UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

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Investigation
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December 18, 2017

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

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

SUBJECT: Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China

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I. SUMMARY

We preliminarily determine that fine denier polyester staple fiber (fine denier PSF) from the People's Republic of China (PRC) is being, or is likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (the Act). The estimated weighted-average dumping margins are shown in the "Preliminary Determination" section of the accompanying *Federal Register* notice.

II. BACKGROUND

On May 31, 2017, the Department received an antidumping duty petition covering imports of fine denier PSF from the PRC, which was filed in proper form by DAK Americas LLC, Nan Ya Plastics Corporation, America, and Auriga Polymers Inc. (the petitioners).[1] The Department initiated this investigation on June 27, 2017.[2]

[1] *See* Letter from the petitioners regarding "Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam – Petition for the Imposition of Antidumping and Countervailing Duties," dated May 31, 2017 (Petition).
[2] *See Fine Denier Polyester Staple Fiber From the People's Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 82 FR 29023 (June 27, 2017) (*Initiation Notice*).

INTERNATIONAL TRADE ADMINISTRATION

On July 21, 2017, the U.S. International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that an industry in the United States is being materially injured by reason of imports of fine denier PSF from the PRC.[3]

In the *Initiation Notice*, the Department notified parties of the application process by which exporters and producers may obtain separate rate status in non-market economy (NME) less-than-fair-value investigations.[4] The process requires exporters to submit a separate-rate application (SRA)[5] and to demonstrate an absence of both *de jure* and *de facto* government control over their export activities. In the *Initiation Notice*, we stated that SRAs would be due 30 days after publication of the notice, *i.e.*, July 27, 2017.[6] We also stated that, to be considered for separate-rate status, parties are required to submit a response to the quantity and value (Q&V) questionnaire.[7]

Between July 19, 2017, and July 27, 2017, the Department timely received SRAs from 17 companies.[8] On September 27, 2017, we issued supplemental SRA questionnaires to the following eight companies: Jiangsu Huaxicun Co., Ltd. (Jiangsu Huaxicun), Zhejiang Jinfuchun Industrial Co. Ltd. (Jinfuchun), Ningbo Dafa Chemical Fiber Co. Ltd. (Ningbo Dafa), Zhaoqing Tifo New Fibre Co. Ltd. (Tifo New Fibre), Yuyao Dafa Chemical Fiber Co. Ltd. (Yuyao Dafa), Zhangjiagang City Hongtuo Chemical Fiber Co., Ltd. (Zhangjiagang), Zhejiang Linan Foreign Trade Co., Ltd. (Zhejiang Linan), and Suzhou Zhengbang Chemical Fiber Co., Ltd. (Zhengbang).[9] Each of these companies provided timely responses between October 4, 2017,

[3] *See Fine Denier PSF from China*, 82 FR 33925 (July 21, 2017).
[4] *See Initiation Notice*, 82 FR at 29028.
[5] For a description of the Department's practice, *see* Policy Bulletin 05.1: Separate Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries, April 5, 2005 (Policy Bulletin 05.1), available at http://enforcement.trade.gov/policy/bull05-1.pdf.
[6] *See Initiation Notice*, 82 FR at 29028.
[7] *Id*.
[8] The Department timely received SRAs from the following companies: (1) Hangzhou Best Chemical Fiber Co., Ltd., (2) Cixi Jiangnan Chemical Fiber Co. Ltd., (3) Jiangyin Hailun Chemical Fiber Co. Ltd., (4) Jiangyin Huahong Chemical Fiber Co., Ltd., (5) Jiangsu Huaxicun Co., Ltd., (6) Jiangsu Xinsu Chemical Fiber Co., Ltd., (7) Jiangyin Yangxi International Trade Co., Ltd., (8) Zhejiang Jinfuchun Industrial Co., Ltd., (9) Jiangyin Jinyan Chemical Fiber Co., Ltd., (10) Nanyang Textile Co., Ltd., (11) Ningbo Dafa Chemical Fiber Co. Ltd., (12) Zhaoqing Tifo New Fibre Co. Ltd., (13) Unifi Textiles (Suzhou) Co., Ltd., (14) Yuyao Dafa Chemical Fiber Co. Ltd., (15) Zhangjiagang City Hongtuo Chemical Fiber Co., Ltd., (16) Zhejiang Linan Foreign Trade Co., Ltd., and (17) Suzhou Zhengbang Chemical Fiber Co., Ltd.
[9] *See* Letter to Jiangsu Huaxicun Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated September 27, 2017; *see also* Letter to Zhejiang Jinfuchun Industrial Co. Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated September 27, 2017; *see also* Letter to Ningbo Dafa Chemical Fiber Co. Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated September 27, 2017; *see also* Letter to Zhaoqing Tifo New Fibre Co. Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated September 27, 2017; *see also* Letter to Yuyao Dafa Chemical Fiber Co. Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated September 27, 2017; *see also* Letter to Zhangjiagang City Hongtuo Chemical Fiber Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated September 27, 2017; *see also* Letter to Zhejiang Linan Foreign Trade Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated September 27, 2017; *see also* Letter to

and October 11, 2017.[10]

We also stated in the *Initiation Notice* that we intended to base our selection of mandatory respondents on responses to Q&V questionnaires to be sent to certain potential respondents named in the Petition.[11] On June 21 and 22, 2017, the Department issued Q&V questionnaires to 20 companies that the petitioner identified as potential producers/exporters of fine denier PSF from the PRC.[12] In addition, the Department posted the Q&V questionnaire on its website and, in the *Initiation Notice,* and invited parties that did not receive a Q&V questionnaire from the Department to file a response to the questionnaire by the applicable deadline. On July 4 and July 5, 2017, the Department received timely filed responses from ten of the companies that were issued Q&V questionnaires.[13] Seven other companies, of which five were named in the Petition,

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Suzhou Zhengbang Chemical Fiber Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated September 27, 2017; *see also* Letter to Jiangsu Huaxicun Co., Ltd., regarding "Fine Denier Polyester Staple Fiber from the People's Republic of China – Extension of Deadline for Submission of Response to Supplemental Separate Rate Application Questionnaire," dated October 2, 2017; *see also* Letter to Suzhou Zhengbang Chemical Fiber Co., Ltd., Zhangjiagang City Hongtuo Chemical Fiber Co. Ltd., and Zhejiang Jinfuchun Industrial Co., Ltd., regarding "Fine Denier Polyester Staple Fiber from the People's Republic of China – Extension of Deadline for Submission of Response to Supplemental Separate Rate Application Questionnaire," dated October 4, 2017.

[10] *See* Letter from Ningbo Dafa Chemical Fiber Co. Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China – First Supplemental Separate Rate Questionnaire Response," dated October 4, 2017; *see also* Letter from Yuyao Dafa Chemical Fiber Co. Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China – First Supplemental Separate Rate Questionnaire Response," dated October 4, 2017; *see also* Letter from Zhaoqing Tifo New Fibre Co. Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China – First Supplemental Separate Rate Questionnaire Response," dated October 4, 2017; see also Letter from Zhejiang Linan Foreign Trade Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China – First Supplemental Separate Rate Questionnaire Response," dated October 4, 2017; *see also* Letter from Zhejiang Jinfuchun Industrial Co., Ltd., entitled "Fine Denier Polyester Staple Fiber ("PSF"); A-570-060; Response of Zhejiang Jinfuchun Industrial Co., Ltd. to Department's Supplemental Questionnaire, Resubmission of Separate Rate Application, and Request for Extension of Time to Provide Certification," dated October 4, 2017; *see also* Letter from Zhejiang Jinfuchun Industrial Co., Ltd., entitled "Fine Denier Polyester Staple Fiber ("PSF"); A-570-060; Certificate of Zhejiang Jinfuchun Industrial Co., Ltd. to Department's Supplemental Questionnaire," dated October 10, 2017; *see also* Letter from Zhangjiagang City Hongtuo Chemical Co., Ltd., entitled "Fine Denier Polyester Staple Fiber ("PSF"); A-570-060; Response of Zhangjiagang City Hongtuo Chemical Co., Ltd. to Department's Supplemental Questionnaire, Resubmission of Separate Rate Application, and Request for Extension of Time to Provide Certification," dated October 4, 2017; see also Letter from Zhangjiagang City Hongtuo Chemical Co., Ltd., entitled "Fine Denier Polyester Staple Fiber ("PSF"); A-570-060; Certificate of Zhangjiagang City Hongtuo Chemical Co., Ltd. to Department's Supplemental Questionnaire," dated October 10, 2017; *see also* Letter from Suzhou Zhengbang Chemical Fiber Co. Ltd., entitled "Fine Denier Polyester Staple Fiber ("PSF"); A-570-060; Response of Suzhou Zhengbang Chemical Fiber Co., Ltd. to Department's Supplemental Questionnaire, Resubmission of Separate Rate Application, and Request for Extension of Time to Provide Certification," dated October 4, 2017; *see also* Letter from Suzhou Zhengbang Chemical Fiber Co., Ltd., entitled "Fine Denier Polyester Staple Fiber ("PSF"); A-570-060; Certificate of Suzhou Zhengbang Chemical Fiber Co., Ltd. to Department's Supplemental Questionnaire," dated October 10, 2017, *see also* Letter from Jiangsu Huaxicun Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China – First Supplemental Separate Rate Questionnaire Response," dated October 11, 2017.

[11] *See Initiation Notice*, 82 FR at 29028.

[12] *See* Memorandum to the File, "Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China –Issuance of Quantity and Value Questionnaires," dated July 14, 2017 (Q&V Issuance Memo).

[13] *See* Memorandum to James Maeder, "Antidumping Duty Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China: Respondent Selection," dated August 8, 2017 (Respondent Selection Memorandum), 2.

submitted voluntary responses.[14] On August 8, 2017, based on the responses to the Q&V questionnaires, we selected Jiangyin Huahong Chemical Fiber Co., Ltd. (Huahong), and Hailun for individual examination as mandatory respondents in this antidumping investigation.[15]

On August 11, 2017, the Department issued its antidumping NME questionnaires to Hailun and Huahong.[16] The Department received questionnaire and supplemental questionnaire responses from Hailun from September 8, 2017, through December 12, 2017.[17] The Department received questionnaire and supplemental questionnaire responses from Huahong from September 8, 2017, through December 12, 2017.[18]

From September 11, 2017, through November 20, 2017, the petitioners, Hailun, and Huahong timely submitted factual information to value factors of production and comments on this information.

On October 18, 2017, and pursuant to section 733(c)(1)(B) of the Act and 19 CFR 351.205(f)(1), the Department published a postponement of the preliminary determination in the *Federal Register*. The determination was postponed by 41 days, or until December 18, 2017.[19]

The Department is conducting this investigation in accordance with section 733(b) of the Act.

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[14] *See id.*
[15] *See id.* at 6.
[16] *See* Letter to Huahong and Hailun, dated August 11, 2017 (Initial Questionnaire).
[17] *See* Letter from Letter from Hailun, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Hailun Section A Questionnaire Response," dated September 8, 2017 (Hailun Section A Response); Letter from Hailun, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Hailun Section C Questionnaire Response," dated September 18, 2017 (Hailun's Section C Response); Letter from Hailun, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Hailun Section D Questionnaire Response," dated September 29, 2017 (Hailun's Section D Response); Letter from Hailun, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Hailun Supplemental Section A Questionnaire Response," dated November 20, 2017 (Hailun's Supplemental Response I); Letter from Hailun, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Hailun Supplemental Questionnaire Response (Sections A and C)," dated December 6, 2017 (Hailun's Supplemental Response II); Letter from Hailun, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Hailun Supplemental Questionnaire Response (Sections A and C)," dated December 12, 2017 (Hailun's Supplemental Response III).
[18] *See* Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Huahong Section A Questionnaire Response," dated September 8, 2017 (Huahong Section A Response); Letter from Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Huahong Section C Questionnaire Response," dated September 25, 2017 (Huahong Section C Response); Letter from Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Huahong Section D Questionnaire Response," dated September 25, 2017 (Huahong's Section D Response); Letter from Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Huahong First Supplemental Questionnaire Response," dated October 24, 2017 (Huahong's First Supplemental Response); Letter from Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Huahong Second Supplemental Questionnaire Response," dated November 27, 2017 (Huahong's Second Supplemental Response); Letter from Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Huahong Third Supplemental Questionnaire Response," dated November 27, 2017 (Huahong's Third Supplemental Response).
[19] *See Fine Denier Polyester Staple Fiber From the People's Republic of China, India, the Republic of Korea, and Taiwan: Postponement of Preliminary Determinations in Less-Than-Fair-Value Investigations*, 82 FR 49178 (October 24, 2017).

III. PERIOD OF INVESTIGATION

The period of investigation (POI) is October 1, 2016, through March 31, 2017. This period corresponds to the two most recently completed fiscal quarters prior to the month of the filing of the Petition, which was May 2017.[20]

IV. POSTPONEMENT OF PRELIMINARY DETERMINATION

On October 24, 2017, pursuant to section 733(c)(1)(A) of the Act and the petitioners' request, the Department postponed the preliminary determination by 41 days until December18, 2017.[21]

V. POSTPONEMENT OF FINAL DETERMINATION AND EXTENSION OF PROVISIONAL MEASURES

Pursuant to section 735(a)(2) of the Act, on November 10 and December 12, 2017, the petitioners and the respondents, respectively, requested that the Department postpone the final determination and extend provisional measures from four months to six months.[22] In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii) and (e)(2), because: (1) our preliminary determination is affirmative; (2) the requesting exporters, Hailun and Huahong, account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, we are granting the request and are postponing the final determination until no later than 135 days after the publication of the preliminary determination notice in the *Federal Register*, and we are extending provisional measures from four months to a period not to exceed six months. Suspension of liquidation will be extended accordingly.

VI. SCOPE OF THE INVESTIGATION

The product covered by this investigation is fine denier polyester staple fiber (fine denier PSF), not carded, combed, or pre-opened, measuring less than 3.3 decitex (3 denier) in diameter. The scope covers all fine denier PSF, whether coated or uncoated. The following products are excluded from the scope:

(1) PSF equal to or greater than 3.3 decitex (more than 3 denier, inclusive) currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 5503.20.0045 and 5503.20.0065.

(2) Low-melt PSF defined as a bi-component polyester fiber having a polyester fiber component that melts at a lower temperature than the other polyester fiber component, which is currently

[20] *See* 19 CFR 351.204(b)(1).
[21] *See* Postponement of Preliminary Determination.
[22] *See* Letter from the petitioners, "Fine Denier Polyester Staple Fiber from China, India, Korea and Taiwan – Petitioners' Request to Extend the Antidumping Duty Final Determinations", dated November 10, 2017; Letter from the respondents, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Request for Postponement of Final Determination," dated December 12, 2017, *and* People's Republic of China - Petitioners' Request to Extend Final Determination," dated September 11, 2017.

classifiable under HTSUS subheading 5503.20.0015.

Fine denier PSF is classifiable under the HTSUS subheading 5503.20.0025. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

This scope reflects a revision to the low-melt exclusion language that was included in the scope in the *Initiation Notice*. For details, see the "Scope Comments" section below.

VII. SCOPE COMMENTS

In accordance with the *Preamble* to the Department's regulations,[23] in the initiation notices the Department invited interested parties to comment on the scope of the investigations. On July 10, 2017, the Department received timely scope comments from David C. Poole Company Inc. (Poole), Suominen Corporation (Suominen), and Consolidated Fibers, Inc. (Consolidated Fibers).[24] On July 10, 2017, the Department extended the deadline for scope comments to July 12, 2017 and rebuttal comments to July 24, 2017.[25] On July 11, 2017 the Department received timely scope comments from Reliance Industries, Ltd. (Reliance).[26] On July 12, 2017, the Department received timely scope comments from the petitioners.[27] On July 24, 2017, the Department received timely scope rebuttal comments from the petitioners.[28]

Additionally, in accordance with the preamble to the Department's regulations, we set aside a period of time for interested parties to raise issues regarding product coverage.[29] The Department specified that any such comments were due July 10, 2017, which was 20 calendar days from the signature date of the *Initiation Notice*, and any rebuttal comments were due by July 20, 2017.[30] On July 7, 2017, the Department extended the deadline for comments on product characteristics to July 14, 2017 and rebuttal comments to July 24, 2017.[31] On July 14, 2017, the petitioners and various other interested parties in this investigation, and the companion

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[23] *See Antidumping Duties; Countervailing Duties: Final Rule*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).
[24] *See* Poole Scope Comments; *see also* Suominen Scope Comments; *see also* Consolidated Fibers Scope Comments.
[25] *See* Memorandum, "Extension of deadline to submit comments on the scope of the investigations," dated July 10, 2017. Because July 22, 2017, is a Saturday, the deadline for filing of rebuttal comments to the scope comments is no later than the close of business on Monday July 24, 2017.
[26] *See* Reliance's Letter, "Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam: Reliance Industries, Ltd.'s Comments Regarding the Scope of the Investigation," dated July 11, 2017 (Reliance Scope Comments).
[27] *See* Petitioner's Letter, "Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam – Petitioners' Scope Comments," dated July 12, 2017 (petitioners' Scope Comments).
[28] *See* Petitioner's Letter, "Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, and Taiwan – Petitioners' Rebuttal Comments to the Importers' Scope Exclusion Requests," dated July 24, 2017 (Petitioners' Rebuttal Scope Comments).
[29] *See Antidumping Duties; Countervailing Duties: Final Rule*, 62 FR 27296, 27323 (May 19, 1997).
[30] *See Initiation Notice*.
[31] *See* Memorandum, "Antidumping Duty Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam: Extension of Deadline to Submit Comments on Product Characteristics," dated July 7, 2017.

AD investigations for the PRC, India, Taiwan, and Vietnam, submitted comments to the Department regarding the physical characteristics of the merchandise under consideration to be used for reporting purposes.[32] On July 24, 2017, interested parties filed rebuttal comments.[33] Based on the comments received, the Department issued a memorandum to interested parties which contained the product characteristics for this and the companion AD investigations.[34]

On August 17, 2017, the petitioners submitted comments concerning the product matching hierarchy released by the Department.[35] The petitioners requested that the Department modify the product matching characteristics. Specifically, the petitioners advocated eliminating the first product matching characteristic "Fiber Loft" (or listing it as the last characteristic) and including "tenacity" as a product matching characteristic. The petitioners stated that "fiber loft" (which involves either a conjugate (bi-component) fiber or a single component (non-conjugate), crimped fiber) is only relevant to non-subject coarse denier PSF; as "conjugate" fine denier PSF is not produced in the United States and is not a commercially significant physical characteristic for fine denier PSF. The petitioners noted that non-subject coarse denier polyester fibers are primarily used for fill applications where loft is necessary to provide added filling capacity. However, the Department finds that record evidence shows conjugate fine denier PSF is relevant in the U.S. market. Furthermore, the Department finds that fiber loft is a commercially meaningful product characteristic because conjugate or non-conjugate characteristics deal with the fiber's fundamental structure.

Regarding tenacity, the petitioners stated that "{s}ubject products may be of low, mid, high or very high tenacity, representing the strength of the fibers"[36] and later noted that "{i}f the Department wishes to ensure reporting for different crimping levels, it should require "tenacity" to be reported as a matching variable within the control numbers."[37] However, the petitioners did not explain why it is important to consider different crimping levels. Based on the foregoing, the Department has made no changes or modifications to the product matching criteria.

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[32] *See* Petitioner's Letter, "Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, and Taiwan – Petitioner's Comments on the Hierarchy of Product Matching Characteristics," dated July 14, 2017; *see* Tainan Spinning Co., Ltd.'s Letter, "Comments on Product Characteristics," dated July 14, 2017.

[33] *See* Petitioner's Letter, "Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea and Taiwan – Petitioners' Rebuttal Comments to the Importers' Scope Exclusion Requests," dated July 24, 2017; *see* Jiangyin Hailun Chemical Fiber Co., Ltd.'s Letter, "Fine Denier Polyester Staple Fiber from The People's Republic of China, India, the Republic of Korea, and Taiwan - Rebuttal Product Matching Comments," dated July 24, 2017.

[34] *See* Memorandum, "Product Characteristics for Use in Sections B, C, and D Questionnaire Responses," dated August 11, 2017.

[35] *See* Petitioner's Letter, "Fine Denier Polyester Staple Fiber from India. the People's Republic of China. the Republic of Korea, and Taiwan - Petitioners' Request to Modify the Product Matching Criteria," dated August 17, 2017 (Petitioners' Product Matching Modification Request).

[36] *See* Petitioner's Letter, "Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, and Taiwan – Petitioner's Comments on the Hierarchy of Product Matching Characteristics," dated July 14, 2017.

[37] *See* Petitioner's Letter, "Fine Denier Polyester Staple Fiber form he People's Republic of China, India, the Republic of Korea, and Taiwan – Petitioners' Request to Modify the Product Matching Characteristics," dated August 17, 2017.

Reliance Industries, Ltd., a respondent in the AD investigation of fine denier PSF from India, and several importers argued to exclude from the scope short-cut, siliconized, certified post-consumer recycled, and/or dope dyed black fine denier PSF and polyester fiber fill. The petitioners requested that we broaden the scope exclusion for low-melt PSF because, as currently written, it does not exclude certain products within the scope of the ongoing low-melt PSF investigations. The petitioners also opposed interested parties' exclusion requests. For the reasons discussed in the Preliminary Scope Decision Memorandum, we have preliminarily revised the low-melt exclusion to avoid overlap of the scopes in the fine denier and low-melt PSF investigations, but we have not revised the scope to exclude any other products.[38]

VIII. DISCUSSION OF THE METHODOLOGY

Non-Market Economy Country

The Department considers the PRC to be a NME country.[39] 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 Department. Therefore, we continue to treat the PRC as an NME country for purposes of this preliminary determination.

Surrogate Country and Surrogate Values

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base normal value, in most circumstances, on the NME producer's factors of production (FOPs), valued in a surrogate market economy country or countries considered to be appropriate by the Department. Specifically, in accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, "to the extent possible, the prices or costs of {FOPs} in one or more market economy countries that are – (A) at a level of economic development comparable to that of the {NME} country; and (B) significant producers of comparable merchandise."[40] As a general rule, the Department selects a surrogate country that is at the same level of economic development as the NME unless it is determined that none of the countries are viable options because they either (a) are not significant producers of comparable merchandise, (b) do not provide sufficient reliable sources of publicly available surrogate value (SV) data, or (c) are not suitable for use based on other reasons. Surrogate countries that are not at the same level of economic development as the NME country, but still at a level of economic development comparable to the NME country, are selected only to the extent that data considerations outweigh the difference in levels of economic development. To determine which countries are at the same level of economic development of the NME country, the Department

[38] *See* Memorandum, "Fine Denier Polyester Staple Fiber from the People's Republic of China, India, Republic of Korea, and Taiwan, : Scope Comments Decision Memorandum for the Preliminary Determinations," dated December 8, 2017. (Preliminary Scope Decision Memorandum).
[39] *See Antidumping Duty Investigation of Certain Aluminum Foil from the People's Republic of China: Affirmative Preliminary Determination of Sales at Less-Than-Fair Value and Postponement of Final Determination*, 82 FR 50858, 50861 (November 2, 2017) and accompanying decision memorandum, *China's Status as a Non-Market Economy*.
[40] *See* Department Policy Bulletin No. 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin 04.1) available on the Department's website at http://enforcement.trade.gov/policy/bull04-1.html.

generally relies on per capita gross national income (GNI) data from the World Bank's World Development Report. Further, the Department normally values all FOPs in a single surrogate country.[41]

On August 24, 2017, the Department identified Brazil, Bulgaria, Mexico, Romania, South Africa, and Thailand as countries that are at the same level of economic development as the PRC based on per capita 2016 GNI data.[42] On the same date, the Department issued a letter to interested parties soliciting comments on the list of potential surrogate countries and the selection of the surrogate country, as well as providing deadlines for submitting SV information for consideration in the preliminary determination.[43]

On September 11, 2017, the respondents timely submitted comments on the proposed list of surrogate countries. Hailun and Huahong argued that Thailand is economically comparable to the PRC and a significant producer of comparable merchandise, and that quality data are publicly available for that country.[44] On September 21, 2017, the petitioners submitted rebuttal surrogate country comments, in which they argued that they could not evaluate the potential surrogate countries until the respondents had identified their FOPs.[45]

On October 10, 2017, the petitioners placed surrogate value information on the record in which they argued that Mexico is economically comparable to the PRC and a significant producer of comparable merchandise, and that quality data are publicly available for Mexico.[46] On the same day, Hailun and Huahong submitted surrogate value information for Thailand.[47] On October 27, 2017, the petitioners and the respondents placed rebuttal surrogate value information and comments on the record.[48] On November 20, 2017, the parties placed their final surrogate value

[41] *See* 19 CFR 351.408(c)(2).
[42] *See* Letter to All Interested Parties, "Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information," dated August 24, 2017 (Surrogate Country Letter), Attachment 1.
[43] *See* Surrogate Country Letter.
[44] *See* Letter from Hailun and Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Surrogate Country Comments," dated September 11, 2017.
[45] *See* Letter from the petitioners, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Petitioners' Rebuttal Comments on Surrogate Country Selection," dated September 21, 2017.
[46] *See* Letter from the petitioners, "Antidumping Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China – Petitioners' Initial Submission of Surrogate Values," dated October 10, 2017.
[47] *See* Letter from Hailun and Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Preliminary Surrogate Value Submission," dated October 10, 2017.
[48] *See* Letter from the petitioners, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Petitioners' Submission of Rebuttal Surrogate Value Information," dated October 27, 2017; Letter from Hailun and Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Rebuttal Preliminary Surrogate Value Submission," dated October 27, 2017; Letter from Hailun and Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Rebuttal Preliminary Surrogate Value Submission – Part II," dated October 27, 2017.

submissions on the record.[49] Finally, the parties all filed rebuttal surrogate value information and comments on the record on November 30, 2017.[50]

1. Economic Comparability

Section 773(c)(4) of the Act states that the Department "shall utilize, to the extent possible, the prices or costs of {FOPs} in one or more market economy countries that are… at a level of economic development comparable to that of the {NME} country." The applicable statute does not expressly define the phrase "level of economic development comparable" or what methodology the Department must use in evaluating this criterion. The U.S. Court of International Trade (CIT) has found the use of per capita GNI to be a "consistent, transparent, and objective metric to identify and compare a country's level of economic development" and "a reasonable interpretation of the statute."[51]

For this investigation, as noted above, the Department determines that Brazil, Bulgaria, Mexico, Romania, South Africa, and Thailand are countries at the same level of economic development as the PRC, based on per capita GNI.[52]

2. Significant Producer of Comparable Merchandise

Section 773(c)(4)(B) of the Act requires the Department, to the extent possible, to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor the Department's regulations provide further guidance on what may be considered comparable merchandise. To determine if the above-referenced countries are significant producers of comparable merchandise, the Department's practice is to examine which countries on the surrogate country list exported merchandise comparable to the merchandise under consideration. Information on the record indicates that both Mexico and Thailand were net exporters during the POI of such comparable merchandise.[53] Accordingly, we preliminarily find that Mexico and Thailand have met the significant producer of comparable merchandise prong of the surrogate country selection criteria.

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[49] *See* Letter from the petitioners, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Petitioners' Final Affirmative Surrogate Value Submission," dated November 20, 2017; Letter from Hailun and Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Final Surrogate Value Submission," dated November 20, 2017; Letter from Hailun and Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Final Surrogate Value Submission – Part II," dated November 20, 2017.

[50] *See* Letter from the petitioners, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Petitioners' Final Surrogate Value Rebuttal Submission," dated November 30, 2017; Letter from Hailun and Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Final Rebuttal Surrogate Value Submission," dated November 30, 2017; Letter from Hailun and Huahong, "Fine Denier Polyester Staple Fiber from the People's Republic of China – Final Rebuttal Surrogate Value Submission" (Part II), dated November 20, 2017.

[51] *See Jiaxing Brother Fastener Co. v. United States*, 961 F. Supp. 2d 1323, 1329 (CIT 2014).

[52] *See* Surrogate Country Letter, at Attachment 1.

[53] *See* the respondents' September 11, 2017 submission, at 1-2, and Exhibit 1.

3. *Data Availability*

When evaluating SV data, the Department considers several factors, including whether the SVs are publicly available, contemporaneous with the POI, representative of a broad market average, tax and duty-exclusive, and specific to the inputs being valued. There is no hierarchy among these criteria.[54] It is the Department's practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis.[55]

The petitioners placed surrogate value data on the record for Mexico and, for purified terephthalic acid (PTA), the major input in fine denier PSF, they placed data on the record for Brazil.[56] Both of the respondents placed data on the record for Thailand.[57] No parties argued that Brazil, Bulgaria, Romania, or South Africa should be selected as the surrogate country.

The Department preliminarily finds that the data for Thailand are the best available data for valuing the reported factors of production, except for PTA, because the record contains complete, publicly available, contemporaneous, and specific data for Thailand which represent a broad market average and are tax and duty exclusive for the majority of inputs used by the respondents to produce subject merchandise during the POI.[58] For PTA, we preliminarily find that the data for Brazil are the best available data for valuing this input, because the record contains complete, publicly available, contemporaneous, and specific data for this country which represent a broad market average and are tax and duty exclusive for the input during the POI.[59]

Although the record contains publicly available surrogate value data representing a broad market average and are tax and duty exclusive from Mexico, we preliminarily find that the consolidated financial statement for a Mexican producer of identical merchandise is not reflective of revenues and expenses incurred in Mexico because the company's production of PSF takes place in the United States and the production of other merchandise occurs outside of Mexico. With respect to the PTA input, the record shows that the surrogate value data from Thailand is not representative of a broad market average because it reflects an extremely low quantity of PTA imported by Thailand from only one country during the POI. For these reasons, we are selecting the data for Brazil for PTA as the best available data for valuing this input. We observe that the data for Brazil is based on substantial quantities of imports of PTA from multiple countries that far exceeds the import quantities of the other potential surrogate countries, which makes it representative of a broad market average. We thus find the data for Brazil are the best available data for valuing this input.

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[54] *See, e.g., Certain Preserved Mushrooms from the People's Republic of China: Final Results and Final Partial Rescission of the Sixth Administrative Review*, 71 FR 40477 (July 17, 2006), and accompanying Issues and Decision Memorandum at Comment 1.
[55] *See* Policy Bulletin 04.1.
[56] *See* the petitioners' October 10, 2017 submission; the petitioners' October 27, 2017 submission; the petitioners' November 20, 2017 submission.
[57] *See* the respondents' October 10, 2017 submission; the respondents' October 27, 2017 submission; the respondents' November 20, 2017 submission; the respondents' November 30, 2017 submission.
[58] *See* Memorandum to The File, "Less-Than-Fair-Value Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China: Surrogate Values for the Preliminary Determination," dated December 18, 2017 (Preliminary SV Memorandum).
[59] *Id*.

Based on the foregoing, we find that Thailand meets our criteria for a surrogate country given the completeness of the data, including financial statement data. We further find that Brazil also meets our criteria for surrogate country given that data for Brazil are the best available data for valuing PTA, the major input. Therefore, the Department preliminarily determines, pursuant to section 773(c)(4) of the Act, that it is appropriate to use both Thailand and Brazil as surrogate countries because they are both (1) at the same level of economic development as the PRC; (2) a significant producer of merchandise comparable to the merchandise under consideration; and (3) contains the best available data for valuing factors of production. An explanation of the SVs upon which the Department is preliminarily relying can be found in the "Normal Value" section of this memorandum.

Separate Rates

In proceedings involving NME countries, the Department maintains a rebuttable presumption that all companies within the country are subject to government control and, therefore, should be assessed a single weighted-average dumping margin.[60] The Department's policy is to assign all exporters of merchandise under consideration that are in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.[61] The Department analyzes whether each entity exporting the merchandise under consideration is sufficiently independent under a test established in *Sparklers*[62] and further developed in *Silicon Carbide*.[63] According to this separate rate test, the Department will assign a separate rate in NME proceedings if a respondent can demonstrate the absence of both *de jure* and *de facto* government control over its export activities. If, however, the Department determines that a company is wholly foreign-owned, then a separate rate analysis is not necessary to determine whether that company is independent from government control and eligible for a separate rate.

The Department continues to evaluate its practice regarding the separate rates analysis in light of the diamond sawblades from the PRC antidumping proceeding, and its determinations therein.[64] In particular, in litigation involving the diamond sawblades from the PRC proceeding, the CIT

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[60] *See, e.g., Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 55039, 55040 (September 24, 2008).
[61] *See Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588, 20589 (May 6, 1991) (*Sparklers*).
[62] *Id.*
[63] *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*).
[64] *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) (*Advanced Technology I*), affirmed in *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013), *aff'd* Case No. 2014-1154 (Fed. Cir. 2014) (*Advanced Technology II*). 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 Memo at 7, unchanged in *Diamond Sawblades and Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 35723 (June 24, 2014), and accompanying Issues and Decision Memorandum at Comment 1.

found the Department's existing separate rates analysis deficient in the circumstances of that case, in which a government-owned and controlled entity had significant ownership in the respondent exporter.[65] Following the Court's reasoning, in recent proceedings, we have concluded that where a government holds a majority ownership share, either directly or indirectly, in the respondent exporter, the majority holding in and of itself means that the government exercises, or has the potential to exercise, control over the company's operations generally.[66] This 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.

In the *Initiation Notice*, we stated that exporters and producers desiring a separate rate must submit an SRA and a Q&V response. We also stated that the deadline for submission of SRAs would be 30 days after publication of the notice, *i.e.*, July 27, 2017.[67] Between July 19, 2017, 2017 and July 27, 2017, 17 companies applied for separate rate status.[68] As explained in detail below, the Department preliminarily determines that 16 of these companies including Hailun; Huahong; Hangzhou Best Chemical Fiber Co., Ltd.; Cixi Jiangnan Chemical Fiber Co. Ltd.; Jiangsu Xinsu Chemical Fiber Co., Ltd.; Jiangyin Jinyan Chemical Fiber Co., Ltd.; Jiangyin Yangxi International Trade Co., Ltd.; Jinfuchun; Nanyang Textile Co., Ltd.; Ningbo Dafa; Tifo New Fibre; Unifi Textiles (Suzhou) Co., Ltd.; Yuyao Dafa; Zhangjiagang; Zhejiang Linan; and Zhengbang are eligible to receive a separate rate. As explained in detail below, the Department

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[65] *See, e.g., Advanced Technology I*, 885 F. Supp. 2d at 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-to-day 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).

[66] *See Carbon and Certain Alloy Steel Wire Rod From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Preliminary Affirmative Determination of Critical Circumstances, in Part*, 79 FR 53169 (September 8, 2014), and accompanying Preliminary Decision Memorandum at pages 5-9; unchanged in *Carbon and Certain Alloy Steel Wire Rod From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 79 FR 68860 (November 19, 2014).

[67] *See Initiation Notice, 82 FR at 29028.*

[68] The Department timely received SRAs from the following companies: (1) Hangzhou Best Chemical Fiber Co., Ltd., (2) Cixi Jiangnan Chemical Fiber Co. Ltd., (3) Jiangyin Hailun Chemical Fiber Co. Ltd., (4) Jiangyin Huahong Chemical Fiber Co., Ltd., (5) Jiangsu Huaxicun Co., Ltd., (6) Jiangsu Xinsu Chemical Fiber Co., Ltd., (7) Jiangyin Yangxi International Trade Co., Ltd., (8) Zhejiang Jinfuchun Industrial Co., Ltd., (9) Jiangyin Jinyan Chemical Fiber Co., Ltd., (10) Nanyang Textile Co., Ltd., (11) Ningbo Dafa Chemical Fiber Co. Ltd., (12) Zhaoqing Tifo New Fibre Co. Ltd., (13) Unifi Textiles (Suzhou) Co., Ltd., (14) Yuyao Dafa Chemical Fiber Co. Ltd., (15) Zhangjiagang City Hongtuo Chemical Fiber Co., Ltd., (16) Zhejiang Linan Foreign Trade Co., Ltd., and (17) Suzhou Zhengbang Chemical Fiber Co., Ltd.

also preliminarily determines that Jiangsu Huaxicun is not eligible for a separate rate, and is part of the PRC-wide entity.

Unifi Textiles (Suzhou) Co., Ltd. (UTSC) provided evidence that it is a wholly foreign-owned company.[69] Because UTSC is wholly foreign-owned, and we have no evidence indicating that this company is under the control of the PRC government, an analysis of the *de jure* and *de facto* criteria is not necessary to determine whether it is independent from government control. Accordingly, we preliminarily grant a separate rate to UTSC.

1. *Absence of* De Jure *Control*

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) legislative enactments decentralizing control over export activities of companies; and (3) other formal measures by the government decentralizing control over export activities of companies.[70]

The evidence provided by Hailun, Huahong, Hangzhou Best Chemical Fiber Co., Ltd., Cixi Jiangnan Chemical Fiber Co. Ltd., Jiangsu Xinsu Chemical Fiber Co., Ltd., Jiangyin Jinyan Chemical Fiber Co., Ltd., Jiangyin Yangxi International Trade Co., Ltd., Jinfuchun, Nanyang Textile Co., Ltd., Ningbo Dafa, Tifo New Fibre, Unifi Textiles (Suzhou) Co., Ltd., Yuyao Dafa, Zhangjiagang, Zhejiang Linan, and Zhengbang supports a preliminary finding of an absence of *de jure* government control for each of these companies based on the following: (1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) the existence of applicable legislative enactments decentralizing control over export activities of companies; and (3) the implementation of formal measures by the government decentralizing control over export activities of companies.[71]

[69] *See* Letter from Unifi Textiles (Suzhou) Co., Ltd., "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017.

[70] *See Sparklers*, 56 FR at 20589.

[71] *See* Letter from Hailun, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Huahong, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Hangzhou Best Chemical Fiber Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 21, 2017; *see also* Letter from Cixi Jiangnan Chemical Fiber Co. Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Jiangsu Xinsu Chemical Fiber Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Jiangyin Jinyan Chemical Fiber Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Jiangyin Yangxi International Trade Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Jinfuchun, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 19, 2017; *see also* Letter from Nanyang Textile Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 25, 2017; *see also* Letter from Ningbo Dafa, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Tifo New Fibre, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Unifi Textiles (Suzhou) Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27,

2. *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 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.[72] 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 separate rates.

The evidence provided by Hailun, Huahong, Hangzhou Best Chemical Fiber Co., Ltd., Cixi Jiangnan Chemical Fiber Co. Ltd., Jiangsu Xinsu Chemical Fiber Co., Ltd., Jiangyin Jinyan Chemical Fiber Co., Ltd., Jiangyin Yangxi International Trade Co., Ltd., Jinfuchun, Nanyang Textile Co., Ltd., Ningbo Dafa, Tifo New Fibre, Unifi Textiles (Suzhou) Co., Ltd., Yuyao Dafa, Zhangjiagang, Zhejiang Linan, and Zhengbang supports a preliminary finding of an absence of *de facto* government control based on record statements and supporting documentation showing that both companies: (1) set their own prices independent of the government and without the approval of a government authority; (2) have the authority to negotiate and sign contracts and other agreements; (3) maintain autonomy from the government in making decisions regarding the selection of management; and (4) retain the proceeds of their respective export sales and make independent decisions regarding the disposition of profits or financing of losses.[73]

2017; *see also* Letter from Yuyao Dafa, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Zhangjiagang, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 20, 2017; *see also* Letter from Zhejiang Linan, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Zhengbang, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 26, 2017.

[72] *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).

[73] *See* Letter from Hailun, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Huahong, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Hangzhou Best Chemical Fiber Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 21, 2017; *see also* Letter from Cixi Jiangnan Chemical Fiber Co. Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Jiangsu Xinsu Chemical Fiber Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Jiangyin Jinyan Chemical Fiber Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Jiangyin Yangxi International Trade Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Jinfuchun, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 19, 2017; *see also* Letter from Nanyang Textile Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 25, 2017; *see also* Letter from Ningbo Dafa, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see*

We preliminarily determine that the evidence placed on the record of this investigation by Hailun, Huahong, Hangzhou Best Chemical Fiber Co., Ltd., Cixi Jiangnan Chemical Fiber Co. Ltd., Jiangsu Xinsu Chemical Fiber Co., Ltd., Jiangyin Jinyan Chemical Fiber Co., Ltd., Jiangyin Yangxi International Trade Co., Ltd., Jinfuchun, Nanyang Textile Co., Ltd., Ningbo Dafa, Tifo New Fibre, Unifi Textiles (Suzhou) Co., Ltd., Yuyao Dafa, Zhangjiagang, Zhejiang Linan, and Zhengbang demonstrates an absence of *de jure* and *de facto* government control under the criteria identified in *Sparklers* and *Silicon Carbide*. Accordingly, the Department preliminarily grants separate rates to these companies.

3. *Companies Not Receiving a Separate Rate*

We preliminarily determine that Jiangsu Huaxicun failed to demonstrate an absence of *de facto* government control.[74] For this company, in terms of ultimate ownership, Jiangsu Huaxicun failed to provide the documentation necessary to confirm its autonomy from all levels of government entities (*e.g.*, capital verification reports, financial statements, *etc*.).[75]

Combination Rates

In the *Initiation Notice*, we stated we would calculate combination rates for respondents that are eligible for a separate rate in this investigation.[76] This practice is described in Policy Bulletin 05.1.[77]

Affiliation and Collapsing

We have considered the evidence on the record and preliminarily determine that affiliation exists with respect to the following companies during the POI: 1) Hailun; 2) Jiangyin Xinlun Chemical Fiber Co., Ltd. (Xinlun); 3) Jiangyin Yunlun Chemical Fiber Co., Ltd. (Yunlun); 4) Jiangyin Bolun Chemical Fiber Co., Ltd. (Bolun); 5) Jiangyin Fenghua Synthetic Fiber Co., Ltd. (Fenghua); 6) Jiangyin Huamei Special Fiber Co., Ltd. (Huamei); 7) Jiangyin Huasheng Polymerization Co., Ltd. (Huasheng); 8) Jiangyin Huayi Polymerization Co., Ltd. (Huayi); 9) Jiangyin Huaxing Synthetic Co., Ltd. (Huaxing); and 10) Jiangyin Xingsheng Plastic Co., Ltd. (Xingsheng). We also preliminarily determine that affiliation exists during the POI among:

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also Letter from Tifo New Fibre, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Unifi Textiles (Suzhou) Co., Ltd., entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Yuyao Dafa, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Zhangjiagang, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 20, 2017; *see also* Letter from Zhejiang Linan, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 27, 2017; *see also* Letter from Zhengbang, entitled "Fine Denier Polyester Staple Fiber from the People's Republic of China: Separate Rate Application," dated July 26, 2017.

[74] *See* Letter from Shanghai Shenhuo Aluminium Foil Co., Ltd., "Aluminum Foil from the People's Republic of China: Separate Rate Application," at Exhibit 4 and Exhibit 8.

[75] *See Sparklers*, 56 FR at 20589.

[76] *See Initiation Notice.*

[77] *See Policy Bulletin 05.1.*

Huahong, Jiangyin Huakai Polyester Co., Ltd. (Huakai), and Jiangyin Hongkai Chemical Fiber Co., Ltd. (Hongkai).

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;
> (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; or,
> (G) Any person who controls any other person and such other person.

The Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreement Act states the following:

> The traditional focus on control through stock ownership fails to address adequately modern business arrangements, which often find one firm 'operationally in a position to exercise restraint or direction' over another in the absence of an equity relationship. A company may be in a position to exercise restraint or direction, for example, through corporate or family groupings, franchise or joint venture agreements, debt financing, or close supplier relationships in which the supplier or buyer becomes reliant upon the other.[78]

Section 351.102(b)(3) of the Department's regulations defines affiliated persons and affiliated parties as having the same meaning as in section 771(33) of the Act. In determining whether control over another person exists, within the meaning of section 771(33) of the Act, the Department considers the following factors, among others: corporate or family groupings; franchise or joint venture agreements; debt financing; and close supplier relationships. The regulation directs the Department not to find that control exists on the basis of these factors unless the relationship has "the potential to impact decisions concerning the production, pricing, or cost of the subject merchandise or foreign like product." The regulation also directs the Department to consider the temporal aspect of a relationship in determining whether control exists; normally, temporary circumstances will not suffice as evidence of control.

Section 351.401(f) of the Department's regulations, which outlines the criteria for treating affiliated producers as a single entity for purposes of antidumping proceedings, states the following:

[78] *See* SAA, H.R. Doc. No. 316, Vol. 1, 103d Cong., 2d Sess. (1994) at 838.

> (1) In general. In an antidumping proceeding under this part, the Secretary will treat two or more affiliated producers as a single entity where those producers have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities and the Secretary concludes that there is a significant potential for the manipulation of price or production.
> (2) Significant potential for manipulation, in identifying a significant potential for the manipulation of price or production, the factors the Secretary may consider include:
> (i) The level of common ownership;
> (ii) The extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and
> (iii) Whether operations 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.[79]

Based on the evidence on the record, we preliminarily find that Hailun, Huasheng, Huayi, Fenghua, Xinlun, Bolun, Yunlun, Huamei, Huaxing, and Xingsheng are affiliated with each other pursuant to sections 771(33) (F) of the Act.[80] Furthermore, we have preliminarily treated the affiliated companies as a single entity, pursuant to 19 CFR 351.401(f), because 1) Hailun and its above affiliates that produce fine denier PSF have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities; and 2) there is a significant potential for the manipulation of price or production between all ten affiliates due the level of common ownership between them, the common management of the companies, and the intertwined operations of the companies through involvement in production and pricing decisions.[81]

In addition, we preliminarily find that Huahong, Huakai, and Hongkai are affiliated with each other pursuant to sections 771(33)(A), (E), (F), and (G) the Act.[82] Furthermore, we have preliminarily treated these three affiliated companies as a single entity, pursuant to 19 CFR 351.401(f), because record evidence shows that Huahong and the affiliates have production facilities for similar or identical products that would not require substantial retooling in order to restructure manufacturing priorities and there is a significant potential for the manipulation of price and/or production between all three companies because of the level of common ownership between them, the overlap of management between the companies, and the intertwined operations of the companies through potential involvement in production and pricing decisions.[83]

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[79] *See* 19 CFR 351.401(f).
[80] *See* Memorandum, "Less-Than-Fair-Value Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China: Affiliation and Collapsing Status for Jiangyin Hailun Chemical Fiber Co. Ltd.," dated December 18, 2017 (Hailun Collapsing Memorandum), 2-4.
[81] *See* Hailun Collapsing Memorandum at 4-8.
[82] *See* Memorandum, "Less-Than-Fair-Value Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China: Affiliation and Collapsing Memorandum for Jiangyin Huahong Chemical Fiber Co., Ltd., Jiangyin Huakai Polyester Co., Ltd., and Jiangyin Hongkai Chemical Fiber Co., Ltd.," dated December 18, 2017 (Huahong Collapsing Memorandum), 2-4.
[83] *See* Huahong Collapsing Memorandum at 4-9.

The PRC-Wide Entity

The record indicates there are PRC exporters and/or producers of the merchandise under consideration during the POI that did not respond to the Department's requests for information. Specifically, the Department did not receive timely responses to its Q&V questionnaire or SRAs from five PRC exporters and/or producers of merchandise under consideration that were named in the Petition and to whom the Department issued Q&V questionnaires.[84] Because non-responsive PRC companies have not demonstrated that they are eligible for separate-rate status, the Department considers them to be part of the PRC-wide entity. Furthermore, as explained below, we are preliminarily determining the PRC-wide rate on the basis of adverse facts available (AFA).

Application of Facts Available and Adverse Inferences

Section 776(a)(1) and (2) of the Act provides that, if necessary information is missing from the record, or if an interested party: (A) withholds information that has been requested by the Department, (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act, (C) significantly impedes a proceeding under the antidumping statute, or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party an opportunity to remedy or explain the deficiency. If the party fails to remedy or satisfactorily explain the deficiency within the applicable time limits, subject to section 782(e) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate.

On June 29, 2015, the President of the United States signed into law the Trade Preferences Extension Act of 2015 (TPEA), which made numerous amendments to the antidumping and CVD law, including amendments to section 776(b) and 776(c) of the Act and the addition of section 776(d) of the Act.[85] The amendments to section 776 of the Act are applicable to all determinations made on or after August 6, 2015, and, therefore, apply to this investigation.[86]

Section 776(b) of the Act provides that the Department may use an adverse inference in applying the facts otherwise available when a party fails to cooperate by not acting to the best of its ability

[84] *See* Respondent Selection Memorandum at 1-2.
[85] *See* Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (June 29, 2015) (TPEA). The 2015 law does not specify dates of application for those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced the applicability dates for each amendment to the Act, except for amendments contained to section 771(7) of the Act, which relate to determinations of material injury by the ITC. *See Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793 (August 6, 2015) (*Applicability Notice*).
[86] *See Applicability Notice*, 80 FR at 46794-95. The 2015 amendments may be found at https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl.

to comply with a request for information. In doing so, and under the TPEA, the Department is not required to determine, or make any adjustments to, a weighted-average dumping margin based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information. Further, section 776(b)(2) states that an adverse inference may include reliance on information derived from the petition, the final determination from the LTFV investigation, a previous administrative review, or other information placed on the record.[87]

When using facts otherwise available, section 776(c) of the Act provides that, where the Department relies on secondary information (such as the Petition) rather than information obtained in the course of an investigation, it must corroborate, to the extent practicable, information from independent sources that are reasonably at its disposal. Secondary information is defined as information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise.[88] The SAA clarifies that "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value,[89] although under the TPEA, the Department is not required to corroborate any dumping margin applied in a separate segment of the same proceeding.[90] To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used, although under the TPEA, the Department is not required to estimate what the dumping margin would have been if the interested party failing to cooperate had cooperated or to demonstrate that the dumping margin reflects an "alleged commercial reality" of the interested party.[91]

Under section 776(d) of the Act, the Department may use any dumping margin from any segment of a proceeding under an antidumping order when applying an adverse inference, including the highest of such margins. The TPEA also makes clear that when selecting an AFA margin, the Department is not required to estimate what the dumping margin would have been if the interested party failing to cooperate had cooperated or to demonstrate that the dumping margin reflects an "alleged commercial reality" of the interested party.

1. Use of Facts Available

We issued our request for Q&V information to 20 potential PRC producers/exporters of fine denier PSF named in the Petition. We received 15 timely filed Q&V responses from these

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[87] *See also* 19 CFR 351.308(c).
[88] *See* SAA at 870.
[89] *Id.*; *see also* 19 CFR 351.308(d).
[90] *See* section 776(c)(2) of the Act; TPEA, section 502(2).
[91] *See, e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

companies.[92] Thus, although producers/exporters named in the Petition were given an opportunity to provide Q&V information, not all producers/exporters did so.

The Department preliminarily finds that the PRC-wide entity, which includes the PRC exporters and/or producers that did not respond to the Department's requests for information, failed to provide necessary information and, therefore, necessary information is not available on the record, withheld information requested by the Department, and significantly impeded this proceeding by not submitting the requested information. Moreover, where certain PRC exporters and/or producers did not respond to the Department's Q&V questionnaire, section 782(d) of the Act is inapplicable. Accordingly, the Department preliminarily determines that use of facts available is warranted in determining the rate of the PRC-wide entity, pursuant to sections 776(a)(1), (a)(2)(A) and (a)(2)(C) of the Act.[93]

2. Application of Facts Available with an Adverse Inference

Section 776(b) of the Act provides that the Department, in selecting from among the facts otherwise available, may use an inference that is adverse to the interests of a party if that party has failed to cooperate by not acting to the best of its ability to comply with a request for information. The Department finds that the PRC-wide entity's failure to respond to the Department's Q&V questionnaire constitutes circumstances under which it is reasonable to conclude that the PRC-wide entity has failed to cooperate by not acting to the best of its ability to comply with the Department's request for information.[94]

Moreover, the PRC-wide entity failed to file documents indicating that it was having difficulty providing the information, nor did it request to submit the information in an alternate form. Therefore, we preliminarily find that an adverse inference is warranted in selecting from the facts otherwise available with respect to the PRC-wide entity in accordance with section 776(b) of the Act and 19 CFR 351.308(a).[95]

3. Selection and Corroboration of the AFA Rate

To determine the appropriate rate for the PRC-wide entity based on AFA, the Department first examined whether the highest petition margin was less than or equal to the highest calculated margin, and determined that the highest calculated margin of 181.46 percent was the higher of the two. Because this rate was a calculated rate, based on a mandatory respondent's data in this segment of the proceeding, it does not constitute secondary information and, therefore, there is no need to corroborate it. Thus, for the preliminary determination, as adverse facts available, we

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[92] *See* Respondent Selection Memorandum at 1-2.
the People's Republic of China: Respondent Selection," dated May 22, 2017.
[93] *See, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen Fish Fillets From the Socialist Republic of Vietnam*, 68 FR 4986, 4991 (January 31, 2003), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003).
[94] *Id.*
[95] *See Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382-83 (Fed. Cir. 2003).

have assigned to the PRC-wide entity a dumping margin of 181.46 percent, which is the highest calculated rate.

Date of Sale

In identifying the date of sale of the merchandise under consideration, the Department will normally, in accordance with 19 CFR 351.401(i), "use the date of invoice, as recorded in the exporter or producer's records kept in the normal course of business" unless a different date better reflects the date on which the material terms of sale (*e.g.*, price and quantity) are established.[96] The Department has a long-standing practice of finding that, where shipment date precedes invoice date, shipment date better reflects the date on which the material terms of sale are established.[97]

For Hailun, we preliminarily determine that the date of sale is the earlier of invoice date or shipment date, in accordance with the Department's regulation and practice.[98] For Huahong, we preliminarily determine that the invoice date best reflects the date on which the material terms of sale are established and, thus, the date of sale is invoice date for this company.[99]

Comparisons to Fair Value

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

1. *Export Price/Constructed Export Price*

Both Hailun and Huahong reported U.S. sales during the POI that were export price sales in accordance with section 772(a) of the Act. Section 772(a) of the Act defines EP as "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...." Huahong also reported CEP sales, made through a U.S. affiliate. For sales reported as export price sales by Hailun and Huahong, we used the export price methodology, in accordance with section 772(a) of the Act, because the merchandise under

[96] *See, e.g., Notice of Final Determinations of Sales at Less Than Fair Value; Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products from Turkey*, 65 FR 15123 (March 21, 2000), and accompanying Issues and Decision Memorandum at Comment 1.
[97] *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand,* 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10; *see also Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams From Germany, 67 FR 35497* (May 20, 2002), and accompanying Issues and Decision Memorandum at Comment 2.
[98] *See* Hailun Preliminary Analysis Memorandum.
[99] *See* Huahong Preliminary Analysis Memorandum.

consideration was first sold by the producer/exporter outside of the United States directly to the first unaffiliated purchaser in the United States prior to importation, and because the CEP methodology was not otherwise warranted. For sales reported as CEP sales, we used the CEP methodology, in accordance with section 772(b) of the Act, because the subject merchandise was sold in the United States by a U.S. seller affiliated with the producer, and because EP methodology was not otherwise warranted. Where appropriate, we made deductions from the starting price (gross unit price) for foreign movement expenses, international movement expenses, and U.S. movement expenses, in accordance with section 772(c)(2)(A) of the Act. We based movement expenses on SVs if the expense was paid to an NME company in Chinese renminbi.[100]

2. *Value-Added Tax (VAT)*

In 2012, the Department announced a change of methodology with respect to the calculation of export price and CEP to include an adjustment of any irrecoverable VAT in certain NME countries in accordance with section 772(c)(2)(B) of the Act.[101] The Department explained that when an NME government imposes an export tax, duty, or other charge on subject merchandise, or on inputs used to produce subject merchandise, from which the respondent was not exempted, the Department will reduce the respondent's export price and CEP prices accordingly, by the amount of the tax, duty or charge paid, but not rebated.[102] Where the irrecoverable VAT is a fixed percentage of export price or CEP, the Department explained that the final step in arriving at a tax neutral dumping comparison is to reduce the U.S. export price or CEP downward by this same percentage.[103]

The Department's methodology, as explained above and as would be applied in this investigation if applicable, incorporates two basic steps: (1) determine the irrecoverable VAT on subject merchandise, and (2) reduce U.S. price by the amount determined in step one. Information placed on the record of this investigation by Hailun and Huahong indicates that according to the PRC VAT schedule, the standard VAT levy is 17 percent and the rebate rate for the merchandise under consideration is 17 percent.[104] Because there was no irrecoverable VAT for either company, we made no adjustment for VAT to the U.S. price.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine normal value using the FOP methodology if the merchandise is exported from an NME and the information does not

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[100] For details regarding the SVs used for movement expenses, *see* Memorandum, "Surrogate Values Used in the Preliminary Determination of the Antidumping Duty Investigation of Fine Denier Polyester Staple Fiber from the People's Republic of China," dated December 18, 2017 (Preliminary SV Memorandum).
[101] *See Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings*, 77 FR 36481 (June 19, 2012).
[102] *Id.; see also Chlorinated Isocyanurates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 4875 (January 30, 2014), and accompanying Issues and Decision Memorandum at Comment 5.A.
[103] *Id*.
[104] *See* Hailun Section C Response, at C-33–C-35 and Exhibit C-4-C-6; *see also* Huahong's Section C Response, at 36 and Exhibit C-2-C-4.

permit the calculation of normal value using home market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases normal value on FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under the Department's normal methodologies.[105] Therefore, in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c), the Department calculated normal value based on FOPs. 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.[106]

Factor Valuation Methodology

In accordance with section 773(c) of the Act, the Department calculated normal value based on FOP data reported by Hailun and Huahong. To calculate normal value, the Department multiplied the reported per-unit factor-consumption rates by publicly available SVs. When selecting the SVs, the Department considered, among other factors, the quality, specificity, and contemporaneity of the data.[107] As appropriate, the Department adjusted input prices by including freight costs to make them delivered prices. 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.[108] A detailed description of SVs used for the respondent can be found in the Preliminary SV Memorandum.[109]

For the preliminary determination, the Department is using Thai and Brazilian import data, as published by the *Global Trade Atlas* (*GTA*), and other publicly available sources from Thailand to calculate SVs for the respondents' FOPs. In accordance with section 773(c)(1) of the Act, the Department applied the best available information for valuing FOPs by selecting, to the extent practicable, SVs that are (1) non-export average values, (2) contemporaneous with, or closest in time to, the POI, (3) product-specific, and (4) tax-exclusive.[110] The record shows that Thai and Brazilian import data obtained through *GTA*, as well as data from other Thai sources, are broad market averages, product-specific, tax-exclusive, and generally contemporaneous with the

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[105] *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).
[106] *See* section 773(c)(3)(A)-(D) of the Act.
[107] *See, e.g., Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 40485 (July 15, 2008), and accompanying Issues and Decision Memorandum at Comment 9.
[108] *See Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).
[109] *See* Preliminary SV Memorandum.
[110] *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).

POI.[111] The *GTA* SVs based on imports from Thailand were reported on a CIF basis, however, as imports from Brazil are reported on a FOB basis, the *GTA* SV that we based on imports from Brazil has been converted from FOB to CIF.

The Department continues to apply its long-standing practice of disregarding SVs if it has a reason to believe or suspect the source data may be dumped or subsidized.[112] In this regard, the Department has previously found that it is appropriate to disregard such prices from India, Indonesia, and South Korea because we have determined that these countries maintain broadly available, non-industry specific export subsidies.[113] 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 POI, the Department finds that it is reasonable to infer that all exporters from India, Indonesia, and South Korea may have benefitted from these subsidies. Therefore, the Department has not used prices from those countries in calculating Thai import-based SVs or the Brazilian import-based SV.

Additionally, the Department disregarded data from NME countries when calculating import-based per-unit SVs.[114] The Department also excluded from the calculation of Thai or Brazilian import-based per-unit SV imports labeled as originating from an "unidentified" country because the Department could not be certain that these imports were not from either an NME country or a country with generally available export subsidies.[115]

Pursuant to 19 CFR 351.408(c)(1), where a factor is produced in one or more market economy countries, purchased from one or more market economy suppliers and paid for in a market economy currency, the Department normally will use the prices paid to the market economy suppliers if substantially all (*i.e.*, 85 percent or more) of the total volume of the factor is purchased from the market economy suppliers. In those instances where less than substantially all of the total volume of the factor is produced in one or more market economy countries and purchased from one or more market economy suppliers, the Department will weight-average the

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[111] *See* Preliminary SV Memorandum.

[112] *See* Section 505 of the Trade Preferences Extension Act of 2015, Pub. Law 114-27 (June 29, 2015) (amending Section 773(c)(5) of the Act to permit 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).

[113] *See, e.g.*, *Certain Frozen Warmwater Shrimp From India: Final Results of Antidumping Duty Administrative Review and Final No Shipment Determination; 2011-2012*, 78 FR 42492 (July 16, 2013), and accompanying Issues and Decision Memorandum at 7-19; *see also Certain Lined Paper Products From Indonesia: Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 76 FR 73592 (November 29, 2011), and accompanying Issues and Decision Memorandum at 1; s*ee also Cut-to-Length Carbon-Quality Steel Plate From the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 46770 (August 11, 2014), and accompanying Issues and Decision Memorandum at 4; *see also Certain Frozen Warmwater Shrimp From Thailand: Final Negative Countervailing Duty Determination*, 78 FR 50379 (August 19, 2013), and accompanying Issues and Decision Memorandum at IV.

[114] *See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Chlorinated Isocyanurates From the People's Republic of China*, 69 FR 75294, 75301 (December 16, 2004), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates From the People's Republic of China*, 70 FR 24502 (May 10, 2005).

[115] *Id*.

actual prices paid for the market economy portion and the SV for the NME portion by their respective quantities.[116] For Hailun, we weight-averaged the prices paid for market-economy purchases of one input and the SV for the NME portion of that input to obtain the combined SV for the input.

The Department used import statistics for Thailand and Brazil from *GTA* to value raw materials, by-products, packing materials, and certain energy inputs.

In NME antidumping proceedings, the Department prefers to value labor solely based on data from the surrogate country.[117] In *Labor Methodologies*, the Department determined that the best methodology to value labor is to use industry-specific labor rates from the surrogate country. Additionally, we determined that best data source for industry-specific labor rate is manufacturing labor rates from the Government of Thailand's National Statistical Office (NSO).[118] In this investigation, we find that the NSO data on the record from Thailand are the best available information for valuing labor for this investigation because they are specific to manufacturing and represent the closest labor valuation to the industry in question from the surrogate country.[119]

We used the electricity rates from the 2016 annual report of the Electricity Generating Authority of Thailand to value electricity. We used rates for water usage from the Metropolitan Waterworks Authority to value water. We valued inland freight by truck and river using data published in *Doing Business in Thailand 2017* by the World Bank and used a calculation methodology based on a 20-foot container weighing 15,000 kilograms.[120]

Additionally, we valued brokerage and handling expenses from *Doing Business in Thailand 2017* using a price list of export procedures necessary to export a standardized cargo of goods in Thailand. This is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport from Thailand.[121] The reported prices were contemporaneous with the POI.

The Department's criteria for choosing surrogate financial statements from which we derive the financial ratios are the availability of contemporaneous financial statements, comparability to the respondent's experience, and publicly available information.[122] Moreover, for valuing factory overhead, selling, general, and administrative (SG&A) expenses and profit, the Department normally will use non-proprietary information gathered from producers of identical or

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[116] *See Use of Market Economy Input Prices in Nonmarket Economy Proceedings; Final Rule*, 78 FR 46799 (August 2, 2013).

[117] *See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) (*Labor Methodologies*).

[118] *See* Preliminary SV Memorandum.

[119] *See* Preliminary SV Memorandum.

[120] *Id*.

[121] *Id.*

[122] *See, e.g.*, *Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates from the People's Republic of China*, 70 FR 24502 (May 10, 2005), and accompanying Issues and Decision Memorandum at Comment 3.

comparable merchandise in the surrogate country.[123] In addition, the CIT has held that in the selection of surrogate producers, the Department may consider how closely the surrogate producers approximate the NME producer's experience.[124] To value factory overhead, SG&A expenses, and profit, the Department used the 2016 financial statements on the record for Teijin (Thailand) Co. Ltd., which are publicly available, contemporaneous, and are comparable to the respondents' experience as this company produces merchandise comparable to the merchandise under consideration.[125]

Determination of the Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates weighted-average dumping margins by comparing weighted-average normal values to weighted-average export prices (or CEPs) (*i.e.*, the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, the Department examines whether to compare weighted-average normal values with the export prices (or CEPs) of individual sales (*i.e.*, the average-to-transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(l)(B) of the Act.

The Department applied a "differential pricing" analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(l)(B) of the Act.[126] The Department finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this investigation. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating a respondent's weighted-average dumping margin.

The differential pricing analysis used in this preliminary determination requires a finding of a pattern of export prices (or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group

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[123] *See, e.g.*, *Diamond Sawblades and Parts Thereof from the People's Republic of China, Final Determination in the Antidumping Duty Investigation*, 71 FR 29303 (May 22, 2006), and accompanying Issues and Decision Memorandum at Comment 2; *see also* section 773(c)(4) of the Act; 19 CFR 351.408(c)(4).
[124] *See Rhodia, Inc. v. United States*, 240 F. Supp. 2d 1247, 1253-54 (CIT 2002); *see also Persulfates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 70 FR 6836 (February 9, 2005), and accompanying Issues and Decision Memorandum at Comment 1
[125] *See* Preliminary SV Memorandum.
[126] *See, e.g.*, *Xanthan Gum from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013); *Steel Concrete Reinforcing Bar from Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014); or *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

definitions for purchasers, regions, time periods, and comparable merchandise. For Hailun amd Huahong, purchasers are based on the reported customer codes.[127] Regions are defined using the reported destination code *(i.e.*, zip code) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POI based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region and time period, that the Department uses in making comparisons between export price (or CEP) and normal value for the individual dumping margins.

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

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen's *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen's *d* test. If 33 percent or less of the value of total sales passes the Cohen's *d* test, then the results of the Cohen's *d* test do not support consideration of an alternative to the average-to-average method.

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, the

[127] *See* Hailun Preliminary Analysis Memorandum; *see also* Huahong Preliminary Analysis Memorandum.

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

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

For Hailun, based on the results of the differential pricing analysis, the Department preliminarily finds that 99.5 percent of the value of U.S. sales pass the Cohen's *d* test,[128] and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily determines that there is no meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to all U.S. sales. Thus, for this preliminary determination, the Department is applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Hailun.

For Huahong, based on the results of the differential pricing analysis, the Department preliminarily finds that 88.0 percent of the value of U.S. sales pass the Cohen's *d* test,[129] and does not confirm the existence of a pattern of prices that differ significantly among purchasers, regions or time periods. Thus, the results of the Cohen's *d* and ratio tests do not support consideration of an alternative to the average-to-average method. Accordingly, the Department preliminarily determines to apply the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Huahong.

IX. CURRENCY CONVERSION

We made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act and 19 CFR 351.415, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

[128] *See* Hailun Preliminary Analysis Memorandum.
[129] *See* Huahong Preliminary Analysis Memorandum.

X. ADJUSTMENT UNDER SECTION 777A(f) OF THE ACT

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 normal value determined pursuant to section 773(c) of the Act, has increased the weighted-average dumping margin for the class or kind of merchandise.[130] For a subsidy meeting these criteria, the statute requires the Department to reduce the antidumping cash deposit rate by the estimated amount of the increase in the weighted-average dumping margin subject to a specified cap.[131]

Since the Department has relatively recently started conducting an analysis under section 777A(f) of the Act, the Department is continuing to refine its practice in applying this section of the law. The Department has issued questionnaires to Hailun and Huahong and, upon receipt of their questionnaire responses, will examine whether Hailun and Huahong demonstrated: (1) a subsidies-to-cost link, *e.g.*, subsidy impact on cost of manufacture (COM); and (2) a cost-to-price link, *e.g.*, respondent's prices changed as a result of changes in the COM.

XI. ADJUSTMENTS FOR COUNTERVAILABLE EXPORT SUBSIDIES

In antidumping investigations, where there is a concurrent countervailing duty (CVD) investigation, it is the Department's normal practice to calculate the cash deposit rate for each respondent by adjusting the respondent's weighted-average dumping margin to account for export subsidies found for each respective respondent in the concurrent countervailing duty investigation. Doing so is in accordance with section 772(c)(1)(C) of the Act, which states that U.S. price "shall be increased by the amount of any countervailing duty imposed on the subject merchandise… to offset an export subsidy."[132] The Department determined in the preliminary determination of the companion CVD investigation that Hailun and Huahong benefitted from an export subsidy. For Hailun, we find that an export subsidy adjustment of 10.54 percent to the cash deposit rate is warranted.[133] For Huahong, we find that an export subsidy adjustment of 10.60 percent to the cash deposit rate is warranted.[134] With respect to the separate rate companies, we find that an export subsidy adjustment of 10.57 percent to the cash deposit rate is warranted because this is the export subsidy rate included in the CVD all-others rate, to which the separate rate companies are subject in the companion CVD proceeding.[135] For the PRC-wide

[132] *See Carbazole Violet Pigment 23 from India: Final Results of Antidumping Duty Administrative Review*, 75 FR 38076, 38077 (July 1, 2010), and accompanying Issues and Decision Memorandum at Comment 1.
[132] *See Carbazole Violet Pigment 23 from India: Final Results of Antidumping Duty Administrative Review*, 75 FR 38076, 38077 (July 1, 2010), and accompanying Issues and Decision Memorandum at Comment 1.
[132] *See Carbazole Violet Pigment 23 from India: Final Results of Antidumping Duty Administrative Review*, 75 FR 38076, 38077 (July 1, 2010), and accompanying Issues and Decision Memorandum at Comment 1.
[133] *See* Hailun Preliminary Analysis Memorandum.
[134] *See* Huahong Preliminary Analysis Memorandum.
[135] *See Certain Aluminum Foil from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 82 FR 37845 (August 14, 2017) (*Aluminum Foil CVD Preliminary Determination*), and accompanying Preliminary Decision Memorandum. We note that 10.57 percent is a simple average of the two

entity, which preliminarily received an AFA margin, as an extension of the adverse inference found necessary pursuant to section 776(b) of the Act, the Department has adjusted the PRC-wide entity's antidumping cash deposit rate by the lowest export subsidy rate determined for any party in the companion CVD proceeding.[136] That rate is 10.54 percent.[137]

XII. DISCLOSURE AND PUBLIC COMMENT

The Department intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of its public announcement.[138] Case briefs may be submitted to Enforcement and Compliance's antidumping and CVD Centralized Electronic Service System (ACCESS) no later than seven days after the date on which the final verification report is issued in this proceeding. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.[139]

Parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.[140] This summary should be limited to five pages total, including footnotes.

Interested parties who wish to request a hearing must do so in writing within 30 days after the publication of this preliminary determination in the *Federal Register*.[141] Requests should contain the party's name, address, and telephone number; the number of participants; and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, at a date, time, and location to be determined. Parties will be notified of the date, time, and location of any hearing.

Parties must file their case and rebuttal briefs, and any requests for a hearing, electronically using ACCESS.[142] Electronically-filed documents must be received successfully in their entirety by 5:00 p.m. Eastern Time on the due dates established above.[143]

XIII. VERIFICATION

As provided in section 782(i)(1) of the Act, we intend to verify the information submitted by Hailun and Huahong in response to the Department's questionnaires.

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export subsidies for the mandatory respondents, 10.54 percent and 10.60 percent.

[136] *See, e.g., Certain 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 Issues and Decision Memorandum at 35.

[137] *See Aluminum Foil CVD Preliminary Determination*, 82 FR at 37844-37846.

[138] *See* 19 CFR 351.224(b).

[139] *See* 19 CFR 351.309.

[140] *See* 19 CFR 351.309(c)(2) and (d)(2).

[141] *See* 19 CFR 351.310(c).

[142] *See* 19 CFR 351.303(b)(2)(i).

[143] *See* 19 CFR 351.303(b)(1).

XIV. CONCLUSION

We recommend applying the above methodology for this preliminary determination.

☒ ☐

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Agree Disagree

12/18/2017

X 

Signed by: GARY TAVERMAN