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July 1, 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 and New Shipper Reviews: Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China

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SUMMARY

In response to requests from interested parties, the Department of Commerce (the Department) is conducting an administrative review and two new shipper reviews (NSRs) of the antidumping duty (AD) order on tapered roller bearings and parts thereof, finished and unfinished (TRBs), from the People's Republic of China (PRC) for the period of review (POR) June 1, 2011, through May 31, 2012. We have preliminarily found that sales of the subject merchandise have been made at prices below normal value (NV).

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. 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 June 15, 1987, the Department published in the Federal Register the antidumping duty order on TRBs from the PRC.[1] On June 1, 2012, the Department published in the Federal Register a notice of opportunity to request an administrative review of the AD order on TRBs from the PRC

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[1] See Notice of Antidumping Duty Order; Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the People's Republic of China, 52 FR 22667 (June 15, 1987).

for the period June 1, 2011, through May 31, 2012.[2] In response to timely requests from interested parties pursuant to 19 CFR 351.213(b)(l) and (2) to conduct an administrative review of the order on TRBs from the PRC, on July 31, 2012, the Department published a notice of initiation of administrative review with respect to eight companies.[3]

On August 1, 2012, the Department initiated NSRs with respect to Haining Automann Parts Co., Ltd. (Automann) and Zhejiang Zhengda Bearing Co., Ltd. (Zhengda).[4] Accordingly, in August 2012, we issued non-market economy (NME) AD questionnaires to these companies. In September 2012, Automann and Zhengda submitted responses to sections A, C, and D (i.e., the sections related to general information, U.S. sales, and factors of production (FOPs), respectively) of the Department's NME AD questionnaire. Also in August 2012, one of the companies for which the Department initiated a review, NGBC, notified the Department that it did not export TRBs to the United States during the POR.

In the Initiation Notice, the Department indicated that, in the event that we would limit the respondents selected for individual examination in accordance with section 777A(c)(2) of the Act, we would select mandatory respondents for individual examination based upon CBP entry data.[5] In September and October 2012, we received comments on the issue of respondent selection from the petitioner,[6] CPZ/SKF, SGBC, and Zhaofeng. In its respondent selection comments, SGBC indicated that it had no reviewable transactions during the POR. Also in September and October 2012, we received separate rate applications from DHAM, SGBC, and Zhaofeng, and separate rate certifications from Sihe and CPZ/SKF.

In October 2012, after considering the large number of potential respondents involved in this administrative review, and the resources available to the Department, we determined that it was not practicable to examine all exporters of subject merchandise for which a review was requested. As a result, pursuant to section 777A(c)(2)(B) of the Act, we determined that we could reasonably individually examine only one exporter accounting for the largest volume of TRBs from the PRC during the POR (i.e., CPZ/SKF).[7] Accordingly, we issued the NME AD

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[2] See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 77 FR 32528 (June 1, 2012).

[3] See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part, 77 FR 45338, 45340 (July 31, 2012) (Initiation Notice). The eight companies listed in the Initiation Notice are: (1) Changshan Peer Bearing Co. Ltd. (CPZ/SKF); (2) Ningbo General Bearing Co., Ltd. (NGBC); (3) Shanghai General Bearing (SGBC); (4) Xinchang Kaiyuan Automotive Bearing Co., Ltd. (Kaiyuan); (5) Zhejiang Sihe Machine Co., Ltd. (Sihe); (6) Timken de Mexico S.A. de C.V. (Timken Mexico); (7) Dana Heavy Axle S.A. de C. V. (DHAM); and (8) Zhejiang Zhaofeng Mechanical and Electronic Co., Ltd. (Zhaofeng).

[4] See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Initiation of Antidumping Duty New Shipper Review, 77 FR 45587 (August 1, 2012) (Zhengda) and Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Initiation of Antidumping Duty New Shipper Review, 77 FR 45588 (August 1, 2012) (Automann).

[5] See Initiation Notice, 77 FR at 45339.

[6] The petitioner is the Timken Company.

[7] See the October 10, 2012, memorandum to the file, entitled "Selection of Respondents for the 2011-2012 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished from the People's Republic of China."

questionnaire to this company. Also in October 2012, Kaiyuan withdrew its request for an administrative review.

In November 2012, the Department aligned the NSRs with the administrative review.[8] Also in this month, CPZ/SKF submitted its response to sections A, C, and D of the Department's questionnaire. From November 2012, through April 2013, we issued supplemental questionnaires to the respondents. We received responses to these questionnaires from November 2012 through May 2013.

In December 2012, we received surrogate value (SV) comments from the petitioner, CPZ/SKF, Automann, and Zhengda. In January 2013, the petitioner alleged that CPZ/SKF engaged in targeted dumping during the POR. In February 2013, the Department extended the time period for issuing the preliminary results until July 1, 2013.[9]

In March 2013, we notified interested parties of our intent to rescind the administrative review, in part, with respect to SGBC because it had no reviewable transactions during the POR.[10] In April 2013, we received comments from the petitioner and SGBC regarding this decision. On June 11, 2013, the Department published a notice in the Federal Register rescinding the administrative review, in part, with respect to SGBC and Kaiyuan.[11]

Scope of the Order

Imports covered by the order are shipments of tapered roller bearings and parts thereof, finished and unfinished, from the PRC; flange, take up cartridge, and hanger units incorporating tapered roller bearings; and tapered roller housings (except pillow blocks) incorporating tapered rollers, with or without spindles, whether or not for automotive use. These products are currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) item numbers 8482.20.00, 8482.91.00.50, 8482.99.15, 8482.99.45, 8483.20.40, 8483.20.80, 8483.30.80, 8483.90.20, 8483.90.30, 8483.90.80, 8708.70.6060, 8708.99.2300, 8708.99.4850, 8708.99.6890, 8708.99.8115, and 8708.99.8180. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

[8] See the November 13, 2012, memorandum to the file, entitled "Alignment of the New Shipper Reviews of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished (TRBs), from the People's Republic of China (PRC) with the 25th Administrative Review of TRBs from the PRC."

[9] See the February 13, 2013, Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, entitled "Tapered Roller Bearings and Parts Thereof, Finished and Unfinished from the People's Republic of China: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review and New Shipper Reviews."

[10] See the March 25, 2013, memorandum to the file, entitled "2011-2012 Administrative Review of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished from the People's Republic of China: Intent to Rescind Administrative Review."

[11] See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished From the People's Republic of China: Rescission, in Part, of Antidumping Duty Administrative Review, 78 FR 34985 (June 11, 2013) (Partial Rescission Notice).

Bona Fides Analysis

Consistent with the Department's practice, we examined the bona fides of the sales under review in the NSRs.[12] Evaluating whether a sale in an NSR is commercially reasonable or typical of normal business practices, and therefore bona fide, the Department considers, inter alia, such factors as (a) the timing of the sale, (b) the price and quantity, (c) the expenses arising from the transaction, (d) whether the goods were resold at a profit, and (e) whether the transaction was made on an arm's-length basis.[13] Accordingly, the Department considers a number of factors in its bona fides analysis, "all of which may speak to the commercial realities surrounding an alleged sale of subject merchandise."[14] In TTPC, the Court of International Trade (CIT) also affirmed the Department's decision that any factor which indicates that the sale under consideration is not likely to be typical of those which the producer will make in the future is relevant,[15] and found that the weight given to each factor investigated will depend on the circumstances surrounding the sale.[16] Finally, in New Donghua, the CIT affirmed the Department's practice of evaluating the circumstances surrounding an NSR sale, so that a respondent does not unfairly benefit from an atypical sale and obtain a lower dumping margin than the producer's usual commercial practice would dictate.[17] Where the Department finds that a sale is not bona fide, the Department will exclude the sale from its dumping margin calculations.[18]

We found that the sales by Automann and Zhengda were made on bona fide bases. Based on our investigation into the bona fide nature of the sales, the questionnaire responses submitted by Automann and Zhengda, and Automann's and Zhengda's eligibility for a separate rate (see the "Separate Rates" section of this notice, below), we preliminarily determine that Automann and Zhengda have met the requirements to qualify as new shippers during this POR. Because much of the factual information used in our analysis of the bona fides of these respondents' transactions involves business proprietary information, the full discussion of the basis for our preliminary finding that these sales are bona fide is set forth in the respective bona fides memoranda.[19]

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[12] See, e.g., Honey from the People's Republic of China: Rescission and Final Results of Antidumping Duty New Shipper Reviews, 71 FR 58579 (October 4, 2006) and accompanying Issues and Decision Memorandum at Comment 1b.

[13] See Tianjin Tiancheng Pharmaceutical Co., Ltd. v. United States, 366 F. Supp. 2d 1246, 1249-1250 (CIT 2005) (TTPC)

[14] See Hebei New Donghua Amino Acid Co., Ltd. v. United States, 374 F. Supp. 2d 1333, 1342 (CIT 2005) (New Donghua) (citing Fresh Garlic from the People's Republic of China: Final Results of Antidumping Administrative Review and Rescission of New Shipper Review, 67 FR 11283 (March 13, 2002), and accompanying Issues and Decision Memorandum: New Shipper Review of Clipper Manufacturing Ltd.).

[15] See TTPC, 366 F. Supp. 2d at 1250.

[16] Id. at 1263.

[17] See New Donghua, 374 F. Supp. 2d at 1344.

[18] See TTPC, 366 F. Supp. 2d at 1249.

[19] See the July 1, 2013, memorandum from Hector Rodriguez, Analyst, to the file, entitled "Analysis of Zhejiang Zhengda Bearing Co., Ltd.'s Bona Fides As A New Shipper" and the July 1, 2013, memorandum from

DISCUSSION OF THE METHODOLOGY

Non-Market Economy Country

Pursuant to section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. Accordingly, we calculated NV value in accordance with section 773(c) of the Act, which applies to NME countries.

Separate Rates

In NME proceedings, there is a rebuttable presumption that companies are subject to government control and, thus, should be assessed a single antidumping duty rate.[20] 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.[21] It is the Department's policy to assign exporters of the subject merchandise from an NME country a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (de jure) and in fact (de facto), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting entity in an NME country under the test established in Sparklers,[22] as amplified by Silicon Carbide.[23] However, if the Department determines that a company is wholly foreign-owned, then consideration of the de jure and de facto criteria is not necessary to determine whether it is independent from government control.[24]

In this review, in addition to CPZ/SKF, Automann, and Zhengda, four other entities, DHAM, SGBC, Sihe, and Zhaofeng, submitted separate rate applications or certifications. With respect to Timken Mexico and NGBC, neither of these companies submitted separate rate applications or certifications. Regarding the two remaining companies, (i.e., SGBC and Kaiyuan), as noted above, the Department rescinded the review with respect to these companies.[25]

Henry Almond, Analyst, to the file, entitled "Analysis of Haining Automann Parts Co., Ltd. Bona Fides As A New Shipper."

[20] See Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China, 71 FR 53079, 53082 (September 8, 2006); see also Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof From the People's Republic of China, 71 FR 29303, 29307 (May 22, 2006).

[21] See Initiation Notice, 77 FR at 45339.

[22] See Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China, 56 FR 20588 (May 6, 1991) (Sparklers).

[23] See Notice of 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).

[24] See, e.g., Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles From the People's Republic of China, 72 FR 52355, 52356 (September 13, 2007) (Wax Candles from the PRC).

[25] See Partial Rescission Notice.

Separate Rate Respondents

1) Wholly Foreign-Owned Company

DHAM submitted information indicating that it is a wholly foreign-owned company.[26] Therefore, there is no PRC ownership of DHAM. Because the Department has no evidence indicating that DHAM is under the control of the PRC, consideration of the de jure and de facto criteria is not necessary.[27] Accordingly, the Department has preliminarily granted separate rate status to DHAM.

2) Joint Ventures Between PRC and Foreign Companies or Wholly PRC-Owned Companies

Automann, CPZ/SKF, Sihe, Zhaofeng, and Zhengda stated that they are either joint ventures between a PRC- and PRC-owned company or wholly Chinese-owned companies. In accordance with our practice, the Department has analyzed whether these respondents have demonstrated the absence of de jure and de facto governmental control over their respective export activities.

a) *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.[28]

The evidence provided by Automann, CPZ/SKF, Sihe, Zhaofeng, and Zhengda supports a preliminary finding of an absence of de jure government control based on the following: (1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) there are applicable legislative enactments decentralizing control of the companies; and (3) there are formal measures by the government decentralizing control of the companies.

b) *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

[26] See DHAM's Separate Rate Application, dated October 11, 2012.

[27] See, e.g., Wax Candles from the PRC, 72 FR at 52356; Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of the Fourth New Shipper Review and Rescission of the Third Antidumping Duty Administrative Review, 66 FR 1303, 1306 (January 8, 2001), unchanged in Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of Fourth New Shipper Review and Rescission of Third Antidumping Duty Administrative Review, 66 FR 27063 (May 16, 2001); and Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate From the People's Republic of China, 64 FR 71104 (December 20, 1999).

[28] See Sparklers, 56 FR at 20589.

from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses.[29]

The Department has determined that an analysis of de facto control is critical in determining whether the respondents are, in fact, subject to a degree of government control over export activities which would preclude the Department from assigning separate rates. For Automann, CPZ/SKF, Sihe, Zhaofeng, and Zhengda, we determine that the evidence on the record supports a preliminary finding of an absence of de facto government control based on record statements and supporting documentation showing the following: (1) the respondent sets its own export prices independent of the government and without the approval of a government authority; (2) the respondent retains the proceeds from its sales and makes independent decisions regarding disposition of profits or financing of losses; (3) the respondent has the authority to negotiate and sign contracts and other agreements; and (4) the respondent has autonomy from the government regarding the selection of management.

The evidence placed on the record of this review by Automann, CPZ/SKF, Sihe, Zhaofeng, and Zhengda demonstrates an absence of de jure and de facto government control with respect the companies' exports of the merchandise under review, in accordance with the criteria identified in Sparklers and Silicon Carbide. Therefore, we are preliminarily granting Automann, CPZ/SKF, Sihe, Zhaofeng, and Zhengda separate rates.

4) PRC-Wide Entity

As discussed above, in this administrative review based on our resources we limited the selection of respondents for individual examination. In this case, we made the separate rate application and certification available on the Department's website to the companies who were not selected.[30] Certain of these companies for which a review was requested, did not apply for separate rate status.[31] Thus, the PRC-wide entity is considered to be under review.[32] Consistent with our practice,[33] we continue to use the rate for the PRC-wide entity, 92.84 percent, that was assigned in the most recent administrative review in which the PRC-wide entity was reviewed.[34]

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[29] 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).

[30] See Initiation Notice.

[31] NGBC is a PRC exporter that did not submit a separate rate application. Timken Mexico is a non-PRC exporter that was supplied with subject merchandise by a PRC exporter not eligible for a separate rate, did not submit a separate rate application, and confirmed to the Department that it was not claiming to be eligible for its own rate. See the June 24, 2013, memorandum to the file from Henry Almond, Analyst, entitled "Telephone Conversation with Counsel to Timken Mexico."

[32] See, e.g., Honey From the People's Republic of China: Preliminary Results of Review, 77 FR 46699, 46700 (August 6, 2012); Certain Preserved Mushrooms From the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review, 71 FR 64930, 64933 (November 6, 2006).

[33] See, e.g., Certain Activated Carbon From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012, 78 FR 26748 (May 8, 2013) and accompanying Preliminary Decision Memorandum at 11; and Certain Steel Threaded Rod From the People's Republic of China: Preliminary

Separate Rate for Non-Selected Companies

In accordance with section 777A(c)(2)(B) of the Act, the Department employed a limited examination methodology as it was not practical to examine all companies for which an administrative review was initiated. We selected CPZ/SKF as the sole mandatory respondent for this review. As discussed above, DHAM, Sihe, and Zhaofeng are exporters of subject merchandise that have demonstrated their eligibility for a separate rate, but were not selected for individual examination in this review. The statute and the Department's regulations do not directly address the establishment of a rate to be applied to individual companies not selected for individual examination where the Department limited its examination in an administrative review pursuant to section 777A(c)(2) of the Act. The Department's practice in cases involving limiting respondent selection based on exporters accounting for the largest volumes of trade has been to look at section 735(c)(5) of the Act for guidance, which provides instructions for calculating the all-others rate using zero or de minimis rates or any rates based entirely on facts available. Section 735(c)(5)(B) of the Act provides that "the estimated all-others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated." The statute further provides that, where all rates are zero rates, de minimis rates, or rates based entirely on facts available, the Department may use "any reasonable method" for assigning the rate to non-selected respondents. In this instance, the only individually-examined company is CPZ/SKF, which has a rate that is not zero, de minimis, or based entirely on facts available.

Accordingly, for the preliminary results, consistent with the Department's practice,[35] the Department has preliminarily determined that the weighted-average dumping margin to be assigned to the separate rate respondents not individually examined should be the weighted-average dumping margin calculated for the mandatory respondent, CPZ/SKF.

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 FOPs, valued in a surrogate market economy (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.[36] The Department

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Results of Antidumping Duty Administrative Review; 2011-2012, 78 FR 21101 (April 9, 2013) and accompanying Preliminary Decision Memorandum at 8 (Steel Threaded Rod from the PRC).

[34] See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 74 FR 3987 (January 22, 2009).

[35] See, e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2010-2011, 78 FR 3396, 3397 (January 16, 2013); and Steel Threaded Rod from the PRC, 78 FR 21101.

[36] See Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004).

determined that Columbia, Costa Rica, Indonesia, Philippines, South Africa, and Thailand are countries whose per capita gross national incomes are comparable to the PRC in terms of economic development.[37] The sources of the SVs we have used in these reviews are discussed under the "Normal Value" section below.

With respect to the Department's selection of a surrogate country, both the petitioner and CPZ/SKF argue that Thailand is the most appropriate surrogate country from which to derive SVs for the PRC. Neither of the new shipper respondents commented on which country the Department should select as the appropriate surrogate country.

The Department is preliminarily selecting Thailand as the surrogate country on the basis that: (1) it is at a similar level of economic development to the PRC, pursuant to 773(c)(4) of the Act; (2) it is a significant producer of comparable merchandise; and (3) we have reliable data from Thailand that we can use to value the FOPs.[38] Accordingly, we have calculated NV using Thai SVs when available and appropriate to value the respondents' FOPs. In accordance with 19 CFR 351.301(c)(3)(ii) (2012), for the final results of an administrative review or NSR, interested parties may submit publicly available information to value the FOPs within 20 days after the date of publication of these preliminary results.[39]

Date of Sale

CPZ/SKF, Automann, and Zhengda reported that the date of sale was determined by the invoice issued to their unaffiliated U.S. customers. In this case, because the Department found no evidence contrary to the respondents' claims that invoice date was the appropriate date of sale, the Department used invoice date as the date of sale for these preliminary results in accordance with 19 CFR 351.401(i).[40]

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[37] See the July 1, 2013, memorandum from Stephen Banea, Analyst, to the file, entitled "Tapered Roller Bearings from the People's Republic of China: Surrogate Value Memorandum" (Surrogate Value Memorandum).

[38] See the Surrogate Value Memorandum; see also the "Factor Valuations" section of this memorandum, below.

[39] In accordance with 19 CFR 351.301(c)(1) (2012), for the final results of this administrative review and these NSRs, interested parties may submit factual information to rebut, clarify, or correct factual information submitted by an interested party less than ten days before, on, or after, the applicable deadline for submission of such factual information. However, the Department notes that 19 CFR 351.301(c)(1) (2012) permits new information only insofar as it rebuts, clarifies, or corrects information recently placed on the record. The Department generally will not accept the submission of additional, previously absent-from-the-record alternative surrogate value information pursuant to 19 CFR 351.301(c)(1) (2012). See Glycine from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Rescission, in Part, 72 FR 58809 (October 17, 2007), and accompanying Issues and Decision Memorandum at Comment 2.

[40] See, e.g., 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.

Normal Value Comparisons

To determine whether sales of the subject merchandise made by CPZ/SKF, Zhengda, and Automann to the United States were at prices below NV, we compared each company's export price (EP) or constructed export price (CEP), where appropriate, to NV, as described below.

A. *Determination of Comparison Method*

As noted in the "Background" section, above, the petitioner alleged that CPZ/SKF engaged in targeted dumping during the POR. However, for the preliminary results of this review, the Department is examining this issue using a "differential pricing" analysis instead of the "targeted dumping" analysis. This differential pricing analysis is described below.

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs) (the average-to-average (A-to-A) method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping investigations, the Department examines whether to use the average-to-transaction (A-to-T) method as an alternative comparison method using an analysis consistent with section 777A(d)(l)(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, nevertheless, finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping investigations.[41] In recent investigations, the Department applied a "differential pricing" analysis for determining whether application of A-to-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.[42] The Department finds the 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.[43] 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-to-A method in calculating weighted-average dumping margins.

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[41] See Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping DutyAdministrative Reviews; 2010-2011, 77 FR 73415 (December 10, 2012), and accompanying Issues and Decision Memorandum at Issue 1.

[42] 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.

[43] See, e.g., Certain Steel Threaded Rod From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, 78 FR 21101 (April 9, 2013), and accompanying Decision Memorandum; Polyester Staple Fiber From Taiwan: Preliminary Results of Antidumping Duty Administrative Review, 78 FR 17637 (March 22, 2013), and accompanying Decision Memorandum.

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. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the A-to-A method to calculate the weighted-average dumping margin.

The differential pricing analysis used in these preliminary results 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 customer codes. Regions are defined using the reported destination code (e.g., zip code) 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 in these preliminary results, 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 identified pattern of EPs that differ significantly supports the consideration of the application of the A-to-T method to all sales as an alternative to the A-to-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-to-T method to those sales identified as passing the Cohen's *d* test as an alternative to the A-to-A method, and application of the A-to-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-to-A method.

If both tests in the first stage (e.g., the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of EPs (or CEPs) 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 the A-to-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-to-A method. If the difference between the two calculations is meaningful, this demonstrates that the A-to-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-to-A method and the appropriate alternative method where both results are above de minimis, or 2) the resulting weighted-average dumping margin moves across the de minimis threshold.

Interested parties may present arguments and justifications 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.

B. Results of the Differential Pricing Analysis

For CPZ/SKF, based on the results of the differential pricing analysis, the Department finds that 45 percent of CPZ/SKF's export sales confirm the existence of a pattern of CEPs for comparable merchandise that differ significantly among purchasers, regions or time periods.[44] Further, the Department determines that the A-to-A method cannot appropriately account for such differences because the resulting weighted-average dumping margin calculated using the A-to-A method and an alternative method based on the A-to-T method applied to U.S. sales which pass the Cohen's *d* test moves across the de minimis threshold.[45] Accordingly, the Department has preliminarily determined to use the A-to-T method for U.S. sales passing the Cohen's *d* test and the A-to-A method for U.S. sales not passing the Cohen's *d* test to calculate the weighted-average dumping margin for CPZ/SKF.

For Automann and Zhengda, the Department finds that Automann's and Zhengda's export sales do not show the existence of a pattern of EPs for comparable merchandise that differ significantly among purchasers, regions or time periods.[46] Accordingly, the Department has preliminarily determined to use the A-to-A method to calculate the weighted-average dumping margins for Automann and Zhengda.

[44] See the July 1, 2013, memorandum from Blaine Wiltse, Analyst, to the file, entitled "Calculation Adjustments for Changshan Peer Bearing Co., Ltd. and Peer Bearing Company for the Preliminary Results" (CPZ/SKF Prelim Analysis Memo) at 1-2.

[45] Id.

[46] See the July 1, 2013, memorandum from Henry Almond, Analyst, to the file, entitled "Calculation Adjustments for Automann for the Preliminary Results Preliminary Calculation Memorandum for Automann" (Automann Preliminary Calc Memo) and the July 1, 2013, memorandum from Hector Rodriguez, Analyst, to the file, entitled "Calculation Adjustments for Zhengda for the Preliminary Results."

U.S. Price – Constructed Export Price

CPZ/SKF reported that all of its POR sales were CEP sales in accordance with section 772(b) of the Act because the first sale to an unaffiliated purchaser was made after importation. For these sales, we based CEP on prices to the first unaffiliated purchaser in the United States. We made deductions from the U.S. sales price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These included foreign inland freight from the plant to the port of exportation and foreign brokerage and handling, international freight, marine insurance, U.S. brokerage and handling, U.S. customs duty, U.S. warehousing expenses, U.S. inland freight from port to the warehouse, and, where applicable, U.S. inland freight from the warehouse to the customer. In accordance with our practice,[47] we offset inland freight expenses from CPZ/SKF's U.S. warehouse to its U.S. customer by the reported freight revenue for these sales.[48] In instances where the above-listed expenses were incurred in the PRC, we valued these expenses using the SV methodology described in the "Factor Valuations" section of this memorandum, below.

In accordance with section 772(d)(1) of the Act, the Department deducted from the U.S. price commissions paid to unaffiliated selling agents, inventory carrying costs, credit expenses, repacking expenses, and U.S. indirect selling expenses, all of which relate to commercial activity in the United States. Finally, we deducted CEP profit, in accordance with sections 772(d)(3) and 772(f) of the Act.

U.S. Price – Export Price

Automann and Zhengda reported that their respective sales were EP sales in accordance with 772(a) of the Act, because the first sale to an unaffiliated purchaser was made prior to importation and the CEP methodology was not otherwise warranted based on the facts of the record. Regarding Automann's sales of subject merchandise, Automann reported that it sold TRBs housed in assembled wheel hub units, which the Department has previously determined are covered by the scope of the order.[49] However, Automann invoiced the TRB component of its wheel hub units separately from the other components of the wheel hub unit.[50] Accordingly, as the starting price we have used the price of the completed wheel hub unit (i.e., sum of the price of the TRB component and the price of the other components comprising the assembled wheel hub units). For further discussion, see the Automann Preliminary Calc Memo.

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[47] See, e.g., Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administrative Review, 74 FR 40167 (Aug. 11, 2009), and accompanying Issues and Decision Memorandum at Comment 3; and Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administrative Review and Notice of Intent to Revoke Antidumping Duty Order in Part, 75 FR 50999 (Aug. 18, 2010), and accompanying Issues and Decision Memorandum at Comment 2.

[48] See CPZ/SKF Prelim Analysis Memo at 5.

[49] See Power Train Components v. United States, Slip Op. 13-67, Court No. 11-00153 (CIT May 29, 2013).

[50] See, e.g., Automann's March 12, 2013, submission.

To calculate EP for both respondents, we deducted foreign inland freight from the starting price, in accordance with section 772(c) of the Act. We calculated each respondent's foreign inland freight expenses using the SV methodology described in the "Factor Valuations" section of this memorandum, below.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using an FOPs methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV on the FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under the Department's normal methodologies. Under section 773(c)(3) of the Act, FOPs 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 used FOPs reported by the respondents for materials, labor, and packing, but excluded energy (i.e., electricity and coal). See the Surrogate Value Memorandum for further discussion regarding energy reporting in financial statements.

In the instant review, CPZ/SKF reported sales that were further manufactured or assembled in a third country. Consistent with our practice in this proceeding,[51] the Department has determined that the finishing operations in the third country do not constitute substantial transformation and, hence, do not confer a new country of origin for antidumping purposes. As such, we have determined NV for such sales based on the country of origin (i.e., the PRC), pursuant to section 773(a)(3)(A) of the Act, because CPZ/SKF knew at the time of the sale of merchandise to the third country that it was destined for export to the United States. The Department also included the further manufacturing and assembly costs incurred in the third country, as reported by CPZ/SKF, 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.[52]

Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on FOPs reported by CPZ/SKF, Automann, and Zhengda for the POR. Regarding the FOPs reported by Automann, because we have used the U.S. price of Automann's completed wheel hub units as the basis for EP, as discussed above, we have also used the FOPs reported by Automann for the assembled wheel hub units as the basis for NV.

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[51] See, e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of the 2009–2010 Antidumping Duty Administrative Review and Rescission of Administrative Review, in Part, 77 FR 2271 (January 17, 2012); Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of the 2008–2009 Antidumping Duty Administrative Review, 76 FR 3086 (January 19, 2011), and accompanying Issues and Decision Memorandum at Comment 6; and Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China: Final Results of 2007-2008 Administrative Review of the Antidumping Duty Order, 75 FR 844 (January 6, 2010), and accompanying Issues and Decisions Memorandum at Comment 1.

[52] See CPZ/SKF Prelim Analysis Memo at 6.

The Department used Thai import data and other publicly available Thai sources in order to calculate SVs for each respondent's FOPs. To calculate NV, the Department multiplied the reported per-unit FOP quantities by publicly available SVs. 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.[53]

For the preliminary results, in accordance with the Department's practice, except where noted below, we used data from the Thai import statistics in the Global Trade Atlas (GTA), published by Global Trade Information Services, Inc., and other publicly available Thai sources to calculate SVs for certain FOPs reported by CPZ/SKF, Automann, and Zhengda (i.e., direct material and packing materials and certain movement expenses). The GTA reports import statistics, such as from Thailand, in the original reporting currency and, thus, these data correspond to the original currency value reported by each country. The record shows that data in the Thai import statistics, as well as those from several other Thai sources, are contemporaneous with the POR, product-specific, and tax-exclusive.[54] In those instances where we could not obtain publicly available information contemporaneous to the POR with which to value factors, we adjusted the SVs using, where appropriate, the Thai Producer Price Index (PPI) or Consumer Price Index as published in the International Monetary Fund's International Financial Statistics.[55]

As appropriate, the Department adjusted input prices by including freight costs to render them delivered prices. Specifically, the Department added to Thai import SVs, reported on a Cost, Insurance and Freight basis, a surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory where it relied on an import value. 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, exchange rates, and taxes. Moreover we converted all applicable FOPs to a per-kilogram basis.

Furthermore, with regard to the Thai import-based SVs, we disregarded import data 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, and the Republic of Korea may have been subsidized because we have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies.[56] Therefore, it is reasonable to infer that all exports to all

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[53] 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.

[54] See Surrogate Value Memorandum.

[55] See, e.g., Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 74 FR 9600 (March 5, 2009), unchanged in Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Determination of Sales at Less than Fair Value, 74 FR 36656 (July 24, 2009).

[56] 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

markets from these countries may be subsidized.[57] 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.[58] 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 SVs, because the Department could not be certain that they were not from either an NME country or a country with general export subsidies.[59] Therefore, we have not used prices from these countries either in calculating the Thai import-based SVs or in calculating ME input values.

Pursuant to 19 CFR 351.408(c)(1), when a respondent reports raw material inputs sourced from and produced by ME suppliers in meaningful quantities (i.e., not insignificant quantities) and paid for in an ME currency during the POR, the Department uses the actual price paid by the respondent to value those inputs, except when prices may have been distorted by findings of dumping or subsidization.[60] Where the Department finds ME purchases to be of significant quantities (i.e., 33 percent or more), in accordance with our statement of policy as outlined in Antidumping Methodologies: Market Economy Inputs,[61] the Department uses the actual purchase prices to value the inputs. Information reported by CPZ/SKF demonstrates that certain inputs were sourced from and produced by an ME country and paid for in an ME currency during the POR.[62] The information reported by CPZ/SKF also demonstrates that such inputs were purchased in significant quantities (i.e., 33 percent or more) from ME suppliers; hence, the Department has used CPZ/SKF's actual ME purchase prices to value these inputs.[63] Where appropriate, freight expenses were added to the ME price of the input.

Sunset Review, 70 FR 45692 (August 8, 2005), and accompanying Issues and Decision Memorandum at 4; and 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.

[57] 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.

[58] 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).

[59] 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).

[60] See, e.g., Antidumping Duties; Countervailing Duties; Final Rule, 62 FR 27296, 27366 (May 19, 1997).

[61] See Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments, 71 FR 61716, 61717-61718 (October 19, 2006) (Antidumping Methodologies: Market Economy Inputs).

[62] See CPZ/SKF's section D response, submitted on November 30, 2012, at Appendices D-7 and D-10.

[63] Id.

CPZ/SKF reported separate FOP information for merchandise produced by CPZ/SKF, and for merchandise which was produced by CPZ prior to its acquisition by SKF (pre-acquisition CPZ). For those POR sales of merchandise produced by pre-acquisition CPZ, CPZ/SKF reported the FOPs from pre-acquisition CPZ. For all POR sales of merchandise produced after the acquisition by SKF, CPZ/SKF reported its own FOPs.

We valued brokerage and handling using a price list for export procedures necessary to export a standardized cargo of goods in Thailand in a 20-foot container. The price list was published in the World Bank publication, Doing Business in Thailand.[64] The reported prices were contemporaneous with the POR.

We valued truck freight using Thai data published by the Thailand Board of Investment's Costs of Doing Business in Thailand[65] and distances between Thai cities published on Google Maps: https://maps.google.com. The rates were in effect prior to the POR, so we adjusted them to be contemporaneous with the POR, using the PPI.[66]

CPZ/SKF reported that more than 33 percent of its international ocean freight services and air freight services were purchased from ME suppliers in ME currency, so the Department valued NME ocean freight service and air freight service purchases using CPZ/SKF's ME ocean freight and air freight purchases, as applicable, during the POR.[67]

On June 21, 2011, the Department revised its methodology for valuing the labor input in NME antidumping proceedings.[68] In Labor Methodologies, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization (ILO) Yearbook of Labor Statistics.[69]

In these preliminary results, the Department calculated the labor input value using data from the 2007 Industrial Census data published by Thailand's National Statistics Office (the 2007 NSO data).[70] Although the 2007 NSO data are not from the ILO, the Department finds that this fact does not preclude us from using this source for valuing labor. In Labor Methodologies, the Department decided to change to the use of ILO Chapter 6A from the use of ILO Chapter 5B data, on the rebuttable presumption that Chapter 6A data better account for all direct and indirect labor costs.[71] The Department did not, however, preclude all other sources for evaluating labor

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[64] See Surrogate Value Memorandum at Attachment 4.

[65] See Surrogate Value Memorandum at 12 and Attachment 4.

[66] See Surrogate Value Memorandum.

[67] Id.

[68] See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092 (June 21, 2011) (Labor Methodologies).

[69] Id.

[70] See SKF's comments dated December 21, 2012 at Appendix 6, 7.

[71] See Labor Methodologies, 76 FR at 36093.

costs in NME antidumping proceedings. Rather, we continue to follow our practice of selecting the best available information to determine SVs for inputs such as labor.[72] Thus, we find that the 2007 NSO data are the best available information for valuing labor for this segment of the proceeding. Specifically, the 2007 NSO data are not only more contemporaneous than the ILO Chapter 6A data from Thailand, which is from 2005,[73] but also they are specific to the bearings industry, while the 2005 ILO data represent all Thai manufacturing.

The petitioner has argued against using the 2007 NSO data, stating that these data may be incomplete because they do not include the category "Remuneration for time not worked (rest days, annual leave, vacation)" present in the ILO data.[74] However, we disagree that such costs are missing from the NSO data, which are described as including the following categories: "wages and salaries" (consisting of all payments paid to employees during the year) (emphasis added); "fringe benefits" (consisting of all payments in addition to wages or salaries paid to employees); and "employer's contribution to social security" (consisting of all payments made by employers to social security schemes for the benefits received by employees in respect of absence from work during employment, injury, accident, disability, maternity and death). Moreover, the Department has used the 2007 NSO data to value the labor input in several recent determinations.[75] The calculated wage rate is provided in the Surrogate Value Memorandum.

Pursuant to 19 CFR 351.408(c)(4), the Department valued factory overhead, selling, general and administrative expenses, and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country. For these preliminary results, we used ratios derived from the financial statements of JTEKT (Thailand) Co., Ltd. for the fiscal year ending December 31, 2011. We find that these financial statements constitute the best available information with which to determine the financial ratios.

Automann and Zhengda submitted the financial statements for NSK Bearing Manufacturing (Thailand) Co., Ltd. (NSK) for the fiscal year ending March 31, 2012. However, we find that the English translation of these financial statements is incomplete, and thus NSK's financial statements are not being used to determine the financial ratios. In previous situations where the financial statements of a surrogate company appear incomplete, we have rejected the use of those financial statements.[76]

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[72] See Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 33354 (June 4, 2013), and accompanying Issues and Decision Memorandum at Comment 6-C (Xanthan Gum from the PRC); and Drawn Stainless Steel Sinks From the People's Republic of China: Investigation, Final Determination, 78 FR 13019 (February 26, 2013), and accompanying Issues and Decision Memorandum at Comment 3 (Sinks from the PRC).

[73] See ILO Yearbook of Labor Statistics 2009 at 1052.

[74] See the petitioner's June 7, 2013, submission.

[75] See Xanthan Gum from the PRC, and accompanying Issues and Decision Memorandum at Comment 6-C; and Sinks from the PRC, and accompanying Issues and Decision Memorandum at Comment 3.

[76] See Final Determination: Silicomanganese from Kazakhstan, 67 FR 15535 (April 2, 2002) and accompanying Issues and Decision Memorandum at Comment 3.

As stated above, the Department used Thailand data reported under the 2007 NSO data, which reflects all costs related to labor, including wages, benefits, housing, training, etc. Because the financial statements used to calculate the surrogate financial ratios do not include an itemized detail of indirect labor costs, the Department made no adjustments to the surrogate financial ratios.

CPZ/SKF, Automann, and Zhengda reported that steel scrap was recovered as a by-product of the production of subject merchandise and successfully demonstrated that the scrap has commercial value. Therefore, we have granted a by-product offset for the reported steel scrap, valued using Thai import data.[77]

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

1 July 2013
(Date)

[77] See Surrogate Value Memorandum.