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

FROM: Richard Weible
Director
AD/CVD Operations, Office VI

SUBJECT: Preliminary Decision Memorandum for the Administrative Review
of Hand Trucks and Certain Parts Thereof from the People's
Republic of China; 2011-2012

In response to requests from interested parties, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on hand trucks and certain parts thereof (hand trucks) from the People's Republic of China (PRC) covering the period of review (POR) December 1, 2011, through November 30, 2012. We preliminarily determine that sales made by New-Tec Integration (Xiamen) Co., Ltd. (New-Tec) were not 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 antidumping duties 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 the preliminary results, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act) and 19 CFR 351.213(h)(1).

Background

On December 2, 2004, the Department published in the Federal Register the antidumping duty order on hand trucks from the PRC.¹ On December 3, 2012, the Department published in the Federal Register its notice of opportunity to request an administrative review of the antidumping duty order on hand trucks from the PRC covering the period December 1, 2011, through November 30, 2012.² On January 30, 2013, the Department published in the Federal Register a

¹ See Notice of Antidumping Duty Order: Hand Trucks and Certain Parts Thereof From the People's Republic of China, 69 FR 70122 (December 2, 2004).

² See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation: Opportunity To Request Administrative Review, 77 FR 71579 (December 3, 2012).



notice of initiation of the antidumping duty administrative review of hand trucks from the PRC with respect to New-Tec and Yangjiang Shunhe Industrial Co. (Shunhe).³

We issued the standard antidumping duty questionnaire to New-Tec on February 19, 2013, and received timely responses from New-Tec in March 2013.

We issued supplemental questionnaires to New-Tec covering sections A, C, and D of the original questionnaire in June 2013 and August 2013, and received timely responses to those questionnaires on July 10, 2013, and August 26, 2013.

We issued the standard antidumping duty questionnaire to Shunhe on February 19, 2013, and received a certification of no shipments from Shunhe on February 26, 2013. On May 1, 2013, we placed on the record data from CBP and received comments from Shunhe on May 8, 2013. On June 21, 2013, we placed on the record CBP Entry documents and received comments from Shunhe on June 28, 2013. On July 19, 2013, we instructed Shunhe to complete all outstanding sections of the Department's standard antidumping questionnaire. On September 4, 2013, Shunhe requested rescission of the review with respect to Shunhe. On September 30, 2013, the Department informed Shunhe that after a review of the record there was no need for it to submit the outstanding sections of the Department's questionnaire.

We conducted a verification of New-Tec between September 23, 2013 and September 27, 2013. On December 4, 2013, we issued the verification report.

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, 2013.⁴ Therefore, all deadlines in this segment of the proceedings have been extended 16 days.

Scope of the Order

The merchandise subject to the antidumping duty order consists of hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof. A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame.

³ See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part, 78 FR 6291 (January 30, 2013) (Initiation Notice).

⁴ See 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).

The projecting edge or edges, or toe plate, slides under a load for purposes of lifting and/or moving the load.

That the vertical frame can be converted from a vertical setting to a horizontal setting, then operated in that horizontal setting as a platform, is not a basis for exclusion of the hand truck from the scope of the order. That the vertical frame, handling area, wheels, projecting edges or other parts of the hand truck can be collapsed or folded is not a basis for exclusion of the hand truck from the scope of the order. That other wheels may be connected to the vertical frame, handling area, projecting edges, or other parts of the hand truck, in addition to the two or more wheels located at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the order. Finally, that the hand truck may exhibit physical characteristics in addition to the vertical frame, the handling area, the projecting edges or toe plate, and the two wheels at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the order.

Examples of names commonly used to reference hand trucks are hand truck, convertible hand truck, appliance hand truck, cylinder hand truck, bag truck, dolly, or hand trolley. They are typically imported under heading 8716.80.50.10 of the Harmonized Tariff Schedule of the United States (HTSUS), although they may also be imported under heading 8716.80.50.90. Specific parts of a hand truck, namely the vertical frame, the handling area and the projecting edges or toe plate, or any combination thereof, are typically imported under heading 8716.90.50.60 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the scope is dispositive.

Excluded from the scope are small two-wheel or four-wheel utility carts specifically designed for carrying loads like personal bags or luggage in which the frame is made from telescoping tubular materials measuring less than 5/8 inch in diameter; hand trucks that use motorized operations either to move the hand truck from one location to the next or to assist in the lifting of items placed on the hand truck; vertical carriers designed specifically to transport golf bags; and wheels and tires used in the manufacture of hand trucks.

Preliminary Determination of No Shipments

Based on the certification of no shipments from Shunhe, our analysis of CBP information, and information contained in Shunhe's request to rescind the review, we preliminarily find that Shunhe has no reviewable entries during the POR. Consistent with the Department's refinement to its assessment practice in non-market economy (NME) cases, we are not rescinding this review with respect to Shunhe.⁵ We intend to complete this review with respect to Shunhe and issue appropriate instructions to CBP based on the final results of the review.

DISCUSSION OF THE METHODOLOGY

⁵ See Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties, 76 FR 65694 (October 24, 2011).

Non-Market Economy Country Status

The Department considers the PRC to be an NME country.⁶ 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. Therefore, for the preliminary results of this review, we have treated the PRC as an NME country and calculated normal value using the factors of production methodology in accordance with section 773(c) of the Act.

Separate Rates Determination

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. In the Initiation Notice, the Department notified parties of the application process by which exporters and producers may obtain separate rates.⁷ 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, as amplified by Silicon Carbide.⁸

In this administrative review, the Department received complete separate rate information from New-Tec in response to questionnaire items pertaining to the companies' eligibility for a separate rate.

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 the individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies.⁹

⁶ See, e.g., Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Results of the First Administrative Review, Preliminary Rescission, in Part, and Extension of Time Limits for the Final Results, 76 FR 62765, 62767-8 (October 11, 2011), unchanged in Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review, 77 FR 21734 (April 11, 2012).

⁷ See Initiation Notice.

⁸ 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) and 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).

⁹ See Sparklers, 56 FR at 20589.

The evidence submitted by New-Tec includes government laws and regulations on corporate ownership and control (i.e., the Foreign Trade Law of the People's Republic of China and the Law of the People's Republic of China on Foreign Joint Ventures), its individual business license, and narrative information regarding its operations and selection of management. The evidence provided by New-Tec supports a preliminary finding of a de jure absence of government control over its export activities. Specifically, record evidence indicates that: (1) there are no controls on exports of subject merchandise, such as quotas applied to, or licenses required for, exports of the subject merchandise to the United States; (2) the government of the PRC has passed legislation decentralizing control of companies; and (3) the government has taken formal measures to decentralize control of companies.¹⁰

Absence of De Facto Control

Typically the Department considers four factors in evaluating whether each respondent is subject to de facto government control of its export functions: (1) whether the export prices are set by or are subject to the approval of a government agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses.¹¹

The Department has determined that an analysis of de facto control is critical in determining whether respondents are, in fact, subject to a degree of government control over export activities which would preclude the Department from assigning separate rates. In New-Tec's March 12, 2013, submission it submitted evidence demonstrating an absence of de facto government control over its export activities. Specifically, this evidence indicates that: (1) the company sets its own export prices independent of the government and without the approval of a government authority; (2) the company retains the proceeds from its sales and makes independent decisions regarding the disposition of profits or financing of losses; (3) the company has a general manager with the authority to negotiate and bind the company in an agreement; (4) the general manager is selected by the board of directors; (5) the general manager appoints the other management personnel; and (6) there are no restrictions on the company's use of export revenues. Therefore, we preliminarily find that New-Tec has established that it qualifies for a separate rate under the criteria established by Silicon Carbide and Sparklers.

¹⁰ See New-Tec's March 12, 2013, submission at 2-10.

¹¹ See Silicon Carbide, 59 FR at 22587; Sparklers, 56 FR at 20589; and 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); see also Pure Magnesium from the People's Republic of China: Preliminary Results of 2011-2012 Antidumping Duty Administrative Review, 78 FR 34646 (June 10, 2013) and accompanying Memorandum to Ronald K. Lorentzen, Acting Assistant Secretary for Import Administration, titled "Decision Memorandum for Preliminary Results of 2011-2012 Antidumping Duty Administrative Review: Pure Magnesium from the People's Republic of China," dated May 31, 2013, unchanged in Pure Magnesium From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 94 (January 2, 2014).

Surrogate Country

Based on record evidence, for these preliminary results we have selected Thailand as the surrogate country for valuing FOPs. For a full discussion of the Department's surrogate country selection, please see the memorandum from Scott Hoefke to the file entitled, "Antidumping Duty Administrative Review of Hand Trucks and Certain Parts Thereof from the People's Republic of China: Selection of a Surrogate Country" (Country Selection Memorandum), dated concurrently with this decision memorandum for the preliminary results of review.

Fair Value Comparisons

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average export prices (EPs) or constructed export prices (CEPs) (the average-to-average method) unless the Department determines that another method is appropriate in a particular situation. In antidumping investigations, the Department examines whether to use the average-to-transaction method as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department 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.¹² In recent investigations and reviews, the Department applied a "differential pricing" analysis to determine whether application of average-to-transaction 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.¹³ The Department finds the differential pricing analysis used in those recent investigations and reviews 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

¹² 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), and accompanying Issues and Decision Memorandum at Comment 1.

¹³ See Xanthan Gum from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 78 FR 2252 (January 10, 2013), unchanged in Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 33351 (June 4, 2013); see also Hardwood and Decorative Plywood From the People's Republic of China: Antidumping Duty Investigation, 78 FR 25946 (May 3, 2013), unchanged in 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); see also Certain Steel Threaded Rod From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011–2012, 78 FR 21101 (April 9, 2013), unchanged in 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); see also Certain Lined Paper Products From the People's Republic of China: Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review; 2011–2012, 78 FR 34640 (June 10, 2013) unchanged in Certain Lined Paper Products From the People's Republic of China: Notice of Final Results and Partial Rescission of Antidumping Duty Administrative Review; 2011–2012, 78 FR 65274 (October 31, 2013).

that can occur when the Department uses the average-to-average method in calculating weighted-average dumping margins.

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

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

Next, the “ratio test” assesses the extent of the significant price differences for all sales as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test account for 66 percent or more of the value of total sales, then the identified pattern of EPs that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average 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 average-to-transaction method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average method, and

application of the average-to-average 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 average-to-average 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 average-to-average 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 average-to-average method only. If the difference between the two calculations is meaningful, this demonstrates that the average-to-average 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 average-to-average 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 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.

Results of the Differential Pricing Analysis

For New-Tec, based on the results of the differential pricing analysis, the Department finds that 96.8 percent of New-Tec's export sales confirm the existence of a pattern of EPs for comparable merchandise that differs significantly among purchasers, regions or time periods.¹⁴ As such, the Department finds that these results support consideration of an alternative to the average-to-average method. When comparing the weighted-average dumping margins calculated using the standard average-to-average method for all U.S. sales and the appropriate alternative comparison method, there is not a meaningful difference in the results.¹⁵ Accordingly, the Department has determined to use the average-to-average method in making comparisons of EP and NV for all of New-Tec's sales.

¹⁴ See Memorandum to the File from Scott Hoefke "Analysis of Data Submitted by New-Tec Integration (Xiamen) Co., Ltd. (New-Tec) in the Preliminary Results of Administrative Review of the Antidumping Duty Order on Hand Trucks and Parts Thereof from the People's Republic of China (PRC)" dated January 6, 2014.

¹⁵ Id.

U.S. Price

In accordance with section 772(a) of the Act, we based New-Tec's U.S. prices on export prices, because its first sales to an unaffiliated purchaser were made before the date of importation and the use of constructed export price was not otherwise warranted by the facts on the record. As appropriate, we deducted foreign inland freight and foreign brokerage and handling from the starting price (or gross unit price), in accordance with section 772(c)(2) of the Act. These services were provided by NME vendors for New-Tec's U.S. sales. Therefore, we based the deduction of these movement charges on surrogate values.¹⁶

We used Thai transport information in order to value the inland freight. The Department determined the best available information for valuing truck freight to be from the World Bank's *Doing Business 2013: Thailand*. This World Bank report gathers information concerning the distance and cost to transport products in a 20-foot container from the largest city in Thailand to the nearest seaport. We calculated the per-unit inland freight costs using the distance from Thailand's largest city, Bangkok, to the nearest seaport. We calculated a per-kilogram/per-kilometer surrogate inland freight rate of 0.0007 U.S. dollars per kilometer/per kilogram based on using the full capacity of a 20-foot container as reported in the World Bank report.¹⁷

We valued brokerage and handling using a price list of export procedures necessary to export a standardized cargo of goods in Thailand. The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in Thailand that is published in the World Bank's *Doing Business 2012: Thailand*.¹⁸

The Department's recent practice in NME cases is to adjust EP or CEP for the amount of any unrefunded Value Added Tax (VAT), in accordance with section 772(c)(2)(B) of the Act.¹⁹ The Department requested that New-Tec report the net unrefunded VAT for the subject merchandise. New-Tec reported that the official VAT rate for export goods is 17 percent and the refund rate for exports of hand trucks is 15 percent, under the applicable PRC regulations.²⁰ Thus, New-Tec reported an effective VAT rate of two percent and we adjusted the EP for the unrefunded VAT.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using an FOP methodology if the merchandise under review is exported from an NME and the information

¹⁶ See Memorandum to the File, "Administrative Review of Hand Trucks and Certain Parts Thereof from the People's Republic of China: Surrogate Values for the Preliminary Results" (Surrogate Values Memorandum), dated concurrently with this notice, at Exhibit 6.

¹⁷ Id.

¹⁸ Id. at Exhibit 7.

¹⁹ See 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, 36483-84 (June 19, 2012) ("Methodological Change").

²⁰ See New-Tec's April 2, 2013 submission at 28.

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 FOPs because the presence of government controls on various aspects of the NME economy renders price comparisons and the calculation of production costs invalid under the Department's normal methodologies.²¹

Factors Valuation

In accordance with section 773(c) of the Act, we calculated NV by adding the value of the FOPs, general expenses, profit, and packing costs reported by New-Tec. The Department relied on Thai import data and other publicly available Thai sources in order to calculate SVs for New-Tec's FOPs.²² To calculate NV, the Department multiplied New-Tec's 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 possible, SVs which are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.²³

The FOPs for subject merchandise include: (1) quantities of raw materials employed; (2) hours of labor required; (3) amounts of energy and other utilities consumed; (4) representative capital and selling costs; and (5) packing materials.²⁴ We valued the FOPs that New-Tec reported by multiplying the amount of the factor consumed in producing subject merchandise by the average unit surrogate value of the factor derived from the Thai surrogate values selected.

The Department used Thai import statistics to value the raw material and packing material inputs that New-Tec used to produce the merchandise under review except where listed below. We used Thai import statistics from the GTA, published by Global Trade Information Services, Inc. The GTA reports import statistics for 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 the other Thai sources, are contemporaneous with the POR, product-specific, and tax- and duty- exclusive.²⁵

In accordance with the legislative history of the Omnibus Trade and Competitiveness Act, the Department continues to disregard surrogate values if it has a reason to believe or suspect the

²¹ See, e.g., Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Notice of Intent to Rescind in Part, 70 FR 39744 (July 11, 2005), unchanged in Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of 2003-2004 Administrative Review and Partial Rescission of Review, 71 FR 2517 (January 17, 2006).

²² See Surrogate Values Memorandum.

²³ 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.

²⁴ See section 773(c)(3) of the Act.

²⁵ See Surrogate Values Memorandum.

inputs reflected in the source data may be subsidized or dumped.²⁶ In this regard, the Department has previously found that it is appropriate to disregard prices based upon exports from India, Indonesia, and South Korea because we have determined that these countries maintain broadly available, non-industry specific export subsidies. Based on the existence of these subsidy programs that were generally available to all exporters and producers in these countries at the time of the POR, the Department finds that it is reasonable to infer that all exporters from India, Indonesia, and South Korea may have benefitted from these subsidies.²⁷ 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.²⁸ Rather, the Department bases its decision on information that is available to it at the time it makes its determination. Additionally, we disregarded prices from NME countries. Finally, we excluded imports that were labeled as originating from an "unspecified" country from the average value, because the Department could not be certain that they were not from either an NME country or a country with general export subsidies.²⁹

As appropriate, we added freight costs to the surrogate values that we calculated for New-Tec's material inputs to make these prices delivered prices. We calculated these freight costs by multiplying surrogate freight rates by the shorter of the reported distance from the domestic supplier to the factory that produced the subject merchandise or the distance from the nearest seaport to the factory that produced the subject merchandise, as appropriate. Where there were multiple domestic suppliers of a material input, we calculated a weighted-average distance after limiting each supplier's distance to no more than the distance from the nearest seaport to New-Tec. This adjustment is in accordance with the decision by the Court of Appeals for the Federal Circuit in Sigma Corp. v. United States, 117 F.3d 1401, 1407-1408 (Fed. Cir. 1997).

Other inputs consisted of water, electricity, carbon dioxide, and liquid petroleum gas. We valued electricity using an average price of energy sale to various customers as published by the Electrical Generating Authority of Thailand, Annual Report 2012: Key Statistical Data.³⁰ To

²⁶ See Omnibus Trade and Competitiveness Act of 1988, Conf. Report to Accompany H.R. 3, H.R. Rep. No. 576, 100th Cong., 2nd Sess. (1988) at 590 (Omnibus Trade and Competitiveness Act).

²⁷ See, e.g., Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia: Final Results of Expedited Sunset Review, 70 FR 45692 (August 8, 2005), and accompanying Issues and Decision Memorandum at 4; Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review, 74 FR 2512 (January 15, 2009), and accompanying Issues and Decision Memorandum at 17, 19-20; and 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.

²⁸ 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).

²⁹ See Fresh Garlic from the People's Republic of China: Preliminary Results of New Shipper Review, 75 FR 24578, 24582 (May 5, 2010), unchanged in Fresh Garlic From the People's Republic of China: Final Results of New Shipper Review, 75 FR 61130 (October 4, 2010).

³⁰ See Surrogate Values Memorandum at Exhibit 4.

value water, the Department used the average of published water rates for Type 2 used by the Metropolitan Water Authority of Thailand, which are available at The Board of Investment of Thailand's website at www.boi.go.th. The Department found this source to be the best available information because it includes a wide range of industrial water rates.³¹ We valued carbon dioxide and liquid petroleum gas using import statistics from the GTA as described above.³²

New-Tec reported that scrap material is produced in the production process of hand trucks. New-Tec gathers all of the recovered material, weighs it, and then sells it to an unaffiliated outside party.³³ Therefore, we offset New-Tec's material costs for revenue generated from the sale of recovered steel and aluminum.³⁴

New-Tec reported that several of its raw materials were produced in market economy (ME) countries and paid for in ME currencies. 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.³⁵ 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,³⁶ the Department uses the actual purchase prices to value the inputs. Information reported by New-Tec demonstrates that certain inputs were sourced from an ME country and paid for in ME currencies.³⁷ The information reported by New-Tec also demonstrates that such inputs were purchased in significant quantities (*i.e.*, 33 percent or more) from ME suppliers.³⁸ In this case, the documentation available for New-Tec's claimed market economy inputs indicates these inputs were produced in market economies. Such documentation includes sales contracts, commercial invoices, and certificates of origin. Because information reported by New-Tec demonstrates that it purchased meaningful quantities of certain inputs (*e.g.*, hot-rolled steel, cold-rolled steel coil, aluminum ingots, rubber wheels, and various fasteners) produced in market economies, the Department used New-Tec's actual ME purchase prices to value its FOPs for these inputs because these prices constitute the best available information to value these FOPs. Where appropriate, we added freight expenses to the ME prices for these inputs.³⁹

³¹ *Id.*

³² *Id.* at Exhibit 3.

³³ See New-Tec's March 28, 2012 submission at 47; *see also* Verification Report.

³⁴ See Surrogate Values Memorandum at Exhibit 3.

³⁵ 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).

³⁶ *Id.*

³⁷ Because the discussion of ME inputs contains business proprietary information, see New-Tec's preliminary analysis memorandum dated concurrently with this memorandum.

³⁸ *Id.*

³⁹ *Id.*

To value the surrogate financial ratios for factory overhead (OH), selling, general & administrative (SG&A) expenses, and profit, the Department used the 2011 financial statements of Thai Trolley and Jenbunjerd. Thai Trolley and Jenbunjerd are producers of identical merchandise in Thailand.⁴⁰

On June 21, 2011, the Department announced its new methodology to value the cost of labor in NME countries.⁴¹ 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 (Yearbook).

In these preliminary results, the Department has calculated the labor input using data from the 2007 Industrial Census data published by Thailand's National Statistics Office (the "2007 NSO data").⁴² 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 the use of the ILO Chapter 6A data 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.⁴³ The Department did not, however, preclude all other sources for evaluating labor costs in NME antidumping proceedings. Rather, we continue to follow our practice of selecting the "best information available" to determine SVs for inputs such as labor. 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 more contemporaneous than the ILO Chapter 6A data from Thailand. Additionally, the NSO data are industry-specific, reflects all costs related to labor, including wages, benefits, housing, training, etc. For the preliminary results, the calculated wage rate is 61.16 Baht/hour. A more detailed description of the wage rate calculation methodology is provided in the Surrogate Values Memorandum at 15.

As stated above, the Department used the 2007 NSO data reported by Thailand's National Statistics Office, which reflects all costs related to labor, including wages, benefits, housing, training, etc. Pursuant to Labor Methodologies, the Department's practice is to consider whether financial ratios reflect labor expenses that are included in other elements of the respondent's factors of production (e.g., general and administrative expenses). However, the financial statements used to calculate financial ratios in this review were insufficiently detailed to permit the Department to isolate whether any labor expenses were included therein. Therefore, in this review, the Department made no adjustment to these financial statements.

⁴⁰ See Surrogate Values Memorandum at Exhibit 8.

⁴¹ See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092 (June 21, 2011) (Labor Methodologies).

⁴² See Surrogate Values Memorandum.

⁴³ See Labor Methodologies.

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 (formerly Import Administration) web site at <http://enforcement.trade.gov/exchange/index.html>.

Conclusion

We recommend the above methodology for these preliminary results.

Agree ✓ Disagree _____

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

1/14/14
Date