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February 28, 2017

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

FROM: James Maeder
Senior Director, Office I
for Antidumping and Countervailing Duty Operations

SUBJECT: Certain Preserved Mushrooms from the People's Republic of China: Decision Memorandum for Preliminary Results of Antidumping Duty Administrative Review; 2015-2016

I. SUMMARY

In response to requests from interested parties, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on certain preserved mushrooms from the People's Republic of China (the PRC) covering the period of review (POR) February 1, 2015, through January 31, 2016. We preliminarily determine that one mandatory respondent, Dezhou Kaihang Agricultural Science Technology Co. Ltd. (Dezhou Kaihang), did not sell subject merchandise below normal value (NV) during the POR. We also preliminarily determine that the second mandatory respondent, Linyi City Kangfa Foodstuff Drinkable Co., Ltd. (Kangfa), did not demonstrate its eligibility for a separate rate and is part of the PRC-wide entity. Additionally, we preliminarily determine that the following companies had no reviewable entries during the POR: 1) Zhangzhou Hongda Import & Export Trading Co., Ltd. (Hongda); and 2) Zhangzhou Gangchang Canned Foods Co., Ltd., Fujian and Zhangzhou Gangchang Canned Foods Co., Ltd. (collectively, Gangchang).[1] Finally, we preliminarily find that the remaining 98 companies under review did not demonstrate their eligibility for a separate rate and are part of the PRC-wide entity.

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[1] *See* "Discussion of Preliminary Determination of No Shipments," *infra*. In the company certification of no shipments, the names "Zhangzhou Gangchang Canned Foods Co., Ltd., Fujian" and "Zhangzhou Gangchang Canned Foods Co., Ltd." are used interchangeably. When a similar issue arose during an earlier new shipper review, counsel clarified that the correct name of the company is "Zhangzhou Gangchang Canned Foods Co., Ltd., Fujian." *See Certain Preserved Mushrooms from the People's Republic of China: Preliminary Results of Antidumping Duty New Shipper Reviews* 74 FR 14772 (April 1, 2009) unchanged at *Certain Preserved Mushrooms from the People's Republic of China: Final Results of Antidumping Duty New Shipper Reviews* 74 FR 28882 (June 18, 2009). Nonetheless, in a subsequent administrative review, we identified the company as "Zhangzhou Gangchang Canned Foods Co., Ltd." *See Certain Preserved Mushrooms from the People's Republic of China; Final Results of Administrative Review*, 80 FR 32355 (June 8, 2015). In light of this interchangeable treatment, to avoid any confusion, we are including both name variations in our preliminary finding of no shipments.

If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. Unless extended, we intend to issue the final results within 120 days from the date of publication of these preliminary results, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act).

II. BACKGROUND

On February 19, 1999, the Department published in the *Federal Register* an antidumping duty order on certain preserved mushrooms from the PRC.[2] On February 3, 2016, the Department published in the *Federal Register* a notice of opportunity to request an administrative review of the order.[3]

Based on timely requests for an administrative review, the Department initiated an administrative review on April 7, 2016.[4] As explained in the *Initiation Notice*, we requested entry data from U.S. Customs and Border Protection (CBP) for respondent selection purposes, and we placed the CBP data on the record of this review on April 27, 2016.[5] We received no comments on these CBP data. On June 17, 2016, we selected Dezhou Kaihang and Kangfa for individual examination in this review.[6] On June 23, 2016, we issued antidumping questionnaires to Dezhou Kaihang and Kangfa.[7] Dezhou Kaihang timely submitted responses to our antidumping questionnaire and supplemental questionnaires. However, Kangfa failed to respond to any part of our antidumping questionnaire, and did not file a separate rate application or certification.

On July 7, 2016, Monterey Mushrooms submitted a letter withdrawing its review request for multiple companies.[8] However, because this letter was not filed by the deadline for withdrawal of review requests, and because Monterey Mushrooms has not demonstrated extraordinary circumstances that prevented it from submitting a timely withdrawal request, the companies listed in this letter remain under review.[9]

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[2] *See Notice of Amendment of Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Certain Preserved Mushrooms from the People's Republic of China*, 64 FR 8308 (February 19, 1999) (the *Order*).
[3] *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 81 FR 5712 (February 3, 2016).
[4] *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 81 FR 20324 (April 7, 2016) (*Initiation Notice*).
[5] *See* the CBP data attached to the letter to all interested parties dated April 27, 2016.
[6] *See* Memorandum entitled, "Administrative Review of the Antidumping Duty Order on Certain Preserved Mushrooms from the People's Republic of China," dated June 17, 2016 (Respondent Selection Memorandum).
[7] *Id*.
[8] *See* July 7, 2016, letter from Monterey Mushrooms to Secretary of Commerce Re: 17th Administrative Review of the Antidumping Duty Order on Certain Preserved Mushrooms from China—Monterey Mushrooms, Inc.'s Withdrawal of Requests for Review (Monterey Mushrooms Withdrawal).
[9] The *Initiation Notice* notes that, pursuant to 19 CFR 351.213(d)(1), a party that has requested a review may withdraw that request within 90 days of the date of publication of the notice of initiation of the requested review. Further, the *Initiation Notice* also states that the "Department does not intend to extend the 90-day deadline unless the requestor demonstrates that an extraordinary circumstance has prevented it from submitting a timely withdrawal request. Determinations by the Department to extend the 90-day deadline will be made on a case-by-case basis." *Initiation Notice*, 81 FR at 20325. Here, Monterey Mushrooms stated that a "clerical error" prevented it from timely withdrawing its request. Monterey Mushrooms Withdrawal at 2. We do not consider this to be an extraordinary

III. SCOPE OF THE ORDER

The products covered by this order are certain preserved mushrooms, whether imported whole, sliced, diced, or as stems and pieces. The certain preserved mushrooms covered under this order are the species *Agaricus bisporus* and *Agaricus bitorquis*. "Certain Preserved Mushrooms" refers to mushrooms that have been prepared or preserved by cleaning, blanching, and sometimes slicing or cutting. These mushrooms are then packed and heated in containers including, but not limited to, cans or glass jars in a suitable liquid medium, including, but not limited to, water, brine, butter or butter sauce. Certain preserved mushrooms may be imported whole, sliced, diced, or as stems and pieces. Included within the scope of this order are "brined" mushrooms, which are presalted and packed in a heavy salt solution to provisionally preserve them for further processing.[10]

Excluded from the scope of this order are the following: (1) all other species of mushroom, including straw mushrooms; (2) all fresh and chilled mushrooms, including "refrigerated" or "quick blanched mushrooms;" (3) dried mushrooms; (4) frozen mushrooms; and (5) "marinated," "acidified," or "pickled" mushrooms, which are prepared or preserved by means of vinegar or acetic acid, but may contain oil or other additives.

The merchandise subject to this order is classifiable under subheadings: 2003.10.0127, 2003.10.0131, 2003.10.0137, 2003.10.0143, 2003.10.0147, 2003.10.0153, and 0711.51.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the scope of this order is dispositive.

IV. PRELIMINARY DETERMINATION OF NO SHIPMENTS

The following two companies that received separate rates in previous segments of the proceeding, and are subject to this review, reported that they did not have any exports of subject merchandise during the POR:[11] (1) Hongda;[12] and (2) Gangchang.

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circumstance that justifies acceptance of the late request. *See Extension of Time Limits; Final Rule*, 78 FR 57790 (September 20, 2013) ("Examples that are unlikely to be considered extraordinary circumstances include insufficient resources, inattentiveness, or the inability of a party's representative to access the Internet on the day on which the submission was due.").

[10] On June 19, 2000, the Department affirmed that "marinated," "acidified," or "pickled" mushrooms containing less than 0.5 percent acetic acid are within the scope of the antidumping duty order. *See* Recommendation Memorandum-Final Ruling of Request by Tak Fat, *et al.* for Exclusion of Certain Marinated, Acidified Mushrooms from the Scope of the Antidumping Duty Order on Certain Preserved Mushrooms from the People's Republic of China," dated June 19, 2000. On February 9, 2005, the United States Court of Appeals for the Federal Circuit upheld this decision. *See Tak Fat v. United States*, 396 F.3d 1378 (Fed. Cir. 2005).

[11] *See* the May 6, 2016, no-shipment letters from Zhangzhou Gangchang Canned Foods Co., Ltd. Fujian, and the May 6, 2016 no-shipment letters from Zhangzhou Hongda Import & Export Trading Co., Ltd. One additional company, Zhejiang Jinhua Jinli Mushroom Co., Ltd., also filed a no-shipment certification; however, because this company did not have a separate rate in previous segments of this proceeding and did not submit a separate rate application, we have continued to include this company in the PRC-wide entity. *See* PRC-Wide Entity section, below.

[12] The Department assigned a separate "combination" rate to merchandise exported by Hongda and produced by

We requested that CBP report any contrary information.[13] To date, CBP has not responded to our inquiry with any contrary information and we have not received any evidence that these companies had any shipments of the subject merchandise sold to the United States during the POR.[14] Consistent with the Department's assessment practice, we are completing the review with respect to these companies and will issue appropriate instructions to CBP based on the final results of the review.[15]

V. DISCUSSION OF THE METHODOLOGY

A. Non-Market Economy Country Status

The Department considers the PRC to be an NME country. In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority.[16] None of the parties to this proceeding has contested NME treatment for the PRC. Therefore, for the preliminary results of this review, we treated the PRC as an NME country and applied our current NME methodology in accordance with section 773(c) of the Act.

B. Separate Rates

There is a rebuttable presumption that all companies within the PRC are subject to government control and, thus, should be assessed a single antidumping duty rate.[17] In the *Initiation Notice*, we notified parties of the application process by which exporters and producers may obtain separate rate status in NME proceedings.[18] It is our policy to assign all exporters of the merchandise subject to review in NME countries a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, we analyze each exporting entity in an NME

Fujian Haishan Foods Co., Ltd. in the final results of a new shipper review. *See Certain Preserved Mushrooms from the People's Republic of China: Final Results of Antidumping Duty New Shipper Reviews* 76 FR 67146, (October 31, 2011).

[13] *See* CBP message numbers 7047304 and 7047303, dated February 16, 2017.

[14] CBP only responds to the Department's inquiry when there are records of shipments from the company in question. *See*, *e.g.*, *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Flat Products from Brazil: Notice of Rescission of Antidumping Duty Administrative Review*, 75 FR 65453, 65454 (October 25, 2010).

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

[16] *See*, *e.g.*, *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Preliminary Results of the First Administrative Review, Preliminary Rescission, in Part, and Extension of Time Limits for the Final Results*, 76 FR 62765, 62767-68 (October 11, 2011), unchanged in *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Final Results and Partial Rescission of First Antidumping Duty Administrative Review*, 77 FR 21734 (April 11, 2012).

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

[18] *See Initiation Notice*, 81 FR at 20325.

country under the test established in *Sparklers*,[19] as amplified by *Silicon Carbide*.[20] However, if we determine that a company is wholly foreign-owned or located in a market economy (ME), then a separate rate analysis is not necessary to determine whether it is independent from government control.[21]

In this administrative review, only Dezhou Kaihang submitted separate rate information. The remaining companies under review provided neither a separate rate application (SRA), nor separate rate certification (SRC), as applicable. As a result, we are treating these PRC exporters as part of the PRC-wide entity.[22]

1. Separate Rate Respondents

Dezhou Kaihang reported that it is a wholly Chinese-owned company that is privately owned and controlled.[23] According to Dezhou Kaihang's business license, it is incorporated as a limited liability company.[24] We analyzed whether Dezhou Kaihang demonstrated the absence of both *de jure* and *de facto* governmental control over its export activities.

a. 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) other formal measures by the government decentralizing control of companies.[25] The evidence provided by Dezhou Kaihang supports a preliminary finding of an absence of *de jure* government control based upon the following: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) the existence of applicable legislative enactments decentralizing control of Chinese companies; and (3) the implementation of formal measures by the government decentralizing control of Chinese companies.[26]

b. Absence of De Facto Control

Typically, the Department considers four factors in evaluating whether a respondent is subject to

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[19] *See Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) (*Sparklers*).
[20] *See Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China*, 59 FR 22585, 22586-89 (May 2, 1994) (*Silicon Carbide*).
[21] *See*, *e.g.*, *Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles from the People's Republic of China*, 72 FR 52355, 52356 (September 13, 2007) (*Petroleum Wax Candles*).
[22] *See* the PRC-Wide Entity section, *infra*.
[23] *See* letter from Dezhou Kaihang to Secretary of Commerce Re: Dezhou Kaihang Agricultural Science Techology Co., Ltd.'s Response to Section A of the Antidumping Questionnaire in the Administrative Review of the Antidumping Duty Order on Certain Preserved Mushrooms from the People's Republic of China. A-570-851 at A-2 (Dezhou Kaihang Section A Response).
[24] *See* Dezhou Kaihang Section A Response, at Exhibit A-4.
[25] *See Sparklers*, 56 FR at 20589.
[26] *See* Dezhou Kaihang's Section A Response, at A-4 to A-5.

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 *de facto* disposition of profits or financing of losses.[27] The Department determined that an analysis of control is critical in determining whether Dezhou Kaihang is, in fact, subject to a degree of governmental control, which would preclude the Department from assigning a separate rate. The evidence provided by Dezhou Kaihang supports a preliminary finding of an absence of *de facto* government control based upon (1) Dezhou Kaihang setting its own EPs independent of the government and without the approval of a government authority; (2) Dezhou Kaihang having the authority to negotiate and sign contracts and other agreements; (3) Dezhou Kaihang maintaining autonomy from the government in making decisions regarding the selection of management; and (4) Dezhou Kaihang retaining the proceeds of its export sales and making independent decisions regarding disposition of profits or financing of losses.[28]

As a result of our analysis, the Department preliminarily finds that Dezhou Kaihang established that it qualifies for a separate rate under the criteria established by *Silicon Carbide* and *Sparklers*.

2. PRC-Wide Entity

Upon the initiation of this review, we provided an opportunity for all companies listed in the *Initiation Notice* that wish to claim eligibility for separate rate status in this review to complete, as appropriate, a SRA or a SRC.[29] We preliminarily find that 99 companies listed in the *Initiation Notice* are part of the PRC-wide entity because they did not submit an SRA, SRC, or a no-shipment letter. These 99companies that are considered to be part of the PRC-wide entity are: 1) Agrogentra & Co., Ltd., 2) Ayecue (Liaocheng) Foodstuff Co., Ltd., 3) Blue Field (Sichuan) Food Industrial Co., Ltd., 4) Cargo Services (China) Limited, 5) Casia Global Logistics Co., Ltd., 6) Changzhou Chen Rong-Da Carpet Co., Ltd., 7) Chaoda Mushroom Co., Ltd., 8) China National Cereals, Oil & Foodstuffs Import & Export Corp., 9) China Processed Food Import & Export Co., 10) Dalian New Century Food Co., Ltd., 11) DHL ISC (Hong Kong) Limited, 12) DSV Air Sea Co., Ltd., 13) Dujiangyan Xingda Foodstuff Co., Ltd., 14) Ever Since Group Co., Ltd., 15) Fujian Blue Lake Foods Co., Ltd., 16) Fujian Golden Banyan Foodstuffs Industrial Co., Ltd., 17) Fujian Haishan Foods Co., Ltd., 18) Fujian Pinghe Baofeng Canned Foods, 19) Fujian Tongfa Foods Group Co., Ltd., 20) Fujian Yuxing Fruits and Vegetables Foodstuffs Development Co., Ltd., 21) Fujian Zishan Group Co., Ltd., 22) Golden Banyan Foodstuffs Industry Co., Ltd., 23) Guangxi Eastwing Trading Co., Ltd., 24) Guangxi Hengyong Industrial & Commerical Dev. Ltd., 25) Guangxi Jisheng Foods, Inc., 26) Hangzhou Happy Green Co., Ltd., 27) Hoa Mai Food Company Limited, 28) Honour Lane Shipping Ltd., 29) Inter-Foods (Dongshan) Co., Ltd., 30) Jeenhuat Foodstuffs Industries Sdn. Bhd., 31) Jewell

[27] *See Silicon Carbide*, 59 FR at 22587; *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).
[28] *See* Dezhou Kaihang's Section A Response, at A-7.
[29] *See Initiation Notice*, 81 FR at 20325 ("All firms listed below that wish to qualify for separate rate status in the administrative reviews involving NME countries must complete, as appropriate, either a separate rate application or certification, as described below.").

International Corporation, 32) Jiangxi Cereals Oils Foodstuffs, 33) Jin Feng Food Co., Ltd., 34) Joy Foods (Zhangzhou) Co., Ltd., 35) Kuehne & Nagel Limited Xiamen Branch, 36) LF Logistics Co., Ltd., 37) Kangfa, 38) Linyi Yuqiao International Trade Co., Ltd., 39) Logistics THL Corp., 40) Longhai Guangfa Food Co., Ltd, 41) Mikado Food China Co., Ltd., 42) Nam Phuong International Co., Ltd., 43) Nam Tien Production & Export Co., Ltd., 44) Omni Ringo Business Ltd., 45) OOCL Logistics Ltd., 46) Orient Express Container Co., Ltd., 47) Paifu Enterprise Corporation, 48) Panalpina World Transport (PRC) Ltd., 49) Philippine Haofeng Food Corporation, 50) Primera Harvest (Xiangfan) Co., Ltd., 51) PT. Apex Maritim Indonesia, 52) PT. Eka Timur Raya (Etira Mushrooms), 53) PT. Suryajaya Abadi Perkasa, 54) Pudong Prime International Logistics Inc., 55) Seahorse Shipping Corporation, 56) Shandong Fengyu Edible Fungus Corporation Ltd., 57) Shandong Jiufa Edible Fungus Corporation, Ltd., 58) Shandong Xinfa Agricultural Science Corporation Ltd., 59) Shandong Yinfeng Rare Fungus Corporation, Ltd., 60) Shanghai Best Wholesome Economy & Trade Co., Ltd., 61) Shenzhen Syntrans International Logistics Co., Ltd., 62) Shouguang Sunrise Industry & Commerce Co., Ltd., 63) Shundi Foods Co., Ltd., 64) Speedier Logistics Co., Ltd., 65) Success Program International Transport J. S.C., 66) Sun Mark Industrial Corp., 67) Sun VN Transport Corp., 68) Sun Wave Trading Co., Ltd., 69) Sun Wave & Trading Co., Ltd., 70) Sunrise Food Industry & Commerce, 71) Thuy Duong Transport and Trading Service JSC, 72) Tianjin Fulida Supply Co., Ltd., 73) Woo Sun Food Factory Co., 74) Xiamen Aukking Imp. & Exp. Co., Ltd., 75) Xiamen Carre Food Co., Ltd., 76) Xiamen Choice Harvest Imp., 77) Xiamen Greenland Import & Export Co., Ltd., 78) Xiamen Gulong Imp. & Exp. Co., Ltd., 79) Xiamen Gulong Import & Export Co., Ltd., 80) Xiamen Huamin Import & Export Co., Ltd., 81) Xiamen International Trade & Industrial Co., Ltd., 82) Xiamen Jiahua Import & Export Trading Co., Ltd., 83) Xiamen Lian Fang Industry Co., Ltd., 84) Xiamen Longstar Lighting Co., Ltd., 85) Xiamen Longhuai Import & Export Co., Ltd., 86) Xiamen Sungiven Import & Export Co., Ltd., 87) Zhangzhou Golden Banyan Foodstuffs Industrial Co., Ltd. 88) Zhangzhou Long Mountain Foods Co., Ltd., 89) Zhangzhou Longhai Minhui Industry & Trade Co. Ltd., 90) Zhangzhou Tan Co. Ltd. Fujian, China, 91) Zhangzhou Tan Co., Ltd., 92) Zhangzhou Tongfa Foods Industry Co., Ltd., 93) Zhangzhou Xiangcheng Rainbow & Greenland Food Co., Ltd., 94) Zhangzhou Yuxing Imp. & Exp. Trading Co., Ltd., 95) Zhangzhou Yuxing Import & Export Trading Co., Ltd., 96) Zhejiang Jinhua Jinli Mushroom Co., Ltd,[30] 97) Zhejiang Iceman Food Co., Ltd, 98) Zhejiang Iceman Group Co., Ltd, and 99) Zhongshan Magic Foodstuff Co., Ltd.

The Department's change in policy regarding conditional review of the PRC-wide entity applies to this review.[31] 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 of 308.33 percent is not subject to change.[32]

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[30] Zhejiang Jinhua Jinli Mushroom Co., Ltd. submitted a no-shipment certification; however, this company did not have a separate rate in prior segments of this proceeding and did not submit a separate rate application. Therefore, we have preliminarily included this company in the PRC-wide entity.
[31] *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, 65970 (November 4, 2013).
[32] *See Certain Preserved Mushrooms from the People's Republic of China; Final Results of Antidumping Duty Administrative Review; 2013-2014; and Partial Rescission of Review*, 80 FR 32355, 32357 (June 8, 2015).

C. Surrogate Country

In antidumping proceedings involving NME countries, pursuant to section 773(c)(1) of the Act, we generally base NV on the NME producer's factors of production (FOPs), valued using the best available information in a surrogate ME country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, we use, to the extent possible, the prices or costs of FOPs in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.[33]

We determined that Brazil, Bulgaria, Mexico, Romania, South Africa, and Thailand are countries whose *per capita* gross national incomes (GNI) are at the same level of economic development as the PRC.[34] On September 27, 2016, we requested comments from interested parties regarding the selection of a surrogate country and surrogate values (SVs).[35] In response, Dezhou Kaihang recommended "Thailand as the best surrogate country choice, followed by India."[36] As discussed *infra*, Dezhou Kaihang provided SV for Thailand for all production inputs except manure and cottonseed meal.[37] For manure and cottonseed meal, Dezhou Kaihang suggested using Indian surrogate values as the SV source country.[38]

1. Same Level of Economic Development

As a general rule, the Department selects a surrogate country that is at the same level of economic development as the NME unless it is determined that none of the countries are viable options because (a) they either are not significant producers of comparable merchandise, (b) do not provide sufficient reliable sources of publicly available SV data, or (c) are not suitable for use based on other reasons. Surrogate countries that are not at the same level of economic development as the NME country, but still at a level of economic development comparable to the NME country, are selected only to the extent that data considerations outweigh the difference in levels of economic development.[39]

As stated above, we determined that Brazil, Bulgaria, Mexico, Romania, South Africa, and Thailand are each at the same level of economic development as the PRC in terms of *per capita* GNI during the POR.[40] We note that the 2015 per capita GNI of China is $7820.[41] We further note that the per capita GNI of Brazil, Mexico, Romania, Bulgaria, South Africa, and Thailand

[33] *See* Enforcement and Compliance Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin) available at http://enforcement.trade.gov/policy/index.html.
[34] *See* the Memorandum entitled, "Request for a List of Surrogate Countries for the Administrative Review of the Antidumping Duty Order on Certain Preserved Mushrooms ("mushrooms") from the People's Republic of China ('China')," dated September 16, 2016 (Policy Memorandum).
[35] *See* Letter to all interested parties, dated September 27, 2016.
[36] *See* Letter from Dezhou Kaihang to Secretary of Commerce Re: First Surrogate Country/Surrogate Value Comments in the Administrative Review of the Antidumping Order on Certain Preserved Mushrooms from the People's Republic of China, dated October 21, 2016 (Dezhou Kaihang Surrogate Value Comments), at 2.
[37] *Id*., at Exhibit 1.
[38] *Id*.
[39] *See* Policy Memorandum.
[40] *Id*.
[41] *Id*.

range from a high of $9850 (Brazil) to a low of $5620 (Thailand).[42] The per capita GNI of India is $1590,[43] and is, thus, not within the GNI band of potential surrogate countries that are considered to be at the same level of economic development to the PRC.

2. Producers of Identical or 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, we look to other sources such as the Enforcement and Compliance Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (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."[44] If identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.[45] Further, when selecting a surrogate country, the statute requires us to consider the comparability of the merchandise, not the comparability of the industry.[46]

The statute grants us discretion to examine various data sources for determining the best available information.[47] Moreover, while the legislative history provides that the term "significant producer" includes any country that is a significant "net exporter,"[48] it does not preclude reliance on additional or alternative metrics. In this review, because production data of comparable merchandise are not available, we first analyzed exports of comparable merchandise from the six potential surrogate countries as a proxy for production data. In this review, we preliminarily determine that merchandise described under HTS codes 2003.10.0127, 2003.10.0131, 2003.10.0137, 2003.10.0143, 2003.10.0147, 2003.10.0153, and 0711.51.0000 of the Harmonized Tariff Schedule of the United States (HTSUS) is identical or comparable to the merchandise covered by this review. Because world production data was not available, we analyzed exports under HTS codes 2003.10.0127, 2003.10.0131, 2003.10.0137, 2003.10.0143, 2003.10.0147, 2003.10.0153, and 0711.51.0000. This analysis shows that Thailand exported significant quantities of certain preserved mushrooms under HTS codes 2003.10.0127, 2003.10.0131, 2003.10.0137, 2003.10.0143, 2003.10.0147, 2003.10.0153, and 0711.51.0000

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[42] *Id*.
[43] *Id*.
[44] *See* Policy Bulletin 04.1, which is available on the Enforcement and Compliance website at http://enforcement.trade.gov/policy/bull04-1.html.
[45] 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," at note 6.
[46] *See Sebacic Acid from the People's Republic of China; Final Results of Antidumping Duty Administrative Review,* 62 FR 65674, 65676 (December 15, 1997) ("Thus, to impose a requirement that merchandise must be produced by the same process and share the same end uses to be considered comparable would be contrary to the intent of the statute.")
[47] *See* section 773(c) of the Act. *See also Nation Ford Chem. Co. v. United States*, 166 F.3d 1373, 1377 (Fed. Cir. 1990).
[48] *See* Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988).

during the POR.[49] As noted above, no interested parties submitted surrogate value data from any of the other countries determined to be at the same level of economic development (*e.g.*, Brazil, Bulgaria, Mexico, Romania, or South Africa). Therefore, it is unnecessary to determine whether these countries are significant producers of comparable merchandise since they cannot be considered for primary surrogate country selection purposes.

3. Data Considerations

When evaluating SV data, we consider several factors including whether the SV is publicly available, contemporaneous with the POR, representative of a broad-market average, tax- and duty-exclusive, and specific to the input.[50] There is no hierarchy among these criteria. It is our practice to consider carefully the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.[51]

As explained above, the record contains SV data from only one country that we consider to be at the same level of economic development (Thailand). For Thailand, we are able to obtain the required SVs for direct materials, packing materials, byproducts, and energy inputs from GTA import data.[52] Industry-specific labor data for Thailand are available from the National Statistical Office of the Thai government (NSO).[53] Moreover, as discussed below, we were able to value each of the production inputs using publicly available data from Thailand to calculate inland truck freight, domestic brokerage and handling (B&H), and financial ratios. Therefore, for these preliminary results, we selected Thailand as the primary surrogate country for valuing FOPs.[54]

VI. FAIR VALUE COMPARISONS

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether Dezhou Kaihang's sales of the subject merchandise from the PRC to the United States were made at less than NV, the Department compared the EPs to the NV as described in the Export Price Sales and Normal Value sections of this memorandum.

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), we calculate weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs or CEPs (the average-to-average (A-A) method) unless the Department determines that another method is appropriate in a particular

[49] *See* Preliminary SV Memorandum at Attachment 1 for the GTA export quantity data.
[50] *See* Policy Bulletin 04.1.
[51] *Id. See also*, *e.g.*, *Certain Steel Threaded Rod from the People's Republic of China; Final Results of Third Antidumping Duty Administrative Review; 2011-2012*, 78 FR 66330 (November 5, 2013), and accompanying Issues and Decision Memorandum at 7.
[52] *See* Preliminary SV Memorandum.
[53] *Id. See also* Dezhou Kaihang Surrogate Value Comments at Attachment 3.
[54] In this regard, we note that 19 CFR 351.408(2) directs the Department to generally value SVs from a single surrogate source country. Because, the record has useable FOPs from Thailand for each of Dezhou Kaihang's production inputs, and because Thailand is at the same level of economic development to the PRC (and India is not), we have not utilized India as the source country for any of Dezhou Kaihang's production inputs.

situation. In less-than-fair-value investigations, we examine whether to compare weighted-average NVs with the EPs or CEPs of individual sales (*i.e.*, the average-to-transaction (A-T) 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 our examination of this question in the context of administrative reviews, we nevertheless find 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.[55]

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of EPs (or CEPs) 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 A-A 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 consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, zip codes) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR 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 we use in making comparisons between EP (or CEP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* coefficient is a generally recognized statistical measure of the extent of the difference between the mean (*i.e.*, weighted-average price) of a test group and the mean (*i.e.*, weighted-average price) of a comparison group. First, for comparable merchandise, the Cohen's *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser, region or time period each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen's *d* coefficient is used to evaluate the extent to which the prices to the particular purchaser, region, or time period differ significantly from the prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium or large (0.2, 0.5 and 0.8, respectively). Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test account for 66 percent or more of the value of total sales, then the

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[55] *See Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010-2011*, 77 FR 73415 (December 10, 2012).

identified pattern of prices that differ significantly supports the consideration of the application of the A-T method to all sales as an alternative to the A-A 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 A-T method to those sales identified as passing the Cohen's *d* test as an alternative to the A-A method, and application of the A-A 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 A-A method.

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the A-A method can appropriately account for such differences. In considering this question, we test 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 A-A method only. If the difference between the two calculations is meaningful, then this demonstrates that the A-A 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 A-A 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 A-A 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.

B. Results of the Differential Pricing Analysis

For Dezhou Kaihang, based on the results of the differential pricing analysis, we preliminarily find that 95.3 percent of the value of U.S. sales pass the Cohen's *d* test[56] and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. However, the Department determines that the A-A method can appropriately account for such differences because there is a less than 25 percent relative change in the weighted-average dumping margin and, thus, no meaningful difference in the margin. Therefore, for these preliminary results, we are applying the A-A method to calculate the weighted-average dumping margin for Dezhou Kaihang.[57]

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[56] *See* the Dezhou Kaihang Preliminary Analysis Memorandum, dated concurrently with this Preliminary Decision Memorandum.

[57] In these preliminary results, we applied the weighted-average dumping margin calculation method adopted in the *Final Modification*. *See Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8101 (February 14, 2012)

C. Date of Sale

Consistent with 19 CFR 351.401(i), Dezhou Kaihang reported the invoice date as the date of sale.[58] Therefore, because no record evidence indicates that a different date better reflects the date on which the material terms of sale were established, consistent with the Department's practice and 19 CFR 351.401(i), we selected the invoice date as the date of sale in this administrative review.

D. U.S. Price

1. Export Price

Pursuant to section 772(a) of the Act, EP is "the price at which subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States," as adjusted under section 772(c) of the Act. In accordance with section 772(a) of the Act, we based Dezhou Kaihang's U.S. price on EP, because the first sale to an unaffiliated purchaser in the United States was made before the date of importation and the use of CEP was not otherwise warranted by the facts on the record. As appropriate, we deducted foreign inland freight and foreign brokerage and handling from the starting price (or gross unit price), in accordance with section 772(c)(2) of the Act. These services were provided by NME vendors for Dezhou Kaihang's U.S. sales. Therefore, we based the deduction of these movement charges on SVs.[59]

We determined the best available information for valuing both truck freight and brokerage and handling to be from the World Bank's *Doing Business 2016: Thailand* (*Doing Business*) report.[60] This World Bank report gathers information concerning the distance and cost to transport products weighing 15 metric tons from the largest city in Thailand to the nearest seaport.[61] We calculated the per-unit inland freight costs using the distance from Thailand's largest city, Bangkok, to the nearest seaport, Laem Chabang.[62] We calculated a per-kilogram/per-kilometer surrogate inland freight rate of 0.0001 U.S. dollars per kilometer/per kilogram based on using a container weighing 15 MT, as reported in the World Bank report.[63]

We valued foreign B&H using a price list of export procedures necessary to export a standardized cargo of goods in Thailand. The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in

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[58] *See* Letter from Dezhou Kaihang to Secretary of Commerce Re: Dezhou Kaihang Agricultural Science Technology Co., Ltd.'s Response to Section C of the Questionnaire in the Administrative Review of the Antidumping Order on Certain Preserved Mushrooms from the People's Republic of China dated August 8, 2016, at 10 (Dezhou Kaihang Section C Response).
[59] *See* Preliminary SV Memorandum.
[60] The *Doing Business 2016: Thailand* report is attached at Exhibit 6-B of Dezhou Kaihang's Surrogate Value Comments.
[61] *Id*., at 73.
[62] *Id*., at 75.
[63] *See* Dezhou Kaihang Surrogate Value Comments, at Exhibit 6-A; *see also* Preliminary SV Memorandum.

Thailand that is published in the World Bank's *Doing Business* report.[64]

2. Valued-Added Tax

In 2012, the Department announced a change of methodology with respect to the calculation of EP and CEP to include an adjustment of any un-refunded value-added taxes (VAT) in certain NMEs in accordance with section 772(c)(2)(B) of the Act.[65] 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.[66] 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.[67]

The Department's methodology, as explained above and applied in this review, essentially amounts to performing two basic steps: (1) determining the amount (or rate) of the irrecoverable VAT tax on subject merchandise, and (2) reducing U.S. price by the amount (or rate) determined in step one. Dezhou Kaihang reported the difference of a 17 percent VAT rate and 15 percent VAT refund rate on the Free on Board (FOB) values of export sales of the subject merchandise to calculate the amount for irrecoverable VAT.[68] For the purposes of these preliminary results, therefore, we removed from U.S. price the difference between the VAT rate and the rebate rate of two percent, which is the irrecoverable VAT, as defined under Chinese tax law and regulation.[69]

E. Normal Value

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

F. Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on the FOPs reported by Dezhou Kaihang for the POR. We used Thai import data and other publicly available Thai

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[64] *Id.*; *see also* Preliminary SV Memorandum.
[65] *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, 36482-84 (June 19, 2012) (*Methodological Change*).
[66] *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.
[67] *See Methodological Change* at 36483.
[68] *See* Dezhou Kaihang Section C Response at Exhibit C-2 and C-3.
[69] *See* Dezhou Kaihang Analysis Memorandum at Attachment I.

sources in order to calculate SVs for Dezhou Kaihang's FOPs. To calculate NV, we multiplied the reported per-unit FOP quantities by publicly available SVs. Our practice when selecting the best available information for valuing FOPs is to select, to the extent practicable, SVs which are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.[70]

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

We used Thai Import Statistics from the Global Trade Atlas (GTA) to value raw material inputs, energy inputs, and packing material inputs that Dezhou Kaihang used to produce subject merchandise during the POR, except where listed below. We find that these data are generally contemporaneous with the POR, publicly available, product-specific, tax-exclusive, and represent a broad market average. We disregarded certain import prices when calculating SVs. In particular, we have disregarded import prices that we have reason to believe or suspect may be subsidized.[71] We have reason to believe or suspect that prices of inputs from India, Indonesia, and South Korea may have been subsidized because we have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies.[72] Additionally, consistent with our practice, we disregarded prices from NME countries and excluded imports labeled as originating from an "unspecified" country from the average value because we could not be certain that they were not from either an NME country or a country with general export subsidies.[73]

We valued electricity using the data from the Thai Metropolitan Electricity Authority, a

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[70] *See*, *e.g.*, *Electrolytic Manganese Dioxide from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 48195 (August 18, 2008), and accompanying Issues and Decision Memorandum at Comment 2.

[71] *See* Section 773(c)(5) of the Act (permitting the Department to disregard price or cost values without further investigation if it has determined that certain subsidies existed with respect to those values); Omnibus Trade and Competitiveness Act of 1988, Conf. Report to Accompany H.R. 3, H.R. Rep. No. 576, 100th Cong., 2nd Sess. (1988) at 590.

[72] *See*, *e.g.*, *Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order*, 75 FR 13257 (March 19, 2010), and accompanying Issues and Decision Memorandum at 4-5; *Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia: Final Results of Expedited Sunset Review*, 70 FR 45692 (August 8, 2005), and accompanying Issues and Decision Memorandum at 4; *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review*, 74 FR 2512 (January 15, 2009), and accompanying Issues and Decision Memorandum at 17, 19-20.

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

government agency.[74] We did not inflate or deflate the rates because they were contemporaneous with the POR.

We valued the freight-in cost of raw materials using the World Bank Group's *Doing Business* publication.[75] The value for truck freight in *Doing Business* is publicly available and contemporaneous with the POR because the data in *Doing Business* are current as of June 1, 2015, which is within the POR.[76]

We valued B&H using the information in *Doing Business*.[77] This source provides a price list based on a survey case study of the procedural requirements necessary to export a standardized cargo of goods by ocean transit from Thailand. We calculated the cost per kilogram by dividing the World Bank's average B&H expense by 15 metric tons, which is the weight of the full container load used in *Doing Business*.[78] Because data reported in this source were current as of June 1, 2015, and contemporaneous with the POR, we did not inflate the SV for domestic B&H expenses.

In NME antidumping duty proceedings, the Department prefers to value labor solely based on industry-specific labor rates from the primary surrogate country.[79] To value labor costs we calculated an hourly labor rate using industry-specific data for the food industry for the primary surrogate country, Thailand.[80] We valued labor using data from 2012, which we inflated to POR values.[81]

Dezhou Kaihang reported mushroom spawn as a production input.[82] There are no appropriate HTS codes or other data sources that we can rely on to value mushroom spawn directly.[83] We, therefore, valued mushroom spawn using the data set forth in a 2004 study "Mushroom Growing in Northern Thailand."[84] We then inflated the value for mushroom spawn set forth in this "Mushroom Growing in Northern Thailand" study to a POR value using the Thai consumer price index maintained by the international monetary fund.[85]

To value factory overhead, selling, general and administrative expenses, and profit, we used the 2015 financial statements from Siam Bicent Commercial Company Limited (Siam Bicent), a

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[74] *See* Dezhou Kaihang's Surrogate Value Comments, at Exhibit 4; *see also* Preliminary SV Memorandum.
[75] *See* Exhibit 6-B of Dezhou Kaihang's Surrogate Value Comments.
[76] *Id*.
[77] *Id*.
[78] *Id*.
[79] *See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing The Factor of Production: Labor*, 76 FR 36092 (June 21, 2011).
[80] *See* Dezhou Kaihang's Surrogate Value Comments, at Exhibits 3A, 3B and 3C.
[81] *Id.*; *see also* Preliminary SV Memorandum.
[82] *See*, *e.g.*, Letter from Dezhou Kaihang Re: Dezhou Kaihang Agricultural Science Technology Co., Ltd's Response to Section D of the Administrative Review of the Antidumping Duty Order on Certain Preserved Mushrooms from the People's Republic of China, dated August 15, 2016, at Exhibit D-4.
[83] *See* Preliminary SV Memorandum.
[84] The "Mushroom Growing in Northern Thailand" article is attached at Exhibit 12 of Dezhou Kaihang's Surrogate Value Comments.
[85] *See* Preliminary SV Memorandum.

manufacturer of comparable merchandise in Thailand.[86] The Siam Bicent financial statements are the only financial statements on the record of this review and are contemporaneous with the POR.

VII. CURRENCY CONVERSION

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

VIII. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

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Agree Disagree

2/28/2017

X Ronald K. Lorentzen

Signed by: RONALD LORENTZEN

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

[86] The 2015 financial statements of Siam Bicent are attached at Exhibit 10 of Dezhou Kaihang's. Surrogate Value Comments. At Note 1 of its 2015 financial statements, Siam Bicent identifies its business as "Production of Food and fruit in container." *See* Dezhou Kaihang Surrogate Value Comments at Exhibit 10.