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International Trade Administration
Washington, D.C. 20230

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Administrative Review
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MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

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

Summary

We analyzed the case and rebuttal briefs of interested parties in the 2011-2012 administrative review of the antidumping duty order covering hand trucks and certain parts thereof (hand trucks) from the People's Republic of China (PRC). As a result of our analysis, we made changes from the Preliminary Results in the margin calculations.[1] We recommend that you approve the positions described in the "Discussion of Issues" section of this Issues and Decision Memorandum.

Background

On January 23, 2014, the Department published the preliminary results of this administrative review.[2] The period of review (POR) is December 1, 2011, through November 30, 2012. We invited parties to comment on our Preliminary Results.

Reviews were requested for New-Tec Integration (Xiamen) Co., Ltd. (New-Tec), and Yangjiang Shunhe Industrial Co., Ltd. (Shunhe). We preliminarily determined that New-Tec made sales below normal value, and found that Shunhe had no reviewable entries during the POR.

We received case briefs from Gleason Industrial Products, Inc. and Precision Products, Inc. (collectively, petitioners) and Cosco Home and Office Products, Inc. (Cosco),[3] a U.S. importer. We received rebuttal briefs from petitioners and Cosco.[4]

[1] See Hand Trucks and Certain Parts Thereof From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 3779 (January 23, 2014) (Preliminary Results).
[2] See id.
[3] See Petitioners' February 24, 2014 submission; Cosco's February 24, 2014 submission.
[4] See Petitioners' March 3, 2014 submission; Cosco's March 5, 2014 submission.

INTERNATIONAL TRADE ADMINISTRATION

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. 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.

Final Determination of No Shipments

On February 26, 2013, we received a certification of no shipments from Shunhe. On May 1, 2013, we placed on the record data from U.S. Customs and Border Protection (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 September 4, 2013, Shunhe requested rescission of the review with respect to Shunhe. In the Preliminary Results, the Department found that Shunhe had no reviewable entries during the POR.[5] The Department also found, consistent with its announced refinement to its assessment practice in non-market economy (NME) cases, that it was appropriate not to rescind the review, in part, in the circumstances but, rather, to complete the review with respect to this company and issue appropriate instructions to CBP based on the final results of the review.[6] We did not receive any comments from parties or new information to the contrary.

List of Comments

Listed below is the complete list of the issues in this administrative review for which we received comments from interested parties.

Comment 1: Whether to Value Certain Inputs Using Purchases from Market Economy Suppliers
Comment 2: Surrogate Country
Comment 3: Whether to use Thai Trolley's Financial Statement
Comment 4: Whether to use 2012 Thai Financial Statements
Comment 5: Use of Jenbunjerd's Financial Statement
Comment 6: Omitted Factor of Production Value
Comment 7: Alternative Surrogate Values for Factors of Production
Comment 8: Alternative Surrogate Freight and Brokerage Methodologies

Discussion of Issues

Comment 1: Whether to Value Certain Inputs Using Purchases from Market-Economy Suppliers

Petitioners' Comments:

Petitioners challenge the Department's use of market economy (ME) price for New-Tec's reported inputs of hot-rolled steel coil, cold-rolled steel coil, screws, rivets, slide bar, wheel axles, rubber wheels, casters, and aluminum ingots, but not for polypropylene resin.[7] Petitioners argue that the nine ME inputs in question are inadequately documented and do not support New-Tec's claim that they were manufactured in ME countries. Petitioners argue that the Department should instead calculate normal value using surrogate value factors of production (FOPs) for these inputs.

Petitioners claim that it is New-Tec's burden to establish that its production inputs were produced in ME countries and take exception with the verification report, in which the verifiers

[5] See Preliminary Results, 79 FR at 3780.
[6] See id. citing Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties, 76 FR 65694 (October 24, 2011).
[7] See Petitioners' February 24, 2014 submission at 7.

stated they found no conclusive evidence to the contrary.[8] Petitioners argue it is the respondent's responsibility to place on the record information that is accurate and appropriate. According to petitioners, the lack of conclusive evidence does not fulfill New-Tec's burden to affirmatively establish that the nine inputs at issue were in fact manufactured in a ME country, and statements by the Department in the verification report improperly shift the evidentiary burden of proving a ME country-of-origin away from New-Tec to opposing parties.

Petitioners state that the Department's preferred evidence of an input's country of manufacture is documentation that originates with the actual producer, as described in the 2009-2010 administrative review of hand trucks, and any less direct evidence is acceptable only after the respondent demonstrates its unsuccessful efforts to obtain such evidence from the actual producer. Petitioners point out that in the 2009-2010 administrative review of hand trucks, the Department described what it would accept as adequate proof of country-of-origin: a certificate of origin (CO) issued by a supplier, or a commercial invoice accompanied by a country-of-origin certification from a credible independent agency.[9] Petitioners further argue that in Hand Trucks 09-10, the Department stated that in future proceedings, it may request documentation from the actual producers with the condition that a respondent "certified" its unsuccessful efforts to obtain such information.[10] Petitioners assert that New-Tec failed to meet this condition because it did not "certify" that the input manufacturers refused to cooperate with New-Tec's requests for documentation. According to petitioners, due to the contentiousness of this issue in past proceedings, New-Tec should have known to provide documentation regarding its unsuccessful attempts at gaining documentation without being asked to do so by the Department. For these reasons, petitioners argue that New-Tec failed to meet the condition set out in the Hand Trucks 09-10 review under which the Department would accept alternative documentation of origin (i.e., information provided by suppliers).[11]

Petitioners further argue that the COs that New-Tec obtained from its suppliers and submitted for the record do not comply with the requirements of the relevant jurisdictions from which they were obtained, and should not have been accepted as evidence for determining country-of-manufacture.[12] Petitioners maintain that record evidence indicates that New-Tec provided COs

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[8] See Memorandum to the File, "Verification of the Sales and Factors Response of New-Tec Integration (Xiamen) Co., Ltd.," dated December 5, 2013 (Verification Report) at 2.
[9] See Petitioners' February 24, 2014 submission at 8 (citing Hand Trucks and Certain Parts Thereof from the People's Republic of China; Final Results of Antidumping Duty Administrative Review, 77 FR 41744 (July 16, 2012) (Hand Trucks 09-10) and accompanying Issues and Decisions Memorandum at Comment 1).
[10] See Petitioners' February 24, 2014 submission at 10.
[11] See Petitioners' February 24, 2014 submission at 8 (citing Hand Trucks 09-10; Certain Steel Nails From the People's Republic of China: Final Results of the First Antidumping Administrative Review, 76 FR 16379 (March 24, 2011) (Steel Nails), and accompanying Issues and Decision Memorandum at Comment 34; Shantou Red Garden Foodstuff Co. v. United States, 815 F. Supp. 2d 1311, 1321-22 (CIT 2012) (Shantou Red Garden); Hebei Metals & Mineral Imp. & Exp. Corp. v. United States, 29 CIT 1204, 1212 (2005) (Hebei Metals); Certain Corrosion-Resistant Carbon Steel Flat Products From the Republic of Korea; Notice of Preliminary Results of Antidumping Administrative Review, 71 FR 53370 (September 11, 2006) (Carbon Steel Flat Products); Preliminary Determination of Sales at Less than Fair Value and Postponement of Final Determination: Certain Activated Carbon From the People's Republic of China, 71 FR 59721 (October 11, 2006) (Activated Carbon); and Frontseating Service Valves From the People's Republic of China: Preliminary Results of the 2010-2011 Antidumping Administrative Review, 77 FR 26489 (May 4, 2012) (Frontseating Service Valves).
[12] See Petitioners' February 24, 2014 submission at 13-16.

for all of their ME inputs and supplied the Department with information on the procedures of obtaining a CO from a relevant ME country.[13] However, for nine of the inputs (hot-rolled steel coil, cold-rolled steel coil, screws, rivets, slide bar, wheel axles, casters, aluminum ingots, and rubber wheels), petitioners contend that the COs do not contain certain required information. Therefore, these deficiencies in the COs render them unreliable as evidence and the Department instead should rely on surrogate values for valuing New-Tec's FOPs.

Finally, petitioners argue that the final results should reflect the fact that New-Tec purchased aluminum ingots from an entity in Shanghai. Petitioners state that in the course of purchasing aluminum ingots, New-Tec would contact its supplier's Shanghai office and arrange purchases through their ME office for aluminum ingots produced in a ME country. According to petitioners, the involvement of the Shanghai office demonstrates that New-Tec dealt with an NME entity and therefore, the Department cannot conclude that New-Tec purchased this input from a ME supplier.

Cosco's Comments:

Cosco argues that New-Tec's ME inputs were purchased from ME suppliers, paid for in ME currencies, and produced in ME countries. Cosco asserts the Department asked for, and New-Tec submitted, complete documentation demonstrating that each input was manufactured in ME countries. Cosco further argues that petitioners failed to provide any evidence to suggest that the inputs were not produced in ME countries and wrongly suggest that New-Tec failed to meet its burden of proof. According to Cosco, petitioners' blaming of the Department for failure to ask for additional documentation directly from the manufacturers merely repeats petitioners' comments made before the preliminary results were issued and before the Department issued a second supplemental questionnaire.[14] Cosco maintains that New-Tec has met its burden of proof, as evidenced by its responses to the questions asked by the Department in the second supplemental questionnaire, coupled with the Department's verification report.

Cosco disagrees with petitioners' arguments that New-Tec should have documented its effort to obtain manufacturer information from unaffiliated third parties. Cosco points out that New-Tec provided all the information that the Department requested, and the Department did not seek any additional information, thereby demonstrating that New-Tec had sufficiently and substantially provided all necessary documentation to support the use of New-Tec's claimed ME input prices. Cosco insists this is in line with court rulings holding that the burden is on the Department to request further information, and that the Department must ask for more information if the respondent has not supplied enough record evidence.[15]

Cosco further disagrees with petitioners' implication that because the Department's "preferred" evidence of country of origin consists of documentation originating with the manufacturer, a CO from another source is somehow inadequate. Cosco argues that petitioners are unable to demonstrate that this alleged preference is a Department practice. According to Cosco, the only

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[13] See id.
[14] See Cosco's March 5, 2014 submission (referencing petitioners' July 31, 2013 submission).
[15] See id. (citing Fujian Mach. Imp. And Exp. Corp. v. United States, 25 CIT 1150, 1173-74, 178 F. Supp. 2d 1305, 1330 (2001); Qingdao Taifa Group Co. v. United States, 710 F. Supp. 2d 1352, 1357 (CIT 2010)).

cases that are cited by petitioners are hand trucks cases or cases that are based on hand trucks' requirement of providing a CO, and other cases do not require that this certificate be provided by the manufacturer itself. Cosco maintains that in this review, New-Tec provided the most probative and best evidence available to support all aspects of New-Tec's input transactions. Cosco contends that petitioners' concern over the level of detail in some COs merely reflects petitioners' desire that certain ME countries engage in better record keeping, but it does not bear upon New-Tec's burden of proof in this proceeding. In this review, Cosco argues that New-Tec provided the required documentation that it received from its suppliers and therefore, satisfied its burden of proof.

Cosco also states that the record demonstrates that aluminum ingots were purchased from a ME supplier, paid for in ME currency, and manufactured in an ME country. Cosco maintains that the CO, commercial invoice, packing list, bill of lading, the PRC customs import declaration, and proof of payment all support that aluminum ingots were produced and purchased from a ME entity and paid for in ME currency. Cosco explains that together, these documents, or "'chain of custody' for the sale," support that the sale meets the requirements set forth by the Department.[16] Cosco explains that New-Tec did not purchase aluminum ingots from an entity in Shanghai, but rather, from an ME supplier. Record evidence indicates New-Tec's involvement with the ME supplier's Shanghai office was only to facilitate the sale, and the Shanghai office was not involved in setting the terms of the transaction (i.e., purchase price, issuing an invoice, or receiving payment). Therefore, Cosco contends that the use of New-Tec's ME prices to value aluminum ingots is proper.

Department's Position:

We disagree with petitioners, in part, on not accepting New-Tec's reported ME inputs. The regulation applicable to this administrative review, 19 CFR 351.408(c)(1) (2012),[17] states that "where a factor is purchased from a market economy supplier and paid for in a market economy currency, {the Department} normally will use the price paid to the market economy supplier."[18] Furthermore, "{w}e interpret the preamble to indicate that the regulation is applicable to those inputs which were produced in a market economy. Given this, the regulation does not apply to inputs that were produced in a NME…."[19] Where we addressed NME producer purchases of ME inputs in the past, we required that in order for us to value the input using the ME purchase

[16] See id. at 7.
[17] On August 2, 2013, the Department issued a final rule modifying 19 CFR 351.408 for all proceedings or segments of proceedings initiated on or after September 3, 2013. See Use of Market Economy Input Prices in Nonmarket Economy Proceedings, 78 FR 46799 (August 2, 2013). This review was initiated on January 30, 2013; therefore, the changes to 19 CFR 351.408 are not applicable to this review. See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part, 78 FR 6291 (January 30, 2013).
[18] See also Antidumping Duties; Countervailing Duties; Final Rule, 62 FR 27296, 27366 (May 19, 1997) ("…where the NME producer purchases inputs from a market economy producer and these inputs are paid for in a market economy currency, we would use the price paid by the NME producer to value that input.").
[19] See Notice of Final Determination of Sales at Less Than Fair Value: Polyethylene Retail Carrier Bags From the People's Republic of China, 69 FR 34125 (June 18, 2004) (Carrier Bags from the PRC), and accompanying Issues and Decision Memorandum at Comment 4.

price, inputs must be manufactured in a ME country, as well as having been purchased from a ME supplier and paid for in a ME currency.[20]

Our basis for this policy is explained in Carrier Bags from the PRC. First, with respect to inputs manufactured by an NME producer, the price and cost structures in an NME country result in sales of merchandise that do not reflect a fair-market value. Similarly, where an NME producer purchases an input from a trading company that sources from an NME, we believe that the same type of concern exists about the transaction because the trading company's costs and ultimate prices are, in turn, influenced by its NME supplier's prices and costs. Second, were we to use the prices of inputs that were produced in an NME country, our methodology for valuing FOPs would become easily open to manipulation.[21] For example, it would not be difficult for a firm to open a paper company in an ME country and route "sales" through this company in order to take advantage of our ME-input methodology.

As described below, the Department determines that the documentation submitted by New-Tec supports a finding that the inputs at issued were produced in an ME, purchased from an ME supplier, and paid for in an ME currency, and therefore, we are using the ME prices paid to value these inputs.

With respect to petitioners' argument regarding the evidentiary standard for the Department to use the price paid of ME inputs, it is the responsibility of respondents to place information on the record that is accurate and appropriate, accompanied by the required certifications pursuant to 19 CFR 351.303(g), which may be subject to verification. The Department also applies a rebuttable presumption that, where certain conditions are present, ME input prices are the best available information unless case–specific facts provide adequate grounds to rebut this presumption (e.g., the inputs are produced in an NME country).[22]

Given the documentation on this record, we agree with Cosco that New-Tec did not need to provide information demonstrating New-Tec's attempts to obtain information from third parties, in order for the Department to be able to evaluate New-Tec's reported ME inputs. Nor did the

[20] See Notice of Final Determination of Sales at Less Than Fair Value: Ferrovanadium and Nitrided Vanadium from the Russian Federation, 60 FR 27957, 27962 (May 26, 1995) ("In NME proceedings, our consistent methodology has been to determine whether a good or service obtained through a market economy transaction is, in fact, sourced from a market economy rather than merely purchased in it"); see also Folding Metal Tables and Chairs from the PRC; Final Results of Antidumping Duty Administrative Review, 71 FR 2905 (January 18, 2006), and accompanying Issues and Decision Memorandum at Comment 2 ("The Department does not accept ME purchase prices when the input in question was produced within an NME.").

[21] See Carrier Bags from the PRC, and accompanying Issues and Decision Memorandum at Comment 4.

[22] See, e.g., Certain Activated Carbon From the People's Republic of China: Preliminary Results of the Fourth Antidumping Duty Administrative Review, and Intent To Rescind in Part, 77 FR 26496, 26503 (May 4, 2012) ("The Department has a rebuttable presumption that ME input prices are the best available information for valuing an input when the total volume of the input purchased from all ME sources during the period of investigation or review exceeds 33 percent of the total volume of the input purchased from all sources during the period."); Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Review, 73 FR 49162 (August 20, 2008), and accompanying Issues and Decision Memorandum at Comment 32 ("The Department has instituted a rebuttable presumption that market economy input prices are the best available information for valuing an input when the total volume of the input purchased from all market economy sources during the POR exceeds 33 percent of the total volume of the input purchased from all sources during the same period.").

Department request this information from New-Tech. Based on the facts of each specific case, the Department may decide that certain record information requires further supplementing. In the cases cited by petitioners, the Department asked the respondents to provide certain information, but the respondents were unable to comply with the Department's request.[23] However, unlike the aforementioned cases, in this review, the Department did not request New-Tec to provide the information at issue, that is, information from the manufacturers. Petitioners' suggestion that it is the Department's practice to request manufacturer documentation because it is a requirement is mistaken. For example, in prior proceedings, the Department stated that it will accept commercial invoices when presented in conjunction with a certificate-of-origin.[24] In addition, the Department stated that it will accept certificates-of-origin from the suppliers of inputs or from a credible independent agency (i.e., an ME-country's Chamber of Commerce).[25]

We disagree with petitioners that the lack of so-called "preferred evidence" on the record justifies rejecting New-Tec's claimed ME inputs. We note that there is no record evidence that any of the inputs at issue were manufactured in an NME country.[26] While evidence from a manufacturer is preferred, as discussed above, it does not mean that it is "required" for the Department to make a decision where the Department determines that other information on the record supports such a decision. The Department asked for and received from New-Tec information needed to make a decision on the ME inputs at issue. At verification, we also examined the original documents and found no discrepancies between the information that was reviewed and that which is on the record of this review.[27] Accordingly, we continue to find that the documentation on the record of this review is sufficient to establish the country of manufacture for New-Tec's challenged ME inputs (e.g., hot-rolled steel coil, cold-rolled steel coil, screws, rivets, slide bar, wheel axles, rubber wheels, casters, and aluminum ingots).

Specifically, the record of this review contains COs either from the suppliers of the inputs or from a credible independent agency (e.g., an ME country's Chamber of Commerce).[28] The CO is the primary basis upon which the Department determined whether an item was produced in an ME country. To further substantiate that the inputs in question are produced in an ME, we obtained the following: invoices, packing lists, bills of lading, PRC Customs Declaration forms, and bank notices showing proof of payment. These documents consistently identify the ME port

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[23] See Petitioners' February 24, 2014 submission at 8 (citing Hand Trucks 09-10; Steel Nails, and accompanying Issues and Decision Memorandum at Comment 34; Shantou Red Garden; Hebei Metals; Carbon Steel Flat Products; Activated Carbon; and Frontseating Service Valves).
[24] See Hand Trucks and Certain Parts Thereof From the People's Republic of China: Final Results and Final Rescission in Part, of Antidumping Duty Administrative Review, 76 FR 36083, 36086 (June 21, 2011) and accompanying Issues and Decision Memorandum at Comment 1.
[25] See id.
[26] See Folding Metal Tables and Chairs from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 71 FR 71509 (December 11, 2006), and accompanying Issues and Decision Memorandum at Comment 1 ("Meco cites no record evidence indicating that…(3) Feili and/or New-Tec purchased from market-economy suppliers materials that were actually produced in NME countries"); see also Floor-Standing, Metal-Top Ironing Tables and Certain Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 76 FR 15295 (March 21, 2011), and accompanying Issues and Decision Memorandum at Comment 7 ("There is no evidence on the record suggesting that Since Hardware's claimed purchases of cartons were of non-market origin.").
[27] See Verification Report at 23.
[28] See New-Tec's July 10, 2013 submission at Exhibit 20.

of loading, quantities, and price information. Furthermore, the PRC Customs Declaration forms are also consistent with the declared ME country-of-origin referenced in the CO, and with the ME port of loading listed on other related documents provided by New-Tec. The Department also examined the original documents during verification, including the original carbon copies of the PRC Customs Declarations, as well as COs reflecting the original red ink stamps and signatures from the issuing party. The Department found no inconsistences or evidence to contradict the reported ME origin of New-Tec's claimed ME inputs.[29]

Additionally, the documentation for all ME input purchases consists of the same type of documents (i.e., invoices, packing list, bill of ladings, COs, PRC customs declaration, and bank notices). Despite the fact that all documents on the record for each ME input consists of the same type of documents (i.e., COs, invoices, packing lists, bills of lading, PRC Customs declaration forms, etc.), it should be noted that petitioners do not challenge the use of an ME price for polypropylene resin because of only one aspect of record evidence that differs for this input, namely, photographs of the bags containing polypropylene resin, which were marked with a label that they were made in an ME country.[30] The Department finds that evidence on the record supports the finding that New-Tec's ME inputs meet the Department's criteria. We also note that the statement in the Verification Report of "no conclusive evidence" was merely to inform parties that no conclusive evidence was found during verification that would question the validity of the claimed ME inputs and the record evidence supporting those claims.[31]

As described above, New-Tec provided voluminous documentation for all of its ME purchases, which we accepted and verified as adequate evidence that the inputs were produced in an ME country, and purchased in an ME country with ME currency.[32] Thus, the Department determined that New-Tec provided sufficient evidence to demonstrate that its inputs were purchased from ME suppliers, paid for in ME currencies, and produced in an ME country.

We disagree with petitioners' challenge to the ME purchase price of aluminum ingots based on New-Tec's contacting of its ME supplier's Shanghai office. We find that there is no record evidence to indicate that an NME entity was involved in the aluminum ingots transaction, outside of New-Tec's contacting the ME supplier's Shanghai office.[33] More importantly, we find that evidence on the record indicates that the aluminum ingots transaction was handled and processed by an ME office of the supplier, and that the input was produced in an ME country, purchased from an ME supplier, and paid for in an ME currency.[34] Therefore, the Department continues to find that New-Tec's reported ME price for aluminum ingots is the best available information for valuing this input.

Finally, we disagree with petitioners' argument that the COs are unreliable due to various deficiencies. We find that the purported deficiencies petitioners raise are relatively minor as well as speculative when viewed in the context of the voluminous body of record evidence,

[29] See Verification Report at 23.
[30] Attachment 1 of the Verification Report.
[31] See Verification Report at 2.
[32] See New-Tec's July 10, 2013 submission at Exhibit 20.
[33] See id.
[34] See id.

consistency among documentation that has been submitted for each ME input, and the Department's findings at verification. The Department examined the COs during verification and found no inconsistences with the COs submitted on the record or other documentation submitted for each ME input such as to warrant questioning their authenticity.[35] As mentioned above, all supplemental documents, i.e., documents submitted in addition to the COs, provided by New-Tec were consistent with regard to the port of loading, country-of-origin, etc., vis-à-vis the COs and there were no inconsistencies among that information that would the lead the Department to question the COs' authenticity.

To the extent there may be certain deficiencies in documentation maintained by third parties as petitioner's claim, we do not find that these alleged deficiencies outweigh the record evidence, which establishes ME manufacture for the challenged inputs, and our findings at verification. Furthermore, both the record and the examination of the COs at verification support the conclusion that the COs originate from independent third parties. Petitioners' focus on alleged imperfections in the COs does not negate the evidentiary value of the COs, nor alter the fact that the COs adequately demonstrate the country of manufacture for the challenged inputs at issue (i.e., hot-rolled steel coil, cold-rolled steel coil, screws, rivets, slide bars, wheel axles, casters, aluminum ingots, and rubber wheels). Accordingly, we continue to find that the COs serve as reliable evidence of the country of manufacture for each of the challenged inputs.

Based on our analysis of the record evidence described above, we find that New-Tec demonstrated that the nine challenged inputs at issue (i.e., hot-rolled steel coil, cold-rolled steel coil, screws, rivets, slide bars, wheel axles, casters, aluminum ingots, and rubber wheels) satisfy our practice and regulation concerning ME inputs and, also, continue to find that the inputs at issue meet the 33 percent threshold required to value New-Tec's inputs as ME purchases.[36]

Comment 2: Surrogate Country

Cosco's Comments:

Cosco argues that the production of comparable merchandise favors the use of the Philippines over Thailand as the appropriate surrogate country. Cosco contends that during the POR, a significant quantity of hand trucks were produced in the Philippines under the six-digit tariff categories that the Department examined and placed on the record. Cosco further argues that the 2011 financial statements from AMF Metal Industries Corporations (AMF); Astron Metal Works Corp (Astron); RJ Spring Rubber & Metal Manufacturing Corporation (RJ); and Hokei Subic Corporation (Hokei) demonstrate that hand trucks or similar products were produced in the Philippines. All of this information indicates that the Philippines is a country with significant production of hand trucks or comparable products, making it an appropriate surrogate country.

Cosco avers that data considerations also favor the Philippines over Thailand. Cosco points out that the Department recognizes the Philippines meets its surrogate value criteria of product-specificity, representative of a broad-market average, publicly available, contemporaneous with

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

the POR, and free of taxes and duties. Cosco argues the Department used a flawed analysis in choosing the Thai financial statements over the ones from the Philippines. Cosco maintains that the record shows that the two Thai companies offer to sell hand trucks and are no more likely to have produced hand trucks than the Philippine companies. According to Cosco, the Philippine companies also manufacture diverse product lines that are every bit as similar to New-Tec's as are the Thai companies.

Cosco also points out that the Department selected the Philippines as a surrogate country over Thailand in numerous recent proceedings. Therefore, Cosco contends that economic comparability, data considerations and recent precedent all favor the use of the Philippines as a surrogate country over Thailand.

Petitioners' Comments:

Petitioners argue that the Department should continue to select Thailand as the surrogate country. Petitioners assert that Cosco has not established that any of the four companies for which Cosco submitted financial statements produce hand trucks or comparable merchandise. Specifically, petitioners point out that AMF and RJ do not produce hand trucks, but rather, products "similar to hand trucks." Further, petitioners argue that Cosco failed to explain what makes the merchandise produced by AMF and RJ comparable (e.g., physical characteristics, end uses, production processes) in order for the Department to consider whether the companies are producers of comparable merchandise. Petitioners point out that Cosco did provide a price quote for a hand truck for two of the companies (i.e., AMF and RJ), but that does not establish them as producers of hand trucks in the normal course of business. Petitioners further point out that the price quote from AMF was for exactly one hand truck and RJ's price quote is for 30 units, and neither of these price quotes represent viable commercial quantities.

Petitioners state that for Astron, Cosco merely stated that Astron offers fabricated metal products "on wheels" and this alone does not establish that Astron makes hand trucks or comparable merchandise. Petitioners further argue that neither one of the Astron products specifically mentioned by Cosco (i.e., SS Drum Cart and SS Buggy) are identical or comparable to subject merchandise because the SS Drum Cart lacks a toe plate and the SS Buggy cannot carry a load unless the buggy box is open. Thus, petitioners argue that Cosco did not establish factually how this company's products are comparable to hand trucks.

Petitioners state that for Hokei, Cosco does not establish factually that Hokei makes hand trucks in the Philippines. Petitioners point out that Hokei's website (i.e., www.hokei.com.tw) is located in Taiwan and therefore the Department cannot determine if the hand trucks are made in the Philippines or Taiwan due to the lack of sufficient evidence. Petitioners also point out that Hokei did not report a profit in 2011, rendering its financial statement unusable.
Petitioners further state that data considerations do not favor the Philippines over Thailand as a surrogate country. According to petitioners, Cosco does not actually make an argument in favor of selecting the Philippines, but rather, merely "catalogs" the Philippine data that has been submitted on the record. Petitioners argue that Cosco never explains why the Philippine Global Trade Atlas (GTA) data are more comprehensive or more favorable than the GTA data on the record for Thailand. Therefore, petitioners assert that Cosco's argument does not establish a

basis for the Department to switch from the use of Thailand to the Philippines as a surrogate country.

Petitioners claim that the Department's use of the Philippines in unrelated proceedings is not a valid consideration. Petitioners state that of the "numerous proceedings" in which Cosco contends the Department selected the Philippines as a surrogate country, Cosco only cites three such cases. Petitioners argue the Department's selection of the Philippines as a surrogate country in unrelated proceedings is not a valid consideration for this review because the Department has consistently taken the position that each administrative review stands alone.[37] Petitioners further argue that the cases cited by Cosco involve products that are in no way comparable to hand trucks. Therefore, the petitioners believe the Department's selection of the Philippines in other proceedings does not have precedential effect for this review.

Department's Position:

We disagree with Cosco. It is the Department's practice to select a surrogate country based on the criteria outlined in the Country Selection Memo (i.e., economic comparability, significant producer of comparable merchandise, and data considerations).[38] With respect to data considerations, the Department examines, among other things, whether usable financial statements are on the record from a company from which to derive surrogate financial ratios. Also, the Department's criteria for choosing surrogate companies to calculate surrogate financial ratios includes the availability of public and contemporaneous financial statements, and comparability to the respondent's experience.[39] When selecting surrogate financial statements, the Department prefers financial statements from companies that produce identical merchandise over companies that produce comparable merchandise, because it is the Department's preference

[37] See Petitioners' March 3, 2014 submission at 6 (citing Certain Steel Nails From the People's Republic of China: Final Results and Final Partial Rescission of the Second Antidumping Administrative Review, 77 FR 12556 (March 1, 2012), and accompanying Issues and Decision Memorandum, at Comment 2; Fresh Garlic From the People's Republic of China: Final Results of Antidumping Administrative Review and Rescission of New Shipper Review, 67 FR 11283 (March 13, 2002), and accompanying Issues and Decision Memorandum at Comment 3 ("What transpired in previous reviews is not binding precedent in later reviews"); Shandong Huarong Mach. Co. v. United States, 29 C.I.T. 484 (2005) ("As Commerce points out each administrative review is a separate segment of proceedings with its own unique facts.")).
[38] See Memorandum to the File, "2011-2012 Antidumping Duty Administrative Review of Hand Trucks and Parts Thereof from the People's Republic of China: Selection of a Surrogate Country" dated January 14, 2014 (Country Selection Memo).
[39] See also Hand Trucks and Certain Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2010-2011, 78 FR 28801 (May 16, 2013) (Hand Trucks 10-11), and accompanying Issues and Decision Memroandum at Comment 2.

to match the surrogate companies' production experience with respondents' production experience, provided that the surrogate value data is not distortive or otherwise unreliable.[40]

We continue to find that Thailand is at the level of economic development as the PRC, a significant producer of comparable merchandise, and we have reliable, publicly-available data from Thailand representing broad-market averages.[41] Additionally, the publicly-available data from Thailand covers all of New-Tec's reported FOPs. Furthermore, for the reasons discussed below, the financial statements from Thailand constitute the best available information to calculate surrogate financial ratios.[42] We find there is evidence on the record demonstrating that the two Thai companies, Office Thai Online Co. Ltd. (Thai Trolley) and Jenbunjerd Co. Ltd. (Jenbunjerd), produce identical merchandise

Additionally, we disagree with Cosco's argument that data considerations support selecting the Philippines as a surrogate country over Thailand. Cosco cites to cases in which the Philippines was specifically chosen over Thailand; however, in those cases, one of the major determining factors was the surrogate value of labor.[43] In addition, in some of those proceedings, the Department had International Labor Organization (ILO) Thai data from 2000 or 2005 to value labor, and 2008 ILO data from the Philippines.[44] Furthermore, in the cases cited by Cosco there were other case specific factors that contributed to the Philippines being chosen over Thailand that are not applicable in this review (e.g., in Steel Wire Hangers and Service Valves there were no financial statements from producers of comparable merchandise from Thailand; in Certain

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[40] See Certain Kitchen Appliance Shelving and Racks From the People's Republic of China; 2010-2011; Final Results of Antidumping Duty Administrative Review, 78 FR 5414 (January 25, 2013), and accompanying Issues and Decision Memorandum at Comment 1; Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Results and Partial Rescission of First Antidumping Duty Administrative Review, 77 FR 21734 (April 11, 2012), and accompanying Issues and Decision Memorandum at Comment 2.A.; Persulfates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 68 FR 68030 (December 5, 2003), and accompanying Issues and Decision Memorandum at Comment 1 ("While we agree that National Peroxide's financial statements are more contemporaneous with the POR than Gujarat's, we note that this advantage in contemporaneity does not overcome the Department's clear preference for selecting surrogate value sources that are producers of identical merchandise, provided that the surrogate data is not distorted or otherwise unreliable."); Persulfates From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 66 FR 42628 (August 14, 2001), and accompanying Issues and Decision Memorandum at Comment 5.

[41] See Country Selection Memo.

[42] See id., at 5; see also Hand Trucks 09-10, and accompanying Issues and Decision Memorandum at Comment 2; Polyethylene Terephthalate Film, Sheet, and Strip From the People's Republic of China: Final Results of the 2009-2010 Antidumping Duty Administrative Review of the Antidumping Duty Order, 77 FR 14493 (March 12, 2012), and accompanying Issues and Decision Memorandum at Issue 2.

[43] See Cosco's February 24, 2014 submission at 6-7citing (Chlorinated Isocyanurates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 4875 (January 30, 2014) (Chlorinated Isos); Aluminum Extrusions From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Rescission, in Part, 2010/12, 79 FR 94 (January 2, 2014) (Aluminum Extrusions); Steel Wire Garment Hangers From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 2010-2011, 78 FR 28803 (May 16, 2013)(Steel Wire Hangers); Frontseating Service Valves From the People's Republic of China; 2010-2011 Antidumping Duty Administrative Review; Final Results, 77 FR 67334 (November 9, 2012)(Service Valves); Certain Cased Pencils From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Determination To Revoke Order In Part; 2010-2011, 78 FR 28803 (May 16, 2013)(Certain Cased Pencils).

[44] See Chlorinated Isos and accompanying Issues and Decisions Memorandum at Comment 1; see also Aluminum Extrusions and accompanying Issues and Decisions Memorandum at Comment 1.

Cased Pencils there were no financial statements from producers of identical merchandise from Thailand).[45] Finally, the Department's decision in another unrelated proceeding in which the Philippines was used as the surrogate country, is not precedential because the bases for selecting a surrogate country are specific to the record evidence of each case.

In this review, for the calculation of the labor rate, the Department is relying on data from Thailand's National Statistics Office (NSO). These data are more detailed and more product specific than the labor data proffered for the Philippines.[46] While the current labor data on the record for the Philippines are ILO data from 2008, and thus, slightly more contemporaneous (NSO data are from 2007), the Philippine labor data only represent a two-digit ISIC code for all industries. In contrast, the labor data for Thailand are taken from the Thai NSO and provide greater specificity to the four-digit ISIC code.[47] The four-digit classification adds additional specificity, allowing the Department to obtain a wage rate that is more reflective of workers who manufacture hand trucks than the wage rate that the Department has available for the Philippines. As outlined in Labor Methodologies, the Department will apply filters to labor data with sub-classification and type of data ranked higher than contemporaneity, which is the case in this review.[48] Therefore, data considerations for this review continue to favor selecting Thailand as the surrogate country over the Philippines.

Although Cosco argues the Department should use Philippine surrogate values, it does not explain how the Philippine surrogate values are more suitable than the Thai values on the record. Further, Cosco contends that it provided surrogate values for overhead; selling, general, and administrative (SG&A); and profit, but these values stem from the Philippine financial statements and associated price quotes Cosco submitted on the record. Here, we have usable financial statements from Thai companies that produce identical merchandise. With respect to the financial statements from Philippine companies, Cosco failed to establish how the metal fabricated products produced by the companies in the Philippines constitute even "comparable merchandise." Furthermore, the record does not establish that AMF and RJ produce hand trucks in the normal course of business, but only that they could potentially produce them upon special order. One of the companies, Hokei, did not report a profit, rendering the financial statements of that company unusable. Additionally, it is unclear if Hokei manufactures hand trucks in the Philippines.

Finally, pursuant to 19 CFR 351.408(c)(2), the Department normally will value all factors in a single surrogate country. The U.S. Court of International Trade (CIT) has held this preference for valuing factors in a single surrogate country to be reasonable. According to the CIT, deriving surrogate data from one surrogate country limits the amount of distortion introduced into the

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[45] See Steel Wire Hangers and accompanying Issues and Decisions Memorandum at Comment 1; see also Service Valves and accompanying Issues and Decisions Memorandum at Comment 1; see also Certain Cased Pencils and accompanying Issues and Decisions Memorandum at Comment 1.
[46] See Memorandum to the File through Robert James, Program Manager, From: Scott Hoefke, Analyst, Regarding: "Administrative Review of Hand Trucks and Parts Thereof from the People's Republic of China", "Surrogate Values for the Preliminary Results" dated January 14, 2014 (Surrogate Values Memo) at 13 and Exhibit 16.
[47] See id.
[48] See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092, 36094 (June 21, 2011) (Labor Methodologies).

normal value calculations because a domestic producer would be more likely to purchase a product available in the domestic market.[49]

We continue to find that, based on record evidence, Thailand meets all of our criteria to serve as the primary surrogate country for the final results, as we are able to obtain Thai data for the calculation of surrogate values for all line items for which Cosco suggests that we use Philippine data. We also continue to use Thai data for the calculation of surrogate values for all line items, as we did in the Preliminary Results. We determine that we have usable financial statements from Thailand on the record, and not from the Philippines; we also have more detailed labor surrogate values that are more product-specific labor rates from Thailand than what we have from the Philippines. Therefore, we continue to rely upon the preference stated in the regulation to value all FOPs using a single surrogate country.[50]

Comment 3: Whether to use Thai Trolley's Financial Statement

Cosco's Comments:

Cosco argues that Thai Trolley is not an appropriate source for surrogate financial data. Cosco asserts that Thai Trolley's financial statements lack sufficient detail to calculate financial ratios, and that the entire denominator for the overhead ratio is based on a single number designated as "cost of services," which may include packing costs and other fixed and variable overhead items. Additionally, Cosco maintains the SG&A calculation is dependent on a single line item that appears aberrationally high when compared to other companies on the record.

Cosco also argues that Thai Trolley's operations are not similar to New-Tec's operations. According to Cosco, Thai Trolley produces a vast range of products that are drastically different from the hand trucks manufactured by New-Tec. Cosco explains that record evidence suggests that Thai Trolley manufactures items primarily from stainless steel, whereas New-Tec's products are manufactured primarily from aluminum. Therefore, Cosco asserts, the Department should not use Thai Trolley's financial ratios for the final results.

Petitioners' Comments:

Petitioners state that Thai Trolley produces merchandise identical to hand trucks. They state that the Department consistently and unambiguously determined in multiple proceedings that surrogate producers with smaller production quantities can be used for financial ratios. Therefore, petitioners do not find Thai Trolley unfit as a surrogate company. Furthermore, petitioners point out that in Hand Trucks 09-10 and in Hand Trucks 10-11, the Department

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[49] See Clearon Corporation and Occidental Chemical Corp. v. United States, Slip Op. 13-22, Court No. 08-00364 at *12-14 (CIT 2013).

[50] See 19 CFR 351.408(c); see also Clearon Corp. v. United States, Slip Op. 13-22 at *6 (CIT 2013) (acknowledging that the Department's preference is reasonable because "deriving the surrogate data from one surrogate country limits the amount of distortion introduced into its calculations"); see also Peer Bearing Co.-Changshan v. United States, 804 F.Supp.2d 1337, 1353 (CIT 2011) (citation omitted) ("the preference for use of data from a single surrogate country could support a choice of data as the best available information where the other available data 'upon a fair comparison, are otherwise seen to be fairly equal.'") Bristol Metals L.P. v. United States, 703 F.Supp.2d 1370, 1374 (CIT 2010).

addressed the issue of Thai Trolley's product range and production of hand trucks and found that Thai Trolley was an appropriate surrogate company for financial ratio purposes. Petitioners maintain that this remains true for this proceeding, as there is extensive information on the record of this review indicating that Thai Trolley produces hand trucks.[51]

Petitioners argue that because Thai Trolley is an appropriate source for surrogate financial data, claims that the financial statements lack detail are unavailing, particularly given the Department's history of deriving financial ratios from financial statements of various levels of detail. The inability to parse out direct materials, direct labor, and energy for the denominator for manufacturing overhead is irrelevant, as these are components of the denominator for the manufacturing overhead ratio. Petitioners claim that Cosco does not identify any direct materials, direct labor, or energy contained elsewhere in Thai Trolley's financial statements or that were in any way excluded from the denominator for manufacturing overhead. Therefore, petitioners argue that separately accounting for these three components would not alter the manufacturing overhead ratio derived by the Department, and thus, Cosco's complaint is of no substantive consequence.

Additionally, petitioners contend that Cosco's speculation that manufacturing overhead might include items such as packing costs and other fixed and variable overhead items, is not supported by record evidence. Petitioners argue that inclusion of such items would benefit New-Tec, as it would overstate the denominator and understate the numerator. In addition, petitioners assert the mere fact that Thai Trolley's SG&A costs are different from those of the companies preferred by Cosco does not establish that Thai Trolley's SG&A costs are "aberrational." Petitioners state that there is no other factual basis upon which the Department can conclude that Thai Trolley's SG&A costs are "aberrational."

Department's Position:

We disagree with Cosco. As stated in Comment 2, above, the Department's criteria for choosing surrogate companies to calculate surrogate financial ratios are based on the availability of public and contemporaneous financial statements, and comparability to the respondent's experience, and publicly available information. When selecting surrogate financial statements, the Department prefers financial statements from companies that produce identical merchandise over companies that produce comparable merchandise.[52] In this regard, it is the Department's preference to match the surrogate companies' production experience with respondents' production experience, and where possible, to primary surrogate country producers of identical merchandise provided that the surrogate value data are not distorted or otherwise unreliable, as explained in response to Comment 2, above.

We find that Thai Trolley's financial statements are contemporaneous with the POR, publicly available, and from a producer of identical merchandise.[53] We note that in recent segments of

[51] See Petitioners' March 3, 2014 submission at 7 (citing Hand Trucks 09-10, and accompanying Issues and Decision Memorandum at Comment 2; see also Hand Trucks 10-11, and accompanying Issues and Decision Memorandum at Comment 4).
[52] See Hand Trucks 10-11, and accompanying Issues and Decision Memorandum at Comment 2.
[53] See Country Selection Memo at 6.

this proceeding, we found that Thai Trolley produces identical products.[54] Additionally, we disagree with Cosco's argument that New-Tec and Thai Trolley have dissimilar operations. Both New-Tec and Thai Trolley produce a diverse range of metal fabricated products that helps match the respondent's production experience with the surrogate company's production experience.[55] This is consistent with evidence on the record and with past segments of this proceeding, where record evidence supported the Department's determination that Thai Trolley was an appropriate surrogate company for financial ratios, particularly because both New-Tec and Thai Trolley manufactured a diverse range of metal fabricated products.[56] Therefore, the Department continues to use Thai Trolley's financial statements in the calculation of surrogate financial ratios for these final results.

We agree with petitioners, regarding Cosco's argument about the denominator of manufacturing overhead. Cosco did not identify anywhere in the financial statements the ability to separate direct materials, direct labor, and energy, which would be included in the manufacturing overhead. Furthermore, there is no evidence to suggest that packing and other fixed and variable overhead items are included in manufacturing overhead, and therefore, Cosco's argument is unsupported by facts. Finally, we also agree with petitioners regarding Thai Trolley's SG&A. Showing that Thai Trolley's SG&A is different than those of Cosco's proffered companies does not factually establish that Thai Trolley's SG&A is aberrational, it only establishes that it is different.

Comment 4: Whether to use 2012 Thai Financial Statements

Cosco's Comments:

Cosco urges the Department to use the 2012 Thai financial statements over 2011 Thai financial statements used in the Preliminary Results if the Department continues to use Thailand as the surrogate country for the final results of review.

Petitioners' Comments:

Petitioners did not comment on this issue.

Department's Position:

We agree with Cosco. We included the 2012 Thai financial statements in the calculation of New-Tec's normal values for the final results of this review.[57]

Comment 5: Use of Jenbunjerd's Financial Statement

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[54] See id., at Attachment 2; see also Hand Trucks 09-10, and accompanying Issues and Decision Memorandum at Comment 2; see also Hand Trucks 10-11, and accompanying Issues and Decision Memorandum at Comment 4.
[55] See Country Selection Memo at Attachment 2; see also New-Tec's April 2, 2013 submission at Exhibit 23.
[56] See id.
[57] See Memorandum to the File through Robert James, Program Manager, From: Scott Hoefke, Analyst, "Analysis of Data Submitted by New-Tec Integration (Xiamen) Co., Ltd. (New-Tec) in the Final Results of Administrative Review of the Antidumping Duty Order on Hand Trucks and Parts Thereof from the People's Republic of China (PRC)" dated July 22, 2014 at 1 (New-Tec's Analysis Memo).

Cosco's Comments:

Cosco suggests that the Department should make adjustments to Jenbunjerd's financial statements. Cosco suggests the Department modify the financial ratios by moving "income from rent," "gain on disposal of assets," "other income," "interest income" and "gains on foreign exchange" to include them as an offset to SG&A. Cosco asserts that these corrections are in accordance with the Department's normal practice. Specifically, Cosco argues that this helps meet the Department's practice of calculating financial ratios net of income and taxes, and application of such expenses to a consistent base amount from the build-up of the respondent's FOPs and surrogate values for materials, labor, and energy.

Petitioners' Comments:

Petitioners disagree with Cosco and urge the Department not to make adjustments to Jenbunjerd's financial statements. Petitioners argue there is little information on the record concerning the specific nature of the income items that Cosco suggests the Department use as an offset to expenses. According to petitioners, these items appear unrelated to Jenbunjerd's operations. Petitioners explain that each income line represents a net amount derived from gross revenue less associated expenses, meaning no related expenses appear elsewhere in the income statement. Petitioners contend Cosco has not identified the relevant SG&A expense line items that Cosco believes should be offset by specific income items. Petitioners further argue that Cosco cannot prove that the line items in question are related to the normal operation of Jenbunjerd, and also that the finance-related line items are short-term in nature.

Department's Position:

We agree with both petitioners and Cosco, in part, for making adjustments to Jenbunjerd's financial statements. Although Cosco argued, in the event the Department uses Jenbunjerd's 2011 financial statements, that the Department should make certain adjustments to the calculations, we find that the adjustments are equally applicable to Jenbunjerd's 2012 financial statements. Consistent with Comment 4, above, we made the following changes to the financial ratio calculation from Jenbunjerd's 2012 financial statements[58]:

- "Revenue from rental charge" is excluded from SG&A, because we find it is not part of the general operations of the company, but instead-it was a significant percentage of sales income in a separate line of business, as indicated by it being a separate line item, making it a significant revenue stream to the company.[59] "Revenue from tax card" is excluded from the financial ratio calculation, because it relates to income and VAT taxes.[60]

[58] See Cosco's February 12, 2014 submission at Attachment 1. These changes correspond to what parties raised in their case briefs; however, we note differences in the name of the line items referenced by parties versus what appears in Jenbunjerd's translated financial statements. Therefore, we referenced each line item by what is listed in the translated financial statements.

[59] See Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Results of the First Administrative Review of the Antidumping Duty Order, 76 FR 77772 (December 14, 2011), and accompanying Issues and Decision Memorandum at Comment 9

[60] See Hand Trucks 10-11, and accompanying Issues and Decision Memorandum at Comment 5.

"Revenue from dividend" is also excluded from SG&A, because it relates to investment activity.[61] However, we adjusted the profit to account for this exclusion.

- Included "Interest received" in SG&A, because it appears this income is from short-term investment sources based on the amount of the "cash and cash in bank" line item on Jenbunjerd's financial statements.[62]
- "Profit from Exchange Rate" is included in SG&A, because it is the Department's practice to include all gains and loses in foreign exchange in the financial ratio calculation.[63]
- "Profit from Selling of Asset", and "Other Revenues" is included in SG&A as an offset to the financial ratio calculation, because they are related to the general operation of the company and, therefore, have been included in SG&A.[64]

Comment 6: Omitted Factor of Production Value

Petitioners' Comments:

Petitioners claim the Department omitted a packing material FOP in the calculation of New-Tec's packing costs for normal value, which should be valued as an input in the production of the foreign like product.

Cosco's Comments:

Cosco agrees that the Department omitted a packing FOP. Cosco believes the Department should value this input, and offered a value under the Thai tariff schedule as a reasonable option in the absence of other Thai values on the record.

Department's Position:

We agree with both petitioners and Cosco. We included the missing FOP input in the calculation of packing material costs in order to compute New-Tec's normal values for these final results of review.[65]

Comment 7: Alternative Surrogate Values for Factors of Production

Petitioners' Comments:

Petitioners urge the Department to revise the surrogate values for certain FOP inputs due to sparse information on the record. Petitioners suggest the Department use the following information to value various inputs:

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[61] See id.
[62] See id.
[63] See id.
[64] See Hand Trucks 10-11, and accompanying Issues and Decision Memorandum at Comment 5.
[65] See New-Tec's Analysis Memo.

- For Sulfuric Acid, use Thai HTS 2807.00.00.202 "Sulphuric acid, fuming (Oleum), more than 50% w/w";
- Aluminum Welding Rod, use Thai HTS 7604.29.90.001 "Other Profiles";
- For Caustic Soda, use Thai HTS 2815.12.00.101 "Sodium Hydroxide (Caustic Soda), 20%w/w or less";
- For Latch, use 7326.90.99 "Other articles of iron or steel";
- For Labels, use 4821.10 "Paper Labels of all kinds, printed" due to lack of reported inputs for printing.

Cosco's Comments:

Cosco argues that the Department should not use the alternative surrogate values suggested by petitioners for certain FOP inputs. The Department should reject petitioners' only justification of "sparse information", as it is unreasonable and unsupported by evidence on the record; additionally, no discrepancies were found at verification. Cosco asserts the Department generally uses six-digit HTS classification codes in prior administrative reviews of this order, and petitioners do not provide any reason to deviate. However, Cosco concedes that specific to labels, the HTS classification suggested by petitioners could be appropriate if the record shows New-Tec used printed rather than blank labels.

Department's Position:

We disagree with petitioners, in part. Petitioners do not cite to any evidence on the record to support their argument that the Department should revise the FOP inputs from the six-digit Thai HTS classification to what they claim is a more specific, detailed classification code. Nor do petitioners make the claim or demonstrate that their suggested HTS classifications more closely match the HTS classifications reported by New-Tec. Because there is no evidence on the record to support matching the more detailed tariff schedule to New-Tec's product specific inputs, we find that it is appropriate to continue to use the six-digit Thai HTS classification. We note that the current basket categories used for New-Tec's surrogate value inputs currently match New-Tec's reported FOP inputs in its April 2, 2013 submission at Exhibit 10. Thus, evidence on the record supports using the broader HTS basket category, which includes the specific inputs and broad market averages of similar raw materials. Thus, in light of evidence on the record, using the six-digit Thai HTS classification ensures a better match to New-Tec's production process. Furthermore, finally, we disagree with petitioners regarding New-Tec's FOPs for caustic soda and latch, because we find that Thai HTS 2815.11 and Thai HTS 7907.00 categories used in the Preliminary Results reflect the most appropriate surrogate value classification, as they more closely relate to the FOP description New-Tec reported.[66]

Addressing specifically the issue of labels, we agree with petitioners, in part. We do not agree with the argument regarding the lack of reported printing items as justification to use the proposed surrogate value. However, we do find evidence on the record suggests that the labels are likely pre-printed, as the description of purchased products is more detailed than one would

[66] See New-Tec's April 2, 2013 submission at Exhibit 10.

expect to see for non-printed labels.[67] Therefore, for these final results, we used the Thai HTS 4821.10 "Paper Labels of All Kinds, Printed."

Comment 8: Alternative Surrogate Freight and Brokerage Methodologies

Petitioners' Comments:

Petitioners argue that the Department should revise the denominator for inland freight and brokerage and handling (B&H) costs to reflect the actual weight of hand trucks that can be loaded into a shipping container. In the Preliminary Results, the Department used the surrogate value in Doing Business 2013: Thailand (Doing Business) for inland freight costs and divided these costs by the total weight of a fully-loaded 20-foot container. Petitioners argue that there is a finite number of hand trucks that can fit into a cargo container, and that information provided on New-Tec's website indicates that the Department should divide the B&H costs by the maximum weight of New-Tec's hand trucks.

Petitioners submit that alternatively, the Department should revise the denominator for inland freight and B&H costs to reflect the weight specified in the Doing Business case study. According to petitioners, in Doing Business, the methodology used to calculate the inland freight and B&H costs is based on a few assumptions (e.g., 20-foot full container load, with a weight of 10 tons).[68] As mentioned above, petitioners state that in the Preliminary Results, the Department used the maximum weight of a 20-foot cargo container in the calculation. Therefore, the petitioners assert the Department should revise the denominator to 10 tons to reflect the information contained in Doing Business. Petitioners argue that this would be consistent with other NME cases.[69]

Petitioners also state the Department should revise its inland freight numerator to reflect the freight on raw materials consumed for import freight values rather than export freight values. Petitioners point out that in the Preliminary Results, the Department used 200 U.S. dollars as the numerator as reported in Doing Business. However, petitioners argue that this amount represents "inland transportation and handling" under the heading "procedures to export" on page 82 of Doing Business. Petitioners argue that we should also use 210 U.S. dollars which is the "inland transportation and handling" under "procedures to import." According to petitioners, this should cover the costs of New-Tec receiving raw materials from the closest port.

Cosco's Comments:

Cosco urges the Department to reject the alternative surrogate freight and brokerage methodologies proffered by petitioners. Cosco argues the Department rejected such proposed recalculations in prior cases, including in the 2008-2009 review of this order. Cosco maintains

[67] See New-Tec's July 10, 2013 submission at Exhibit 17.
[68] See Doing Business at 79.
[69] See, e.g., Frozen Fish Fillets From the Socialist Republic of Vietnam: Final Results of Antidumping Administrative Review and New Shipper Reviews, 78 FR 17350 (March 21, 2013); Multilayered Wood Flooring From the People's Republic of China: Preliminary Results of Antidumping Administrative Review; 2011-2012, 78 FR 70267 (November 25, 2013).

there is no reason to assume different weight denominators for material and packing inputs. Cosco states the Department has made it clear that it considers the per-kilogram charge to be the controlling factor in deriving the appropriate surrogate value, and generally rejects attempts to recalculate per-kilogram charges on a case-specific basis. Cosco contends petitioners provided no evidence or argument that for the preliminary results the Department used an unreasonable surrogate value for freight charges incurred in an NME country.

Department's Position:

We agree with petitioners, in part. In Multilayered Wood Flooring, the Department determined that 10 tons should be used to calculate the B&H surrogate value because this is the weight of the shipment in a 20-foot container for which participants in the Doing Business survey reported B&H cost.[70] If the Department were to use a different container load, as argued by Cosco (i.e., total weight of container) and also petitioners (i.e., finite space in a container), it would be using a weight unrelated to the costs reported in Doing Business. Using 10 tons in the per-unit calculation, as alternatively suggested by petitioners, would maintain the relationship between costs and quantity from the Doing Business survey. To do so, would also make use of data (i.e., Doing Business) from the same source, and would be consistent with the Department's past practice.[71] Therefore, for these final results, we adjusted this surrogate value accordingly using 10 tons as the denominator to calculate inland freight and B&H costs.[72] Using Doing Business data in this way to calculate this maintains consistency in the B&H calculation.

Upon reviewing the record, we also adjusted the distance to calculate inland freight, consistent with the costs reported in Doing Business. In Doing Business, one of the assumptions is that the company is located in a periurban area (i.e., Bangkok's Industrial Park Area) of the economy's largest business city (Bangkok).[73] This assumption runs contrary to what the Department did in the Preliminary Results. In the Preliminary Results, the Department relied on the distance from the Port of Bangkok to Bangkok's city center, a distance of 12.5 kilometers. Additionally, Doing Business does not specify which major port in Thailand serves as the basis for their calculation. In Prestressed Concrete, the Department determined that there are two major ports in Thailand (Port of Bangkok (44.33 km from port to Bangkok Industrial Area); and Laem Chabang Port (110 km from port to Bangkok Industrial Area)).[74] Therefore, consistent with the Department's decision in Prestressed Concrete we used the average distance of the two major ports (i.e., 76.67 km) to calculate inland freight.[75]

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[70] See Doing Business at 79.

[71] See, e.g., Certain Steel Nails From the People's Republic of China; Final Results of Third Antidumping Duty Administrative Review; 2010-2011, 78 FR 16651 (March 18, 2013) and accompanying Issues and Decision Memorandum at Comment 3R, see also Multilayered Wood Flooring From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 26712 (May 9, 2014) and accompanying Issues and Decision Memorandum at Comment 4 (Multilayered Wood Flooring).

[72] See New-Tec Analysis Memo.

[73] See Doing Business at 79.

[74] See Final Determination of Sales at Less Than Fair Value: Prestressed Concrete Steel Rail Tie Wire from the People's Republic of China, 79 FR 25572 (May 5, 2014), and accompanying Issues and Decision Memo at Comment 5 (Prestressed Concrete).

[75] See New-Tec's Analysis Memo.

Finally, we also agree, in part, with the petitioners about including the inland freight import cost to represent inland freight for material and packing. Given that New-Tec's raw materials were delivered by truck, we averaged the two values (i.e., "inland transportation and handling" under the heading "procedures to export" and "inland transportation and handling" under the heading "procedures to import) to encompass all costs.[76] Averaging the two values together will assist the Department with obtaining a broader market average to represent the inland freight cost, consistent with the Department's past practice.[77] Therefore, we averaged the two inland freight values identified in Doing Business for the calculation of inland freight for these final results.[78]

Recommendation

Based on our analysis of the comments received, we recommend adopting the above positions. If these recommendations are accepted, we will publish the final results of this administrative review and the final antidumping duty margin in the Federal Register.

Agree ✓ Disagree ____________

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

22 July 2014
Date

[76] See id.

[77] See, e.g., Certain Steel Nails From the People's Republic of China: Preliminary Results of the Fourth Antidumping Duty Administrative Review, 78 FR 56861 (September 16, 2013), unchanged in Certain Steel Nails From the People's Republic of China: Final Results of the Fourth Antidumping Duty Administrative Review, 79 FR 19316 (April 8, 2014).

[78] See New-Tec's Analysis Memo.