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MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for the Preliminary Results of the Antidumping Duty Administrative Review of Steel Wire Garment Hangers from the People's Republic of China; 2014-2015

SUMMARY

In response to requests from interested parties, the Department of Commerce ("Department") is conducting an administrative review ("AR") of the antidumping duty ("AD") Order[1] on steel wire garment hangers ("hangers") from the People's Republic of China ("PRC") for the period of review ("POR") October 1, 2014, through September 30, 2015. The Department preliminarily determines that sales of the subject merchandise in the United States were at prices below normal value ("NV"). In accordance with the final results of this administrative review, we will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties on all appropriate entries of subject merchandise during the POR. We invite interested parties to this proceeding to comment on these preliminary results. We intend to issue final results no later than 120 days from the date of publication of these preliminary results pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the "Act"), unless extended.

BACKGROUND

Initiation

On November 2, 2015, the Department received a timely request for review pursuant to 19 CFR 351.213(b)(2) from M&B Metal Products Company Inc. ("Petitioner")[2] and Shanghai Wells Hanger Co., Ltd., Hong Kong Wells Ltd., and Hong Kong Wells Ltd. (USA) (collectively, "Shanghai Wells").[3] On December 3, 2015, the Department published a notice of initiation of

[1] See Notice of Antidumping Duty Order: Steel Wire Garment Hangers from the People's Republic of China, 73 FR 58111 (October 6, 2008) ("Order").
[2] See Letter to the Secretary of Commerce from Petitioner "Steel Wire Garment Hangers from China: Request for Seventh Administrative Review" (November 2, 2015).
[3] See Letter to the Secretary of Commerce from Shanghai Wells "Steel Wire Garment Hangers from the People's Republic of China" (November 2, 2015).

the seventh AR of hangers from the PRC with respect to 46 companies.[4] On January 19, 2016, the Department partially rescinded the review on 44 companies.[5] On June 2, 2016, the Department extended the period for issuing the preliminary results by 120 days.[6] As explained in the memorandum from the Acting Assistant Secretary for Enforcement and Compliance, the Department exercised its discretion to toll deadlines because of the closure of the Federal Government.[7] All deadlines in this AR were extended by four business days.[8] The revised deadline for the preliminary results of this AR is now November 4, 2016.

Respondent Selection

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter or producer of the subject merchandise.[9] However, section 777A(c)(2) of the Act gives the Department the discretion to limit its examination to a reasonable number of exporters or producers if it is not practicable to determine individual dumping margins for all exporters or producers because of the large number of exporters or producers involved in an AR.

On December 3, 2015, the Department placed on the record of this review CBP import data showing AD entries into the United States from the PRC during the POR under the Harmonized Tariff Schedule of the United States ("HTSUS") subcategories listed in the scope of the order, and requested comments on the data for use in respondent selection.[10] On December 10, 2015, we received comments from Petitioner.[11] No other party submitted comments and no party submitted rebuttal comments. On December 16, 2015, Petitioner timely withdrew its request for

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[4] See Initiation of Antidumping and Countervailing Duty Administrative Reviews, 80 FR 75657 (December 3, 2015) ("Initiation Notice").
[5] See Steel Wire Garment Hangers from the People's Republic of China; 2014-2015; Partial Rescission of the Seventh Antidumping Duty Administrative Review, 81 FR 2845 (January 19, 2016) ("Partial Rescission").
[6] See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, through James C. Doyle, Director, Office V, Antidumping and Countervailing Duty Operations, from Jessica Weeks, Case Analyst, titled "Steel Wire Garment Hangers from the People's Republic of China ("PRC"): Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review," dated June 2, 2016.
[7] See Memorandum for the Record from Ron Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, "Tolling of Administrative Deadlines as a Result of the Government Closure during Snowstorm 'Jonas,'" (January 27, 2016).
[8] Id.
[9] See also 19 CFR 351.204(c) regarding respondent selection, in general.
[10] See Letter from Catherine Bertrand to All Interested Parties titled "2014-2015 Administrative Review of the Antidumping Duty Order of Steel Wire Garment Hangers from the People's Republic of China: CBP Data for Respondent Selection" (December 3, 2015).
[11] See Letter to the Secretary of Commerce from Petitioner "Seventh Administrative Review of Steel Wire Garment Hangers from China- Petitioner's Comments on CBP Data for Respondent Selection" (December 10, 2015).

review of 44 companies.[12] As a result, the only remaining companies under review are Shanghai Wells Hanger Co., Ltd. and Hong Kong Wells Ltd.[13]

On December 17, 2015, the Department sent the non-market economy ("NME") AD questionnaire to Shanghai Wells.[14] On January 5, 2016, Shanghai Wells submitted a timely response to section A of the Department's AD questionnaire (i.e., the section relating to separate rates and general information), and in February 2016, Shanghai Wells timely responded to sections C and D of the Department's AD questionnaire (i.e., the sections relating to U.S. sales and factors of production ("FOPs")). From March through August 2016, we issued supplemental questionnaires to Shanghai Wells, and we received timely responses to these supplemental questionnaires from March through August 2016.

SCOPE OF THE ORDER

The merchandise that is subject to the order is steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of the order are wooden, plastic, and other garment hangers that are not made of steel wire. Also excluded from the scope of the order are chrome-plated steel wire garment hangers with a diameter of 3.4 mm or greater. The products subject to the order are currently classified under U.S. Harmonized Tariff Schedule ("HTSUS") subheadings 7326.20.0020, 7323.99.9060, and 7323.99.9080.

Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

[12] See Letter to the Secretary of Commerce from Petitioner regarding, "Seventh Administrative Review of Steel Wire Garment Hangers from China — Petitioner's Withdrawal of Review Request," dated December 16, 2015.
[13] In the first administrative review of the Order, the Department found that Shanghai Wells Hanger Co., Ltd. and Hong Kong Wells Ltd. are a single entity and, because there were no changes to the facts that supported that decision since that determination was made, we continue to find that these companies are part of a single entity for this administrative review. See Steel Wire Garment Hangers From the People's Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the First Antidumping Duty Administrative Review, 75 FR 68758, 68761 (November 9, 2010), unchanged in First Administrative Review of Steel Wire Garment Hangers From the People's Republic of China: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review, 76 FR 27994, 27996 (May 13, 2011).
[14] See Letter to Shanghai Wells from Catherine Bertrand, Program Manager, AD/CVD Operations, Office V, dated December 17, 2015.

DISCUSSION OF THE METHODOLOGY

Non-Market Economy Country Status

The Department considers the PRC to be an NME country.[15] In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME shall remain in effect until revoked by the administering authority. Therefore, we continue to treat the PRC as an NME country for purposes of these preliminary results.

Separate Rates

In NME proceedings, there is a rebuttable presumption that all companies are subject to government control and, thus, should be assessed a single AD rate.[16] It is the Department's policy to assign exporters of the subject merchandise from an NME country a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (de jure) and in fact (de facto), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting entity in an NME country under the test established in Sparklers,[17] as amplified by Silicon Carbide.[18] However, if the Department determines that a company is wholly foreign-owned or located in a market-economy ("ME") country, then a separate rate analysis is not necessary to determine whether it is independent from government control.[19]

The Department received a complete response to the Section A portion of the NME questionnaire from the only respondent in this AR, i.e., Shanghai Wells, which contained information pertaining to eligibility for separate rate status for Shanghai Wells Hanger Co., Ltd. and Hong Kong Wells Ltd.[20]

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[15] 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, 16652 (March 18, 2013), and accompanying Issues and Decision Memorandum at Comment 1.

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

[17] See Notice of Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China, 56 FR 20588, 20589 (May 6, 1991) ("Sparklers").

[18] See Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China, 59 FR 22585 (May 2, 1994) ("Silicon Carbide").

[19] See, e.g., 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 pg. 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 determination, 73 FR 40485 (July 15,2013).

[20] See Shanghai Wells' Section A questionnaire response, dated January 5, 2016 at pages 2-10 ("Shanghai Wells' SAQR").

Separate Rate Recipients - Wholly Foreign-Owned

Shanghai Wells reported that Shanghai Wells Hanger Co., Ltd. and Hong Kong Wells Ltd. are wholly-owned by a company located in a market-economy ("ME") country, Hong Kong.[21] Therefore, as there is no PRC ownership of these companies, and because the Department has no evidence indicating that these companies are under the control of the PRC government, further analysis of the de jure and de facto criteria are not necessary to determine whether they are independent from government control of their export activities.[22] For these reasons, we preliminarily determine that further separate rate analysis is not necessary to determine whether this entity is independent from government control.[23] Thus, we preliminarily grant separate rate status to Shanghai Wells Hanger Co., Ltd. and Hong Kong Wells Ltd.

Surrogate Country and Surrogate Value Data

On February 5, 2016, the Department sent interested parties a letter inviting comments on surrogate country, surrogate country selection, and surrogate value ("SV") data, and specified the deadlines for these respective submissions.[24] In February 2016, we timely received comments on surrogate country and surrogate country selection from U.S. Distributors,[25] Petitioner,[26] and Aristocraft of America LLC ("Aristocraft"), a U.S. importer of the subject merchandise.[27] In

[21] See Shanghai Wells' SAQR at 2 and 3.
[22] See, e.g., Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of the Fourth New Shipper Review and Rescission of the Third Antidumping Duty Administrative Review, 66 FR 1303, 1306 (January 8, 2001), unchanged in Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of Fourth New Shipper Review and Rescission of Third Antidumping Duty Administrative Review, 66 FR 27063 (May 16, 2001); Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate From the People's Republic of China, 64 FR 71104, 71104-05 (December 20, 1999).
[23] See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate from the People's Republic of China, 64 FR 71104, 71104-05 (December 20, 1999) (where the respondent was wholly foreign-owned and, thus, qualified for a separate rate).
[24] See Letter to All Interested Parties, from the Department titled "Steel Wire Garment Hangers from the People's Republic of China: Request for Surrogate Country and Surrogate Value Comments and Information" (February 5, 2016) ("Surrogate Country and Values Letter").
[25] See Letter to the Secretary of Commerce from Best For Less Dry Cleaners Supply LLC, Laundry & Cleaners Supply, Inc., Rocky Mountain Hanger MFG Co., Rosenberg Supply Co., Ltd, and ZTN Management Company, LLC (collectively "US Distributors") regarding, "Steel Wire Garment Hangers from the People's Republic of China: Economic Comparability," dated February 16, 2016 ("U.S. Distributors SC Submission").
[26] See Letter to the Secretary of Commerce from Petitioner regarding, "Seventh Administrative Review of Steel Wire Garment Hangers from China—Petitioner's Comments on Surrogate Country Selection," dated February 26, 2016.
[27] See Letter to the Secretary of Commerce from Aristocraft regarding, "Steel Wire Garment Hangers from the People's Republic of China: Surrogate Country Comments of Aristocraft," dated February 26, 2016.

March 2016, we received SV information from Petitioner[28] and U.S. Distributors[29] and rebuttal SV information from Aristocraft[30] and U.S. Distributors.[31]

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs us to base NV, in most circumstances, on the NME producer's FOPs, valued in a surrogate ME country or countries considered to be appropriate 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: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.[32] As a general rule, the Department selects a surrogate country that is at the same level of economic development as the NME country unless it is determined that none of the countries are viable options because (a) they either are not significant producers of comparable merchandise, (b) do not provide sufficient reliable sources of publicly available SV data, or (c) are not suitable for use based on other reasons.[33] Surrogate countries that are not at the same level of economic development as the NME country, but still at a level of economic development comparable to the NME country, are selected only to the extent that data considerations outweigh the difference in levels of economic development. To determine which countries are at the same level of economic development, the Department generally relies on per capita gross national income ("GNI") data from the World Bank's World Development Report.[34] Further, the Department normally values all FOPs in a single surrogate country.[35] The sources of the SVs we used in this review are discussed under the "Normal Value" section below.

With respect to the Department's selection of a surrogate country from which to derive SVs for valuing respondent's FOPs, U.S. Distributors argue that Bulgaria is the most appropriate surrogate country.[36] While Petitioner did not specify which country to select as the primary

[28] See Letter to the Secretary of Commerce from Petitioner regarding, "Seventh Administrative Review of Steel Wire Garment Hangers from China: Petitioners Submission of Surrogate Value Information," dated March 18, 2016 ("Petitioner's SV Submission").
[29] See Letter to the Secretary of Commerce from U.S. Distributors regarding, "Seventh Administrative Review of Steel Wire Garment Hangers from China – Submission of Surrogate Value Information," dated February 26, 2016 ("U.S. Distributors' SV Submission").
[30] See Letter to the Secretary of Commerce from Aristocraft regarding, "Steel Wire Garment Hangers from the People's Republic of China: Rebuttal Surrogate Values of Aristocraft," dated March 25, 2018 ("Aristocraft's Rebuttal SV Submission").
[31] See Letter to the Secretary of Commerce from U.S. Distributors regarding, "Seventh Administrative Review of Steel Wire Garment Hangers from China: Submission of Rebuttal Surrogate Value Information," dated March 25, 2016.
[32] For a description of our practice see Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) ("Policy Bulletin").
[33] Id.
[34] Id.
[35] See 19 CFR 351.408(c)(2).
[36] See U.S. Distributors' SV Submission.

surrogate country, they submitted Thai and South African SV information for consideration.[37] No other party commented on this issue.[38]

A. Economic Comparability

The Department determines that Bulgaria, Ecuador, Mexico, Romania, South Africa, and Thailand, are countries whose per capita gross national incomes ("GNI") are at the same level of economic development as the PRC.[39] Therefore, we consider all six countries identified in the Surrogate Country and Values Letter as having met this prong of the surrogate country selection criteria.

With respect to the list of surrogate countries identified above, U.S. Distributors argue that we should expand our starting point to include all countries economically comparable if their 2014 per-capita GNI falls within the same GNI range as the six countries identified by the Department.[40] In support of its argument, U.S. Distributors provided a printout of the World Banks's "World Development Indicators for GNI per capita, Atlas Method" and stated that the 2014 data is the most current. In our Surrogate Country and Values Letter, we requested comments on the list of potential surrogate countries as a starting point for surrogate country selection pursuant to 773(c)(4) of the Act, and requested that parties submit for consideration other countries that are at a level of economic development comparable to the PRC. While U.S. Distributors provided comments on the list, it did not offer any alternative to the countries already on the list. Therefore, unless we find that all of the countries determined to be equally economically comparable are not significant producers of comparable merchandise, do not provide a reliable source of publicly available surrogate data or are unsuitable for use for other reasons, we will rely on data from one of the countries the Department deemed to be economically comparable to the PRC (i.e., Bulgaria, Ecuador, Mexico, Romania, South Africa, and Thailand).[41]

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. Although the legislative history states that "the term 'significant producer' includes any country that is a significant net exporter and, if

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[37] See Petitioner's SV Submission.
[38] The Department notes that we received a second timely submission of surrogate value information from U.S. Distributors. Due to the close proximity to the Preliminary Results, the Department will consider this filing for the final results; see also Letter to the Secretary of Commerce from U.S. Distributors "Re: Seventh Administrative Review of Steel Wire Garment Hangers form the People's Republic of China – Submission of Surrogate Value Information," (October 5, 2016).
[39] See Surrogate Country and Values Letter at Attachment 1.
[40] See Letter to the Secretary of Commerce from U.S. Distributors "Re: Steel Wire Garment Hangers from the People's Republic of China: Economic Comparability" (February 16, 2016).
[41] See Certain Steel Wheels From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Partial Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination, 76 FR 67703, 67708 (November 2, 2011), unchanged in Certain Steel Wheels From the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value and Partial Affirmative Final Determination of Critical Circumstances, 77 FR 17021 (March 23, 2012).

appropriate, Commerce may use a significant, net exporting country in valuing factors,"[42] that does not preclude reliance on additional or alternative metrics.[43] Moreover, 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 "the terms 'comparable level of economic development,' 'comparable merchandise,' and 'significant producer' are not defined in the statute."[44] The Policy Bulletin further states that "in all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise."[45] Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.[46] Further, when selecting a surrogate country, the statute requires the Department to consider the comparability of the merchandise, not the comparability of the industry.[47] Importantly, the statute grants the Department discretion to examine various data sources for determining the best available information.[48]

In this case, because the record does not contain any production data for identical merchandise, we analyzed exports of comparable merchandise from the economically comparable countries, as a proxy for production data, during the POR.[49] We obtained export data using the Global Trade Atlas ("GTA") for Harmonized Tariff Schedule ("HTS") 7326.20: "Other Articles of Iron Steel Wire." We find that "Other Articles of Iron/Steel Wire" are comparable to subject merchandise because this is the HTS subheading that includes steel wire garment hangers and other downstream products manufactured from steel wire. Additionally, the Department has obtained export data from GTA for this HTS number in previous administrative reviews and determined that it represents merchandise comparable to the subject merchandise. The Department found that, of the six countries provided in the Surrogate Country List, all countries had exports of comparable merchandise. Therefore, because each of the six countries on the Surrogate Country List satisfy the "economic comparability" and "significant producer" prongs of the surrogate country analysis, the Department also will consider data availability in selecting a surrogate country.[50]

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[42] See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Conf. Rep. No. 576,100 Cong, 2d Sess. (1988), reprinted in Cong. Rec. H2032 (Daily Ed. April 20, 1988).
[43] See Dorbest Ltd. v. United States, 462 F. Supp. 2d 1262, 1274 n.5 (CIT 2006).
[44] For a description of our practice see Policy Bulletin, at Background.
[45] Id.
[46] In addition, the Policy Bulletin at note 6, 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."
[47] See Sebacic Acid from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 62 FR 65674 (December 15, 1997), and accompany Issues and Decision Memorandum at Comment 1 (to impose a requirement that merchandise must be produced by the same process and share the same end uses to be considered comparable would be contrary to the intent of the statute); see also section 773(c) of the Act and 19 CFR 351.408.
[48] See section 773(c) of the Act; see also Nation Ford Chem. Co. v. United States, 166 F.3d 1373, 1377 (Fed. Cir. 1990).
[49] See the Department's Memo to the file regarding, "Seventh Administrative Review of Steel Wire Garment Hangers from the People's Republic of China: Surrogate Values for the Preliminary Results," dated concurrently with this memorandum ("Prelim Surrogate Value Memo").
[50] See Policy Bulletin at Data Considerations.

C. Data Availability

If more than one potential surrogate country satisfies the statutory requirements for selection as a surrogate country, the Department selects the primary surrogate country based on data availability and reliability.[51] When evaluating SV data, the Department considers several factors including whether the SV data are publicly available, contemporaneous with the POR, representative of a broad market average, tax and duty-exclusive, and specific to the inputs being valued.[52] There is no hierarchy among these criteria; it is the Department's practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis.[53] For the countries (i.e., Bulgaria, South Africa, and Thailand) for which parties placed SV data on the record, we find Thailand provides the best source of surrogate value data.

For steel wire rod, the primary input used in producing subject merchandise, both Petitioner and Aristocraft placed SV data on the record for Thailand and South Africa and U.S. Distributors placed SV data on the record for Bulgaria.[54] Respondent explained that they use steel wire rod with a carbon content of 0.06 percent to 0.08 percent.[55] Two of the Thai HS codes, 7213.91.90.010 and 7213.91.90.011, are the most specific to the steel wire rod used by respondent as they cover a total range of carbon content from zero percent to 0.10 percent.[56] In comparison, the Bulgarian HS codes for steel wire rod cover a total range of carbon content from zero percent to 0.25 percent and the South African HS code for steel wire rod does not indicate a carbon content.[57] Thus, the Thai SV for wire rod is the best available source for valuing respondent's steel wire rod input.

There are nine contemporaneous financial statements on the record (three South African, two Bulgarian, and four Thai). The three South African statements neither are from the primary surrogate country nor are for producers of comparable merchandise, so we did not rely on those statements. The two Bulgarian financial statements contain undetermined other revenue information and do not contain a detailed breakout of energy. It is unclear as to whether the other revenue information relates to other merchandise or services that are not considered comparable merchandise. Therefore, these statements are not usable for calculating financial ratios. With respect to the four Thai statements, we found one not usable because it contains evidence of subsidies the Department has previously found to be countervailable. Of the remaining three Thai statements, two include a breakout regarding energy costs, whereas the other does not. As such breakouts assist our practice of avoiding double-counting[58], we find that

[51] Id.
[52] 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.
[53] See Ad Hoc Shrimp Trade Action Comm. v. United States, 618 F.3d 1316, 1322 (Fed. Cir. 2010).
[54] See Petitioner SV Comments, Aristocraft SV Comments, and U.S. Distributors SV Comments.
[55] See Shanghai Wells' Supplemental Section C&D Questionnaire response ("Supp C&D"), dated May 24, 2016, at SC-2.
[56] The Thai HS code 7213.91 is described as "bars and rods, hot-rolled, in irregularly wound coils, of iron or nonalloy steel, of circular cross-section measuring less than 14 mm in diameter, nesoi."
[57] See U.S Distributors SV Comments.
[58] See e.g. Drawn Stainless Steel Sinks from the People's Republic of China: Investigation; Final Determination, 78 FR 13019 (February 26, 2013) and accompanying Issues and Decision Memorandum at Comment 4 (it is the Department's practice to avoid double counting costs where the data are available to do so); and Helical Spring

these two statements are the best available to calculate financial ratios. Thus, we find two of the Thai statements, Sahasilp Rivet Industrial Co., Ltd. and Thai Mongkol Fasteners Co., Ltd., provide the best available information to calculate financial ratios.[59]

With regard to the remaining FOPs, unlike the South African and Bulgarian data, the record contains contemporaneous and fully translated Thai data for all of respondent's FOPs.[60]

Accordingly, based on an analysis of the information on the record, the Department preliminarily finds that Thailand provides the best source of surrogate value data because the record contains quality and contemporaneous SV data from Thailand for every factor, including specific data for wire rod, which is the main input for the subject merchandise.

In sum, we find that of the countries listed in the Surrogate Country List, the data from Thailand constitutes the best information available because: (1) Thailand is at the same level of economic development as the PRC; (2) Thailand is a significant exporter of comparable merchandise; and (3) Thailand provides the best opportunity to use quality and contemporaneous publicly available data to value Shanghai Wells' FOPs. Because the record contains usable Thai SV data for all FOPs used by Shanghai Wells, including financial ratios, we have selected Thailand as the primary surrogate country and, accordingly, have calculated NV using Thai import values to value Shanghai Wells' FOPs.[61]

Date of Sale

Section 351.401(i) of the Department's regulations states that, normally, we will use the date of invoice, as recorded in the producer's or exporter's records kept in the ordinary course of business, as the date of sale. The regulation provides further that we may use a date other than the date of the invoice if satisfied that a different date better reflects the date on which the material terms of sale are established.

Shanghai Wells reported the date of sale was determined by the invoice issued to its unaffiliated U.S. customer as the date of sale.[62] In this case, the Department found no evidence contrary to Shanghai Wells' claims that invoice date reflected the date on which the material terms of sale were established. Thus, because record evidence does not demonstrate that the material terms of sale were established on another date, the Department used invoice date as the date of sale for these preliminarily results, in accordance with 19 CFR 351.401(i).[63]

Lock Washers From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012-2013, 80 FR 13833 (March 17, 2015), and accompanying Issues and Decision Memorandum at Comment 7.

[59] See Prelim Surrogate Value Memo.

[60] Id.

[61] See below at "Factor Valuation Methodology" section.

[62] See Shanghai Wells' Section C&D Questionnaire response ("SCDQR"), dated February 4, 2016, at C-14.

[63] See, e.g., 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.

Comparisons to Normal Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether Shanghai Wells' sales of the subject merchandise from the PRC to the United States were made at less than normal value, the Department compared the export price and constructed export price to the normal value as described in the "Export Price" and "Constructed Export Price" and "Normal Value" sections of this memorandum.

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates weighted-average dumping margins by comparing weighted-average normal values to weighted-average export prices (or constructed export prices) (i.e., the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, the Department examines whether to compare weighted-average normal values with the export prices (or constructed export prices) of individual sales (i.e., the average-to-transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in less-than-fair-value investigations.[64]

In recent investigations, the Department applied a "differential pricing" analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.[65] The Department finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating a respondent's weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of export prices (or constructed export prices) for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchaser, region and time period to determine whether a pattern of prices that differ significantly exists. 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

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[64] See Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011, 77 FR 73415 (December 10, 2012) and the accompanying Issues and Decision Memorandum at comment 1; see also Apex Frozen Foods Private Ltd. v. United States, 37 F. Supp. 3d 1286 (Ct. Int'l Trade 2014).

[65] See, e.g., Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Fair Value, 78 FR 33351 (June 4, 2013); Steel Concrete Reinforcing Bar From Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, 79 FR 54967 (September 15, 2014); or Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value, 80 FR 61362 (October 13, 2015).

calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer codes. Regions are defined using the reported destination code (i.e., zip code) 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 period of review based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region and time period, that the Department uses in making comparisons between export price (or constructed export price) and normal value 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* coefficient is a generally recognized statistical measure of the extent of the difference between the mean (i.e., weighted-average price) of a test group and the mean (i.e., weighted-average price) of a comparison group. First, for comparable merchandise, the Cohen's *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser, region or time period 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 used to evaluate the extent to which the prices to the particular purchaser, region or time period differ significantly from the 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 (0.2, 0.5 and 0.8, respectively). Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass 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 prices that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen's *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen's *d* test. If 33 percent or less of the value of total sales passes the Cohen's *d* test, then the results of the Cohen's *d* test do not support consideration of an alternative to the average-to-average method.

If both tests in the first stage (i.e., the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, the Department examines 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 comparison 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 comparison 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 margins 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 margins between the average-to-average method and the appropriate alternative method move across the de minimis threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.

Results of the Differential Pricing Analysis

For Shanghai Wells, based on the results of the differential pricing analysis, the Department preliminarily finds that 20.2 percent of the value of U.S. sales pass the Cohen's *d* test,[66] and does not confirm the existence of a pattern of prices that differ significantly among purchasers, regions or time periods. Thus, the results of the Cohen's *d* and ratio tests do not support consideration of an alternative to the average-to-average method. Accordingly, the Department preliminarily determines to apply the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Shanghai Wells.

U.S. Price

Because Shanghai Wells has a U.S. affiliate, for these preliminary results, the Department will use the CEP and EP, as appropriate, for sales made by Shanghai Wells and its affiliated entity to their first unaffiliated U.S. customers of subject merchandise during the POR.

A. Export Price

In accordance with section 772(a) of the Act, the Department calculated EP for a portion of Shanghai Wells' sales to the United States because the first sale to an unaffiliated party was made before the date of importation and the use of CEP was not otherwise warranted. The Department calculated EP based on the sale 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 foreign inland freight, brokerage and handling ("B&H"), and international movement costs. Because the inland freight and B&H services were either provided by an NME vendor or paid for using an NME currency, the Department based the

[66] See the Memorandum to the File from Jessica Weeks, "Antidumping Duty Administrative Review of Steel Wire Garment Hangers from the People's Republic of China: Preliminary Results Analysis Memorandum for Shanghai Wells Hanger Co., Ltd." dated concurrently with this memo.

deduction of these charges on SVs.[67] However, for some transactions, the Department used a weighted average of reported brokerage and handling and international freight expenses provided by non-market economy suppliers. For international freight provided by an ME provider and paid in U.S. dollars, the Department used the actual cost per kg of the freight.

B. Constructed Export Price

For some of Shanghai Wells' 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 Chinese-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, in accordance with section 772(c)(2)(A) of the Act. Where foreign movement expenses, international movement expenses, or U.S. movement expenses were provided by 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 a ME currency, the Department used the reported expense.

In accordance with section 772(d)(1) of the Act, the Department also deducted those selling expenses associated with economic activities occurring in the United States. The Department deducted, where appropriate, commissions, inventory carrying costs, interest revenue, credit expenses, warranty expenses, and indirect selling expenses. Due to the proprietary nature of certain adjustments to U.S. price, for a detailed description of all adjustments made to U.S. price, see the Shanghai Wells analysis memorandum, dated concurrently with these preliminary results.

Value-Added Tax (VAT)

The Department's practice in NME cases is to adjust EP or CEP for the amount of any irrecoverable VAT,[68] in accordance with section 772(c)(2)(B) of the Act.[69] 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.[70] Where the irrecoverable VAT is a fixed percentage of EP or CEP, the Department explained that the final step in arriving at a tax

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[67] See Prelim. Surrogate Value Memo for details regarding the SVs for movement expenses.
[68] See e.g., Certain Activated Carbon From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2014–2015, 81 FR 62088 (September 8, 2016), and accompanying Issues and Decision Memorandum at Comment 1.
[69] 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 (June 19, 2012)("Methodological Change").
[70] 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.

neutral dumping comparison is to reduce the U.S. EP or CEP downward by this same percentage.[71]

In both initial and supplemental questionnaires, the Department instructed Shanghai Wells to report VATs on merchandise sold to the U.S. and identify which taxes are not rebated upon export.[72] In response, Shanghai Wells stated its disagreement with our product-specific methodology and argued that the Department should accept its calculated tax liability, which is based on "input" and "output" VAT (i.e. both sales related VAT and VAT paid for inputs), and which Shanghai Wells argues is a more accurate reflection of its VAT liability.[73]

However, our practice is that we will not consider allocations across all company sales or across sales of products with different VAT schedules but, rather, to use the difference between the VAT rate paid for inputs and the VAT refund rate, consistent with PRC regulations, unless the company can show otherwise for the subject merchandise.[74] The Department's methodology, as explained above and applied in this review, incorporates two basic steps: (1) determine the irrecoverable VAT on subject merchandise per the Chinese VAT regulations, and (2) reduce U.S. price by the amount of the irrevocable VAT determined in step one. Information placed on the record of this review by Shanghai Wells indicates that according to the Chinese VAT schedule, the standard VAT levy is 17 percent and the rebate rate for subject merchandise is nine percent.[75] Thus, for the purposes of this preliminary results of review, for Shanghai Wells, we calculated an irrecoverable VAT adjustment by multiplying its U.S. Free On Board price by the difference between these two rates (i.e., eight percent), which is the irrecoverable VAT as defined under PRC tax law and regulations, and as reported by Shanghai Wells.[76]

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using an FOP methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV on the FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under the Department's normal methodologies.

Factor Valuation Methodology

In accordance with section 773(c)(1) of the Act, we calculated NV based on FOPs reported by Shanghai Wells for the POR. In accordance with 19 CFR 351.408(c)(1), the Department will normally use publicly available information to find an appropriate SV to value a particular FOP.

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[71] See Methodological Change, at 77 FR 36481.
[72] See Shanghai Wells' SCDQR at pg. C-37- C-39; see also Shanghai Wells' Supplemental C&D Questionnaire Response, dated May 24, 2016 ("Shanghai Wells' Supp CDQR") at SC-11-SC-14.
[73] See Shanghai Wells' Supp CDQR at SC12-SC14.
[74] See, e.g., Diamond Sawblades and Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 35723 (June 24, 2014) and accompanying Issues and Decision Memorandum at Comment 6.
[75] See Shanghai Wells' Supp CDQR at SC-12 and SC-13.
[76] Id. at Exhibit SC-13.

To calculate NV, we multiplied the reported per-unit factor-consumption rates by publicly available SVs (except as noted below). Because the statute is silent concerning what constitutes the "best available information" for a particular SV, the courts have recognized that on this topic the Department may use "broad discretion to determine the best available information for an antidumping review." 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.[77]

The Department used Thai import statistics as reported by the Global Trade Atlas ("GTA") to value the raw material, energy, and packing material inputs that Shanghai Wells used to produce the subject merchandise under review during the POR. These data are generally contemporaneous with the POR, publicly available, product-specific, tax-exclusive, represent a broad market average, and was used in the prior review. In accordance with section 773(c)(5) of the Act and the legislative history of the Omnibus Trade and Competitiveness Act of 1988 ("OTCA"), the Department continues to apply its long-standing practice of disregarding certain prices as SVs if it has reason to believe or suspect that these prices may have been dumped or subsidized.[78] In this regard, the Department previously found that it is appropriate to disregard such prices from India, Indonesia, South Korea, and Thailand because we determined that these countries maintain broadly available, non-industry specific, export subsidies.[79] Based on the existence of these subsidy programs that were generally available to all exporters and producers in these countries at the time of the POR, the Department finds that it is reasonable to infer that all exporters from India, Indonesia, South Korea and Thailand may have benefitted from these subsidies. Therefore, the Department has not used prices from these countries in calculating the Thai import-based SVs. The Department similarly disregarded prices from NME countries. Finally, imports that were labeled as originating from an "unspecified" country were excluded from the average value, since the Department could not be certain that they were not from either an NME country or a country with generally available export subsidies.[80]

In this case, the Department adjusted the SVs as appropriate for exchange rates and taxes, and converted all applicable items to measurement on a per kg basis. In addition, the Department adjusted input prices by including freight costs to render them delivered prices. Specifically, in

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[77] 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.

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

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

[80] See, e.g., Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value, 73 FR 24552, 24559 (May 5, 2008), unchanged in Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 55039 (September 24, 2008). See Prelim Surrogate Value Memo.

accordance with the decision of the Federal Circuit in Sigma Corp. v. United States, 117 F.3d 1401, 1408 (Fed. Cir. 1997), the Department added to the Thai import SVs a surrogate freight value using the shorter of the reported distance between (1) the domestic supplier and the factory or (2) the nearest seaport and the factory.[81]

The Department valued electricity using prices published by the Electricity Generating Authority of Thailand, which contains pricing data for electricity rates and other charges for residential and industrial customers. These electricity rates represent contemporaneous, publicly available, broad-market averages, which are tax and duty exclusive.[82]

The Department valued water using Thai data based on Thailand's Metropolitan Waterworks Authority.[83]

In Labor Methodologies,[84] the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country.[85] Additionally, we determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization (ILO) Yearbook of Labor Statistics.[86] For these preliminary results, we valued labor using manufacturing-specific data from the quarterly-specific POR data (fourth quarter of 2014 and first, second, and third quarters of 2015) from the Government of Thailand, National Statistical Office, Labor Force Survey of Whole Kingdom, ("POR Manufacturing-Specific NSO Data").

Although the POR Manufacturing-Specific NSO data are not from the ILO, we find that this fact does not preclude us from using this source for valuing labor. In Labor Methodologies, the Department decided to use of ILO Chapter 6A instead of ILO Chapter 5B data, on the rebuttable presumption that Chapter 6A data better account for all direct and indirect labor costs.[87] We did not, however, preclude all other sources for evaluating labor costs in NME AD proceedings. Rather, we continue to follow the Department's practice of selecting the best available information to determine SVs for inputs such as labor.[88] In this case, we find that the POR Manufacturing-Specific NSO Data are the best available information because the POR Manufacturing-specific NSO Data are industry-specific and contemporaneous with the POR.[89]

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[81] See the Department's memorandum "Seventh Administrative Review of Steel Wire Garment Hangers from the People's Republic of China: Surrogate Values for the Preliminary Results" ("Preliminary Surrogate Value Memo"), dated concurrently with this memorandum.
[82] Id.
[83] Id.
[84] See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092, 36093-94 (June 21, 2011) ("Labor Methodologies").
[85] Id., 76 FR at 36093.
[86] Id.
[87] See Labor Methodologies.
[88] See Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 33354 (June 4, 2013), and accompanying Issues and Decision Memorandum at Comment 6-C; and Drawn Stainless Steel Sinks From the People's Republic of China: Investigation, Final Determination, 78 FR 13019 (February 26, 2013), and accompanying Issues and Decision Memorandum at Comment 3.
[89] See the Preliminary Surrogate Value Memo for calculation of labor surrogate value; see also Labor Methodologies, at 36093.

The ILO data, in comparison, are not contemporaneous with the POR. Thus, we valued respondent's labor input using the POR Manufacturing-specific Thai NSO data.

As stated above, the Department used the 2014-2015 Thai NSO data, which reflects all costs related to manufacturing labor, including wages, benefits, housing, training, etc. Because the financial statements used to calculate the surrogate financial ratios include itemized details of indirect labor costs, the Department made adjustments to the surrogate financial ratios.[90]

We valued inland truck freight using an average kilometer per kilogram price as reported in the World Bank's "2016 Doing Business in Thailand" "Trading Across Borders" survey and report, which was published in 2016. The data in the report is current as of June 1, 2015. This price represents contemporaneous and publicly available information.

We valued brokerage and handling using a price list of export procedures necessary to export a standardized cargo of goods from Thailand.[91] The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in Thailand that is published in "2016 Doing Business in Thailand", published by the World Bank. This price represents contemporaneous and publicly available information.
To value factory overhead, selling, general and administrative expenses, and profit, the Department is using the audited financial statements of two Thai companies, Sahasilp Rivet Industrial Co. Ltd. and Thai Mongkol Fasteners Co., Ltd., for the year ending December 31, 2014.[92] These companies are Thai manufacturers of fasteners and wire-based products.[93] See the Prelim Surrogate Value Memo for details regarding other financial statements on the record.

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.

[90] Id.
[91] Id.
[92] See Preliminary Surrogate Value Memo.
[93] Petitioner's SV Submission.

Conclusion

We recommend applying the above methodology for these preliminary results.

✓ Agree ______ Disagree ______

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

4 NOVEMBER 2016
(Date)