accompanying Issues and Decision Memorandum at Comment 10.

⁹⁴ See 19 CFR 351.408(c)(2).

⁹⁵ See RMB/IFI Group's March 25, 2014, supplemental Section C questionnaire response at Exhibit SC-3.

content of the RMB/IFI Group's submitted sample mill certificate.⁹⁶ The Department finds that the RMB/IFI Group misreads the range of silicon content that are covered by the HTS categories used by the Department in the *Preliminary Results*.⁹⁷ The three HTS categories that the Department used capture low-carbon steel wire rod with a range of silicon content up to 0.20 percent.⁹⁸ In contrast, the additional HTS categories proposed by the RMB/IFI Group only capture low-carbon steel wire rod with half of the range of silicon content, up to 0.10 percent,⁹⁹ which is also outside the range of silicon content observed in the RMB/IFI Group's mill certificate.¹⁰⁰ Thus, contrary to the RMB/IFI Group's argument, including the additional HTS categories proposed by RMB/IFI Group that cover a narrower range in terms of silicon content will only distort the calculation. Moreover, the Department finds that including these additional HTS categories in the calculation of the average SV for low-carbon steel wire rod will introduce a range of low-carbon steel wire rod that is outside the scope of subject merchandise. Specifically, these additional categories contain an aluminum content of no less than 0.02 percent with no upper limit¹⁰¹ and steel threaded rod with an aluminum content of 0.5 percent is outside the scope of the AD order.¹⁰²

For purposes of these final results, and as outlined above, the Department continues to find that the three HTS categories the Department used for the *Preliminary Results* are the most suitable to the input in question, are from the primary surrogate country, are contemporaneous, and represent the best available information for valuing the RMB/IFI Group's wire rod consumption. While the RMB/IFI Group argues that the Department should employ a weighted-average to calculate the average SV, it is the Department's practice to calculate SVs using import data using a simple average methodology and not a weighted-average.¹⁰³ The Department does not calculate a weighted-average SV because the data, *i.e.*, import data and sales data from the RMB/IFI Group, are not reported on the same basis to perform a properly calculated weighted-average. Accordingly, the Department will not make a change to the average steel wire rod SV calculation for the final results.

Comment 3: Surrogate Financial Ratio Calculations

RMB/IFI Group's Comments

- The Department should adjust the financial ratios to properly allocate labor, pursuant to *Labor Methodologies*.¹⁰⁴

⁹⁶ See RMB/IFI Group's Case Brief at 33.

⁹⁷ See Preliminary Results Surrogate Value Memo at Exhibit 3.

⁹⁸ *Id.*

⁹⁹ See Petitioner's January 16, 2014, SV submission at Exhibits 1 and 2.

¹⁰⁰ See RMB/IFI Group's Case Brief at 33.

¹⁰¹ *Id.*

¹⁰² See "Scope" section above.

¹⁰³ See, e.g., *Multilayered Wood Flooring from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 64318 (October 18, 2011) and accompanying Issues and Decision Memorandum at Comment 20.

¹⁰⁴ See *Antidumping Methodologies in Proceeding Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092, 36094 (June 21, 2011) ("*Labor Methodologies*").

- In the *Preliminary Results*, the Department misallocated several labor items in the financial statements and misstated the premise of *Labor Methodologies* by stating that only if there is no disaggregation of labor will the Department treat all labor items as labor instead of SG&A expenses.
- Because the Department found that the International Labor Organization (“ILO”) Yearbook Chapter 6A data covers all types of labor, if the financial statements delineate any labor items, the Department will remove these items from SG&A to avoid double-counting.
- The financial statements on the record delineate the labor items covered by the ILO Chapter 6A data and thus the labor items must be treated as labor and not SG&A to avoid double-counting, pursuant to *Stainless Steel Sinks* and *Steel Nails from PRC Final 2014*.¹⁰⁵
- In the Hitech financial statement, the Department should include the following expenses as direct labor: entertainment, salary, overtime, allowance, accommodation, bonus, social security-office, compensation fund contribution, seminar, travel-admin., and security guard.
- In the LS Industries financial statement, the Department should include the following expenses as direct labor: salary and bonus, social security and compensation, and welfare.

Petitioner’s Comments

- Respondent’s proposed reclassification of the financial ratios should be rejected because there is no distinction between personnel responsible for manufacturing and personnel responsible for SG&A activities.
- According to the Department, certain expenses listed under SG&A that are indicated in the surrogate financial statement to be related to manufacturing labor should be treated as manufacturing labor. However, certain expenses listed under SG&A that are indicated in the surrogate financial statement to be related to personnel engaged in SG&A activities should not be treated as manufacturing labor.
- In *Stainless Steel Sinks* where the Department found the NSO labor statistic to include manufacturing and SG&A expenses, the Department intended to treat manufacturing labor expenses listed under SG&A in the surrogate financial statement as manufacturing labor.¹⁰⁶
- In *Steels Nails from the PRC Final 2014*, the Department noted that, because the surrogate financial statement listed separate line items as SG&A expenses, such as salary, these expenses should not be reclassified as manufacturing labor.¹⁰⁷
- The Hitech financial statement clearly distinguishes between manufacturing labor and labor related to SG&A expenses and thus there is no justification for classifying these SG&A expenses as manufacturing labor.
- Similarly, the LS Industry financial statement lists expenses, such as welfare, as being related to SG&A personnel, which are not included in indirect labor hours, and thus there is no reason to reclassify these expenses as manufacturing labor.

¹⁰⁵ See *Drawn Stainless Steel Sinks from the People’s Republic of China: Investigation, Final Determination*, 78 FR 13019 (February 26, 2013) and accompanying Issues and Decision Memorandum at Comment 4 (“*Stainless Steel Sinks*”); *Certain Steel Nails from the People’s Republic of China: Final Results of the Fourth Antidumping Duty Administrative Review*, 79 FR 19316 (April 8, 2014) and accompanying Issues and Decision Memorandum at Comment 2 (“*Steel Nails from PRC Final 2014*”).

¹⁰⁶ See *Stainless Steel Sinks* and accompanying Issues and Decision Memorandum at Comment 4.

¹⁰⁷ See *Steel Nails from PRC Final 2014* and accompanying Issues and Decision Memorandum at Comment 2.B.

Department's Position: The Department disagrees with the RMB/IFI Group that we should reclassify the expenses identified by the RMB/IFI Group in the financial statements for Hitech and LS Industries as direct labor for the final results, pursuant to *Labor Methodologies*. In the *Preliminary Results*, the Department valued labor using manufacturing-specific data from the quarterly-specific POR data (third quarter of 2012 and first quarter of 2013) from the Government of Thailand, National Statistical Office, Labor Force Survey of Whole Kingdom, ("POR Manufacturing-Specific NSO Data").¹⁰⁸ As explained in the *Preliminary Results*, the Department found that the POR Manufacturing-Specific NSO Data were the best available information for valuing the RMB/IFI Group's labor inputs because they were industry-specific and contemporaneous with the POR.¹⁰⁹ Since the *Preliminary Results*, no party has presented any arguments or record evidence regarding the Department's selection of the POR Manufacturing-Specific NSO Data as the best available information for valuing the RMB/IFI Group's labor inputs. Accordingly, the Department will continue to value the RMB/IFI Group's labor inputs with the POR Manufacturing-Specific NSO Data for the final results.

In *Labor Methodologies*, the Department addressed concerns of double-counting labor costs when it stated that it would adjust "the surrogate financial ratios when the available record information—in the form of itemized indirect labor costs—demonstrates that labor costs are overstated."¹¹⁰ In our review of the record, we have determined that the labor costs in the NV calculation are not overstated. Specifically, in the *Preliminary Results*, the Department stated that we are not adjusting the surrogate financial ratio calculations of the surrogate companies, Hitech and LS Industries, because there was no evidence on the record to support treating SG&A labor on either company's statements as anything other than SG&A labor.¹¹¹ Given the nature of the information that serves as the source for financial ratio calculations in NME cases (*i.e.*, surrogate financial data from a company that is not a party to the proceeding), we cannot "go behind" a surrogate financial statement to determine precisely what each item includes or to what activity it relates.¹¹² Therefore, when assigning the various line items to particular categories for our financial ratio calculations, we prefer to rely on the classification of these items from the surrogate financial statement, unless there is good reason to believe the classification is not accurate.¹¹³ Accordingly, it is the Department's practice to treat labor in its financial ratio calculations in the same manner the surrogate company disaggregates its labor costs.¹¹⁴ Thus, we will continue to treat SG&A labor as a SG&A expense in each company's surrogate financial ratio calculations.

¹⁰⁸ See *Preliminary Results* and accompanying Decision Memorandum at "Factors Valuation" section; Preliminary Results Surrogate Value Memo at 6 and Exhibit 7.

¹⁰⁹ See *Preliminary Results* and accompanying Decision Memorandum at "Factors Valuation" section; Preliminary Results Surrogate Value Memo at 6-7.

¹¹⁰ See *Labor Methodologies*, 76 FR at 36093-94.

¹¹¹ See Preliminary Results Surrogate Value Memo at 10.

¹¹² See, e.g., *Diamond Sawblades and Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2009-2010*, 78 FR 11143 (February 15, 2013) and accompanying Issues and Decision Memorandum at Comment 16.

¹¹³ See, e.g., *Chlorinated Isocyanurates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 79 FR 4875 (January 30, 2014) and accompanying Issues and Decision Memorandum at Comment 6.D.

¹¹⁴ See Preliminary Results Surrogate Value Memo at 9-10; *Stainless Steel Sinks* and accompanying Issues and Decision Memorandum at Comment 4.

The Department disagrees with the RMB/IFI Group's interpretation of *Labor Methodologies* that because the Department found that the ILO Chapter 6A data cover all types of labor, the Department will remove all labor items from SG&A to avoid double-counting regardless of the data source.¹¹⁵ In *Labor Methodologies*, the Department noted that the ILO Chapter 6A data cover all costs related to labor including wages, benefits, housing, training, *etc.*¹¹⁶ Contrary to the RMB/IFI Group's suggestion that due to this it is the Department's practice to remove all labor items from SG&A to avoid double-counting, *Labor Methodologies* states that the Department will make such an adjustment only when the financial statements allow such an adjustment and the record evidence demonstrates that the surrogate financial ratios are overstated.¹¹⁷ Although the RMB/IFI Group contends that the Department found that the ILO Chapter 6A data covers all types of labor, the Department does not agree that it should treat all expenses identified by the RMB/IFI Group for Hitech¹¹⁸ and LS Industries¹¹⁹ as direct labor. As explained in *Wooden Bedroom Furniture 2012 Final Results*, the labor expenses included in the denominator of the surrogate financial ratios are direct and indirect expenses related to manufacturing labor.¹²⁰ Additionally, the Department notes that administrative and sales personnel are not employed in manufacturing products, and thus the wages, benefits, and expenses for these non-manufacturing personnel are appropriately considered SG&A expenses.¹²¹

Contrary to the RMB/IFI Group's suggestion, the Department finds that its treatment of the expenses identified by the RMB/IFI Group as a SG&A expense in the Hitech and LS Industries financial statements may differ from the Department's treatment of the financial ratios in *Stainless Steel Sinks* because the administrative record for each case is different.¹²² The Department notes that, in *Labor Methodologies*, the Department stated that "{it} will determine whether the facts and information available on the record warrant and permit an adjustment to the surrogate financial statements on a case-by-case basis."¹²³ Regarding *Stainless Steel Sinks*, the Department notes that the labor data source, the 2007 labor census data published by Thailand's National Statistical Office ("2007 NSO data"), that was at issue in that investigation is not the same data source, the POR Manufacturing-Specific NSO Data, which is at issue in this administrative review.¹²⁴ The Department finds that the 2007 NSO data, which was for

¹¹⁵ See *Labor Methodologies*, 76 FR at 36093-94.

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ Entertainment, salary, overtime, allowance, accommodation, bonus, social security-office, compensation fund contribution, seminar, travel-admin., and security guard.

¹¹⁹ Salary and bonus, social security and compensation, and welfare.

¹²⁰ See *Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Review: 2012*, 79 FR 51954 (September 2, 2014) ("*Wooden Bedroom Furniture 2012 Final Results*") and accompanying Issues and Decision Memorandum at Comment 6.

¹²¹ See *id.*; see also *Steel Hangers AR4 Final Results* and accompanying Issues and Decision Memorandum at Comment 7.

¹²² See *Stainless Steel Sinks* and accompanying Issues and Decision Memorandum at Comment 4.

¹²³ See *Labor Methodologies*, 76 FR at 36094.

¹²⁴ See *Stainless Steel Sinks* and accompanying Issues and Decision Memorandum at Comment 3.

“manufacturing of other fabricated metal products,” includes both total manufacturing and SG&A labor.¹²⁵

However, unlike the 2007 NSO data in *Stainless Steel Sinks*, the POR Manufacturing-Specific NSO Data, which are the subject of this administrative review, do not include SG&A labor because the labor source identifies individual data line items for “manufacturing” and “administrative and support activities.”¹²⁶ Specifically, the Department notes that the POR Manufacturing-Specific NSO Data that are being used to value labor in this administrative review only include the data line items for “manufacturing” and do not include data from the “administrative and support activities” line items.¹²⁷ Therefore, the Department finds that the POR Manufacturing-Specific NSO Data do not include SG&A labor and thus cover different labor items than the 2007 NSO data, which were the subject of *Stainless Steel Sinks*.¹²⁸ Based on the differing list of labor items covered by the 2007 NSO data and the POR Manufacturing-Specific NSO Data, the Department finds its treatment of the expenses listed in the surrogate financial statements on the record of each case will differ. Unlike the POR Manufacturing-Specific NSO Data, which the Department found in the *Preliminary Results* do not include SG&A labor,¹²⁹ the Department found in *Stainless Steel Sinks* that the 2007 NSO data do include SG&A labor. Accordingly, in *Stainless Steel Sinks*, the Department adjusted the surrogate financial ratios to treat SG&A labor as a direct labor expense because the 2007 NSO data include SG&A labor.¹³⁰ However, in contrast to *Stainless Steel Sinks*, for this review, we are not treating the SG&A labor items identified in the Hitech and LS Industries’ financial statements as a direct labor expense because the POR Manufacturing-Specific NSO Data do not include SG&A data.¹³¹ Therefore, unlike in *Stainless Steel Sinks*, we do not find there is record evidence that valuing labor with the selected SV without making an adjustment to surrogate financial ratios would result in double-counting of the RMB/IFI Group’s labor costs.¹³²

Similarly, because the records of *Steel Nails from PRC Final 2014* and this case are unique and case-specific, the Department finds that its treatment of expenses identified in the LS Industries’ FY 2012 financial statement may differ based on the facts of that case. In *Steel Nails from PRC Final 2014*, the Department valued labor using the 2007 NSO data, which include types of compensation (*i.e.*, employers’ contribution to social security), and thus treated SG&A expenses, welfare and social security & compensation, in the LS Industries’ FY 2012 financial statement as direct labor.¹³³ However, as discussed above, the Department finds that the reasoning articulated in *Steel Nails from PRC Final 2014* does not apply in this case because the record of *Steel Nails from PRC Final 2014* showed that the 2007 NSO data included more than just manufacturing

¹²⁵ *Id.* at Comment 4.

¹²⁶ See Preliminary Results Surrogate Value Memo at Exhibit 7B.

¹²⁷ *Id.*

¹²⁸ See *Stainless Steel Sinks* and accompanying Issues and Decision Memorandum at Comment 4.

¹²⁹ Specifically, the Department notes that the POR Manufacturing-Specific NSO Data report separate data line items for manufacturing and administrative and support service activities. See Preliminary Results Surrogate Value Memo at Exhibit 7B.

¹³⁰ See *Stainless Steel Sinks* and accompanying Issues and Decision Memorandum at Comment 4.

¹³¹ See Preliminary Results Surrogate Value Memo at Exhibit 7B.

¹³² *Id.*

¹³³ See *Steel Nails from PRC Final 2014* and accompanying Issues and Decision Memorandum at Comment 2.B.

labor. The labor statistics being used in this case only include manufacturing labor data and do not include SG&A labor.

Accordingly, the expenses that the RMB/IFI Group identified for the Hitech financial statements, such as entertainment, salary, overtime, accommodation, *etc.*, are for personnel not employed in manufacturing products, and thus these expenses are more appropriately considered SG&A expenses. Specifically, the Department finds that it has properly classified the expenses, (*i.e.*, direct labor, social security-direct labor, salary production (indirect labor), overtime-production department, social security-production department, welfare-costs of production, and premium-production department), identified in the Hitech financial statement as direct labor and other expenses, such as social security-office, as SG&A expenses.¹³⁴ The Department notes that this is consistent, as mentioned above, with our practice of treating labor in its financial ratio calculations in the same manner as the surrogate company, Hitech, which disaggregates its labor costs.¹³⁵

Additionally, for the expenses that the RMB/IFI Group identified for the LS Industries financial statement, such as social security and compensation, the Department also finds that it properly classified these expenses as SG&A expenses. Specifically, the Department finds that it has properly classified certain expenses, such as direct wages and outsourced wages, identified in the LS Industries financial statement as direct labor, and other expenses, such as salary and bonus, as SG&A expenses.¹³⁶ Although the RMB/IFI Group argues that the identified expenses, such as salary and bonus, for the LS Industries financial statement should be treated as direct labor to avoid double-counting, the Department finds that there is nothing on the record to suggest that LS Industries' labor cost is overstated.¹³⁷ Accordingly, because the LS Industries statement provides clear and separate classifications for manufacturing labor costs and general and administrative labor expenses, and the labor statistic being used in this case does not include SG&A labor, we find that it is appropriate to continue to treat the LS Industries' financial statement's SG&A labor as a SG&A expense.¹³⁸

Comment 4: Surrogate Value for Brokerage and Handling

RMB/IFI Group's Comments

- In the *Preliminary Results*, the Department valued the RMB/IFI Group's brokerage and handling ("B&H") expenses using data from the World Bank's *Doing Business: Thailand 2014*.¹³⁹

¹³⁴ See Preliminary Results Surrogate Value Memo at Exhibit 10.

¹³⁵ See *Chlorinated Isocyanurates From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2010-2011*, 78 FR 4386 (January 22, 2013) ("*Chlorinated Isos*"), and accompanying Issues and Decision Memorandum at Comment 13 ("*Chlorinated Isos 2010-2011 Final*").

¹³⁶ See Preliminary Results Surrogate Value Memo at Exhibit 10.

¹³⁷ See *Steel Hangers AR4 Final Results* and accompanying Issues and Decision Memorandum at Comment 7.

¹³⁸ See *Steel Wire Garment Hangers Final 2011-2012* and accompanying Issues and Decision Memorandum at Comment 7; *Chlorinated Isos 2010-2011 Final* and accompanying Issues and Decision Memorandum at Comment 13.

¹³⁹ See Preliminary Results Surrogate Value Memo at Exhibit 12.

- The *Doing Business: Thailand 2014* B&H data is not representative of country-wide, broad-market average cost data because the data is from a single city, Bangkok.
- The *Doing Business: Thailand 2014* B&H data is also not representative because it only provides quotes from five sources and the contributors are primarily law firms/accounting firms with no direct experience in freight-forwarding or export.
- The *Doing Business: Thailand 2014* B&H quotes are based upon a hypothetical company's shipment of hypothetical merchandise, which are not representative of a country's B&H costs.
- The individual results of the B&H survey reported in *Doing Business: Thailand 2014* are not publicly available nor are the specific contributors to the section on "Trading Across Borders."
- The Department should calculate the RMB/IFI Group's B&H expenses using publicly ranged B&H data from a Thai exporter, Pakfood Company Limited ("Pakfood"), a producer/exporter of frozen warmwater shrimp.¹⁴⁰ The Pakfood B&H expenses are similar to the RMB/IFI Group's shipping expenses because both reflect significant commercial activity rather than a one-time shipment.
- If the Department chooses to value the RMB/IFI Group's B&H expenses using data from *Doing Business: Thailand 2014*, the Department must deduct the letter of credit fees (\$60) included in the B&H expenses reported in *Doing Business: Thailand 2014*.
- The record evidence shows that all *Doing Business* publications include the cost of the time and expense for procuring an export letter of credit in the reported B&H expenses for each country, which the Department found in the previous review does not apply to the RMB/IFI Group for calculating the B&H surrogate value.¹⁴¹

Petitioner's Comments

- Did not comment on this issue.

Department's Position: The Department disagrees with the RMB/IFI Group that its B&H expenses should be valued using the publicly ranged B&H data from a Thai exporter, Pakfood. First, we continue to find that the data from *Doing Business: Thailand 2014* is the best available information for valuing the RMB/IFI Group's B&H expenses. In selecting the best available information for valuing the FOPs, pursuant to section 773(c)(1) of the Act, it is the Department's practice to consider the following five factors: (1) broad-market average; (2) public availability; (3) product specificity; (4) tax- and duty-exclusivity; and (5) contemporaneity of the data.¹⁴² The Department finds that B&H data from *Doing Business: Thailand 2014* are from Thailand, the primary surrogate country selected by the Department, and the data meet all of the Department's criteria for SVs. The B&H data from *Doing Business: Thailand 2014* are only two months outside the POR and are based on a broad survey of costs in the Thailand market. Therefore,

¹⁴⁰ See RMB/IFI Group's April 16, 2014, SV submission at Exhibit 17.

¹⁴¹ See RMB/IFI Group's January 31, 2014, Surrogate Country Comments ("RMB/IFI Group's SC Comments") at Exhibit 20; *Steel Threaded Rod Third AR Final* and accompanying Issues and Decision Memorandum at Comment 7.

¹⁴² See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp From the People's Republic of China*, 69 FR 70997 (December 8, 2004) and accompanying Issues and Decision Memorandum at Comment 1.

they are a more representative source than data that are limited to the experiences of individual companies.¹⁴³ Although the RMB/IFI Group argues that the *Doing Business: Thailand 2014* data are not a broad-market average or a country-wide cost because the data are based on single city, Bangkok, the Department disagrees. The Department recognizes that *Doing Business: Thailand 2014* made several assumptions about the shipments for which it obtained B&H data in its survey. For instance, one of these assumptions is that the business making the shipment is located in the “economy’s largest business city.”¹⁴⁴ However, the Department finds that the B&H cost in *Doing Business: Thailand 2014* is based on the experience of multiple survey contributors located in the largest city in Thailand, which means that this cost represents a broad-market average.¹⁴⁵ This is evident from the list of contributors providing the B&H data used to compile *Doing Business: Thailand 2014*.¹⁴⁶ Accordingly, the average B&H cost in *Doing Business: Thailand 2014* reflects a broader experience than simply the experience of a single company, Pakfood, located in Thailand.

Additionally, the Department finds that the RMB/IFI Group’s arguments about the reliability of the B&H charges in *Doing Business: Thailand 2014* are unpersuasive. The RMB/IFI Group claims that the majority of the contributors of the B&H used in *Doing Business: Thailand 2014* are law firms and accounting firms that neither have first-hand experience with the freight-forwarding business nor a direct relationship with exporting customers. However, the Department notes that the list of contributors for *Doing Business: Thailand 2014* indicates that the data compiled in the publication were obtained from not only law firms and accounting firms, but also freight forwarders, shipping lines, and banks.¹⁴⁷ These entities are likely to have first-hand experience with the freight-forwarding business or have a direct relationship with exporting customers.¹⁴⁸ Accordingly, we find that the RMB/IFI Group’s conclusion that the majority of contributors of the B&H information to *Doing Business: Thailand 2014* has no first-hand experience with the freight-forwarding business or a direct relationship with exporting customers is speculative at best.

Moreover, the Department disagrees with the RMB/IFI Group that the *Doing Business: Thailand 2014* data should not be used because neither the individual results of the survey, nor the names of the specific contributors to the “Trading Across Borders” section are publicly available. Although the RMB/IFI Group argues that the individual results of the survey are not publicly available, the Department finds that the fact that the individual results of the underlying report are not published does not impugn the publicly availability of the *Doing Business* reports.¹⁴⁹ The Department notes the *Doing Business* reports are official World Bank

¹⁴³ See *Certain Polyester Staple Fiber from the People’s Republic of China: Final Results and Partial Rescission of Second Antidumping Duty Administrative Review*, 76 FR 2886 (January 18, 2011) (“PSF Final”) and accompanying Issues and Decision Memorandum at Comment 2.

¹⁴⁴ See Preliminary Results Surrogate Value Memo at Exhibit 15 (page 72).

¹⁴⁵ See Preliminary Results Surrogate Value Memo at Exhibit 15 (page 108).

¹⁴⁶ *Id.*

¹⁴⁷ See RMB/IFI Group’s Case Brief at 37; Preliminary Results Surrogate Value Memo at Exhibit 15 (page 108).

¹⁴⁸ See *Wooden Bedroom Furniture 2012 Final Results* and accompanying Issues and Decision Memorandum at Comment 8.

¹⁴⁹ See Preliminary Results Surrogate Value Memo at Exhibit 15 (page 108).

publications that are published specifically by the *Doing Business Project* on its website.¹⁵⁰ Specifically, the Department notes that the *Doing Business* reports gather and analyze comprehensive quantitative data to compare business regulation environments across economies and over time, and serve as a resource for doing business in these economies. The reports also identify the obstacles to doing business in order to assist policymakers in designing regulatory reforms.¹⁵¹ Finally, the Department disagrees with the RMB/IFI Group that the names of the contributors to the “Trading Across Borders” section of the *Doing Business: Thailand 2014* report are not publicly available. The Department notes that the list of the contributors to the *Doing Business: Thailand 2014* report is accessible to the public on the “Contributors” section of the *Doing Business Project* website.¹⁵² Therefore, the Department finds that the RMB/IFI Group’s conclusion that the identities of the contributors to the “Trading Across Borders” section of the *Doing Business: Thailand 2014* are not publicly available is not correct.

The Department also disagrees with the RMB/IFI Group that the B&H expenses from Pakfood are superior to the *Doing Business: Thailand 2014* data. The Department notes that it is our practice to rely on data from *Doing Business* for valuing a respondent’s B&H expenses because the data are more of a broad-market average than the proposed alternative, which is a price from a single exporter.¹⁵³ Additionally, the Department finds that the *Doing Business: Thailand 2014* data are from the World Bank, which is from a trusted source using companies’ actual experience. The Department also notes that the data is official, in that they represent statistical analysis by the World Bank, an international organization.¹⁵⁴ In past cases, the Department found international organization publications to be reliable and credible sources of information.¹⁵⁵

Finally, the Department disagrees with the RMB/IFI Group that the cost of obtaining letters of credit should be excluded from the *Doing Business: Thailand 2014* data. The Department notes that the RMB/IFI Group provided record evidence from the World Bank that the cost of obtaining letters of credit is included in the cost of B&H for *Doing Business 2013*.¹⁵⁶ However, the Department finds that there is no information on the record of this administrative review regarding whether the cost of obtaining letters of credit is included in the cost of B&H for *Doing Business: Thailand 2014*, which is the source being used for valuing the RMB/IFI Group’s B&H expenses for the final results. Contrary to RMB/IFI Group’s proposal, the Department cannot make assumptions about what is included in the cost of B&H for *Doing Business: Thailand 2014*. The Department notes that it has the practice of excluding the cost of obtaining letters of credit from the total B&H source data reported in *Doing Business* when the record evidence can

¹⁵⁰ *Id.* (page 4).

¹⁵¹ *Id.*; see also *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 19053 (April 7, 2014) and accompanying Issues and Decision Memorandum at Comment XIII (“*Fish Fillets 2011-2012 Final*”).

¹⁵² See Preliminary Results Surrogate Value Memo at Exhibit 15 (page 108).

¹⁵³ See, e.g., *Steel Hangers AR4 Final Results* and accompanying Issues and Decision Memorandum at Comment 5.

¹⁵⁴ See, e.g., *PSF Final* and accompanying Issues and Decision Memorandum at Comment 2.

¹⁵⁵ See *Fish Fillets 2011-2012 Final* and accompanying Issues and Decision Memorandum at Comment XIX.

¹⁵⁶ See RMB/IFI Group’s SC Comments at Exhibit SV-20; *Steel Threaded Rod Third AR Final* and accompanying Issues and Decision Memorandum at Comment 7.

be linked to the specific report of the B&H source data.¹⁵⁷ However, similar to *Monosodium Glutamate Final Determination*, the Department notes the record evidence in this review regarding the letter of credit costs refers to *Doing Business 2013* but does not specify whether these costs are also included in *Doing Business: Thailand 2014*.¹⁵⁸ Accordingly, unlike *Steel Threaded Rod Third AR Final* and *Wooden Bedroom Furniture 2012 Final Results*, the Department will not make an adjustment to the B&H expenses reported in *Doing Business: Thailand 2014* because the record evidence concerning the letter of credit is not specific to the source data used in these final results.

Comment 5: Denominator for Brokerage and Handling, and Inland Freight

RMB/IFI Group's Comments

- In the *Preliminary Results*, the Department valued the RMB/IFI Group's B&H expenses and inland freight using *Doing Business: Thailand 2014*, which is based on a 10,000 kilograms ("kg") denominator.
- The Department is incorrect that the 10,000 kg hypothetical weight in the *Doing Business* publications is the standard cargo weight of a 20-foot container.
- The *Doing Business* publication sets the parameter that the contributors should assume the information is for a 20-foot container weighing 10,000 kg but does not suggest that the cost of transport is dependent on the weight of the container.
- There is information on the record from contributors to the *Doing Business: Philippines* publication showing that B&H expenses are not established on the weight of the container, but rather on whether the container was full or partially-loaded.
- A comparison of B&H expenses for a 20-foot container versus a 40-foot container shows that the handling and freight charges increase, but do not double, as the Department estimated would be the case for a 40-foot container.
- In *Since Hardware*, the CIT found that the Department cannot presume that the per-container B&H costs from *Doing Business* bear a relationship to the weight of the product inside the container.¹⁵⁹
- Accordingly, the proper calculation of the B&H and inland freight SVs requires the following: 1) the numerator; and 2) the proper weight or volume (denominator) to divide the cost to derive the per-unit cost.
- If the Department continues to rely upon *Doing Business: Thailand 2014* for the final results, it should only use the actual reported cost of the numerator for B&H expenses and inland freight. The denominator should be based on the maximum weight of a 20-foot container or the RMB/IFI Group's maximum weight.¹⁶⁰

¹⁵⁷ See *Monosodium Glutamate from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 58326 (September 29, 2014) ("*Monosodium Glutamate Final Determination*") and accompanying Issues and Decision Memorandum at Comment VII.2.

¹⁵⁸ See RMB/IFI Group's SC Comments at Exhibit SV-20.

¹⁵⁹ See *Since Hardware (Guangzhou) Co. v. United States*, 977 F. Supp. 2d 1347 (CIT 2014) ("*Since Hardware*").

¹⁶⁰ See *Citric Acid and Certain Citrate Salts from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 79 FR 23322 (April 28, 2014).

Petitioner's Comments

- Respondent's argument that the Department should adjust the SVs for B&H and inland freight based on the maximum weight of a 20-foot container or the RMB/IFI Group's maximum weight should be rejected.
- In previous proceedings, the Department rejected proposed adjustments to the weight denominator of the SVs because doing such would be inconsistent with the reporting of the original data in the *Doing Business* publications.

Department's Position: The Department disagrees with the RMB/IFI Group that the denominator for calculating the SVs for B&H and inland freight should be based on the maximum weight of a 20-foot container or the RMB/IFI Group's maximum weight. Although the RMB/IFI Group is correct that the CIT in *Since Hardware* remanded the Department's calculation of the B&H SV using *Doing Business* data, the Department notes that the CIT's ruling is not final and conclusive as that matter is still under litigation. Accordingly, the Department does not find that the CIT's remand of the Department's calculation of the B&H SV using *Doing Business* data disqualifies the Department from using 10,000 kg as the denominator for this case.

In *Multilayered Wood Flooring*, the Department determined that 10,000 kg should be used to calculate the B&H SV because this is the weight of the shipment in a 20-foot container for which participants in the *Doing Business* survey reported B&H cost.¹⁶¹ Additionally, this same issue was addressed in *Nails AR3 Final Results*, where the explanatory note regarding the container weight in the *Doing Business 2013* publication (*i.e.*, "{t}he traded product travels in a dry cargo, 20-foot, full container load. It weighs 10 tons...") was found to be the parameter used by the World Bank to collect the B&H expense data contained in that study.¹⁶² This same information is on the record for the reporting of the underlying data reported in *Doing Business: Thailand 2014* for the SVs calculated for the RMB/IFI Group's B&H expenses and inland freight.¹⁶³

If the Department were to use a different container load, as argued by the RMB/IFI Group, it would be using a weight unrelated to the costs reported in *Doing Business*. Specifically, the Department finds that the mixing of different sources of data in the ratio calculation for the SVs of the RMB/IFI Group's B&H expenses and inland freight would yield a distorted result. As noted in previous administrative proceedings, the shipment value of one container of goods is a key assumption in the data reported in the *Doing Business* reports.¹⁶⁴ The Department notes that the *Doing Business* broad-market survey is based on numerous observations of varying container shipments. Specifically, the B&H expenses and inland freight costs used to calculate the SVs were based upon the assumption that a 20-foot container contained 10,000 kg of product.

¹⁶¹ See *Multilayered Wood Flooring From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 26712 (May 9, 2014) and accompanying Issues and Decision Memorandum at Comment 4 ("*Multilayered Wood Flooring*").

¹⁶² See *Nails AR3 Final Results* and accompanying Issues and Decision Memorandum at Comment 3.R.

¹⁶³ See Preliminary Surrogate Value Memo at Exhibit 11.

¹⁶⁴ See *Monosodium Glutamate Final Determination* and accompanying Issues and Decision Memorandum at Comment 1.

Accordingly, the Department finds that using 10,000 kg as the denominator in the per-unit calculation maintains the relationship between costs and quantity from the survey (which is important because the numerator and the denominator of the calculation are dependent upon one another), makes use of data from the same source, and is consistent with the Department's past practice.¹⁶⁵ Using the *Doing Business* data in this way to calculate the SVs for the RMB/IFI Group's B&H expenses and inland freight costs maintains the consistency in each calculation.

Comment 6: Zeroing Methodology

RMB/IFI Group's Comments

- In the event that zeroing of negative margins becomes relevant, the Department should not apply the zeroing methodology for the final results.

Petitioner's Comments

- Did not comment on this issue.

Department's Position: Consistent with the Department's practice as announced in *Final Modification for Reviews* and as applied in the *Preliminary Results*,¹⁶⁶ we have not applied the zeroing methodology in these final results.

¹⁶⁵ See, e.g., *Hardwood and Decorative Plywood From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 58273 (September 23, 2013) and accompanying Issues and Decision Memorandum at Comment 11.

¹⁶⁶ See *Antidumping Proceedings: Calculation of the Weighted Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012) ("*Final Modification for Reviews*"). In the *Preliminary Results*, the Department applied the margin rate calculation method adopted in *Final Modifications for Reviews*, i.e., on the basis of monthly average-to-average comparisons using only the transactions associated with that importer with offsets being provided for non-dumped comparisons.

V. Conclusion

Based on our analysis of the comments received, we recommend adopting all of the above positions. If accepted, we will publish the final results of review and the final dumping margins in the *Federal Register*.

_____/ ✓
Agree

Disagree

Paul Piquado
Paul Piquado
Assistant Secretary
for Enforcement and Compliance

21 NOVEMBER 2014
(Date)