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August 31, 2017

MEMORANDUM TO: Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

FROM: James P. Maeder
Senior Director
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of Antidumping Duty Administrative Review: Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China

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I. SUMMARY

In response to requests from interested parties, the Department of Commerce (Department) is conducting an administrative review of the antidumping duty (AD) order on certain passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (PRC) covering the period January 27, 2015 through July 31, 2016 (the period of review (POR)). The administrative review covers 108 exporters/exporter groupings companies/company groupings of the subject merchandise, including four mandatory respondents, Giti Tire Global Trading Pte. Ltd. (Giti), which we have preliminarily continued to treat as a single entity with four affiliated additional companies identified below (collectively Giti); Qingdao Sentury Tire Co., Ltd. (Sentury), which we have preliminarily determined to treat as a single entity with two additional affiliated companies identified below (collectively Sentury); Best Choice International Trade Co., Limited (Best Choice), which withdrew its participation from the administrative review and will be treated as part of the PRC-wide entity; and Shandong Haohua Tire Co., Ltd. (Haohua), which withdrew its participation from the administrative review and will be treated as part of the PRC-wide entity.

The Department preliminarily determines that 65 companies/company groupings, which include the collapsed mandatory respondents Giti and Sentury, have established their entitlement to separate rate status and have sold subject merchandise in the United States at prices below normal value (NV) during the POR. The Department preliminarily determines that 35 companies failed to establish their entitlement to separate rate status and 10 other companies made no shipments of subject merchandise during the POR. Finally, the Department will rescind its review of Cooper Tire & Rubber Company/Cooper Chengshan (Shandong) Tire Co., Ltd./Cooper (Kunshan) Tire Co., Ltd. (collectively Cooper) because the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL–CIO, CLC (the petitioner) and Cooper each timely filed withdrawal requests for an administrative review of Cooper.

II. BACKGROUND

On August 5, 2016, the Department notified interested parties of the opportunity to request an administrative review of orders, findings, or suspended investigations with anniversaries in the month of August, including the AD order on passenger tires from the PRC.[1] Between August 8 and 31, 2016, the petitioner, as well as various exporters, requested that the Department conduct an administrative review of certain exporters covering the period January 27, 2015 through July 31, 2016.[2] On October 14, 2016, the Department published a notice initiating an AD

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[1] *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 81 FR 51850 (August 5, 2016) (*Opportunity to Request Administrative Review*).

[2] *See* the petitioner's August 31, 2016 Request for an Administrative Review; Qingdao Jinhaoyang International Co., Ltd.'s August 8, 2016 Request for an Administrative Review; Prinx Chengshan (Shandong) Tire Co . Ltd.'s August 18, 2016 Request for an Administrative Review; Kenda Rubber (China) Co., Ltd.'s August 19, 2016 Request for an Administrative Review; Winrun Tyre Co., Ltd.'s August 19, 2016 Request for an Administrative Review; Guangzhou Pearl River Rubber Tyre Ltd.'s August 22, 2016 Request for an Administrative Review; Maxon Int'l Co., Limited's August 22, 2016 Request for an Administrative Review; Qingdao Keter International Co., Limited's August 22, 2016 Request for an Administrative Review; Qingdao Odyking Tyre Co., Ltd.'s August 22, 2016 Request for an Administrative Review; Shandong New Continent Tire Co., Ltd.'s August 22, 2016 Request for an Administrative Review; Shandong Yongtai Group Co., Ltd.'s (formerly Shandong Yongtai Chemical Co., Ltd.) August 22, 2016 Request for an Administrative Review; Shouguang Firemax Tyre Co., Ltd.'s August 22, 2016 Request for an Administrative Review; Highpoint Trading, Ltd.'s and Federal Tire (Jiangxi), Ltd.'s August 24, 2016 Request for an Administrative Review; BC Tyre Group Limited's August 26, 2016 Request for an Administrative Review; Jilin Jixing Tire Co., Ltd.'s August 26, 2016 Request for an Administrative Review; Shandong Shuangwang Rubber Co., Ltd.'s August 26, 2016 Request for an Administrative Review; Shandong Zhongyi Rubber Co., Ltd.'s August 26, 2016 Request for an Administrative Review; Actyon Tyre Resources Co., Limited's, Hongtyre Group Co.'s, and Koryo International Industrial Limited's August 29, 2016 Request for an Administrative Review; Best Choice International Trade Co., Limited's August 30, 2016 Request for an Administrative Review; Guangrao Taihua International Trade Co., Ltd.'s August 30, 2016 Request for an Administrative Review; Qingzhou Detai International Trading Co., Ltd.'s August 30, 2016 Request for an Administrative Review; Shengtai Group Co., Ltd.'s August 30, 2016 Request for an Administrative Review; Shandong Hengyu Science & Technology Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Cooper Tire & Rubber Company/ Cooper (Kunshan) Tire Co., Ltd./ Cooper (Kunshan) Tire Co., Ltd's. (Cooper) August 31, 2016 Request for an Administrative Review; Nankang (Zhangjiagang Free Trade Zone) Rubber Industrial Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Shandong Anchi Tyres Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Fleming Limited's August 31, 2016 Request for an Administrative Review; Haohua Orient International Trade Ltd.'s August 31, 2016 Request for an Administrative Review; Qingdao Goalstar Tire Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Shandong Haohua Tire Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Zhaoqing Junhong Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Shandong Longyue Rubber Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Qingdao Lakesea Tyre Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Mayrun Tyre (Hong Kong) Limited's August 31, 2016 Request for an Administrative Review; Macho Tire Corporation Limited's August 31, 2016 Request for an Administrative Review; Liaoning Permanent Tyre Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Roadclaw Tyre (Hong Kong) Limited's August 31, 2016 Request for an Administrative Review; Riversun Industry Limited's August 31, 2016 Request for an Administrative Review; Safe& Well (HK) International Trading Limited's August 31, 2016 Request for an Administrative Review; Southeast Mariner

administrative review of passenger tires from the PRC covering 108 companies/company groupings and the period January 27, 2015 through July 31, 2016.[3]

In the *Initiation Notice*, the Department stated that if a producer or exporter had no exports, sales, or entries during the POR, it must notify the Department within 30 days of publication of the notice.[4] Eleven companies or company groupings timely reported making no shipments during the POR.[5]

In the *Initiation Notice*, the Department also stated that parties requesting separate rate status must do so within 30 days of publication of the notice.[6] Numerous companies submitted separate rate applications (SRA) and certifications (SRC) in November 2016.[7] In July 2017, the

International Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Shandong Province Sanli Tire Manufactured Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Qingdao Sentury Tire Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Wanli Group Trade Limited's August 31, 2016 Request for an Administrative Review; Tyrechamp Group Co., Limited's August 31, 2016 Request for an Administrative Review; Windforce Tyre Co., Limited's August 31, 2016 Request for an Administrative Review; Sailun Jinyu Group Co., Ltd.'s *et al* August 31, 2016 Request for an Administrative Review; American Pacific Industries, Inc.'s August 31, 2016 Request for an Administrative Review; Giti Tire Global Trading Pte. Ltd.'s *et al* August 31, 2016 Request for an Administrative Review; ITG Voma Corporation's August 31, 2016 Request for an Administrative Review; Shandong Guofeng Rubber Plastics Co., Ltd.'s August 31, 2016 Request for an Administrative Review; Shandong Wanda Boto Tyre Co., Ltd.'s August 31, 2016 Request for an Administrative Review; and Briway Tire Co., Ltd.'s , Crown International Corporation's, Liaoning Permanent Tyre Co., Ltd.'s , Qingdao Crown Chemical Co., Ltd.'s, Qingdao Nama Industrial Co., Ltd.'s, Shandong Hawk International Rubber Industry Co., Ltd.'s, Shandong Yonking Rubber Co., Ltd.'s August 31, 2016 Request for an Administrative Review.

[3] *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 81 FR 71061, 71065- 71066 (October 14, 2016) (*Initiation Notice*).

[4] *See Initiation Notice* at 81 FR 71061.

[5] *See* "*Preliminary Determination of No Shipments*" section, below.

[6] *See Initiation Notice* at 81 FR 71061.

[7] *See* Best Choice International Trade Co., Limited's October 21, 2016 SRC; Shandong Hengyu Science & Technology Co., Ltd.'s October 21, 2016 SRC; Shandong New Continent Tire Co., Ltd.'s October 21, 2016 SRC; Shandong Shuangwang Rubber Co., Ltd.'s October 21, 2016 SRC; Shandong Zhongyi Rubber Co., Ltd.'s October 21, 2016 SRC; Shouguang Firemax Tyre Co., Ltd.'s October 21, 2016 SRC; Mayrun Tyre (Hong Kong) Limited's October 28, 2016 SRC; Roadclaw Tyre (Hong Kong) Limited's October 28, 2016 SRA; Wanli Group Trade Limited's October 28, 2016 SRA; Nankang (Zhangjiagang Free Trade Zone) Rubber Industrial Co., Ltd. November 3, 2016 SRC; Weihai Zhongwei Rubber Co., Ltd.'s November 9, 2016 SRC; Cooper Tire & Rubber Company's November 10, 2016 SRC; Cooper (Kunshan) Tire Co., Ltd.'s November 10, 2016 SRC; Kenda Rubber (China) Co., Ltd. November 10, 2016 SRC; Prinx Chengshan (Shandong) Tire Co., Ltd.'s November 11, 2016 SRA; Triangle Tyre Co., Ltd.'s November 11, 2016 SRC; Koryo International Industrial Limited's November 11, 2016 SRA; Shandong Wanda Boto Tyre Co., Ltd's November 11, 2016 SRC; Shandong Guofeng Rubber Plastics Co., Ltd's November 11, 2016 SRC; Actyon Tyre Resources Co., Limited's November 11, 2016 SRA; Hongtyre Group Co.'s November 11, 2016 SRA; Shandong Changfeng Tyres Co., Ltd.'s November 11, 2016 SRC; BC Tyre Group Limited's November 14, 2016 SRA; Qingdao Keter International Co., Limited's November 14, 2016 SRA; Guangrao Taihua International Trade Co., Ltd.'s November 14, 2016 SRA; Qingzhou Detai International Trading Co., Ltd.'s November 14, 2016 SRA; Jilin Jixing Tire Co., Ltd.'s November 14, 2016 SRA; Qingdao Odyking Tyre Co., Ltd.'s November 14, 2016 SRA; Maxon Int'l Co., Limited's November 14, 2016 SRA; Shandong Yongtai Group Co., Ltd.'s (formerly known as Shandong Yongtai Chemical Co., Ltd.) November 14, 2016 SRA; Shengtai Group Co., Ltd.'s November 14, 2016 SRA; Guangzhou Pearl River Rubber Tyre Ltd.'s November 14, 2016 SRA; Shandong Anchi Tyres Co., Ltd.'s November 14, 2016 SRC; Shandong Haohua Tire Co., Ltd.'s November 14, 2016 SRC; Zhaoqing Junhong Co., Ltd.'s November 14, 2016 SRC; Shandong Longyue Rubber Co., Ltd.'s November 14, 2016 SRC; Shandong Province Sanli Tire Manufactured Co., Ltd.'s November 14, 2016 SRC; Qingdao Sentury Tire Co., Ltd.'s November 14, 2016 SRC; Tyrechamp Group Co., Limited's November 14, 2016 SRC; Techking

Department issued supplemental questionnaires to a number of companies requesting separate rate status. The Department received responses to its separate rate supplemental questionnaires in August 2016.[8]

The Department selected Giti and Best Choice as mandatory respondents on December 29, 2016.[9] The Department issued the initial questionnaire to Giti and Best Choice on December 30 2016.[10] On January 20, 2017, Best Choice withdrew its participation.[11] The Department selected Haohua as a third mandatory respondent on February 23, 2017.[12] Haohua withdrew its participation on March 10, 2017.[13] The Department selected Sentury on May 31, 2017.[14] The Department issued an AD questionnaire to Sentury on June 1, 2017.[15] The Department also issued double remedy questionnaires to Giti and Sentury on April 14, 2017, and June 1, 2017,

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Tires Limited's November 14, 2016 SRC; Hankook Tire China Co., Ltd.'s November 14, 2016 SRC; Jiangsu Hankook Tire Co., Ltd.'s November 14, 2016 SRC; Hongkong Tiancheng Investment & Trading Co., Limited's November 14, 2016 SRC; Kumho Tire Co., Inc.'s November 14, 2016 SRC; Winrun Tyre Co., Ltd.'s November 14, 2016 SRC; Giti Tire Global Trading Pte. Ltd.'s November 14, 2016 SRC; Giti Tire (Fujian) Company Ltd.'s November 14, 2016 SRC; Giti Radial Tire (Anhui) Company Ltd.'s November 14, 2016 SRC; Giti Tire (Hualin) Company Ltd.'s November 14, 2016 SRC; Qingdao Fullrun Tyre Corp., Ltd's November 14, 2016 SRC; Qingdao Fullrun Tyre Tech Corp., Ltd's November 14, 2016 SRC; Shandong Duratti Rubber Corporation Co. Ltd.'s November 14, 2016 SRC; Qingdao Jinhaoyang International Co., Ltd.'s November 14, 2016 SRA; Shandong Xinghongyuan Tyre Co. Ltd's November 14, 2016 SRA; Shandong Hongsheng Rubber Co. Ltd.'s November 16, 2016 SRA; Poplar Tire International Co. Ltd.'s November 16, 2016 SRA; Qingdao Yongdao International Trade Co. Ltd.'s November 16, 2016 SRA; Pirelli Tyre Co., Ltd.'s November 17, 2016 SRA; Briway Tire Co., Ltd.'s November 18, 2016 SRA; Crown International Corporation November 18, 2016 SRC; Qingdao Nama Industrial Co., Ltd.'s November 18, 2016 SRC; Shanghai Durotyre International Trading Co. Ltd.'s November 21, 2016 SRA; Qingdao Lakesea Tyre Co., Ltd.'s November 21, 2016 SRA; Macho Tire Corporation Limited's November 21, 2016 SRA; Riversun Industry Limited's November 21, 2016 SRA; Safe & Well (HK) International Trading Limited's November 21, 2016 SRA; Windforce Tyre Co., Limited's November 21, 2016 SRA; Fleming Limited's November 21, 2016 SRA; Haohua Orient International Trade Ltd.'s November 21, 2016 SRA; Crown International Corporation's November 21, 2016 SRC; Liaoning Permanent Tyre Co., Ltd.'s November 21, 2016 SRA; Qingdao Crown Chemical Co., Ltd.'s November 22, 2016 SRA; Shandong Yonking Rubber Co., Ltd.'s November 22, 2016 SRA; Shandong Linglong Tyre Co., Ltd.'s November 28, 2016 SRA; Sailun Jinyu Group Co., Ltd.'s November 28, 2016 SRA; Sailun Jinyu Group (Hong Kong) Co., Limited's November 28, 2016 SRC; Shandong Jinyu Industrial Co., Ltd.'s November 28, 2016 SRC; Sailun Tire International Corp.'s November 28, 2016 SRC; Seatex International Inc.'s November 28, 2016 SRC; Dynamic Tire Corp.'s November 28, 2016 SRC; and Husky Tire Corp.'s November 28, 2016 SRC.

[8] *See* Prinx Chengshan (Shandong) Tire Co., Ltd.'s August 11, 2017 Supplemental SRA Questionnaire Response and Qingdao Jinhaoyang International Co., Ltd.'s August 11, 2017 Supplemental SRA Questionnaire Response.

[9] *See* Department Memorandum, "Administrative Review of the Antidumping Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Respondent Selection Memorandum (December 29, 2016) (Initial Respondent Selection Memorandum).

[10] *See* Department Letters re: Antidumping Duty Questionnaire for Giti (December 30, 2016) and Antidumping Duty Questionnaire for Best Choice (December 30, 2016).

[11] *See* Best Choice's January 20, 2017 Withdrawal Letter at 1.

[12] *See* Department Memorandum, "Administrative Review of the Antidumping Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Selection of Additional Respondent," (February 23, 2017) (Second Respondent Selection Memorandum).

[13] *See* Haouhua's March 10, 2017 Withdrawal Letter.

[14] *See* Department Memorandum, "Administrative Review of the Antidumping Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Selection of Additional Respondent," (May 31, 2017) (Third Respondent Selection Memorandum).

[15] See Department letter re: Antidumping Duty Questionnaire for Sentury (June 1, 2017).

respectively.[16] Giti and Sentury each submitted responses to the Department's AD questionnaire, the questionnaire regarding double remedies, and supplemental questionnaires from February 2017 through July 2017.[17] During this time period, the petitioner also submitted comments on these companies' responses to the AD questionnaire, double remedies questionnaire, and supplemental questionnaires response.[18]

In response to the Department's February 28, 2017 request for comments on surrogate country selection and surrogate values (SVs),[19] the petitioner, Giti, and Sentury submitted comments and/or rebuttal comments on surrogate country selection and SVs from March 2017 through August 2017.[20]

Cooper and the petitioner timely withdrew their requests for an administrative review of Cooper on January 11, 2017, and January 12, 2017, respectively.[21]

On May 2, 2017, and again on June 16, 2017, the Department extended the time limit for completing the preliminary results of this review. The current extended deadline for completing the preliminary results of this review is August 31, 2017.[22]

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[16] *See* Department Letter re: Double Remedy Questionnaire, (April 14, 2017) (Giti Double Remedy Questionnaire); *see also* Department Letter re: Double Remedy Questionnaire, (June 1, 2017) (Sentury Double Remedy Questionnaire).

[17] *See* Giti's February 7,2017 Section A Questionnaire Response (Giti February 7, 2017 SAQR); February 27, 2017 Section C Questionnaire Response (Giti February 27, 2017 SCQR); February 24,2017 Section D Questionnaire Response (Giti February 24,2017 SDQR); May 12, 2017 Double Remedy Questionnaire Response (Giti Double Remedies Questionnaire Response); June 29, 2017 Supplemental Sections A and D Questionnaire Responses (Giti June 29, 2017 A and D SQR; July 7, 2017 Supplemental Sections C and D Questionnaire Responses (Giti July 7, 2017 C and D SQR); *see also* Sentury's July 10, 2017 Section A Questionnaire Response (Sentury July 10, 2017 SAQR); July 10, 2017 Double Remedy Questionnaire Response (Sentury Double Remedies Questionnaire Response); July 21, 2017 Sections C and D Questionnaire Responses (Sentury July 21, 2017 SCDQR; and August 21, 2017 Comments re: the petitioner's Pre-Preliminary Comments.

[18] *See* the petitioner's February 15, 2017 Comments re: Giti's Section A Questionnaire Response; March 17, 2017 Comments re: Giti's Sections C & D Questionnaire Responses; July 10, 2017 Comments re: Giti's Supplemental Sections A & D Questionnaire Responses; July 14, 2017 Additional Comments re: Giti's Supplemental Sections A & D Questionnaire Responses; July 21, 2017 Comments re: Giti's Reporting of Production Facilities; July 25, 2017 Comments re: Sentury's Section A and Double Remedies Questionnaire Responses; August 2, 2017 Comments re: Sentury's Sections C and D Questionnaire Responses; and August 17, 2017 Pre-Preliminary Comments.

[19] *See* Department Letter re: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information (February 28, 2017) (Request for SC and SV Comments).

[20] *See* the petitioner's March 27, 2017 Surrogate Country Comments (the petitioner's March 27, 2017 SC Comments); April 28, 2017 Surrogate Value Submission (the petitioner's April 28, 2017 SV Comments); August 1, 2017 Second Surrogate Value Submission (the petitioner's August 1, 2017 SV Comments); *see* Giti's March 27, 2017 Surrogate Country Comments (Giti's March 27, 2017 SC Comments); April 28, 2017 Surrogate Value Comments (Giti's April 28, 2017 SV Comments); *see* Sentury's August 1, 2017 Surrogate Value Submission (Sentury August 1, 2017 SV Comments); and August 11, 2017 Rebuttal Surrogate Value Comments (Sentury August 11, 2017 Rebuttal SV Comments).

[21] *See* Cooper's January 11, 2017 Administrative Review Withdrawal Request; *see also* the petitioner's January 12, 2017 Withdrawal Request for an Administrative Review of Cooper.

[22] *See* Department Memorandum re: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review – 2015-2016, (May 2, 2017); *see also* Department Memorandum re: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review – 2015-2016, (June 16, 2017).

III. PARTIAL RESCISSION OF ADMINISTRATIVE REVIEW

Pursuant to 19 CFR 351.213(d)(1), the Department will rescind an administrative review, in whole or in part, if the party or parties that requested a review withdraws the request within 90 days of the publication date of the notice of initiation of the requested review. The petitioner and Cooper withdrew their requests for an administrative review with respect to Cooper within 90 days of the publication date of the notice of initiation. No other parties requested an administrative review of the order with respect to Cooper. Therefore, in accordance with 19 CFR 351.213(d)(1), the Department is rescinding this review of the AD order on passenger tires from the PRC with respect to Cooper.

IV. SCOPE OF THE ORDER

The scope of this order is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by these orders may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.

Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

Prefix designations:

P - Identifies a tire intended primarily for service on passenger cars

LT- Identifies a tire intended primarily for service on light trucks

Suffix letter designations:

LT - Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service.

All tires with a "P" or "LT" prefix, and all tires with an "LT" suffix in their sidewall markings are covered by this investigation regardless of their intended use.

In addition, all tires that lack a "P" or "LT" prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.

Specifically excluded from the scope are the following types of tires:

(1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;

(2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the Tire and Rim Association Year Book;

(3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;

(4) non-pneumatic tires, such as solid rubber tires;

(5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire’s sidewall are listed in Table PCT-1B (“T” Type Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Year Book,

(b) the designation “T” is molded into the tire’s sidewall as part of the size designation, and,

(c) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a “M” rating;

(6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:

(a) the size designation molded on the tire’s sidewall is listed in the ST sections of the Tire and Rim Association Year Book,

(b) the designation “ST” is molded into the tire’s sidewall as part of the size designation,

(c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is “For Trailer Service Only” or “For Trailer Use Only”,

(d) the load index molded on the tire’s sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Year Book for the relevant ST tire size, and

(e) either

(i) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed does not exceed 81 MPH or an “M” rating; or

(ii) the tire's speed rating molded on the sidewall is 87 MPH or an "N" rating, and in either case the tire's maximum pressure and maximum load limit are molded on the sidewall and either

(1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book; or

(2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;

(7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Year Book,

(b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 55 MPH or a "G" rating, and

(d) the tire features a recognizable off-road tread design.

The products covered by the orders are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.45, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

V. DISCUSSION OF METHODOLOGY

Preliminary Determination of No Shipments

Highpoint Trading, Ltd. (Highpoint); Tire (Jiangxi), Ltd. (Federal Tire); Federal Corporation; Weihai Ping'an Tyre Co., Ltd. (Ping'an); Qingdao Free Trade Zone Full-World International Trading Co., Ltd. (Qingdao Free Trade); Qingdao Honghua Tyre Factory (Honghua); Wendeng Sanfeng Tyre Co., Ltd. (Sanfeng); Shandong Hawk International Rubber Industry Co., Ltd. (Hawk); Shandong Huitong Tyre Co., Ltd. (Huitong); Zenith Holding (HK) Limited (Zenith); and Seatex PTE Ltd. (Seatex) each timely certified that they had no sales, shipments, or entries of passenger tires in the POR.[23] To test these claims, the Department reviewed information obtained from a U.S. Customs and Border Protection (CBP) data query and issued a no-shipment inquiry to CBP requesting that it provide any information that contradicted the no-shipment claims of these companies.

As noted above, Honghua and Huitong filed no shipments certifications in which both companies reported that they had no exports, sales, or entries during the POR.[24] Between July 14, 2017, and July 18, 2017, the Department placed on the record information that identified certain shipments to the United States made by Huitong.[25] The Department also placed information on the record that identified certain shipments to the United States made by Honghua.[26] The Department

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[23] *See* letters from Highpoint Trading, Ltd., Federal Tire (Jiangxi), Ltd., and Federal Corporation, "Notice of Appearance and Certification of No Sales, Shipments, or Entries: Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China," (November 2, 2016); Weihai Ping'an Tyre Co., Ltd., "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Weihai Ping'an Tyre Co., Ltd.'s No Sales Certification," (November 9, 2016); Wendeng Sanfeng Tyre Co., Ltd., "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Wendeng Sanfeng Tyre Co., Ltd.'s No Sales Certification," (November 9, 2016); Qingdao Free Trade Zone Full-World International Trading Co., Ltd., "Certain Passenger Vehicle And Light Truck Tires from the People's Republic of China: Qingdao Free Trade Zone Full-World International Trading Co., Ltd.'s No Shipment Letter," (November 14, 2016); Qingdao Honghua Tyre Factory, "Certain Passenger Vehicle And Light Truck Tires from the People's Republic of China: Qingdao Honghua Tyre Factory's No Shipment Letter," (November 14, 2016) (Honghua November 14, 2016 No Shipment Certification); Shandong Hawk International Rubber Industry Co., Ltd., "Passenger Vehicle and Light Truck Tires from the People's Republic of China - Submission of Statement of No Shipments," (November 14, 2016); Shandong Huitong Tyre Co., Ltd., "Certain Passenger Vehicle And Light Truck Tires from the People's Republic of China: Shandong Huitong Tyre Co., Ltd.'s No Shipment Letter," (November 14, 2016) (Huitong November 14, 2016 No Shipment Certification); Zenith Holding (HK) Limited, "Passenger Vehicle and Light Truck Tires from the People's Republic of China - Submission of Statement of No Shipments," (November 14, 2016); Sailun Jinyu Group Co., Ltd., and its affiliates, "Sailun Jinyu Group SRA/SRC and No Shipment Letter in the Administrative Review of the Antidumping Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China," (November 28, 2016).

[24] *See* Honghua November 14, 2016 No Shipment Certification and Huitong November 14, 2016 No Shipment Certification.

[25] *See* Department Memoranda, "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 1," (July 14, 2017); "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 2," (July 14, 2017); "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 3," (July 14, 2017); "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 5," (July 14, 2017); "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 6," (July 14, 2017); "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 7," (July 14, 2017); "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 8," (July 14, 2017); "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 9," (July 14, 2017); "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 10," (July 14, 2017); and "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package Number 4," (July 18, 2017).

[26] *See* Department Memorandum, "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package," (August 4, 2017).

subsequently issued letters to both Huitong and Honghua requesting comments on the CBP entries previously placed on the record.[27]

Neither Huitong nor any other interested party commented on the CBP entry package information. Based on this information, we preliminarily determine that Huitong had shipments during the POR. Because Huitong did not submit a separate rate application or certificate, it will not be considered for separate rate status. Therefore, Huitong is preliminarily considered as part of the PRC-wide entity.

On August 21, 2017 Honghua timely commented on CBP information and provided information to support their claims of no shipments.[28] Honghua confirmed with its sole U.S. customer to whom it sells tire products that the customer did not import any subject merchandise from Honghua or entered any of Honghua's products under the company's case number during the POR.[29] To support its contention that it did not sell passenger tires to the U.S. during the POR, Honghua also included a list of all its POR U.S. sales.[30] Our analysis of the sales documents included in the CBP entry package indicates that Honghua did not sell or ship the subject merchandise at issue.[31] Based on this analysis, we preliminary determine that Honghua did not have any reviewable transactions during the POR.

Based on the no shipment certifications of certain companies listed above, our analysis of the results of a CBP data query, and the fact that CBP did not identify any information that contradicted the no-shipment claims, we preliminarily determine that Highpoint; Federal Tire; Federal Corporation, Ping'an; Qingdao Free Trade; Honghua; Sanfeng; Hawk; Zenith; and Seatex did not have any reviewable transactions during the POR. However, consistent with Department's practice in non-market economy (NME) cases, it is not appropriate to rescind the review with respect to these companies but, rather, to complete the review with respect to these companies and issue instructions to CBP based on the final results of the review.[32]

Single Entity Treatment

Section 771(33) of the Act, provides that the following persons shall be considered to be 'affiliated' or 'affiliated persons':

(A) Members of a family, including brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants.
(B) Any officer or director of an organization and such organization

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[27] *See* Department Letters, "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Packages," (August 8, 2017) (Revised CBP Entry Package Comment Request for Huitong); and "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package," (August 8, 2017) (Revised CBP Entry Package Comment Request for Honghua).
[28] *See* Honghua's August 21, 2017 Comments re: the Department's CBP Entry Package.
[29] *Id*.
[30] *Id*. at Exhibit S-1.
[31] *See* Department Memorandum, "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: CBP Entry Package," (August 4, 2017).
[32] *See Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694 (October 24, 2011).

(C) Partners.
(D) Employer and employee.
(E) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting stock or shares of any organization and such organization.
(F) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person.
(G) Any person who controls any other person and such other person.

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 NME exporters and/or producers as a single entity if the facts of the case supported such treatment.[33] 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.[34] In determining whether a significant potential for manipulation exists, 19 CFR 351.401(f)(2) indicates that the Department may consider various 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.[35]

Section 771(33)(F) of the Act identifies persons that shall be considered "affiliated" or "affiliated persons," as two or more persons directly or indirectly controlling, controlled by, or under common control with, any person.[36] Section 771(33) of the Act further states 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.

<u>Giti</u>

In the investigation of passenger tires from the PRC, the Department found that Giti, Giti Tire (USA) Ltd. (Giti USA); Giti Radial Tire (Anhui) Company Ltd. (Giti Anhui); Giti Tire (Fujian) Company Ltd. (Giti Fujian); and Giti Tire (Hualin) Company Ltd. (Giti Hualin) were affiliated

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[33] *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).
[33] *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).
[34] *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).
[35] *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).
[36] *See* section 771(33)(F) of the Act.

pursuant to 771(33)(E) of the Act, and should be treated as a single entity for AD purposes, pursuant to 19 CFR 351.401(f).[37] Information provided by Giti confirms that none of the facts that we relied on to support our prior determination to treat these parties as a single entity have changed during this review period.[38] Because there is no evidence on the record that contradicts our prior collapsing determination, or the evidence on this record, we have preliminarily continued to find Giti, Giti USA, Giti Anhui, Giti Fujian, and Giti Hualin as a single entity in this administrative review. Specifically, we preliminarily continue to find that Giti Anhui, Giti Fujian and Giti Hualin are producers of subject merchandise, all sales of the merchandise under consideration in the United States were made by Giti USA, these companies are under common control of the same parent holding company and, therefore, are affiliated in accordance with section 771(33)(E) of the Act.[39] We also continue to find that Giti Anhui, Giti Fujian, and Giti Hualin operate production facilities that produce similar or identical products.[40] Additionally, we preliminarily continue to find that treatment of Giti, Giti USA, Giti Anhui, Giti Fujian, and Giti Hualin as a single entity (Giti), pursuant to 19 CFR 351.401(f), is appropriate because the companies' production facilities would not require substantial retooling in order to restructure manufacturing priorities, and there is a significant potential for the manipulation of price or production.[41]

In their pre-preliminary comments, the petitioner and Giti provided comments regarding the relationship among the five collapsed Giti entities listed above and four additional affiliated Giti production facilities: Giti Tire Greatwall Company, Ltd. (Giti Greatwall), Giti Tire (Anhui) Company, Ltd. (Giti Anhui), Giti Tire (Yinchuan) Company, Ltd. (Giti Yinchuan), and Giti Tire (Chongqing) Company, Ltd. (Giti Chongqing).[42] The Department will analyze whether to collapse Giti with Giti Greatwall, Giti Anhui, Giti Yinchuan, or Giti Chongqing after these preliminary results.

Sentury

Information on the record of this review indicates that Sentury; Sentury Tire USA Inc (Sentury USA); and Sentury (Hong Kong) Trading Co., Limited (Sentury HK) are affiliated and that they should be treated as a single entity.[43] Specifically, the Department preliminarily finds that Sentury; Sentury USA; and Sentury HK (collectively Sentury) are under common control of

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[37] *See Passenger Vehicle and Light Truck Tires From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value; Preliminary Affirmative Determination of Critical Circumstances; In Part and Postponement of Final Determination, 80 FR 4250* (January 27, 2015) and accompanying preliminary decision memorandum at "Single Entity Treatment" (unchanged in the Final Determination); *see also* Department Memorandum, "Placing Giti Tire Global Trading Pte. Ltd.'s Preliminary Investigation Determination Analysis Memorandum on the Record of the 2015-2016 Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China," at Attachment 1 (August 31, 2017) (Giti Investigation Analysis Memorandum).
[38] *See* Giti February 7, 2017 SAQR at 19-20 and Exhibits A-2, A-3, and A-7.
[39] *See* Giti Investigation Analysis Memorandum at Attachment 1.
[40] *Id*.
[41] *Id*.
[42] *See* the petitioner's July 24, 2017 Comments re: Giti's Reporting of Production Facilities; Giti's August 1, 2017 Rebuttal to the petitioner's Giti Production Facilities Comments, the petitioner's August 17, 2017 Pre-Preliminary Comments; and Giti's August 24, 2017 Rebuttal of the petitioner's Pre-Preliminary Comments.
[43] *See* Sentury July 10, 2017 SAQR at 3, Exhibits A-3, A-4, A-17, and A-18.

Sentury and, therefore, are affiliated, in accordance with section 771(33)(E) of the Act. We have also preliminarily 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 management overlap, and the intertwined nature of the operations of these companies.[44] Thus, we have preliminarily determined that these companies should be treated as a single entity for AD purposes pursuant to 19 CFR 351.401(f).[45]

Non-Market Economy Country

The Department considers the PRC to be a NME country.[46] In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. Therefore, the Department will continue to treat the PRC as an NME country for purposes of these preliminary results of review. The Department calculated NV using a factors of production (FOP) methodology in accordance with section 773(c) of the Act, which applies to NME countries.

Separate Rates

In all proceedings involving NME countries, the Department maintains a rebuttable presumption that all companies within the PRC are subject to government control and, thus, should be assessed a single weighted-average dumping margin.[47] In the *Initiation Notice*, the Department notified parties of the application process by which exporters or exporter/producers may obtain separate rate status in NME proceedings.[48] It is the Department's policy to assign all exporters of the merchandise subject to review in NME countries a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting entity in an NME country under the test established in *Sparklers*,[49] as amplified by *Silicon Carbide*.[50] However, if the Department determines that a company is wholly foreign-owned or located in a market economy (ME) country, then analysis of the *de jure* and *de facto* criteria are not

[44] *Id*. at 2-3 and Exhibits A-6, A-7, and A-17. For a discussion of the business proprietary information regarding Sentury's affiliation, *see also* Department Memorandum, "Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Analysis Memorandum for Qingdao Sentury Tire Co., Ltd. and its Affiliates," at "Single Entity Analysis" (August 31, 2017).
[45] *Id*.
[46] *See Hardwood and Decorative Plywood from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 58273 (September 23, 2013) and the accompanying Issues and Decision Memorandum at the Background section.
[47] *See 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); *Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, in Part: Certain Lined Paper Products From the People's Republic of China*, 71 FR 53079, 53082 (September 8, 2006); *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China*, 71 FR 29303, 29307 (May 22, 2006).
[48] *See Initiation Notice*, 81 FR at 71062.
[49] *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*).
[50] *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*).

necessary to determine whether the company is independent from government control and eligible for a separate rate.[51]

The Department continues to evaluate its practice with regard to the separate rates analysis in light of the diamond sawblades from the PRC AD proceeding, and the Department's determinations therein.[52] In particular, in litigation involving the *Diamond Sawblades* proceeding, the U.S. Court of International Trade found the Department's existing separate rate analysis deficient in the circumstances of that case, in which a government-controlled entity had significant ownership in the respondent exporter.[53] Based on this, we have concluded that where a government entity holds a majority ownership share, either directly or indirectly, in the respondent exporter, the majority ownership holding in and of itself means that the government exercises or has the potential to exercise control over the company's operations generally, which may include control over, for example, the selection of management, a key factor in determining whether a company has sufficient independence in its export activities to merit a separate rate. Consistent with normal business practices, we would expect any majority shareholder, including a government, to have the ability to control, and an interest in controlling, the operations of the company, including the selection of management and the profitability of the company. Accordingly, we have considered the level of government ownership in our separate rates analysis where necessary.

Separate Rates Determination

As noted previously, the Department initiated this review with respect to 108 companies/company groupings. Also noted previously, the petitioner and Cooper timely withdrew their requests for an administrative review of the three Cooper entities. Of the remaining 105 companies/company groupings, the Department preliminarily determined that 10

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[51] *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).

[52] *See Final Results of Redetermination Pursuant to Remand Order for Diamond Sawblades and Parts Thereof from the People's Republic of China* (May 6, 2013) in *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 885 F. Supp. 2d 1343 (CIT 2012), affirmed in *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013). This remand redetermination is on the Enforcement and Compliance website at http://enforcement.trade.gov/remands/12-147.pdf. *See also Diamond Sawblades and Parts Thereof from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 77098 (December 20, 2013) and accompanying Preliminary Decision Memorandum at 7, unchanged in *Diamond Sawblades*, 79 FR 35723 (June 24, 2014) and accompanying Issues and Decision Memorandum at Comment 1.

[53] *See*, *e.g.*, *Advanced Technology & Materials Co., Ltd. v. United States*, 885 F. Supp. 2d 1343, 1349 (CIT 2012) ("The court remains concerned that Commerce has failed to consider important aspects of the problem and offered explanations that run counter to the evidence before it."); *id.* at 1351 ("Further substantial evidence of record does not support the inference that SASAC's {state-owned assets supervision and administration commission} 'management' of its 'state-owned assets' is restricted to the kind of passive-investor *de jure* 'separation' that Commerce concludes.") (footnotes omitted); *id.* at 1355 ("The point here is that 'governmental control' in the context of the separate rate test appears to be a fuzzy concept, at least to this court, since a 'degree' of it can obviously be traced from the controlling shareholder, to the board, to the general manager, and so on along the chain to 'day-today decisions of export operations,' including terms, financing, and inputs into finished product for export."); *id.* at 1357 ("AT&M itself identifies its 'controlling shareholder' as CISRI {owned by SASAC} in its financial statements and the power to veto nomination does not equilibrate the power of control over nomination.") (footnotes omitted).

of the companies did not have any reviewable transactions during the POR. The separate rates status of the remaining 95 companies/company groupings is discussed below.

The Department received completed responses to the Section A portion of the NME questionnaire from mandatory respondents, Giti and Sentury, which contained information pertaining to the companies' eligibility for a separate rate.[54] As noted in the "Background" section of this memorandum, the Department also received SRAs and SRCs from numerous companies/company groupings.

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) legislative enactments decentralizing control over export activities of the companies; and (3) other formal measures by the government decentralizing control over export activities of companies.[55]

Absence of De Facto Control

Typically, the Department considers four factors in evaluating whether a respondent is subject to *de facto* government control of its export functions: (1) whether the export sales prices are set by, or are subject to the approval of, a government agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding the disposition of profits or financing of losses.[56] 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 assigning them separate rates.

Separate Rate Recipients

The Department preliminarily grants separate rate status to Giti and Sentury because they have demonstrated that they exercise both *de facto* and *de jure* control of their operations.[57]

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[54] *See* Giti February 6, 2017 SAQR at 2-21 and Exhibits A-2 through A-10; *see also* Sentury July 10, 2017 SAQR at 2-11 and Exhibits A-11 through A-13.
[55] *See Sparklers*, 56 FR at 20589.
[56] *See Silicon Carbide*, 59 FR at 22586-87; *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).
[57] *See* Giti February 6, 2017 SAQR at 2-21 and Exhibits A-2 through A-10; see also Sentury July 10, 2017 SAQR at 2-11 and Exhibits A-11 through A-13.

We are also preliminarily granting separate rate status to the applicants that were able to document that they either exercised both *de facto* and *de jure* control over their operations or that they were wholly foreign-owned entities. The full list of separate recipients is attached at Appendix 1 of this memorandum.

Companies Not Receiving a Separate Rate

The Department will not grant separate-rate status to certain companies that did not file a separate rate application, which, as stated in the *Initiation Notice*,[58] they were required to do to in order to be considered for separate-rate status. In addition, the Department will not grant Guangzhou Pearl River Rubber Tyre Ltd. a separate rate due to its failure to respond to the Department's supplemental SRA questionnaire. We will also not grant Pirelli Tyre Co., Ltd. (Pirelli) and Wanli Group Trade Limited (Wanli) separate rate status because neither company has rebutted the presumption of *de facto* and/or *de jure* government control.[59] In addition, the Department is not granting Best Choice or Haohua separate rate status due to their withdrawal as mandatory respondents in the instant administrative review.

The Department is also preliminarily denying BC Tyre Group Limited separate rate status due to its affiliation with Best Choice, the mandatory respondent who refused to participate in the instant administrative review.[60]

In addition, Poplar Tire International Co. Ltd., Qingdao Yongdao International Trade Co. Ltd., Shandong Hongsheng Rubber Co. Ltd., Shandong Xinghongyuan Tyre Co. Ltd, and Shanghai Durotyre International Trading Co. Ltd., each filed separate rate applications even though an administrative review was not requested for or initiated on their behalf. Because an administrative review was not requested for these companies, the Department is not considering their applications for separate-rate status.

The Department is treating those companies that it preliminarily finds are not eligible for separate-rate status as part of the PRC-wide entity. A full list of the 35 companies denied separate-rate status is attached at Appendix 2 of this memorandum.

Separate Rate for Companies Not Individually Examined

Section 777A(c)(l) of the Tariff Act of 1930, as amended (the Act), directs the Department to calculate an individual weighted-average dumping margin for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department discretion to limit its examination to a reasonable number of exporters or producers if it is not practicable to make individual weighted-average dumping margin determinations because of the large number of exporters and producers involved in the review.

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[58] *See Initiation Notice* at 81 FR 71061, 71062.
[59] *See* Department Memorandum, "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Separate Rate Determinations," (August 31, 2017) (Preliminary Separate Rate Memorandum).
[60] *Id*.

In its initial and subsequent Respondent Selection Memoranda, the Department determined, pursuant to section 777A(c)(2) of the Act, that given the large number of producers or exporters for which a review was initiated and the Department's current resource constraints, it would not be practicable to individually examine all known exporters/producers.[61] Therefore, in accordance with section 777A(c)(2)(B) of the Act, the Department selected for individual examination the two exporters accounting for the largest volume of subject merchandise exported from the PRC during the POR, Giti and Sentury.[62]

The statute and the Department's regulations do not address the establishment of a dumping margin for respondents not selected for individual examination when the Department limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, the Department looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when determining the dumping margin for respondents which the Department did not examine individually in an administrative review. Section 735(c)(5)(A) of the Act articulates a preference not to calculate an all-others rate using dumping margins which are zero, *de minimis* or based entirely on facts available (FA). Accordingly, the Department's usual practice in determining the dumping margin for separate-rate respondents not selected for individual examination has been to average the weighted-average dumping margins for the individually examined respondents, excluding dumping margins that are zero, *de minimis*, or based entirely on FA.[63] Consistent with this practice, the Department has assigned to the companies that have not been individually examined, but which have demonstrated their eligibility for a separate rate, a dumping margin based on the dumping margins calculated for Giti and Sentury.[64]

In these preliminary results, the Department has calculated rates for the two mandatory respondents (*i.e.*, Giti and Sentury) that are not zero, *de minimis*, or based entirely on facts available. Consistent our practice, the Department has assigned to the companies that have not been individually examined but have demonstrated their eligibility for a separate rate a margin of 12.92 percent, which is the weighted-average margin calculated using the ranged sales values which Giti and Sentury reported in the public versions of their questionnaire responses.[65]

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[61] *See* Initial Respondent Selection Memorandum at 4-5; Second Respondent Selection Memorandum at 1-2; and Third Respondent Selection Memorandum at 2.

[62] *See* Initial Respondent Selection Memorandum at 6; *see also* Third Respondent Selection Memorandum at 2.

[63] *See Longkou Haimeng Mach. Co. v. United States*, 581 F. Supp. 2d 1344, 1357-60 (Ct. Int'l Trade 2008) (affirming the Department's determination to assign a 4.22 percent dumping margin to the separate rate respondents in a segment where the three mandatory respondents received dumping margins of 4.22 percent, 0.03 percent, and zero percent, respectively); *see also 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, 36660 (July 24, 2009).

[64] *See*, *e.g.*, *Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China,* 71 FR 77373, 77377 (December 26, 2006), unchanged in *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007).

[65] *See* Department Memorandum, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Calculation of the Margin for Respondents Not Selected for Individual Examination," (August 31, 2017); Giti's August 16, 2017 Revised Quantity and Value Submission; *see also* Sentury's July 10, 2017 Initial Section A Questionnaire Response at Exhibit A-1(Sentury July 10, 2017 AQR).

The PRC-Wide Entity

Upon initiation of the administrative review, we provided the opportunity for all companies upon which the review was initiated to complete either the separate-rate application or certification.[66] In NME proceedings, "'rates' may consist of a single dumping margin applicable to all exporters and producers."[67] 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 AD rate distinct from the separate rate(s) determined for companies that are found to be independent of government control with respect to their export activities. We consider the influence that the government has been found to have over the economy to warrant determining a rate for the entity that is distinct from the rates found for companies that provided sufficient evidence to establish that they operate freely with respect to their export activities.[68] In this regard, no record evidence indicates that such government influence is no longer present or that our treatment of the PRC-wide entity is otherwise incorrect.

The Department's policy regarding conditional review of the PRC-wide entity applies to this review.[69] 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, the entity is not under review and the entity's rate (*i.e.*, 87.99 percent) is not subject to change.[70]

Surrogate Country Selection

Legal and Regulatory Framework

When the Department investigates imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's FOP, valued in a surrogate ME country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOP, the Department shall utilize, to the extent possible, the prices or costs of the FOP 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

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

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

[68] *See*, *e.g.*, *Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China: Final Results of 2005-2006 Administrative Review and Partial Rescission of Review*, 72 FR 56724 (October 4, 2007) and accompanying Issues and Decision Memorandum at Comment 2.

[69] *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).

[70] *See Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 FR 47902, 47906 (August 10, 2015) (*Order*).

comparable merchandise.[71] Further, pursuant to 19 CFR 351.408(c)(2), the Department will normally value the FOPs in a single country.

Where the Department determines that there is more than one country at a level of economic development comparable to that of the NME country and a significant producer of comparable merchandise, it then examines the availability and quality of the surrogate value (SV) data on the record from each potential surrogate country in order to select a single primary surrogate country.

Interested Parties' Comments

The petitioner and Giti both contend that the Department should select Thailand as the primary surrogate country (SC), consistent with the surrogate country selected in the investigation.[72] Sentury did not submit SC comments; however, it did submit SV data from Thailand.[73]

Economic Comparability

On February 28, 2017, the Department issued a memorandum identifying six countries as being at the level of economic development of the PRC for the POR. The countries identified in that memorandum are Bulgaria, Brazil, Mexico, Romania, South Africa and Thailand.[74]

The Department determined economic comparability based on per capita gross national income, as reported in the most current annual issue of the World Bank Development Reports (WDR).[75] The countries identified above are not ranked and are considered equivalent in terms of economic comparability to the PRC.

Significant Producers of Identical or Comparable Merchandise

While the statute does not define "significant" or "comparable" the Department's practice is to evaluate whether production is significant based on characteristics of world production of, and trade in, comparable merchandise (subject to the availability of data on these characteristics) and

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[71] *See* Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin).
[72] *See* the petitioner's March 27, 2017 Surrogate Country Comments (the petitioner's SC Comments) and Giti's March 27, 2017 Surrogate Country Comments (Giti's SC Comments).
[73] *See* Sentury's August 1, 2017 Surrogate Value Submission (Sentury's SV Submission).
[74] *See* Department Letter re: Administrative Review of Passenger Vehicle and Light Truck Tires from the People's Republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information, (February 28, 2017) (SC SV Comment Request).
[75] *See* Policy Bulletin at 2 (endnotes omitted); *see e.g.*, *Utility Scale Wind Towers from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 77 FR 75992 (December 26, 2012) and the accompanying Issues and Decision Memorandum at Comment 1. Although 19 CFR 351.408(b) instructs the Department to rely on gross domestic product (GDP) data in such comparisons, it is Departmental practice to use "per capita GNI, rather than per capita GDP, because while the two measures are very similar, per capita GNI is reported across almost all countries by an authoritative source (the World Bank), and because the Department finds that the per capita GNI represents the single best measure of a country's level of total income and thus level of economic development." *See Antidumping Methodologies in Proceedings Involving Non-Market Economy Countries: Surrogate Country Selection and Separate Rates*, 72 FR 13246, 13246 n.2 (March 21, 2007).

to determine whether merchandise is comparable on a case-by-case basis.[76] Where there is no production information, the Department has relied upon export data from potential surrogate countries. With respect to comparability of merchandise, in all cases, if identical merchandise is produced in a country, the country qualifies as a producer of comparable merchandise. Where there is no evidence of production of identical merchandise in a potential surrogate country, the Department has determined whether merchandise is comparable to the subject merchandise on the basis of similarities in physical form and the extent of processing or on the basis of production factors (physical and non-physical) and factor intensities. Since these characteristics are specific to the merchandise in question, the standard for 'significant producer' will vary from case to case.[77]

Information on the record indicates that Thailand is a significant exporter of merchandise covered by the HTS categories identified in the scope of this order.[78] Moreover, the financial statements show that a significant volume of identical and comparable merchandise is produced in Thailand.[79] There is no information on the record regarding either production or net exports for Bulgaria, Brazil, Mexico, Romania, or South Africa. Accordingly, we preliminarily find that Thailand has met the significant producer of comparable merchandise prong of the surrogate country selection criteria.

Data Availability and Quality

When evaluating SV data, the Department considers several factors including whether the SVs are publicly available, contemporaneous with the period under consideration, a broad-market average, from an appropriate surrogate country, tax and duty-exclusive, and specific to the input being valued.[80] The Department's preference is to satisfy the breadth of these aforementioned selection factors.[81] There is sufficient SV data from Thailand on the record to value nearly all the FOPs reported by the respondents. Given the above, the Department has selected Thailand as the primary surrogate country for this review. A detailed description of the Thai SVs selected by the Department is provided below in the "Normal Value" section of this memorandum.

Date of Sale

The Department's regulations at 19 CFR 351.401(i) state as follows:

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[76] *See Xanthan Gum from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 78 FR 2252 (January 10, 2013) and accompanying Preliminary Decision Memorandum at 4-7, unchanged in *Xanthan Gum from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33350 (June 4, 2013).
[77] *See* Policy Bulletin 04.1. *See e.g.*, *Hardwood and Decorative Plywood from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 58273 (September 23, 2013) and the accompanying Issues and Decision Memorandum at Comment 7.
[78] *See* the petitioner's SC Comments at 5; *see also* Giti's SC Comments at 2.
[79] *See, e.g.*, Hwa Fong Rubber (Thailand) Public Company Limited's financial statements in the petitioner's April 28, 2017 SV Submission at Attachments 12 and 13.
[80] *See*, *e.g.*, *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Final Results of Antidumping Duty Administrative Review and New Shipper Reviews*; 2010-2011, 78 FR 17350 (March 21, 2013), and accompanying Issues and Decision Memorandum at Comment I(C).
[81] *Id*.

> In identifying the date of sale of the subject merchandise or foreign like product, the Secretary normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. However, the Secretary may use a date other than the date of invoice if the Secretary is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.[82]

Giti

Giti reports that it makes three types of sales to the United States: distribution center sales; container sales to the United States; and container sales to Puerto Rico. Giti reported that it made its distribution center sales through Giti USA and that the date on which Giti USA issued its invoice is the date on which the material terms of sale are set.[83] Our analysis indicates that Giti USA issues its invoice prior to the date it ships the subject merchandise to the unaffiliated customer in the United States.[84] Therefore, we have preliminarily used Giti's invoice date as date of sale for its distribution center sales.

For its container sales to the United States, Giti reported that it ships the subject merchandise from China prior to the date on which Giti issues its invoice.[85] Our analysis of information on the record indicates that Giti ships its U.S. container sales prior to issuing an invoice.[86] Therefore, we preliminarily determine that shipment date is the appropriate date for Giti's container sales to the United States.

For its container sales to Puerto Rico, Giti reports that it uses shipment date as the date of sale because the shipment date is the date when Giti recognizes revenue for the sale.[87] Our analysis of the sales documentation on the record indicates that invoice date precedes shipment date.[88] Therefore, we have preliminarily used Giti's invoice date as date of sale for Giti's container sales to Puerto Rico.

Sentury

Sentury reported that it made two types of sales to the United States: direct sales of subject merchandise shipped from China and sales from Sentury USA's warehouse.[89] Sentury stated that for certain of its direct sales to the U.S., the merchandise is shipped before either Sentury or

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[82] *See* 19 CFR 351.401(i). *See also Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand*, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10; *Allied Tube and Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-1092 (CIT 2001) (upholding the Department's rebuttable presumption that invoice date is the appropriate date of sale).

[83] *See* Giti February 7, 2017 SAQR at 21; Giti February 27, 2017 SCQR at 19; and Giti June 29, 2017 A and D SQR.

[84] *See* Giti June 29, 2017 A and D SQR at 9 and Exhibit SA-10a.

[85] *See* Giti February 7, 2017 SAQR at 22; Giti February 27, 2017 SCQR at 19; and Giti June 29, 2017 A & D SQR at 9.

[86] *See* Giti February 7, 2017 SAQR at Exhibit A-12.

[87] *See* Giti June 29, 2017 A & D SQR at 9.

[88] *Id*. at Exhibit SA-10c

[89] Sentury July 10, 2017 SAQR at 12.

Sentury USA issues an invoice.[90] Sentury states that based on this, it uses the earlier of shipment date or invoice date as date of sale.[91] Our analysis of Sentury's sales documentation indicates that sometimes invoice date precedes shipment date while other times shipment date can precede invoice date.[92] Therefore, we have preliminarily used the earlier of invoice date or shipment date as the date of sale for Sentury's direct sales.

For its U.S. warehouse sales, Sentury reported that it issues its commercial invoice contemporaneously with shipment to the customer.[93] Therefore, it uses the earlier of shipment date or invoice date as the date of sale.[94] Based on our analysis of Sentury USA's warehouse sale documentation, Sentury USA's shipment date and invoice date are contemporaneous.[95] Therefore, we have also preliminarily used the earlier of invoice date or shipment date as the date of sale for Sentury's U.S. warehouse sales.

Fair Value Comparisons

To determine whether Giti's and Sentury's U.S. sales of subject merchandise were made at less than NV, we compared net U.S. sales prices to NV, as described in the "U.S. Price" and "Normal Value" sections below.

Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average export prices (EPs) or constructed export prices (CEPs) (the average-to-average comparison method) unless the Department determines that another method is appropriate in a particular situation. In AD investigations, the Department examines whether to compare weighted-average NVs to the prices of individual export transactions (the average-to-transaction comparison method) as an alternative comparison method using an analysis consistent with section 777A(d)(l)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in AD investigations.[96] In recent investigations and reviews, the Department applied a "differential pricing" analysis to determine whether the application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.[97] The Department finds the differential pricing analysis used in those

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[90] *Id*.
[91] *Id*.
[92] *Id*. at Exhibits A-22 and A-23.
[93] *Id*. at 12
[94] *Id*.
[95] *Id*. at Exhibit A-24.
[96] *See Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012), and accompanying Issues and Decision Memorandum at Comment 1.
[97] *See Hardwood and Decorative Plywood from the People's Republic of China: Antidumping Duty Investigation*, 78 FR 25946 (May 3, 2013), unchanged in *Hardwood and Decorative Plywood From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 58273 (September 23, 2013); *see also Certain Steel Threaded Rod from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative*

recent investigations and reviews may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review.[98] 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 comparison method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results of review requires a finding of a pattern of prices (*i.e.*, EPs or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average comparison method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer names. Regions are defined using the reported destination code (*i.e.*, city name, zip code, *etc.*) and are grouped based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

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

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Review; 2011-2012, 78 FR 21101 (April 9, 2013), unchanged in *Certain Steel Threaded Rod from the People's Republic of China; Final Results of Third Antidumping Duty Administrative Review; 2011-2012*, 78 FR 66330 (November 5, 2013); *see also Certain Lined Paper Products from the People's Republic of China: Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 34640 (June 10, 2013) unchanged in *Certain Lined Paper Products from the People's Republic of China: Notice of Final Results and Partial Rescission of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 65274 (October 31, 2013).

[98] *See, e.g., Activated Carbon from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 26748 (May 8, 2013), unchanged in *Certain Activated Carbon from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 70533 (November 26, 2013), and accompanying Issues & Decision Memorandum at Comment 4.

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 comparison method to all sales as an alternative to the average-to-average comparison 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 comparison method to those sales identified as passing the Cohen's *d* test as an alternative to the average-to-average comparison method, and application of the average-to-average comparison 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 comparison 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 comparison method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average comparison method only. If the difference between the two calculations is meaningful, this demonstrates that the average-to-average comparison method cannot account for differences such as those observed in this analysis, and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if: 1) there is a 25 percent relative change in the weighted-average dumping margin between the average-to-average comparison method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margin moves across the *de minimis* threshold.

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

Results of the Differential Pricing Analysis

<u>Giti</u>

Based on the results of the differential pricing analysis, we find that 68.90 percent of Giti's U.S. sales pass the Cohen's *d* test, and confirm the existence of a pattern of prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily determines that the average-to-average method cannot account for such differences because there is a 25 percent relative change between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping 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-transaction method to all U.S. sales to calculate the weighted-average dumping margin for Giti.

Sentury

Based on the results of the differential pricing analysis, we find that 76 percent of Sentury's U.S. sales pass the Cohen's *d* test, and confirm the existence of a pattern of prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily determines that the average-to-average method cannot account for such differences because there is a 25 percent relative change between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping 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-transaction method to all U.S. sales to calculate the weighted-average dumping margin for Sentury.

U.S. Price

Export Price

In accordance with section 772(a) of the Act, "the term 'export price' (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 subsection (c)." The Department defined the U.S. price of merchandise under consideration based on the EP for certain sales as reported by Sentury. The Department calculated the EP based on the prices at which merchandise under consideration was sold to unaffiliated purchasers in the United States. Giti and Sentury both reported EP sales.

For Giti and Sentury's EP sales, the Department made deductions, as appropriate, from the reported U.S. price for billing adjustments, movement expenses (*i.e.*, domestic and foreign inland freight, domestic inland insurance, domestic brokerage and handling, international movement expenses, and marine insurance). The Department based movement expenses on surrogate values where the service was purchased from a PRC company.

Constructed Export Price

In accordance with 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 subsections (c) and (d)." Giti and Sentury reported that during the POR, they made CEP sales through their respective U.S. affiliates.

In accordance with section 772(b) of the Act, we calculated CEP for Giti and Sentury by deducting from the reported gross unit sales prices discounts and rebates, movement expenses, where applicable, in accordance with section 772(c)(2)(A) of the Act, direct and indirect selling expenses, credit, expenses, and inventory carrying costs, all of which relate to commercial activity in the United States, in accordance with section 772(d)(1) of the Act, and CEP profit, in accordance with sections 772(d)(3) and 772(f) of the Act. Where applicable, we reduced movement expenses by freight revenue.

Value Added Tax (VAT)

The Department's recent practice, in NME cases, is to subtract from CEP or EP the amount of any un-refunded (irrecoverable) VAT in accordance with section 772(c)(2)(B) of the Act.[99] Where the irrecoverable VAT is a fixed percentage of the U.S. price, the Department makes a tax-neutral dumping comparison by reducing the U.S. price by this percentage.[100] Thus, the Department's methodology 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.

The Chinese VAT schedule placed on the record of this review demonstrates that the VAT rate is 17 percent and the rate for rebating VAT on subject merchandise upon exportation is 9 percent.[101] Thus, the record indicates that there is irrecoverable VAT associated with the exportation of subject merchandise. Therefore, for the purposes of these preliminary results, we have reduced U.S. prices for VAT.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using an FOP methodology if the merchandise is exported from an NME country and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV in an NME case on FOPs because the presence of government controls on various aspects of NME countries renders price comparisons and the calculation of production costs invalid under the Department's normal methodologies.[102] Under section 773(c)(3) of the Act, FOPs 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. In accordance with section 773(c) of the Act and 19 CFR 351.408(c)(1), we calculated NV by multiplying the reported per-unit FOPs consumption rates by publicly available SVs.[103]

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[99] *See Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings*, 77 FR 36481, 36483-84 (June 19, 2012).
[100] *Id.*
[101] *See* Giti's SCQR at 52 and Exhibit 26; *see also* Sentury's SCQR at 42 and Exhibits C-8B and C-8C.
[102] *See, e.g., Preliminary Determination of Sales at Less Than Fair Value, Affirmative Critical Circumstances, in Part, and Postponement of Final Determination: Certain Lined Paper Products from the People's Republic of China*, 71 FR 19695, 19703 (April 17, 2006), unchanged in *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 (September 8, 2006).
[103] *See* Preliminary Surrogate Value Memorandum.

Factor Valuation Methodology

In accordance with section 773(c) of the Act, the Department calculated NV based on FOP data reported by the individually examined respondents. To calculate NV, the Department multiplied the reported per-unit FOP consumption rates by publicly available SVs. When selecting SVs, the Department considered, among other factors, whether the SV data on the record were publicly available, broad market averages, contemporaneous with the period under consideration or closest in time to the period, product-specific, and tax-exclusive.[104] As appropriate, the Department adjusted FOP costs by including freight costs to make them delivered values. Specifically, the Department added a surrogate freight cost, where appropriate, to surrogate input values using the shorter of the reported distance from the domestic supplier to the respondent's factory or the distance from the nearest seaport to the respondent's factory.[105] In those instances where we could not value FOPs using SVs that are contemporaneous with the POR, we adjusted the SVs using inflation indices. An overview of the SVs used to calculate weighted-average dumping margins for Giti and Sentury is below. A detailed description of all SVs used to calculate the weighted-average dumping margins for Giti and Sentury can be found in the Preliminary Surrogate Value Memorandum.[106]

Direct and Packing Materials

The record shows that Global Trade Atlas (GTA) import statistics from the primary surrogate country, Thailand, are generally contemporaneous with the POR, publicly available, product-specific, tax-exclusive, and represent a broad market average.[107] Thus, except as noted below, we based SVs for Giti and Sentury's direct materials, packing materials, and by-products on these import values and, where appropriate, valued other items, such as certain movement expenses, using other publicly available Thai data on the record.[108]

We disregarded certain import values when calculating SVs. We have continued to apply the Department's long-standing practice of disregarding import prices that we have reason to believe or suspect are subsidized or dumped.[109] In this regard, the Department previously found that it is appropriate to disregard prices of imports from India, Indonesia, South Korea, and Thailand because it determined that these countries maintain broadly available, non-industry specific

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[104] *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 Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004).
[105] *See Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).
[106] *See* Department Memorandum re: Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Surrogate Value Memorandum (Preliminary Surrogate Value Memorandum).
[107] *See* Preliminary Surrogate Value Memorandum.
[108] *Id*.
[109] *See* Section 773(c)(5) of the Act permits the Department to disregard price or cost values without further investigation if it has determined that certain subsidies existed with respect to those values; *see also Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793, 46795 (August 6, 2015); 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.

export subsidies.[110] 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 in India, Indonesia, and South Korea may have benefitted from these subsidies. Therefore, we have not used the prices of Thai imports of goods from India, Indonesia, and South Korea in calculating the import-based SVs. Additionally, in selecting import data for SVs, we disregarded prices from NME countries.[111] Finally, we excluded from our calculation of the average import value any imports that were labeled as originating from an "unspecified" country, because we could not be certain that they were not from either an NME country or a country with generally available export subsidies.[112]

Pursuant to 19 CFR 351.408(c)(1), when a respondent sources inputs produced in ME countries, from ME suppliers in meaningful quantities, and pays for the inputs in ME currencies, the Department uses the actual price paid by the respondent to value those inputs, except when prices may have been distorted by findings of dumping and/or subsidization.[113] Where the Department finds ME purchases to be of significant quantities (*i.e.*, 85 percent or more), in accordance with the statement of policy as outlined in *Antidumping Methodologies: Market Economy Inputs*,[114] the Department uses the actual purchase prices to value the inputs. Alternatively, when the volume of a 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 purchase prices, the Department will typically weight-average the ME purchase prices with an appropriate SV, according to their respective shares of the total volume of purchases.[115] When a firm's ME purchases may have been based on dumped or subsidized sales, are not *bona fide*, or are otherwise not acceptable for use in a dumping calculation, the Department will exclude them from its calculation to determine whether there were significant quantities of ME purchases (the 85 percent threshold).[116]

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[110] *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; *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Thailand,* 66 FR 50410 (October 3, 2001), and accompanying Issues and Decision Memorandum at 23.
[111] *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).
[112] *Id*.
[113] *See, e.g.*, *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27366 (May 19, 1997).
[114] *See Use of Market Economy Input Prices in Nonmarket Economy Proceedings*, 78 FR 46799 (August 2, 2013) (Market Economy Inputs).
[115] *Id*.
[116] *Id*.

Giti provided evidence of ME purchases of inputs during the POR that were paid for in a ME currency. Thus, consistent with 19 CFR 351.408(c)(1), we used Giti's reported ME purchase prices in valuing certain FOPs, either in whole or in part, based upon purchase volume.[117]

Consistent with the approach taken in the investigation, we valued natural rubber using Daily Prices of Natural Rubber published by Association of Natural Rubber Producing Countries.[118]

Utilities

We valued water and electricity using Thai rates from the Board of Investment of Thailand. We did not inflate or deflate the rates because they were in effect during the POR.[119] We valued steam using the 2015 Annual Report from Glow Energy Public Company Limited, a Thai provider of industrial utilities.[120]

Labor

We valued labor using contemporaneous Thai data from Thailand National Statistical Office (NSO) for all manufacturing sectors.[121]

Movement Services

We valued inland truck freight expenses using reports from the Thai government's Comptroller General Department entitled "Table of Transportation Costs for Construction Materials," and from the Petroleum Authority of Thailand entitled "Oil Price in Bangkok and Vicinity.[122] We did not inflate or deflate the truck rate in this report because the report covered a period contemporaneous with the POR.

We valued inland train freight using rates from the Board of Investment of Thailand.[123] There are no rates for inland water freight services on the record. Therefore, as a substitute, we valued inland water freight expenses using the inland truck freight rate identified above.

We valued inland insurance using inland insurance rate used in the investigation of *Monosodium Glutamate from Indonesia*.[124] The inland insurance rate in that case was the average inland

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[117] *See* Giti's July 7, 2017 Supplemental Section C Questionnaire Response, Part 1 at Exhibit SC-1 (Giti July 7, 2017 SCQR Part 1).
[118] *See* Preliminary Surrogate Value Memorandum.
[119] *See* the petitioner's April 28, 2017 SV Submission at Attachment 6 and Giti's April 28, 2017 SV Submission at Exhibit 4.
[120] *See* the petitioner's April 28, 2017 SV Submission at Attachment 7 and Giti's April 28, 2017 SV Submission at Exhibit 3.
[121] *See* the petitioner's April 28, 2017 SV Submission at Attachment 8 and Giti's April 28, 2017 SV Submission at Exhibit 8.
[122] *See* the petitioner's April 28, 2017 SV Submission at Attachment 9 and Giti's April 28, 2017 SV Submission at Exhibit 5.
[123] *See* the petitioner's April 28, 2017 SV Submission at Attachment 10 and Giti's April 28, 2017 SV Submission at Exhibit 5
[124] *See* Giti's April 28, 2017 SV Submission at Exhibit 6.

insurance freight paid by mandatory respondent PT. Cheil Jedang Indonesia and CJ America, Inc. (collectively, CJ) during the investigation period.

We valued brokerage and handling expenses using charges for exporting a standardized cargo of goods from Thailand as published in the World Bank's *Doing Business in Thailand 2017*.[125] We did not inflate or deflate the brokerage and handling charge in this publication because the survey used to obtain the charge requested data from a period contemporaneous with the POR.

We valued marine insurance expense using a rate from the 2013-2014 administrative review of crystalline silicon photovoltaic cells, whether or not assembled into modules, from the People's republic of China.[126] In that case, marine insurance was based on a rate offered by RJG Consultants, a market-economy provider of marine insurance. The rate is a percentage of the value of the shipment; thus, we did not inflate or deflate the rate.

We valued ocean freight expenses using price quotes from DESCARTES.[127] We did not inflate or deflate the rates because they are contemporaneous with the POR.

Overhead and Financial Expenses

Pursuant to 19 CFR 351.408(c)(4), the Department values overhead, selling, general and administrative (SG&A) expenses, and profit using publicly available information gathered from producers of identical or comparable merchandise in the surrogate country.

Although our analysis of Hwa Fong Rubber (Thailand) Public Company Limited (Hwa Fong)'s financial statements indicate that it received benefits for motorcycle tire production under the Government of Thailand's BOI program, we note that the company manufactures identical merchandise, and its 2015 and 2016 financials are contemporaneous and include breakout energy costs[128] unlike the 2016 financial statement of Goodyear.[129] Therefore, we have preliminarily used the 2015 and 2016 financial statements of Hwa Fong to value factory overhead, selling, general, and administrative expenses, and profit.[130] Specifically, we applied a simple average to both sets of factory overhead, selling, general, and administrative expenses, and profit.

Adjustments for Countervailable Subsidies

In applying section 777A(f) of the Act, the Department examines: (1) whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise, (2) whether such countervailable subsidy has been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period, and (3) whether the Department can reasonably estimate the extent to which that countervailable subsidy, in combination with the use of NV determined pursuant to section 773(c) of the Act, has

[125] *See* the petitioner's April 28, 2017 SV Submission at Attachment 9.
[126] *Id*. at Attachment 14.
[127] *See* Giti's April 28, 2017 SV Submission at Exhibit 7.
[128] *See* the petitioner's April 28, 2017 SV Submission at Attachments 12 and 13.
[129] *See* Sentury August 1, 2017 SV Comments at Exhibit 11A.
[130] *See* the petitioner's April 28, 2017 SV Submission at Attachments 12 and 13.

increased the weighted-average dumping margin for the class or kind of merchandise.[131] For a subsidy meeting these criteria, the statute requires the Department to reduce the dumping margin by the estimated amount of the increase in the weighted-average dumping margin due to a countervailable subsidy, subject to a specified cap.[132] In conducting this analysis, the Department has not concluded that concurrent application of NME dumping duties and countervailing duties (CVDs) necessarily and automatically results in overlapping remedies. Rather, a finding that there is an overlap in remedies, and any resulting adjustment, is based on a case-by-case analysis of the totality of facts on the administrative record for that segment of the proceeding as required by the statute.

For purposes of our analysis under sections 777A(f)(1)(A) and (f)(1)(C) of the Act, the Department requested firm-specific information from the mandatory respondents, Giti and Sentury.[133] The information sought included information regarding whether countervailed subsidies were received during the relevant period, information on costs, and information regarding the respondents' pricing policies and practices. Additionally, the respondents were required to provide documentary support for the information provided. Both Giti and Sentury submitted responses to the Department's firm-specific double remedies questionnaires.[134] The responses included information concerning countervailable subsidies received during the relevant period, as well as information regarding the respondents' costs and pricing policies and practices.

Analysis

<u>Giti</u>

In accordance with section 777A(f)(1)(A) of the Act, the Department examined whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise. During the most recently completed CVD investigation, it was determined that Giti (a mandatory respondent in the CVD investigation) received countervailable subsidies for the provision of carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity for less than adequate remuneration (LTAR).[135] Giti provided monthly costs for the POR associated with their purchases of carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity.[136] Because the Department found the provision of

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[131] *See* Section 777A(f)(1)(A)-(C) of the Act.
[132] *See* Section 777A(f)(1)-(2) of the Act.
[133] *See* Department Letter to Giti, "Antidumping Duty Administrative Review of the Antidumping Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Double Remedy Questionnaire," (April 14, 2017); *see also* Department Letter to Sentury, "Antidumping Duty Administrative Review of the Antidumping Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Double Remedy Questionnaire," (June 1, 2017).
[134] *See* Giti's May 12, 2017 Double Remedy Questionnaire Response (Giti Double Remedies Questionnaire Response); *see also* Sentury's July 10, 2017 Double Remedy Questionnaire Response (Sentury Double Remedies Questionnaire Response).
[135] *See Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 80 FR 34888 (June 18, 2015) (*Passenger Tires CVD Final Determination*) and accompanying Issues and Decision Memorandum at "Provision of Inputs for LTAR."
[136] *See* Giti Double Remedies Questionnaire Response at 8 and Exhibits DR-9 through DR-13.

carbon black, nylon cord, synthetic rubber, natural rubber, and electricity for LTAR to be countervailable with respect to the class or kind of merchandise under consideration in the CVD investigation, the Department preliminarily finds that the requirement of section 777A(f)(1)(A) of the Act has been met.

Additionally, in accordance with 777A(f)(1)(C) of the Act the Department examined whether the mandatory respondents demonstrated: (1) a subsidies-to-cost link, *i.e.*, a subsidy effect on the cost of manufacturing (COM) the merchandise under consideration; and (2) a cost-to-price link, *i.e.*, respondent's prices were dependent on changes in the COM. With respect to the subsidies-to-cost link, in the Double Remedies Questionnaire Response, Giti reported that they consumed carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity in the production of subject merchandise and that it received subsidies for these inputs.[137]

Giti provided information indicating that the subsidy programs affected its COM. Specifically, it provided information showing its input costs and the effects of those costs on its COM in the form of accounting vouchers.[138] In addition, Giti states that it identifies and monitors the cost of these inputs on a daily basis.[139] Thus, the Department preliminarily concludes that Giti established a subsidies-to-cost link because subsidies for the provision of carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity for LTAR impact Giti's costs for producing subject merchandise.

For the cost-to-price link, the Department examined whether Giti demonstrated that changes in costs affected, or are taken into consideration when setting, prices. Giti reported that its prices can change on a quarterly basis and that the primary factors considered when setting the price of tires sold in the US market are competition in the market, supply and demand, and raw material prices including natural rubber, synthetic rubber, carbon black and nylon fabric.[140] In addition, Giti reports that it has staffers responsible for purchasing material inputs; monitoring, tracking, and reporting costs; and setting price.[141] Giti also states that the employees at its various factories support the team members responsible for monitoring input costs and setting the tire prices.[142] Finally, Giti provided an internal communication describing how prices change in response to costs.[143] Giti's cost-to-price link is more fully discussed in the business proprietary Decision Memorandum accompanying this memorandum.[144]

Based on the above, and the Preliminary Double Remedy Memorandum accompanying this memorandum, the Department finds that Giti provided adequate information to establish a linkage between subsidies (the provision of carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity for LTAR), costs, and prices. Therefore, the Department is using a pass-through adjustment in its calculation of the dumping margin for Giti.

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137 *Id*.
138 *Id*. at Exhibits DR-3 through DR-8.
139 *Id*. at 8.
140 *Id*. at 4.
141 *Id*. at 3.
142 *Id*. at 3-4.
143 *Id*. at Exhibit D-14.
144 *See* Department Memorandum re: Preliminary Double Remedy Adjustment (August 31, 2017) (Preliminary Double Remedy Memorandum).

Sentury

Even though Sentury is not a mandatory respondent in the companion CVD administrative review, it reported receiving countervailable subsidies for the provision of carbon black, nylon cord, synthetic rubber, and natural rubber for LTAR.[145] Sentury also provided monthly POR costs for its purchases of carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity.[146]

As noted previously, respondents must establish: (1) a subsidies-to-cost link, *i.e*., a subsidy effect on the COM of the merchandise under consideration; and (2) a cost-to-price link, *i.e*., respondent's prices were dependent on changes in the COM. The Department preliminarily finds that Sentury's double remedy response did not meet the second requirement of establishing a cost-to-price link. Without the information regarding the second link, the Department is unable to preliminarily grant Sentury a double remedy adjustment. A full discussion of what the Department found to be lacking in Sentury's double remedy response for the cost-to-price link analysis is in the business proprietary Preliminary Double Remedy Memorandum accompanying this memorandum.[147]

We will issue supplemental questions regarding Sentury's double remedy response after the preliminary results.

Separate Rate Companies

For the non-individually examined companies eligible for a separate rate, their weighted-average dumping margin is based on the weighted-average dumping margin of Giti and Sentury. However, since we are preliminarily not granting Sentury a pass-through adjustment to its dumping margin, the non-individually examined exporters granted separate rates status will be granted an adjustment to account for domestic subsidies based on the domestic subsidy pass-through amount determined for Giti. This adjustment is not more than the countervailing duty attributable to these countervailable subsidies for any of these exporters.

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 dates of the U.S. sales, as certified by the Federal Reserve Bank.

[145] *See* Sentury Double Remedies Questionnaire Response at 5 and Exhibit DR-3.
[146] *Id*. at Exhibit DR-3.
[147] *See* Preliminary Double Remedy Memorandum at "Sentury."

VI. CONCLUSION

We recommend applying the above methodology for these preliminary results of review.

☒ ☐

_________ __________

Agree Disagree

8/31/2017

X

Signed by: GARY TAVERMAN

Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

Appendix 1

List of Companies Granted Separate Rate Status

Mandatory Respondents

1. Giti Tire Global Trading Pte. Ltd./Giti Tire (USA) Ltd./Giti Tire (Anhui) Company Ltd./Giti Tire (Fujian) Company Ltd./Giti Tire (Hualin) Company Ltd.

2. Qingdao Sentury Tire Co., Ltd./Sentury Tire USA Inc./Sentury (Hong Kong) Trading Co., Limited

Separate Rate Respondents

1. Actyon Tyre Resources Co., Limited

2. Briway Tire Co., Ltd.

3. Crown International Corporation

4. Dynamic Tire Corp.

5. Fleming Limited

6. Guangrao Taihua International Trade Co., Ltd.

7. Hankook Tire China Co., Ltd.

8. Haohua Orient International Trade Ltd.

9. Hongkong Tiancheng Investment & Trading Co., Limited

10. Hongtyre Group Co.

11. Husky Tire Corp.

12. Jiangsu Hankook Tire Co., Ltd.

13. Jilin Jixing Tire Co., Ltd.

14. Jinyu International Holding Co., Limited

15. Kenda Rubber (China) Co., Ltd.

16. Koryo International Industrial Limited

17. Kumho Tire Co., Inc.

18. Liaoning Permanent Tyre Co., Ltd.

19. Macho Tire Corporation Limited

20. Maxon Int'l Co., Limited

21. Mayrun Tyre (Hong Kong) Limited

22. Nankang (Zhangjiagang Free Trade Zone) Rubber Industrial Co., Ltd.

23. Prinx Chengshan (Shandong) Tire Co., Ltd.

24. Qingdao Crown Chemical Co., Ltd.

25. Qingdao Fullrun Tyre Corp., Ltd.

26. Qingdao Fullrun Tyre Tech Corp., Ltd

27. Qingdao Jinhaoyang International Co., Ltd.

28. Qingdao Keter International Co., Limited

29. Qingdao Lakesea Tyre Co., Ltd.

30. Qingdao Nama Industrial Co., Ltd.

31. Qingdao Odyking Tyre Co., Ltd.

32. Qingzhou Detai International Trading Co., Ltd.

33. Riversun Industry Limited

34. Roadclaw Tyre (Hong Kong) Limited

35. Safe & Well (HK) International Trading Limited

36. Sailun Jinyu Group (Hong Kong) Co., Limited

37. Sailun Jinyu Group Co., Ltd.

38. Sailun Tire International Corp.

39. Seatex International Inc.

40. Shandong Anchi Tyres Co., Ltd.

41. Shandong Changfeng Tyres Co., Ltd.

42. Shandong Duratti Rubber Corporation Co. Ltd.

43. Shandong Guofeng Rubber Plastics Co., Ltd.

44. Shandong Hengyu Science & Technology Co., Ltd.

45. Shandong Jinyu Industrial Co., Ltd.

46. Shandong Linglong Tyre Co., Ltd.

47. Shandong Longyue Rubber Co., Ltd.

48. Shandong New Continent Tire Co., Ltd.

49. Shandong Province Sanli Tire Manufactured Co., Ltd.

50. Shandong Shuangwang Rubber Co., Ltd.

51. Shandong Wanda Boto Tyre Co., Ltd.

52. Shandong Yongtai Group Co., Ltd.

53. Shandong Yonking Rubber Co., Ltd

54. Shandong Zhongyi Rubber Co., Ltd.

55. Shengtai Group Co., Ltd.

56. Shouguang Firemax Tyre Co., Ltd.

57. Techking Tires Limited

58. Triangle Tyre Co., Ltd.

59. Tyrechamp Group Co., Limited

60. Weihai Zhongwei Rubber Co., Ltd.

61. Windforce Tyre Co., Limited

62. Winrun Tyre Co., Ltd.

63. Zhaoqing Junhong Co., Ltd.

Appendix 2

List of Companies not Receiving Separate Rate Status

1. American Pacific Industries, Inc.
2. BC Tyre Group Limited
3. Best Choice International Trade Co., Limited
4. Cheng Shin Tire & Rubber (China) Co., Ltd.
5. Guangzhou Pearl River Rubber Tyre Ltd.
6. Haohua Orient International Trade Ltd.
7. Hebei Tianrui Rubber Co., Ltd.
8. Hong Kong Tri-Ace Tire Co., Limited
9. Hwa Fong Rubber (Hong Kong) Ltd.
10. ITG Voma Corporation
11. Nankang (Zhangjiagang Free Trade Zone) Rubber Industrial Co., Ltd.
12. Nankang International Co., Ltd.
13. Nankang Rubber Tire Corp., Ltd.
14. Pirelli Tyre Co., Ltd.
15. Qingdao Goalstar Tire Co., Ltd.
16. Qingdao Nexen Tire Corporation
17. Qingdao Qianzhen Tyre Co., Ltd.
18. Qingdao Qihang Tyre Co., Ltd.
19. Qingdao Qizhou Rubber Co., Ltd.
20. Shandong Changhong Rubber Tech
21. Shandong Good Forged Alum Wheel
22. Shandong Haohua Tire Co., Ltd.

23. Shandong Haolong Rubber Tire Co., Ltd.

24. Shandong Huitong Tyre Co., Ltd.

25. Shandong Sangong Rubber Co., Ltd.

26. Shandong Yongtai Chemical Co., Ltd.[148]

27. Shangong Ogreen International Trade Co., Ltd.

28. Shifeng Juxing Tire Co., Ltd.

29. Southeast Mariner International Co., Ltd.

30. Toyo Tire (Zhangjiagang) Co., Ltd.

31. Wanli Group Trade Limited

32. Xiamen Sunrise Wheel Group Co., Ltd.

33. Xiamen Topu Import

34. Zhejiang Jingu Company Limited

35. Zhejiang Qingda Rubber Co., Ltd.

[148] The review was initiated on Shandong Yongtai Group Co., Ltd. (formerly known as Shandong Yongtai Chemical Co., Ltd.); however, the Department only granted the company a separate rate under its current name, Shandong Yongtai Group Co., Ltd.