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June 3, 2013

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Import Administration

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

SUBJECT: Decision Memorandum for Preliminary Results of Antidumping Duty Administrative Review: Aluminum Extrusions from the People's Republic of China, 2010/12

SUMMARY

In response to requests from interested parties, the Department of Commerce ("the Department") is conducting an administrative review of the antidumping duty ("AD") order on aluminum extrusions from the People's Republic of China ("PRC"). The period of review ("POR") is November 12, 2010, through April 30, 2012. We preliminarily determine that sales have not been made below normal value ("NV") by one mandatory respondent participating in the review, Kromet International, Inc. ("Kromet"). We also preliminarily determine that an additional four exporters – Gold Mountain International Development Limited, Shenzhen Jiuyuan Co., Ltd. Sincere Profit Limited, and Skyline Exhibit Systems (Shanghai) Co., Ltd. – have demonstrated that they are entitled to a separate rate. We further determine that nine exporters, including one of the two mandatory respondents Guang Ya Aluminum Industrial Co., Ltd. ("Guang Ya"), Foshan Guangcheng Aluminum Co., Ltd. ("Guangcheng"), Kong Ah International Co., Ltd. ("Kong Ah"), and Guang Ya Aluminium Industries (Hong Kong) Ltd. ("Guang Ya HK") (collectively "Guang Ya Group"); Guangdong Zhongya Aluminum Co., Ltd., ("Zhongya"), Zhongya Shaped Aluminium (HK) Holding Ltd. ("Shaped Aluminum"), and Karlton Aluminum Co., Ltd. ("Karlton") (collectively "Zhongya"); and Foshan Nanhai Xinya Aluminum & Stainless Steel Product Co., Ltd. ("Xinya") (collectively "Guang Ya Group/Zhongya/Xinya") have not demonstrated that they are entitled to separate rates, and have assigned them the rate for the PRC-wide entity.

If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection ("CBP") to assess ADs on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. Unless otherwise extended, we intend to issue final results no later than 120 days from the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended ("the Act").

Background

On July 10, 2012, the Department published a notice of opportunity to request an administrative review of the AD order on aluminum extrusions from the PRC for the POR November 12, 2010, through April 30, 2012.[1] On April 13, 2012, the Department received requests for review of 65 companies.[2] In its Initiation Notice, the Department notified the public that it may limit the number of respondents for individual examination in this administrative review and that, if so, the Department intended to select respondents based on CBP data for entries of subject merchandise into the United States during the POR. However, the Department noted in its release of CBP import data under administrative protective order ("APO") to all interested parties on October 15, 2012, that inconsistencies in the CBP import data made it impossible to rank potential respondents based on the volume of subject merchandise, as described under section 777A(c)(2)(B) of the Act.[3] Accordingly, given these case-specific circumstances, we did not use the CBP import data alone to identify respondents for individual examination and additionally issued Quantity and Value ("Q&V") questionnaires to 27 companies that showed entries of subject merchandise in the CBP data.[4] The Department received an additional ten Q&V questionnaire responses from companies to which it had not sent a Q&V questionnaire, but

[1] *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 77 FR 25679 (May 1, 2012).

[2] *See Initiation of Antidumping or Countervailing Administrative Review and Request for Rescission, in Part*, 77 FR 40565 (July 10, 2012) ("*Initiation Notice*"). One company named in the initiation notice, Zhaoquing Asia Aluminum Factory, was not in fact requested for review and is therefore not under review in this proceeding.

[3] *See* the Memorandum to the File "Respondent Selection and Release of Customs and Border Protection (CBP) Query Results," dated October 15, 2012.

[4] We sent Q&V questionnaires to: (1) Acro Import and Export Corp.; (2) Changzhou Changzheng Evaporator Co., Ltd., (3) Dongguan Golden Tiger Hardware Industrial Co., Ltd.; (4) Dynamic Technologies China Ltd.; (5) Foshan Yong Li Jian Alu. Ltd.; (6) Foshan Guangcheng Aluminum Co., Ltd.; (7) Guangdong Whirlpool Electrical Appliances Co. Ltd.; (8) Guang Ya Aluminum Industrial Co., Ltd.; (9) Hangzhou Xingyi Metal Products Co., Ltd.; (10) Hanyung Alcobis Co., Ltd.; (11) Hong Kong Gree Electric Appliances Sales Limited; (12) Jiangsu Changfa Refrigeration Co., Ltd.; (13) Jiaxing Jackson Travel Products Co., Ltd.; (14) Justhere Co., Ltd.; (15) Metaltek Group Co., Ltd.; (16) Midea International Trading Co., Ltd.; (17) Shanghai Tongtai Precise Aluminum Alloy Manufacturing Co. Ltd.; (18) Shenzhen Hudson Technology Development Co., Ltd.; (19) Shenzhen Jiuyuan Co., Ltd. (aka "Jiuyuan Co., Ltd." and "Shenzhen Jiuyuan Import and Export Co., Ltd."); (20) Sincere Profit Limited; (21) Skyline Exhibit Systems (Shanghai) Co., Ltd.; 22) Taizhou Lifeng Manufacturing Corporation; (23) Union Industry (Asia) Co., Ltd.; (24) UQM Technology Inc.; (25) Xin Wei Aluminum Company Limited, Guang Dong Xin Wei Aluminum Products Co., Ltd., and Xin Wei Aluminum Co., Ltd.; (26) Zhejiang Xinlong Industry Co., Ltd.; and (27) Zhongya Shaped Aluminium (HK) Holding Limited.

which also claimed to have had entries of subject merchandise.[5] One company to which a Q&V questionnaire was sent, Foshan Yong Li Jian Alu. Ltd., did not submit a response.

On January 24, 2013, based upon the Q&V questionnaire responses, the Department selected for review the two entities accounting for the largest volume of exports: Guang Ya Group/Zhongya/Xinya and Kromet.[6] On January 31, 2013, we extended the time limit for the preliminary results of review by 120 days, pursuant to section 751(a)(3)(A) of the Act, to June 3, 2013.[7] On February 26, 2013, March 20, 2013, and March 22, 2013, we received responses to Section A, C and D, respectively, from Kromet. On March 5, 2013, March 26, 2013, and March 20, 2013 we received responses to Section A, C and D, respectively, from Zhongya. Between March 14, 2013, and May 14, 2013, we issued supplemental questionnaires to Kromet and Zhongya and received timely responses from Kromet and Zhongya. However, Zhongya responded only in part to our supplemental questionnaires. On March 4, 2013, the Guang Ya Group submitted a letter to the Department in which it stated that it would not participate in this administrative review.[8] Between March 4, 2013, and May 20, 2013, the Aluminum Extrusions Fair Trade Committee,[9] ("Petitioner") submitted comments.[10]

Scope of the Order

The merchandise covered by the order is aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight. The subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise is made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium

[5] Ten companies that requested review, but to which we did not send a Q&V questionnaire, submitted Q&V responses. These companies were: (1) Kromet; (2) Zhuhai Runxingtai Electrical Equipment Co., Ltd.; (3) Allied Maker Limited; (4) DG AODA; (5) IDEX Dinglee Technology (Tianjin) Co., Ltd.; (6) Suzhou NewHongji Precision Part Co., Ltd.; (7) Global PMX; (8) Foshan Nanhai Xinya Aluminum & Stainless Steel Product Co., Ltd.; (9) Tianjin Jinmao Import & Export Corp., Ltd.; and (10) Changzhou Tenglong Auto Parts Co., Ltd.

[6] *See* Memorandum to Melissa G. Skinner "Selection of Respondents for the First Administrative Review of the Antidumping Duty Order on Aluminum Extrusions from the People's Republic of China," dated January 24, 2013.

[7] *See* Memorandum to Christian Marsh "Aluminum Extrusions from the People's Republic of China: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review," dated January 31, 2013.

[8] *See* Guang Ya Group letter the Department "Guang Ya/Guangcheng Withdrawal as a Mandatory Respondent," dated March 4, 2013.

[9] The Aluminum Extrusions Fair Trade Committee is comprised of Aerolite Extrusion Company; Alexandria Extrusion Company; Benada Aluminum of Florida, Inc.; William L. Bonnell Company, Inc.; Frontier Aluminum Corporation; Futural Industries Corporation; Hydro Aluminum North America, Inc.; Kaiser Aluminum Corporation; Profile Extrusion Company; Sapa Extrusions, Inc.; and Western Extrusions Corporation.

[10] On May 20, 2013, Petitioner submitted an allegation of "Middle Man Dumping." *See* letter to the Department, "Aluminum Extrusions from the People's Republic of China: Middleman Dumping Allegation," dated May 20, 2013. However, due to the proximity of this submission to the preliminary results, the Department does not make a determination on that issue at this time. The Department intends, however, to consider the issue for the final results.

and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion (drawn aluminum) are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (*i.e.*, without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, *i.e.*, prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swedged, mitered, chamfered, threaded, and spun. The subject merchandise includes aluminum extrusions that are finished (coated, painted, *etc.*), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the definition of aluminum extrusions are included in the scope. The scope includes the aluminum extrusion components that are attached (*e.g.*, by welding or fasteners) to form subassemblies, *i.e.*, partially assembled merchandise unless imported as part of the finished goods 'kit' defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, door thresholds, carpet trim, or heat sinks (that do not meet the finished heat sink exclusionary language below). Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are ready for use at the time of importation.

The following aluminum extrusion products are excluded: aluminum extrusions made from aluminum alloy with an Aluminum Association series designations commencing with the number 2 and containing in excess of 1.5 percent copper by weight; aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a "finished goods kit." A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled 'as is' into a finished product. An imported product will not be considered a 'finished goods kit' and therefore excluded from the scope of the investigation merely by including fasteners such as screws, bolts, *etc.* in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, C355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics: (1) length of 37 mm or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.

Also excluded from the scope of the order are finished heat sinks. Finished heat sinks are fabricated heat sinks made from aluminum extrusions the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States ("HTS"): 7610.10.00, 7610.90.00, 7615.10.30, 7615.10.71, 7615.10.91, 7615.19.10, 7615.19.30, 7615.19.50, 7615.19.70, 7615.19.90, 7615.20.00, 7616.99.10, 7616.99.50, 8479.89.98, 8479.90.94, 8513.90.20, 9403.10.00, 9403.20.00, 7604.21.00.00, 7604.29.10.00, 7604.29.30.10, 7604.29.30.50, 7604.29.50.30, 7604.29.50.60, 7608.20.00.30, 7608.20.00.90, 8302.10.30.00, 8302.10.60.30, 8302.10.60.60, 8302.10.60.90, 8302.20.00.00, 8302.30.30.10, 8302.30.30.60, 8302.41.30.00, 8302.41.60.15, 8302.41.60.45, 8302.41.60.50, 8302.41.60.80, 8302.42.30.10, 8302.42.30.15, 8302.42.30.65, 8302.49.60.35, 8302.49.60.45, 8302.49.60.55, 8302.49.60.85, 8302.50.00.00, 8302.60.90.00, 8305.10.00.50, 8306.30.00.00, 8418.99.80.05, 8418.99.80.50, 8418.99.80.60, 8419.90.10.00, 8422.90.06.40, 8479.90.85.00, 8486.90.00.00, 8487.90.00.80, 8503.00.95.20, 8516.90.50.00, 8516.90.80.50, 8708.80.65.90, 9401.90.50.81, 9403.90.10.40, 9403.90.10.50, 9403.90.10.85, 9403.90.25.40, 9403.90.25.80, 9403.90.40.05, 9403.90.40.10, 9403.90.40.60, 9403.90.50.05, 9403.90.50.10, 9403.90.50.80, 9403.90.60.05, 9403.90.60.10, 9403.90.60.80, 9403.90.70.05, 9403.90.70.10, 9403.90.70.80, 9403.90.80.10, 9403.90.80.15, 9403.90.80.20, 9403.90.80.30, 9403.90.80.41, 9403.90.80.51, 9403.90.80.61, 9506.51.40.00, 9506.51.60.00, 9506.59.40.40, 9506.70.20.90, 9506.91.00.10, 9506.91.00.20, 9506.91.00.30, 9506.99.05.10, 9506.99.05.20, 9506.99.05.30, 9506.99.15.00, 9506.99.20.00, 9506.99.25.80, 9506.99.28.00, 9506.99.55.00, 9506.99.60.80, 9507.30.20.00, 9507.30.40.00, 9507.30.60.00, 9507.90.60.00, and 9603.90.80.50.

The subject merchandise entered as parts of other aluminum products may be classifiable under the following additional Chapter 76 subheadings: 7610.10, 7610.90, 7615.19, 7615.20, and 7616.99 as well as under other HTS chapters. In addition, fin evaporator coils may be classifiable under HTS numbers: 8418.99.80.50 and 8418.99.80.60. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.[11]

Partial Rescission of Administrative Review

Pursuant to 19 CFR 351.213(d)(1), the Department will rescind an administrative review, in whole or in part, if the party that requested the review withdraws its request within 90 days of the date of publication of the notice of initiation of the requested review. Between September 4, 2012, and October 9, 2012, the Department received timely withdrawals of the requests for review for 19 companies. Of these companies, Alnan Aluminium Co., Ltd., Changshu Changsheng Aluminum Products Co., Ltd., Pingguo Asia Aluminum Co., Ltd., and Taishan City Kam Kiu Aluminum Extrusion Co., Ltd. have a separate rate from a completed prior segment of this proceeding; accordingly, we are rescinding this review with respect to these four companies.

We note that there are additional companies for which all review requests were withdrawn within the 90-day period. These additional companies for which all review requests were withdrawn do not have a separate rate from a completed prior segment of this proceeding and thus continue to be part of the PRC-wide entity.[12] The PRC-wide entity is under review for these preliminary results. Thus, we are not rescinding this review with respect to these companies, but the Department will make a determination with respect to the PRC-wide entity in both the preliminary results and the final results for this administrative review.

[11] *See Aluminum Extrusions from the People's Republic of China: Antidumping Duty Order*, 76 FR 30650 (May 26, 2011) ("*Order*").

[12] These companies are: (1) Clear Sky Inc. (2) Foshan City Nanhai Hongjia Aluminum Alloy Co., Ltd.; (3) Guangdong Nanhai Foodstuffs Imp. & Exp. Co., Ltd.; (4) Isource Asia Limited and affiliates; (5) Kunshan Giant Light Metal Technology Co., Ltd.; (6) Midea Air-Conditioning Equipment Co., Ltd.; (7) Nidec Sankyo Singapore Pte. Ltd.; (8) Nidec Sankyo (Zhejang) Corporation; (9) Ningbo Coaster International Co., Ltd.; (10) Shanghai Dongsheng Metal; (11) Shanghai Shen Hang Imp. & Exp. Co., Ltd.; (12) Sihui Shi Guo Yao Aluminum Co., Ltd.; (13) Suzhou JRP Import & Export Co., Ltd.; (14) Shandong Huasheng Pesticide Machinery Co.; (15) Tianjin Gangly Nonferrous Metal Materials Co., Ltd.

## DISCUSSION OF THE METHODOLOGY

Affiliation and Collapsing

In the investigation, the Department found that the entities comprising the Guang Ya Group, and the entities comprising New Zhongya[13], were affiliated pursuant to sections 771(33)(A) and (F) of the Act, and that the Guang Ya Group/New Zhongya and Xinya were affiliated pursuant to sections 771 (33)(A) and (F) of the Act. Based on our finding that the Guang Ya Group, New Zhongya and Xinya were each owned by a member of the Kwong[14] family, we concluded that the owners of Guang Ya Group, New Zhongya and Xinya are members of a family grouping.[15] Further, we found that the ownership by the family grouping satisfied the requirement of affiliation pursuant to section 771(33)(F) of the Act, because all of the companies within the Guang Ya Group, New Zhongya and Xinya were under the common control of the family grouping. Further, by virtue of the common ownership of the three entities, family members on the boards of directors of at least two of the companies, evidence of financial transactions between two of these entities, and the fact that all entities produce and/or export merchandise under consideration, we found that there existed the significant potential for manipulation such that the Guang Ya Group, New Zhongya and Xinya should be treated as a single entity in accordance with 19 CFR 351.401(f).[16]

In the current review, the Department re-examined this issue and issued a supplemental questionnaire, where the Department requested that Zhongya review the Investigation Collapsing Memo, which we attached to the supplemental questionnaire. The Department requested that Zhongya describe all changes during the POR in ownership, management, operations ("especially with respect to transactions/relationships among the companies comprising the collapsed entity"), and changes in merchandise produced. Zhongya replied that the Guang Ya Group did not cooperate or reply to its requests for this information, and that Xinya merely

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[13] In the investigation of this case, the exporter Guangdong Zhongya Aluminium Co., Ltd., referred to herein as "Zhongya" was named "Zhaoqing New Zhongya Aluminum Co., Ltd.," and referred to as "New Zhongya." Subsequent to the investigation the Department conducted a changed circumstance review and determined that Zhongya is the successor in interest to New Zhongya. *See Aluminum Extrusions from the People's Republic of China: Final Results of Changed Circumstances Review*, 77 FR 54900 (September 6, 2012).

[14] The name "Kwong" is also sometimes spelled "Kuang" in the investigation and this review. Both names refer to the same family.

[15] *See* Aluminum Extrusions from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 76 FR 18524 (April 4, 2011) ("*Investigation Final*"); *see also* Memorandum to Christian Marsh, "Administrative Review of Aluminum Extrusions from the People's Republic of China: Determination Regarding Affiliation and Collapsing of Guang Ya Aluminium Industries Co. Ltd., Foshan Guangcheng Aluminium Co., Ltd., Kong Ah International Co., Ltd., and Guang Ya Aluminium Industries (Hong Kong) Ltd.; Guangdong Zhongya Aluminum Co., Ltd., Zhongya Shaped Aluminium (HK) Holding Ltd., Karlton Aluminum Co., Ltd.; and Xinya Aluminum & Stainless Steel Product Co., Ltd. (collectively "Guang Ya Group/Zhongya/Xinya")," dated June 3, 2013 ("AR 1 Collapsing Memo") at Attachment I: "Investigation of Aluminum Extrusions from the People's Republic of China: Final Determination Regarding Affiliation and Collapsing of Guang Ya Aluminium Industries Co., Ltd., Foshan Guangcheng Aluminium Co., Ltd., Kong Ah International Co., Ltd., and Guang Ya Aluminium Industries (Hong Kong) Ltd.; Zhaoqing New Zhongya Aluminum Co., Ltd., Zhongya Shaped Aluminium (HK) Holding Ltd., Karlton Aluminum Co., Ltd.; and Xinya Aluminum & Stainless Steel Product Co., Ltd., " dated March 28, 2011 ("Attachment I: Investigation Collapsing Memo") at 5, 6, and 8.

[16] *See* AR 1 Collapsing Memo at Attachment I: Investigation Collapsing Memo at 10

provided certifications regarding its management and ownership information.[17] Further, neither the Guang Ya Group nor Xinya responded directly to the Department's supplemental questionnaire.[18]

We find that the record continues to support a determination that the Guang Ya Group, Zhongya and Xinya are affiliated pursuant to section 771(33)(A) and (F) of the Act through the Kwong family grouping and should be collapsed into a single entity in accordance with 19 CFR 351.401(f).[19] It is uncontested by any party that Kwong family members continue to own the Guang Ya Group and Zhongya; further there is no dispute that Kwong family members continue to sit on the board of directors of each company.[20] Regarding Xinya, though Zhongya has claimed that there no longer is Kwong family ownership of Xinya, Zhongya has put forth no evidence to support these contentions other than signed statements that purport to have been signed by company officials representing Xinya, which has declined to respond directly to the Department.[21] Xinya made these very same assertions in the investigation, and we found at verification that such claims were unsupported.[22] There is no evidence on the record of this administrative review to support Zhongya's claim other than these two statements. We have accorded such evidence less weight than confirmed record evidence indicating that the Kwong family grouping continues to have near total ownership over the Guang Ya Group, New Zhongya and Xinya, and that each entity produces merchandise under consideration in this administrative review.[23]

We also find that the record continues to support treating the Guang Ya Group, Zhongya, and Xinya as a single entity, in accordance with 19 CFR 351.401(f), based on the significant potential for manipulation. Regarding the level of common ownership, *see* 19 CFR 351.401(f)(2)(i), the record indicates that the Kwong family grouping continues to hold nearly 100 percent common ownership of the Guang Ya Group, Zhongya, and Xinya.[24] Regarding the extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm, *see* 19 CFR 351.401(f)(2)(ii), the record indicates that the Kwong family members continue to sit on the boards and have management positions at the Guang Ya Group and Zhongya.[25] Regarding the presence of intertwined operations, *see* 19 CFR 351.401(f)(2)(iii), the Department's evidence is limited as a result of the Guang Ya Group's and Xinya's failure to

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[17] *See* Zhongya Supplemental Questionnaire Response, dated April 22, 2013.
[18] *See id.*
[19] *See* AR 1 Collapsing Memo at 4.
[20] *See* Zhongya's Section A Response, dated March 5, 2013, at page 17; *see also* AR1 Collapsing Memo at Attachment I at 5-8.
[21] *See id.* at pages 168 and 169.
[22] *See* AR 1 Collapsing Memo at Attachment I: Investigation Collapsing Memo at page 10.
[23] *See* Zhongya's Section A response at pages 17 and 18; *see also* Guang Ya's separate rate application dated September 10, 2013 at page 7, item 6; Guangcheng's separate rate application at Exhibit 3 (Certificate of Approval, business scope) and Exhibit 7, Articles of Association at articles 7 and 8.
[24] *See* Guang Ya's separate rate application dated September 10, 2012, at Exhibit 10; *See* Zhongya's Section A Response dated March 5, 2013, at Exhibit A-7. In this context, Kwong family is the "person" jointly owning and controlling the Guang Ya Group, Zhongya, and Xinya. *See, e.g.*, *Chlorinated Isocyanurates from the People's Republic of China*, 74 Fed. Reg. 68575 (December 28, 2009), and accompanying Issues and Decision Memorandum at comment 3.
[25] *See* Zhongya's Section A Response, dated March 5, 2013, at page 209; *see also* Guangcheng's separate rate application, dated September 10, 2012, at 16 and Guang Ya's separate rate application, dated September 10, 2012, at 15.

cooperate and to information from the investigation indicating that Xinya has previously made payments to the owner of Zhongya.[26]

In light of the above, we continue to find that Guang Ya, Zhongya and Xinya should be treated as a single entity for the purposes of the Department's analysis in these preliminary results.[27]

Non-market Economy Country

The Department considers the PRC to be a non-market economy ("NME") country.[28] In accordance with section 771(18)(C)(i) of the Act, a determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. Therefore, we continue to treat the PRC as an NME country for purposes of these preliminary results.

Separate Rates

In the Initiation Notice, the Department notified parties of the application process by which exporters and producers may obtain separate-rate status in NME proceedings.[29] The process requires exporters to submit a separate rate application ("SRA") or, where an exporter already has a separate rate, a separate rate certification. The standard for eligibility for a separate rate is whether a firm can demonstrate an absence of both *de jure* and *de facto* government control over its export activities. In the instant review, the Department received timely-filed SRAs from 37

[26] *See* AR 1 Collapsing Memo at Attachment I: Investigation Collapsing Memo at 10.
[27] For a proprietary analysis of this issue *see* Memorandum to Christian Marsh, "Administrative Review of Aluminum Extrusions from the People's Republic of China: Determination Regarding Affiliation and Collapsing of Guang Ya Aluminium Industries Co., Ltd., Foshan Guangcheng Aluminium Co., Ltd., Kong Ah International Co., Ltd., and Guang Ya Aluminium Industries (Hong Kong) Ltd.; Guangdong Zhongya Aluminum Co., Ltd., Zhongya Shaped Aluminium (HK) Holding Ltd., Karlton Aluminum Co., Ltd.; and Foshan Nanhai Xinya Aluminum & Stainless Steel Product Co., Ltd. (collectively "Guang Ya Group/Zhongya Xinya")," dated June 3, 2013.
[28] *See, e.g., Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Results of the First Administrative Review, Preliminary Rescission, in Part, and Extension of Time Limits for the Final Results*, 76 FR 62765, 62767-68 (October 11, 2011), unchanged in *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Results and Partial Rescission of First Antidumping Duty Administrative Review*, 77 FR 21734 (April 11, 2012).
[29] *See Initiation Notice*, 77 FR at 40566.

companies.[30] For the two mandatory respondents, Guang Ya Group/Zhongya/Xinya submitted three SRAs (Guang Ya Group submitted two SRAs (one for Guang Ya and another for Guangcheng) and Zhongya submitted one SRA) and Kromet submitted one SRA. Request for review of one company that submitted an SRA, Kunshan Giant Light Metal Technology Co., Ltd. was withdrawn.[31] Three SRAs were submitted by companies for which review was never requested: Allied Maker Ltd., Guangcheng, and Guangdong Huachang Aluminum Factory Co., Ltd. Because no review was requested for Allied Maker Ltd., or Guangdong Huachang Aluminum Factory Co., Ltd., the Department is not considering the SRAs of these companies for separate-rate status. Because Guangcheng was previously found to be part of the Guang Ya Group, a company that was requested for review, we will consider its SRA in this review. The Department received timely-filed separate rate certifications from two companies: Alnan Aluminium Co., Ltd. and Zhongshan Gold Mountain Aluminium Factory Ltd. However, the request for review of Alnan Aluminium Co., Ltd., was withdrawn.[32]

Twenty-seven separate rate applicants still under review submitted an SRA that did not demonstrate a sale or entry of subject merchandise during the POR, as evidenced by a CBP entry

[30] The 37 separate-rate applications are from: (1) Acro Import and Export Corp.; (2) Allied Maker Limited; (3) Changzhou Changzheng Evaporator Co., Ltd; (4) Changzhou Tenglong Auto Parts Co., Ltd.; (5) Dongguan Aoda Aluminum Co., Ltd.; (6) Dongguan Golden Tiger Hardware Industrial Co., Ltd.; (7) Dynamic Technologies China, Ltd.; (8) Foshan Guangcheng Aluminum Co., Ltd.; (9) Global PMX (Dongguan) Co., Ltd.; (10) Hong Kong Gree Electric Appliances Sales Limited; (11) Guangdong Huachang Aluminum Factory Co., Ltd.; (12) Guangdong Whirlpool Electrical Appliances Co. Ltd.; (13) Guangdong Zhongya Aluminum Company Limited, Zhaoqing New Zhongya Aluminum Co., Ltd., Zhongya Shaped Aluminium (HK) Holding Limited; (14) Guang Ya Aluminum Industrial Co., Ltd.; (15) Hangzhou Xingyi Metal Products Co., Ltd.; (16) Hanyung Alcobis Co., Ltd; (17) Henan New Kelong Electrical Appliances Co., Ltd.; (18) IDEX Dinglee Technology (Tianjin) Co., Ltd.; (19) Jiangsu Changfa Refrigeration Co., Ltd.; (20) Jiaxing Jackson Travel Products Co., Ltd.; (21) Justhere Co., Ltd.; (22) Kromet International Inc.; (23) Kunshan Giant Light Metal Technology Co., Ltd.; (24) Metaltek Group Company Limited; (25) Midea International Trading Company Limited; (26) Shanghai Tongtai Precise Aluminum Alloy Manufacturing Co. Ltd.; (27) Shenzhen Hudson Technology Development Co., Ltd.; (28) Shenzhen Jiuyuan Co., Ltd. (aka Shenzhen Jiuyuan Import and Export Co., Ltd.); (29) Sincere Profit Limited; (30) Skyline Exhibit Systems (Shanghai) Co., Ltd.; (31) Suzhou NewHongji Precision Part Co., Ltd.; (32) Taizhou Lifeng Manufacturing Corp.; (33) Tianjin Jinmao Import & Export Corp., Ltd.; (34) Union Industry (Asia) Co., Limited; (35) ) Xin Wei Aluminum Company Limited, Guang Dong Xin Wei Aluminum Products Co., Ltd., and Xin Wei Aluminum Co., Ltd.; (36) Zhejiang Xinlong Industry Co., Ltd.; and (37) Gold Mountain International Development Limited.

[31] *See* Bracalente Mfg. Co., Inc.'s letter to the Department "Withdrawal of Request for Review of Kunshan Giant Light Metal Technology Co., Ltd. ("Giant")," dated October 8, 2012.

[32] *See* Electrolux North America, Inc. letter to the Department" Withdrawal of Request for Administrative Review," dated September 25, 2012.

summary form (CBP Form 7501), by showing a suspended AD/CVD entry.[33] On May 14, 2013, the Department issued a supplemental questionnaire to these parties and requested an explanation as to why their respective SRAs did not pertain to a suspended AD/CVD entry and requested that the SR Applicants submit sales documentation for the first suspended AD/CVD sale made during the POR.[34] Therefore, for these preliminary results, the Department is not able to make a determination whether these companies are eligible for a separate rate. We will continue to consider this issue for the final results, after analyzing the responses from these companies to our May 14, 2013, supplemental questionnaire.

Four additional separate rate applicants and Kromet have all stated that they are wholly foreign-owned enterprises or located in a market economy, are joint ventures between Chinese and foreign companies, or are wholly Chinese-owned companies. Therefore, the Department must analyze whether these respondents are wholly foreign-owned or located in a market economy as claimed or demonstrated an absence of both *de jure* and *de facto* governmental control over export activities, as appropriate.

In proceedings involving NME countries, the Department has a rebuttable presumption that all companies within the country are subject to government control and thus should be assessed a single AD rate. It is the Department's policy to assign all exporters of merchandise subject to investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. Exporters can demonstrate this independence through the absence of both *de jure* and *de facto* governmental control over export activities. The Department analyzes each entity exporting the subject merchandise under a test arising from *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) ("*Sparklers*"), as further developed in *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) ("*Silicon Carbide*"). In accordance with the separate-rates criteria, the Department assigns separate rates in NME cases only if respondents can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

[33] These 27 companies are: (1) Acro Import and Export Corp.; (2) Allied Maker Limited; (3) Changzhou Changzheng Evaporator Co., Ltd.; (4) Changzhou Tenglong Auto Parts Co., Ltd.; (5) Dongguan Aoda Aluminum Co., Ltd.; (6) Dongguan Golden Tiger Hardware Industrial Co., Ltd.; (7) Dynamic Technologies China Ltd.; (8) Global PMX (Dongguan) Co., Ltd.; (8) Gree Electric Appliances, Inc. of Zhuhai; (10) Guangdong Whirlpool Electrical Appliances Co., Ltd.; (11) Hangzhou Xingyi Metal Products Co., Ltd.; (12) Hanyung Alcobis Co., Ltd.; (13) Henan New Kelong Electrical Appliances Co., Ltd.; (14) IDEX Dinglee Technology (Tianjin) Co., Ltd.; (15) Jiangsu Changfa Refrigeration Co., Ltd.; (16) Jiaxing Jackson Travel Products Co., Ltd.; (17) Justhere Co., Limited; (18) Metaltek Group Co., Ltd.; (19) Midea International Trading Co., Ltd.; (20) Shanghai Tongtai Precise Aluminum Alloy Manufacturing Co., Ltd; (21) Shenzhen Hudson Technology Development Co., Ltd.; (22) Suzhou New Hongji Precision Part Co., Ltd.; (23) Taizhou Lifeng Manufacturing Corp.; (24) Tianjin Jinmao Import & Export Corp., Ltd. (25) Union Industry (Asia) Co., Limited; (26) Xin Wei Aluminum Company Limited, Guang Dong Xin Wei Aluminum Products Co., Ltd., and Xin Wei Aluminum Co., Ltd.; and (27) Zhejiang Xinlong Industry Co., Ltd.

[34] See the Department's letter "Aluminum Extrusions from the People's Republic of China: Supplemental Questionnaire - Separate Rate Application," dated May 14, 2013.

Separate-Rate Recipients[35]

Wholly Foreign-Owned or Located in a Market Economy

Three separate rate applicants and Kromet provided evidence in their SRAs that they are wholly owned by individuals or companies located in a market economy ("ME") (collectively "Foreign-Owned SR Applicants").[36] Therefore, because they are wholly foreign-owned or located in a market economy, and we have no evidence indicating that they are under the control of the PRC, a separate-rate analysis is not necessary to determine whether these companies are independent from government control.[37] Accordingly, we have preliminarily granted a separate rate to these four companies.

Joint Ventures Between Chinese and Foreign Companies or Wholly Chinese-Owned Companies

One separate rate applicant, Shenzhen Jiuyuan Co., Ltd. (aka Shenzhen Jiuyuan Import and Export Co., Ltd) ("Jiuyuan"), stated that it is a wholly Chinese-owned company. Therefore, the Department must analyze whether this respondent can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

Absence of *De Jure* Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) other formal measures by the government decentralizing control of companies. *See Sparklers*, 56 FR at 20589.

The evidence provided by Jiuyuan supports a preliminary finding of *de jure* absence of governmental control based on the following: (1) an absence of restrictive stipulations associated with the individual exporters' business and export licenses; (2) there are applicable legislative enactments decentralizing control of the companies; and (3) and there are formal measures by the government decentralizing control of companies.

Absence of *De Facto* Control

Typically, the Department considers four factors in evaluating whether each respondent is subject to *de facto* government control of its export functions: (1) whether the export prices are set by or are subject to the approval of a government agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and

[35] All separate-rate applicants receiving a separate rate are hereby referred to collectively as the "SR Recipients;" this includes the appropriate mandatory respondents.

[36] The Foreign-Owned SR Applicants are: (1) Sincere Profit Limited; (2) Skyline Exhibit Systems (Shanghai) Co., Ltd.; and (3) and Gold Mountain International Development Limited.

[37] *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate from the People's Republic of China*, 64 FR 71104, 71104-05 (December 20, 1999) (where the respondent was wholly foreign-owned and, thus, qualified for a separate rate).

(4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses.[38] The Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude the Department from assigning separate rates.

In this review, Jiuyuan asserted the following: (1) that the export prices are not set by, and are not subject to, the approval of a governmental agency; (2) they have authority to negotiate and sign contracts and other agreements; (3) they have autonomy from the government in making decisions regarding the selection of management; and (4) they retain the proceeds of their export sales and make independent decisions regarding disposition of profits or financing of losses. Additionally, Jiuyuan's response indicates that its pricing during the POR does not involve coordination among exporters.

Evidence placed on the record of this review by Jiuyuan demonstrates an absence of *de jure* and *de facto* government control with respect to their respective exports of the merchandise under review, in accordance with the criteria identified in *Sparklers* and *Silicon Carbide*. Therefore, we are preliminarily granting a separate rate to this entity.

Rate for Separate-Rate Recipients

The statute and the Department's regulations do not address the establishment of a rate to be applied to individual respondents not selected for examination when the Department limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, the Department looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents which we did not examine in an administrative review. Section 735(c)(5)(A) of the Act articulates a preference that we are not to calculate an all-others rate using rates which are zero, *de minimis* or based entirely on facts available. Accordingly, the Department's usual practice has been to average the weighted-average dumping margins for the selected companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.[39] Section 735(c)(5)(B) of the Act also provides that, where all rates are zero, *de minimis*, or based entirely on facts available, we may use "any reasonable method" for assigning the all-others rate, including "averaging the estimated weighted-average dumping margins determined for the exporters and producers individually investigated."

In previous administrative reviews, the Department has determined that a "reasonable method" to use when the rates for the respondents selected for individual examination are zero, *de minimis*, or based entirely on facts available, is to assign separate-rate recipients the average of the most recently-determined weighted-average dumping margins that are not zero, *de minimis*, or based entirely on facts available. These rates may be from the investigation, a prior

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[38] *See Silicon Carbide*, 59 FR at 22586-87; *see also Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People's Republic of China*, 60 FR 22544, 22545 (May 8, 1995).
[39] *See Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part*, 73 FR 52823, 52824 (September 11, 2008), and accompanying Issues and Decision Memorandum at Comment 16.

administrative review, or a new shipper review.[40] If any such separate-rate recipient had its own calculated rate that is contemporaneous with or more recent than such prior determined rates, however, the Department has applied such individual rate to the separate-rate recipient, including when that rate is zero or *de minimis*.[41]

In this administrative review, none of the separate-rate recipients had its own calculated rate that is contemporaneous with the investigation. Accordingly, we have concluded in this administrative review that a reasonable method for determining the rate for separate-rate recipients is to assign the rate assigned to the separate-rate recipients in the investigation of this case. Pursuant to this method, we have assigned a rate of 32.79 percent to the separate-rate recipients.

The PRC-wide Entity

Ten companies for which review was requested did not submit a complete SRA or a separate rate certification.[42] Furthermore, the record indicates that Guang Ya Group and Xinya, of the Guang Ya Group/Zhongya/Xinya entity, did not respond to the Department's questionnaire. When a mandatory respondent refuses to fully respond to the Department's questionnaire, it is our practice to find that the party has not demonstrated its eligibility for a separate rate.[43] Because these ten entities and the Guang Ya Group/Zhongya/Xinya entity have not demonstrated that they are eligible for separate rate status, the Department is preliminarily considering them to be part of the PRC-wide entity. Because we determine that these 11 companies are part of the PRC entity, the PRC entity is under review. Pursuant to section 776(a)(2) of the Act, we further find that because the PRC entity (including the companies discussed above) failed to respond to the Department's questionnaires, withheld or failed to provide information in a timely manner or in the form or manner requested by the Department, submitted information that cannot be verified, or otherwise impeded the proceeding, it is appropriate to assign a weighted-average dumping margin to the PRC entity using facts otherwise available.

Adverse Facts Available

[40] *See, e.g., Certain Frozen Warmwater Shrimp From the People's Republic of China: Preliminary Results and Preliminary Partial Rescission of Fifth Antidumping Duty Administrative Review*, 76 FR 8338, 8342 (February 14, 2011), unchanged in *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 (August 19, 2011); *see also Administrative Review of Certain Frozen Warmwater Shrimp From the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 75 FR 49460, 49463 (August 13, 2010), and *Amanda Foods (Vietnam) Ltd. v. United States*, 774 F. Supp. 2d 1286 (CIT 2011).

[41] *See, e.g., Freshwater Crawfish Tail Meat From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Rescission of Review in Part*, 77 FR 21529, 21530-31 (April 10, 2012).

[42] These companies are: (1) Activa International Incorporated; (2) Changzhou Changfa Power Machinery Co., Ltd.; (3) Foshan Shunde Aoneng Electrical Appliances Co., Ltd. (4) Foshan Yong Li Jian Alu. Ltd. (5) Guangzhou Mingcan Die-Casting Hardware Products Co., Ltd.; (6) Jiaxing Taixin Metal Products Co., Ltd.; (7) North China Aluminum Co., Ltd. (8) Metaltek Metal Industry Ltd.; (9) Zhejiang Zhengte Group Co., Ltd.; and (10) Zhuhai Runxingtai Electrical Equipment Co., Ltd.

[43] *See Initiation Notice*, 77 FR at 40566 ("For exporters and producers who submit a separate-rate status application or certification and subsequently are selected as mandatory respondents, these exporters and producers will no longer be eligible for separate rate status unless they respond to all parts of the questionnaire as mandatory respondents.")

According to section 776(b) of the Act, if the Department finds that an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information, the Department may use an inference that is adverse to the interests of that party in selecting from the facts otherwise available.[44] Adverse inferences are appropriate "to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."[45] Furthermore, "affirmative evidence of bad faith on the part of a respondent is not required before the Department may make an adverse inference."[46] Because the PRC-wide entity (including Guang Ya Group/Zhongya/Xinya and the other eight companies noted above) failed to respond to the Department's requests for information, we preliminarily find that the PRC-wide entity failed to cooperate by not acting to the best of its ability in this proceeding, within the meaning of section 776(b) of the Act. Therefore, an adverse inference is warranted in selecting from the facts otherwise available.[47]

Selection of An AFA Rate

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) authorize the Department to rely on information derived from: 1) the petition; 2) a final determination in the investigation; 3) any previous review or determination; or 4) any information placed on the record. The Department's practice, when selecting an AFA rate from among the possible sources of information, has been to ensure that the rate is sufficiently adverse "as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner."[48] The Department's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."[49] Accordingly, the Department has assigned the rate of 33.28 percent to the PRC entity as AFA. This rate was the petition rate in the investigation, and is the highest rate in the proceeding.[50]

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[44] *See, e.g., Notice of Final Results of Antidumping Duty Administrative Review: Stainless Steel Bar from India*, 70 FR 54023, 54025-26 (September 13, 2005); *see also Notice of Final Determination of Sales at Less Than Fair Value and Final Negative Critical Circumstances: Carbon and Certain Alloy Steel Wire Rod from Brazil*, 67 FR 55792, 55794-96 (August 30, 2002).

[45] *See* SAA at 870.

[46] *See Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27340 (May 19, 1997); *see also Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382 (Fed. Cir. 2003) ("*Nippon*").

[47] *See Nippon*, 337 F.3d at 1382-83.

[48] *See, e.g., Certain Polyester Staple Fiber from Korea: Final Results of the 2005-2006 Antidumping Duty Administrative Review*, 72 FR 69663, 69664-65 (December 10, 2007) (selecting the petition rate, as adjusted at the initiation of the less than fair value investigation, as the AFA rate); *Certain Warmwater Shrimp from the People's Republic of China: Notice of Final Results and Rescission, in Part, of 2004-2006 Antidumping Duty Administrative and New Shipper Reviews*, 72 FR 52049, 52051 (Sept. 12, 2007) (assigning the petition rate from the less-than-fair-value investigation as the AFA rate).

[49] *See* SAA at 870; *see also Final Determination of Sales at Less than Fair Value: Certain Frozen and Canned Warmwater Shrimp from Brazil*, 69 FR 76910, 76912 (December 23, 2004).

[50] *Investigation Final*, 76 FR at 18531

Corroboration

Section 776(c) of the Act provides that, when the Department relies on secondary information in using the facts otherwise available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. We have interpreted "corroborate" to mean that we will, to the extent practicable, examine the reliability and relevance of the information submitted.[51] As total AFA, the Department has selected the highest adjusted petition rate from the investigation of 33.28 percent.[52] In accordance with section 776(c) of the Act, we corroborated our AFA rate by comparing it to the individual dumping margins which we calculated for the cooperating mandatory respondent in this administrative review, Kromet. We found that the rate of 33.28 percent had probative value because it was in the range of the individual dumping margins which we calculated for Kromet. Accordingly, we found that the rate of 33.28 percent is corroborated within the meaning of section 776(c) of the Act.

Surrogate Country and Surrogate Value Data

On February 13, 2013, the Department sent interested parties a letter inviting comments on surrogate country selection and surrogate value ("SV") data.[53] The Department received surrogate country and SV comments and data from Kromet and Petitioner.[54]

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production ("FOP"), valued in a surrogate ME country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.[55] The Department determined that Colombia, Costa Rica, Indonesia, the Philippines, South Africa, and Thailand are countries whose per capita gross national incomes ("GNI") are comparable to the PRC in

[51] *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil*, 65 FR 5554, 5568 (February 4, 2000); *see, e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996).
[52] *See Aluminum Extrusions From the People's Republic of China: Notice of Amended Preliminary Determination of Sales at Less Than Fair Value*, 76 FR 323 (January 4, 2011).
[53] *See* the Department's Letter to All Interested Parties "First Administrative Review of the Antidumping Duty Order on Aluminum Extrusions from the People's Republic of China: Request for Comments on the Selection of a Surrogate Country and Surrogate Values," dated February 13, 2013.
[54] Regarding the selection of surrogate country, *see* Petitioner's March 4, 2013, submission, *see also* Petitioner's March 8, 2013, submission clarifying the same, *see also* Kromet's March 4, 2013, submission, *see also* Petitioner's April 4, 2013 rebuttal comments, *see also* Kromet's April 8, 2013, rebuttal comments. Regarding the selection of SV's: *see* Kromet's March 29, 2013, submission, *see also* Petitioner's March 29, 2013, submission, *see also* Kromet's April 8, 2013, rebuttal comments, *see also* Petitioner's April 8, 2013 rebuttal comments.
[55] *See* Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) ("*Policy Bulletin 04.1*").

terms of economic development.[56] The sources of the SVs we have used in this review are discussed under the "Normal Value" section below.

Petitioner argues that Thailand is the most appropriate surrogate country because it is a significant producer of merchandise that is identical or comparable to the merchandise under review.[57] Moreover, Petitioner contends that Thailand has the best available information upon which to base the calculation of SVs. In addition, Petitioner argues that Indonesia, Columbia, or South Africa may also be suitable alternatives to Thailand.

Kromet argues that the Philippines is the most appropriate surrogate country because import data from the country are more specific to Kromet's aluminum inputs.[58] In addition, Kromet claims that quality data with which to value FOPs are available from the Philippines, including multiple financial statements.

Economic Comparability

As explained in our Surrogate-Country Memorandum (which is hereby adopted by this memorandum), the Department considers Colombia, Costa Rica, Indonesia, the Philippines, South Africa, and Thailand all to be comparable to the PRC in terms of economic development.[59] Accordingly, unless we find that all of the countries determined to be equally economically comparable are not significant producers of comparable merchandise, are not reliable sources of publicly-available SV data, or are not suitable for use based on other reasons, we will rely on data from one of these countries.[60] Therefore, we consider all six countries identified in the Surrogate-Country Memorandum as having met this prong of the surrogate country selection criteria.

Significant Producers of Identical or Comparable Merchandise

Section 773(c)(4)(B) of the Act requires the Department to value FOPs in a surrogate country that is a significant producer of comparable merchandise. While the legislative history provides that the term "significant producer" includes any country that is a significant "net exporter,"[61] it does not preclude reliance on additional or alternative metrics. Moreover, neither the statute nor the Department's regulations provide further guidance on what may be considered comparable merchandise. Given the absence of any definition in the statute or regulations, the Department looks to other sources such as the Policy *Bulletin 04.1* for guidance on defining comparable

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[56] *See* Memorandum to Eugene Degnan "Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Aluminum Extrusions from the People's Republic of China ("China")," dated January 25, 2013 ("Surrogate-Country Memorandum") at 2.
[57] *See* Petitioner's March 4, 2013, surrogate country comment submission at 2.
[58] *See* Kromet's March 4, 2013, surrogate country comment submission at 3.
[59] *See* Kromet's April 8, 2013, rebuttal surrogate country comment submission at 8.
[60] *See, e.g., Certain Steel Wheels From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Partial Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 76 FR 67703, 67708 (November 2, 2011), unchanged in *Certain Steel Wheels From the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value and Partial Affirmative Final Determination of Critical Circumstances*, 77 FR 17021 (March 23, 2012).
[61] *See* Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988).

merchandise. The *Policy Bulletin 04.1* states that "in all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise."[62] Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.[63] Further, when selecting a surrogate country, the statute requires the Department to consider the comparability of the merchandise, not the comparability of the industry.[64]

"In cases where the identical merchandise is not produced, the Department must determine if other merchandise that is comparable is produced. How the Department does this depends on the subject merchandise."[65] In this regard, the Department recognizes that any analysis of comparable merchandise must be done on a case-by-case basis:

> In other cases, however, where there are major inputs, i.e., inputs that are specialized or dedicated or used intensively, in the production of the subject merchandise, e.g., processed agricultural, aquatic and mineral products, comparable merchandise should be identified narrowly, on the basis of a comparison of the major inputs, including energy, where appropriate.[66]

Further, the statute grants the Department discretion to examine various data sources for determining the best available information.[67]

In this case, the record shows that all of the potential surrogate countries identified in the Surrogate-Country Memorandum have significant exports of comparable merchandise.[68] Thus, because none of the potential surrogate countries have been definitively disqualified through the above analysis, the Department looks to the availability of SV data to determine the most appropriate surrogate country.

<u>Data Availability</u>

When evaluating SV data, the Department considers several factors including whether the SV data are publicly available, contemporaneous with the POR, representative of broad-market averages, from an appropriate surrogate country, tax and duty-exclusive, and specific to the

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[62] *See Policy Bulletin 04.1* at 2.

[63] *Id. Policy Bulletin 04.1* also states that "if considering a producer of identical merchandise leads to data difficulties, the operations team may consider countries that produce a broader category of reasonably comparable merchandise." *Id.* at note 6.

[64] *See Sebacic Acid from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 62 FR 65674, 65676 (December 15, 1997) ("{T}o impose a requirement that merchandise must be produced by the same process and share the same end uses to be considered comparable would be contrary to the intent of the statute.").

[65] *See Policy Bulletin 04.1* at 2.

[66] *See id.* at 3.

[67] *See* section 773(c) of the Act; *see also Nation Ford Chem. Co. v. United States*, 166 F.3d 1373, 1377 (Fed. Cir. 1999).

[68] *See* Petitioner's Surrogate-Country Selection Comments at Exhibit 1.

input.[69] There is no hierarchy among these criteria. 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.[70] Because neither data nor surrogate financial statements exist on the record for Colombia, Costa Rica, South Africa, or Indonesia, we did not consider these countries further for primary surrogate-country-selection purposes. Thailand and the Philippines have data available, and parties to the proceeding placed financial statements from each of these countries on the record of this review.[71] However, as discussed below under "Factor Valuations," the Department has preliminarily determined that none of the Thai financial statements are useable for the purposes of determining the surrogate financial ratios.

Further, Thai import data with respect to aluminum, a primary input in the production of subject merchandise, are less specific to the input used by Kromet than are data from the Philippines. Specifically, for the valuation of Kromet's consumption of aluminum "ingots," Petitioner submitted Thai data from HTS category 7601.10 – "Aluminum, not alloyed, unwrought." However, Philippine data provide additional specificity, as evidenced by the description of HTS category 7601.11.00.00.01 – "Ingots and pigs." Kromet has reported the consumption of aluminum ingots in addition to aluminum billets.[72] As a consequence, the Department finds that the HTS category describing "ingots and pigs" in the Philippines provides the best quality data to value the most significant input into subject merchandise.

The Department finds that the Philippines is the appropriate surrogate country to use in this review in accordance with section 773(c)(4) of the Act. The Department has based its decision on the following facts: (1) the Philippines is at a level of economic development comparable to that of the PRC; (2) the Philippines is a significant producer of comparable merchandise; (3) the Philippines has the best quality data available for aluminum ingots and billets, the most significant inputs into the subject merchandise; and (4) as explained below in "Factor Valuations," the Philippines is the sole country for which we have useable audited surrogate financial statements. As a consequence, the Philippines provides the best opportunity to use quality, publicly-available data to value FOPs.

Date of Sale

19 CFR 351.401(i) states that:

> In identifying the date of sale of the subject merchandise or foreign like product, the Secretary normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. However, the Secretary may use a date other than the date of invoice if the Secretary is satisfied

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[69] *See, e.g., Certain Activated Carbon from the People's Republic of China: 2010-2011; Final Results of Antidumping Duty Administrative Review*, 77 FR 67337 (November 9, 2012), and accompanying Issues and Decision Memorandum at 8.
[70] *See Policy Bulletin 04.1.*
[71] Petitioner placed the financial statements of three Thai companies on the record of this review: see Petitioner's Surrogate-Value Comments; Kromet placed the financial statements of two companies from the Philippines on the record of this review. *See* Kromet's Surrogate-Value Comments.
[72] *See* Kromet's D response dated March 22, 2013.

that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.[73]

After examining the questionnaire responses and the sales documentation Kromet placed on the record, we preliminarily find that we should follow our regulatory presumption and use the invoice date as the date of sale for Kromet's sales of subject merchandise. While Kromet has argued for the use of its shipment date, we have determined that because the record indicates that prices changed after the date of shipment, the later occurring commercial invoice date is the date on which the terms of sale were set.[74]

Comparisons to Normal Value

To determine whether Kromet's sales of aluminum extrusions to the United States were made at less than fair value, we compared Kromet's export price ("EP"), or constructed export price ("CEP") to NV, as described in the "Export Price and Constructed Export Price" and "Normal Value" sections below.

Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1) (2012), the Department calculates individual dumping margins by comparing weighted-average NVs to weighted-average export prices ("EPs") or CEPs (the average-to-average ("A-A") method) unless the Secretary determines that another method is appropriate in a particular situation. In AD investigations, the Department examines whether to compare weighted-average NVs to the EPs or CEPs of individual transactions (the average-to-transaction ("A-T") method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in AD investigations.[75] In recent investigations, the Department applied a "differential pricing" analysis for determining whether application of A-T comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.[76] The Department finds the

[73] *See* 19 CFR 351.401(i); *see also Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand*, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10; *Allied Tube and Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-1092 (CIT 2001) (upholding the Department's rebuttable presumption that invoice date is the appropriate date of sale).
[74] *See* Kromet's Supplemental A response dated April 5, at pages 1-2.
[75] *See Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012).
[76] *See* Memoranda to Paul Piquado, Assistant Secretary for Import Administration, from Abdelali Elouaradia, Director of AD/CVD Operations Office 4, entitled "Less Than Fair Value Investigation of Xanthan Gum from Austria: Post-Preliminary Analysis and Calculation Memorandum", "Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., Ltd.) and Shandong Fufeng Fermentation Co., Ltd.", and "Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Deosen Biochemical Ltd," all dated March 4, 2013.

differential pricing analysis used in those recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the A-A method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of EPs (or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods.[77] If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the A-A method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported consolidated customer code. Regions are defined using the reported destination code (*i.e.*, zip codes) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen's *d* test is applied when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen's *d* coefficient is calculated to evaluate the extent to which the net prices to a particular purchaser, region or time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium or large. Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant if the calculated Cohen's *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test account for 66 percent or more of the value of total sales, then the

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[77] As noted above, differential pricing was used in recent investigations. It was also used in the recent antidumping duty administrative review of polyester staple fiber from Taiwan. *See Polyester Staple Fiber from Taiwan: Preliminary Results of Antidumping Duty Administrative Review: 2011-2012*, 78 FR 17637 (March 22, 2013) and accompanying Decision Memorandum.

identified pattern of prices that differ significantly supports the consideration of the application of the A-T method to all sales as an alternative to the A-A method. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an A-T method to those sales identified as passing the Cohen's *d* test as an alternative to the A-A method, and application of the A-A method to those sales identified as not passing the Cohen's *d* test. If 33 percent or less of the value of total sales passes the Cohen's *d* test, then the results of the Cohen's *d* test do not support consideration of an alternative to the A-A method.

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the A-A method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the A-A method only. If the difference between the two calculations is meaningful, this demonstrates that the A-A method cannot account for differences such as those observed in this analysis, and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if 1) there is a 25 percent relative change in the weighted-average dumping margin between the A-A method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margin moves across the *de minimis* threshold.

Interested parties may present arguments in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.

Results of the Differential Pricing Analysis

For Kromet, based on the results of the differential pricing analysis, the Department finds that 6.16 percent of Kromet's export sales confirm the existence of a pattern of EPs or CEPs for comparable merchandise that differ significantly among purchasers, regions, or time periods.[78] However, the Department determines that the A-A method can appropriately account for such differences because there is no meaningful difference between the weighted-average dumping margin calculated using the A-A method and when using the alternative method.[79] Accordingly, the Department has determined to use the A-A method in making comparisons of EP (or CEP) and NV for Kromet.[80]

Export Price and Constructed Export Price

The Department considers the U.S. prices of certain sales by Kromet to be EPs, in accordance with section 772(a) of the Act, because they were the prices at which the subject merchandise was first sold before the date of importation, by the producer/exporter of the subject merchandise, outside of the United States, to an unaffiliated purchaser in the United States. Specifically, Kromet reported sales to a certain U.S. customer which were made pursuant to a supply agreement and a consignment agreement between Kromet and this customer.[81] Accordingly, as Kromet was the party which negotiated and set the material terms of sale, we have used its prices to the U.S. customer as the price at which subject merchandise was first sold to unaffiliated customers before the date of importation.

In accordance with section 772(c)(2)(A) of the Act, where appropriate, we made deductions from the starting price (gross unit price) for foreign inland freight and brokerage and handling. Where foreign inland freight or foreign brokerage and handling fees were provided by PRC service providers or paid for in renminbi, we based those charges on SV rates from the Philippines. See "Factor Valuation" section below for further discussion of SV rates.[82]

Further, in accordance with section 772(b) of the Act, we defined the U.S. price based upon CEP for certain of Kromet's sales because the sales were made from warehouse inventory in the United States after the date of importation. The CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of

[78] *See* Kromet Preliminary Analysis Memorandum, dated June 3, 2013 ("Kromet Analysis Memo"), which is hereby adopted by this memorandum, at Attachment 5, page 41.
[79] *See* Preliminary Analysis Memorandum, which is hereby adopted by this memorandum, at Attachment 5, page 64
[80] In these preliminary results, the Department applied the weighted-average dumping margin calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8101 (February 14, 2012). In particular, the Department compared monthly weighted-average CEPs with monthly weighted-average NVs and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.
[81] *See* Kromet's Supplemental Section A response dated April 5, 2013, at exhibits 1, 2, and 3. For further discussion of this issue, including any business proprietary information, *see* Kromet Analysis Memo.
[82] In determining the most appropriate surrogate values to use in a given case, the Department's stated practice is to use 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 POR, and data that is publicly available. *See, e.g., Certain Cased Pencils from the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 71 FR 38366 (July 6, 2006), and accompanying Issues and Decision Memorandum at Comment 1.

importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted under sections 772(c) and (d) of the Act.

We calculated CEP based on delivered prices to unaffiliated purchasers in the United States. We made adjustments, where applicable, to the reported gross unit prices for billing adjustments and early payment discounts, to arrive at the price at which the subject merchandise is first sold in the United States to an unaffiliated customer. We made deductions from the U.S. sales price for movement expenses in accordance with section 772(c)(2) of the Act. These included, where applicable, foreign inland freight from plant to the port of exportation, foreign brokerage and handling, ocean freight, marine insurance, U.S. inland freight from port of importation to the warehouse, U.S. freight from warehouse to customer, U.S. warehousing, U.S. customs duty, and U.S. brokerage and handling. In accordance with section 772(d)(1) of the Act, the Department deducted, where applicable, commissions, credit expenses, inventory carrying costs, and indirect selling expenses from the U.S. price, all of which relate to commercial activity in the United States. In accordance with section 772(d) of the Act, we calculated Kromet's credit expenses and inventory carrying costs based on its short-term interest rate. In addition, we deducted CEP profit in accordance with sections 772(d)(3) and 772(f) of the Act.[83]

In accordance with section 772(c)(1)(C) of the Act, where appropriate, we increased U.S. price by the countervailing duty (CVD) rate attributable to the export subsidies found in the first administrative CVD review of aluminum extrusions from the PRC.[84]

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using an FOP methodology if: (1) The merchandise is exported from an NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(e) of the Act. When determining NV in an NME context, the Department will base NV on FOPs because the presence of government controls on various aspects of these economies renders price comparisons and the calculation of production costs invalid under our normal methodologies. The Department's questionnaire requires that Kromet provide information regarding the weighted-average FOPs across all of the company's plants and/or suppliers that produce the merchandise under consideration, not just the FOPs from a single plant or supplier. This methodology ensures that the Department's calculations are as accurate as possible.[85] Under section 773(c)(3) of the Act, FOPs used by Kromet in the production of aluminum extrusions include, but are not limited to, (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. The Department based NV on Kromet's reported FOPs for materials, energy, and labor.

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[83] For a detailed description of all adjustments, see Kromet Analysis Memo.
[84] *See id.*
[85] *See, e.g., Final Determination of Sales at Less Than Fair Value and Critical Circumstances: Certain Malleable Iron Pipe Fittings From the People's Republic of China*, 68 FR 61395 (October 28, 2003), and accompanying Issue and Decision Memorandum at Comment 19

Kromet did not report certain FOP data for a small number of its sales of subject merchandise. Before submitting its full questionnaire response, the company requested that the Department excuse it from reporting these data as the volume of merchandise involved was insignificant, and because obtaining this FOP data would be difficult.[86] While the Department normally requires a respondent to report all FOPs involved in the production of subject merchandise, the Department has, in the past, valued missing FOP data using facts available where they involve a relatively small portion of sales.[87] We have followed that practice in this case, and have used facts available to value this portion of Kromet's sales.

Kromet reported that it generated aluminum scrap during the production of merchandise under consideration.[88] Kromet established that it reintroduced the aluminum by-product that it produced during the POR.[89] Therefore, for these preliminary results, we have granted Kromet a by-product offset for reintroduced aluminum scrap.

A significant portion of Kromet's sales were further manufactured or assembled in a third country, either Canada or Mexico. Accordingly, the Department included the further manufacturing, processing, and assembly costs incurred in the third country in the NV calculation, as well as the expense of transporting the merchandise from the factory in the PRC to the further manufacturing plant in the third country.

Factor Valuations

In accordance with section 773(c) of the Act, for subject merchandise produced by Kromet, the Department calculated NV based on the FOPs reported by Kromet and its supplier, Alnan for the POR. The Department used Philippine import data and other publicly available Philippine sources in order to calculate SVs for Kromet's FOPs. Where contemporaneous import data were not available, the Department used import data from Thailand to value certain FOP consumption. To calculate NV, the Department multiplied Kromet's reported per-unit FOPs by publicly-available SVs.[90] The Department's practice when selecting the best available information for valuing FOPs is to select, to the extent practicable, SVs which are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.[91]

The Department adjusted input prices by including freight costs, as appropriate, to render them delivered prices. Specifically, to Philippine import SVs reported on a cost, insurance, and freight basis, the Department added a surrogate freight cost using the shorter of: (i) the reported

[86] *See* Letter from Kromet dated March 15, 2013, titled "Request of Kromet International Inc. to Exclude Certain Sales".
[87] *See, e.g.*, Photovoltaic Cells Final IDM (October 17, 2012) 77 FR 63791
[88] *See* Kromet's section D response dated March 22, 2013 at pages 31-33.
[89] *See Id.* at Exhibit D-12.
[90] *See* Memorandum to the File, "First Administrative Review of the Antidumping Duty Order on Aluminum Extrusions from the People's Republic of China: Factor Valuation Memorandum for the Preliminary Results of Review," dated concurrent with this memorandum ("Preliminary Factor Valuation Memorandum"), which is hereby adopted by this memorandum
[91] *See, e.g., Electrolytic Manganese Dioxide From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 48195 (August 18, 2008), and accompanying Issues and Decision Memorandum at Comment 2.

distance from the domestic supplier to the factory; or (ii) the distance from the nearest seaport to the factory. This adjustment is in accordance with the decision of the Federal Circuit in Sigma Corp. v. United States, 117 F.3d 1401, 1408 (Fed. Cir. 1997). Additionally, where necessary, the Department adjusted SVs for inflation and exchange rates, and the Department converted all applicable FOPs to a per-KG basis.

Furthermore, with regard to the Philippine import-based SVs, we have disregarded import prices that we have reason to believe or suspect may be subsidized. We have reason to believe or suspect that prices of inputs from Indonesia, India, South Korea, and Thailand may have been subsidized because we have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies.[92] Therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized.[93] Further, guided by the legislative history, it is the Department's practice not to conduct a formal investigation to ensure that such prices are not subsidized.[94] Rather, the Department bases its decision on information that is available to it at the time it makes its determination. Additionally, consistent with our practice, we disregarded prices from NME countries and excluded imports labeled as originating from an "unspecified" country from the average value, because the Department could not be certain that they were not from either an NME country or a country with general export subsidies.[95] Therefore, we have not used prices from these countries in calculating the Philippine import-based SVs.

In accordance with 19 CFR 351.408(c)(1), the Department will normally use publicly available information to find an appropriate SV to value FOPs, but when a producer sources an input from a ME and pays for it in ME currency, the Department may value the factor using the actual price paid for the input.[96] Kromet reported that it purchased one input, screws, from ME suppliers and

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[92] *See, e.g., Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order*, 75 FR 13257 (March 19, 2010), and accompanying Issues and Decision Memorandum at 4-5; *Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia: Final Results of Expedited Sunset Review*, 70 FR 45692 (August 8, 2005), and accompanying Issues and Decision Memorandum at 4; *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review*, 74 FR 2512 (January 15, 2009), and accompanying Issues and Decision Memorandum at 17, 19-20; *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Thailand*, 66 FR 50410 (October 3, 2001), and accompanying Issues and Decision Memorandum at 23.
[93] *See Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers From the People's Republic of China*, 69 FR 20594 (April 16, 2004), and accompanying Issues and Decision Memorandum at Comment 7.
[94] *See* Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988); *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).
[95] *See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Chlorinated Isocyanurates From the People's Republic of China*, 69 FR 75294, 75300 (December 16, 2004), unchanged in *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).
[96] *See* 19 CFR 351.408(c)(1); *see also Shakeproof Assembly Components, Div. of Ill. Tool Works, Inc. v. United States*, 268 F.3d 1376, 1382-1383 (Fed. Cir. 2001) (affirming the Department's use of market-based prices to value certain FOPs).

paid for the input in a ME currency.[97] Accordingly, we have valued Kromet's consumption of screws using the company's reported purchase prices of the input.[98]

The record shows that data in the Philippine import statistics, as well as those from the other Philippine sources, are contemporaneous with the POR, product-specific, and tax-exclusive. In those instances where we could not obtain publicly available Philippine data contemporaneous to the POR with which to value FOPs, we adjusted the SVs using, where appropriate, inflation factors derived from the Philippine Producer Price Index ("PPI"), as published in the International Monetary Fund's International Financial Statistics.[99] The Department used Philippine Import Statistics from the Global Trade Atlas ("GTA") and other publicly available Philippine sources to value most raw materials, energy, and packing inputs that Kromet used to produce subject merchandise during the POR, except where listed below.

In these preliminary results, the Department calculated the labor input using data on industry-specific labor cost from the primary surrogate country (i.e., the Philippines), as described in Labor Methodologies.[100] The Department relied on the ILO's Yearbook Chapter 6A labor cost data for the Philippines for the year 2008, because this is the most recent Chapter 6A data available for the Philippines. The Department further determined that the two-digit description under ISIC-Revision 3-D ("28-Manufacture of Fabricated Metal Products") is the best available information because it is specific to the industry being examined and, therefore, is derived from industries that produce comparable merchandise. Accordingly, relying on Chapter 6A of the Yearbook, the Department calculated the labor input using labor cost data reported by the Philippines to the ILO under Sub-Classification 28 of the ISIC-Revision 3-D, in accordance with section 773(c)(4) of the Act. For further information on the calculation of the wage rate, see Factor Valuation Memorandum, which is hereby adopted by this memorandum.

The ILO data from Chapter 6A of the Yearbook, which was used to value labor, reflects all costs related to labor, including wages, benefits, housing, training, etc. Pursuant to Labor Methodologies, the Department's practice is to consider whether financial ratios reflect labor expenses that are included in other elements of the respondent's FOPs (e.g., general and administrative expenses).[101] The financial statements used to calculate the surrogate financial ratios in this review were sufficiently detailed to allow the Department to isolate labor expenses from other expenses such as selling, general, and administrative expenses. Therefore, the Department revised its calculation of the surrogate financial ratios consistent with Labor Methodologies to exclude items incorporated in the labor wage rate data in Chapter 6A of the ILO data. As a result, bonuses and other forms of compensation included in the ILO's calculation of wages are now excluded from our calculation of labor in the surrogate financial ratios.[102]

[97] *See* Kromet's section D response dated March 22, 2013, at page D-15 and Exhibit D-9.
[98] *See* Preliminary Factor Valuation Memorandum.
[99] *See id.* at Attachments 1 and 3.
[100] *See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) ("*Labor Methodologies*").
[101] *See id.* at 36094.
[102] *See* Preliminary Factor Valuation Memorandum.

We valued electricity using contemporaneous Philippine data from The Cost of Doing Business in Camarines Sur available at the Philippine government's web site for the province: http://www.camarinessur.gov.ph. These data pertain only to industrial consumption.[103]

We valued water using an average of the basic rates charged by The Philippines Maynilad for Business Group II (mostly industrial) users. These rates were in effect in 2011 and do not include taxes or surcharges.[104]

We valued truck freight expenses using average truck rates from the Confederation of Truckers Association of the Philippines, Inc. ("CTAP") for 92 destinations within the Philippines and the driving distances to these 92 destinations.[105] The CTAP source is the best available information to value truck freight because it is contemporaneous with the POR, represents a broad market average of multiple destinations, specific to the input being valued, and contains numerous data points by which the Department was able to calculate the SV for truck freight.

We valued brokerage and handling expenses using a price list of export procedures necessary to export a standardized cargo of goods in the Philippines, as published in the World Bank's Doing Business 2012, Economy Profile: Philippines publication.[106]

We valued marine insurance using a price quote for July 2010, which we obtained from RJG Consultants. RJG Consultants is a ME provider of marine insurance. We inflated the rates to the POR by applying the Philippine PPI.[107]

19 CFR 351.408(c)(4) directs the Department to value overhead, general, and administrative expenses ("SG&A") and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country. In this review, Petitioner submitted the 2011 financial statements of the following companies:

- Sunkao Kanabiro Thailand Co. Ltd. ("Sunkao Thailand"), a Thai producer of auto parts and electrical parts used in industrial plants;[108]

- Rian Chai Aluminium (1989) Co., Ltd. ("Rian Chai"), a Thai company primarily engaged in "the business {sic} rolled aluminum smelter and the purchase of equipment old and new;"[109] and,

- S.C.T. Aluminum Factory Company Limited ("SCT Factory"), a Thai producer of aluminum products.[110]

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[103] *See id.*
[104] *See id.*
[105] *See id.*
[106] *See id.*
[107] *See id.*
[108] *See* Petitioner's Surrogate-Value Comments at Exhibit 3A, note 1.1.
[109] *See id.* at Exhibit 5A, note 1.
[110] *See id.* at Exhibit 4A, note 1.

Kromet placed the financial statements of the following companies on the record:

- Alcophil Metal Inc. ("Alcophil Metal"), a Philippine producer of metal products including architectural aluminum;[111] and.
- Currimao Alluminum Corporation ("Currimao"), a Philippine manufacturer of aluminum products.[112]

We did not use Sunkao Thailand's financial statements because: (1) as a producer of auto parts using a metal stamping production process, the company's production experience does not closely relate to that of Kromet, which uses a continuous extrusion process to produce aluminum extrusions;[113] (2) Sunkao Thailand's financial statements do not report production and SG&A expenses in sufficient detail to allow us to calculate surrogate financial ratios; and, (3) the company is not located in our primary surrogate country.

We did not use Rian Chai's financial statements because: (1) the company is at a different level of integration than the respondent in this review that operates a smelter, whereas Alnan does not;[114] (2) Rian Chai's financial statements do not report production and SG&A expenses in sufficient detail to allow us to calculate surrogate financial ratios; and, (3) it is not located in our primary surrogate country.

We did not use SCT Factory's financial statements because they do not report production and SG&A expenses in sufficient detail to allow us to calculate surrogate financial ratios. For example, the statements do not detail labor expenses, costs of goods sold, administrative expenses, or selling expenses. Moreover, because we have usable financial statements from multiple producers of comparable merchandise from the primary surrogate country, we intend to follow the regulatory preference stated in 19 CFR 351.408(c) and decline to use this statement.

We have determined to use the financial statements of Alcophil Metal and Currimao to value overhead, SG&A, and profit. Both companies are producers of comparable products, and there is no record evidence to indicate that either company received benefits that the Department has previously determined to be countervailable. Further, the audited financial statements from Alcophil Metal and Currimao are complete and sufficiently detailed to disaggregate materials, labor, overhead, and SG&A expenses.

For a complete listing of all the inputs and a detailed discussion about our SV selections, see Factor Valuation Memorandum, which is hereby adopted by this memorandum.

[111] *See* Kromet's Surrogate-Value Comments at Exhibit 9, note 1.
[112] *See id.* at Exhibit 10, note 1. Kromet submitted both Currimao's 2011 and 2012 audited financial statements.
[113] *See* Kromet's rebuttal Surrogate-Country comments at pages 2-5.
[114] *See id.*

Adjustment Under Section 777A(f) of the Act

In applying section 777A(f) of the Act in this administrative review, the Department has examined (1) whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise, (2) whether such countervailable subsidy has been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period, and (3) whether the Department can reasonably estimate the extent to which that countervailable subsidy, in combination with the use of NV determined pursuant to section 773(c) of the Act, has increased the weighted average dumping margin for the class or kind of merchandise.[115] For a subsidy meeting these criteria, the statute requires the Department to reduce the AD by the estimated amount of the increase in the weighted average dumping margin subject to a specified cap.[116] As a result of our analysis, the Department is preliminarily making adjustments to the AD margin calculation for Kromet in this review, pursuant to section 777A(f) of the Act, in the manner described below. In making this adjustment, the Department has not concluded that concurrent application of NME ADs and countervailing duties ("CVDs") necessarily and automatically results in overlapping remedies. Rather, a finding that there is an overlap in remedies, and any resulting adjustment, is based on a case-by-case analysis of the totality of facts on the administrative record for that segment of the proceeding as required by the statute.

The Department examined U.S. import statistics from the GTA that indicate that the value of subject merchandise has decreased from April 2011, the month that the final determination in the investigation of this case published, through April 2012, the end of the POR.[117] Kromet asserted that aluminum subsidies impacted the cost of manufacturing ("COM") of its supplier of subject merchandise, Alnan, and that the other subsidy programs under investigation (e.g., grant programs, tax programs, policy lending, etc.) did not.[118] Kromet provided information indicating that the cost of the subject merchandise it purchases from Alnan is impacted by the cost of aluminum billets, as is the price that Kromet sells the subject merchandise to its customers.[119] Thus, Kromet's questionnaire responses indicate a cost-to-price linkage for an aluminum subsidy programs that impacts COM.

In the companion CVD proceeding, the Department determined program-specific rates of subsidized aluminum for Kromet.[120] Thus, the Department has the necessary information from the companion CVD proceeding to make the adjustment in this proceeding in the manner described above for purposes of these preliminary results.

However, Kromet did not propose, or provide information to calculate, company-specific estimates of the extent of subsidy pass-through to prices. Therefore, because the record indicates that several factors other than the cost of aluminum billets impact Kromet's prices to customers,

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[115] *See* section 777A(f)(1)(A)-(C) of the Act.
[116] *See* section 777A(f)(1)-(2) of the Act.
[117] *See* Attachment I to this memorandum
[118] *See* Kromet's Double Remedies Questionnaire Response, dated April 1, 2013 at 8-9.
[119] *See id.* at 1-4.
[120] *See* Aluminum Extrusions From the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review; 2010 and 2011, dated June 3, 2013 ("Aluminum Extrusions CVD Preliminary Results").

the Department is applying, instead, a documented ratio of cost-price changes for the Chinese manufacturing sector as a whole as the estimate of the extent of subsidy pass-through.[121]

Currency Conversion

Where necessary, the Department made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

Conclusion

We recommend applying the above methodology for these preliminary results.

✓ ______ Agree      ______ Disagree

Paul Piquado
Assistant Secretary
for Import Administration

3 June 2013
(Date)

[121] See Attachment II to this memorandum

# ATTACHMENT I

United States Import Statistics
Commodity:7604210000 Aluminum Alloy Hollow Profiles
Monthly Series: 11/2010 - 04/2012

| Partner Country | Unit | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Jan-12 | Feb-10 | Mar-12 | Apr-12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD/Kg | | | | | | | | | | | | |
| China | KG | 6.25 | 4.14 | 5.12 | 4.20 | 6.14 | 5.29 | 4.24 | 5.27 | 5.62 | 4.15 | 4.37 | 4.89 | 4.08 |

United States Import Statistics
Commodity:7604210000 Aluminum Alloy Hollow Profiles
Monthly Series: 11/2010 - 04/2012

| Partner Country | | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Jan-12 | Feb-10 | Mar-12 | Apr-12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD | | | | | | | | | | | | |
| China | | 605,393.00 | 1,016,869.30 | 856,308.00 | 584,405.00 | 820,637.00 | 723,612.00 | 285,219.30 | 564,047.00 | 836,840.30 | 1,451,522.00 | 1,246,644.00 | 2,073,047.00 | 2,445,731.00 |

United States Import Statistics
Commodity:7604210000 Aluminum Alloy Hollow Profiles
Monthly Series: 11/2010 - 04/2012

| Partner Country | Unit | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Jan-12 | Feb-10 | Mar-12 | Apr-12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | KG | | | | | | | | | | | | |
| China | KG | 96,883 | 245,861 | 167,209 | 139,196 | 133,550 | 136,775 | 67,374 | 105,079 | 148,289 | 345,047 | 285,070 | 420,645 | 600,019 |

United States Import Statistics
Commodity: 7604291000 Aluminum Alloy Profiles Not Hollow
Monthly Series: 11/2010 - 04/2012

| Partner Country | Unit | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Jan-12 | Feb-10 | Mar-12 | Apr-12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD/KG | | | | | | | | | | | | |
| China | KG | 4.13 | 4.16 | 4.69 | 4.37 | 3.66 | 5.29 | 5.17 | 4.51 | 4.18 | 5.48 | 5.53 | 4.27 | 4.81 |

United States Import Statistics
Commodity: 7604291000 Aluminum Alloy Profiles Not Hollow
Monthly Series: 11/2010 - 04/2012

| Partner Country | | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Jan-12 | Feb-10 | Mar-12 | Apr-12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD | | | | | | | | | | | | |
| China | | 522,059 | 499,591 | 575,297 | 316,955 | 672,091 | 355,048 | 251,131 | 678,555 | 261,580 | 375,345 | 402,866 | 158,031 | 174,692 |

United States Import Statistics
Commodity: 7604291000 Aluminum Alloy Profiles Not Hollow
Monthly Series: 11/2010 - 04/2012

| Partner Country | Unit | 40,634 | 40,664 | 40,695 | 40,725 | 40,756 | 40,787 | 40,817 | 40,848 | 40,878 | 40,909 | 40,210 | 40,969 | 41,000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | KG | | | | | | | | | | | | |
| China | KG | 126,447 | 119,489 | 122,618 | 72,471 | 183,515 | 67,051 | 48,585 | 150,528 | 63,924 | 68,563 | 72,857 | 37,012 | 36,287 |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sub-Total ($) | | 1,127,742 | 1,516,493 | 1,431,605 | 901,370 | 1,492,728 | 1,078,653 | 536,450 | 1,232,602 | 1,098,420 | 1,837,467 | 1,649,510 | 2,230,078 | 2,620,423 |
| Sub-Total KG | | 223,330 | 365,350 | 289,827 | 211,667 | 317,066 | 203,836 | 115,939 | 255,607 | 210,133 | 413,610 | 357,882 | 457,857 | 636,306 |
| $/KG | | 5.05 | 4.16 | 4.94 | 4.26 | 4.71 | 5.29 | 4.63 | 4.82 | 5.08 | 4.37 | 4.51 | 4.87 | 4.12 |

# ATTACHMENT II

| BLOOMBERG DATA - RAW | | | | BLOOMBERG DATA - ADJUSTED TO EXCLUDE ABERRATIONAL DATA FOR MARCH, 2012 | | | | PASS-THROUGH |
|---|---|---|---|---|---|---|---|---|
| Date | CHEFTYOY Index | CNPPIY Index | CHEFTYOY Index / CNPPIY Index | Date | CHEFTYOY | CNPPIY Ind | CHEFTYOY Index / CNPPIY Index | |
| 12/31/2012 | -1.9 | -2.4 | 0.7917 | | | | | |
| 11/30/2012 | -2.2 | -2.8 | 0.7855 | | | | | |
| 10/31/2012 | -2.8 | -3.3 | 0.8351 | | | | | |
| 9/30/2012 | -3.6 | -4.1 | 0.867 | | | | | |
| 8/31/2012 | -3.5 | -4.1 | 0.8484 | | | | | |
| 7/31/2012 | -2.9 | -3.4 | 0.8427 | | | | | |
| 6/30/2012 | -2.1 | -2.5 | 0.8337 | | | | | |
| 5/31/2012 | -1.4 | -1.6 | 0.8738 | | | | | |
| 4/30/2012 | -0.7 | -0.8 | 0.873 | 4/30/2012 | -0.7 | -0.8 | 0.873 | |
| 3/31/2012 | -0.3 | 0.1 | -3.171 | 3/31/2012 | -0.3 | 0.1 | Data Excluded - Aberrational | |
| 2/29/2012 | 0 | 1 | 0.0284 | 2/29/2012 | 0 | 1 | 0.0284 | |
| 1/31/2012 | 0.7 | 2 | 0.3674 | 1/31/2012 | 0.7 | 2 | 0.3674 | |
| 12/31/2011 | 1.7 | 3.5 | 0.4815 | 12/31/2011 | 1.7 | 3.5 | 0.4815 | |
| 11/30/2011 | 2.7 | 5.1 | 0.5329 | 11/30/2011 | 2.7 | 5.1 | 0.5329 | |
| 10/31/2011 | 5 | 8 | 0.625 | 10/31/2011 | 5 | 8 | 0.625 | |
| 9/30/2011 | 6.5 | 10 | 0.65 | 9/30/2011 | 6.5 | 10 | 0.65 | |
| 8/31/2011 | 7.3 | 10.6 | 0.6887 | 8/31/2011 | 7.3 | 10.6 | 0.6887 | |
| 7/31/2011 | 7.5 | 11 | 0.6818 | 7/31/2011 | 7.5 | 11 | 0.6818 | |
| 6/30/2011 | 7.1 | 10.5 | 0.6762 | 6/30/2011 | 7.1 | 10.5 | 0.6762 | |
| 5/31/2011 | 6.8 | 10.2 | 0.6667 | 5/31/2011 | 6.8 | 10.2 | 0.6667 | |
| 4/30/2011 | 6.8 | 10.4 | 0.6538 | 4/30/2011 | 6.8 | 10.4 | 0.6538 | 0.5771 |
| 3/31/2011 | 7.3 | 10.5 | 0.6952 | | | | | |
| 2/28/2011 | 7.2 | 10.4 | 0.6935 | | | | | |
| 1/31/2011 | 6.6 | 9.7 | 0.6817 | | | | | |
| 12/31/2010 | 5.9 | 9.5 | 0.623 | | | | | |
| 11/30/2010 | 6.1 | 9.7 | 0.6289 | | | | | |
| 10/31/2010 | 5 | 8.1 | 0.623 | | | | | |
| 9/30/2010 | 4.3 | 7.1 | 0.6085 | | | | | |
| 8/31/2010 | 4.3 | 7.5 | 0.5783 | | | | | |
| 7/31/2010 | 4.8 | 8.5 | 0.5708 | | | | | |
| 6/30/2010 | 6.4 | 10.8 | 0.5926 | | | | | |
| 5/31/2010 | 7.1 | 12.2 | 0.5839 | | | | | |
| 4/30/2010 | 6.8 | 12 | 0.568 | | | | | |

| | | | |
|---|---|---|---|
| 3/31/2010 | 5.9 | 11.5 | 0.5157 |
| 2/28/2010 | 5.4 | 10.3 | 0.5253 |
| 1/31/2010 | 4.3 | 8 | 0.5427 |
| 12/31/2009 | 1.7 | 3 | 0.5629 |
| 11/30/2009 | -2.1 | -3.6 | 0.5762 |
| 10/31/2009 | -5.8 | -8.4 | 0.6973 |
| 9/30/2009 | -7 | -10.1 | 0.6924 |
| 8/31/2009 | -7.9 | -11.4 | 0.6913 |
| 7/31/2009 | -8.2 | -11.7 | 0.7038 |
| 6/30/2009 | -7.8 | -11.3 | 0.6951 |
| 5/31/2009 | -7.2 | -10.4 | 0.6943 |
| 4/30/2009 | -6.6 | -9.6 | 0.6904 |
| 3/31/2009 | -6 | -8.9 | 0.6742 |
| 2/28/2009 | -4.5 | -7.1 | 0.6338 |
| 1/31/2009 | -3.3 | -5.3 | 0.625 |
| 12/31/2008 | -1.1 | -1.3 | 0.8661 |
| 11/30/2008 | 2 | 4.7 | 0.4255 |
| 10/31/2008 | 6.6 | 11 | 0.5978 |
| 9/30/2008 | 9.1 | 14 | 0.6519 |
| 8/31/2008 | 10.1 | 15.3 | 0.6584 |
| 7/31/2008 | 10 | 15.4 | 0.6517 |
| 6/30/2008 | 8.8 | 13.5 | 0.6528 |
| 5/31/2008 | 8.2 | 11.9 | 0.6914 |
| 4/30/2008 | 8.1 | 11.8 | 0.6853 |
| 3/31/2008 | 8 | 11 | 0.7279 |
| 2/29/2008 | 6.6 | 9.7 | 0.6825 |
| 1/31/2008 | 6.1 | 8.9 | 0.6877 |
| 12/31/2007 | 5.4 | 8.1 | 0.67 |
| 11/30/2007 | 4.6 | 6.3 | 0.7302 |
| 10/31/2007 | 3.2 | 4.5 | 0.7111 |
| 9/30/2007 | 2.7 | 3.6 | 0.7521 |
| 8/31/2007 | 2.6 | 3.8 | 0.6842 |
| 7/31/2007 | 2.4 | 3.6 | 0.6723 |
| 6/30/2007 | 2.5 | 3.4 | 0.7375 |
| 5/31/2007 | 2.8 | 3.6 | 0.7709 |
| 4/30/2007 | 2.9 | 3.7 | 0.7778 |
| 3/31/2007 | 2.7 | 3.7 | 0.7143 |
| 2/28/2007 | 2.6 | 4 | 0.6516 |
| 1/31/2007 | 3.3 | 4.7 | 0.7021 |
| 12/31/2006 | 3 | 4.9 | 0.6224 |
| 11/30/2006 | 2.8 | 4.8 | 0.5756 |
| 10/31/2006 | 2.9 | 5.6 | 0.5179 |
| 9/30/2006 | 3.5 | 6.9 | 0.5095 |
| 8/31/2006 | 3.4 | 6.7 | 0.5045 |

| | | | |
|---|---|---|---|
| 7/31/2006 | 3.6 | 6.7 | 0.5383 |
| 6/30/2006 | 3.5 | 6.6 | 0.5327 |
| 5/31/2006 | 2.4 | 5.5 | 0.4451 |
| 4/30/2006 | 1.9 | 4.9 | 0.3832 |
| 3/31/2006 | 2.5 | 6.2 | 0.4029 |
| 2/28/2006 | 3 | 6.8 | 0.4399 |
| 1/31/2006 | 3 | 6.4 | 0.4758 |
| 12/31/2005 | 3.2 | 5 | 0.64 |
| 11/30/2005 | 3.2 | 5.4 | 0.5926 |
| 10/31/2005 | 4 | 6.5 | 0.6154 |
| 9/30/2005 | 4.5 | 7.1 | 0.6338 |
| 8/31/2005 | 5.3 | 8.1 | 0.6543 |
| 7/31/2005 | 5.2 | 8.5 | 0.6118 |
| 6/30/2005 | 5.2 | 9 | 0.5778 |
| 5/31/2005 | 5.9 | 9.9 | 0.596 |
| 4/30/2005 | 5.8 | 9.9 | 0.5859 |
| 3/31/2005 | 5.6 | 9.7 | 0.5773 |
| 2/28/2005 | 5.4 | 9.8 | 0.551 |
| 1/31/2005 | 5.8 | 10.7 | 0.5421 |
| 12/31/2004 | 7.1 | 12 | 0.5917 |
| 11/30/2004 | 8.1 | 13.7 | 0.5912 |
| 10/31/2004 | 8.4 | 14.2 | 0.5915 |
| 9/30/2004 | 7.9 | 13.7 | 0.5766 |
| 8/31/2004 | 6.8 | 12.9 | 0.5271 |
| 7/31/2004 | 6.4 | 12 | 0.5333 |
| 6/30/2004 | 6.4 | 11.8 | 0.5424 |
| 5/31/2004 | 6.4 | 11.2 | 0.5714 |
| 4/30/2004 | 5 | 10.5 | 0.4762 |
| 3/31/2004 | 3.9 | 9.5 | 0.4105 |
| 2/29/2004 | 3.5 | 8.1 | 0.4321 |
| 1/31/2004 | 3.5 | 7.4 | 0.4704 |
| 12/31/2003 | 3 | 7.1 | 0.4225 |
| 11/30/2003 | 1.9 | 5.9 | 0.322 |
| 10/31/2003 | 1.2 | 4.6 | 0.2609 |
| 9/30/2003 | 1.4 | 4.1 | 0.3415 |
| 8/31/2003 | 1.4 | 4 | 0.35 |
| 7/31/2003 | 1.4 | 4 | 0.35 |
| 6/30/2003 | 1.3 | 3.9 | 0.3333 |
| 5/31/2003 | 2 | 4.4 | 0.4545 |
| 4/30/2003 | 3.6 | 5.9 | 0.6102 |
| 3/31/2003 | 4.6 | 5.8 | 0.7931 |
| 2/28/2003 | 4 | 4.8 | 0.8333 |
| 1/31/2003 | 2.4 | 3.2 | 0.75 |
| 12/31/2002 | 0.4 | 1.3 | 0.3077 |

| | | | |
|---|---|---|---|
| 11/30/2002 | -0.4 | 0.5 | -0.8 |
| 10/31/2002 | -1 | -0.6 | 1.6667 |
| 9/30/2002 | -1.4 | -1.2 | 1.1667 |
| 8/31/2002 | -1.7 | -2 | 0.85 |
| 7/31/2002 | -2.3 | -2.5 | 0.92 |
| 6/30/2002 | -2.5 | -2.8 | 0.8929 |
| 5/31/2002 | -2.6 | -2.8 | 0.9286 |
| 4/30/2002 | -3.1 | -3.8 | 0.8158 |
| 3/31/2002 | -4 | -4.7 | 0.8511 |
| 2/28/2002 | -4.2 | -4.6 | 0.913 |
| 1/31/2002 | -4.2 | -4.8 | 0.875 |
| 12/31/2001 | -4 | -4.1 | 0.9756 |
| 11/30/2001 | -3.7 | -3.5 | 1.0571 |
| 10/31/2001 | -3.1 | -2.5 | 1.24 |
| 9/30/2001 | -2.9 | -1.8 | 1.6111 |
| 8/31/2001 | -2 | -1.3 | 1.5385 |
| 7/31/2001 | -1.3 | -0.4 | 3.25 |
| 6/30/2001 | -0.6 | 0.5 | -1.2 |
| 5/31/2001 | -0.2 | 1.1 | -0.1818 |
| 4/30/2001 | -0.1 | 0.9 | -0.1111 |
| 3/31/2001 | 0.2 | 2.1 | 0.0952 |
| 2/28/2001 | 0.9 | 2.7 | 0.3333 |
| 1/31/2001 | 1.4 | 3.6 | 0.3929 |

CHEFTYOY -0.7% APR 06/08/12 21:30 -- Index **DES**

Economic Indices Description

| | | | | | |
|---|---|---|---|---|---|
| | China PPI | | | | |
| | Producer Price Index | | CHEFT | | China Economic Information |
| | APR 2012 | | -.7 | | Rate % CHANGE |
| Frequency | Monthly | | Subject to one-month lag | | |
| Country | CHINA | | 01/31/99 Monthly | | |

Description

Historical Chart

Index **DES**

Economic Indices Description

1) Description 2) Release Details 3) Related Indicators 4) Related News

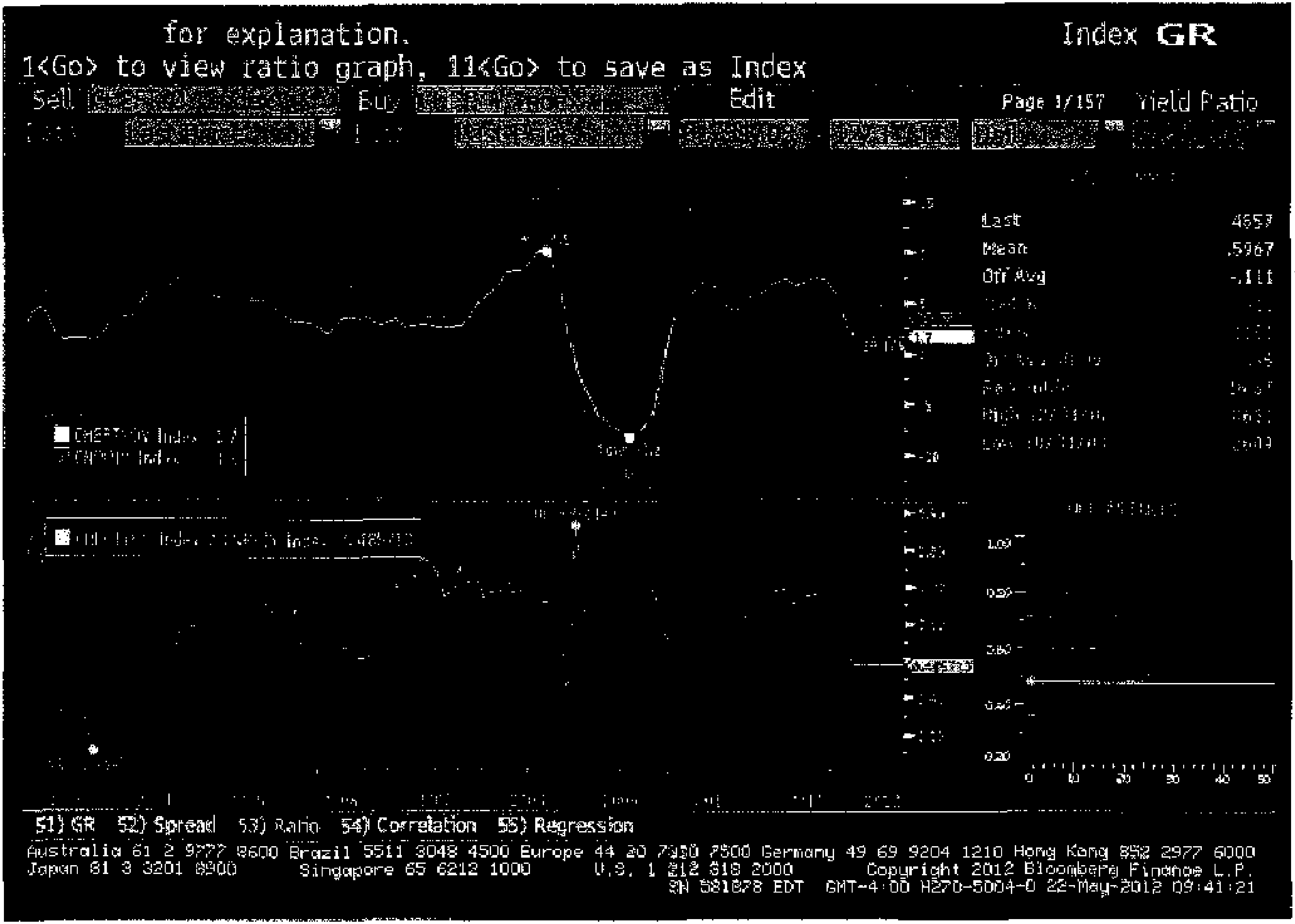
| | | | | | |
|---|---|---|---|---|---|
| [illegible] | China Purchasing Price [illegible] | | | | |
| [illegible] | Producer Price Index | [illegible] | CHPPI Index | [illegible] | China Economic Information |
| [illegible] | APP 2012 | [illegible] | -.3 | [illegible] | Rate [illegible] CH-NGE |
| Frequency | Monthly | Update Status | Subject to one-month lag | | |
| Country | CHINA | [illegible] | 10/31/98 Monthly | | |

## Description

[illegible] purchase production input such as raw material, fuels and power from the market [illegible] producing enterprises. These indices provide [illegible]

## Historical Chart

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2012 Bloomberg Finance L.P.
SN 581978 EDT GMT-4:00 H270-5004-0 22-May-2012 09:51:20



for explanation.
Index GR
1<Go> to view ratio graph, 11<Go> to save as Index
Sell
Buy
Edit
Page 1/157
Yield Ratio
Last .4657
Mean .5967
Off Avg -.111
51) GR
52) Spread
53) Ratio
54) Correlation
55) Regression
Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2012 Bloomberg Finance L.P.
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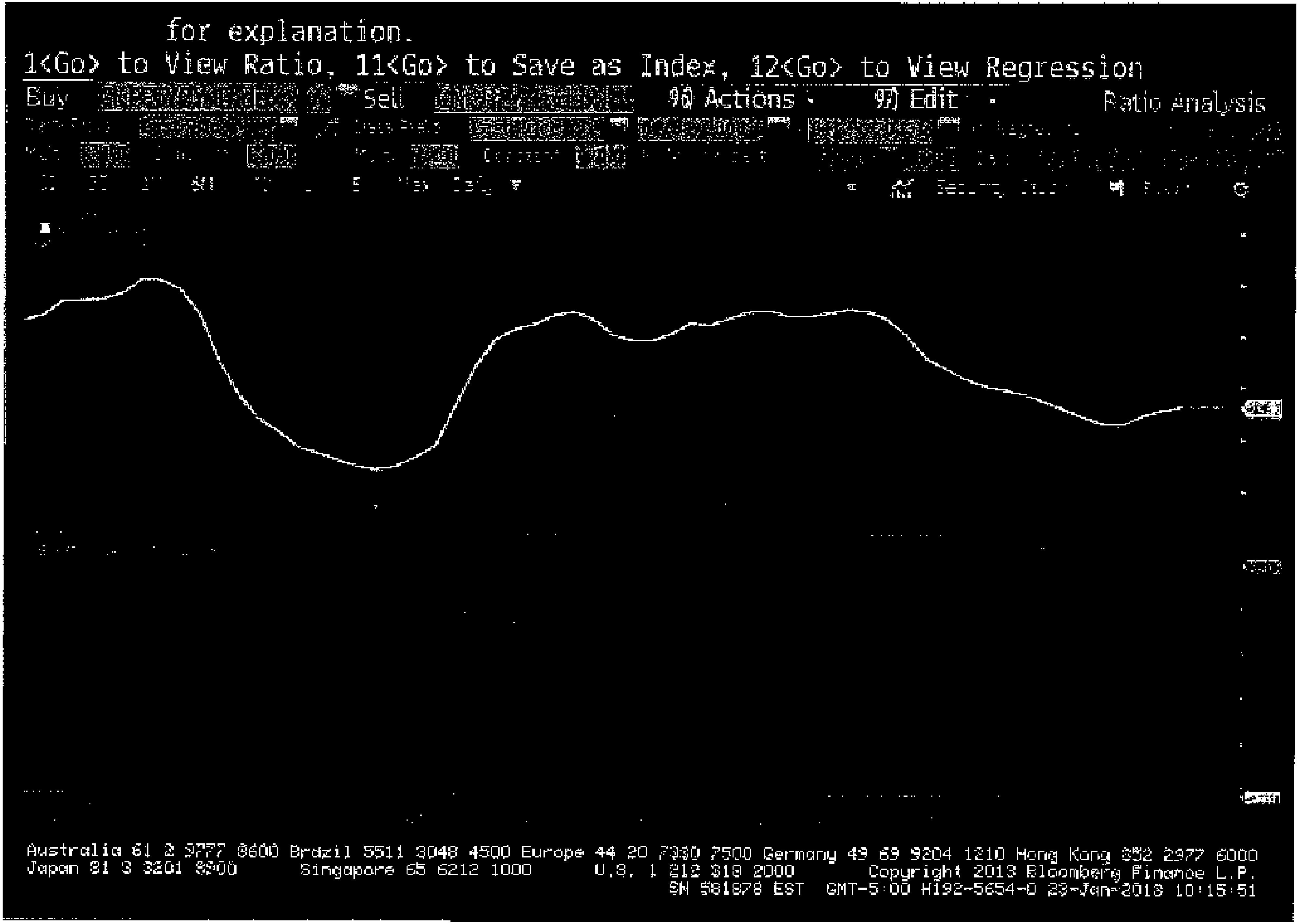
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1<Go> to View Ratio, 11<Go> to Save as Index, 12<Go> to View Regression
Buy
Sell
Actions
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Ratio Analysis
Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2013 Bloomberg Finance L.P.
SN 581878 EST GMT-5:00 H192-5654-0 29-Jan-2013 10:15:51