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September 18, 2014

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

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

SUBJECT: Certain Steel Nails from the People's Republic of China: Decision Memorandum for the Preliminary Results of the 2012-2013 Antidumping Duty Administrative Review

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SUMMARY

The Department of Commerce ("Department") is conducting the fifth administrative review of the antidumping duty ("AD") order on certain steel nails ("nails") from the People's Republic of China ("PRC").[1] The Department preliminarily determines that Stanley Works (Langfang) Fastening Systems Co., Ltd. and Stanley Black & Decker, Inc. (collectively "Stanley") and Xi'an Metals & Minerals Import & Export Co. Ltd. ("Xi'an Metals") sold merchandise below normal value ("NV") during the period of review ("POR"), August 1, 2012, through July 31, 2013. The Department also preliminarily determines that certain companies are entitled to a separate rate and that other companies had no shipments during the POR.

If we adopt these preliminary results in the final results of the review, we will instruct U.S. Customs and Border Protection ("CBP") to assess ADs on all appropriate entries of subject merchandise during the POR. We invite interested parties to comment on these preliminary results. We expect to issue final results no later than 120 days from the date of publication of this notice pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended ("Act").

Case History

On October 2, 2013, the Department initiated the fifth administrative review of nails from the PRC with respect to 391 companies.[2] As explained in the memorandum from the Assistant Secretary for Enforcement and Compliance, the Department exercised its discretion to toll

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1 *See Notice of Antidumping Duty Order: Certain Steel Nails From the People's Republic of China*, 73 FR 44961 (August 1, 2008).
2 *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 60834 (October 2, 2013) ("*Initiation Notice*").

deadlines for the duration of the closure of the Federal Government from October 1, through October 16, 2013.[3] Thus, all deadlines in this segment of the proceeding were extended by 16 days. If the new deadline falls on a non-business day, in accordance with the Department's practice, the deadline will become the next business day. On April 28, 2014, the Department fully extended the deadline for issuing the preliminary results by 120 days.[4] The revised deadline for the final results of this review is now September 18, 2014.

Because of the large number of exporters involved in this administrative review, the Department limited the number of respondents individually examined pursuant to section 777A(c)(2) of the Act and selected Stanley and Xi'an Metals as mandatory respondents (collectively referred to as "Respondents").[5] On January 13, 2014, the Department sent AD questionnaires to Stanley and Xi'An Metals, to which they responded in a timely manner. Between March 2014 and August 2014, the Department issued supplemental questionnaires to the Respondents to which they also responded in a timely manner.

On January 30, 2014, the Department sent interested parties a letter inviting comments on surrogate country selection and surrogate value ("SV") data, and specified the deadlines for these respective submissions.[6] On February 26, 2014, March 14, 2014, March 20, 2014, and March 31, 2014, the Department extended the deadline for interested parties to submit comments and rebuttal comments on SVs for this administrative review.[7] Between February 20, 2014, and August 19, 2014, the Department received surrogate country comments, SV comments, and rebuttal comments from interested parties.

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

[4] *See* Memorandum to Gary Taverman, Senior Advisor for Antidumping and Countervailing Duty Operations, through James C. Doyle, Director, Office V, Antidumping and Countervailing Duty Operations regarding "Certain Steel Nails from the People's Republic of China: Extension of Deadline for Preliminary Results of 2012-2013 Antidumping Duty Administrative Review," dated April 28, 2014.

[5] *See* Memorandum to James Doyle, Director, Office V, AD/CVD Operations, from Susan Pulongbarit, Senior Analyst, Office V, AD/CVD Operations, regarding "Fifth Antidumping Administrative Review of Certain Steel Nails from the People's Republic of China: Selection of Respondents for Individual Review," dated January 2, 2014.

[6] *See* Letter to All Interested Parties, from the Department, regarding "Certain Steel Nails from the People's Republic of China: Request for Surrogate Country and Surrogate Value Comments and Information," dated January 30, 2014 ("Surrogate Country Letter").

[7] *See* Memorandum to the File from Susan Pulongbarit, Sr. International Trade Compliance Analyst, regarding "Certain Steel Nails from the People's Republic of China: Postponement of Deadline for Comments on Surrogate Country List, Surrogate Country, and Surrogate Values," dated February 26, 2014; Memorandum to the File from Susan Pulongbarit, Sr. International Trade Compliance Analyst, regarding "Certain Steel Nails from the People's Republic of China: Postponement of Deadline for Comments on Surrogate Country List, Surrogate Country, and Surrogate Values," dated March 14, 2014; Memorandum to the File from Susan Pulongbarit, Sr. International Trade Compliance Analyst, regarding "Certain Steel Nails from the People's Republic of China: Postponement of Deadline for Comments on Surrogate Country List, Surrogate Country, and Surrogate Values," dated March 20, 2014; and Memorandum to the File from Susan Pulongbarit, Sr. International Trade Compliance Analyst, regarding "Certain Steel Nails from the People's Republic of China: Postponement of Deadline for Comments on Surrogate Country List, Surrogate Country, and Surrogate Values," dated February March 31, 2014, respectively.

Scope of the Order

The merchandise covered by this order includes certain steel nails having a shaft length up to 12 inches. Certain steel nails include, but are not limited to, nails made of round wire and nails that are cut. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and have a variety of finishes, heads, shanks, point types, shaft lengths and shaft diameters. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, whether by electroplating or hot dipping one or more times), phosphate cement, and paint. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted shank styles. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the fastener using a tool that engages with the head. Point styles include, but are not limited to, diamond, blunt, needle, chisel and no point. Finished nails may be sold in bulk, or they may be collated into strips or coils using materials such as plastic, paper, or wire. Certain steel nails subject to this order are currently classified under the Harmonized Tariff Schedule of the United States (''HTSUS'') subheadings 7317.00.55, 7317.00.65, 7317.00.75, and 7907.00.6000.[8]

Excluded from the scope of this order are steel roofing nails of all lengths and diameter, whether collated or in bulk, and whether or not galvanized. Steel roofing nails are specifically enumerated and identified in ASTM Standard F 1667 (2005 revision) as Type I, Style 20 nails. Also excluded from the scope are the following steel nails: 1) Non-collated (*i.e.*, hand-driven or bulk), two-piece steel nails having plastic or steel washers (caps) already assembled to the nail, having a bright or galvanized finish, a ring, fluted or spiral shank, an actual length of 0.500" to 8", inclusive; and an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual washer or cap diameter of 0.900" to 1.10", inclusive; 2) Non-collated (*i.e.*, hand-driven or bulk), steel nails having a bright or galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 4", inclusive; an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive; 3) Wire collated steel nails, in coils, having a galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 1.75", inclusive; an actual shank diameter of 0.116" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive; and 4) Non-collated (*i.e.*, hand-driven or bulk), steel nails having a convex head (commonly known as an umbrella head), a smooth or spiral shank, a galvanized finish, an actual length of 1.75" to 3", inclusive; an actual shank diameter of 0.131" to 0.152", inclusive; and an actual head diameter of 0.450" to 0.813", inclusive.

Also excluded from the scope of this order are corrugated nails. A corrugated nail is made of a small strip of corrugated steel with sharp points on one side. Also excluded from the scope of this order are fasteners suitable for use in powder-actuated hand tools, not threaded and threaded, which are currently classified under HTSUS 7317.00.20 and 7317.00.30. Also excluded from the scope of this order are thumb tacks, which are currently classified under HTSUS 7317.00.10.00.

[8] The Department recently added the Harmonized Tariff Schedule category 7907.00.6000, "Other articles of zinc: Other," to the language of the *Order*. *See* Memorandum to Gary Taverman, Senior Advisor for Antidumping and Countervailing Duty Operations, through James C. Doyle, Director, Office 9, Antidumping and Countervailing Duty Operations, regarding "Certain Steel Nails from the People's Republic of China: Cobra Anchors Co. Ltd. Final Scope Ruling," dated September 19, 2013.

Also excluded from the scope of this order are certain brads and finish nails that are equal to or less than 0.0720 inches in shank diameter, round or rectangular in cross section, between 0.375 inches and 2.5 inches in length, and that are collated with adhesive or polyester film tape backed with a heat seal adhesive. Also excluded from the scope of this order are fasteners having a case hardness greater than or equal to 50 HRC, a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

DISCUSSION OF THE METHODOLOGY

Preliminary Determination of No Shipments

Between November 7, 2013, and December 6, 2013, the following companies filed no-shipment certifications indicating that they did not export subject merchandise to the United States during the POR: Besco Machinery Industry (Zhejiang) Co., Ltd., Certified Products International Inc. ("CPI"), Hebei Cangzhou New Century Foreign Trade Co., Ltd., Huanghua Xionghua Hardware Products Co., Ltd., Jining Huarong Hardware Products Co., Ltd., Shandong Oriental Cherry Hardware Import & Export Co., Ltd. ("Oriental Cherry"), Shanghai Jade Shuttle Hardware Tools Co., Ltd., Shanghai Tengyu Hardware Tools Co., Ltd., Tianjin Jinchi Metal Products Co., Ltd., and Zhejiang Gem-Chun Hardware Accessory Co., Ltd. In order to examine these claims, the Department sent inquiries to CBP requesting that CBP inform the Department if it had any information contrary to the no-shipment claims.[9]

Based on the evidence on the record thus far, we preliminarily determine that these companies did not have any reviewable transactions during the POR because they have submitted responses stating as such. In addition, we find that it is appropriate not to rescind the review in part in this circumstance but, rather, to complete the review with respect to the above named companies and issue appropriate instructions to CBP based on the final results of the review.[10] Should evidence contrary to these companies' no shipments claims arise, we will pursue the issue in accordance with our governing statute and regulations.

NME Country Status

In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is a non-market economy ("NME") country shall remain in effect until revoked by the Department. The Department considers the PRC to be an NME country.[11] The Department has not revoked this status. Therefore, we continue to treat the PRC as an NME country for purposes of these preliminary results.

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[9] *See* the various no shipments inquiries the Department sent to CBP on August 25, 2014.

[10] *See Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694, 65694-65695 (October 24, 2011).

[11] *See, e.g.*, *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Preliminary Results of the Antidumping Duty Administrative Review and New Shipper Review; 2011–2012*, 78 FR 55676 (September 11, 2013) ("*Ninth AR Prelim*"), unchanged in *Ninth AR Final*, 79 FR 19053.

Separate Rates

Pursuant to section 771(18)(C)(i) of the Act, a designation of a country as an NME remains in effect until it is revoked by the Department. Accordingly, there is a rebuttable presumption that all companies within an NME are subject to government control, and thus, should be assessed a single AD rate.[12] In the *Initiation Notice*, the Department notified parties of the application process by which exporters and producers may obtain separate rate status in NME proceedings.[13] 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*,[14] as amplified by *Silicon Carbide*.[15] However, if the Department determines that a company is wholly foreign-owned by individuals or companies located in a market economy ("ME"), then a separate rate analysis is not necessary to determine whether it is independent from government control.[16]

The Department received separate rate applications or certifications, between November 7, 2013, and December 18, 2013, from the following 22 companies ("Separate-Rate Applicants"):

1. Certified Products International Inc.
2. Chiieh Yung Metal Ind. Corp.
3. Dezhou Hualude Hardware Products Co., Ltd.
4. Huanghua Jinhai Hardware Products Co. Ltd.
5. Nanjing Yuechang Hardware Co., Ltd.
6. Qingdao D&L Group Ltd.
7. Qingdao JISCO Co., Ltd.
8. SDC International Aust. PTY. LTD.
9. Shandong Dinglong Import & Export Co., Ltd.
10. Shandong Oriental Cherry Hardware Group Co., Ltd.
11. Shanghai Curvet Hardware Products Co., Ltd.
12. Shanghai Yueda Nails Industry Co., Ltd.

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

[13] *See Initiation Notice*, 78 FR at 60835.

[14] *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*), as amplified by *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*"), and 19 CFR 351.107(d).

[15] *See Silicon Carbide*, 59 FR at 22585.

[16] *See, e.g., Wooden Bedroom Furniture from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011*, 78 FR 9493 (February 6, 2013), and accompanying Decision Memorandum at 9, unchanged in final results, 78 FR 35249 (June 12, 2013); *Certain Pneumatic Off-the-Road Tires from the People's Republic of China, Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 73 FR 9278, 9284 (February 20, 2008), unchanged in final affirmative determination, 73 FR 40485 (July 15, 2013).

13. Shanxi Hairui Trade Co., Ltd.
14. Shanxi Pioneer Hardware Industrial Co., Ltd.
15. Shanxi Tianli Industries Co., Ltd.
16. S-Mart (Tianjin) Technology Development Co., Ltd.
17. Stanley
18. Suntec Industries Co., LTD.
19. Tianjin Jinghai County Hongli Industry and Business Co., Ltd.
20. Tianjin Universal Machinery Imp. & Exp. Corporation
21. Tianjin Zhonglian Metals Ware Co., Ltd.
22. Xi'an Metals

As noted above, we made a preliminary finding of no-shipments for Certified Products International Inc. and Shandong Oriental Cherry Hardware Group Co., Ltd. Despite their no-shipments submission, Certified Products International Inc. and Shandong Oriental Cherry Hardware Group Co., Ltd. submitted separate-rate applications. Certified Products International Inc. and Shandong Oriental Cherry Hardware Group Co., Ltd. received separate rates in a prior review, and due to our preliminary finding of no-shipments in this review, accordingly retain their prior separate rates.

The remaining companies did not submit either a separate-rate application or certification.[17] Therefore, because these companies did not demonstrate their eligibility for separate-rate status, they remain preliminarily included as part of the PRC-wide entity and are subject to the PRC-wide rate.

Additionally, we note that the *Initiation* included variations of company names not included in either the separate-rate applications or certifications of the Separate-Rate Applicants.[18] Because these names (1) have not been granted separate-rate status in a previous granting period and (2) do not appear on the business license submitted to the Department, and, therefore, are not recognized as representing the same entity, consistent with our practice, we are preliminarily not including these names on the lists of those for which separate rate status applies.[19]

A. <u>Absence of *De Jure* Control</u>

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies.[20] The evidence provided by Stanley, Xi'an Metals, and the Separate-Rate Applicants supports a preliminary finding of *de jure* absence of government control based on the following: (1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) there are applicable legislative enactments

[17] *See* Appendix.
[18] *Id.*; s*ee also Initiation*, 77 FR at 59169.
[19] *See Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 74 FR 47191 (September 15, 2009) ("*3rd AR Final*"), and accompanying Issues and Decision Memorandum at Comment 17.
[20] *See Sparklers*, 56 FR at 20589.

decentralizing control of the companies; and (3) there are formal measures by the government decentralizing control of companies.[21]

B. Absence of *De Facto* Control

Typically the Department considers four factors in evaluating whether each respondent is subject to *de facto* government control of its export functions: (1) whether the export prices ("EPs") are set by or are subject to the approval of a government agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses.[22] The Department determines that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude the Department from assigning separate rates.[23]

The evidence provided by Stanley, Xi'an Metals, and the Separate-Rate Applicants supports a preliminary finding of *de facto* absence of government control based on the following: (1) the companies set their own EPs independent of the government and without the approval of a government authority; (2) the companies have authority to negotiate and sign contracts and other agreements; (3) the companies have autonomy from the government in making decisions regarding the selection of management; and (4) there is no restriction on any of the companies' use of export revenue.[24] Therefore, the Department preliminarily finds that Stanley, Xi'an Metals, and the Separate-Rate Applicants established that they qualify for a separate rate under the criteria established by *Silicon Carbide* and *Sparklers*.

C. Separate Rate Calculation for Companies Not Individually Examined

As noted above, we stated that the Department employed a limited examination methodology, as it did not have the resources to examine all companies for which a review request was made, and selected exporters as mandatory respondents in this review. Stanley and Xi'an Metals participated in the administrative review as a mandatory respondent. As noted above, 20 additional companies submitted timely information and remained subject to review as separate rate respondents.

The statute and the Department's regulations do not directly address the establishment of a rate to be applied to individual companies not selected for individual examination where the Department limited its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Section 735(c)(5)(A) of the Act instructs that we do not calculate an all-others rate using any zero or *de minimis* weighted-average dumping margins or any weighted-average dumping margins based entirely on facts available ("FA"). Accordingly, the Department's usual

[21] *See, e.g.*, Stanley's February 3, 2014, submission, at 2-17.
[22] *See Silicon Carbide*, 59 FR at 22586-87; *see also Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from the People's Republic of China*, 60 FR 22544, 22545 (May 8, 1995).
[23] *Id.*, 60 FR at 22544, 22544.
[24] *See, e.g.*, Stanley's February 3, 2014, submission, at 2-17; *see also* the Separate-Rate Applicants' submissions dated from November 7, 2013 - December 18, 2013.

practice has been to average the rates for the selected companies excluding rates that are zero, *de minimis,* or based entirely on FA.[25]

In this review, we calculated weighted-average dumping margins for both mandatory respondents that are above *de minimis* and not based entirely on FA. Accordingly, for the preliminary results, consistent with the Act and the Department's practice, the Department preliminarily determines that the margin to be assigned to the Separate Rate Applicants is the weighted average of the calculated margins of the mandatory respondents.[26]

PRC-Wide Entity[27]

Upon initiation of the administrative review, as explained above, we provided the opportunity for all companies upon which we initiated the review to complete either the separate-rates application or certification.[28] We preliminarily determine that the remaining companies did not demonstrate their eligibility for a separate rate and are properly considered part of the PRC-wide entity. In NME proceedings, "'rates' may consist of a single dumping margin applicable to all exporters and producers."[29] As explained above in the "Separate Rates" section, all companies within the PRC are considered to be subject to government control unless they are able to demonstrate an absence of government control with respect to their export activities. Such companies are thus assigned a single AD rate distinct from the separate rate(s) determined for companies that are found to be independent of government control with respect to their export activities. We consider the influence that the government has been found to have over the economy to warrant determining a rate for the entity that is distinct from the rates found for companies that have provided sufficient evidence to establish that they operate freely with respect to their export activities.[30] In this regard, we note that no party submitted evidence to demonstrate that such government influence is no longer present or that our treatment of the NME entity is otherwise incorrect. Therefore, we are assigning the entity an *ad valorem* rate of 118.04 percent, the only rate ever determined for the PRC-wide entity in this proceeding.[31]

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[25] *See Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Review in Part,* 73 FR 52823, 52824 (September 11, 2008), and accompanying Issues and Decision Memorandum at Comment 16.

[26] We note that it is the Department's practice to calculate the rate based on the average of the margins calculated for those companies selected for individual review, weighted by each company's publicly-ranged quantity of reported U.S. transactions. *See Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010). For further discussion of this calculation, s*ee* Memo to the File, from Matthew Renkey, Senior Analyst, "Fifth Administrative Review of Certain Steel Nails from the People's Republic of China: Calculation of the Separate Rate," dated concurrently with this memo.

[27] The Department initiated this administrative review before the effective date of its change in practice regarding conditional review of the NME entity. *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 Duty Proceedings*, 78 FR 65963 (November 4, 2013).

[28] *See Initiation*, 77 FR at 59168-69. The separate-rate certification and separate-rate applications were available at: http://enforcement.trade.gov/nme/nme-sep-rate.html.

[29] *See* 19 CFR 351.107(d).

[30] *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) ("*AR3 Final*").

[31] *Id.*; *see also, e.g., Wooden Bedroom Furniture From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011*, 78 FR 35249 (June 12, 2013).

On January 15, 2014, Newell Rubbermaid Inc. ("Newell") timely withdrew its request for review of two companies, Faithful Engineering Products Co. Ltd. ("Faithful") and Pakwell Co. Ltd. ("Pakwell").[32] For those companies for which a review was initiated, for which all review requests have been withdrawn, and which previously received separate-rate status in a prior segment of this case, it is the Department's practice to rescind the administrative review, in accordance with 19 CFR 351.213(d)(1). We note that while Newell's withdrawal request was timely, Progressive Steel Wire, LLC also requested a review of Faithful which was not withdrawn.[33] Additionally, while no other party requested a review of Pakwell, neither it nor Faithful have a separate rate. As a result, these companies remain a part of the PRC-wide entity. The PRC-wide entity is under review for these preliminary results. Thus, we are not rescinding this review with respect to these companies at this time, but the Department will make a determination with respect to the PRC-wide entity at the conclusion of these preliminary results and final results.

Facts Available

Section 776(a) of the Act provides that the Department shall apply "facts otherwise available" if (1) necessary information is not on the record or (2) an interested party or any other person (A) withholds information that has been requested, (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Stanley used tollers to perform wire drawing and galvanizing. Stanley obtained FOPs from all of its tollers, but the FOP records for one of its two wire-drawing tollers, by Stanley's own admission, were incomplete.[34] This toller accounted for a very small percentage of Stanley's overall wire drawing.[35] Therefore, pursuant to section 776(a)(1) of the Act, we preliminary find that necessary information is missing from the record and as FA, we are using the wire drawing factors of production ("FOPs") from the toller whose complete data Stanley was able to obtain and submit on the record, according to our practice.[36]

Surrogate Country

As noted above, on January 30, 2014, the Department sent interested parties a letter inviting comments on surrogate country selection and SV data.[37] Also, as noted above, between May 9 and May 19, 2014, interested parties submitted comments and rebuttal comments on surrogate country selection and SVs.

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's FOPs, valued using the best available information in a surrogate ME country or countries considered to be appropriate

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[32] *See* Newell Rubbermaid Inc.'s January 15, 2014, submission.
[33] *See* Progressive Steel & Wire, LLC's September 3, 2013 submission at Attachment I.
[34] *See* Stanley's February 21, 2014, submission at 29-30.
[35] *See* Stanley's February 3, 2014, submission at Exhibit A-28.
[36] *See, e.g., Certain Steel Nails From the People's Republic of China: Final Results of the First Antidumping Duty Administrative Review*, 76 FR 16379 (March 23, 2011), and accompanying Issues and Decision Memorandum at Comment 17.
[37] *See* Surrogate Country Letter.

by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more ME countries that are: (a) at a level of economic development comparable to that of the NME country; and (b) significant producers of comparable merchandise.[38] Reading sections 773(c)(1) and (c)(4) of the Act in concert, it is the Department's practice to select an appropriate surrogate country based on the availability and reliability of data.[39] Accordingly, we examine each factor below.

Petitioner and Stanley recommend Thailand as a surrogate country because it is at a level of economic development comparable to the PRC, is a significant producer of comparable merchandise, and has superior quality and availability of SV data. Xi'an Metals recommends Philippines and, in the alternative, also suggests Ukraine as a surrogate country.

A. Comparable Level of Economic Development

Section 773(c)(4)(A) of the Act is silent with respect to how the Department may determine that a country is economically comparable to the NME country. As such, the Department's long standing practice has been first to identify those countries which are at the same level of economic development as the PRC based on per capita gross national income ("GNI") data reported in the World Bank's World Development Report.[40] We note that identifying potential surrogate countries based on GNI data has been affirmed by the U.S. Court of International Trade ("CIT").[41]

As explained in the Department's *Policy Bulletin*, "{t}he surrogate countries on the list are not ranked."[42] This lack of ranking reflects the Department's long-standing practice that, for the purpose of surrogate country selection, the countries on the list "should be considered equivalent"[43] from the standpoint of their level of economic development based on GNI as compared to the PRC's level of economic development and recognition of the fact that the concept of "level" in an economic development context necessarily implies a range of GNIs, not a specific GNI. This long-standing practice of providing a non-exhaustive list of countries at the same level of economic development as the NME country fulfills the statutory requirement to value FOPs using data from "one or more market economy countries that are at a level of economic development comparable to that of the nonmarket economy country…"[44] In this regard, "countries that are at a level of economic development comparable to that of the nonmarket economy country" necessarily includes countries that are at the same level of economic development as the NME country.

Because the non-exhaustive list is only a starting point for the surrogate country selection process, the Department also considers other countries that interested parties propose that meet

[38] *See Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process* (March 1, 2004) ("*Policy Bulletin*").
[39] *Id.*
[40] *See, e.g., Ninth AR Final*, 79 FR 19053 at Comment I.a.
[41] *See Fujian Lianfu Forestry Co., Ltd. v. United States*, 638 F. Supp. 2d 1325 (CIT 2009).
[42] *See Policy Bulletin*.
[43] *Id.*
[44] *See* Section 773(c)(4) of the Act.

the statutory requirements. Countries on the segment record that are at the same level of economic development as the PRC are given equal consideration for the purposes of selecting a surrogate country. Countries that are not at the same level of economic development as the PRC's, but still at a level of economic development comparable to the PRC, are selected only to the extent that data considerations outweigh the difference in levels of economic. As noted above, GNI is the primary indicator of a country's level of economic development.

For the review, the Department determines that Colombia, Costa Rica, Indonesia, the Philippines, South Africa, and Thailand, are countries at the same level of economic development as the PRC, based on per capita gross national economic income.[45] Although Ukraine was not included in the Surrogate Country Letter, the Department finds that Ukraine's GNI[46] falls within the range of GNIs for those countries listed in the Surrogate Country Letter. Therefore, for this review, the Department finds Ukraine also to be at the same level of economic development as the PRC.[47]

B. Significant Producers of Comparable Merchandise

Section 773(c)(4)(B) of the Act requires the Department to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor the Department's regulations provide further guidance on what may be considered comparable merchandise. Given the absence of any definition in the statute or regulations, the Department looks to other sources such as the *Policy Bulletin* for guidance on defining comparable merchandise. The *Policy Bulletin* states that "in all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise."[48] Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.[49] Further, when selecting a surrogate country, the statute requires the Department to consider the comparability of the merchandise, not the comparability of the industry.[50] "In cases where the identical merchandise is not produced, the Department must determine if other merchandise that is comparable is produced. How the Department does this depends on the subject merchandise."[51] In this regard, the Department recognizes that any analysis of comparable merchandise must be done on a case-by-case basis:

> In other cases, however, where there are major inputs, *i.e.*, inputs that are specialized or dedicated or used intensively, in the production of the subject

[45] *See* Surrogate Country Letter.
[46] *See* Xi'an Metals' February 6, 2014 submission.
[47] *See*, *e.g.*, discussion of Bulgaria 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), and accompanying Issues and Decision Memorandum at 41.
[48] *See Policy Bulletin* at 2.
[49] The *Policy Bulletin* also states that "if considering a producer of identical merchandise leads to data difficulties, the operations team may consider countries that produce a broader category of reasonably comparable merchandise." *Id.* at note 6.
[50] *See Sebacic Acid from the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 62 FR 65674, 65675-76 (December 15, 1997) ("{T}o impose a requirement that merchandise must be produced by the same process and share the same end uses to be considered comparable would be contrary to the intent of the statute.").
[51] *See Policy Bulletin* at 2.

> merchandise, *e.g.*, processed agricultural, aquatic and mineral products, comparable merchandise should be identified narrowly, on the basis of a comparison of the major inputs, including energy, where appropriate.[52]

Further, the statute grants the Department discretion to examine various data sources for determining the best available information.[53] Moreover, while the legislative history provides that the term "significant producer" includes any country that is a significant "net exporter,"[54] it does not preclude reliance on additional or alternative metrics. In this case, because production data of comparable merchandise are not available, we first analyzed exports of comparable merchandise from the seven countries, as a proxy for production data. We obtained export data using the Global Trade Atlas ("GTA") for HTS 7317.00: Nails, Tacks, Drawing Pins, Staples (Other Than In Strips), And Similar Articles, Of Iron Or Steel, Excluding Such Articles With Heads Of Copper. The countries reported the following export volumes for the POR: (1) Colombia (5,132,433 kilograms); (2) Costa Rica (314,514 kilograms); (3) Indonesia (1,655,881 kilograms); (4) the Philippines (1,602 kilograms); (5) South Africa (1,812,467 kilograms); (6) Thailand (11,494,565 kilograms); and (7) Ukraine (21,609,028 kilograms).[55] We observe that while the Philippines had a low amount of exports, other record information, specifically, information from financial statements of three Philippine producers of comparable merchandise, indicate that there was significant production of comparable merchandise in the country.[56]

C. <u>Data Availability</u>

The *Policy Bulletin* states that, if more than one country is at a level of economic development comparable to that of the NME and is a significant producer, "then the country with the best factors data is selected as the primary surrogate country."[57] Importantly, the *Policy Bulletin* explains further that "data quality is a critical consideration affecting surrogate country selection" and that "a country that perfectly meets the requirements of economic comparability and significant producer is not of much use as a primary surrogate if crucial factor price data from that country are inadequate or unavailable."[58]

Section 773(c)(1) of the Act instructs the Department to value the FOPs based upon the best available information from an ME country or a countries that the Department considers appropriate. When considering what constitutes the best available information, the Department considers several criteria, including whether the SV data are contemporaneous, publicly available, tax and duty exclusive, represent a broad-market average, and are specific to the

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52 *Id.* at 3.
53 *See* section 773(c) of the Act; *see also Nation Ford Chem. Co. v. United States*, 166 F.3d 1373, 1377 (Fed. Cir. 1990).
54 *See* Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988).
55 *See* Memorandum to the File, from Susan Pulongbarit, International Trade Analyst, "Fifth Administrative Review of Certain Steel Nails from the People's Republic of China," dated concurrently with and hereby adopted by this memorandum ("Prelim SV Memo").
56 *See* Xi'an Metals' April 19, 2014, submission at Exhibits SV-3, SV-4, and SV-5. *See also Dupont Teijin Films v. United States*, 2014 Ct. Intl. Trade LEXIS 86 (Ct. Int'l Trade July 22, 2014).
57 *See Policy Bulletin*.
58 *Id*.

input.[59] The Department's preference is to satisfy the breadth of the aforementioned selection criteria.[60] Moreover, it is the Department's practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.[61] The Department must weigh the available information with respect to each input value and make a product-specific and case-specific decision as to what constitutes the "best" available SV for each input.[62]

Petitioner and Stanley submitted data from Thailand for surrogate valuation purposes. Xi'an Metals submitted data from the Philippines and Ukraine for surrogate valuation purposes. Given that there are data to value the FOPs from all three of these countries on the record of this proceeding, the Department must evaluate the quality of the data to determine which country provides the best available information for surrogate country selection purposes for this proceeding.

No SV information exists on the record for Colombia, Costa Rica, Indonesia, or South Africa, nor has any party argued that one of these countries should be selected as the surrogate country. As a result, we have not considered these countries for surrogate country selection purposes.

As noted above, although Ukraine was not included in the Surrogate Country Letter, the Department finds that Ukraine's GNI[63] falls within the range of GNIs for those countries listed in the Surrogate Country Letter. Moreover, the Department finds Ukraine to be a significant producer of subject merchandise. Therefore, the Department reviewed the availability and quality of Ukrainian data on the record.

For this administrative review, as in the fourth administrate review, among all potential surrogate countries, only Thailand has data for all the FOPs we need to calculate SVs for in this review based on a single surrogate country.

Contemporaneity

In the current review, only Thailand and the Philippines have contemporaneous financial statements from producers of identical merchandise.[64]

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59 *See*, *e.g.*, *Lined Paper*, and accompanying Issues and Decision Memorandum at Comment 3.

60 *See*, *e.g.*, *Administrative Review of Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 76 FR 51940, 51943 (August 19, 2011), and accompanying Issues and Decision Memorandum at Comment 2.

61 *See Certain Preserved Mushrooms from the People's Republic of China: Final Results and Final Partial Rescission of the Sixth Administrative Review*, 71 FR 40477 (July 17, 2006) ("*Sixth Mushrooms AR*"), and accompanying Issues and Decision Memorandum at Comment 1; *see also Freshwater Crawfish Tail Meat from the People's Republic of China; Notice of Final Results of Antidumping Duty Administrative Review, and Final Partial Rescission of Antidumping Duty Administrative Review*, 67 FR 19546 (April 22, 2002), and accompanying Issues and Decision Memorandum at Comment 2.

62 *See*, *e.g.*, *Sixth Mushrooms AR*, 71 FR 40477 and accompanying Issues and Decision Memorandum at Comment 1.

63 *See* Xi'an Metals' February 6, 2014 submission.

64 *See* Prelim SV Memo; Xi'an Metals' August 14, 2014, SV submission at Exhibit SV-3, Exhibit SV-4, Exhibit SV-5 and Exhibit SV-17.

Specificity
The Department has more specific Thai SV information for every material input, including the primary and secondary ones.[65] The Thai HTS schedule goes into greater detail than does the Philippines'.[66] The Thai GTA import prices provide for seven different 11-digit HTS categories for low carbon steel wire rod ("SWR") and five different 11-digit HTS categories for medium carbon SWR.[67] In contrast, the proffered Philippine GTA import prices for low carbon SWR value are calculated from two different 10-digit HTS categories and the medium carbon SWR value is from one 10-digit HTS category. Most notable, however, is that the suggested Philippine HTS categories for low carbon SWR is for Bars And Rods Of Iron Or Nonalloy Steel, Hot-Rolled, In Irregularly Wound Coils that contain by weight less than 0.60 percent of carbon, and the HTS category for medium carbon SWR is for Bars And Rods Of Iron Or Nonalloy Steel, Hot-Rolled, In Irregularly Wound Coils that contain by weight 0.60 percent or more of carbon. Given the Department's description distinguishing low carbon steel as steel containing less than 0.25 percent of carbon and medium carbon steel as containing by weight 0.25 percent or more, but less than 0.60 percent or more of carbon,[68] the Philippine data do not provide adequate specificity to value medium carbon SWR separately from low carbon SWR. Similar to the Philippines, Ukraine's GTA import prices for low carbon SWR are calculated from two 10-digit HTS categories while medium carbon SWR is calculated from only one 10 digits HTS category, which we do not find to be as specific as the Thai GTA import prices. Xi'an Metals also uses steel plate to produce certain types of nails, and, as with SWR, the Thai GTA data are more specific than the corresponding data from both the Philippines and Ukraine, in terms of both thickness and carbon content.[69]

Moreover, the record lacks Philippine and Ukrainian SV data for several of Stanley's other material inputs such as copper-coated collating wire, several chemical inputs, and several packing materials. With respect to the remaining Thai SV data (labor, energy, and transportation), they are at the very least equally specific as the data from the Philippines and Ukraine.[70]

No party raised concerns regarding the broad-market average, tax and duty exclusivity, and public availability criteria that, per its practice, the Department also evaluates in the SV and surrogate country selection process.

D. <u>Conclusion</u>

In light of the record evidence, the Department finds Thailand to be a reliable source for SVs because it is at the same level of economic development as the, is a significant producer of comparable merchandise, and has contemporaneous, publicly available, and reliable data. Given the above facts, the Department selects Thailand as the primary surrogate country for this review.

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65 *See*, generally, the SV submissions from the interested parties and the Prelim SV Memo.
66 *Id*.
67 *See AR3 Final* and accompanying Issues and Decision Memorandum at 18, regarding the importance of carbon content as an SV consideration.
68 *See* Department's January 13, 2014, Original Questionnaire at C-6 and C-7.
69 *Compare* Petitioner's April 4, 2014, submission at Exhibit 1, with Xi'an Metals' April 5, 2014, submission at Exhibit SV-1.
70 *Id*.

A detailed explanation of the SVs appears below in the "Normal Value" and "Factor Valuations" sections of this notice.

Date of Sale

Xi'an Metals reported the invoice date of sale because it claims that as the date at which its material terms of sale are established for its U.S. sales of subject merchandise during the POR.[71] The Department preliminarily determines that the invoice date is the most appropriate date to use as Xi'an Metals' date of sale, in accordance with 19 CFR 351.401(i).[72]

Stanley, as in previous reviews, explained that because of alterations or cancellations, the earlier of invoice date or shipment date is the appropriate date of sale because it reflects the date on which the material terms no longer change.[73] Consistent with the regulatory presumption for invoice date and because the Department found no evidence on the record contrary to Stanley's claims, for these preliminary results, the Department used the invoice date as the date of sale. Consistent with the Department's regulation and practice, for those sales where shipment date preceded invoice date, the Department used the shipment date as the date of sale, as Stanley provided evidence that the material terms of sale were set on that date.[74]

Comparisons to Normal Value

To determine whether the respondents' sales of subject merchandise from the PRC were made in the United States at less than NV, we compared their EP, or constructed export price ("CEP"), to NV as described below.

Determination of Comparison Method

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 Secretary 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)(l)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in AD investigations.[75] In investigations, pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act, the Department applied a "differential pricing" analysis for determining whether application of average-to-transaction

[71] *See* Xi'an Metals March 4, 2013 submission at 12-13.

[72] *See also Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand*, 69 FR 76918 (December 23, 2004) and accompanying Issues and Decision Memorandum at Comment 10.

[73] *See* Stanley's February 3, 2014, section A questionnaire response at 23-28.

[74] *See* 19 CFR 351.401(i); *see also Certain Steel Nails from the People's Republic of China: Preliminary Results and Partial Rescission of the Third Antidumping Duty Administrative Review*, 77 FR 53845, 53850-51(September 4, 2012) (unchanged in *AR3 Final*).

[75] *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).

comparisons is appropriate in a particular situation.[76] The Department finds the differential pricing analysis used in those investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review.[77] 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 consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, zip codes) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

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

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[76] *See*, e.g., *Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33350 (June 4, 2013), and the accompanying Issues and Decision Memorandum at Comment 3; and *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), and the accompanying Issues and Decision Memorandum at Comment 3.

[77] *See, e.g.*, *Certain Activated Carbon From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*; 2011-2012, 78 FR 70533 (November 26, 2013), and accompanying Issues and Decision Memorandum at Comment 2.

significant, and the sales are considered to have passed the Cohen's *d* test, 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 (or CEPs) 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 EPs (or CEPs) that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using 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, then 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 justification 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 Stanley, based on the results of the differential pricing analysis, the Department finds that between 33 and 66 percent of its U.S. sales pass the Cohen's *d* test, which confirms the existence of a pattern of CEPs for comparable merchandise that differ significantly among purchasers, regions, or time periods.[78] This finding supports consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen's *d* test and application of the average-to-average methodology to those sales identified as not passing the Cohen's *d* test.

[78] *See* Stanley's Preliminary Analysis Memorandum, dated concurrently with this notice ("Stanley Analysis Memo") at Attachment 2.

Further, the Department determines that the average-to-average method cannot appropriately account for such differences because a 25 percent or greater relative change in the weighted-average dumping margin exists between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold.[79] Accordingly, the Department determined to use the average-to-transaction method for those U.S. sales which passed the Cohen's *d* test and the average-to-average method for those U.S. sales which do not pass the Cohen's *d* test to calculate the weighted-average dumping margin for Stanley.[80]

For Xi'an Metals, based on the results of the differential pricing analysis, the Department finds that between 33 and 66 percent of its U.S. sales pass the Cohen's *d* test, which confirms the existence of a pattern of EPs for comparable merchandise that differ significantly among purchasers, regions, or time periods.[81] However, the Department determines that the average-to-average method can appropriately account for such differences because there is no meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and when using the alternative method.[82] Accordingly, the Department determines to use the average-to-average method to calculate the weighted-average dumping margin for Xi'an Metals.

U.S. Price

A. Export Price

Pursuant to section 772(a) of the Act, EP is "the price at which subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States," as adjusted under section 772(c) of the Act. In accordance with section 772(a) of the Act, the Department calculated EP for all sales to the United States for Xi'an Metals because the first sale to an unaffiliated party was made before the date of importation and the use of CEP was not otherwise warranted on those sales. The Department calculated EP based on the sales price to unaffiliated purchasers in the United States. In accordance with section 772(c)(2)(A) of the Act, as appropriate, the Department deducted from the sales price to unaffiliated purchasers in the United States. In accordance with section 772(c)(2)(A) of the Act, as appropriate the Department deducted from the sales price certain international movement costs based FOPs and SVs.[83] Because the inland freight was either provided by an NME vendor or paid for using an NME currency, the Department based the deduction of these charges on SVs.[84] For international freight provided by an ME provider and paid in U.S. dollars, the Department used the actual cost per kilogram of the freight.

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[79] *Id*.
[80] In these preliminary results, the Department applied the weighted-average dumping margin calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8101 (February 14, 2012) ("*Final Modification for Reviews*").
[81] *See* Xi'an Metals Preliminary Analysis Memorandum, dated concurrently with this notice, at Attachment 2.
[82] *Id.* at 1.
[83] *Id. at* 2-3.
[84] *See* Prelim SV Memo for details regarding the SVs for movement expenses.

B. Constructed Export Price

Pursuant to section 772(b) of the Act, CEP is "the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter," as adjusted under section 772(c) and (d) of the Act. For Stanley's sales, the Department based U.S. price on CEP in accordance with section 772(b) of the Act, because sales were made on behalf of the PRC-based company by a U.S. affiliate to unaffiliated purchasers in the United States. For these sales, the Department based CEP on prices to the first unaffiliated purchaser in the United States. Where appropriate, the Department made deductions from the starting price (gross unit price) for foreign movement expenses, international movement expenses, U.S. movement expenses, and appropriate selling adjustments, in accordance with section 772(c)(2)(A) of the Act.

In accordance with section 772(d)(1) of the Act, the Department also deducted those selling expenses associated with economic activities occurring in the United States. The Department deducted, where appropriate, commissions, inventory carrying costs, interest revenue, credit expenses, warranty expenses, and indirect selling expenses. Where foreign movement expenses, international movement expenses, or U.S. movement expenses were provided by NME service providers or paid for in an NME currency, the Department valued these services using SVs (*see* "Factor Valuations" section below for further discussion). For those expenses that were provided by an ME provider and paid for in an ME currency, the Department used the reported expense. Due to the proprietary nature of certain adjustments to U.S. price, for a detailed description of all adjustments made to U.S. price for each company, *see* the company-specific analysis memoranda, dated concurrently with these preliminary results.

C. Value-Added Tax

The Department's recent practice in NME cases is to adjust EP or CEP for the amount of any unrefunded VAT, in accordance with section 772(c)(2)(B) or the Act.[85] In changing the practice, 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.[86] Where the irrecoverable VAT is a fixed percentage of CEP or EP, the Department explained that the final step in arriving at a tax neutral dumping comparison is to reduce the U.S. CEP or EP downward by this same percentage.[87] The Department's methodology, as explained above and applied in this review, essentially amounts to performing two basic steps: (1) determining the irrecoverable VAT tax on subject merchandise, and (2) reducing U.S. price by the amount (or rate) determined in step one.

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[85] *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*").
[86] *Id.*; *see also Chlorinated 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.
[87] *Id*.

The Department requested that Respondents report net unrefunded VAT for the subject merchandise.[88] Respondents reported that the official VAT rate for exports of subject merchandise is 17 percent and the refund rate is five, under the applicable PRC regulations.[89] Thus, Respondents incurred an effective VAT rate of 12 percent on exports of nails.

Because Respondents' reported that it pays VAT associated with subject merchandise that is not refunded at a rate of 12 percent, the Department adjusted Respondents' net price for the unrefunded VAT, in order to calculate a CEP and EP net of VAT.[90] We note that this is consistent with the Department's longstanding policy and the intent of the state, that dumping comparisons be tax-neutral.[91]

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using an FOP methodology if: (1) the merchandise is exported from an NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(e) of the Act. When determining NV in an NME context, the Department will base NV on FOPs because the presence of government controls on various aspects of these economies renders price comparisons and the calculation of production costs invalid under our normal methodologies. The Department's questionnaire requires that the respondents provide information regarding the weighted-average FOPs across all of the companies' plants and suppliers that produce the merchandise under consideration, not just the FOPs from a single plant or supplier.[92] This methodology ensures that the Department's calculations are as accurate as possible.[93]

The Department calculated NV based on FOPs in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c). Under section 773(c)(3) of the Act, FOPs used by the respondents in the production of nails include, but are not limited to, (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed;

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[88] *See* Letter from the Department, to Xi'an Metals, dated April 10, 2014, and Letter from the Department, to Stanley, dated April 10, 2014.

[89] *See* Xi'an Metals' May 8, 2014 submission and Stanley's May 9, 2014 submission.

[90] *See* Memorandum to the File through Scot T. Fullerton, Program Manager, Office V, Enforcement and Compliance, from Susan S. Pulongbarit, International Trade Analyst, Office V, Enforcement and Compliance regarding Fifth Administrative Review of Certain Steel Nails from the People's Republic of China: Preliminary Analysis Memorandum for Xi'an Metals & Minerals Import & Export Co. Ltd., dated concurrently with this memorandum.

[91] *See Methodological Change*, (*citing Antidumping Duties*; *Countervailing Duties*, 62 FR27296, 27369 (May 19, 1997) and Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. I 03-316, vol. I, 827, reprinted in 1994 U.S.C.C.A.N. 3773, 4172); *see also Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Preliminary Results of Antidumping Administrative Review;* 2011-2012, 78 FR 78333 (December 26, 20 13) and accompanying Preliminary Decision Memorandum at Issue 9, unchanged in Final Results.

[92] *See* the Department's original antidumping duty questionnaire, dated February 27, 2013, at Section D.

[93] *See, e.g.*, *Final Determination of Sales at Less Than Fair Value and Critical Circumstances: Certain Malleable Iron Pipe Fittings from the People's Republic of China*, 68 FR 61395 (October 28, 2003), and accompanying Issues and Decision Memorandum at Comment 19.

and (4) representative capital costs. The Department based NV on the respondents' reported FOPs for materials, energy, and labor.

Factor Valuations

In accordance with section 773(c) of the Act, for subject merchandise produced by the respondents, the Department calculated NV based on the FOPs reported by these companies for the POR. The Department used Thai import data and other publicly available Thai sources in order to calculate SVs. To calculate NV, the Department multiplied the reported per-unit FOP quantities by publicly available SVs. The Department's practice when selecting the best available information for valuing FOPs is to select, to the extent practicable, SVs which are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.[94]

As appropriate, the Department adjusted input prices by including freight costs to render them delivered prices. Specifically, the Department added to Thai import SVs a surrogate-freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory where it relied on an import value. This adjustment is in accordance with the decision of the Federal Circuit in *Sigma Corp. v. United States*, 117 F.3d 1401, 1408 (Fed. Cir. 1997). Additionally, where necessary, the Department adjusted SVs for inflation and exchange rates, taxes, and converted all applicable FOPs to a per-kg basis.

Furthermore, with regard to the Thai import-based SVs, we have disregarded import prices that we have reason to believe or suspect may be subsidized. We have reason to believe or suspect that prices of inputs from India, Indonesia, and South Korea may have been subsidized because we have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies.[95] Therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized.[96] 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.[97] Rather, the Department bases its decision on information that is available to it at the time it makes its determination. Additionally, consistent with our practice, we disregarded prices from NME countries and excluded imports labeled as originating from an "unspecified" country from the average value because the Department could not be certain that they were not

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[94] *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.

[95] *See, e.g.*, *Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order*, 75 FR 13257 (March 19, 2010), and accompanying Issues and Decision Memorandum at 4-5; *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.

[96] *See Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers from the People's Republic of China*, 69 FR 20594 (April 16, 2004), and accompanying Issues and Decision Memorandum at Comment 7.

[97] *See* Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988); *see also Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 30758, 30763 (June 4, 2007), unchanged in *Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 60632 (October 25, 2007).

from either an NME country or a country with general export subsidies.[98] Therefore, we have not used prices from these countries either in calculating the Thai import-based SVs or in calculating ME input values.

On August 2, 2013, the Department amended 19 CFR 351.408.[99] Pursuant to amended 19 CFR 351.408(c)(1), for all proceedings initiation after September 3, 2013, when a respondent sources inputs from an ME supplier and paid for the inputs in ME currency in meaningful quantities, the Department uses the actual price paid by the respondent to value those inputs, if substantially all of the factor, by total volume, is purchased from the market economy supplier.[100] In accordance with the amended regulation, substantially all is defined to be 85 percent or more of the total volume purchased of the factor.[101] Information reported by Stanley demonstrates that certain inputs were sourced and produced from an ME country and paid for in ME currencies.[102] The information reported by Stanley also demonstrates that such inputs were purchased in significant quantities (*i.e.*, 85 percent or more) from ME suppliers. As a consequence, the Department used Stanley's actual ME purchase prices to value these inputs. Where appropriate, freight expenses were added to the ME price of the input.

For the preliminary results, the Department used Thai Import Statistics from the GTA to value certain raw materials, byproducts, and packing material inputs that Respondents used to produce subject merchandise during the POR, except where listed below. Parties placed data from the GTA for Thailand on the record for the aforementioned items, and the GTA is a source that it regularly used by the Department because the data therein meet the Department's SV criteria.

We valued electricity and water using values from Thai utilities. Specifically, we valued electricity using data from the Thai Board of Investment, a government agency. We valued water using a value from the Thai Metropolitan Waterworks Authority.[103]

We valued brokerage and handling ("B&H") 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 that is published in *Doing Business 2014: Thailand* by the World Bank.[104] The reported prices were contemporaneous with the POR.

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 *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 largest city in Thailand to

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98 *See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Chlorinated Isocyanurates from the People's Republic of China*, 69 FR 75294, 75300 (December 16, 2004), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates From the People's Republic of China*, 70 FR 24502 (May 10, 2005).

99 *See* Use of Market Economy Input Prices in Nonmarket Economy Proceedings, 78 FR 46799 (Aug. 2, 2013).

100 *Id*.

101 *Id*.

102 *See* Stanley's January 18, 2013, section D response at 11 and Exhibit D-5.

103 For more information on the electricity and water SV calculations, *see* the Prelim SV Memo.

104 For more information on the B&H SV calculation, *see* the Prelim SV Memo.

the nearest seaport. We calculated the per-unit inland freight costs using the distance from Bangkok to the nearest seaport. We calculated a per-kg, per-kilometer surrogate inland freight rate based on the methodology used by the World Bank.[105]

On June 21, 2011, the Department revised its methodology for valuing the labor input in NME AD proceedings.[106] In *Labor Methodologies*, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 6A from the International Labor Organization's ("ILO") *Yearbook of Labor Statistics* ("*ILO Yearbook*").

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").[107] Although the 2007 NSO data are not from the ILO, the Department finds that this fact does not preclude us from using this source for valuing labor. In *Labor Methodologies*, the Department decided to change to the use of ILO Chapter 6A 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.[108] The Department did not, however, preclude all other sources for evaluating labor costs in NME AD proceedings. Rather, we continue to follow our practice of selecting the "best information available" to determine SVs for inputs such as labor. 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, which are from 2005.[109] Additionally, the NSO data are industry-specific, whereas the Thai ILO data reflect general manufacturing wages. As stated above, the Department used Thailand data reported under the 2007 NSO data, which reflects all costs related to labor, including wages, benefits, housing, training, *etc.* Additionally, where the financial statements used to calculate the surrogate financial ratios include itemized detail of labor costs, the Department made adjustments to certain labor costs in the surrogate financial ratios.[110]

The Department's criteria for choosing surrogate financial statements from which we derive the financial ratios are the availability of contemporaneous financial statements, comparability to the respondent's experience, and publicly available information.[111] Moreover, for valuing factory overhead, selling, general, and administrative ("SG&A") expenses and profit, the Department normally will use non-proprietary information gathered from producers of identical or

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[105] For more information on the truck freight SV calculation, *see* the Prelim SV Memo.
[106] *See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) ("*Labor Methodologies*").
[107] For more information on the labor SV calculation, *see* the Prelim SV Memo.
[108] *See Labor Methodologies,* 76 FR at 36093.
[109] *See* Petitioner's April 18, 2013, SV submission at Exhibit 9.
[110] *See Labor Methodologies*, 76 FR at 36093-94; *see also* the Prelim SV Memo.
[111] *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates from the People's Republic of China*, 70 FR 24502 (May 10, 2005), and accompanying Issues and Decision Memorandum at Comment 3.

comparable merchandise in the surrogate country.[112] In addition, the CIT has held that in the selection of surrogate producers, the Department may consider how closely the surrogate producers approximate the NME producer's experience.[113] To value factory overhead, SG&A expenses, and profit, the Department used the 2012 financial statements from one Thai producer of the identical product (*i.e.*, nails), LS Industry Co., Ltd.[114]

Currency Conversion

Where necessary, the Department made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank. These exchange rates are available on the Enforcement and Compliance website at http://enforcement.trade.gov/exchange/index.html.

RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

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__________ __________

Agree Disagree

Ronald K Lorentzen

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

September 18, 2014

(Date)

[112] *See, e.g., Diamond Sawblades and Parts Thereof from the People's Republic of China, Final Determination in the Antidumping Duty Investigation*, 71 FR 29303 (May 22, 2006), and accompanying Issues and Decision Memorandum at Comment 2; *see also* section 773(c)(4) of the Act; 19 CFR 351.408(c)(4).

[113] *See Rhodia, Inc. v. United States*, 240 F. Supp. 2d 1247, 1253-1254 (CIT 2002); *see also Persulfates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 70 FR 6836 (February 9, 2005), and accompanying Issues and Decision Memorandum at Comment 1.

[114] For more information on the surrogate financial ratios calculations, *see* the Prelim SV Memo.

Appendix

ABF Freight System, Inc.
Agritech Products Ltd.
Aihua Holding Group Co., Ltd.
Aironware (Shanghai) Co. Ltd.
Anping County Anning Wire Mesh Co.
Anping Fuhua Wire Mesh Making Co.
APM Global Logistics O/B Hasbro Toy.
Beijing Daruixing Global Trading Co., Ltd.
Beijing Daruixing Nail Products Co., Ltd.
Beijing Hong Sheng Metal Products Co., Ltd.
Beijing Hongsheng Metal Products Co., Ltd.
Beijing Jinheuang Co., Ltd.
Beijing Kang Jie Kong Cargo Agent.
Beijing KJK Intl Cargo Agent Co., Ltd.
Beijing Long Time Rich Tech Develop.
Beijing Tri-Metal Co., Ltd.
Beijing Yonghongsheng Metal Products Co., Ltd.
Besco Machinery Industry (Zhejiang) Co., Ltd.
Brighten International, Inc.
Cana (Tianjin) Hardware Ind., Co., Ltd.
Cana (Tianjin) Hardware Industrial Co., Ltd.
Century Shenzhen Xiamen Branch.
Changzhou MC I/E Co., Ltd.
Changzhou Quyuan Machinery Co., Ltd.
Changzhou Refine Flag & Crafts Co., Ltd.
Chao Jinqiao Welding Material Co., Ltd.
Chaohu Bridge Nail Industry Co., Ltd.
Chaohu Jinqiao Welding Material Co.
Chewink Corp.
Chiieh Yung Metal Ind. Corp.
China Container Line (Shanghai) Ltd.
China Silk Trading & Logistics Co., Ltd.
China Staple Enterprise (Tianjin) Co., Ltd.
Chongqing Hybest Nailery Co., Ltd.
Chongqing Hybest Tools Group Co., Ltd.
Cintee Steel Products Co., Ltd.
Cyber Express Corporation.
CYM (Nanjing) Nail Manufacture Co., Ltd.
CYM (Nanjing) Ningquan Nail Manufacture Co., Ltd.
Dagang Zhitong Metal Products Co., Ltd.
Damco Shenzhen.
Daxing Niantan Industrial.
Delix International Co., Ltd.
Dingzhou Derunda Material and Trade Co., Ltd.

Dingzhou Ruili Nail Production Co., Ltd.
Dong’e Fugiang Metal Products Co., Ltd.
Dongguan Five Stone Machinery Products Trading Co., Ltd.
Elite International Logistics Co.
Elite Master International Ltd.
England Rich Group (China) Ltd.
Entech Manufacturing (Shenzhen) Ltd.
Expeditors China Tianjin Branch.
Faithful Engineering Products Co. Ltd.
Fedex International Freight Forward Agency Services (Shanghai) Co., Ltd.
Feiyin Co., Ltd.
Fension International Trade Co., Ltd.
Foreign Economic Relations & Trade.
Fujiansmartness Imp. & Exp. Co., Ltd.
Fuzhou Builddirect Ltd.
Goal Well Stone Co., Ltd.
Gold Union Group Ltd.
Goldever International Logistics Co.
Goldmax United Ltd.
Grace News Inc.
Guangdong Foreign Trade Import & Export Corporation.
Guangzhou Qiwei Imports and Exports Co., Ltd.
Guoxin Group Wang Shun I/E Co., Ltd.
GWP Industries (Tianjin) Co., Ltd.
Haierc Industry Co., Ltd.
Haixing Hongda Hardware Production Co., Ltd.
Haixing Linhai Hardware Products Factory.
Haiyan Fefine Import and Export Co.
Handuk Industrial Co., Ltd.
Hangzhou Kelong Electrical Appliance & Tools Co. Ltd.
Hangzhou New Line Co., Ltd.
Hangzhou Zhongding Imp. & Exp. Co., Ltd.
Hebei Cangzhou New Century Foreign Trade Co., Ltd.
Hebei Development Metals Co., Ltd.
Hebei Jinsidun (JSD) Co., Ltd.
Hebei Machinery Import and Export Co., Ltd.
Hebei Minmetals Co., Ltd.
Hebei My Foreign Trade Co., Ltd.
Hebei Super Star Pneumatic Nails Co., Ltd.
Henan Pengu Hardware Manufacturing Co., Ltd.
Hengshui Mingyao Hardware & Mesh Products Co., Ltd.
Heretops (Hong Kong) International Ltd.
Heretops Import & Export Co., Ltd.
Hilti (China) Limited.
HK Villatao Sourcing Co., Ltd.
Hong Kong Hailiang Metal Trading Ltd.

Hong Kong Yu Xi Co., Ltd.
Huadu Jin Chuan Manufactory Co Ltd.
Huanghua Honly Industry Corp.
Huanghua Huarong Hardware Products Co., Ltd.
Huanghua Jinhai Metal Products Co., Ltd.
Huanghua Shenghua Hardware Manufactory Factory.
Huanghua Xinda Nail Production Co., Ltd.
Huanghua Xionghua Hardware Products Co., Ltd.
Huanghua Yufutai Hardware Products Co., Ltd.
Hubei Boshilong Technology Co., Ltd.
Huiyuan Int'l Commerce Exhibition Co., Ltd.
Jiashan Superpower Tools Co., Ltd.
Jiaxing Yaoliang Import & Export Co., Ltd.
Jinhua Kaixin Imp & Exp Ltd.
Jining Huarong Hardware Products Co., Ltd.
Joto Enterprise Co., Ltd.
Karuis Custom Metal Parts Mfg. Ltd.
Kasy Logistics (Tianjin) Co., Ltd.
K.E. Kingstone.
Koram Panagene Co., Ltd.
Kuehne & Nagel Ltd.
Kum Kang Trading Co., Ltd.
Kyung Dong Corp.
Le Group Industries Corp. Ltd.
Leang Wey Int. Business Co., Ltd.
Liang's Industrial Corp.
Lijiang Liantai Trading Co., Ltd.
Linhai Chicheng Arts & Crafts Co., Ltd.
Lins Corp.
Linyi Flying Arrow Imp & Exp. Co., Ltd.
Maanshan Cintee Steel Products Co., Ltd.
Maanshan Leader Metal Products Co., Ltd.
Maanshan Longer Nail Product Co., Ltd.
Manufacutersinchina (HK) Company Ltd.
Marsh Trading Ltd.
Master International Co., Ltd.
Mingguang Abundant Hardware Products Co., Ltd.
Nanjing Dayu Pneumatic Gun Nails Co., Ltd.
Nantong Corporation for Internation.
Ningbo Bolun Electric Co., Ltd.
Ningbo Dollar King Industrial Co., Ltd.
Ningbo Endless Energy Electronic Co., Ltd.
Ningbo Fension International Trade Center.
Ningbo Fortune Garden Tools and Equipment Inc.
Ningbo Haixin Railroad Material Co.
Ningbo Huamao Imp & Exp. Co., Ltd.

Ningbo Hyderon Hardware Co., Ltd.
Ningbo JF Tools Industrial Co., Ltd.
Ningbo KCN Electric Co., Ltd.
Ningbo Meizhi Tools Co., Ltd.
Ningbo Ordam Import & Export Co., Ltd.
OEC Logistics (Qingdao) Co., Ltd.
Omega Products International.
OOCL Logistics O B of Winston Marketing Group.
Orisun Electronics HK Co., Ltd.
Pacole International Ltd.
Pakwell Co., Ltd.
Panagene Inc.
Pavilion Investmen Ltd.
Perfect Seller Co., Ltd.
Prominence Cargo Service, Inc.
PT Enterprise Inc.
Qianshan Huafeng Trading Co., Ltd.
Qidong Liang Chyuan Metal Industry Co., Ltd.
Qingdao Bestworld Industry Trading.
Qingdao D & L Supply Group Co., Ltd.
Qingdao Denarius Manufacture Co. Limited.
Qingdao Golden Sunshine ELE–EAQ Co., Ltd.
Qingdao International Fastening Systems Inc.
Qingdao Koram Steel Co., Ltd.
Qingdao Lutai Industrial Products Manufacturing Co., Ltd.
Qingdao Meijia Metal Products Co.
Qingdao Rohuida International Trading Co.
Qingdao Sino-Sun International Trading Company Limited.
Qingdao Super United Metals & Wood Prods. Co., Ltd.
Qingdao Tiger Hardware Co., Ltd.
Qingfu Metal Craft Manufacturing Ltd.
Qinghai Wutong (Group) Industry Co.
Qingyuan County Hongyi Hardware Products Factory.
Qingyun Hongyi Hardware Factory.
Qinhuangdao Kaizheng Industry and Trade Co.
Q-Yield Outdoor Great Ltd.
Region International Co., Ltd.
Richard Hung Ent. Co.. Ltd.
River Display Ltd.
Rizhao Changxing Nail-Making Co., Ltd.
Rizhao Handuk Fasteners Co., Ltd.
Rizhao Qingdong Electronic Appliance Co.
Romp (Tianjin) Hardware Co., Ltd.
Saikelong Electric Appliances (Suzhou) Co.
Se Jung (China) Shipping Co., Ltd.
Senco Products, Inc.

Senco-Xingya Metal Products (Taicang) Co., Ltd.
Shandex Co., Ltd.
Shandex Industrial Inc.
Shandong Liaocheng Minghua Metal Products Co., Ltd.
Shandong Minmetals Co., Ltd.
Shandong Oriental Cherry Hardware Import & Export Co., Ltd.
Shandong Oriental Cherry Hardware Import and Export Co., Ltd.
Shanghai Chengkai Hardware Product. Co., Ltd.
Shanghai Colour Nail Co., Ltd.
Shanghai Ding Ying Printing & Dyeing CLO.
Shanghai GBR Group International Co.
Shanghai Holiday Import & Export Co., Ltd.
Shanghai Jade Shuttle Hardware Tools Co., Ltd.
Shanghai Jian Jie International TRA.
Shanghai March Import & Export Company Ltd.
Shanghai Mizhu Imp & Exp Corporation.
Shanghai Nanhui Jinjun Hardware Factory.
Shanghai Pioneer Speakers Co., Ltd.
Shanghai Pudong Int’l Transportation Booking Dep’t.
Shanghai Seti Enterprise International Co., Ltd.
Shanghai Shengxiang Hardware Co.
Shanghai Suyu Railway Fastener Co.
Shanghai Tengyu Hardware Products Co., Ltd.
Shanghai Tengyu Hardware Tools Co., Ltd.
Shanghai Tymex International Trade Co., Ltd.
Shanxi Tianli Enterprise Co., Ltd.
Shanxi Yuci Broad Wire Products Co., Ltd.
Shanxi Yuci Wire Material Factory.
Shaoguang International Trade Co.
Shaoxing Chengye Metal Producting Co., Ltd.
Shenyang Yulin International.
Shenzhen Changxinghongye Imp.
Shenzhen Erisson Technology Co., Ltd.
Shenzhen Meiyuda Trade Co., Ltd.
Shenzhen Pacific-Net Logistics Inc.
Shenzhen Shangqi Imports-Exports TR.
Shijiazhuang Anao Imp & Export Co., Ltd.
Shijiazhuang Fangyu Import & Export Corp.
Shijiazhuang Fitex Trading Co., Ltd.
Shijiazhuang Shuangjian Tools Co., Ltd.
Shitong Int’l Holding Limited.
Shouguang Meiqing Nail Industry Co., Ltd.
Sinochem Tianjin Imp & Exp Shenzhen Corp.
Sirius Global Logistics Co., Ltd.
Sunfield Enterprise Corporation.
Sunlife Enterprises (Yangjiang) Ltd

Sunworld International Logistics.
Superior International Australia Pty Ltd.
Suzhou Guoxin Group Wangshun I/E Co. Imp. Exp. Co., Ltd.
Suzhou Xingya Nail Co., Ltd.
Suzhou Yaotian Metal Products Co., Ltd.
Shandex Industrial.
Telex Hong Kong Industry Co., Ltd.
The Everest Corp.
Thermwell Products.
Tian Jin Sundy Co., Ltd. (a/k/a/ Tianjin Sunny Co., Ltd.)
Tianjin Baisheng Metal Product Co., Ltd.
Tianjin Bosai Hardware Tools Co., Ltd.
Tianjin Chengyi International Trading Co., Ltd.
Tianjin Chentai International Trading Co., Ltd.
Tianjin City Dagang Area Jinding Metal Products Factory.
Tianjin City Daman Port Area Jinding Metal Products Factory.
Tianjin City Jinchi Metal Products Co., Ltd.
Tianjin Dagang Dongfu Metallic Products Co., Ltd.
Tianjin Dagang Hewang Nail Factory.
Tianjin Dagang Hewang Nails Manufacture Plant.
Tianjin Dagang Huasheng Nailery Co., Ltd.
Tianjin Dagang Jingang Nail Factory.
Tianjin Dagang Jingang Nails Manufacture Plant.
Tianjin Dagang Linda Metallic Products Co., Ltd.
Tianjin Dagang Longhua Metal Products Plant.
Tianjin Dagang Shenda Metal Products Co., Ltd.
Tianjin Dagang Yate Nail Co., Ltd.
Tianjin Dery Import and Export Co., Ltd.
Tianjin Everwin Metal Products Co., Ltd.
Tianjin Foreign Trade (Group) Textile & Garment Co., Ltd.
Tianjin Hewang Nail Making Factory.
Tianjin Huachang Metal Products Co., Ltd.
Tianjin Huapeng Metal Company.
Tianjin Huasheng Nails Production Co., Ltd.
Tianjin Jetcom Manufacturing Co., Ltd.
Tianjin Jieli Hengyuan Metallic Products Co., Ltd.
Tianjin Jietong Hardware Products Co., Ltd.
Tianjin Jietong Metal Products Co., Ltd.
Tianjin Jin Gang Metal Products Co., Ltd.
Tianjin Jinchi Metal Products Co., Ltd.
Tianjin Jinjin Pharmaceutical Factory Co., Ltd.
Tianjin Jishili Hardware Co., Ltd.
Tianjin JLHY Metal Products Co., Ltd.
Tianjin Jurun Metal Products Co., Ltd.
Tianjin Kunxin Hardware Co., Ltd.
Tianjin Kunxin Metal Products Co., Ltd.

Tianjin Lianda Group Co., Ltd.
Tianjin Linda Metal Company.
Tianjin Longxing (Group) Huanyu Imp. & Exp. Co., Ltd.
Tianjin Master Fastener Co., Ltd. (a/k/a Master Fastener Co., Ltd.)
Tianjin Mei Jia Hua Trade Co., Ltd.
Tianjin Metals and Minerals.
Tianjin Port Free Trade Zone Xiangtong Intl. Industry & Trade Corp.
Tianjin Products & Energy Resources Dev. Co., Ltd.
Tianjin Qichuan Metal Co., Ltd.
Tianjin Ruiji Metal Products Co., Ltd.
Tianjin Senbohengtong International.
Tianjin Senmiao Import and Export Co., Ltd.
Tianjin Shenyuan Steel Producting Group Co., Ltd.
Tianjin Shishun Metal Product Co., Ltd.
Tianjin Shishun Metallic Products Co., Ltd.
Tianjin Tailai Import Export.
Tianjin Universal Machinery Imp. & Exp. Corp. Ltd.
Tianjin Xiantong Fucheng Gun Nail Manufacture Co., Ltd.
Tianjin Xiantong Juxiang Metal MFG Co., Ltd.
Tianjin Xiantong Material & Trade Co., Ltd.
Tianjin Xinyuansheng Metal Products Co., Ltd.
Tianjin Yihao Metallic Products Co., Ltd.
Tianjin Yongchang Metal Product Co., Ltd.
Tianjin Yongxu Metal Products Co., Ltd.
Tianjin Yongye Furniture.
Tianjin Yongyi Standard Parts Production Co., Ltd.
Tianjin Zhong Jian Wanli Stone Co., Ltd.
Tianjin Zhongsheng Garment Co., Ltd.
Tianwoo Logistics Developing Co., Ltd.
Topocean Consolidation Service (CHA) Ltd.
Traser Mexicana, S.A. De C.V.
Treasure Way International Dev. Ltd.
True Value Company (HK) Ltd.
Unicatch Industrial Co., Ltd.
Unigain Trading Co., Ltd.
Union Enterprise (Kunshan) Co., Ltd. a.k.a. Union Enterprise Co., Ltd.
Weifang Xiaotian Machine Co., Ltd.
Wenzhou KLF Medical Plastics Co., Ltd.
Wenzhou Ouxin Foreign Trade Co., Ltd.
Wenzhou Yuwei Foreign Trade Co., Ltd.
Winsmart International Shipping Ltd. O/B Zhaoqing Harvest Nails Co., Ltd.
Wintime Import & Export Corporation Limited of Zhongshan.
Worldwide Logistics Co., Ltd. (Tianjin Branch).
Wuhan Xinxin Native Produce & Animal By-Products Mfg. Co., Ltd.
Wuhu Sheng Zhi Industrial Co., Ltd.
Wuhu Shijie Hardware Co., Ltd.

Wuhu Xin Lan De Industrial Co., Ltd.
Wuqiao County Huifeng Hardware Products Factory.
Wuqiao County Xinchuang Hardware Products Factory.
Wuqiao Huifeng Hardware Production Co., Ltd.
Wuxi Baolin Nail Enterprises.
Wuxi Baolin Nail-Making Machinery Co., Ltd.
Wuxi Chengye Metal Products Co., Ltd.
Wuxi Colour Nail Co., Ltd.
Wuxi Qiangye Metalwork Production Co., Ltd.
Wuxi Jinde Assets Management Co., Ltd.
Wuxi Moresky Developing Co., Ltd.
Xiamen New Kunlun Trade Co., Ltd.
Xi'an Steel.
XL Metal Works Co., Ltd.
XM International, Inc.
Xuzhou CIP International Group Co., Ltd.
Yeswin Corporation.
Yitian Nanjing Hardware Co., Ltd.
Yiwu Dongshun Toys Manufacture.
Yiwu Excellent Import & Export Co., Ltd.
Yiwu Jiehang Import & Export Co., Ltd.
Yiwu Qiaoli Import & Export Co., Ltd.
Yiwu Richway Imp & Exp Co., Ltd.
Yiwu Zhongai Toys Co., Ltd.
Yongcheng Foreign Trade Corp.
Yu Chi Hardware Co., Ltd.
Yue Sang Plastic Factory.
Yuhuan Yazheng Importing.
Zhangjiagang Lianfeng Metals Products Co., Ltd.
Zhangjiagang Longxiang Packing Materials Co.
Zhaoqing Harvest Nails Co., Ltd.
Zhejiang Gem-Chun Hardware Accessory Co., Ltd.
Zhejiang Hungyan Xingzhou Industria.
Zhejiang Jinhua Nail Factory.
Zhejiang Minmetals Sanhe Imp & Exp Co.
Zhejiang Qifeng Hardware Make Co., Ltd.
Zhejiang Taizhou Eagle Machinery Co.
Zhejiang Yiwu Huishun Import/Export Co., Ltd.
Zhongshan Junlong Nail Manufactures Co., Ltd.
ZJG Lianfeng Metals Product Ltd.