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

A-570-601
Administrative Review
POR: 6/1/2016 – 5/31/2017
Public Document
Office II: AW

July 3, 2018

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

FROM: Wendy J. Frankel
Director, U.S. Customs and Border Protection Liaison Unit
Antidumping and Countervailing Duty Operations
Enforcement and Compliance

SUBJECT: Decision Memorandum for the Preliminary Results of the 2016-2017 Antidumping Duty Administrative Review of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China

---

SUMMARY

In response to requests from interested parties, the Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on tapered roller bearings and parts thereof, finished and unfinished (TRBs), from the People's Republic of China (China) for the period of review (POR) June 1, 2016, through May 31, 2017. We preliminarily find that sales of the subject merchandise have been made at prices below normal value (NV) for one of the mandatory respondents in this review, GGB Bearing Technology (Suzhou) Co., Ltd. (GGB), as well for six companies not selected for individual examination.[1]

We also preliminarily find that 12 companies, including the other mandatory respondent, Luoyang Bearing Corp. Group (Luoyang), did not qualify for a separate rate,[2] and, therefore, we

[1] These companies are: CNH Industrial Italia SpA (CNH); GSP Automotive Group Wenzhou Co. Ltd. (GSP); Hangzhou Hanji Auto Parts Co., Ltd. (Hanji Auto Parts); Hangzhou Radical Energy-Saving Technology Co., Ltd (Hangzhou Radical); Ningbo Xinglun Bearings Import & Export Co., Ltd. (Xinglun Bearings); and Zhejiang Sihe Machine Co., Ltd. (Sihe Machine).

[2] These companies are: Apex Maritime Shanghai Co., Ltd. (Apex); Crossroads Global Trading Co., Ltd. (Crossroads Global); Honour Lane Shipping Ltd. (Honor Lane); Kinetsu World Express China Co., Ltd. (World Express); Pacific Link Intl Freight Forwarding Co., Ltd. (Pacific Link); Shanghai Dizhao Industrial Trading Co., Ltd. (Dizhao Industrial); Thi Group Shanghai Ltd. (Thi Group); Weifang Haoxin-Conmet Mechanical Products Co., Ltd. (Weifang Mechanical); Yantai Huilong Machinery Parts Co., Ltd. (Yantai Machinery); Zhejiang Machinery

INTERNATIONAL TRADE ADMINISTRATION

preliminarily find these companies to be part of the China-wide entity. Additionally, one company, Hangzhou Xiaoshan Dingli Machinery Co., Ltd. (Dingli), did not have a suspended entry during the POR; therefore, we are preliminarily rescinding the review with respect to Dingli.

Background

On June 15, 1987, Commerce published in the *Federal Register* the antidumping duty order on TRBs from China.[3] On June 7, 2017, Commerce published in the *Federal Register* a notice of opportunity to request an administrative review of the AD order on TRBs from China for the period of June 1, 2016, through May 31, 2017.[4] In June 2017, Commerce received timely requests from interested parties, pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.213(b)(1), (2) and (3) to conduct an administrative review of the AD order on TRBs from China.

In August 2017, Commerce published a notice of initiation of administrative review with respect to 24 companies.[5] In the *Initiation Notice*, Commerce indicated that, in the event that we limited the number of respondents selected for individual examination in accordance with section 777A(c)(2) of the Act, we would select mandatory respondents for individual examination based upon U.S. Customs and Border Protection entry data.[6]

Also in August 2017, after considering the large number of potential respondents involved in this administrative review, and the resources available to Commerce, we determined that it was not practicable to examine all exporters of subject merchandise for which an administrative review was initiated.[7] As a result, pursuant to section 777A(c)(2)(B) of the Act, we determined that we could reasonably individually examine the two exporters accounting for the largest volume of entries of TRBs from China during the POR. These companies were CPZ/SKF and Luoyang. Accordingly, we issued the non-market economy (NME) AD questionnaire to each of these two companies.

Import & Export Corp. (Zhejiang Machinery); and Zhejiang Zhaofeng Mechanical & Electronic Co., Ltd (Zhaofeng).

[3] *See Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China: Notice of Antidumping Duty Order*, 52 FR 22667 (June 15, 1987).

[4] *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation: Opportunity to Request Administrative Review*, 82 FR 26441 (June 7, 2017).

[5] *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 35749 (August 1, 2017) (*Initiation Notice*), as corrected by *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 42974 (September 13, 2017). The 24 companies listed in the *Initiation Notice* are: 1) Apex, 2) Changshan Peer Bearing Co., Ltd. (CPZ/SKF), 3) CNH, 4) Crossroads Global, 5) Dingli, 6) Dizhao Industrial, 7) GGB, 8) GSP, 9) Hangzhou Radical, 10) Hanji Auto Parts, 11) Honour Lane, 12) Hubei New Torch Science & Technology Co Ltd. (New Torch), 13) Luoyang, 14) Pacific Link, 15) Shanghai General Bearing Co., Ltd. (SGBC), 16) Sihe Machine, 17) Thi Group, 18) Wanxiang Group Corp. (Wanxiang), 19) Weifang Mechanical, 20) Xinglun Bearings, 21) Yantai Machinery, 22) World Express, 23) Zhejiang Machinery, and 24) Zhaofeng.

[6] *See Initiation Notice*, 82 FR at 35749.

[7] *See* Memorandum, "Selection of Respondents for Individual Review," dated August 24, 2017.

In August and September 2017, we received separate rate applications (SRAs) from CNH, Dingli, GSP, Hangzhou Radical, Hanji Auto Parts, and New Torch,[8] as well as separate rate certifications (SRCs) from CPZ/SKF, GGB, Luoyang, SGBC, Sihe Machine, Wanxiang, Xinglun Bearings, Zhaofeng, and Zhejiang Machinery.[9]

In September 2017, we received a response to section A of the questionnaire (*i.e.*, the section regarding general information) from Luoyang,[10] as well as voluntary section A responses from GGB and New Torch.[11] Also in September 2017, all interested parties requesting administrative reviews for CPZ/SKF and SGBC withdrew their requests for review.[12]

In October 2017, we received a response to sections C and D of the questionnaire (*i.e.*, the sections regarding U.S. sales and factors of production (FOPs), respectively) from Luoyang,[13] as well as voluntary sections C and D responses from GGB and New Torch.[14] Also in October 2017, the petitioner timely withdrew its request for review for New Torch and Wanxiang.[15]

---

[8] *See* CNH's September 8, 2017 Separate Rate Application (CNH SRA); Dingli's August 31, 2017 Separate Rate Application (Dingli SRA); GSP's August 31, 2017 Separate Rate Application (GSP SRA); Hangzhou Radical's August 31, 2017 Separate Rate Application (Hangzhou Radical SRA); Hanji Auto Parts' August 31, 2017 Separate Rate Application (Hanji Auto Parts SRA); and New Torch's September 7, 2017 Separate Rate Application.

[9] *See* CPZ/SKF's August 30, 2017 Separate Rate Certification; GGB's August 31, 2017 Separate Rate Certification; Luoyang's August 31, 2017 Separate Rate Certification; SGBC's August 30, 2017 Separate Rate Certification; Sihe Machine's August 30, 2017 Separate Rate Certification (Sihe Machine SRC); Wanxiang's August 31, 2017 Separate Rate Certification; Xinglun Bearings' August 30, 2017 Separate Rate Certification (Xinglun Bearings SRC); Zhaofeng's August 31, 2017 Separate Rate Certification; and Zhejiang Machinery's August 31, 2017 Separate Rate Certification.

[10] *See* Luoyang's September 19, 2017 Section A Questionnaire Response (Luoyang September 19, 2017 AQR).

[11] *See* GGB's September 19, 2017 Section A Questionnaire Response (GGB September 19, 2017 AQR) and New Torch's September 19, 2017 Section A Questionnaire Response.

[12] *See* Petitioner's Letter, "Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China (06/01/16-05/31/15): The Timken Company's Partial Withdrawal of Review Request," dated September 13, 2017; CPZ/SKF's Letter, "Certain Tapered Roller Bearings and Parts Thereof from The People's Republic of China: Withdrawal of Request for Administrative Review," dated September 13, 2017; and SGBC's Letter, "Certain Tapered Roller Bearings and Parts Thereof from the People's Republic of China: Withdrawal of Request for Administrative Review," dated September 13, 2017. The petitioner in this case is The Timken Company.

[13] *See* Luoyang's October 16, 2017 Section C Questionnaire Response; and Luoyang's October 20, 2017 Section D Questionnaire Response.

[14] *See* GGB's October 16, 2017 Section C Questionnaire Response (GGB October 16, 2017 CQR); GGB's October 20, 2017 Section D Questionnaire Response (GGB October 20, 2017 DQR); New Torch's October 16, 2017 Section C Questionnaire Response; and New Torch's October 20, 2017 Section D Questionnaire Response.

[15] *See* Petitioner's Letter, "Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China (06/01/16- 05/31/17): The Timken Company's Partial Withdrawal of Review Request," dated October 30, 2017.

In November 2017, we rescinded the review with respect to CPZ/SKF, New Torch, SGBC, and Wanxiang,[16] and we selected for individual examination the exporter accounting for the next largest volume of subject merchandise, GGB.[17] We also issued a supplemental section A questionnaire to Luoyang; we received a response to this supplemental questionnaire in the same month.[18]

In December 2017 and January 2018, we received comments on the selection of the appropriate surrogate country to be used in this segment of the proceeding from the petitioner and GGB.[19] In January 2018, we received comments on the selection of surrogate values (SVs) from the petitioner and GGB.[20]

On January 23, 2018, Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January 20 through January 22, 2018.[21] In February 2018, we extended the time period to issue the preliminary results in the instant reviews by 120 days, to July 3, 2018.[22]

---

[16] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Rescission, in Part, of Antidumping Duty Administrative Review; 2016–2017*, 82 FR 55986 (November 27, 2017).

[17] *See* Memorandum, "2016-2017 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof from the People's Republic of China: Selection of Additional Respondent for Individual Review," dated November 28, 2017.

[18] *See* Luoyang's November 27, 2017 Supplemental Section A Questionnaire Response (Luoyang November 27, 2017 SAQR).

[19] *See* GGB's Letter, "GGB's Comments on the List of Economically Comparable Countries: Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings from the People's Republic of China, A-570-601 (POR: 6/1/16-5/31/17)," dated December 15, 2017 (GGB's Surrogate Country Comments); GGB's Letter, "GGB's Surrogate Country Comments: Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings from the People's Republic of China, A-570-601 (POR: 6/1/16-5/31/17)," dated December 29, 2017; Petitioner's Letter, "Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China (06/01/16-05/31/17): Surrogate Country Comments," dated December 29, 2017 (Petitioner's Surrogate Country Comments).

[20] *See* GGB's Letter, "GGB's First Surrogate Value Submission: Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings from the People's Republic of China, A-570-601 (POR: 6/1/16-5/31/17)," dated January 16, 2018 (GGB's Initial SV Comments); Petitioner's Letter, "Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People 's Republic of China (06/01/16-05/31/17): The Timken Company's Initial Surrogate Value Comments," dated January 16, 2018 (Petitioner's Initial SV Comments).

[21] *See* Memorandum, "Deadlines Affected by the Shutdown of the Federal Government," dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by three days.

[22] *See* Memorandum, "Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review," dated February 5, 2018.

From March through May 2018, we issued supplemental questionnaires to GGB, as well as to Dingli, and Zhejiang Machinery.[23] We received responses to these supplemental questionnaires in April and May 2018.[24]

In May and June 2018, we received additional SV comments from the petitioner and GGB.[25]

We conducted verification of the questionnaire responses of GGB and its affiliated U.S. reseller, Stemco LP and Stemco Products, Inc. (collectively, Stemco).[26] In June 2018, at our request, GGB provided a revised FOP database.

Scope of the Order

Imports covered by the order are shipments of tapered roller bearings and parts thereof, finished and unfinished, from China; flange, take up cartridge, and hanger units incorporating tapered roller bearings; and tapered roller housings (except pillow blocks) incorporating tapered rollers, with or without spindles, whether or not for automotive use. These products are currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) item numbers 8482.20.00, 8482.91.00.50, 8482.99.15, 8482.99.45, 8483.20.40, 8483.20.80, 8483.30.80, 8483.90.20, 8483.90.30, 8483.90.80, 8708.70.6060, 8708.99.2300, 8708.99.4850, 8708.99.6890, 8708.99.8115, and 8708.99.8180. Although the HTSUS item numbers are provided for

[23] Additionally, we issued Zhaofeng a complete separate rate application to complete on April 13, 2018, and received a response on April 27, 2018. *See* GGB's Letter, "Tapered Roller Bearings and Parts Thereof, Finished and Unfinished from the People's Republic of China: Separate Rate Application," dated April 27, 2018 (Zhaofeng's April 27, 2018 SRA).

[24] *See* GGB's April 19, 2018 First Supplemental Questionnaire Response (GGB April 19, 2018 First SQR); GGB's May 1, 2018 Second Supplemental Questionnaire Response; Zhejiang Machinery's May 4, 2018 Supplemental Questionnaire Response (Zhejiang Machinery May 4, 2018 SQR); and Dingli's May 7, 2018 Supplemental Questionnaire Response (Dingli May 7, 2018 SQR).

[25] *See* Petitioner's Letter, "Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China (06/01116-05/31117): The Timken Company's Supplemental Surrogate Value Comments.," dated June 4, 2018 (Petitioner's Supplemental SV Comments); GGB's Letter, "Second Surrogate Value Submission: Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings from the People's Republic of China, A-570-601 (POR: 6/1/16-5/31/17), dated June 4, 2018 (GGB's Supplemental SV Comments); Petitioner's Letter, "Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China (06/01/16-05/31/17): The Timken Company's Submission of Factual Information in Response to Final Surrogate Value Comments Filed On June 4, 2018 by GGB Suzhou," dated June 14, 2018 (Petitioner's Rebuttal SV Comments); and GGB's Letter, "GGB's Final Surrogate Value Rebuttal Submission: Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings from the People's Republic of China, A-570-601 (POR: 6/1/16-5/31/17)," dated June 14, 218 (GGB's Rebuttal SV Comments).

[26] Memorandum, "Verification of the Responses of Stemco LP and Stemco Products, Inc. in the 30th Administrative Review of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China," dated June 6, 2018 (Stemco Verification Report) and Memorandum, "Verification of the Responses of GGB Bearing Technology (Suzhou) Co., Ltd. in the 30th Administrative Review of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China," dated June 7, 2018 (GGB Verification Report).

convenience and customs purposes, the written description of the scope of the order is dispositive.

DISCUSSION OF THE METHODOLOGY

Non-Market Economy Country Status

Commerce considers China to be an NME country.[27] In accordance with section 771(18)(C)(i) of the Act, a determination that a country is an NME country shall remain in effect until revoked by the administering authority. Further, no party submitted a request to reconsider China's NME status as part of this administrative review. Therefore, we continue to treat China as an NME country for purposes of these preliminary results.

Separate Rates

In NME proceedings, there is a rebuttable presumption that companies are subject to government control and, thus, should be assessed a single antidumping duty rate.[28] In the *Initiation Notice*, Commerce notified parties of the application process by which exporters may obtain separate rate status in an NME proceeding.[29] It is Commerce's policy to assign exporters of the subject merchandise from an NME country a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*), with respect to its export activities. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, Commerce analyzes each exporting entity in a NME country under the test established in *Sparklers*,[30] as amplified by *Silicon Carbide*.[31] However, if Commerce determines that a company is wholly foreign-owned, then consideration of the *de jure* and *de facto* criteria is not necessary to determine whether it is independent from government control.[32]

---

[27] *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) (citing Memorandum to Gary Taverman, "China's Status as a Non-Market Economy," dated October 26, 2017 (China NME Status Memo)), unchanged in *Certain Aluminum Foil from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 83 FR 9282 (March 5, 2018).

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

[29] *See Initiation Notice*, 82 FR at 35750.

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

[31] *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*).

[32] *See, e.g., Final Results of Antidumping Duty Administrative Review: Petroleum Candles from the People's Republic of China*, 72 FR 52355, 52356 (September 13, 2007) (*Candles from China*).

Under the separate rates test, Commerce considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) legislative enactments decentralizing control over export activities of the companies; and (3) other formal measures by the government decentralizing control over export activities of companies.[33]

Further, Commerce typically considers four factors in evaluating whether a respondent is subject to *de facto* government control of its export functions: (1) whether the export 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.[34]

Commerce continues to evaluate its practice with regard to the separate rates analysis in light of the *Diamond Sawblades from China* AD proceeding, and Commerce's determinations therein.[35] In particular, we note that in litigation involving the *Diamond Sawblades* proceeding, the Court of International Trade (CIT) found Commerce's existing separate rates analysis deficient in the circumstances of that proceeding, in which a government-controlled entity had significant ownership in the respondent exporter.[36] We have concluded that, where a government entity holds a majority ownership share, either directly or indirectly, in an exporter, the majority ownership holding in and of itself means that the government exercises or has the potential to exercise control over the company's operations generally, which may include control over, for

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

[34] *See Silicon Carbide*, 59 FR, at 22586-89; *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).

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

[36] *See, e.g., Advanced Technology*, 885 F. Supp. 2d, at 1349 ("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).

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 that a majority shareholder, including a government, to have the ability to control, and an interest in controlling, the operations of the company, including the selection of management and the profitability of the company. Accordingly, we have considered the level of government ownership, where necessary.

<u>Separate Rate Applicant with No Evidence of Suspended Entries</u>

One separate rate applicant, Dingli, submitted an SRA accompanied by a CBP entry summary form (CBP Form 7501) that did not show a suspended AD entry during the POR;[37] in its submission, Dingli claimed that the entry contained subject TRBs and had been misfiled by the importer.[38] Therefore, we requested that Dingli work with the importer to correct the error and provide evidence of a suspended entry during the POR.[39] In response, however, Dingli informed us that its importer refused to resubmit corrected entry documents, and thus, Dingli, was unable to comply.[40]

The requirement for a suspended AD entry is consistent with the retrospective nature of duty assessment under U.S. law, as well as the stated purpose of administrative reviews to "review, and determine the amount of any antidumping duty" to be assessed upon imports of subject merchandise entered during the applicable POR.[41] Thus, we are preliminarily rescinding the review with respect to Dingli, because it has not demonstrated that it had a suspended entry during the POR, consistent with our practice.[42]

<u>Separate Rate Recipients</u>

In accordance with our practice, Commerce analyzed whether CNH, GGB, GSP, Hanji Auto Parts, Hangzhou Radical, Luoyang, Sihe Machine, Xinglun Bearings, Zhaofeng, and Zhejiang Machinery, demonstrated the absence of *de jure* and *de facto* governmental control over their respective export activities. In the instant review, we preliminarily find no evidence of Chinese Government ownership of CNH, GGB, GSP, Hanji Auto Parts, Hangzhou Radical, Xinglun Bearings, or Sihe Machine and that those companies otherwise are entitled to a separate rate in

---

[37] *See* Dingli SRA at 6 ("the declared merchandise is not subject merchandise").

[38] *Id*. ("Dingli confirm . . . that the provided sample Entry summary is subject merchandise, the error declaration may be U.S. broker or importer's mistake operation" {*sic*}).

[39] *See* Commerce's letter re: 30th Administrative Review of Tapered Rollers Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Supplemental Questionnaire," dated April 13, 2018.

[40] *See* Dingli May 7, 2018 SQR.

[41] *See* section 751(a)(1)(B) of the Act; *see also Dofasco Inc. v. United States*, 390 F.3d 1370, 1372 (CAFC 2004) (stating that the purpose of the administrative review is to determine the duty liability for the review period).

[42] *See, e.g., Aluminum Extrusions from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Rescission, in Part, 2010/12*, 79 FR 96 (January 2, 2014), and accompanying IDM at Comment 8 and *Solid Fertilizer Grade Ammonium Nitrate from the Russian Federation: Notice of Rescission of Antidumping Duty Administrative Review,* 77 FR 65532 (October 29, 2012).

this review.[43] As discussed below, we preliminarily find Luoyang, Zhaofeng, and Zhejiang Machinery have not demonstrated an entitlement to a separate rate.

1) Wholly Foreign-Owned Companies

CNH and GGB submitted information indicating that they are each wholly foreign-owned by a company located in a market economy (ME) country.[44] Because they are wholly foreign-owned, and we have no evidence indicating that the Chinese government controls CNH's or GGB's export activities, an analysis of the *de jure* and *de facto* criteria is not necessary to determine whether these companies are independent from government control. Accordingly, Commerce preliminarily is granting separate rate status to CNH and GGB.

2) Wholly China-Owned Companies and Joint Ventures

GSP stated that it is a joint venture between non-China and China-owned companies/individuals, while Hangzhou Radical, Hanji Auto Parts, Sihe Machine and Xinglun Bearings stated that they are wholly China-owned companies.[45] In accordance with our practice, Commerce analyzed whether these companies demonstrated the absence of *de jure* and *de facto* governmental control over their respective export activities.

a) Absence of *De Jure* Control

The evidence provided by GSP, Hangzhou Radical, Hanji Auto Parts, Sihe Machine, and Xinglun Bearings supports a preliminary finding of an absence of *de jure* government control based on the following: (1) there is an absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) there are applicable legislative enactments decentralizing control of the company[46]; and (3) there are formal measures by the government decentralizing control of the companies.[47]

b) Absence of *De Facto* Control

The evidence provided by GSP, Hangzhou Radical, Hanji Auto Parts, Sihe Machine, and Xinglun Bearings supports a preliminary finding of an absence of *de facto* government control based on record statements and supporting documentation showing that the companies: (1) set their own export 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)

---

[43] As set forth below in the section entitled "Companies not Receiving Separate Rates," we preliminarily find that Luoyang and Zhejiang Machinery have not established their eligibility for separate rates.

[44] *See* CNH SRA; and GGB SRA.

[45] *See* GSP SRA, at 8-9; Hangzhou Radical SRA, at 8-10; Hanji Auto Parts SRA at 9 and 12; Sihe Machine SRC at 2; Xinglun Bearings SRC at 2; and Zhaofeng SRA at 8-9.

[46] *See* GSP SRA at 7-11; Hangzhou Radical SRA at 7-10; Hanji Auto Parts SRA at 7-12; Sihe Machine SRC at 5-6; Xinglun Bearings SRC at 4; and Zhaofeng SRA at SRA-7-SRA-10.

[47] *Id*.

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.[48]

Therefore, the evidence placed on the record of this review by GSP, Hangzhou Radical, Hanji Auto Parts, Sihe Machine, and Xinglun Bearings demonstrates an absence of *de jure* and *de facto* government control under the criteria identified in *Sparklers*, *Silicon Carbide*, and *Diamond Sawblades*. Accordingly, Commerce preliminarily grants a separate rate to GSP, Hangzhou Radical, Hanji Auto Parts, Sihe Machine, and Xinglun Bearings.

<u>Companies Not Receiving a Separate Rate</u>

a) Luoyang

Luoyang is majority-owned by the Henan Machinery Investment Group Co , Ltd. (Henan Machinery).[49] Henan Machinery is wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the People's Government of Henan Province, an organization that oversees important state assets under the supervision of the central government.[50] Because of this level of government ownership, and the control that such ownership on its own establishes, we preliminarily conclude that Luoyang does not satisfy the criteria demonstrating an absence of *de facto* government control over export activities, consistent with our determination in the *Sawblades Redetermination*.[51] Consequently, we preliminarily determine that the Luoyang is ineligible for a separate rate. We note that evidence demonstrates that, through its 100-percent SASAC-owned Henan assets, the government of China exercises its rights inherent in majority ownership as would be expected. For instance, Henan Machinery has control over the composition of Luoyang's board of directors, which in turn chooses the company's management.[52] Furthermore, Luoyang and Henan Machinery have intertwined management and board members.[53]

---

[48] *See* GSP SRA at 17-18; Hangzhou Radical SRA at 15-16; Hanji Auto Parts SRA at 18-19; Sihe Machine SRC at 6; Xinglun Bearings SRC at 5; and Zhaofeng SRA at SRA-14.

[49] *See* Luoyang's November 27, 2017 SAQR at 1 and Exhibit 6.

[50] *Id.* SASAC, which is a China-government agency, is tasked with, *inter alia*, the responsibilities of the investor, as specified in the Company Law, with regard to state-owned enterprises.

[51] *See* Final Results Of Redetermination Pursuant To *Diamond Sawblades Manufacturers' Coalition v. United States*, Consol. Court No. 13–00168, Slip Op. 15–92 (CIT August 20, 2015), dated December 1, 2015 (*Sawblades Redetermination*) available at *http://enforcement.trade.gov/remands/*; *Certain Frozen Warmwater Shrimp from the People's Republic of China and Diamond Sawblades and Parts Thereof from the People's Republic of China: Notice of Implementation of Determinations Under Section 129 of the Uruguay Round Agreements Act and Partial Revocation of the Antidumping Duty Orders*, 78 FR 18958 (March 28, 2013). *See also, e.g.*, *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, and Rescission of New Shipper Review; 2014-2015*, 82 FR 4844 (January 17, 2017), and accompanying IDM at Comments 2, 3, and 5.

[52] *See* Luoyang's November 27, 2017 SAQR at 1.

[53] *Id.* at Exhibit 3.

Therefore, we find that Luoyang is not eligible for a separate rate, and it will also be treated as part of the China-wide entity in accordance with Commerce's practice.[54]

b) Zhejiang Machinery

Zhejiang Machinery is wholly owned by Zhejiang Sunny I/E Corporation (Sunny).[55] Sunny is, in turn, owned by: 1) Zhejiang Province Metal & Minerals Import and Export Co., Ltd. (Zhejiang MMI&E), a company ultimately wholly-owned by a SASAC;[56] and 2) Sunny's "employee stock ownership committee under the name of labor union."[57] Sunny's labor union is governed by the Labor Union Law of the People's Republic of China and is registered before the Zhejiang Federation of Trade Unions, a local branch of the All-China Federation of Trade Unions (AFCTU).[58] In the China NME Status Memo, we determined that "{l}abor unions are under the control and direction of the {ACFTU}, a government affiliated and {Chinese Communist Party (CCP)} organ" and that "{a}ll trade unions are affiliates of the government-controlled ACFTU and its branches at the local and enterprise level."[59] Because of the level of government ownership and control established over Sunny, and consequently, over Zhejiang Machinery, we preliminarily conclude that Zhejiang Machinery does not satisfy the criteria demonstrating an absence of *de facto* government control over export activities, consistent with our determination in the *Sawblades Redetermination*. Consequently, we preliminarily determine that Zhejiang Machinery is ineligible for a separate rate. Through SASAC-ownership, and control of Sunny's labor union, the government of China exercises its rights inherent in majority ownership as would be expected; for instance, Sunny has control over the composition of Zhejiang Machinery's board of directors, which in turn chooses the company's management.[60]

Therefore, we find that Zhejiang Machinery is not eligible for a separate rate, and it will be treated as part of the China-wide entity in accordance with Commerce's practice.

c) Zhaofeng

In the immediately preceding 2015-2016 administrative review of this order, we selected Zhaofeng as mandatory respondent. As such, we conducted verification of Zhaofeng's

---

[54] *See, e.g., Hydrofluorocarbon Blends and Components Thereof from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 42314 (June 29, 2016).

[55] *See* Zhejiang Machinery's May 4, 2018 SQR.

[56] *See* Zhejiang Machinery's October 2, 2017 Rebuttal Factual Information; and Zhejiang Machinery's May 4, 2018 SQR, at SRA-13 and Exhibit 2. Specifically, Zhejiang MMI&E is wholly owned by Zhejiang International Business Group Co., Ltd. (Zhejiang International); the Zhejiang Provincial SASAC is the sole shareholder of Zhejiang International.

[57] *Id.*

[58] *See* Zhejiang Machinery's May 4, 2018 SQR at 7.

[59] *See* China NME Status Memo at 5, 21-22, and 31.

[60] *See* Zhejiang Machinery's May 4, 2018 SQR at 3 and 8.

questionnaire responses. As a result of verification of Zhaofeng's responses, and data obtained from U.S. Customs and Border Protection (CBP), we determined that Zhaofeng's submitted information was unreliable in its entirety because it had deliberately misled Commerce.[61] Specifically, we concluded that:[62]

> …Zhaofeng deliberately misled Commerce in its case brief.[63] …Zhaofeng's misrepresentations… call into question Commerce's observations at verification, so much so that it renders Zhaofeng's entire response suspect. Indeed, we no longer have confidence that Zhaofeng provided accurate books and records with which to support its reported data, given that, at a minimum, some of the documents produced were patently false. Because accurate and truthful recordkeeping is fundamental to a respondent's ability to support its separate rate claim, we find that Zhaofeng is not eligible for a separate rate in this administrative review.[64]

Therefore, in the 2015-2016 review, we found that Zhaofeng's submitted information could not serve as a basis for reaching a determination and, as a result, we found that Zhaofeng was unable to support its separate rates claim. Consequently, we found Zhaofeng to be part of the China-wide entity.[65]

For purposes of this review, we find that Zhaofeng has not restored our confidence in its reporting in light of the egregious nature of its actions in the prior review. Further, we note that the verification of Zhaofeng occurred in May 2017 – which overlaps with this POR – at which time we determined Zhaofeng provided patently false documentation. Thus, Zhaofeng's representations in this review relate to this same time period in which we found Zhaofeng deliberately misled Commerce. For these reasons, nothing in Zhaofeng's separate rate application on this record changes our findings from the 2015-2016 review with respect to Zhaofeng's eligibility for a separate rate.[66]

---

[61] *Id.* and accompanying IDM at Comment 1.

[62] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, and Rescission of New Shipper Review; 2015–2016*, 83 FR 1238 (January 10, 2018), (*TRBs AR29 Final*) and accompanying IDM at Comment 1.

[63] This conclusion is bolstered by the fact that Zhaofeng's customer sells models identical to those shown on Zhaofeng's original worksheet in the United States. *See* Petitioner's September 12, 2017, Rebuttal Factual Information at Attachment 1. Additionally, as stated in the *Preliminary Results*, we have referred this issue to Customs and Border Protection for investigation for potential misreporting at the border.

[64] In non-market economy (NME) countries, Commerce uses a respondent's books and records to support its claimed independence; thus, these books and records are tied to the documentation regarding separate rate eligibility. As noted above, we have no confidence that Zhaofeng's accounting records reviewed at verification are reliable, given that information from CBP received after verification calls these records into question.

[65] *See TRBs AR29 Final* at 83 FR 1238, 1239 and accompanying IDM at Comment 1.

[66] *See* Zhaofeng's April 27, 2018 SRA. *See also* Zhaofeng's August 31, 2017 Separate Rate Certification.

Therefore, we find that Zhaofeng is not eligible for a separate rate in the current review, and it will be treated as part of the China-wide entity in accordance with Commerce's practice.

d) Companies Who Did Not File Separate Rate Applications

Nine companies did not timely file an SRA or SRC, as appropriate.[67] Because these companies did not establish in this administrative review that they are eligible, or continue to be eligible, for a separate rate, they will be treated as part of the China-wide entity, in accordance with Commerce's practice.

<u>Separate Rate Assigned to Non-Selected Companies</u>

The statute and Commerce's regulations do not address the establishment of a weighted-average dumping margin to be applied to respondents not selected for individual examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when determining the weighted-average dumping margin for separate-rate respondents which we did not examine individually in an administrative review. Section 735(c)(5)(A) of the Act articulates a preference that we not calculate an all-others rate using rates for individually-examined respondents which are zero, *de minimis*, or based entirely on facts available. Accordingly, Commerce's usual practice in determining the weighted-average dumping margin for separate-rate respondents not selected for individual examination has been to average the weighted-average dumping margins for the examined, separate rate companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.[68]

For these preliminary results, we calculated a weighted-average dumping margin that is not *de minimis* for GGB, the sole company for which we calculated a weighted-average dumping margin. Therefore, consistent with Commerce's practice,[69] we determine that the weighted-average dumping margin to be assigned to CNH, GSP, Hangzhou Radical, Hanji Auto Parts, Sihe Machine, and Xinglun Bearings, the separate rate respondents not individually examined, should be the weighted-average dumping margin calculated for the mandatory respondent, GGB.

---

[67] These companies are: 1) Apex, 2) Crossroads Global, 3) Dizhao Industrial, 4) Honor Lane, 5) Pacific Link, 6) Thi Group, 7) Weifang Mechanical, 8) World Express, and 9) Yantai Machinery.

[68] *See Longkou Haimeng Mach. Co. v. United States*, 581 F. Supp. 2d 1344, 1357-60 (CIT 2008) (affirming Commerce's determination to assign a 4.22 percent dumping margin to the separate rate respondents in a segment where the three mandatory respondents received dumping margins of 4.22 percent, 0.03 percent, and zero percent); *see also Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 36656, 36660 (July 24, 2009) (*Kitchen Racks Final*).

[69] *See, e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of the 2011-2012 Antidumping Duty Administrative Review and New Shipper Reviews,* 79 FR 4328 (January 27, 2014).

The China-Wide Entity

For the reasons detailed above, Commerce preliminarily determines that Apex, Crossroads Global, Dizhao Industrial, Honour Lane, Luoyang, Pacific Link, Thi Group, Weifang Mechanical, World Express, Yantai Machinery, Zhaofeng, and Zhejiang Machinery have not demonstrated that they are eligible for separate rates. Accordingly, Commerce preliminarily determines these companies to be properly considered part of the China-wide entity.

Commerce's change in policy regarding conditional review of the China-wide entity applies to this administrative review.[70] Under this policy, the China-wide entity will not be under review unless a party specifically requests, or Commerce self-initiates, a review of the China-wide entity. Because no party requested a review of the China-wide entity for this POR, the China-wide entity is not under review and the China-wide entity's rate is not subject to change. Therefore, if our determination is unchanged in the final results, entries from each of the 12 above-noted companies will be liquidated at the rate previously established for the China-wide entity (*i.e.*, 92.84 percent).[71]

Application of Facts Available and Use of Adverse Inferences

Sections 776(a)(1) and 776(a)(2)(A)-(D) of the Act provide that if necessary information is not available on the record or if an interested party or any other person (1) withholds information that has been requested by Commerce; (2) fails to provide information within the established deadlines or in the form or manner requested, subject to section 782(c)(1) and section 782(e) of the Act; (3) significantly impedes a proceeding; or (4) provides information but the information cannot be verified, then Commerce shall use, subject to section 782(d) of the Act, facts otherwise available in reaching the applicable determination. Moreover, section 776(b) of the Act provides that, if Commerce finds that an interested party failed to cooperate by not acting to the best of its ability to comply with a request for information, Commerce may use an inference adverse to the interests of that party in selecting the facts otherwise available. In addition, the SAA explains that Commerce may employ an adverse inference "to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."[72]

[70] *See Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Duty Proceedings*, 78 FR 65963 (November 4, 2013).

[71] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 74 FR 3987, 3989 (January 22, 2009), where Commerce established the rate of 92.84 percent for the China-wide entity.

[72] *See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol. 1 (1994)* (SAA) at 870*; see also Notice of Final Results of Antidumping Duty Administrative Review: Stainless Steel Bar from India*, 70 FR 54023, 54025-26 (September 13, 2005); *Notice of Final Determination of Sales at Less Than Fair Value and Final Negative Critical Circumstances: Carbon and Certain Alloy Steel Wire Rod from Brazil*, 67 FR 55792, 55794-96 (August 30, 2002).

In *Nippon Steel*, the U.S. Court of Appeals for the Federal Circuit (CAFC) noted that, while the statute does not provide an express definition of the "failure to act to the best of its ability" standard, the ordinary meaning of "best" is "one's maximum effort."[73] Thus, according to the CAFC, the statutory mandate that a respondent act to the "best of its ability" requires the respondent to do the maximum it is able to do. The CAFC indicated that inadequate responses to an agency's inquiries would suffice to find that a respondent did not act to the best of its ability. While the CAFC noted that the "best of its ability" standard does not require perfection, it does not condone inattentiveness, carelessness, or inadequate record keeping.[74] The "best of its ability" standard recognizes that mistakes sometimes occur; however, it requires a respondent to, among other things, "have familiarity with all of the records it maintains," and "conduct prompt, careful, and comprehensive investigations of all relevant records that refer or relate to the imports in question to the full extent of" its ability to do so.[75]

Application of Partial AFA for GGB

In May 2018, Commerce conducted verification of GGB's U.S. sales of subject merchandise at the sales office of its U.S. affiliate, Stemco. At verification, we found that GGB failed to report certain U.S. constructed export price (CEP) sales during the POR.[76] Therefore, we find that the application of facts available is appropriate under sections 776(a)(1) and (2) of the Act is warranted. Specifically, as evidenced by information contained in the documents taken at verification, it is clear that GGB possessed the necessary records to provide a complete and accurate U.S. sales database, but failed to do so.[77] Therefore, in accordance with section 776(a)(1) of the Act, the record therefore lacks the necessary sales information. Further, we find that GGB withheld information that Commerce requested, failed to provide information by the deadlines for submission of the information in the form and manner requested, and impeded this proceeding, in accordance with sections 776(a)(2)(A), (B), and (C) of the Act.

In addition, we find that GGB's failures to report the requested information, accurately and in the manner requested, using the records over which it maintained control, indicates that GGB did not act to the best of its ability to comply with our requests for information. Further, in accordance with section 782(d) of the Act, Commerce provided GGB with opportunities to identify and remedy any deficiencies in its initial responses relating to unreported sales.[78]

[73] *See Nippon Steel*, 337 F.3d at 1382-83.

[74] *Id*., at 1382.

[75] *Id.*

[76] *See* Stemco Verification Report at 2 and 6.

[77] *Id.*

[78] *See* Commerce's Letter re: 30th Administrative Review of Tapered Rollers Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Supplemental Sections A, C, and D Questionnaire, dated March 22, 2018, in which Commerce requested GGB confirm its reporting of its U.S. sales universe, provide a complete sales reconciliation, and provide corrections for any other omissions or errors it made in its initial response. *See also* GGB April 19, 2018 First SQR at 28, where GGB confirmed that it had corrected the sales database. Additionally, at Exhibits SC-1 and SC-26 of GGB's April 19, 2018 First SQR, GGB provided an updated U.S. sales database and sales reconciliation, as well as supporting documents.

Hence, we find that the application of adverse facts available (AFA) is appropriate under section 776(b) of the Act for GGB's unreported U.S. sales of subject merchandise.

We are preliminarily applying partial AFA, pursuant to section 776(b) of the Act, to GGB's unreported sales. As partial AFA, we have assigned the highest non-aberrational, transaction-specific dumping margin calculated for GGB to the unreported quantity of GGB's U.S. sales.[79] In light of the fact that we are relying on GGB's own information obtained during the course of this review, there is no requirement that Commerce corroborate this information pursuant to section 776(c) of the Act.

Surrogate Country

When Commerce is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's FOPs, valued in a surrogate ME country or countries considered to be appropriate by Commerce. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, Commerce shall utilize, to the extent possible, the prices or costs of FOPs in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.[80] As a general rule, Commerce selects a surrogate country that is at the same level of economic development as the NME country unless it is determined that none of the countries are viable options because they (a) either are not significant producers of comparable merchandise, (b) do not provide sufficient reliable sources of publicly available SV data, or (c) are not suitable for use based on other reasons.[81] 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, Commerce generally relies on per capita gross national income (GNI) data from the World Bank's *World Development Report*.[82] Further, Commerce normally values all FOPs in a single surrogate country.[83]

In this review, Commerce determined that Brazil, Bulgaria, Mexico, Romania, South Africa, and Thailand are countries at the same level of economic development as China, based on per capita GNI.[84] The sources of the SVs we have used in this review are discussed under the "Normal Value" section below.

---

[79] *See* Memorandum re: Calculations for GGB Bearing Technology (Suzhou) Co., Ltd. for the Preliminary Results, dated July 3, 2018 (Prelim Calc Memo).

[80] *See* Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004).

[81] *Id*.

[82] *Id*.

[83] *See* 19 CFR 351.408(c)(2).

[84] *See* Commerce's Letter re: 30th Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information, dated December 5, 2017.

With respect to Commerce's selection of a surrogate country, no interested party argued for the selection of a specific country as the most appropriate surrogate country from which to derive SVs for China.[85] However, both the petitioner and GGB supplied SV data from Thailand, and GGB also provided financial ratio data from Romania.[86]

Commerce preliminarily selects Thailand as the surrogate country on the grounds that: (1) it is at the same level of economic development as China; (2) it is a significant producer of comparable merchandise; and (3) we have reliable data from Thailand that we can use to value the FOPs.[87] Specifically, regarding significant production, UN Comtrade data for exports demonstrate that Thailand exported a significant volume of comparable merchandise in recent years.[88] With respect to reliable data to value FOPs, the record contains import data for Thailand sourced from Global Trade Atlas (GTA), and Thai data for labor, certain transportation services, and financial ratios. The Thai data are country-wide, publicly available, non-export, tax-exclusive, product-specific, representative of broad market averages, and are generally contemporaneous with the POR. Accordingly, we have calculated NV using Thai import data when available and appropriate to value GGB's FOPs.

Date of Sale

Section 351.401(i) of Commerce's regulations states that, normally, we will use the date of the invoice, as recorded in the producer's or exporter's records kept in the ordinary course of business, as the date of sale. The regulation provides further that we may use a date other than the date of the invoice if the Secretary is satisfied that a different date better reflects the date on which the material terms of sale are established.[89] Finally, Commerce has a long-standing practice of finding that, where the shipment date precedes the invoice date, the shipment date better reflects the date on which the material terms of sale are established.[90]

GGB reported that the date of shipment was the same as the invoice date for sales to its unaffiliated U.S. customers.[91] Therefore, we used the invoice date as the date of sale for GGB, in accordance with our regulation and practice.

---

[85] *See* GGB's Surrogate Country Comments and Petitioner's Surrogate Country Comments.

[86] *See* Petitioner's Initial SV Comments and GGB's Initial SV Comments, Petitioner's Supplemental SV Comments, GGB's Supplemental SV Comments, Petitioner's Rebuttal SV Comments, and GGB's Rebuttal SV Comments.

[87] *See* Memorandum, "Surrogate Value Memorandum for the Preliminary Results," dated July 3, 2018 (Surrogate Value Memo); *see also* the "Factor Valuations" section of this memorandum, below.

[88] *See* Petitioner's Initial SV Comments at Attachment 3.

[89] *See* 19 CFR 351.401(i); *see also Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090 (CIT 2001) (quoting 19 CFR 351.401(i)).

[90] *See Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012) and accompanying IDM at Comment 1; *see also Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286 (CIT 2014).

[91] *See* GGB October 16, 2017 CQR, at C-8.

Normal Value Comparisons

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), to determine whether sales of the subject merchandise made by GGB to the United States were at prices below NV, we compared GGB's CEP to NV, as described below.

Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs (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, Commerce examines whether to compare weighted-average NVs with the EPs (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)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern Commerce's examination of this question in the context of administrative reviews, Commerce nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in less-than-fair-value investigations.[92]

In recent investigations, Commerce applied a "differential pricing" analysis for determining whether application of the average-to-average method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.[93] Commerce finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether application of the standard comparison method is appropriate in this administrative review. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce's additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average method in calculating a respondent's weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchaser, region and time period to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, state) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau.

---

[92] *See Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012), and accompanying IDM at Comment 1.

[93] *See, e.g., Xanthan Gum from the People's Republic of China: Final Determination of Sales at Less Than Fair*, 78 FR 33351 (June 4, 2013) (*Xanthan Gum from China*); *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); and *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

Time periods are defined by the quarter within the period of review based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region, and time period, that Commerce uses in making comparisons between EP 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 significance of the 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, Commerce examines whether using only the average-to-average method can appropriately account for such differences. In considering this question, Commerce tests whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, then this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative comparison method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if (1) there is a 25 percent relative change in the weighted-average dumping margins between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margins between the average-to-average method and the appropriate alternative method move across the *de minimis* threshold.

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

For GGB, based on the results of the differential pricing analysis, Commerce preliminarily finds that 77.7 percent of the value of U.S. sales pass the Cohen's *d* test, and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the average-to-average method cannot account for such differences because the weighted-average dumping margin crosses the *de minimis* threshold when calculated using the average-to-average method and when calculated using an alternative comparison method based on applying the average-to-transaction method to all U.S. sales. Thus, for these preliminary results, Commerce is applying the average-to-transaction method to all reported U.S. sales to calculate the weighted-average dumping margin for GGB.

Constructed Export Price

A. Irrecoverable Value-Added Tax (VAT)

Commerce's practice in NME cases is to adjust EP or CEP for the amount of irrecoverable VAT, in accordance with section 772(c)(2)(B) of the Act.[94] Commerce 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, Commerce will reduce the respondent's EP and CEP prices accordingly by the amount of the tax, duty, or charge paid, but not rebated.[95] Where the irrecoverable VAT is a fixed percentage of CEP or EP, Commerce explained that the final step in arriving at a tax neutral dumping comparison is to reduce the U.S. CEP or EP downward by this same percentage.[96]

Commerce's methodology, as explained above and applied in this review, involves two basic steps: (1) determining the irrecoverable VAT tax on subject merchandise, and (2) reducing U.S. price by the amount (or rate) determined in step one. Information placed on the record of this review by GGB indicates that, according to the Chinese VAT schedule, the standard VAT refund

[94] *See Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings*, 77 FR 36481 (June 19, 2012) (*Methodological Change*).

[95] *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 IDM at Comment 5.A.

[96] *See Methodological Change*, 77 FR 36481.

rate for TRBs is 15 percent, while the VAT paid rate is 17 percent, leading to an irrecoverable VAT rate of two percent.[97] For the purposes of these preliminary results, we removed from U.S. price the difference between the rates (*i.e.*, two percent), which is the irrecoverable VAT as defined under Chinese tax law and regulation.[98]

B. GGB

We used CEP to determine the price for GGB's U.S. sales, in accordance with section 772(b) of the Act, because the subject merchandise was first sold in the United States by a U.S. seller affiliated with the producer and EP was not otherwise warranted as the basis for U.S. price.[99]

We calculated CEP based on packed prices to unaffiliated purchasers in the United States. We made adjustments, where appropriate, from the starting price for rebates. We also made deductions from the starting price for movement expenses, in accordance with section 772(c)(2)(A) of the Act. These included U.S. brokerage and handling, U.S. other transportation expenses, U.S. customs duty, U.S. warehousing expenses, U.S. inland freight from the warehouse to the unaffiliated customer, where applicable, and other U.S. transportation expenses and fees. In accordance with our practice, [100] we offset inland freight expenses from Stemco's U.S. warehouse to its U.S. customer by the reported freight revenue for these sales.[101] We capped reimbursements for inland freight expenses by the amount of inland freight expenses incurred on the subject merchandise, in accordance with our practice. [102]

In accordance with section 772(d)(1) of the Act, we calculated CEP by deducting selling expenses associated with economic activities occurring in the United States, which include direct selling expenses (imputed credit, repacking expenses, and warranty expenses) and indirect selling expenses (inventory carrying costs and other indirect selling expenses). Finally, we deducted CEP profit, in accordance with sections 772(d)(3) and 772(f) of the Act.

Normal Value

---

[97] Export documentation provided by GGB in its questionnaire responses, and confirmed at verification, shows the irrecoverable portion of the VAT paid by GGB to the Chinese government; GGB subsequently books the irrecoverable VAT as a cost of production in its accounting system. *See* GGB Verification Report at 10 and verification exhibits 2 and 16. *See also* GGB's April 19, 2018 First SQR at 23-25 and Exhibits SC-28 – SC-29.

[98] GGB reported the two percent irrecoverable VAT in its sales database; we applied this amount to GGB's "free on board" export prices.

[99] *See* GGB's October 16, 2017 CQR at C-2.

[100] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Preliminary Results, Partial Rescission of Antidumping Duty Administrative Review, and Preliminary Rescission of New Shipper Review; 2014-2015*, 81 FR 45455 (July 14, 2016); unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, and Rescission of New Shipper Review; 2014-2015*, 82 FR 4844 (January 17, 2017).

[101] *See* Prelim Calc Memo.

[102] *See*, *e.g.*, *Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administrative Review*, 74 FR 40167 (August 11, 2009), and accompanying IDM at Comment 3.

Section 773(c)(1) of the Act provides that Commerce shall determine NV using an FOP methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home market prices, third country prices, or constructed value under section 773(a) of the Act. Commerce bases NV on the FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under Commerce's normal methodologies. 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. Commerce used FOPs reported by GGB for materials, labor, and packing, but excluded energy (*i.e.*, electricity), because the financial statements used to calculate the financial ratios for these preliminary results were not sufficiently detailed to allow Commerce to isolate energy expenses from other expenses such as selling, general, and administrative expenses.[103] When energy costs are not specifically broken out in the financial statements, Commerce presumes that these costs are accounted for in the surrogate financial ratios.[104] Therefore, Commerce was able to calculate an overhead surrogate ratio based on the full cost of manufacturing, including energy. In order to not double count GGB's energy costs, we have not separately valued energy expenses in our NV calculation.

Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on FOPs reported by GGB for the POR. For the portion of GGB's semi-finished TRB parts where GGB was unable to provide FOPs from its suppliers because its suppliers refused to provide their underlying FOPs,[105] as facts available, in accordance with section 776(a) of the Act, we have used Thai import data for rollers and for parts of bearings not elsewhere specified.[106]

Commerce's practice when selecting the best available information for valuing FOPs is to select, to the extent practicable, SVs which are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.[107] We used Thai import data and other publicly-available Thai sources in order to calculate SVs for GGB's FOPs. To calculate NV, we multiplied the reported per-unit FOP quantities by publicly-available SVs.

For the preliminary results, in accordance with Commerce's practice, we used Thai import data provided through GTA, publications by IHS Markit Inc., and other publicly-available Thai

---

[103] *See* Surrogate Value Memo.

[104] *See, e.g., Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 74 FR 16838 (April 13, 2009), and accompanying IDM at Comment 2.

[105] *See* GGB's October 20, 2017 DQR at D-3.

[106] *See* Surrogate Value Memo and Preliminary Calculation Memo.

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

sources to calculate SVs for certain FOPs reported by GGB (*i.e.*, direct material and packing materials and certain movement expenses). The GTA reports import statistics, such as from Thailand, in the original reporting currency, and, thus, these data correspond to the original currency value reported by each country. The record shows that data in the Thai import statistics, as well as those from several other Thai sources, are contemporaneous with the POR, product-specific, and tax-exclusive.[108] In those instances where we could not obtain publicly-available information contemporaneous with the POR with which to value factors, we adjusted the SVs using the Thai Purchase Price Index (PPI), as published in the International Monetary Fund's (IMF's) International Financial Statistics.[109]

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

Commerce 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.[110] In this regard, Commerce has previously found that it is appropriate to disregard such prices from India, Indonesia, Thailand, and the Republic of Korea (Korea) because we have determined that these countries maintain broadly-available, non-industry specific export subsidies.[111] Based on the existence of these subsidy programs that were generally available to all exporters in these countries at the time of the POR, Commerce finds that it is reasonable to infer that all exporters from India, Indonesia, Thailand, and Korea may have benefitted from these subsidies. Therefore, Commerce has not used prices from those countries in calculating Thailand import-based surrogate values. Additionally, consistent with our practice, we disregarded prices from NME countries and excluded from the SVs imports labeled as originating from an "unspecified" country, because

---

[108] *See* Surrogate Value Memo.

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

[110] *See* the Trade Preferences Extension Act of 2015 (TPEA) (amending section 773(c)(5) of the Act to permit Commerce to disregard price or cost values without further investigation if it has determined that certain subsidies existed with respect to those values).

[111] *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 IDM at 7-19; *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 IDM at 1; *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 IDM at 4; and *Certain Frozen Warmwater Shrimp from Thailand: Final Negative Countervailing Duty Determination*, 78 FR 50379 (August 19, 2013), and accompanying IDM at IV.

Commerce could not be certain that they were not from either an NME country or a country with general export subsidies.[112] Therefore, we have not used prices from these countries either in calculating the Thai import-based SVs or in calculating market economy input values, as appropriate.

GGB reported that it purchased all its raw material and packing inputs from NME suppliers during the POR.[113] Therefore, we used Thai import statistics from GTA to value raw materials and packing materials. Further, GGB reported that steel scrap was recovered as a by-product of the production of subject merchandise, and that it, and its suppliers, made sales of steel scrap during the POR.[114] However, because GGB was unable to provide either the quantity of scrap generated during its own production process, or that of its suppliers,[115] we are, consistent with past precedent,[116] preliminarily not granting a by-product offset for GGB's reported steel scrap.

On June 21, 2011, Commerce revised its methodology for valuing the labor inputs in NME antidumping proceedings.[117] In *Labor Methodologies*, Commerce determined that the best methodology to value the labor inputs is to use industry-specific labor rates from the primary surrogate country. Additionally, Commerce made a determination to use Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization (ILO) Yearbook of Labor Statistics as its primary source for industry-specific labor rates.[118]

For these preliminary results, we have calculated the labor input value using data from Thailand's National Statistics Office (NSO) Labor Force Survey data for code 2814, "manufacture of bearings, gears, gearing and driving elements." Although the NSO Labor Force Survey data are not from the ILO, we find that this fact does not preclude us from using this source for valuing labor. In *Labor Methodologies*, Commerce decided to change to the use of ILO Chapter 6A from the use of ILO Chapter 5B data, on the rebuttable presumption that

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

[113] *See* GGB's October 20, 2017, DQR at D-1-9.

[114] *Id.* at D-14.

[115] *Id*. With the exception of one supplier, GGB stated that neither it, nor its suppliers track or record scrap production and/or scrap stock-in; they only record sales of scrap ("In ordinary course of their business operations, GGB and its component suppliers, except {one supplier} does not maintain records for the production of steel scrap." {*sic*}). Additionally, GGB was unable to demonstrate that the one supplier which did track the production of scrap in its accounting records sold that scrap during the POR. *See* GGB April 19, 2018 First SQR at 37.

[116] *See, e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of the Antidumping Duty Administrative Review and Final Results of the New Shipper Review; 2012-2013*, 80 FR 4244 (January 27, 2015), and accompanying IDM at Comment 3, where we denied claims for a by-product offset where the companies did not provide data of their, or their subcontractors' by-product production during the POR.

[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] *Id*.

Chapter 6A data better account for all direct and indirect labor costs.[119] Commerce did not, however, preclude all other sources for evaluating labor costs in NME AD proceedings. Rather, we continue to follow our practice of selecting the best available information to determine SVs for inputs such as labor.[120] Thus, we find that the NSO Labor Force Survey data are the best available information for valuing labor for this segment of the proceeding. Specifically, the NSO Labor Force Survey data reflect the fully-loaded labor costs applicable to the bearings industry in Thailand and, thus, are the closest match to all costs covered by the ILO Chapter 6A labor data.[121] Therefore, we find that the code 2814, Thai NSO labor data provide the best available information for the purposes of these preliminary results. The calculated wage rate is provided in the Surrogate Value Memo.

Pursuant to 19 CFR 351.408(c)(4), Commerce valued factory overhead, selling, general and administrative expenses, and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country. For these preliminary results, we used ratios derived from the financial statements of JTEKT (Thailand) Co., Ltd. (JTEKT), a producer of bearings and auto parts, for the fiscal year ending December 31, 2011. We find these financial statements to be the best available information on the record of this review because they are from the primary surrogate country (unlike the financial statements provided by GGB), and from a producer of identical merchandise. Further, upon review of JTEKT's financial statements, Commerce finds no reason to believe or suspect that JTEKT may have received countervailable subsidies. In sum, we find that JTEKT's financial statements constitute the best available information with which to determine the financial ratios.

As stated above, we used Thai government data reported under the 2012 NSO data, which reflects all costs related to labor, including wages, benefits, housing, training, *etc*. Because the financial statements used to calculate the surrogate financial ratios do not include an itemized detail of indirect labor costs, we made no adjustments to the surrogate financial ratios.

We valued truck freight expenses using price data from the World Bank's *Doing Business 2018* and used a calculation methodology based on a container weight of 15,000 kilograms and a distance from Bangkok to Laem Chabang port of 129 kilometers (both of which are noted in the *Doing Business 2018* study).[122] We did not inflate this price because it is contemporaneous with the POR.

---

[119] *Id.*, 76 FR at 36093.

[120] *See Xanthan Gum from China* IDM at Comment 6-C; and *Drawn Stainless Steel Sinks from the People's Republic of China: Investigation, Final Determination*, 78 FR 13019 (February 26, 2013), and accompanying IDM at Comment 3.

[121] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of the Antidumping Duty Administrative Review; 2013 – 2014*, 81 FR 1397 (January 12, 2016), and accompanying IDM at Comment 4.

[122] *See* Surrogate Value Memo.

Currency Conversion

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

RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

☒ ☐

_________ _________
Agree Disagree

7/3/2018

X

Signed by: GARY TAVERMAN

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