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August 28, 2014

MEMORANDUM TO: Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

FROM: Gary Taverman   
Associate Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the  
Antidumping Duty Administrative Review of Hand Trucks and  
Certain Parts Thereof from the People's Republic of China; 2012-  
2013

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 three PRC firms: New-Tec Integration (Xiamen) Co., Ltd. (New-Tec); Yangjiang Shunhe Industrial Co. (Shunhe); and Full Merit Enterprise Limited (Full Merit). The period of review (POR) is December 1, 2012, through November 30, 2013. We preliminarily determine New-Tec's weighted-average margin is zero. We are not making a determination of no shipments with respect to Shunhe. In addition, although the sole request for review of Full Merit has been timely withdrawn, we are not rescinding this review with respect to Full Merit at this time.

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 within 120 days after the date of publication of the preliminary results notice, 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.<sup>1</sup> On December 3, 2013, 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, 2012, through

<sup>1</sup> 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).



November 30, 2013.<sup>2</sup> On December 20, 2013, Gleason Industrial Products, Inc. and Precision Products, Inc. (collectively Petitioners) requested a review of New-Tec and Shunhe. On December 30, 2013, Cosco Home & Office Products (Cosco) requested a review of New-Tec. On December 31, 2013, Sperian Eye and Face Protection, Inc., a subsidiary of Honeywell International, Inc. (collectively Honeywell), requested a review of Full Merit.

On February 3, 2014, the Department published in the Federal Register a notice of initiation of the antidumping duty administrative review of hand trucks from the PRC with respect to New-Tec, Full Merit, and Shunhe.<sup>3</sup> On March 5, 2014, we placed on the record data from CBP pertaining to the companies for which the Department had received requests for review, and invited interested parties to comment on the CBP data. No interested party commented on the CBP data.

On March 18, 2014, we received a timely filed request from Honeywell to withdraw its request for administrative review of Full Merit. No other interested party requested a review of Full Merit.

We issued the standard antidumping duty questionnaire to New-Tec on March 27, 2014, and received timely responses from New-Tec in April 2014 and May 2014. We issued supplemental questionnaires to New-Tec covering sections A, C, and D of the original questionnaire in June 2014 and July 2014, and received timely responses to those questionnaires.

We issued the standard antidumping duty questionnaire to Shunhe on March 27, 2014, and received a certification of no shipments from Shunhe on April 10, 2014.

### 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

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<sup>2</sup> See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 78 FR 72636 (December 3, 2013).

<sup>3</sup> See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part, 79 FR 6147 (February 3, 2014) (Initiation Notice).

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.

#### Certification of No Shipments

On April 10, 2014, we received an entry of appearance and certification of no shipments from Shunhe. Also on April 10, 2014, the Department sent an inquiry to CBP to determine whether CBP entry data is consistent with the no shipments certification from Shunhe. The Department received no information contrary to Shunhe's claim of no shipments. Since Shunhe was part of the PRC-wide entity at the outset of this administrative review, and continues to be part of the PRC-wide entity in this administrative review, we are not making a determination of no shipments with respect to Shunhe for the preliminary results of the instant administrative review.

#### Intent Not to Rescind Review in Part

For the company named in the Initiation Notice for which all review requests have been withdrawn (i.e., Full Merit), but which have not previously received separate rate status, the Department's practice is to refrain from rescinding the review with respect to these companies at this time. Honeywell timely withdrew its request for review of Full Merit. While the request for review was timely withdrawn, the company remains part of the PRC-wide entity. Although the PRC-wide entity is not under review for these preliminary results, the possibility exists that the PRC-wide entity could be under review for the final results of this administrative review. Therefore, we are not rescinding this review with respect to Full Merit at this time. We intend to

rescind this review with respect to Full Merit in the final results if the PRC-wide entity is not under review.<sup>4</sup>

## DISCUSSION OF THE METHODOLOGY

### Non-Market Economy Country Status

The Department considers the PRC to be a non-market economy (NME) country.<sup>5</sup> 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 treated the PRC as an NME country and applied our current NME 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. See Initiation Notice. 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.<sup>6</sup>

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

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<sup>4</sup> On November 4, 2013, the Department announced a change in practice for all antidumping administrative reviews for which the notice of opportunity to request an administrative review is published on or after December 4, 2014. See Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Proceedings, 78 FR 65963 (November 4, 2013). The opportunity to request this review published on December 3, 2013; therefore, the changes to the Department's practice are not applicable to this review. See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review, 78 FR 72636 (December 3, 2013).

<sup>5</sup> 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 First Antidumping Duty Administrative Review, 77 FR 21734 (April 11, 2012).

<sup>6</sup> 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).

### 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. 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 or licenses required for exports of subject merchandise; (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.<sup>7</sup>

### 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.<sup>8</sup>

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 April 17, 2014, 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

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<sup>7</sup> See New-Tec's April 17, 2014, submission at 1-10.

<sup>8</sup> 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).

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.

### Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production (FOPs), valued in a surrogate market economy country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more market economy countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.<sup>9</sup> The Department determined that Bulgaria, Colombia, Ecuador, Indonesia, Thailand, and South Africa are at the level of economic development of the PRC.<sup>10</sup> Moreover, it is the Department's practice to select an appropriate surrogate country based on the availability and reliability of data from the countries that are at a comparable level of economic development to the PRC and significant producers of comparable merchandise.<sup>11</sup> Sources of the surrogate values we preliminarily have used in this review are discussed under the "Normal Value" section, infra.

In the current segment of the proceeding, Petitioners and Cosco were the only parties to submit comments regarding surrogate country selection. Both Petitioners and Cosco argued that Thailand was the most comparable economically to the PRC and a significant producer of comparable merchandise during the POR.<sup>12</sup>

Among the countries identified on the Surrogate Country List, the Department found that all the countries were at the same level of economic development as the PRC and significant producers of comparable merchandise.<sup>13</sup> When selecting among several potential surrogate countries, the Department's practice, in accordance with section 773(c)(1) of the Act, is to select a country that provides surrogate value data which are product-specific, representative of a broad-market

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<sup>9</sup> For a description of the Department's practice see Import Administration Policy Bulletin 04.1, "Non-Market Economy Surrogate Country Selection Process" (March 1, 2004) (Policy Bulletin).

<sup>10</sup> See Memorandum from Carole Showers, Director, Office of Policy, to Robert James, Program Manager, Office VI; Subject: Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Hand Trucks and Parts Thereof from the People's Republic of China, dated May 16, 2014 (Surrogate Country List). These six countries are part of a non-exhaustive list of countries that are at the level of economic development of the PRC in terms of per capita gross national income.

<sup>11</sup> For a description of the Department's practice see Policy Bulletin.

<sup>12</sup> See Petitioners' submission dated July 15, 2014; see also Cosco's submission dated July 15, 2014.

<sup>13</sup> See Memorandum to the File, from Scott Hoefke, Analyst, Subject: Antidumping Duty Administrative Review of Hand Trucks and Certain Parts Thereof from the People's Republic of China: Selection of a Surrogate Country; 2012-2013, dated concurrently with this notice (Country Selection Memorandum).

average, publicly available, contemporaneous with the POR, and free of taxes and duties.<sup>14</sup> There is no hierarchy among these criteria. It is the Department's practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing FOPs.<sup>15</sup>

Both Petitioners and Cosco placed data and financial statements for Thailand on the record of this administrative review, including a full range of relevant surrogate value information for material and other inputs from the Global Trade Atlas (GTA).<sup>16</sup> Both Petitioners and Cosco argued that Thailand was the most appropriate country. We find these data meet each of the Department's criteria; that is, they are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and free of taxes and duties.

Petitioners submitted 2012 and the 2013 financial statements from two companies in Thailand: Office Thai Online Co., Ltd. (Thai Trolley) and Jenbunjerd Co., Ltd. (Jenbunjerd).<sup>17</sup> Cosco submitted 2013 financial statements from TS Steel Enterprise Co., Ltd. (TS Steel), which shows TS Steel's financial performance in 2012 and 2013.<sup>18</sup> We find that both the 2013 Thai Trolley and 2013 Jenbunjerd financial statements are contemporaneous with the POR, as they cover 11 months of the POR. In addition, they are publicly available and record evidence shows that both companies produce products identical to the subject merchandise.<sup>19</sup> Regarding TS Steel, evidence on the record does not establish that TS Steel is a producer of identical merchandise.<sup>20</sup> Additionally, TS Steel's 2013 financial statement shows that it did not report a profit, rendering it unusable.<sup>21</sup> The Department has an established practice of not relying on financial statements that demonstrate the company did not make a profit.<sup>22</sup> Furthermore, we also find that the 2012

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<sup>14</sup> See, e.g., First Administrative Review of Certain Polyester Staple Fiber From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 75 FR 1336 (January 11, 2010), and accompanying Issues and Decision Memorandum at Comment 1.

<sup>15</sup> See, e.g., Certain Steel Threaded Rod From the People's Republic of China: Final Results of Third Antidumping Duty Administrative Review; 2011-2012, 78 FR 66330 (November 5, 2013), and accompanying Issues and Decision Memorandum at 7.

<sup>16</sup> See Petitioners' July 15, 2014 submission; see also Cosco's July 15, 2014 submission.

<sup>17</sup> See Petitioners' July 15, 2014 submission.

<sup>18</sup> See Cosco's July 15, 2014 submission.

<sup>19</sup> See Petitioners' July 15 submission at SV-1 and SV-4.

<sup>20</sup> 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 to match the surrogate companies' production experience with respondents' production experience, provided that the surrogate value data are not distorted or otherwise unreliable. 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. Using a combination of financial statements for companies that produce both identical and comparable merchandise "would dilute the selected surrogate financial statement by including comparable merchandise." See 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); 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), and accompanying Issues and Decision Memorandum at Comment 2.

<sup>21</sup> See Petitioners' July 30, 2014 submission.

<sup>22</sup> See Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results of the First Antidumping Duty Administrative Review and First New Shipper Review, 72 FR 52052 (September 2007) and

financial statements of Jenbunjerd, Thai Trolley, and TS Steel are less contemporaneous with the POR, as they only cover one month of the POR. Therefore, we have preliminarily determined to use Jenbunjerd's and Thai Trolley's 2013 financial statements.

Regarding Cosco's rebuttal submission addressing Thai Trolley's diverse product lines,<sup>23</sup> 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. This is consistent with past segments of this proceeding in which record evidence supported the Department's determination that Thai Trolley was an appropriate surrogate company for financial ratios, because both New-Tec and Thai Trolley manufactured a diverse range of metal fabricated products.<sup>24</sup>

Therefore, based on record evidence, for these preliminary results, we selected Thailand as the surrogate country for valuing FOPs. Thailand is at the same level of economic development as the PRC, is a significant producer of comparable merchandise, and we have reliable, publicly-available data from Thailand representing broad-market averages free of taxes and duties, and financial statements from Thai producers of identical merchandise.<sup>25</sup>

#### Fair Value Comparisons

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs) (the average-to-average method) unless the Department determines that another method is appropriate in a particular situation. In AD 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 AD investigations.<sup>26</sup> 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

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accompanying Issues and Decision Memorandum at Comment 2B; see also e.g., 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), and accompanying Issues and Decision Memorandum at Comment 2.

<sup>23</sup> See Cosco's July 30, 2014 submission.

<sup>24</sup> See 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), and accompanying Issues and Decision Memorandum at Comment 4; see also Hand Trucks and Certain Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 44008 (July 29, 2014), and accompanying Issues and Decision Memorandum at Comment 4.

<sup>25</sup> See 773(c)(4) of the Act; see also Country Selection Memorandum.

<sup>26</sup> 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.



351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.<sup>27</sup> 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 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

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<sup>27</sup> 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).

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 none of its sales pass the Cohen's *d* test and, therefore, does not confirm the existence of pattern of export prices for comparable merchandise that differs significantly among purchasers, regions, or time periods.<sup>28</sup> Accordingly, the Department used the average-to-average method to calculate the weighted-average dumping margin for New-Tec.

## 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.<sup>29</sup>

We used Thai transport information in order to value the freight-in cost of the raw materials. The Department determined the best available information for valuing truck freight to be from the World Bank's report, Doing Business 2014: Thailand. This World Bank report gathers information concerning the distance and cost to transport products in a 20-foot container from the periurban area (i.e., Bangkok's Industrial Park Area) of the economy's largest business city (Bangkok) to the country's major port.<sup>30</sup> 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)).<sup>31</sup> 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.<sup>32</sup> We calculated a per-kilogram/per-kilometer surrogate inland freight rate of 0.0003 U.S. dollars per per-kilogram/per-kilometer based on using the full capacity of a 20-foot container as reported in the World Bank report.<sup>33</sup>

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<sup>28</sup> 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 August 28, 2014 (New-Tec's Analysis Memo).

<sup>29</sup> 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.

<sup>30</sup> See Doing Business at 72.

<sup>31</sup> 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).

<sup>32</sup> See New-Tec's Analysis Memo.

<sup>33</sup> See Surrogate Values Memorandum at Exhibit 6.

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 2014: Thailand.<sup>34</sup>

In 2012, the Department announced a change of methodology with respect to the calculation of EP and CEP to include an adjustment of any un-refunded (herein "irrecoverable") value-added taxes (VAT) in certain non-market economies in accordance with section 772(c)(2)(B) of the Act.<sup>35</sup> The Department explained that when an NME government imposes an export tax, duty, or other charge on subject merchandise, or on inputs used to produce subject merchandise, from which the respondent was not exempted, the Department will reduce the respondent's EP and CEP prices accordingly, by the amount of the tax, duty or charge paid, but not rebated.<sup>36</sup> Where the irrecoverable VAT is a fixed percentage of EP or CEP, the Department explained that the final step in arriving at a tax neutral dumping comparison is to reduce the U.S. EP or CEP downward by this same percentage.<sup>37</sup>

The Department's methodology, as explained above and applied in this review, essentially amounts to performing two basic steps: (1) determining the amount (or rate) of the irrecoverable VAT tax on subject merchandise, and (2) reducing U.S. price by the amount (or rate) determined in step one. Information placed on the record of this review by New-Tec indicates that according to the Chinese VAT schedule, the standard VAT levy is 17 percent and the rebate rate for subject merchandise is 15 percent.<sup>38</sup> For the purposes of these preliminary results, therefore, we removed from U.S. price the difference between the VAT rate and the rebate rate of two percent, which is the irrecoverable VAT as defined under Chinese tax law and regulation.<sup>39</sup>

### 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 a NME and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV on 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.<sup>40</sup>

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<sup>34</sup> See Surrogate Values Memorandum at Exhibit 7.

<sup>35</sup> 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).

<sup>36</sup> Id.; see also Chlorinate Isocyanurates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review: 2011-2012, 79 FR 4875 (January 30, 2014) and accompanying Issues and Decision Memorandum at Comment 5.A.

<sup>37</sup> Id.

<sup>38</sup> See New-Tec's July 17, 2014, submission at 7-8.

<sup>39</sup> Id. at 8.

<sup>40</sup> 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

## 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.<sup>41</sup> To calculate NV, the Department multiplied New-Tec's reported per-unit FOP quantities by publicly available SVs for the respondent. 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.<sup>42</sup>

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.<sup>43</sup> 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.

In accordance with section 773(c) of the Act, for merchandise produced by New-Tec, the Department calculated NV based on the FOPs reported by New-Tec for the POR. 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 obtained Thai import statistics by using data in 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, publicly available, representative of a broad market average, and tax- and duty- exclusive.<sup>44</sup>

As appropriate, we added freight costs to the surrogate values that we calculated for New-Tec's material inputs to make these prices reflect 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

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the People's Republic of China: Final Results of 2003-2004 Administrative Review and Partial Rescission of Review, 71 FR 2517 (January 17, 2006).

<sup>41</sup> See Surrogate Values Memorandum.

<sup>42</sup> 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.

<sup>43</sup> See section 773(c)(3) of the Act.

<sup>44</sup> See Surrogate Values Memorandum.

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). We increased the calculated costs of the FOPs for surrogate general expenses and profit.<sup>45</sup>

Other inputs consisted of water, electricity, carbon dioxide, and liquid petroleum gas. We valued electricity using an average price of energy to various customers as published by the Electrical Generating Authority of Thailand, Annual Report 2012: Key Statistical Data.<sup>46</sup> To 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](http://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.<sup>47</sup> We valued carbon dioxide and liquid petroleum gas using import statistics from the GTA, as described above.<sup>48</sup>

New-Tec reported that scrap material is produced in the production process of hand trucks. New-Tec gathers the recovered material, weighs it, and then sells it to an unaffiliated outside party.<sup>49</sup> Therefore, we offset New-Tec's material costs for revenue generated from the sale of recovered steel and aluminum.<sup>50</sup>

New-Tec reported that six of its raw materials inputs (*i.e.*, slide bar, wheel axles, screws, rivets, casters, and polypropylene resin) were produced in market economy countries, purchased from a market economy supplier and paid for in market economy currencies. To use a market economy price paid by a respondent to value a particular input, the Department requires that claimed market economy inputs are produced in one or more market economy countries, purchased from a market economy supplier and paid for in market economy currencies.<sup>51</sup> In this case, documentation is available for all six of New-Tec's claimed market economy inputs, and indicates these inputs were produced in one or more market economy countries, purchased from a market economy supplier and paid for in market economy currencies. Such documentation includes certificates of origin, sales contracts, commercial invoices, bills of lading, and PRC Customs declaration forms.

In addition, pursuant to 19 CFR 351.408(c)(1), if substantially all of an input (*i.e.*, 85 percent or more of the total volume purchased of the input) is purchased from market economy suppliers, the Department normally will use the weighted-average purchase price paid to market economy

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<sup>45</sup> Id. at Exhibit 8.

<sup>46</sup> See Surrogate Values Memorandum at Exhibit 4.

<sup>47</sup> Id.

<sup>48</sup> Id. at Exhibit 3.

<sup>49</sup> See New-Tec's May 8, 2014 submission at 50-51.

<sup>50</sup> See Surrogate Values Memorandum at Exhibit 3.

<sup>51</sup> See 19 CFR 351.408(c)(1) (2013); see also Use of Market Economy Input Prices in Nonmarket Economy Proceedings, 78 FR 46799 (August 2, 2013) (Market Economy Input Price).

suppliers to value all of the input.<sup>52</sup> Because information reported by New-Tec demonstrates that five of the six claimed inputs (i.e., slide bar, wheel axles, screws, rivets, and casters) meet the volume threshold (i.e., 85 percent) of being purchased from market economy suppliers, the Department used New-Tec's actual market economy purchase prices to value its FOPs for these inputs, because these prices constitute the best available information to value these FOPs. With respect to one input, (i.e., polypropylene resin), record evidence indicates that this input was produced in a market economy country, purchased from a market economy supplier, and paid for in a market economy currency, but at purchase quantities less than substantially all of the total purchases (i.e., less than 85 percent of the total purchases). We valued polypropylene resin using a weighted-average of the volume demonstrated to be manufactured in a market economy country and purchased from a market economy supplier using the market economy price and the volume manufactured in a NME country using a surrogate value.<sup>53</sup> Where appropriate, we added freight expenses to the market economy prices for these inputs.

To value the surrogate financial ratios for factory overhead, selling, general & administrative (SG&A) expenses, and profit, the Department used the 2013 financial statements of Thai Trolley and Jenbunjerd. Record evidence demonstrates that Thai Trolley and Jenbunjerd are producers of identical merchandise in Thailand. Their financial ratios for factory overhead and SG&A expenses are comparable to New-Tec's financial ratios by virtue of each company's production of identical merchandise.<sup>54</sup>

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 inputs reflected in the source data may be subsidized or dumped.<sup>55</sup> 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.<sup>56</sup>

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<sup>52</sup> 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 Market Economy Input Price. The modification changed the Department's requirement for accepting market-economy inputs from "significant quantities" (i.e., 33 percent) to "substantially all" (i.e., 85 percent) of a respondent's input must come from a market economy. See id. This review was initiated on February 3, 2014; therefore, the changes to 19 CFR 351.408 are applicable to this review. See Initiation Notice.

<sup>53</sup> See 19 CFR 351.408(c)(1) (2013); see also Market Economy Input Price.

<sup>54</sup> See Surrogate Values Memorandum at Exhibit 8.

<sup>55</sup> 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.

<sup>56</sup> 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

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.<sup>57</sup> 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 from the average value imports that were labeled as originating from an "unspecified" country, because the Department could not be certain that they were not from either a NME country or a country with general export subsidies.<sup>58</sup>

On June 21, 2011, the Department announced its new methodology to value the cost of labor in NME countries. See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092 (June 21, 2011) (Labor Methodologies).<sup>59</sup> 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 Chapter 6A: Labor Cost in Manufacturing, from the International Labour Organization (ILO) Yearbook of Labour Statistics (Yearbook), as compared to Chapter 5B data of the ILO Yearbook, was the preferred source where another source was not more appropriate.

In these preliminary results, the Department calculated the labor input using data from the 2007 Industrial Census data published by Thailand's National Statistics Office (the "2007 NSO data").<sup>60</sup> 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.<sup>61</sup> 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 available information" 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, and

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of the Countervailing Duty Order, 75 FR 13257 (March 19, 2010), and accompanying Issues and Decision Memorandum at 4-5.

<sup>57</sup> 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).

<sup>58</sup> 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).

<sup>59</sup> This notice followed the Court of Appeals for the Federal Circuit decision in Dorbest Ltd. v. United States, 604 F.3d 1363, 1372 (CAFC 2010), finding that the "{regression-based} method for calculating wage rates {as stipulated by 19 CFR 351.408(c)(3)} uses data not permitted by {the statutory requirements laid out in section 773 of the Act (i.e., 19 U.S.C. § 1677b(c))}."

<sup>60</sup> See Surrogate Values Memorandum.

<sup>61</sup> See Labor Methodologies.



reflect all costs related to labor, including wages, benefits, housing, and training. For these preliminary results, we have calculated the wage rate as 73.70 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, and training. 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 determine whether any labor expenses were included in other components of NV. Therefore, in this review, the Department made no adjustment to these financial statements.<sup>62</sup>

### Currency Conversion

In accordance with section 773A(a) of the Act, we made currency conversions into U.S. dollars 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) Website at <http://enforcement.trade.gov/exchange/index.html>.

### Conclusion

We recommend adopting the above methodology for these preliminary results.

Agree ✓ Disagree \_\_\_\_\_

Paul Piquado  
Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

28 August 2014  
Date

<sup>62</sup> 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) unchanged in Hand Trucks and Certain Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 44008 (July 29, 2014).