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December 5, 2016

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

REGARDING: Decision Memorandum for the Preliminary Results of the 2014-2015 Administrative Review of the Antidumping Duty Order on Seamless Refined Copper Pipe and Tube from the People's Republic of China

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SUMMARY

At the request of interested parties, the Department of Commerce (the "Department") is conducting an administrative review of the antidumping duty order on seamless refined copper pipe and tube ("copper pipe and tube") from the People's Republic of China ("PRC") in accordance with section 751(a)(1) of the Tariff Act of 1930, as amended ("the Act"). The period of review ("POR") is November 1, 2014, through October 31, 2015. The Department preliminarily finds that Golden Dragon Precise Copper Tube Group, Inc. ("GD Group"), Hong Kong GD Trading Co., Ltd. ("GD Trading"), and Golden Dragon Holding (Hong Kong) International, Ltd. ("GD Holding"), and eight other companies that comprise the GD Single Entity sold subject merchandise in the United States at prices below normal value. The Department also preliminarily finds that Hong Kong Hailiang Metal Trading Limited, Zhejiang Hailiang Co., Ltd., Shanghai Hailiang Copper Co., Ltd., and Hailiang (Anhui) Copper Co., Ltd., the companies that comprise the Hailiang Single Entity sold subject merchandise in the United States at prices below normal value. The Department also preliminarily finds that the following nine companies failed to demonstrate eligibility for separate rate status, and therefore, have been included in the PRC-wide entity: Zhejiang Jiahe Pipes Inc., Sinochem Ningbo Ltd., Sinochem Ningbo Import & Export Co., Ltd., Ningbo Jintian Copper Tube Co., Ltd., Zhejiang Naile Copper Co., Ltd., Guilin Lijia Metals Co., Ltd., Foshan Hua Hong Copper Tube Co., Ltd., Taicang City Jinxin Copper Tube Co., Ltd., and Hong Kong Hailiang Metal.

If these preliminary results are adopted in the final results of review, the Department will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties on all appropriate entries of subject merchandise during the POR in accordance with 19 CFR 351.212(b)(1).

Interested parties are invited to comment on these preliminary results. In accordance with section 751(a)(3)(A) of the Act, the Department will issue final results no later than 120 days from the date of publication of this notice unless extended.

BACKGROUND

On November 22, 2010, the Department published in the Federal Register an antidumping duty order on copper pipe and tube from the PRC.[1] On November 3, 2015, the Department published in the Federal Register a notice of opportunity to request an administrative review of the antidumping duty order on copper pipe and tube from the PRC for the period November 1, 2014, through October 31, 2015.[2] On November 30, 2015, the Department received a request from Cerro Flow Products, LLC, Wieland Copper Products, LLC, Mueller Copper Tube Products Inc., and Mueller Copper Tube Company, Inc. (collectively, "Petitioners") to conduct administrative reviews of the following companies: (1) GD Group; (2) GD Holding; (3) GD Trading; (4) Zhejiang Hailiang Co., Ltd.; (5) Shanghai Hailiang Copper Co., Ltd.; (6) Zhejiang Jiahe Pipes Inc.; (7) Sinochem Ningbo Ltd.; (8) Sinochem Ningbo Import & Export Co., Ltd.; (9) Ningbo Jintian Copper Tube Co., Ltd.; (10) Zhejiang Naile Copper Co., Ltd.; (11) Guilin Lijia Metals Co., Ltd.; (12) Foshan Hua Hong Copper Tube Co., Ltd.; (13) Taicang City Jinxin Copper Tube Co., Ltd.; (14) Hong Kong Hailiang Metal; (15) Hong Kong Hailiang Metal Trading Limited; (16) China Hailiang Metal Trading; and(17) Shanghai Hailiang Metal Trading Limited.[3] Also, on November 30, 2015, the Department received a request from the Hailiang Group Companies[4] to conduct an administrative review of its sales for the POR.[5] On January 7, 2016, the Department published in the Federal Register a notice initiating an antidumping duty administrative review of copper pipe and tube from the PRC for the period November 1, 2014 through October 31, 2015, with respect to these 17 companies.[6]

On January 27, 2016, the Department placed on the record CBP data for U.S. imports classified under the Harmonized Tariff Schedule of the United States ("HTSUS") identified in the scope of the antidumping duty order on copper pipe and tube from the PRC.[7] At that time, the Department invited interested parties to submit comments regarding the CBP data for use in

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[1] See Seamless Refined Copper Pipe and Tube From Mexico and the People's Republic of China: Antidumping Duty Orders and Amended Final Determination of Sales at Less Than Fair Value From Mexico, 75 FR 71070 (November 22, 2010).
[2] See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 80 FR 67706 (November 3, 2015).
[3] See Letter to the Department from Petitioners, "Seamless Refined Copper Pipe and Tube from China: Request for Administrative Review," dated November 30, 2015.
[4] Submissions in this proceeding were filed on behalf of Hong Kong Hailiang Metal Trading Limited, Zhejiang Hailiang Co., Ltd. and Shanghai Hailiang Copper Co., Ltd. (collectively, the "Hailiang Group Companies").
[5] See Letter to the Department from the Hailiang Group Companies, "Request for Administrative Review of the Antidumping Duty Order on Seamless Refined Copper Pipe and Tube from the People's Republic of China," dated November 30, 2015.
[6] See Initiation of Antidumping and Countervailing Duty Administrative Reviews, 81 FR 736 (January 7, 2016) ("Initiation Notice").
[7] See Letter to All Interested Parties from Robert Bolling, Program Manager, Office IV, AD/CVD Operations, "2014-2015 Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China: Results of U.S. Customs and Border Protection Database Query," dated January 27, 2016.

respondent selection.[8] No party submitted comments on respondent selection. On February 19, 2016, the Department selected GD Group[9] and Hong Kong Hailiang Metal Trading Limited, as the two mandatory respondents for individual examination in this review.[10]

On February 25, 2016, the Department issued the initial antidumping duty questionnaire to the GD Group and Hong Kong Hailiang Metal Trading Limited.[11] Between March 2016, and October 2016, the Golden Dragon Group Companies[12] and the Hailiang Group Companies timely responded to the Department's initial and supplemental antidumping duty questionnaires.

On June 21, 2016, the Department released a non-exhaustive list of countries that were at the same level of economic development as the PRC, and requested surrogate country and surrogate value comments from interested parties.[13] On July 12, 2016, the Golden Dragon Group Companies and the Hailiang Group Companies submitted comments on the selection of the appropriate surrogate country.[14] On July 19, 2016, the Golden Dragon Group Companies and the Hailiang Group Companies submitted surrogate value data from Thailand.[15] On November

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[8] Id.

[9] As explained above, the Department is treating Golden Dragon Precise Copper Tube Group, Inc. and the other Golden Dragon companies as a single entity as we have done in previous administrative reviews of this order. See Seamless Refined Copper Pipe and Tube From the People's Republic of China: Preliminary Results and Partial Rescission of Administrative Review; 2011-2012, 78 FR 69820 (November 21, 2013), unchanged in Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 23324 (April 28, 2014). See also Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014, 81 FR 39893 (June 20, 2016), unchanged in Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014, 81 FR 39893 (June 20, 2016).

[10] See Memorandum to The File through Robert Bolling, Program Manager, AD/CVD Operations, Office IV, Enforcement and Compliance, regarding, "Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China: Respondent Selection," dated February 19, 2016 ("Respondent Selection Memorandum").

[11] See Letter to Golden Dragon Precise Copper Tube Group, Inc. from Robert Bolling, Program Manager, AD/CVD Operations, Office IV, "2014-2015 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China," dated February 25, 2016, and Letter to Hong Kong Hailiang Metal Trading Limited from Robert Bolling, Program Manager, AD/CVD Operations, Office IV, "2014-2015 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China," dated February 25, 2016.

[12] Submissions in this proceeding were filed on behalf of GD Group, GD Trading, GD Copper Cooperatief UA, GD Holding, and GD Copper (U.S.A.), Inc. (collectively, "the Golden Dragon Group Companies").

[13] See Letter to All Interested Parties from Robert Bolling, Program Manager, Enforcement & Compliance, Office IV, regarding, "2014-2015 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China: Request for Surrogate Country and Surrogate Value Comments and Information," dated June 21, 2016 ("Surrogate Country and Surrogate Value Letter").

[14] See Letter to the Department from the Golden Dragon Group Companies, regarding, "Seamless Refined Copper Pipe and Tube from China: Comments on Surrogate Country Selection," dated July 12, 2016 and Letter to the Department from the Hailiang Group Companies, regarding "Hailiang's Surrogate Country Comments: Administrative Review of the Antidumping Duty Order on Seamless Refined Copper Pipe and Tube from the People's Republic of China (A-570-964)," dated July 12, 2016.

[15] See Letter to the Department from the Golden Dragon Group Companies, regarding, "Seamless Refined Copper Pipe and Tube from China: Submission of Surrogate Value Data," dated July 19, 2016 ("Golden Dragon SV Comments"), and Letter to the Department from the Hailiang Group Companies, regarding "Hailiang's First

7, 2016, the Hailiang Group Companies submitted additional surrogate value data from Thailand.[16]

On July 12, 2016, the Department extended the time period for issuing the preliminary results of this review by 120 days, until December 3, 2016.[17]

No party requested, and the Department did not, conduct a verification of either the Golden Dragon Group Companies or the Hailiang Group Companies.

SCOPE OF THE ORDER

For the purpose of this order, the products covered are all seamless circular refined copper pipes and tubes, including redraw hollows, greater than or equal to six inches (152.4 mm) in length and measuring less than 12.130 inches (308.102 mm) (actual) in outside diameter ("OD"), regardless of wall thickness, bore (e.g., smooth, enhanced with inner grooves or ridges), manufacturing process (e.g., hot finished, cold-drawn, annealed), outer surface (e.g., plain or enhanced with grooves, ridges, fins, or gills), end finish (e.g., plain end, swaged end, flared end, expanded end, crimped end, threaded), coating (e.g., plastic, paint), insulation, attachments (e.g., plain, capped, plugged, with compression or other fitting), or physical configuration (e.g., straight, coiled, bent, wound on spools).

The scope of this order covers, but is not limited to, seamless refined copper pipe and tube produced or comparable to the American Society for Testing and Materials ("ASTM") ASTM-B42, ASTM-B68, ASTM-B75, ASTM-B88, ASTM-B88M, ASTM-B188, ASTM-B251, ASTM-B251M, ASTM-B280, ASTM-B302, ASTM-B306, ASTM-359, ASTM-B743, ASTM-B819, and ASTM-B903 specifications and meeting the physical parameters described therein. Also included within the scope of this order are all sets of covered products, including "line sets" of seamless refined copper tubes (with or without fittings or insulation) suitable for connecting an outdoor air conditioner or heat pump to an indoor evaporator unit. The phrase "all sets of covered products" denotes any combination of items put up for sale that is comprised of merchandise subject to the scope.

Surrogate Value Comments: Administrative Review of the Antidumping Duty Order on Seamless Refined Copper Pipe and Tube from the People's Republic of China (A-570-964)," dated July 19, 2016 ("Hailiang's Frist SV Comments").

[16] See Letter to the Department from the Hailiang Group Companies, regarding, "Hailiang's Second Surrogate Value Comments: Administrative Review of the Antidumping Duty Order on Seamless Refined Copper Pipe and Tube from the People's Republic of China (A-570-964)," dated November 7, 2016 ("Hailiang's Second SV Comments").

[17] See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, through Robert Bolling, Program Manager, AD/CVD Operations, Office IV, regarding, "Seamless Refined Copper Pipe and Tube: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review, " dated July 12, 2016. As explained in that memorandum, the preliminary results due date is November 29, 2016. However, the Department's deadlines in the current proceeding were tolled four days due to recent inclement weather (see Memorandum to the File from Ronald Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, titled "Tolling of Administrative Deadlines as a Result of the Government Closure during Snowstorm 'Jonas,'" dated January 27, 2016). Additionally, as December 3, 2016, is a Saturday, the due date falls on the next business day (i.e., Monday, December 5, 2016).

"Refined copper" is defined as: (1) metal containing at least 99.85 percent by weight of copper; or (2) metal containing at least 97.5 percent by weight of copper, provided that the content by weight of any other element does not exceed the following limits:

ELEMENT	LIMITING CONTENT PERCENT BY WEIGHT
Ag - Silver	0.25
As - Arsenic	0.5
Cd - Cadmium	1.3
Cr - Chromium	1.4
Mg - Magnesium	0.8
Pb - Lead	1.5
S - Sulfur	0.7
Sn - Tin	0.8
Te - Tellurium	0.8
Zn - Zinc	1.0
Zr - Zirconium	0.3
Other elements (each)	0.3

Excluded from the scope of this order are all seamless circular hollows of refined copper less than 12 inches in length whose OD (actual) exceeds its length. The products subject to this order are currently classifiable under subheadings 7411.10.1030 and 7411.10.1090 of the HTSUS. Products subject to this order may also enter under HTSUS subheadings 7407.10.1500, 7419.99.5050, 8415.90.8065, and 8415.90.8085. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

AFFILIATION AND SINGLE-ENTITY TREATMENT

To the extent that the Department's practice does not conflict with section 773(c) of the Act, the Department has, in prior cases, treated certain nonmarket economy ("NME") exporters and/or producers as a single entity if the facts of the case supported such treatment.[18] Pursuant to 19 CFR 351.401(f)(1), the Department will treat producers as a single entity, or "collapse" them, where: (1) those producers are affiliated; (2) the producers have production facilities for producing similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities; and (3) there is a significant potential for manipulation of price or production.[19] In determining whether a significant potential for manipulation exists, 19 CFR 351.401(f)(2) states that the Department may consider various

[18] See Certain Steel Nails From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances and Postponement of Final Determination, 73 FR 3928, 3932 (January 23, 2008), unchanged in Certain Steel Nails From the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value, 73 FR 7254 (February 7, 2008) and Certain Steel Nails from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances, 73 FR 33977 (June 16, 2008).

[19] See, e.g., Gray Portland Cement and Clinker From Mexico: Final Results of Antidumping Duty Administrative Review, 63 FR 12764, 12774-12775 (March 16, 1998).

factors, including: (1) the level of common ownership; (2) the extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and (3) whether the operations of the affiliated firms are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers.[20]

To collapse and treat as a single entity two or more companies, the Department must determine that those companies are affiliated. Section 771(33)(F) of the Act defines affiliated persons to include "two or more persons directly or indirectly controlling, controlled by, or under common control with, any person." Section 771(33) of the Act further provides that a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person.

Golden Dragon

The Department has preliminarily determined that the following companies are affiliated pursuant to section 771(33)(F) of the Act and that these companies should be treated as a single entity for antidumping purposes pursuant to 19 CFR 351.401(f): (1) GD Group; (2) GD Holding; (3) GD Trading; (4) Shanghai Longyang Precise Compound Copper Tube Co., Ltd.; (5) Jiangsu Canghuan Copper Industry Co., Ltd.; (6) Guangdong Longfeng Precise Copper Tube Co., Ltd.; (7) Wuxi Jinlong Chuancun Precise Copper Tube Co., Ltd.; (8) Longkou Longpeng Precise Copper Tube Co., Ltd.; (9) Xinxiang Longxiang Precise Copper Tube Co., Ltd.; (10) Coaxian Ailun Metal Processing Co., Ltd.; and (11) Chonqing Longyu Precise Copper Tube Co., Ltd. (collectively the "GD Single Entity").[21] The Department finds that these companies are

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[20] See also, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Collated Roofing Nails From Taiwan, 62 FR 51427, 51436 (October 1, 1997).
[21] See GD Group et al.'s July 15, 2016, Supplemental questionnaire response at 28-29. In the supplemental questionnaire response at 28-29 the Golden Dragon Group Companies confirm that all material facts from the 2013-2014 administrative review and the current 2014-2015 administrative review did not change with regard to the following: 1) affiliation; 2) production facilities for similar or identical products; 3) level of common ownership; 4) cross-managers or board members between affiliates, including the roll of Mr. Changjie Li as Chairman of Golden Dragon Precise Copper Tube, Inc. and his duties and responsibilities as legal representative of the affiliates listed above (excluding Jiangsu Canghuan Copper Industry Co., Ltd.); 5) sharing of sales information; 6) production or pricing decisions; 7) intercompany employee transfers during the current POR and three years prior; 8) sharing of facilities during the current POR and three years prior; 9) transactions or sales; 10) sharing of accounting information; and 11) sales or purchase of material inputs through Golden Dragon Holding (Hong Kong) International Co., Ltd. or Hong Kong GD Trading Co., Ltd. during the POR. Because the information with regard to the above facts remains unchanged in this 2014-2015 administrative review, we continue to find it appropriate to treat the Golden Dragon Group Companies as a single entity for Department purposes. See also the Department's Memorandum For Abdelali Elouaradia, Director, AC/CVD Operation, Office 4, from Drew Jackson, International Trade Analyst, AD/CVD Operations, Office 4, regarding "Affiliation and Single Entity Status of Golden Dragon Precise Copper Tube Group, Inc.; Golden Dragon Holding (Hong Kong) International Co., Ltd.; Hong Kong GD Trading Co., Ltd.; Shanghai Longyang Precise Copper Compound Copper Tube Co., Ltd.; Jiangsu Canghuan Copper Industry Co., Ltd.; Guangdong Longfeng Precise Copper Tube Co., Ltd.; Wuxi Jinlong Chuancun Precise Copper Tube Co., Ltd.; Longkou Longpeng Precise Copper Tube Co., Ltd.; Xinxiang Longxiang Precise Copper Tube Co., Ltd.; Coaxian Ailun Metal Processing Co., Ltd.; and Chonqing Longyu Precise Copper Tube Co., Ltd.," dated November 30, 2015.

under common control and, therefore, are affiliated in accordance with section 771(33)(F) of the Act.

Further, we find that these companies operate production facilities that produce similar or identical products that would not require substantial retooling of their facilities in order to restructure manufacturing priorities.[22] We have also determined that there is a significant potential for the manipulation of price or production among these companies as evidenced by the level of common ownership, the degree of overlap of directors, and the intertwined nature of the operations of these companies.[23] Thus, we have preliminarily treated these companies as a single entity.

The Hailiang Group Companies

The Department has preliminarily determined that the following companies are affiliated pursuant to section 771(33)(F) of the Act and that these companies should be treated as a single entity for antidumping purposes pursuant to 19 CFR 351.401(f): (1) Hong Kong Hailiang Metal Trading Limited; (2) Zhejiang Hailiang Co., Ltd.; (3) Shanghai Hailiang Copper Co., Ltd.; and (4) Hailiang (Anhui) Copper Co., Ltd. (collectively the "Hailiang Single Entity").[24] The Department finds that these companies are under common control and, therefore, are affiliated in accordance with section 771(33)(F) of the Act.

Further, we find that these companies operate production facilities that produce similar or identical products that would not require substantial retooling of their facilities in order to restructure manufacturing priorities.[25] We have also determined that there is a significant potential for the manipulation of price or production among these companies as evidenced by the level of common ownership, the degree of overlap of directors, and the intertwined nature of the operations of these companies.[26] Thus, we have preliminarily treated these companies as a single entity.

DISCUSSION OF THE METHODOLOGY

Non-Market Economy Country Status

No party contested the Department's treatment of the PRC as a NME country, and the Department treated the PRC as a NME country in all past antidumping duty investigations and

[22] See 19 CFR 351.401(f)(1).
[23] See 19 CFR 351.401(f)(2).
[24] See Memorandum to Abdelali Elouaradia, Director, Office IV, AD/CVD Operations, through Robert Bolling, Program Manager, AD/CVD Operations Office IV, regarding "Affiliation and Single Entity Status of Hong Kong Hailiang Metal Trading Limited, (2) Zhejiang Hailiang Co., Ltd., (3) Shanghai Hailiang Copper Co., Ltd., and (4) Hailiang (Anhui) Copper Co., Ltd.," dated concurrently with this memorandum, ("Hailiang Single Entity Memorandum") for a full discussion of the proprietary details of the Department's single-entity analysis.
[25] See 19 CFR 351.401(f)(1). See also Hailiang Single Entity Memorandum.
[26] See 19 CFR 351.401(f)(2). See also Hailiang Single Entity Memorandum.

administrative reviews.[27] Designation as a NME country remains in effect until it is revoked by the Department.[28] Accordingly, the Department continues to treat the PRC as a NME country in this proceeding.

Surrogate Country and Surrogate Value Data

On June 21, 2016, the Department sent interested parties a letter inviting comments on the concurrently released list of six potential surrogate countries and primary surrogate country selection, as well as surrogate value ("SV") data.[29] On July 12, 2016, the Golden Dragon Companies and the Hailiang Group Companies provided comments on the surrogate country selection criteria for the countries listed on the Surrogate Country List.[30] In the instant case, all parties agree that Thailand is among the appropriate choices for surrogate country.[31] In this review, the Department determined that Mexico, Romania, Bulgaria, South Africa, Ecuador, and Thailand are countries whose per capita gross national incomes ("GNI") are comparable to the PRC in terms of economic development.[32] The sources of the SVs we used in this investigation are discussed under the "Factor Valuations" section below.

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs the Department to base normal value, in most circumstances, on the NME producer's factors of production ("FOPs") valued using the best available information in a surrogate market-economy ("ME") country or countries considered appropriate by the Department. In accordance with section 773(c)(4) of the Act, the Department will value FOPs using "to the extent possible, the prices or costs of factors of production in one or more market economy countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.[33] Reading sections 773(c)(1) and (c)(4) of the Act in

[27] See, e.g., Seamless Refined Copper Pipe and Tube From the People's Republic of China: Preliminary Results and Partial Rescission of Administrative Review; 2013-2014, 80 FR 75968 (December 7, 2015), unchanged in Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014, 81 FR 39893 (June 20, 2016).
[28] See section 771(18)(C)(i) of the Act.
[29] See Surrogate Country and Surrogate Value Letter (The letter contained a memorandum from Carole Showers, Director, Office of Policy, Enforcement and Compliance, to Robert Bolling, Program Manager, Office IV, Enforcement and Compliance, "Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Seamless Refined Copper Pipe and Tube ("CPT") from the People's Republic of China ("China")," dated June 17, 2016 ("Surrogate Country List")).
[30] See Surrogate Country and Surrogate Value Letter at Attachment 1 (i.e., Surrogate Country List).
[31] See letter from Golden Dragon, "Seamless Refined Copper Pipe and Tube from China: Comments on Surrogate Country Selection," dated July 12, 2016 ("Golden Dragon's Surrogate Country Comments"); see also letter from Hailiang, "Hailiang's Surrogate Country Comments: Administrative Review of the Antidumping Order on Seamless Refined Copper Pipe & Tube from the People's Republic of China (A0570-964)," dated July 12, 2016 ("Hailiang Surrogate Country Comments").
[32] See Surrogate Country List.
[33] See Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) ("Policy Bulletin").

concert, it is the Department's practice to select an appropriate surrogate country based on the availability and reliability of data.[34] In this review, the Department determined that Mexico, Romania, Bulgaria, South Africa, Ecuador, and Thailand are countries whose per capita GNI are comparable to the PRC in terms of economic development.[35] The sources of the SVs we used in this investigation are discussed under the "Factor Valuations" section below.

The Golden Dragon Companies and the Hailiang Group Companies submit that the Department should select Thailand as the primary surrogate country, noting that Thailand is a significant producer of comparable merchandise at a level of economic development similar to the PRC.[36] They also note that Thailand provides publicly available information to value all costs relevant to this review and, of the potential surrogates on the Surrogate Country List that produce copper pipe and tube, Thailand's GNI is closest to that of the PRC.[37] Additionally, the Golden Dragon Companies and the Hailiang Group Companies assert that:

(1) Thailand is a net exporter of copper pipe and tube;
(2) Thailand provides SVs for all inputs, including multiple sources from which to value copper pipe and tube; and
(3) Thai labor data is specific to the POR.[38]

1. Economic Comparability

Consistent with its practice, and section 773(c)(4) of the Act, and as stated above and in the Surrogate Country List, the Department identified Mexico, Romania, Bulgaria, South Africa, Ecuador, and Thailand as countries at the same level of economic development as the PRC based on GNI data published in the World Bank Development Indicators database.[39] As Peru's GNI falls within the bookends of the highest and lowest GNI countries on the Department's list, we also find Peru to be at the same level of economic comparability as the PRC. The Department does not rank the countries identified and it considers all seven countries identified as equivalent in terms of economic comparability. Accordingly, unless we find that all of these countries 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, or we find that another equally comparable country is an appropriate surrogate, we will rely on data from one of these countries.[40] Therefore, we consider all six countries identified in the Surrogate Country List to have met this prong of the surrogate country selection criteria.

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[34] Id.
[35] See Surrogate Country List.
[36] See Letter to the Department from Golden Dragon, "Seamless Refined Copper Pipe and Tube from China: Comments on Surrogate Country Selection," dated July 12, 2016 ("Golden Dragon Surrogate Country Comments"); see also letter from Hailiang, "Hailiang's Surrogate Country Comments: Administrative Review of the Antidumping Order on Seamless Refined Copper Pipe & Tube from the People's Republic of China (A-570-964)," dated July 12, 2016 ("Hailiang Surrogate Country Comments").
[37] See Golden Dragon Surrogate Country Comments.
[38] Id.
[39] See Surrogate Country List.
[40] See Certain Steel Wheels From the People's Republic of China: Notice of Preliminary Determination of Sales at

2. Significant Producer 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."[41] Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.[42] Further, when selecting a surrogate country, the statute requires the Department to consider the comparability of the merchandise, not the comparability of the industry.[43] "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."[44] 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 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.[45]

One factor that the Department considers in determining whether a country is, a significant producer of comparable merchandise, is whether the country is an exporter of comparable merchandise. Thus, in this case, because production data of comparable merchandise was not available, we analyzed exports of comparable merchandise from the seven countries found to be economically comparable as a proxy for production data. In order to determine whether the above-referenced countries are significant producers of comparable merchandise, the Department examines which countries on the surrogate country list exported merchandise comparable to the merchandise under consideration. Information on the record indicates that all countries listed on the Surrogate Country List are exporters of merchandise covered by HTS categories

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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.

[41] See Policy Bulletin at 2.

[42] 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.

[43] See Sebacic Acid from the People's Republic of China; Final Results of Antidumping Duty Administrative Review, 62 FR 65674, 65676 (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.").

[44] See Policy Bulletin at 2.

[45] Id. at 3.

identified in the scope of this investigation.[46] Accordingly, the Department preliminarily finds that Mexico, Romania, Bulgaria, South Africa, Ecuador, and Thailand meet the significant producer of comparable merchandise prong of the surrogate country selection criteria.

3. Data Availability

When evaluating SV data, the Department considers several factors including whether the SVs are publicly available, contemporaneous with the period under consideration, broad-market averages, tax and duty-exclusive, and specific to the inputs being valued.[47] The Department's preference is to satisfy the breadth of these aforementioned selection factors. 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.[48]

All parties have placed data on the record from Thailand, and the record lacks surrogate value information from any other source country. Further, the Department finds that the Thai data are the best available data for valuing FOPs because we have complete, publicly-available, contemporaneous, product-specific Thai data that are generally tax-exclusive and representative of broad market averages for each input used by the respondent to produce the subject merchandise during the POR. In addition, the Thai surrogate financial statements on the record include publicly-available statements for companies which produce identical merchandise. Therefore, because complete surrogate value information which satisfy the factors for surrogate value selection is available from Thailand, the Department preliminarily determines that the Thai data are the best available surrogate value data.

4. Selection of Surrogate Country

Given the above facts, the Department selects Thailand as the primary surrogate country for this administrative review. Thailand is at the level of economic development of the PRC, is a significant producer of comparable merchandise, and provides reliable and usable SV data. The Department will provide a detailed description of the SVs selected in the "Normal Value" section of this notice.

Separate Rates

In proceedings involving NME countries, the Department maintains a rebuttable presumption that all companies are subject to government control, and, therefore, should be assessed a single weighted-average dumping margin.[49] The Department's policy is to assign all exporters of subject merchandise this single rate unless an exporter can demonstrate that it is sufficiently

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[46] See Golden Dragon Surrogate Country Comments and Hailiang Surrogate Country Comments.

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

[48] See Policy Bulletin.

[49] See, e.g., 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, 55040 (September 24, 2008).

independent so as to be entitled to a separate rate.[50] The Department analyzes whether each entity exporting the subject merchandise to the United States is sufficiently independent under a test established in Sparklers[51] and further developed in Silicon Carbide.[52] According to this separate rate analysis, the Department will assign a separate rate in NME proceedings if a respondent can demonstrate the absence of both de jure and de facto government control over its export activities. If, however, the Department determines that a company is wholly foreign owned, then analysis of the de jure and de facto criteria are not necessary to determine whether that company is independent from the NME government's control and is thus eligible for a separate rate.[53]

In the Initiation Notice, we informed parties that all firms for which the review was initiated that wished to qualify for separate rate status must complete, as appropriate, either a separate rate application or certification.[54] The nine companies listed below, for which this review was initiated, failed to provide separate rate applications or certifications.

(1) Zhejiang Jiahe Pipes Inc.;
(2) Sinochem Ningbo Ltd.;
(3) Sinochem Ningbo Import & Export Co., Ltd.;
(4) Ningbo Jintian Copper Tube Co., Ltd.;
(5) Zhejiang Naile Copper Co., Ltd.;
(6) Guilin Lijia Metals Co., Ltd.;
(7) Foshan Hua Hong Copper Tube Co., Ltd.;
(8) Taicang City Jinxin Copper Tube Co., Ltd.; and
(9) Hong Kong Hailiang Metal

Accordingly, they did not demonstrate eligibility for separate rate status and are found to be preliminarily included as part of the PRC-wide entity. The rate for the PRC-wide entity is 60.85 percent.

The Department, however, received responses from the Golden Dragon Group Companies to Section A of the antidumping duty questionnaire and Section A supplemental questionnaires, which contained information pertaining to the GD Single Entity's eligibility for a separate rate.[55]

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[50] See 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").
[51] Id.
[52] 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").
[53] 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); and 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).
[54] See Initiation Notice, 81 FR at 737.
[55] See The Golden Dragon Group Companies' Section A Response, dated March 28, 2016 ("GD Section A response"), at 1-9 and Exhibits A-2, A-4, A-6, and A-7 and the Golden Dragon Group Companies' First Supplemental Questionnaire Response, dated July 15, 2016 ("GD first supplemental response"), at 3-5.

The Department also received responses from the Hailiang Group Companies to Section A of the antidumping duty questionnaire and Section A supplemental questionnaires, which contained information pertaining to the Hailiang Single Entity's eligibility for a separate rate.[56]

Separate Rate Analysis

a. Joint Ventures Between Chinese and Foreign Companies or Wholly Chinese-Owned Companies

Both the Golden Dragon Companies[57] and the Hailiang Group Companies[58] state that they are joint ventures between Chinese and foreign entities.[59] Therefore, the GD Single Entity and the Hailiang Single Entity must each demonstrate an absence of both de jure and de facto governmental control over their respective export activities, as appropriate, to qualify for a separate rate.

1. Absence of De Jure Control

The Department considers the following de jure criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with 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.[60] The evidence provided by the Golden Dragon Companies and the Hailiang Group Companies supports a preliminary finding of an absence of de jure government control for each based on the following: (1) an absence of restrictive stipulations associated with the individual exporters' business and export licenses; (2) the existence of applicable legislative enactments decentralizing control of the companies; and (3) the implementation of formal measures by the government decentralizing control of companies.[61]

2. Absence of De Facto Control

[56] See The Hailiang Group Companies' Section A Response, dated March 28, 2016 ("Hailiang Section A response") at 2-10, and Exhibits A-2, A-3, A-4, A-5, A-6, A-7, and A-8, and the Hailiang Group Companies' Supplemental Response, dated, July 19, 2016 ("Hailiang first supplemental response"), at 6 and Exhibits SA-1, and SA-2.

[57] See, e.g., Seamless Refined Copper Pipe and Tube From the People's Republic of China: Preliminary Results and Partial Rescission of Administrative Review; 2012-2013, 79 FR 71089 (December 1, 2014), and accompanying Preliminary Decision Memorandum, unchanged in Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012-2013, 80 FR 32087 (June 5, 2015).

[58] See Seamless Refined Copper Pipe and Tube from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 75 FR 26716, (May 2010) (unchanged in Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 75 FR 60725, (October 2010). See also the Hailiang Group Companies' Section A response at Exhibits A-6B, A-6C.

[59] See GD Section A response at 17-21 and Hailiang Section A response at Exhibits A-6B, A-6C.

[60] See Sparklers, 56 FR at 20589.

[61] See GD Section A response at 1-9 and Exhibits A-2, A-4, A-6, and A-7 and GD first supplemental response at 3-5. See also Hailiang Section A response at 2-10, and Exhibits A-2, A-3, A-4, A-5, A-6, A-7, and A-8, and Hailiang first supplemental response, at 6 and Exhibits SA-1, and SA-2.

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.[62] The Department has determined that an analysis of de facto control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude the Department from granting a separate rate.

The evidence provided by the Golden Dragon Companies and the Hailiang Group Companies supports a preliminary finding of an absence of de facto government control based on record statements and supporting documentation showing that the companies that comprise the GD Single Entity and the Hailiang Single Entity: (1) set their own EPs independent of the government and without the approval of a government authority; (2) have the authority to negotiate and sign contracts and other agreements; (3) maintain autonomy from the government in making decisions regarding the selection of management; and (4) retain the proceeds of their respective export sales and make independent decisions regarding disposition of profits or financing of losses.[63]

Therefore, the evidence placed on the record of this administrative review by the Golden Dragon Companies and the Hailiang Group Companies demonstrates an absence of de jure and de facto government control under the criteria identified in Sparklers and Silicon Carbide. Accordingly, the Department preliminarily grants separate rates to the GD Single Entity and the Hailiang Single Entity.

b. Companies Not Receiving a Separate Rate

The Department preliminarily finds that reviews were requested for the following nine companies but these nine companies did not submit a separate rate application or certification: Zhejiang Jiahe Pipes Inc., Sinochem Ningbo Ltd., Sinochem Ningbo Import & Export Co., Ltd., Ningbo Jintian Copper Tube Co., Ltd., Zhejiang Naile Copper Co., Ltd., Guilin Lijia Metals Co., Ltd., Foshan Hua Hong Copper Tube Co., Ltd., Taicang City Jinxin Copper Tube Co., Ltd., and Hong Kong Hailiang Metal. Accordingly, the above nine companies failed to demonstrate eligibility for separate rate status, and therefore, have been included in the PRC-wide entity.

Margin for the Companies Individually Examined

[62] 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).

[63] See GD Section A Response at 1-9 and Exhibits A-2, A-4, A-6, and A-7 and GD first supplemental response at 3-5. See also Hailiang Section A response at 2-10, and Exhibits A-2, A-3, A-4, A-5, A-6, A-7, and A-8, and Hailiang first supplemental response, at 6 and Exhibits SA-1, and SA-2.

As discussed above, the Department selected Golden Dragon Precise Copper Tube Group, Inc. and Hong Kong Hailiang Metal Trading Limited[64] as mandatory respondents in this proceeding and both companies demonstrated eligibility for a separate rate. Therefore, the GD Single Entity and the Hailiang Single Entity are receiving a separate rate for these preliminary results based on an individual weighted average dumping margin calculated from their own respective sales and production data, pursuant to Section 777A(c) of the Act.

Margin for Companies Not Receiving a Separate Rate

PRC-Wide Entity

Upon initiation of the administrative review, we provided the opportunity for all companies upon which the Department initiated a review to complete either the separate-rates application or certification.[65] In NME proceedings, "'rates' may consist of a single dumping margin applicable to all exporters and producers."[66] 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 assigned a single antidumping duty 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.

The Department's policy regarding conditional review of the PRC-wide entity applies to this review.[67] Under this policy, the PRC-wide entity will not be under review unless a party specifically requests, or the Department self-initiates, a review of the entity. Because no party requested a review of the PRC-wide entity in this review, the entity is not under review, and the entity's rate is not subject to change. Accordingly, the PRC-wide rate from the previous review (i.e., the fourth administrative review) remains unchanged, and the PRC-wide entity will continue to receive a margin of 60.85 percent.[68] As stated previously above, because Zhejiang Jiahe Pipes Inc., Sinochem Ningbo Ltd., Sinochem Ningbo Import & Export Co., Ltd., Ningbo Jintian Copper Tube Co., Ltd., Zhejiang Naile Copper Co., Ltd., Guilin Lijia Metals Co., Ltd., Foshan Hua Hong Copper Tube Co., Ltd., Taicang City Jinxin Copper Tube Co., Ltd., and Hong Kong Hailiang Metal have not demonstrated that they are eligible for separate rate status, the Department finds that they have not rebutted the presumption of government control and, therefore, considers them to be part of the PRC-wide entity.

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[64] As explained above in footnotes 21 and 24, Golden Dragon Precise Copper Tube Group, Inc. and Hong Kong Hailiang Metal Trading Limited are part of the GD Single Entity and the Hailiang Single Entity, respectively.

[65] The separate-rate application and certification are available at: http://enforcement.trade.gov/nme/nme-seprate.html.

[66] See 19 CFR 351.107(d).

[67] 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 65969-70 (November 4, 2013).

[68] See Seamless Refined Copper Pipe and Tube from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013 – 2014, 81 FR 39893 (June 20, 2016) and Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 75 FR 60725 (October 1, 2010).

Date of Sale

The Golden Dragon Group Companies reported the invoice date as the date of sale because they claim that for its U.S. sales of subject merchandise made during the POR, the material terms of sale were established on the invoice date.[69] After evaluating the Golden Dragon Group Companies' claim in light of record evidence, the Department, in accordance with 19 CFR 351.401(i) and its long-standing practice of determining the date of sale,[70] preliminarily finds that the invoice date is the most appropriate date to use as the GD Single Entity's date of sale.

The Hailiang Group Companies reported the shipment date as the date of sale because they claim that for its U.S. sales of subject merchandise made during the POR, the shipment date preceded the commercial invoice date.[71] After evaluating the Hailiang Group Companies' claim in light of record evidence, the Department, in accordance with 19 CFR 351.401(i) and its long-standing practice of determining the date of sale,[72] preliminarily determines that the shipment date is the most appropriate date to use as the Hailiang Single Entity's date of sale.

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 the Golden Dragon Group Companies' and the Hailiang Group Companies' sales of the subject merchandise from the PRC to the United States were made at less than normal value, the Department compared the EP and CEP to the normal value as described in the "U.S. 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 ("CEP")) (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.[73]

[69] See GD Section A response at 13.
[70] 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) ("Shrimp from Thailand"), and accompanying Issues and Decision Memorandum at Comment 10.
[71] See Hailiang Section A response at 13.
[72] See, e.g., Shrimp From Thailand, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10.
[73] See Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty

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.[74] 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 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

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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).

[74] See, e.g., Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair, 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).

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.

1. Results of the Differential Pricing Analysis

For the GD Single Entity, based on the results of the differential pricing analysis, the Department preliminary finds that 96.50 percent of the value of the U.S. sales pass the Cohen's *d* test,[75] and confirms the existence of a pattern of prices that differ significantly among purchasers, regions or time periods. Further, the Department preliminarily determines that there is no meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to all U.S. sales. Thus, for these preliminary results, the Department is applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for the GD Single Entity.

For the Hailiang Single Entity, based on the results of the differential pricing analysis, the Department preliminarily finds that 66.8 percent of the value of U.S. sales pass the Cohen's *d* test, [76] and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily determines that there is no meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to all U.S. sales. Thus, for these preliminary results, the Department is applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for the Hailiang Single Entity.

U.S. Price

1. Export Price

Pursuant to section 772(a) of the Act, EP is "the price at which the 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. The Department considers the U.S. prices of certain sales by the Hailiang Single Entity to be EPs in accordance with section 772(a) of the Act because they were the prices at which the subject merchandise was first sold before the date of importation by the exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States. We calculated EPs based on the sales price to the unaffiliated purchaser(s) in the United States.

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[75] See Memorandum to the File through Robert Bolling, Program Manager, Office IV, AD/CVD Operations, "2014-2015 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China: Analysis Memorandum for the Golden Dragon Single Entity," dated concurrently with this decision memorandum ("GD Preliminary Analysis Memorandum").

[76] See Memorandum to the File through Robert Bolling, Program Manager, Office IV, AD/CVD Operations, "2014-2015 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China: Analysis Memorandum for the Hailiang Single Entity," dated concurrently with this decision memorandum ("Hailiang Preliminary Analysis Memorandum").

In accordance with section 772(c)(2)(A) of the Act, where appropriate, the Department made deductions from the sales price for various PRC expenses such as: (1) domestic inland freight from the plant/warehouse to the port of exit; (2) brokerage and handling; (3) international freight; (4) marine insurance; (5) U.S. inland freight from port to warehouse; (6) U.S.movement expenses; (7) U.S. customs duties; and (8) and an amount for un-refunded value added tax ("VAT").[77] Where such expenses were provided by PRC service providers or paid for in renminbi ("RMB"), we based those charges on surrogate values from Thailand.[78] 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, *see* the Hailiang Single Entity's Preliminary Analysis Memorandum.

2. 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 {sections 772(c) and (d) of the Act}." The Department considered sales made by the GD Single Entity's U.S. affiliate, GD Copper (USA), Inc., in the United States to be CEP sales. The Department calculated CEP based on prices to unaffiliated purchasers in the United States. In accordance with sections 772(c)(2)(A) and 772(d)(1) and of the Act, the Department made deductions, where applicable, from the starting price for movement expenses, credit expenses, inventory carrying costs, and indirect selling expenses which relate to commercial activity in the United States.[79] Movement expenses, where applicable, included the following: (1) domestic inland freight from the plant/warehouse to the port of exit; (2) brokerage and handling; (3) international freight; (4) marine insurance; (5) U.S. movement expenses from port to the unaffiliated customer; (6) U.S. customs duty; and (7) and an amount for un-refunded VAT.[80] Additionally, the Department deducted CEP profit from U.S. price in accordance with sections 772(d)(3) and 772(f) of the Act.[81] For those expenses that were paid directly to an ME provider and paid for in an ME currency, the Department used the reported expense.[82]

3. Value-Added Tax

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[77] Id.
[78] See Memorandum to the File through Robert Bolling, Program Manager, Office IV, AD/CVD Operations, "2014-2015 Administrative Review of the Antidumping Duty Order on Seamless Refined Copper Pipe and Tube from the People's Republic of China: Preliminary Results Surrogate Value Memorandum" dated concurrently with this decision memorandum ("Surrogate Value Memorandum").
[79] See Hailiang Preliminary Analysis Memorandum and GD Preliminary Analysis Memorandum.
[80] Id.
[81] Id.
[82] Id.

The Department's recent practice in NME cases is to adjust EP or CEP for the amount of any unrefunded, (herein "irrecoverable") value-added tax with section 772(c)(2)(B) of the Act.[83] 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.[84] Where the irrecoverable VAT is a fixed percentage of EP or CEP, the Department explained that the final step in arriving at a tax neutral dumping comparison is to reduce the U.S. EP or CEP downward by this same percentage.[85]

The Department's methodology, as explained above and applied in this review, incorporates two basic steps: (1) determine the irrecoverable VAT on subject merchandise, and (2) reduce U.S. price by the amount determined in step one. Information placed on the record of this review by the Golden Dragon Companies and the Hailiang Group Companies indicates that according to the PRC VAT schedule, the standard VAT levy is 17 percent, and the rebate rate for the merchandise under consideration is 13 percent.[86] However, evidence on the record of the instant review also indicates that the Golden Dragon Single Entity and the Hailiang Single Entity's U.S. sales of subject merchandise were produced entirely from VAT-exempt cathode copper, the major input consumed in the production of subject merchandise.[87] Both of these respondents incurred an irrevocable VAT expense on inputs other than copper cathode used to produce subject merchandise.[88] Accordingly, the record indicates that the fixed irrecoverable VAT rate of four percent (i.e., the difference between the VAT levy rate and the rebate rate) should not be applied to the full export price of subject merchandise because the Golden Dragon Group Companies' and the Hailiang Group Companies' did not incur VAT expenses on copper cathode used in the production of subject merchandise.[89] Therefore, the Department finds that it is

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[83] 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).
[84] 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.
[85] Id.
[86] See The Golden Dragon Group Companies' Section C response, dated April 11, 2016, at 35-36 and the Golden Dragon Group Companies Supplemental Section C response, dated July 15, 2016, at 12. See also, the Hailiang Group Companies' Section C response, dated April 19, 2016, at 38-42, and Exhibit C-7; and the Hailiang Group Companies' Sections A and C supplemental response, dated July 19, 2016, at 15, and Exhibit SC-11.
[87] See The Golden Dragon Group Companies' Section C response, dated April 11, 2016, at 33-37 and the Golden Dragon Group Companies Supplemental Section C response, dated July 15, 2016, at 9-12, and Exhibits SC-6, SC-9, SC-14, and SC-15. See also, the Hailiang Group Companies' Section C response, dated April 19, 2016, at 38, and Exhibits C-6, C-7, and C-8; the Hailiang Group Companies' Sections A and C supplemental response, dated July 19, 2016, at 13-17, and Exhibits SC-11, SC-12, SC-13, and SC-14; and the Hailiang Group Companies' Section C supplemental response at 1-9, and Exhibits 1, 2, 3, 4, 5, and 6.
[88] See The Golden Dragon Group Companies' Section C response, dated April 11, 2016, at 36-37, and Exhibit C-14 and the Golden Dragon Group Companies Supplemental Section C response, dated July 15, 2016, at 9-12, and Exhibit SC-6. See also the Hailiang Group Companies' Sections A and C supplemental response, dated July 19, 2016, at 15; and the Hailiang Group Companies' Section C supplemental response at 4, and Exhibits 4, 5, 6, and 7.
[89] See, e.g., Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014, 81 FR 39893 (June 2016) and accompanying Issues and Decision Memorandum at Comment 5. Certain Uncoated Paper From the People's Republic of China: Preliminary

appropriate to limit the irrecoverable VAT adjustment to the amount of tax paid for non-exempt inputs used in the production of subject merchandise.[90] For the foregoing reasons, the Department has applied the fixed rate of four percent in calculating irrecoverable VAT attributable to non-VAT-exempt inputs used in the production of subject merchandise.[91]

Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 80 FR 51768, (August 26, 2015), and accompanying Preliminary Decision Memorandum at 17, unchanged in Certain Uncoated Paper From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 81 FR 3112 (January 20, 2016).

[90] Id.

[91] See Hailiang Preliminary Analysis Memorandum and GD Preliminary Analysis Memorandum.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine normal value ("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 a respondent provide information regarding the weighted-average FOPs across all of the company's plants and/or 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 GD Single Entity and the Hailiang Single Entity the production of copper pipe and tube 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; and (4) representative capital costs. The Department based NV on the GD Single Entity's and the Hailiang Single Entity's reported FOPs for materials, energy, and labor.

Factor Valuations

In accordance with section 773(c) of the Act, the Department calculated normal value for the GD Single Entity and the Hailiang Single Entity based on FOPs reported by the Golden Dragon Group Companies and the Hailiang Group Companies for the POR. In accordance with 19 CFR 351.408(c)(1), the Department will normally use publicly available information to find an appropriate surrogate values to value each FOP, but when a producer sources an input from an ME and pays for it in an ME currency, the Department normally will value the factor using the actual price paid for the input.[94] To calculate normal value, the Department multiplied the reported per-unit FOP-consumption rates by publicly available surrogate values (except as discussed below). In selecting surrogate values, the Department considered the quality,

[92] See the Department's initial questionnaire the Golden Dragon Single Entity and the Hailiang Single Entity, both entitled, "2014-2015 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China," and both dated February 25, 2016 ("Department's Initial Questionnaire") at Section D.
[93] See, e.g., Final Determination of Sales at Less Than Fair Value: Prestressed Concrete Steel Rail Tie Wire From the People's Republic of China, 79 FR 25572 (May 5, 2014), and accompanying Issues and Decision Memorandum at Comment 7.
[94] See 19 CFR 351.408(c)(1); see also Shakeproof Assembly Components Div of Ill Tool Works v. United States, 268 F.3d 1376, 1382-83 (Fed. Cir. 2001) (affirming the Department's use of market-based prices to value certain FOPs).

specificity, and contemporaneity of the data.[95] As appropriate, the Department adjusted input prices by including freight costs to make them delivered prices. Specifically, the Department added to import surrogate values surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest port to the factory, where appropriate. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in Sigma Corp. v. United States, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997). Additionally, where necessary, the Department adjusted SVs for inflation and exchange rates, and the Department converted all applicable FOPs to a per kilogram basis.

For the preliminary results, except where noted below, the Department used data from the Thai import statistics in Global Trade Atlas ("GTA") and other publicly available Thai sources in order to calculate surrogate values for the GD Single Entity's and the Hailiang Single Entity's FOPs (i.e., direct materials, and packing materials) and certain movement expenses. In selecting the best available information for valuing FOPs in accordance with section 773(c)(1) of the Act, the Department's practice is to select, to the extent practicable, surrogate values, which are non-export average values, most contemporaneous with the POR, product-specific, and tax-exclusive.[96] The record shows that Thai import statistics obtained through GTA are contemporaneous with the POR, product-specific, and tax-exclusive.[97] In those instances where the Department could not obtain publicly available information contemporaneous to the POR with which to value factors, the Department adjusted the surrogate values using, where appropriate, the Thai Consumer Price Index ("CPI"), as published in the International Monetary Fund's International Financial Statistics.[98]

In accordance with legislative history, the Department continues to apply its long-standing practice of disregarding surrogate values if it has a reason to believe or suspect the source data may be subsidized or dumped.[99] In this regard, the Department has previously found that it is appropriate to disregard such import statistics from India, Indonesia, the Republic of Korea ("Korea"), and Thailand because the Department determined that these countries maintain

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[95] See, e.g., Fresh Garlic From the People's Republic of China: Final Results of Antidumping Duty New Shipper Review, 67 FR 72139 (December 4, 2002), and accompanying Issues and Decision Memorandum at Comment 6; Final Results of First New Shipper Review and First Antidumping Duty Administrative Review: Certain Preserved Mushrooms From the People's Republic of China, 66 FR 31204 (June 11, 2001), and accompanying Issues and Decision Memorandum at Comment 5.

[96] See, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam, 69 FR 42672, 42682 (July 16, 2004), unchanged in Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warm water Shrimp from the Socialist Republic of Vietnam, 69 FR 71005 (December 8, 2004).

[97] See Surrogate Value Memorandum at Exhibit 1.

[98] See id., and see, e.g., Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 74 FR 9600 (March 5, 2009), unchanged in Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Determination of Sales at Less than Fair Value, 74 FR 36656 (July 24, 2009).

[99] See Omnibus Trade and Competitiveness Act of 1988, H.R. REP. No. 576, 100th Cong., 2d Sess. 590 (1988) (Conf. Rep.), reprinted in 1988 U.S.C.C.A.N. 1547.

broadly available, non-industry specific export subsidies.[100] 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, Korea, and Thailand may have benefitted from these subsidies. Therefore, the Department has not used prices from India, Indonesia, Korea, and Thailand in calculating the import-based surrogate values. Additionally, the Department disregarded prices from NME countries.[101] Finally, imports that were labeled as originating from an "unspecified" country were excluded from the average value, because the Department could not be certain that they were not from either an NME country or a country with generally available export subsidies.[102]

On August 2, 2013, the Department amended 19 CFR 351.408.[103] 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 ME supplier. In accordance with the amended regulation, substantially all is defined to be 85 percent or more of the total volume purchased of the factor.[104] Alternatively, when the volume of an NME firm's purchases of an input from ME suppliers during the period is below 85 percent of its total volume of purchases of the input during the period, but where these purchases are otherwise valid and there is no reason to disregard the prices, the Department will weight-average the ME purchase price with an appropriate surrogate value, according to their respective shares of the total volume of purchases, unless case-specific facts provide adequate grounds to rebut the presumption.[105] When a firm has made ME input purchases that may have been dumped or subsidized, are not bona fide, or are otherwise not acceptable for use in a dumping calculation, the Department will exclude them from the numerator of the ratio to ensure a fair determination of whether valid ME purchases meet the 85 percent threshold. With respect to one input (i.e., copper) for both companies, record evidence indicates that this input was produced in a market economy country, purchased

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[100] See, e.g., Steel Threaded Rod From India: Final Affirmative Countervailing Duty Determination and Partial Final Affirmative Determination of Critical Circumstances, 79 FR 40712 (July 14, 2014); Certain Frozen Warmwater Shrimp From the Republic of Indonesia: Final Negative Countervailing Duty Determination, 78 FR 50383 (August 19, 2013); Corrosion-Resistant Carbon Steel Flat Products From the Republic of Korea: Preliminary Results of Countervailing Duty Administrative Review; 2011, 78 FR 55241 (September 10, 2013), unchanged in final Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2011, 79 FR 5378 (January 31, 2014); Large Residential Washers From the Republic of Korea: Final Affirmative Countervailing Duty Determination, 77 FR 75975 (December 26, 2012); Bottom Mount Combination Refrigerator-Freezers From the Republic of Korea: Final Affirmative Countervailing Duty Determination, 77 FR 17410 (March 26, 2012); Certain Frozen Warmwater Shrimp From Thailand: Final Negative Countervailing Duty Determination, 78 FR 50379 (August 19, 2013).

[101] See, e.g., Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final determination, 74 FR 9591, 9600 (March 5, 2009), unchanged in Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 74 FR 36656 (July 24, 2009) and Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Notice of Antidumping Duty Order, 74 FR 46971 (September 14, 2009).

[102] Id.

[103] See Use of Market Economy Input Prices in Nonmarket Economy Proceedings, 78 FR 46799 (August 2, 2013).

[104] Id.

[105] Id.

from a market economy supplier, and paid for in a market economy currency, but at purchase quantities less than substantially all of the total purchases (i.e., less than 85 percent of the total purchases).[106] We valued copper using a weighted-average of the volume demonstrated to be manufactured in a market economy country and purchased from a market economy supplier using the market economy price, and the volume manufactured in a NME country using a surrogate value.[107] Where appropriate, we added freight expense to the market economy prices for these inputs.

The Department valued water using contemporaneous data from Thailand's Board of Investment.[108]

The Department valued truck freight charges using contemporaneous data from the World Bank's Doing Business 2016: Thailand. This report gathers information concerning the cost to transport imported or exported products from the largest city in Thailand to the most commonly used seaport.[109]

The Department valued brokerage and handling using a price list of export procedures necessary to export a standardized cargo of goods in Thailand. The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in Thailand as reported in Doing Business 2016: Thailand published by the World Bank.[110]

The Department valued marine insurance using a marine insurance rate offered by RJG Consultants.[111]

In Labor Methodologies,[112] the Department determined that the best methodology to value labor is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department made a determination to use Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization ("ILO") Yearbook of Labor Statistics ("ILO Chapter 6A data") as its primary source for industry-specific labor rates, in that these data best account for all direct and indirect labor costs.[113] However, ILO Chapter 6A data are not on the record of this review and the Department is not precluded from selecting other sources for valuing labor costs.[114] In the instant review, interested parties submitted two potential labor surrogate values: (1)

[106] See The Golden Dragon Group Companies' Section D Response, dated April 11, 2016 ("GD Section D response"), at 8.
[107] See 19 CFR 351.408(c)(1)(2013); see also Use of Market Economy Input Prices in Nonmarket Economy Proceedings, 78 FR 46799 (August 2, 2013); see also GD Single Entity Preliminary Analysis Memo.
[108] See Golden Dragon SV Comments at Exhibit 3.
[109] Id. at Exhibit 7.
[110] Id. at Exhibit 8.
[111] See Golden Dragon SV Comments at Exhibit 9.
[112] See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092 (June 21, 2011) ("Labor Methodologies").
[113] See Labor Methodologies, at 36092-36093.
[114] See Steel Wire Garment Hangers From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2012–2013, 79 FR 65616 (November 5, 2014), and accompanying Issues and Decision Memorandum at 11.

contemporaneous wage data covering all employees in manufacturing, which is published in the Thai National Statistics Office's ("NSO") Quarterly Labor Force Survey ("Labor Force data"), and (2) non-contemporaneous (2011) wage data covering employees engaged in the manufacture of copper and copper products, which is published in the NSO's Industrial Census Report ("Industrial Census data"). In recent cases in which the Department has compared these two sources, the Department has found that the contemporaneous Labor Force data are the best available information for valuing labor for two main reasons.[115] First, the Labor Force data reflect the fully-loaded labor costs and, thus, are the closest match to all costs covered by the ILO Chapter 6A labor data.[116] Second, wages have increased at a far higher rate than the rate of inflation between 2011 and the POR, casting substantial doubt as to whether the 2011 Industrial Census data could be reliably updated with a CPI inflator.[117] The Labor Force data on the record of this review reflect additional categories of labor costs, such as food, clothing, and housing that are not contained in the Industrial Census data.[118] Accordingly, the Labor Force data on the record of this review continue to match more closely the costs covered by ILO Chapter 6A data. Furthermore, in IMTDC's from the PRC, the Department found that manufacturing wages grew at a rate of more than 36 percent between 2011 and the period of investigation while inflation grew at a rate of 6.4 percent during the same period.[119] We note that the period covered by the IMTDC's from the PRC investigation fall within the period of the instant review, and, the 6.4 percent growth in inflation is substantially similar to the rate of inflation in the instant review (i.e., 6.5 percent).[120] Thus, we continue to find that cannot reliably update the 2011 Industrial Census data rate reliably with a CPI inflator. Accordingly, consistent with Department practice, for these preliminary results, we used the contemporaneous Labor Force manufacturing wage data, which do not need to be adjusted for inflation, rather than the non-contemporaneous industry-specific Industrial Census data, which would need to be adjusted for inflation.[121]

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[115] See, e.g., Certain Iron Mechanical Transfer Drive Components From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, 81 FR 75032 (October 2016) ("IMTDC's from the PRC"), and accompanying Issues and Decision Memorandum at Comment 11; Certain Activated Carbon From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2014-2015, 81 FR 62088 (September 2016), and accompanying Issues and Decision Memorandum at Comment 7; and Antidumping Duty Investigation of Certain Passenger Vehicle and Light Truck Tires From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, In Part, 80 FR 34893 (June 18, 2015), and accompanying Issues and Decision Memorandum at Comment 13.
[116] See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of the Antidumping Duty Administrative Review; 2013-2014, 81 FR 1396 (January 12, 2016), and accompanying Issues and Decision Memorandum at Comment 4.
[117] See Antidumping Duty Investigation of Certain Passenger Vehicle and Light Truck Tires From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, In Part, 80 FR 34893 (June 18, 2015), and accompanying Issues and Decision Memorandum at Comment 13.
[118] See The Golden Dragon Companies' July 19, 2016 surrogate value submission at Exhibit 5, and the Hailiang Group Companies' July 19, 2016 surrogate value submission at Exhibit 3.
[119] IMTDC's from the PRC, and accompanying Issues and Decision Memorandum at Comment 11.
[120] See Surrogate Value Memorandum.
[121] The Department notes that on July 19, 2016, the Hailiang submitted a letter onto the record from the National Statistical Office of Thailand, dated September 2015 ("Thai NSO Letter"), which is in response to a request made by the Hailiang Single Entity for a clarification of Manufacturing Labor Costs in Thailand. The Department reviewed the Thai NSO Letter but has certain concerns regarding the letter. For instance, the Thai Letter does not call into question the accuracy of information obtained through the Quarterly Labor Force Survey reports and does not provide explanations for terms such as "individual elements" (when referring to labor costs) or the National

According to 19 CFR 351.408(c)(4), the Department is directed to value overhead, selling, general and administrative expenses ("SG&A"), and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate. To value overhead, SG&A and profit, the Department used two audited financial statements for the fiscal year(s) ending ("FYE") December 2014 and December 2015 of Furukawa Metal (Thailand) Public Company Limited, and the FYE December 2015 of SNC Former Public Company Limited.[122] Both of the above companies are Thai producers of merchandise identical to the subject merchandise.[123]

The Department was unable to segregate, and, therefore, unable to exclude energy costs from the calculation of the surrogate financial ratios. In accordance with past practice, for these preliminary results, the Department disregarded the GD Single Entity's and Hailiang Single Entity's energy inputs in the calculation of normal value in order to avoid double-counting energy costs that have been captured in the surrogate financial ratios.[124]

The Golden Dragon Group Companies reported that the GD Single Entity reclaimed and reintroduced copper scrap and sells a small amount of copper slag and copper ash.[125] The Hailiang Group Companies reported that the Hailiang Single Entity reclaimed and reintroduced copper.[126] Therefore, for these preliminary results, the Department granted by-product offsets for the quantities of the GD Single Entity's and the Hailiang Single Entity's reported by-products generated from production, and valued the by-products using Thai import statistics from GTA.[127]

Currency Conversion

Where appropriate, 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 date 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.

For a complete listing of all the inputs and a detailed discussion about our SV selections, *see* the Surrogate Value Memorandum.

Statistical Office of Thailand's definition of "rough estimate" when describing Quarterly Labor Force Survey reports. Without an accompanying explanation of relevancy to the Thai NSO Letter and further explanation of its contents, the Department has not considered the Thai Letter for purposes of these preliminary results.

[122] See Hailiang First SV Comments at Exhibit 10 and Hailiang Second SV Comments at Exhibits A and B.

[123] See Surrogate Value Memorandum at Exhibit 5.

[124] See Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, 74 FR 16838 (April 13, 2009), and accompanying Issues and Decision Memorandum at Comment 2; see also Surrogate Value Memorandum.

[125] See GD Section D response at Exhibit D-8.

[126] See The Hailiang Group Companies' first Section D supplemental questionnaire response, dated August 1, 2016, at 2.

[127] See The GD Single Entity's Preliminary Analysis Memorandum and the Hailiang Single Entity's Preliminary Analysis Memorandum.

RECOMMENDATION

We recommend applying the methodology described above for these preliminary results.

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Agree Disagree

12/5/2016

X

Signed by: PAUL PIQUADO

Paul Piquado
Assistant Secretary
for Enforcement and Compliance