UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

A-570-900
AR: 11/01/11 – 10/31/12
Public Document
AD/CVD I: DSBs Team

MEMORANDUM TO: Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for Preliminary Results of 2011-2012 Antidumping Duty Administrative Review: Diamond Sawblades and Parts Thereof from the People's Republic of China

SUMMARY

In response to requests from interested parties, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on diamond sawblades and parts thereof (diamond sawblades) from the People's Republic of China (PRC) covering the period of review (POR) November 1, 2011, through October 31, 2012. The Department has preliminarily determined that during the POR certain manufacturers/exporters covered by this review have made sales of subject merchandise at less than 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 antidumping duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. We will issue the final results within 120 days from the date of publication of these preliminary results pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act).

BACKGROUND

On November 4, 2009, the Department published in the *Federal Register* an antidumping duty order on diamond sawblades from the PRC.[1] On November 5, 2012, the Department published in the *Federal Register* a notice of opportunity to request an administrative review of the order.[2]

Based on timely requests for an administrative review, the Department initiated an administrative review on December 31, 2012.[3] On February 12, 2013, we selected Beijing Gang Yan Diamond

[1] *See Diamond Sawblades and Parts Thereof From the People's Republic of China and the Republic of Korea: Antidumping Duty Orders*, 74 FR 57145 (November 4, 2009).
[2] *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 77 FR 66437 (November 5, 2012).

Products Co. (BGY), Bosun Tools Co., Ltd. (Bosun), and Weihai Xiangguang Mechanical Industrial Co., Ltd. (Weihai), for individual examination in this review.[4]

As explained in the memorandum from the Assistant Secretary for Enforcement and Compliance, the Department has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 1, through October 16, 2013.[5] Therefore, all deadlines in this segment of the proceeding have been extended by 16 days. The revised deadline for the preliminary results of this review is now December 16, 2013.[6]

SCOPE OF THE ORDER

The products covered by the order are all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope of the order are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).

Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of the order. Diamond sawblades and/or sawblade cores with a thickness of less than 0.025 inches, or with a thickness greater than 1.1 inches, are excluded from the scope of the order. Circular steel plates that have a cutting edge of non-diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of the order. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the order. Diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from the scope of the order. Merchandise subject to the order is typically imported under heading 8202.39.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206.00.00.00 of the HTSUS. On October 11, 2011, the Department included the 6804.21.00.00

---

[3] *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 77 FR 77017 (December 31, 2012) (*Initiation Notice*).

[4] *See* the memorandum entitled "Diamond Sawblades and Parts Thereof from the People's Republic of China: Selection of Respondents for Individual Examination" dated February 12, 2013 (Respondent Selection Memo).

[5] *See* the memorandum for the Record from Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government" (October 18, 2013).

[6] *See* the memorandum entitled "Diamond Sawblades and Parts Thereof from the People's Republic of China: Full Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review" dated November 22, 2013; *see also* the memorandum entitled "Diamond Sawblades and Parts Thereof from the People's Republic of China: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review" dated July 18, 2013.

HTSUS classification number to the customs case reference file, pursuant to a request by CBP.[7] The tariff classification is provided for convenience and customs purposes; however, the written description of the scope of the order is dispositive.

PRELIMINARY DETERMINATION OF NO SHIPMENTS

The following companies, which received separate rates in previous segments of the proceeding and are subject to this review, reported that they did not have any exports of subject merchandise during the POR:

Qingdao Shinhan Diamond Industrial Co., Ltd.
Saint-Gobain Abrasives (Shanghai) Co.[8]

CBP data for the POR corroborated these companies' no-shipment claims.[9] Additionally, we requested that CBP report any contrary information.[10] To date, CBP has not responded to our inquiry with any contrary information and we have not received any evidence that these companies had any shipments of the subject merchandise sold to the United States during the POR.[11] Consistent with the Department's refinement to its assessment practice in NME cases regarding no shipment claims, we are completing the review with respect to these two companies and will issue appropriate instructions to CBP based on the final results of the review.[12]

We also received no shipment claims from China Iron and Steel Research Institute Group (CISRI) and Fujian Quanzhou Wanlong Stone Co., Ltd. (Fujian Quanzhou).[13] Because these two companies do not have a separate rate and remain part of the PRC entity, we are not addressing their no-shipment claims.

---

[7] *See Diamond Sawblades and Parts Thereof From the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review*, 76 FR 76128 (December 6, 2011).

[8] *See* the no shipment letters filed by Qingdao Shinhan and Saint-Gobain Abrasives (Shanghai) Co. on March 1, 2013. In the last completed administrative review, the Department found that Saint-Gobain Abrasives Inc., a company for which we initiated this review in *Initiation Notice*, 77 FR at 77020, is Saint-Gobain Abrasives (Shanghai) Co., Ltd.'s U.S. affiliate. *See Diamond Sawblades and Parts Thereof From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review: 2010–2011*, 77 FR 73417, 73419 n.17 (December 10, 2012) (*2nd Review Prelim*), unchanged in *Diamond Sawblades and Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2010–2011*, 78 FR 36166 (June 17, 2013) (*2nd Review Final*) (collectively *2nd Review Notices*).

[9] *See* the memorandum entitled "Diamond Sawblades and Parts Thereof – Placing CBP Data on the record of this review" dated January 7, 2013.

[10] *See* CBP message numbers 3091303 and 3091304 dated April 1, 2013, for Qingdao Shinhan and Saint-Gobain Abrasives (Shanghai) Co., respectively.

[11] CBP only responds to the Department's inquiry when there are records of shipments from the company in question. *See, e.g., Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Flat Products From Brazil: Notice of Rescission of Antidumping Duty Administrative Review*, 75 FR 65453, 65454 (October 25,2010).

[12] *See Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694 (October 24, 2011) and the "Assessment Rates" section below.

[13] *See* the no shipment letter filed by CISRI on March 1, 2013, and by Fujian Quanzhou on February 4, 2013.

DISCUSSION OF THE METHODOLOGY

Nonmarket Economy Country Status

The Department considers the PRC to be a nonmarket economy (NME) country. In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority.[14] None of the parties to this proceeding has contested NME treatment for the PRC. Therefore, for the preliminary results of this review, we have treated the PRC as an NME country and applied our current NME methodology in accordance with section 773(c) of the Act.

Separate Rates

There is a rebuttable presumption that all companies within the PRC are subject to government control and, thus, should be assessed a single antidumping duty rate.[15] 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.[16] It is the Department's policy to assign all exporters of the merchandise subject to review in NME countries 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*,[17] as amplified by *Silicon Carbide*.[18] However, if the Department determines that a company is wholly foreign-owned or located in a market economy (ME), then a separate rate analysis is not necessary to determine whether it is independent from government control.[19]

In this administrative review, 23 companies submitted separate rate information.[20] The remaining companies under review did not provide either a separate rate application (SRA) or separate rate certification (SRC), as applicable. Therefore, the Department preliminarily

---

[14] *See Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of the 2004/2005 Administrative Review and Preliminary Notice of Intent To Rescind the 2004/2005 New Shipper Review*, 71 FR 26736 (May 8, 2006), unchanged in *Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of the 2004/2005 Administrative Review and Notice of Rescission of 2004/2005 New Shipper Review*, 71 FR 66304 (November 14, 2006).

[15] *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); *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).

[16] *See Initiation Notice*, 77 FR at 77018-19.

[17] *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*).

[18] *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*).

[19] *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).

[20] Danyang City Ou Di Ma Tools Co., Ltd., submitted its separate rate application but withdrew its review request. *See* the PRC-Wide Entity section below for more details.

determines that there were exports of merchandise under review from PRC exporters that did not demonstrate their eligibility for separate rate status. As a result, the Department is treating these PRC exporters as part of the PRC-wide entity.[21]

Separate Rate Respondents

1) *Wholly Foreign-Owned*

Weihai, which was selected for individual examination, reported that it is wholly-owned by a company located in an ME country. Therefore, a separate rates analysis is not necessary to determine whether its export activities are independent from government control.[22]

Additionally, Husqvarna (Hebei) Co., Ltd., which is under review but not selected for individual examination, demonstrated in its SRA that it is wholly owned by a company located in an ME country.[23]

Accordingly, the Department has preliminarily granted separate rate status to these companies.

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

The following respondents seeking a separate rate stated that they are either joint ventures between Chinese and foreign companies or are wholly Chinese-owned companies:

ATM Single Entity[24]
Bosun Tools Co., Ltd.[25]

---

[21] *See* the PRC-Wide Entity section, *infra*.

[22] *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); *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); *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).

[23] *See* Husqvarna (Hebei) Co., Ltd.'s SRA dated March 5, 2013, and its supplemental responses dated August 14, 2013, and August 28, 2013. Husqvarna (Hebei) Co., Ltd., reported that Husqvarna Construction Products North America, Inc., a company for which we initiated this review in *Initiation Notice*, 77 FR at 77020, is its U.S. affiliate. *See* Husqvarna (Hebei) Co., Ltd.'s SRA dated March 5, 2013. Husqvarna (Hebei) Co., Ltd., is also the successor-in-interest to Hebei Husqvarna-Jikai Diamond Tools Co., Ltd. *See Diamond Sawblades and Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Changed Circumstances Review*, 78 FR 48414 (August 8, 2013).

[24] ATM Single Entity includes Advanced Technology & Materials Co., Ltd. (ATM), BGY, and Yichang HXF Circular Saw Industrial Co., Ltd. (currently HXF Saw Co., Ltd.) (HXF), Cliff (Tianjin) International Ltd (Cliff), and AT&M International Trading Co., Ltd. (ATMI). Cliff also used the company name Cliff International Ltd., according to various documents provided in ATM Single Entity's section A response dated March 25, 2013. *See 2nd Review Notices*, 77 at 73419 n.14, for HXF's name change.

Chengdu Huifeng Diamond Tools Co., Ltd.
Danyang Huachang Diamond Tools Manufacturing Co., Ltd.
Danyang NYCL Tools Manufacturing Co., Ltd.
Danyang Weiwang Tools Manufacturing Co., Ltd.
Guilin Tebon Superhard Material Co., Ltd.
Hangzhou Deer King Industrial and Trading Co., Ltd.
Huzhou Gu's Import & Export Co., Ltd.[26]
Jiangsu Fengtai Diamond Tool Manufacture Co., Ltd.
Jiangsu Inter-China Group Corporation[27]
Jiangsu Youhe Tool Manufacturer Co., Ltd.[28]
Qingyuan Shangtai Diamond Tools Co., Ltd.
Quanzhou Zhongzhi Diamond Tool Co. Ltd.
Rizhao Hein Saw Co., Ltd.
Shanghai Jingquan Ind. Trade Co., Ltd.
Shanghai Robtol Tool Manufacturing Co., Ltd.
Wuhan Wanbang Laser Diamond Tools Co.
Xiamen ZL Diamond Technology Co., Ltd.[29]
Zhejiang Wanli Tools Group Co., Ltd.

In accordance with our practice, the Department has analyzed whether these respondents seeking a separate rate 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.[30]

---

[25] Bosun Tools Co., Ltd. was previously known as Bosun Tools Group Co., Ltd., a company for which we initiated this review in *Initiation Notice*, 77 FR at 77020. *See 2nd Review Notices*, 77 at 73419 n.12. Also, Bosun Tools Co., Ltd., reported that Bosun Tools Inc. USA, a company for which we initiated this review in *Initiation Notice*, 77 FR at 77020, is its U.S. affiliate. *See* Bosun Tools Co., Ltd.'s section A response dated April 1, 2013, at 1.
[26] Huzhou Gu's Import & Export Co., Ltd., uses the name Huzhou Gu's Imp. & Exp. Co., Ltd., interchangeably. *See* the memorandum to the File entitled "Diamond Sawblades and Parts Thereof from the People's Republic of China: Placement of Document on the Record for Huzhou Gu's Import & Export Co., Ltd.," dated November 5, 2013.
[27] Jiangsu Inter-China Group Corporation was previously known as Zhenjiang Inter-China Import & Export Co., Ltd., a company for which we initiated this review in *Initiation Notice*, 77 FR at 77020. *See 2nd Review Notices*, 77 at 73419, n. 15.
[28] Jiangsu Youhe Tool Manufacturer Co., Ltd., was previously known as Danyang Youhe Tool Manufacturer Co., Ltd., a company for which we initiated this review in *Initiation Notice*, 77 FR at 77020. *Id.* at n.16.
[29] Xiamen ZL Diamond Technology Co., Ltd., stated in its separate rate application that its name before the POR was Xiamen ZL Diamond Tools Co., Ltd., for which we initiated this review in *Initiation Notice*, 77 FR at 77020. *See* Xiamen ZL Diamond Technology Co., Ltd.'s February 27, 2013, separate rate application at 2.
[30] *See Sparklers*, 56 FR at 20589.

The evidence provided by the above-listed companies supports a preliminary finding of *de jure* absence of 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 (EPs) 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 (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses.[31]

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 each of the above-listed companies, except as discussed in the following paragraph, we determine that the evidence on the record supports a preliminary finding of *de facto* absence of government control based on record statements and supporting documentation showing the following: (1) the respondent sets its own EPs independent of the government and without the approval of a government authority; (2) the respondent has the authority to negotiate and sign contracts and other agreements; (3) the respondent has autonomy from the government regarding the selection of management; and (4) the respondent retains the proceeds from its sales and makes independent decisions regarding disposition of profits or financing of losses.

Ownership is relevant to the separate rates analysis to the extent that ownership, as well as the degree of ownership, affects a company's *de facto* control. For the preliminary results, we find that ATM Single Entity's corporate ownership is similar with no meaningful difference to that as described in the remand redetermination issued on May 6, 2013, in which we denied a separate rate to ATM Single Entity based upon an analysis under the prong of the separate rate test regarding autonomy in selecting its management.[32] Therefore, we preliminarily are denying ATM Single Entity a separate rate status and are assigning the PRC-wide rate accordingly.

The evidence placed on the record of this review by all other companies listed above demonstrates an absence of *de jure* and *de facto* government control with respect these companies' exports of the merchandise under review, in accordance with the criteria identified

---

[31] *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).

[32] *See* Final Results of Redetermination Pursuant to Remand Order for Diamond Sawblades and Parts Thereof from the People's Republic of China (May 6, 2013) in *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 885 F. Supp. 2d 1343 (CIT 2012), *affirmed in Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013). This remand redetermination is on the Enforcement and Compliance website at http://enforcement.trade.gov/remands/12-147.pdf. *See also* the Affiliation section, *infra*, for more details on the companies comprising ATM Single Entity.

in *Sparklers* and *Silicon Carbide*. Therefore, we are preliminarily granting the above-listed companies with the exception of ATM Single Entity a separate rate.

3) Separate Rate for Non-Selected Companies

In accordance with section 777A(c)(2)(B) of the Act, we selected companies within ATM Single Entity, Bosun, and Weihai for individual examination because we did not have the resources to examine all companies for which a review was requested.[33]

The statute and the Department's regulations do not address the establishment of a rate to be applied to individual companies not selected for examination when the Department limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, we have used 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 we did not examine in an administrative review. Section 735(c)(5)(A) of the Act articulates a preference that we do not calculate an all-others rate using any zero or *de minimis* margins or any margins based entirely on facts available. Accordingly, the Department's usual practice has been to average the rates for the selected companies, excluding zero, *de minimis*, and rates based entirely on facts available.[34]

In these preliminary results we have found non-*de minimis* weighted-average margins for Bosun and Weihai. Rates of these two companies are applicable to companies not selected for individual examination and eligible for a separate rate. For non-selected respondent's eligible for a separate rate, we cannot apply our normal methodology of calculating a weighted-average margin using the actual net U.S. sales values and antidumping duty amounts of Bosun and Weihai because doing so could indirectly disclose business-proprietary information to both of these companies. Alternatively, we have previously applied the simple average of the margins we have determined for the selected companies.[35] In order to strike a balance between our duty to safeguard parties' business-proprietary information and our attempt to adhere to the guidance set forth in section 735(c)(5)(A) of the Act, we calculated a weighted-average margin for non-selected respondents using the publicly available, ranged total U.S. sales values of the selected respondents, compared the resulting public, weighted-average margin to the simple average of the antidumping duty margins, and used the amount which is closer to the actual weighted-average margin of the selected respondents as the margin for the non-selected respondents.[36] Accordingly, for the preliminary results of this review, we are assigning the weighted average of these two companies based on their ranged U.S. sales values[37] and dumping margins. The

[33] *See* Respondent Selection Memo.
[34] *See, e.g., 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 (I&D Memo) at Comment 16.
[35] *See, e.g., Ball Bearings and Parts Thereof From France, et al.: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part*, 73 FR 52823, 52824 (September 11, 2008).
[36] *See Ball Bearings and Parts Thereof From France, et al.: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53662 (September 1, 2010), and accompanying I&D Memo at Comment 1.
[37] *See* Bosun's section A response dated April 1, 2010, at Exhibit A-1 and Weihai's supplemental response dated July 30, 2013, at Exhibit SA-1.

separate rate for the eligible non-selected respondents is 4.90 percent. In assigning this separate rate, we did not impute the actions of any other companies to the behavior of the companies not individually examined but based this determination on record evidence that may be deemed reasonably reflective of the potential dumping margin for the companies not selected for individual examination and eligible for a separate rate in this administrative review.

4) PRC-Wide Entity

In the *Initiation Notice*, the Department stated that if one of the companies for which this review was initiated "does not qualify for a separate rate, all other exporters of Diamond Sawblades and Parts Thereof from the PRC who have not qualified for a separate rate are deemed to be covered by this review as part of the single PRC entity of which the named exporters are a part."[38] As explained above, we limited the number of companies individually reviewed. Non-selected companies were able to avail themselves of the SRA and the SRC, which were posted on the Enforcement and Compliance's website at http://enforcement.trade.gov/nme/nme-sep-rate.html.[39]

When parties for which a review was initiated do not apply for separate rate status in that review, the PRC-wide entity is considered to be part of that review.[40] In the instant review, 27 companies did not submit either SRAs or SRCs as required. Also, we preliminarily find that ATM Single Entity, which includes five affiliated companies, is not eligible for a separate rate. As such, we have preliminarily determined that these 32 companies have not demonstrated their eligibility for a separate rate and are properly considered part of the PRC-wide entity.[41] These 32 companies include Danyang ODM, which submitted a SRA[42] but later withdrew its request for a review and notified the Department that it no longer seeks a separate rate.[43] Also among these 32 companies are CISRI and Fujian Quanzhou, which filed no shipment claims.[44] Because these three companies were part of the PRC-wide entity in the last completed review, they

[38] *See Initiation Notice*, 77 FR at 77029, footnote 5.
[39] *Id.*, 77 FR at 77018-19.
[40] *See, e.g., Honey From the People's Republic of China: Preliminary Results of Review*, 77 FR 46699, 46700 (August 6, 2012), unchanged in *Administrative Review of Honey From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 77 FR 70417 (November 26, 2012).
[41] Accordingly, the PRC-wide entity includes the following companies: ATM Single Entity, Central Iron and Steel Research Institute Group, CISRI, Danyang Aurui Hardware Products Co., Ltd., Danyang City Ou Di Ma Tools Co., Ltd. (Danyang ODM), Danyang Dida Diamond Tools Manufacturing Co., Ltd., Danyang Tsunda Diamond Tools Co., Ltd., Electrolux Construction Products (Xiamen) Co. Ltd., Fujian Quanzhou, Hebei Jikai Industrial Group Co., Ltd., Huachang Diamond Tools Manufacturing Co., Ltd., Hua Da Superabrasive Tools Technology Co., Ltd., Jiangsu Fengyu Tools Co., Ltd., Jiangyin Likn Industry Co., Ltd., Protech Diamond Tools, Pujiang Talent Diamond Tools Co., Ltd., Quanzhou Shuangyang Diamond Tools Co., Ltd., Quanzhou Zongzhi Diamond Tool Co. Ltd., Shanghai Deda Industry & Trading Co., Ltd., Shijiazhuang Global New Century Tools Co., Ltd., Sichuan Huili Tools Co., Task Tools & Abrasives, Wanli Tools Group, Wuxi Lianhua Superhard Material Tools Co., Ltd., Zhejiang Tea Import & Export Co., Ltd., Zhejiang Wanda Import and Export Co., Zhejiang Wanda Tools Group Corp., and Zhejiang Wanli Super-hard Materials Co., Ltd.
[42] *See* Danyang ODM's March 4, 2013, separate rate application.
[43] *See* Danyang ODM's withdrawal of its review request dated November 12 and 13, 2013; *see also* the memorandum to the File entitled "Diamond Sawblades and Parts Thereof from the People's Republic of China: Telephone Conversations with a Respondent's Counsel" dated November 8, 2013.
[44] *See* the no shipment letters for CISRI and Fujian Quanzhou dated March 1, 2013, and February 4, 2013, respectively.

remain part of the PRC-wide entity. For the PRC-wide entity, we continue to use the PRC-wide rate of 164.09 percent determined in the original investigation.

Surrogate Country

In antidumping proceedings involving NME countries, pursuant to section 773(c)(1) of the Act, the Department generally bases NV on the value of the NME producer's factors of production (FOP). In accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department uses, 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.[45]

The Department determined that Colombia, Costa Rica, Indonesia, the Philippines, South Africa, and Thailand are countries whose *per capita* gross national incomes (GNI) are at the level of economic development of the PRC.[46] On May 9, 2013, the Department requested comments from interested parties regarding the selection of a surrogate country and surrogate values (SVs).[47] We received comments recommending Thailand as the surrogate country from the petitioner,[48] ATM Single Entity,[49] Bosun,[50] and Weihai.[51] ATM Single Entity recommended the Philippines as an alternative choice.[52]

Comparable Level of Economic Development

As stated above, the Department has determined that Colombia, Costa Rica, Indonesia, the Philippines, South Africa, and Thailand are each at the level of economic development of the PRC in terms of *per capita* GNI during the POR.[53] Accordingly, unless we find that all of the countries determined to be at the level of economic development of the PRC are not significant producers of comparable merchandise, do not provide a reliable source of publicly available surrogate data, are unsuitable for use for other reasons, or we find that another country at the level of economic development of the PRC is an appropriate surrogate, we will rely on data from

---

[45] *See* Enforcement and Compliance Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin) available at http://enforcement.trade.gov/policy/index.html.
[46] *See* Memorandum dated January 25, 2013, entitled "Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Diamond Sawblades and Parts Thereof ('DS') from the People's Republic of China (China)" (Policy Memorandum).
[47] *See* the letter to all interested parties dated May 9, 2013.
[48] The petitioner is Diamond Sawblades Manufacturers Coalition. *See* the petitioner's surrogate country comments dated May 23, 2013.
[49] *See* ATM Single Entity's surrogate country comments dated May 23, 2013, and SV comments dated June 13, 2013. ATM Single Entity recommended the Philippines as the surrogate country in its surrogate country comments but, in its SV comments, it provided Thai SV data and recommended Thailand as the surrogate country and the Philippines as an alternative choice.
[50] *See* Bosun's SV comments dated June 13, 2013, in which Bosun provided Thai SV data.
[51] *See* Weihai's surrogate country comments dated May 23, 2013.
[52] *See* ATM Single Entity's SV comments dated June 13, 2013.
[53] *See* Policy Memorandum.

one of these countries.[54] Therefore, we consider all six countries as having met this prong of the surrogate country selection criteria.

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. 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 Enforcement and Compliance Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (Policy Bulletin 04.1), for guidance on defining comparable merchandise. The Policy Bulletin states that "in all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise."[55] If identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.[56] Further, when selecting a surrogate country, the statute requires the Department to consider the comparability of the merchandise, not the comparability of the industry.[57]

In this review, we preliminarily determine that merchandise described under HTS code 8202.39 ("Circular Saw Blades Of Base Metal With Working Part Of Material Other Than Steel, And Parts") is identical or comparable to the merchandise covered by this review. Because world production data was not available, we analyzed exports under HTS code 8202.39. This analysis shows that Thailand exported significant quantities of diamond sawblades during the POR under HTS code 8202.39.[58] Next we considered the availability of SV data.

Data Considerations

When evaluating SV data, the Department considers several factors including whether the SV is publicly available, contemporaneous with the POR, representative of a broad-market average,

---

[54] *See Certain Steel Threaded Rod From the People's Republic of China: Preliminary Results of the Administrative Review, Intent To Rescind, and Rescission, in Part*, 77 FR 27022 (May 8, 2012); *see also 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 67702, 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).

[55] *See* Policy Bulletin 04.1, which is on the Enforcement and Compliance website at http://enforcement.trade.gov/policy/bull04-1.html.

[56] The Policy Bulletin 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," at note 6.

[57] *See Sebacic Acid from the People's Republic of China; Final Results of Antidumping Duty Administrative Review,* 62 FR 65674 (December 15, 1997), and accompanying I&D Memo at Comment 1 (to 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).

[58] *See* the memorandum entitled "Diamond Sawblades and Parts Thereof from the People's Republic of China: Surrogate Value for the Preliminary Results of Review" dated concurrently with this memorandum (Surrogate Value Memo), at Exhibit 6 for the GTA export quantity data.

from an approved surrogate country, tax- and duty-exclusive, and specific to the input.[59] 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 of valuing the FOPs.[60]

For Thailand, we are able to obtain the required SVs for direct materials, packing materials, byproducts, and certain energy inputs from GTA import data. Labor data for Thailand is available from the National Statistical Office of the Thai government (NSO) and is industry specific. Publicly available data from Thailand provides for a calculation of inland truck freight and domestic brokerage and handling (B&H). Therefore, for these preliminary results the Department has selected Thailand as the primary surrogate country for valuing FOPs. While our preference is to value factors in a single surrogate country when possible, our decision necessarily is guided by considering the best information available on the record.[61]

There are no useable financial statements on the record for Thailand or for the other countries the Department listed as being at the PRC's level of economic development that are also significant producers. There is, however, a set of financial statements from a Philippine producer of comparable merchandise (*i.e.*, a producer of cemented carbide tipped circular saws classified under HTS code 8202.39) on the record that provides sufficient details to calculate the financial ratios[62] required to calculate NV. This set of financial statements is also contemporaneous with the POR (fiscal year ending August 31, 2012).[63] We have relied on this publicly available set of financial statements as the best available information for the calculation of surrogate financial ratios for these preliminary results.

AFFILIATION

ATM Single Entity

In the less-than-fair-value (LTFV) investigation, we treated ATM, BGY, and HXF as a single entity and calculated a single dumping margin for them. In the LTFV investigation, these three companies were collectively called ATM Group.[64] In the LTFV investigation, we also found BGY and its U.S. sales affiliate GYDP[65] affiliated and Cliff, GYDP, and SANC[66] (another U.S. affiliate of BGY) affiliated with each other.[67]

---

[59] *See* Policy Bulletin 04.1.
[60] *Id.; see also, e.g., Certain Steel Threaded Rod From the People's Republic of China; Final Results of Third Antidumping Duty Administrative Review; 2011-2012*, 78 FR 66330 (November 5, 2013), and accompanying I&D Memo at 7.
[61] See *High Pressure Steel Cylinders From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 77 FR 26739 (May 7, 2012), and accompanying I&D Memo at Comments I and II.
[62] These ratios are factory overhead, selling, general, and administrative expenses, and profits.
[63] *See* ATM Single Entity's SV comments dated June 13, 2013, at Exhibit 4.
[64] *See 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, 29304, 29306-07 (May 22, 2006).
[65] Gang Yan Diamond Products, Inc.
[66] SANC Materials, Inc.
[67] *Id.*

In the 2009-10 administrative review, we added ATMI and Cliff to ATM Group. We found that Cliff exported subject merchandise produced by BGY and that BGY controlled Cliff with export pricing. With the addition of ATMI and Cliff, we called this group of five companies ATM Single Entity. [68]

In accordance with section 771(33)(F) and (G) of the Act and 19 CFR 351.102(b)(3), we preliminarily find that these five companies continue to be a single entity in accordance with our decisions in the two previous reviews. For more details, *see* the December 16, 2013, memorandum placing on the record of this review the memorandum entitled "Diamond Sawblades and Parts Thereof from the People's Republic of China: Affiliation and the ATM Single Entity" dated December 3, 2012, which contain ATM Single Entity's business proprietary information.

Weihai

In its section A response, Weihai reported that Fujian Ehwa Diamond Tools Co., Ltd., is its affiliate.[69] On October 21, 2013, the petitioner submitted a letter requesting that the Department collapse Weihai and Fujian Ehwa and request Weihai to submit Fujian Ehwa's FOP data for this review.[70] We intend to seek further information regarding Weihai's relationship with Fujian Ehwa for the final results but we are relying on the FOP data Weihai provided for the preliminary results of this review.

The petitioner also requested that the Department collapse Weihai with another Chinese company. The petitioner claimed that, because of a certain level of common ownership between these two companies' Korean parent companies and because they both produce diamond sawblades, there is a significant potential for manipulation of price and production between these two Chinese companies.[71]

For the preliminary results, we did not collapse Weihai and this Chinese company because we do not find a significant potential for manipulation of price or production between the two companies. In identifying a significant potential for the manipulation of price or production, we consider (1) the level of common ownership; (2) the extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and (3) whether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between affiliated producers.[72] We have information on the record supporting Weihai's claim that Weihai and this Chinese company do not (1) jointly employ or share managers, executives, or members of the board and (2) have intertwined operations between the two companies but we do not have any contrary information on the record. For business

---

[68] *See Diamond Sawblades and Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2009-2010*, 78 FR 11143, 11144 (February 15, 2013).
[69] *See* Weihai's section A response dated April 8, 2013, at 1.
[70] *See* the petitioner's deficiency comments on Weihai dated October 21, 2013.
[71] *Id.*
[72] *See* 19 CFR 351.401(f)(2).

proprietary information, *see* the Weihai preliminary analysis memorandum dated concurrently with this memorandum.

FAIR VALUE COMPARISONS

Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates individual dumping margins by comparing weighted-average NVs to weighted-average EPs or Constructed Export Prices (CEPs) (the average-to-average (A-A) method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping duty 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)(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 finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping duty investigations.[73] In recent investigations and reviews, the Department applied a "differential pricing" analysis to determine 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.[74] The Department finds the differential pricing analysis 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.[75]

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-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 (*e.g.*, zip codes or cities) 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

---

[73] *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).

[74] *See, e.g., Hardwood and Decorative Plywood From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 58273 (September 23, 2013). Differential pricing 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 Preliminary Decision Memorandum, unchanged in *Polyester Staple Fiber From Taiwan: Final Results of Antidumping Duty Administrative Review*; 2011-2012, 78 FR 38938 (June 28, 2013).

[75] *Id.*

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" – the second stage of the analysis – 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 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.

<u>Results of the Differential Pricing Analysis</u>

For Bosun and Weihai, based on the results of the differential pricing analysis, the Department finds that between 33 and 66 percent of its U.S. sales confirm the existence of a pattern of EPs and CEPs for comparable merchandise that differ significantly among purchasers, regions, or time periods.[76] When comparing the weighted-average dumping margins calculated using the standard A-A method for all U.S. sales and the appropriate alternative comparison method, there is a meaningful difference in the results. Therefore, the A-A method cannot take into account the observed differences and, as a result, the mixed alternative method was used.[77]

<u>U.S. Price</u>

For the price to the United States, we used EP or CEP as defined in sections 772(a) and (b) of the Act, as appropriate.

Export Price Sales

For Weihai, in accordance with section 772(a) of the Act, the Department calculated EP for a portion of sales to the United States because the first sale to an unaffiliated party was made before the date of importation and the use of CEP was not otherwise warranted. The Department calculated EP based on the sales price to unaffiliated purchasers in the United States. In accordance with section 772(c)(2)(A) of the Act, as appropriate, the Department deducted from the sales price expenses for certain foreign inland freight, B&H, and international movement costs. For the inland freight and B&H services provided by an NME vendor or paid for using an NME currency, the Department based the deduction of these charges on SVs.[78] For international freight provided by an ME provider and paid in U.S. dollars, the Department used the actual cost per kilogram of the freight.

Constructed Export Price Sales

For some of the U.S. sales Weihai reported and all of the U.S. sales Bosun reported, the Department based U.S. price on CEP in accordance with section 772(b) of the Act because sales

---

[76] *See* the preliminary analysis memoranda for Bosun and Weihai dated concurrently with this decision memorandum.
[77] 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 EPs and CEPs with monthly weighted-average NVs and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.
[78] *See* Surrogate Value Memo for details regarding the SVs for movement expenses.

were made on behalf of the PRC-based exporter by a U.S. affiliate to unaffiliated customers in the United States. For these sales, the Department based CEP on prices to the first unaffiliated purchaser in the United States. Where appropriate, the Department made deductions from the starting price (gross unit price) for foreign movement expenses, international movement expenses, or U.S. movement expenses in accordance with section 772(c)(2)(A) of the Act. Where foreign movement expenses, international movement expenses, or U.S. movement expenses were provided by PRC service providers or paid in renminbi, the Department valued these services using SVs.[79] For those expenses that were provided by an ME provider and paid for in an ME currency, the Department used the reported expense.

In accordance with section 772(d)(1) of the Act, the Department also deducted those selling expenses associated with economic activities occurring in the United States. The Department deducted, where appropriate, commissions, inventory carrying costs, credit expenses, warranty expenses, and indirect selling expenses. For a detailed description of all adjustments made to U.S. price for each company, *see* the company-specific analysis memoranda dated concurrently with this memorandum due to the proprietary nature of certain adjustments to U.S. price. Finally, we deducted CEP profit from U.S. price in accordance with sections 772(d)(3) and 772(f) of the Act.

Further Manufactured Sales

On April 8, 2013, Weihai requested that the Department exempt the company from responding to section E of the antidumping questionnaire.[80] Weihai claimed that the value of the further processing that occurred in the United States substantially exceeded the value of the imported components and, given the small portion of Weihai's further-manufactured products, a full examination of these sales would be unnecessarily burdensome to the Department and Weihai. Weihai also stated that other appropriate bases existed for calculating the CEP of these sales. On May 8, 2013, we provisionally exempted Weihai from reporting a section E response but we explained that Weihai is required to report its sales of further manufactured products to unaffiliated customers in its U.S. sales database.[81] In response to our June 18, 2013, supplemental questionnaire requesting information for further manufactured U.S. sales, Weihai submitted the requested information on July 30, 2013. In our letter to Weihai on further manufactured sales, we stated that, after reviewing Weihai's responses, we may find that Weihai needs to submit a section E response.[82] After reviewing Weihai's responses, we continued to exempt Weihai from submitting a section E response.[83] For business proprietary details on our decision, *see* the Weihai preliminary analysis memorandum dated concurrently with this memorandum.

---

[79] *See* the "Surrogate Value" section, infra, for further discussion.
[80] *See* Weihai's section E exemption request dated April 8, 2013.
[81] *See* the letter from the Department to Weihai dated May 8, 2013 (letter to Weihai on further manufactured sales).
[82] *Id.*
[83] *See, e.g., Diamond Sawblades and Parts Thereof From the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review; 2010-2011*, 77 FR 73420 (December 10, 2012), and accompanying Preliminary Decision Memorandum at 2, unchanged in *Diamond Sawblades and Parts Thereof From the Republic of Korea: Final Results of Antidumping Duty Administrative Review, 2010-2011*, 78 FR 36524 (June 18, 2013), and *2nd Review Prelim* and the Preliminary Decision Memorandum at 16, unchanged in *2nd Review Final.*

Revenue Caps

Weihai received freight revenues from customers for certain U.S. sales. The Department treats such revenues as an offset to the specific expenses for which they were intended to compensate.[84] Accordingly, we used Weihai's freight revenues as offsets to corresponding freight expenses.

Value Added Tax

The Department announced a change of methodology with respect to the calculation of EP and CEP to include an adjustment of any unrefunded value added tax (VAT) in certain NMEs in accordance with section 772(c)(2)(B) of the Act.[85] Information placed on the record of this review by a respondent demonstrates that the VAT rate during the POR was 17 percent and that there was a VAT rebate rate of nine percent applicable to exports of the merchandise under consideration.[86] In order to calculate a price net of VAT, we adjusted the net price for all respondents for the unrefunded VAT.[87]

<u>Normal Value</u>

Section 773(c)(1) of the Act provides that the Department shall determine the NV using an FOP 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.

Bosun and Weihai each reported certain subject merchandise sold during the POR but not produced during the POR. For such sales, we matched U.S. control numbers with similar FOP control numbers. We identified similar FOP control numbers by finding and matching the first several of identical physical characteristics in the U.S. and FOP control numbers reported. Then we weight-averaged FOP input data for each similar FOP control number we identified.[88]

---

[84] *Certain Orange Juice from Brazil: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 73 FR 46584 (August 11, 2008), and accompanying I&D Memo at Comment 7 and in *Polyethylene Retail Carrier Bags from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 74 FR 6857 (February 11, 2009), and accompanying I&D Memo at Comment 6.

[85] *Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings*, 77 FR 36481, 36484 (June 19, 2012).

[86] *See* Bosun's section C response dated April 17, 2013, at 40-41 and Exhibit C-6.

[87] *See Multilayered Wood Flooring from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 70267 (November 25, 2013), and accompanying Preliminary Decision Memorandum at 19-20; *see also* company-specific preliminary analysis memoranda dated concurrently with this memorandum.

[88] *See, e.g., Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Preliminary Partial Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China*, 70 FR 77121, 77132 **(**December 29, 2005), unchanged in *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 (May 22, 2006).

Factor Valuations

In accordance with section 773(c) of the Act, the Department calculated NV based on the FOPs reported by interested parties for the POR. The Department used Thai import data and other publicly available Thai sources in order to calculate SVs for their 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.[89]

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 port facility 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 and exchange rates, taxes, and the Department converted all applicable FOPs to a per-kilogram basis.

Furthermore, with regard to the Thai 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 India, Indonesia, and South Korea may have been subsidized because we have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies.[90] Therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized.[91] 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.[92] 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

[89] *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 I&D Memo at Comment 2.
[90] *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 I&D Memo 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 I&D Memo 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 I&D Memo at 17, 19-20.
[91] *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 I&D Memo at Comment 7.
[92] *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).

from either an NME country or a country with general export subsidies.[93] 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 sources inputs from an ME supplier in meaningful quantities (*i.e.*, not insignificant quantities) and pays in an ME currency, 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 and/or subsidization.[94] 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*,[95] the Department uses the actual purchase prices to value the inputs. Information reported by Weihai demonstrates that certain inputs were sourced from an ME country and paid for in ME currencies.[96] The information reported by Weihai also demonstrates that several of such inputs were purchased in significant quantities (*i.e.*, 33 percent or more) from ME suppliers; hence, the Department has used Weihai's actual ME purchase prices to value such inputs.[97]

The Department used Thai Import Statistics from the GTA to value the raw material, certain energy inputs, and packing material inputs that Bosun and Weihai used to produce subject merchandise during the POR, except where listed below.

For cores Bosun and Weihai purchased from unaffiliated NME suppliers, we used the FOP input data for cores they self-produced.[98]

To value electricity, we used the 2011 retail pricing data from the Thai Metropolitan Electricity Authority (MEA). We ensured that the SV includes all applicable portions of the electricity tariff in Thailand and that the SV is tax and duty exclusive.[99]

To value the freight-in cost of raw materials, we relied on *Doing Business Thailand 2013* (*Doing Business*) and applicable distances found in Google Maps at http://maps.google.com.[100] The value for truck freight in *Doing Business* is publicly available and contemporaneous with the POR because the data in Doing Business is current as of June 1, 2012, which is within the POR.

---

[93] *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).
[94] *See Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments*, 71 FR 61716, 61717-18 (October 19, 2006) (*Antidumping Methodologies: Market Economy Inputs*).
[95] *Id.*
[96] Because the discussion of ME inputs contains business proprietary information, *see* the Weihai preliminary analysis memorandum dated concurrently with this memorandum.
[97] *Id.*
[98] *See, e.g., 2nd Review Final*, and accompanying I&D Memo at Comment 8.
[99] *See Sodium Hexametaphosphate From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 77 FR 59375 (September 27, 2012), and accompanying I&D Memo at Comment II.
[100] *See* Surrogate Value Memo at 18 and 19.

To value B&H, we used the information in the World Bank Group's *Doing Business*.[101] This source provides a price list based on a survey case study of the procedural requirements necessary to export a standardized cargo of goods by ocean transit from Thailand. We calculated the cost per kg by dividing the World Bank's average B&H expense by the maximum payload weight of a 20' container according to www.freightgate.com.[102] Because data reported in this source were current as of June 1, 2012, and, thus contemporaneous with the POR, we did not inflate the SV for domestic B&H expenses.

To value the ocean-freight expense for the subject merchandise from the port of export to the U.S. port of disembarkation, we used publicly available data collected from http://rates.descartes.com. We obtained historical freight rates (from multiple ME freight providers) in effect during the 15th day of each second month for each quarter of the POR for shipments of saws and blades for each combination of port of origin/discharge reported by the respondent in this review. We averaged the rates to obtain a single POR-average freight rate.

We valued international air freight using rates obtained from DHL Hong Kong.[103] We valued marine insurance using a price quote retrieved from RJG Consultants, online at www.rjgconsultants.com, an ME provider of marine insurance.[104] We did not inflate these two rates because they are contemporaneous with the POR.[105]

To value labor cost we calculated an hourly labor rate using industry-specific data for the primary surrogate country, Thailand. The data were provided by the NSO and is specific to the manufacture of saws and sawblades. We used the Thailand Consumer Price Index to inflate the value of labor to the POR because NSO data was available for 2006.[106]

To value factory overhead, selling, general and administrative expenses, and profit, we used the 2012 financial statements from Trigger Co., Philippines, Inc., a manufacturer of cemented carbide tipped circular saws in the Philippines.[107]

CURRENCY CONVERSION

We 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. These exchange rates are available on the Enforcement and Compliance's website at http://enforcement.trade.gov/exchange/index.html.

---

[101] *Id*., at 19.
[102] *Id.*, at .Exhibit 3.
[103] *Id.*, at Exhibit 4.
[104] *Id.*, at Exhibit 5.
[105] *Id.*, at Exhibit 1, Surrogate Value tab, Exhibit 4, and Exhibit 5.
[106] *Id.*, at Exhibit 1, Surrogate Value tab and CPI tab.
[107] *See* ATM Single Entity's June 13, 2013, surrogate value comments at Exhibit 4.

RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

✓
__________ __________
Agree Disagree

Ronald K Lorentzen

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

December 16, 2013

(Date)