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Investigation
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May 29, 2019

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

FROM: Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Determination in the Less Than Fair Value Investigation of Aluminum Wire and Cable from the People's Republic of China

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I. SUMMARY

The Department of Commerce (Commerce) preliminarily determines that aluminum wire and cable (AWC) from the People's Republic of China (China) is being, or is likely to be, sold in the United States at less than fair value (LTFV), 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 September 21, 2018, Commerce received the initial petition from Encore Wire Corporation (Encore) and Southwire Company, LLC (Southwire) (collectively, the petitioners) seeking the imposition of antidumping duties (AD) and countervailing duties (CVD) on AWC from China.[1] Supplements to the initial petition are described in the *Initiation Notice* and accompanying

[1] *See* letter from the petitioners, "Aluminum Wire and Cable from China: Antidumping and Countervailing Duty Petitions," dated September 21, 2018 (initial petition), and letter from the petitioners, "Aluminum Wire and Cable from China: Amendment of Petitions and Response to Commerce's Supplemental Questions," dated September 28, 2018 (Petition SQR) (collectively, the Petition).

Initiation Checklist.[2] On October 11, 2018, Commerce initiated the LTFV investigation of AWC from China.[3]

On October 31, 2018, the petitioners submitted comments regarding the physical characteristics of the merchandise under consideration to be used for reporting purposes.[4] On November 13, 2018, Shanghai Silin Special Equipment Co., Ltd. (Silin), filed rebuttal comments regarding the physical characteristics of merchandise under consideration.[5] On November 16, 2018, Commerce issued the product characteristics to be used in this investigation.[6]

In the *Initiation Notice*, Commerce notified parties of the application process by which exporters and producers may obtain separate rate status in a non-market economy (NME) proceeding.[7] The process requires exporters to submit a separate rate application (SRA)[8] 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, which fell on November 17, 2018.[9] In response to requests for an extension for SRAs, Commerce extended the deadline to November 29, 2018.[10] Commerce received timely filed SRAs from the following non-examined companies: Ahcof International Development Co., Ltd. (Ahcof);[11] Changfeng Wire & Cable Co., Ltd. (Changfeng);[12] Jiangsu Ganghong Electric Wire & Power Cable Co., Ltd. (Jiangsu);[13] and Wuxi Jiangnan Cable Co., Ltd. (Wuxi Jiangnan).[14] On November 28, 2018, Encore submitted rebuttal factual information (RFI) regarding Ahcof's SRA,[15] and, on November 29, 2018, Ahcof submitted a response to Encore's RFI.[16] On

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[2] *See* Memorandum, "Antidumping Duty Investigation Initiation Checklist: Aluminum Wire and Cable from the People's Republic of China (China)," dated October 11, 2018 (Initiation Checklist); *see also Aluminum Wire and Cable from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 52811 (October 18, 2018) (*Initiation Notice*).
[3] *See* Initiation Checklist and *Initiation Notice*.
[4] *See* letter from the petitioners, "Aluminum Wire and Cable from the People's Republic of China: Product Characteristics Comments," dated October 31, 2018.
[5] *See* letter from Silin, "Aluminum Wire and Cable from the People's Republic of China – Product Characteristics Rebuttal Comments," dated November 13, 2018.
[6] *See* Memorandum, "Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China: Product Characteristics," dated November 16, 2018 (Product Characteristics Memo).
[7] *See Initiation Notice*, 83 FR at 52814.
[8] *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 on Commerce's website at http://enforcement.trade.gov/policy/bull05-1.pdf.
[9] *See Initiation Notice*, 83 FR at 52814.
[10] *See* Memorandum, "Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China: Extension of Separate Rate Application Deadline," dated November 16, 2018 (SRA Deadline Extension).
[11] *See* letter from Ahcof, "Separate Rate Application," dated November 14, 2018 (Ahcof SRA).
[12] *See* letter from Changfeng, "Aluminum Wire and Cable from the People's Republic of China – Separate Rate Application," dated November 29, 2018 (Changfeng SRA).
[13] *See* letter from Jiangsu, "Separate Rate Application," dated November 12, 2018 (Jiangsu SRA).
[14] *See* letter from Wuxi Jiangnan, "Aluminum Wire and Cable from the People's Republic of China – Separate Rate Application," dated November 29, 2018 (Wuxi Jiangan SRA).
[15] *See* letter from Encore, "Aluminum Wire and Cable from China: Rebuttal Factual Information Responsive to Ahcof's Separate Rate Application," dated November 28, 2018 (Encore Rebuttal to Ahcof SRA).
[16] *See* letter from Ahcof, "Aluminum Wire and Cable from China: Rebuttal Factual Information Responsive to Petitioner," dated November 29, 2018 (Ahcof Response to Encore RFI).

December 21, 2018, Commerce issued SRA supplemental questionnaires to Ahcof and Jiangsu.[17] Commerce received a timely filed response from Ahcof.[18] Jiangsu did not submit a response to Commerce's supplemental SRA questionnaire.

We stated in the *Initiation Notice* that we intend to base our selection of mandatory respondents on responses to quantity and value (Q&V) questionnaires to be sent to each potential respondent named in the Petition.[19] On October 15, 2018, Commerce successfully issued Q&V questionnaires via FedEx mail to 20 of the 27 companies identified in the Petition as potential producers or exporters of AWC from China.[20] For the remaining seven companies identified by the petitioners, either the petitioners did not provide a valid address, or the questionnaires were not able to be delivered.[21] In addition, we posted the Q&V questionnaire on Commerce's website and, in the *Initiation Notice*, invited parties that did not receive a Q&V questionnaire directly from us to file a response to the Q&V questionnaire by the applicable deadline. We received timely filed Q&V questionnaire responses from eight exporters or producers.[22] Of the 20 companies to which we successfully issued a Q&V questionnaire, eighteen did not respond.[23] On November 2, 2018, based on the responses to the Q&V questionnaires, we selected Hebei Huatong Wires and Cables Group Co., Ltd. (Huatong) and Silin for individual examination as mandatory respondents in this LTFV investigation.[24]

On November 6, 2018, we issued an AD NME questionnaire to Huatong and Silin.[25] Silin and Huatong submitted their individual responses to Section A of the initial questionnaire on December 4, 2018, and December 6, 2018, respectively.[26] Huatong and Silin submitted their individual responses to Sections C and D of the initial questionnaire between December 2018

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[17] *See* letter from Commerce to Ahcof, "Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China" (Ahcof SRA SQ), and letter from Commerce to Jiangsu, "Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China" (Jiangsu SRA SQ), both dated December 21, 2018.
[18] *See* letter from Ahcof, "Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from People's Republic of China," dated January 2, 2019 (Ahcof SRA SQR).
[19] *See Initiation Notice*, 83 FR at 52814.
[20] *See* the Petition at 13-18; *see also* letter from the petitioners, "Aluminum Wire and Cable from China: Amendment of Petitions and Response to Commerce's Supplemental Questions," dated September 28, 2018 (Petition Supplement) at 7 and Exhibit H.
[21] *See* Memorandum, "Less-Than-Fair-Value Investigation of Aluminum Wire and Cable from the People's Republic of China: Respondent Selection," dated November 2, 2018 (Respondent Selection Memo).
[22] *Id*.
[23] Commerce issued but did not receive responses to the Q&V questionnaires from the following companies: Guangdong Rifeng Electric Cable Co., Ltd; Belden Hirschmann Industries (Suzhou) Co., Ltd.; Ta Tun (Samoa) Electric Wire & Cable Co., Ltd; Shenzhen ADP Cables Co., Ltd; Shenzhen Baohing Electric Wire & Cable Manufacture Co., Ltd; ASE Group; Zhejiang Haiyan Electric Cable Co., Ltd; Henan Tong-Da Cable; Kunshan Hwatek Wires and Cable Co., Ltd; Yung Li; Henan Honrey Cable Co., Ltd; Shanghai Morn Electric Equipment Co., Ltd; Shanghai Cable Works Group Co., Ltd; Jiangnan Group Limited; Shanghai Panda Wire & Cable Co., Ltd; Far East Cable Co., Ltd; Shanghai Nan Yang Electric Appliance Co., Ltd; and Yuyao Jingyi Electronics Co., Ltd.
[24] *See* Respondent Selection Memo.
[25] *See* letters to Huatong and Silin, Antidumping Duty Questionnaire, both dated March 5, 2018 (collectively, Initial Questionnaire).
[26] *See* letter from Silin, "Aluminum Wire and Cable from the People's Republic of China – Section A Response," dated December 4, 2018 (Silin AQR), and letter from Huatong, "Aluminum Wires and Cables from the People's Republic of China – Section A Questionnaire Response," dated December 6, 2018 (Huatong AQR).

and February 2019.[27] Between February and May 2019, we issued, and the respondents timely replied to, multiple supplemental questionnaires along with the double remedy questionnaire. During the same time frame, the petitioners submitted comments regarding each of the questionnaire responses submitted by Silin and Huatong.

On May 3, 2019, and May 6, 2019, Encore, Southwire and Huatong submitted pre-preliminary comments for this investigation.[28] On May 13, 2019, Huatong submitted rebuttal comments to the petitioners' pre-preliminary comments.[29] On May 14, 2019, Commerce issued a letter to Huatong rejecting its submission of rebuttal comments on the basis that it contained unsolicited new factual information (NFI).[30] On May 15, 2019, Huatong resubmitted its comments without the NFI.[31]

On November 9, 2018, the U.S. International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of AWC from China.[32]

Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018, through the resumption of operations on January 29, 2019. If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day.[33]

[27] *See* letter from Huatong, "Aluminum Wires and Cables from the People's Republic of China – Section C Questionnaire Response," dated December 28, 2018 (Huatong CQR); letter from Huatong, "Aluminum Wires and Cables from the People's Republic of China – Section D Part V-VI Questionnaire Response," dated February 19, 2019 (Huatong DQR); letter from Silin, "Aluminum Wire and Cable from the People's Republic of China – Section C Questionnaire Response," dated February 5, 2019 (Silin CQR); and letter from Silin, "Aluminum Wire and Cable from the People's Republic of China – Section D Questionnaire Response," dated February 12, 2019 (Silin DQR).
[28] *See* letter from Encore, "Aluminum Wire and Cable from China: Pre-Preliminary Comments," dated May 3, 2019 (Encore Pre-Prelim Comments on Silin); letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Huatong's Pre-Preliminary Comments," dated May 3, 2019 ; letter from Encore, "Aluminum Wire and Cable from China: Pre-Preliminary Comments Concerning Respondent Huatong," dated May 6, 2019 (Encore Pre-Prelim Comments on Huatong); and letter from Southwire, "Aluminum Wire and Cable from the People's Republic of China: Southwire Company LLC Pre-Preliminary Comments," dated May 6, 2019 (Southwire Pre-Prelim Comments).
[29] *See* letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China: Southwire Company LLC Pre-Preliminary Comments," dated May 13, 2019.
[30] *See* letter to Huatong, "Less-Than-Fair-Value Investigation of Aluminum Wire and Cable from the People's Republic of China: Rejecting Huatong's Comments Submitted on May 13, 2019," dated May 14, 2019.
[31] *See* letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Huatong's Rebuttal to Petitioners' Encore and Southwire Pre-Preliminary Comments (Re-filed)," dated May 15, 2019 (Huatong Pre-Prelim Comments).
[32] *See Aluminum Wire and Cable: Determinations*, 83 FR 56101 (*Determinations*) (November 9, 2018).
[33] *See* Memorandum from 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, "Deadlines Affected by the Partial Shutdown of the Federal Government," dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days.

On March 19, 2019, pursuant to section 733(c)(1)(A) of the Act and 19 CFR 351.205(f)(1), we published in the *Federal Register* a postponement of the preliminary determination by 50 days until no later than May 29, 2019.[34]

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

III. PERIOD OF INVESTIGATION

The period of investigation (POI) is January 1, 2018, through June 30, 2018. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the Petition, which was filed in September 2018.[35]

IV. POSTPONEMENT OF FINAL DETERMINATION AND EXTENSION OF PROVISIONAL MEASURES

In April 2019, pursuant to 19 CFR 351.210(b) and (e), Huatong, Silin and the petitioners requested that, contingent upon an affirmative preliminary determination of sales at LTFV for their respective companies, Commerce postpone the final determination and that provisional measures be extended to a period not to exceed six months.[36] 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 account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, we are granting the respondents' 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.

V. SCOPE COMMENTS

In accordance with the *Preamble* to Commerce's regulations,[37] the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage, *i.e.*, the scope, of aluminum wire and cable.[38] On October 19, 2018, Commerce requested that interested parties address certain aspects of the scope language as included in the *Initiation Notice*.[39] Specifically, Commerce asked that parties address the use of the word "equipment" in the following sentence:

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[34] *See Plastic Decorative Ribbon from the People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*, 83 FR 13256 (March 28, 2018) (*Postponement of Preliminary Determination*).
[35] *See* 19 CFR 351.204(b)(1).
[36] *See* letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Request for Extension of Final Determination and Provisional Measures," dated April 11, 2019; letter from Silin, "Aluminum Wire and Cable from People's Republic of China – Request for Extension of Final Determination and Provisional Measures," dated April 10, 2019; and letter from the petitioners, "Aluminum Wire and Cable from China: Petitioners' Comments on Extension of Final Determination and CVD Provisional Measures," dated April 12, 2019.
[37] *See Antidumping Duties: Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).
[38] *See Initiation Notice*, 83 FR at 52805.
[39] *See* Memorandum, "Antidumping and Countervailing Duty Investigations of Aluminum Wire and Cable from the People's Republic of China: Request for Scope Comments," dated October 19, 2018.

"The scope of the investigation{s} specifically excludes conductors that are included in equipment already assembled at the time of importation."[40] Commerce also requested that parties comment on whether the exclusion is redundant given other language in the scope description that excludes wire and cable products in lengths less than six feet (in other words, is all wire and cable included in equipment less than six feet in any case).[41] On October 31, 2018, Encore and Southwire separately submitted comments on the scope language.[42]

In its comments, Encore stated that it intended the word "equipment" to denote "electrical appliances, whether fully or partially assembled at the time of importation."[43] It also noted that the exclusion language regarding conductors included in assembled equipment was "likely superfluous," since it is not aware of AWC products, greater than six feet in length, that are actually included in electrical appliances at the time of importation.[44] Southwire stated that it intended the word "equipment" to denote "electrical appliances, whether fully or partially assembled at the time of importation."[45] Southwire also suggested modifying the scope language to exclude "aluminum wire and cable products in lengths less than six feet, whether or not included in equipment already assembled at the time of importation."[46] We received no other comments on the scope language.

Upon review of the comments above, we have preliminarily determined to adopt Southwire's suggested modification to the scope text because it eliminates the need for a more precise definition of "equipment." The revised language simply excludes AWC less than six feet in length, regardless of whether it is part of an assembled product. Moreover, the modified language appears to be consistent with the comments of the other petitioner, Encore, which acknowledge the redundancy between excluding AWC less than six feet in length and AWC included in equipment.

The revised scope language is provided below.

VI. SCOPE OF THE INVESTIGATION

The scope of the investigation covers aluminum wire and cable, which is defined as an assembly of one or more electrical conductors made from 8000 Series Aluminum Alloys (defined in accordance with ASTM B800), Aluminum Alloy 1350 (defined in accordance with ASTM B230/B230M or B609/B609M), and/or Aluminum Alloy 6201 (defined in accordance with ASTM B398/B398M), provided that: (1) at least one of the electrical conductors is insulated; (2) each insulated electrical conductor has a voltage rating greater than 80 volts and not exceeding 1000 volts; and (3) at least one electrical conductor is stranded and has a size not less than 16.5 thousand circular mil (kcmil) and not greater than 1000 kcmil. The assembly may: (1) include a grounding or neutral conductor; (2) be clad with aluminum, steel, or other base metal; or (3)

[40] *Id.*
[41] *Id.*
[42] *See* letter from Encore, "Aluminum Wire and Cable from China: Petitioner's Comments on Scope," dated October 31, 2018 (Encore Scope Comments), and letter from Southwire, "Aluminum Wire and Cable from the People's Republic of China: Scope Comments," dated October 31, 2018 (Southwire Scope Comments).
[43] *See* Encore Scope Comments at 2.
[44] *Id.*
[45] *See* Southwire Scope Comments at 2.
[46] *Id*.

include a steel support center wire, one or more connectors, a tape shield, a jacket or other covering, and/or filler materials.

Most aluminum wire and cable products conform to National Electrical Code (NEC) types THHN, THWN, THWN-2, XHHW-2, USE, USE-2, RHH, RHW, or RHW-2, and also conform to Underwriters Laboratories (UL) standards UL-44, UL-83, UL-758, UL-854, UL-1063, UL-1277, UL-1569, UL-1581, or UL-4703, but such conformity is not required for the merchandise to be included within the scope.

The scope of the investigation specifically excludes aluminum wire and cable products in lengths less than six feet, whether or not included in equipment already assembled at the time of importation.

The merchandise covered by the investigation is currently classifiable under subheading 8544.49.9000 of the Harmonized Tariff Schedule of the United States (HTSUS). Products subject to the scope may also enter under HTSUS subheading 8544.42.9090. The HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of the investigation is dispositive.

VII. DISCUSSION OF THE METHODOLOGY

A. Non-Market Economy Country

Commerce considers China to be an NME country.[47] In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. Further, as part of this investigation, Commerce has received no request to reconsider its determination that China is an NME. Therefore, we continue to treat China as an NME country for purposes of this preliminary determination.

B. Surrogate Country and Surrogate Value Comments

When Commerce is investigating imports from an NME country, section 773(c)(1) of the Act directs us to base normal value (NV), in most circumstances, on the NME producer's factors of production (FOP), valued in a surrogate market economy (ME) country or countries considered to be appropriate by Commerce.

On October 19, 2018, Commerce issued a memorandum that identified Brazil, Kazakhstan, Malaysia, Mexico, Romania, and Russia as countries that are at the same level of economic

[47] *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) (*Aluminum Foil Preliminary Determination*) and accompanying decision memorandum (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) (*Aluminum Foil Final Determination*).

development as China based on 2017 GNI data.[48] In the same memorandum, we solicited comments from interested parties on the list of potential surrogate countries and the selection of the primary surrogate country, as well as provided deadlines for submitting surrogate value information for consideration in the preliminary determination.[49] From December 2018 through January 2019, we issued subsequent memoranda revising the deadlines for submissions of surrogate country and surrogate value information to be considered for the preliminary determination.[50]

On February 26, 2019, we received timely comments on surrogate country selection from Encore, Huatong, and Silin.[51] On March 4, 2019, Encore and Huatong filed rebuttal comments on surrogate country selection.[52] On March 5, 2019, we received comments from Encore, Huatong, and Silin on surrogate value data for valuing FOPs.[53] On March 11, 2019, Southwire and Huatong filed rebuttal comments on surrogate values.[54] Between March 12, 2019 and May 6, 2019, Encore, Huatong and Silin filed additional comments regarding surrogate value selection and responded to a clarification request by Commerce regarding the public availability of submitted financial statements.[55]

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[48] *See* Memorandum, "Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information," dated October 19, 2018 (Surrogate Country Memo).
[49] *Id.*
[50] *See* Memorandum, "Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China: Confirmation of Deadlines for Submitting Surrogate Country and Surrogate Value Comments and Information," dated December 14, 2018; Memorandum, "Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China: Updated Confirmation of Deadlines for Submitting Surrogate Country and Surrogate Value Comments and Information," dated December 21, 2018; and Memorandum, "Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China: Updated Confirmation of Deadlines for Submitting Surrogate Country and Surrogate Values Comments and Information," dated January 30, 2019.
[51] *See* letter from Encore, "Aluminum Wire and Cable from China: Surrogate Country Selection Comments," dated February 26, 2019; letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Huatong Selection of Surrogate Country Comments," dated February 26, 2019; and letter from Silin, "Aluminum Wire and Cable from the People's Republic of China Surrogate Country Comments," dated February 26, 2019.
[52] *See* letter from Encore, "Aluminum Wire and Cable from China: Surrogate Country Rebuttal Comments," dated March 4, 2019; and letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Huatong Surrogate Country Rebuttal Comments," dated March 4, 2019.
[53] *See* letter from Encore, "Aluminum Wire and Cable from the People's Republic of China: Initial Surrogate Value Data," dated March 5, 2019; letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Huatong Surrogate Value Comments," dated March 5, 2019; and letter from Silin, "Aluminum Wire and Cable from the People's Republic of China – Preliminary SV Submission," dated March 5, 2019.
[54] *See* letter from Encore, "Aluminum Wire and Cable from the People's Republic of China: Surrogate Value Rebuttal on Behalf of Southwire Company, LLC," dated March 11, 2019; and letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Surrogate Value Rebuttal Comments From Huatong," dated March 11, 2019.
[55] *See* letter from Silin, "Aluminum Wire and Cable from the People's Republic of China – Final SV Submission," dated April 29, 2019; letter from Encore, "Aluminum Wire and Cable from China: Pre-Preliminary Comments," at May 3, 2019 at 13-37; letter from Encore, "Aluminum Wire and Cable from China: Pre-Preliminary Comments Concerning Respondent Huatong," at 12-36; letter from Commerce to Southwire, "Clarification of Surrogate Financial Statements for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," date May 1, 2019; letter from Commerce to Huatong, "Clarification of Surrogate Financial Statements for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," date May 1, 2019; letter from Commerce to Silin, "Clarification of Surrogate Financial Statements for the

Because Commerce is preliminarily applying facts otherwise available with an adverse inference (AFA), in accordance with sections 776(a) and (b) of the Act, to Huatong and Silin, and is, therefore, not calculating an individual estimated weighted-average dumping margin for the mandatory respondents, Commerce has not selected a primary surrogate country for purposes of this preliminary determination. *See* the "Application of Facts Available and Adverse Inferences" section below for a discussion on Commerce's preliminary decision regarding AFA for both mandatory respondents.

C. Separate Rates

In a proceeding involving an NME country, Commerce 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.[56] It is Commerce's policy to assign all exporters of subject merchandise in an NME country a single rate unless an exporter can demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*).[57] Commerce analyzes whether each entity exporting the merchandise under consideration is sufficiently independent under a test established in *Sparklers*[58] and further developed in *Silicon Carbide*.[59] According to this separate rate test, Commerce 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 Commerce determines that a company is wholly foreign-owned, the separate rate analysis is not necessary to determine whether that company is independent from government control and, therefore, eligible for a separate rate.

Commerce continues to evaluate its practice with regard to the separate rates analysis in light of the *Diamond Sawblades* proceeding, and its determinations therein.[60] In particular, in litigation

Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," dated May 1, 2019; letter from Southwire, "Aluminum Wire and Cable from the People's Republic of China: Southwire Company LLC Submission Clarifying Surrogate Financial Statements," dated May 2, 2019; letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Huatong Clarification of Surrogate Financial Statement," dated May 2, 2019; and letter from Silin, "Aluminum Wire and Cable from the People's Republic of China Clarification of Surrogate Financial Statement Questionnaire Response," dated May 2, 2019.

[56] *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).

[57] *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*).

[58] *Id.*

[59] *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*).

[60] *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) (*Diamond Sawblades*), 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 Memorandum (PDM) at 7, unchanged in *Diamond Sawblades and Parts Thereof from the People's Republic of China: Final Results of*

involving the *Diamond Sawblades* from China proceeding, the CIT found Commerce'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.[61] Following the Court's reasoning, in recent proceedings, we have concluded that where a government holds a majority ownership share, directly or indirectly, in the respondent exporter, the majority holding *per se* means that the government exercises, or has the potential to exercise, control over the company's operations generally.[62] 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.

As mentioned above for the non-examined companies, Commerce received timely filed SRAs from Ahcof, Changfeng, Jiangsu and Wuxi Jiangnan.[63] In addition, the mandatory respondents Huatong and Silin provided answers to our separate rate questions as part of their section A questionnaire responses.[64] Commerce issued supplemental questionnaires to Ahcof and Jiangsu,[65] and received a timely filed response from Ahcof.[66] Jiangsu did not submit a response to Commerce's supplemental SRA questionnaire.

For all separate rate applicants, we consider the *de jure* and *de facto* criteria below.

1. Absence of De Jure *Control*

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

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Antidumping Duty Administrative Review; 2011-2012, 79 FR 35723 (June 24, 2014) and accompanying Issues and Decision Memorandum (IDM) at Comment 1.

[61] *See, e.g.*, *Advanced Technology I*, 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."); and 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); and 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."); and 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).

[62] *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 PDM at 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).

[63] *See* Ahcof SRA; Changfeng SRA; Jiangsu SRA; and Wuxi Jiangan SRA.

[64] *See* Huatong AQR at 5-25; and Silin AQR at 2-16.

[65] *See* Ahcof SRA SQ; and Jiangsu SRA SQ.

[66] *See* Ahcof SRA SQR.

decentralizing control over export activities of companies; and (3) other formal measures by the government decentralizing control over export activities of companies.[67]

The evidence provided by Ahcof, Changfeng, Huatong, Jiangsu, Silin and Wuxi Jiangnan 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.

2. Absence of De Facto *Control*

Typically, Commerce 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.[68] Commerce 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 Commerce from assigning separate rates.

The evidence provided by Changfeng and Wuxi Jiangnan supports a preliminary finding of an absence of *de facto* government control based on record statements and supporting documentation showing that these 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.[69] As explained below, Commerce is not granting a separate rate for Ahcof, Jiangsu, Huatong, and Silin.

Based on the foregoing, we preliminarily determine that the evidence placed on the record of this investigation by Changfeng and Wuxi Jiangnan demonstrates an absence of *de jure* and *de facto* government control under the criteria identified in *Sparklers* and *Silicon Carbide*. Accordingly, Commerce preliminarily grants separate rates to each of these companies.

3. Margin for the Separate Rate Companies

The statute and Commerce's regulations do not address the establishment of a separate rate to be applied to individual respondents not selected for individual examination when Commerce limits

[67] *See Sparklers*, 56 FR at 20589.
[68] *See Silicon Carbide*, 59 FR at 22586-87; *see also Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from the People's Republic of China*, 60 FR 22544, 22545 (May 8, 1995).
[69] *Id*. at 2258.

its examination pursuant to section 777A(c)(2) of the Act. In accordance with Commerce's practice, we assigned to the separate rate companies that were not individually examined a rate equal to the weighted average of the rates calculated for the individually examined respondents, excluding rates that are zero, *de minimis*, or based entirely on facts available, as per 735(c)(5)(A) of the Act.[70] Because Commerce is applying total AFA to the two mandatory respondents in this investigation, there are no estimated weighted-average dumping margins calculated for the mandatory respondents which are not zero, *de minimis* or based entirely on facts available. Therefore, because there are no other rates available, we preliminarily determine for the non-examined companies granted a separate rate in this investigation an estimated weighted-average dumping margin of 58.51 percent, which is equal to the simple average of the dumping margins alleged in the Petition.[71]

4. Companies Not Receiving a Separate Rate

a) Ahcof

In its SRA, Ahcof reported that it is wholly-owned by Ahcof Holdings which, in turn, is controlled by four shareholders: Anhui Cereals Group, Anhui Guohai Investment, Anhui Guoyuan Fiduciary, and the Labor Union of Anhui Cereals Group.[72] Encore submitted RFI showing that one of its ultimate shareholders, namely Anhui Cereals Group, is controlled by the State-owned Assets Supervision and Administration Commission (*i.e.* the Chinese government).[73] In response to the supplemental SRA questionnaire issued by Commerce,[74] Ahcof also provided evidence showing that Anhui Guoyuan Fiduciary transferred its shares to the Labor Union of Hefei Construction Group Co. Ltd. (Labor Union Hefei).[75] In *Tapered Roller Bearings*, Commerce determined that "Labor unions are under the control and direction of the All-China Federal of Trade Unions (ACFTU), a government affiliated and {Chinese Communist Party (CCP)} organ."[76] Together, Anhui Cereals Group, the Labor Union of Hefei Construction Group Co. Ltd., and the Labor Union of Anhui Cereals Group, ultimately control 70 percent of Ahcof. Because of the level of government ownership and control established over Anhui Cereals Group and the two labor unions, we preliminarily determine that Ahcof does not satisfy the criteria for demonstrating an absence of *de facto* government control over export activities, consistent with *Diamond Sawblades*.

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[70] *See, e.g., Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 71 FR 77373, 77377 (December 26, 2006), unchanged in *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007).
[71] *See* Petition SQR at 7; *see also* Initiation Checklist at 10.
[72] *See* Ahcof SRA at 13-15.
[73] *See* Encore RFI to Ahcof SRA at 2 and Attachments 1-3.
[74] *See* Ahcof SRA SQR.
[75] *Id.* at Explanation No. 1; *see also* Ahcof Supplemental SRA at Exhibit 1-2 and Exhibit 4.
[76] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Preliminary Results and Intent To Rescind the Review in Part; 2016–2017*, 83 FR 32263 (July 12, 2018) (*Tapered Roller Bearings*) and accompanying preliminary decision memorandum (citing China NME Status Memo) at 11; 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; 2016–2017*, 84 FR 6132 (February 6, 2019).

We therefore preliminarily find that Ahcof is not eligible for a separate rate, and, as a result, it will be treated as part of the China-wide entity in accordance with Commerce practice.

b) Jiangsu

In its SRA, Jiangsu did not complete the ownership portion of Section IV, which demonstrates an absence of *de facto* government control.[77] Commerce issued a supplemental questionnaire requesting that Jiangsu answer all questions regarding its ownership and fix additional deficiencies in its SRA.[78] Jiangsu did not respond to Commerce's supplemental questionnaire. The SRA itself provides the following:

> If the applicant does not provide the required documentation in the appropriately required form or is unable or unwilling to make the requested certifications, the applicant will not have demonstrated its eligibility for a separate rate. If necessary, {Commerce} will issue questionnaires for the purpose of clarifying fully responsive answers. {Commerce} retains the right to require additional information concerning the representations made in your firm's application. All information submitted, and representations made, by applicants are subject to verification.[79]

Thus, Jiangsu did not comply with the instructions in the SRA and failed to provide requested supplemental information. Jiangsu's refusal to provide the requested information therefore has impeded the proceeding and abrogates the company's responsibility to answer requests for information by the investigating agency. As a result, there is missing factual information on the record to establish that Jiangsu operated free of *de facto* government control during the POI.

c) Huatong

Commerce is preliminarily applying total AFA to Huatong. *See* the "Application of Facts Available and Adverse Inferences" section below for a discussion on Commerce's preliminary decision to apply total AFA to Huatong. As described in detail below, the totality of the deficiencies in Huatong's questionnaire responses calls into question the reliability of its responses in their entirety. In particular, however, Huatong's failure to provide accurate pricing data is relevant to the *de facto* criteria discussed above. Commerce must first be able to establish what the correct sales prices are before it can attempt to verify or otherwise corroborate whether such prices are set independently of the government of China (GOC) or whether the full amount of the relevant proceeds are retained by Huatong. Notably, the price discrepancies involve sales through trading companies and Huatong's inability to accurately indicate how prices may or may not change while the merchandise proceeds through a chain of transactions as it is exported from China. Furthermore, the extent of the unreliability of record evidence impinges on our analysis of whether there is an absence of *de facto* government control of Huatong's export activities.

We therefore find that Huatong is not eligible for a separate rate, and, as a result, it will be treated as part of the China-wide entity in accordance with Commerce practice.

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[77] *See* Jiangsu SRA at 16-18.
[78] *See* Jiangsu SRA SQ.
[79] *See* Jiangsu SRA at 6.

d) Silin

Commerce is preliminarily applying total AFA to Silin. *See* the "Application of Facts Available and Adverse Inferences" section below for a discussion on Commerce's preliminary decision to apply total AFA to Silin. Silin's failure to provide a complete sales reconciliation, and, in fact, its acknowledgement that it cannot perform a reconciliation of certain U.S. sales to its books and records, calls into question the reliability of its record keeping and its ability to provide verifiable information concerning how it sets prices for sales to the United States, whether such prices are set independently of the GOC, and whether it completely retains the proceeds of its sales.[80] As a result, there is not enough reliable information on the record to determine whether there is an absence of *de facto* government control over Silin's export activities. More specifically, the sale and shipment information contained in the separate rate application is not verifiable because there is a disconnect between the sales and the accounting system.

We, therefore, find that Silin is not eligible for a separate rate and, as a result, it will be treated as part of the China-wide entity in accordance with Commerce practice.

D. The China-wide Entity

The record indicates there are certain Chinese exporters or producers of the merchandise under consideration during the POI that did not submit a timely separate rate application to be considered separate from the China-wide entity. Further, a number of Chinese exporters or producers failed to provide timely responses to Commerce's Q&V questionnaire.[81] Because non-responsive Chinese companies have not demonstrated that they are eligible for separate rate status and were not responsive to the Q&V questionnaire, Commerce considers them to be part of the China-wide entity.[82]

As discussed above, we are not granting separate rate status to certain companies who did not submit an SRA or who did not respond to Commerce's Q&V questionnaire. Therefore, these applicants will be considered part of the China-wide entity. Additionally, Commerce is preliminarily applying total AFA to both mandatory respondents in this investigation.[83] As discussed below, Huatong and Silin will also be considered part of the China-wide entity. Additionally, we have preliminarily determined to apply total AFA to the China-wide entity,

[80] *See Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 FR 23767 (May 23, 2019) and accompanying IDM at Comment 15.
[81] *See* Respondent Selection Memo. Of the 20 Q&V questionnaires successfully sent, we received timely responses from two companies. Six additional companies also submitted timely responses.
[82] *Id*. Commerce issued but did not receive responses to the Q&V questionnaires from the following companies: Guangdong Rifeng Electric Cable Co., Ltd; Belden Hirschmann Industries (Suzhou) Co., Ltd.; Ta Tun (Samoa) Electric Wire & Cable Co., Ltd; Shenzhen ADP Cables Co., Ltd; Shenzhen Baohing Electric Wire & Cable Manufacture Co., Ltd; ASE Group; Zhejiang Haiyan Electric Cable Co., Ltd; Henan Tong-Da Cable; Kunshan Hwatek Wires and Cable Co., Ltd; Yung Li; Henan Honrey Cable Co., Ltd; Shanghai Morn Electric Equipment Co., Ltd; Shanghai Cable Works Group Co., Ltd; Jiangnan Group Limited; Shanghai Panda Wire & Cable Co., Ltd; Far East Cable Co., Ltd; Shanghai Nan Yang Electric Appliance Co., Ltd; and Yuyao Jingyi Electronics Co., Ltd.
[83] *See* the "Application of Facts Available and Adverse Inferences" section below for a discussion on Commerce's preliminary decision regarding AFA for both respondents.

where the estimated weighted-average dumping margin based on total AFA is 63.47 percent, the highest dumping margin alleged in the Petition.[84]

F. Application of Facts Available and Adverse Inferences

Section 776(a) 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 Commerce, (B) fails to provide such information in a timely manner or in the form or manner requested, subject to Sections 782(c)(1) and (e) of the Act, (C) significantly impedes a proceeding under the AD statute, or (D) provides such information but the information cannot be verified, Commerce shall, subject to Section 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

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

Section 776(b) of the Act provides that Commerce 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 to comply with a request for information. In so doing, Commerce 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. 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.[85]

When using facts otherwise available, section 776(c) of the Act provides that, where Commerce 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.[86] The SAA clarifies that "corroborate" means that Commerce will satisfy itself that the secondary information to be used has probative value,[87] although, Commerce is not required to corroborate any dumping margin applied in a separate segment of the same proceeding.[88] To corroborate secondary information, Commerce shall, to the extent practicable, examine the reliability and relevance of the information to be used,

[84] *See* Petition Supplement at 7; *see also* Initiation Checklist at 10.
[85] *See also* 19 CFR 351.308(c).
[86] *See* Statement of Administrative Action, H.R. Rep. No. 103-316, Vol. 1 (1994) (SAA) at 870.
[87] *Id.*; *see also* 19 CFR 351.308(d).
[88] *See* section 776(c)(2) of the Act.

although Commerce 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.[89]

Under section 776(d) of the Act, Commerce may use any dumping margin from any segment of a proceeding under an AD order when applying an adverse inference, including the highest of such margins. When selecting an AFA margin, Commerce 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

Huatong

Despite multiple requests by Commerce for Huatong to address issues in its sales database, FOP database, and control number (CONNUM) coding, significant deficiencies remain in the information on the record. For example, Commerce's initial questionnaire instructed Huatong to "report the unit price recorded on the invoice for sales shipped and invoiced in whole or in part." In addition to reporting the gross unit price for each sale in its U.S. sales database, Huatong included an additional field for gross invoice value.[90] Commerce then issued a supplemental questionnaire requesting Huatong to explain why the invoice amount reported in its sales database for certain sales did not match the invoice amount included in a sales trace.[91] In its supplemental response, Huatong acknowledged the reporting mistake and assured Commerce that the invoice value had been corrected.[92] However, the "corrected" invoice value still did not match the sales trace, and the invoice value reported in Huatong's updated sales database neither matched the sales trace nor the "corrected" value.[93]

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[89] *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).

[90] *See* Huatong CQR at 23.

[91] *See* letter to Huatong, "Sections A and C Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," dated March 7, 2019 (Huatong ACSQ) at 2 (Question 4).

[92] *See* letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Response to Section A and Section C Supplemental Questionnaire," dated March 28, 2019 (Huatong ACSQR) at 4.

[93] *See* Huatong ACSQR at Exhibit SC-1; *see also* letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Huatong Response to Third Section C Supplemental Questionnaire," dated May 1, 2019 (Huatong CSQR3) at Exhibit SC-1. Huatong's explanation contains business proprietary information; thus, for a full discussion regarding Huatong's reported invoice prices, *see* Memorandum to the File, "Antidumping Duty Investigation of Aluminum Wire and Cable from China: Huatong Preliminary Determination Analysis Memo," dated concurrently with this memorandum (Huatong Preliminary Determination Analysis Memo).

Similarly, Commerce's initial questionnaire requested Huatong to "assign a control number to each unique product reported in the…sales data file."[94] Commerce provided specific instructions regarding how to construct unique CONNUMs from various product characteristics,[95] and issued two supplemental questionnaires alerting Huatong of various reporting mistakes in its CONNUM coding.[96] In its supplemental responses, Huatong either failed to acknowledge its mistakes,[97] or acknowledged some errors but failed to correct them in its updated sales database.[98]

Finally, Commerce's initial questionnaire requested Huatong to "report each raw material used to produce a unit of the merchandise under consideration."[99] In a supplemental questionnaire, Commerce dedicated several questions regarding Huatong's reported aluminum FOP usage rates.[100] As explained below, Huatong's responses to Commerce's questions were inadequate and often did not address the questions asked.

These deficiencies are sufficient to warrant the application of facts available, pursuant to section 776(a) of the Act. The deficiencies are described in detail below:

- Failure to correct reporting errors for U.S. price: In a supplemental questionnaire, Commerce requested that Huatong fix inconsistencies between reported invoice values in the sales database and the corresponding commercial invoice presented in a sales trace.[101] In its supplemental response, Huatong claimed to have fixed this reporting mistake.[102] However, the total reported invoice value for these entries still does not match the updated amount specified by Huatong in its supplemental response. Huatong's failure to correct this mistake in its sales database, despite acknowledging the error, calls into question the reliability of all invoice values in its sales database.
- Methodological error for reporting invoice values: Due to Huatong's methodology for reporting commercial invoice values,[103] the sales values for 25 percent of the U.S. sales

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94 *See* Initial Questionnaire at C-5.
95 *See* Product Characteristics Memo.
96 *See* letter to Huatong, "Section D Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," dated March 28, 2019 (Huatong DSQ) at Question 7; *see also* letter to Huatong, "Third Section C Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," dated April 23, 2019 (Huatong CSQ3) at Question 1.
97 *See* letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Huatong Response to Third Section C Supplemental Questionnaire," dated May 1, 2019 (Huatong CSQR) at 1.
98 *See* letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Response to Section D Supplemental Questionnaire," dated April 15, 2019 (Huatong DSQR) at 4.
99 *See* Initial Questionnaire at D-6.
100 *See* Huatong DSQ at Questions 6, 8 and 10.
101 *See* Huatong ACSQ at 2 (Question 4).
102 *See* Huatong ACSQR at 4.
103 *Id.* at 5-7; *see also* Southwire Pre-Prelim Comments at 3-4. Huatong's methodology for reporting the commercial invoice values for this export channel involves converting the U.S. dollar value of the commercial invoice (Invoice 1) to RMB, then dividing the RMB amount by the invoice amount between Huatong and a trading company (Invoice 2). This ratio is then applied to the Invoice 2 price in USD, which is converted from its original RMB price. The commercial invoice reported in Huatong's sales database is therefore unreliable, as it is not reported at face value.

(*i.e.* all sales from the same export channel) do not match the commercial invoice value.[104] Huatong claims that any errors in invoice reporting are not due to methodology, but are rather caused by an earlier supplemental in which Commerce requested that Huatong fix eight reference errors erroneously reported for invoice values in the sales database.[105] Huatong explains that these reference errors were data offsetting entries, and their removal caused some data to become "unbalanced."[106] Huatong's explanation is wholly inadequate, as there should never be any errors reported for invoice values in the sales database. Furthermore, if there were any issues with other invoice values caused by the correction of these reference errors, Huatong should have fixed them in its updated sales database. Huatong's own acknowledgement of remaining errors in its reported invoice values, as well as its failure to fix these errors, calls into question the reliability of all invoice values in its sales database.

- Failure to provide product specification sheets: Commerce dedicated several questions in its Huatong DSQ to issues regarding the aluminum weight reported for Huatong's finished products, as well as the aluminum input usage rates reported in Huatong's FOP database.[107] In one instance, Commerce requested the specification sheets for two product codes. Instead of providing the requested documents, Huatong's answer only contained the dimensions of cable conductors for those products.[108] Huatong clearly understands the difference between "specifications" and "specification sheets," as it provided specification sheets for other products in the Huatong DSQR.[109] Huatong's failure to provide specification sheets for these products has hindered Commerce's ability to check whether Huatong is correctly reporting the aluminum grade, aluminum weight, and relevant aluminum inputs for its products, and therefore calls into question the reliability of Huatong's FOP usage rates.
- Failure to explain similar aluminum usage rates for different products: Commerce requested that Huatong explain why the mix of four aluminum inputs are essentially the same for two products made of different aluminum grades (*i.e.* 1350 and 8000 aluminum).[110] Huatong failed to address the issue of aluminum inputs in its response, and instead provided the calculation for different conductor weights.[111] Huatong insists that its answers to other questions, when read together, are responsive to Commerce's questions.[112] It also insists that the question does not specifically address the issue of CONNUM coding (*i.e.* "01" for 1350 and "03" for 8000).[113] However, the question clearly asks for an explanation regarding Huatong's reported aluminum usage rates for a 1350 series product and an 8000 series product. Huatong's failure to answer this

[104] *See* Southwire Pre-Prelim Comments at 3-4. Commerce's own analysis confirms Southwire's comment.
[105] *See* Huatong Pre-Prelim Comments at 3-4; *see also* letter to Huatong, "Second Section C Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," dated April 1, 2019 (Huatong CSQ2) at 3 (Question 2, part b.).
[106] *Id.*
[107] Huatong DSQ at Questions 8 and 10.
[108] *See* letter from Huatong, "Aluminum Wire and Cable from the People's Republic of China – Response to Section D Supplemental Questionnaire," dated April 15, 2019 at 4 (Huatong DSQR).
[109] *Id.* at 8.
[110] *See* Huatong DSQ at 3 (Question 10. Part g.).
[111] *See* Huatong DSQR at 11.
[112] *See* Huatong Pre-Prelim Comments at 9-10.
[113] *Id.*

question has hindered Commerce's ability to check the accuracy of its reported aluminum FOP usage rates, and therefore calls into question the reliability of Huatong's FOP database.

- Unreliable reporting of aluminum weight: Huatong was required to report the aluminum weight of each product in its sales database. When compared to the aluminum usage rates in its FOP database, it appears that the aluminum weights (*i.e.* the weighted average of Huatong's reported aluminum weights for specific products by CONNUM) are consistently higher than the reported aluminum inputs used for each CONNUM.[114] In a supplemental questionnaire, Commerce requested that Huatong provide the calculations used to derive the theoretical aluminum weight reported in the sales database for two products.[115] The equation provided by Huatong was deficient, as it did not provide any explanation for a "coefficient" used.[116] Moreover, the actual results of the equations do not match the aluminum weights reported for these products in Huatong's sales database. Commerce is thus unable to fully examine Huatong's explanations for why the aluminum weights reported for its finished products (which are "theoretical" or "standard" weights)[117] are consistently higher than the aluminum inputs used to make each product.[118] This, in turn, calls into question Huatong's reported aluminum FOP usage rates and the overall reliability of Huatong's FOP database.
- Failure to match CONNUMs with reported physical characteristics: In a supplemental questionnaire, Commerce identified 136 CONNUMs in Huatong's sales database in which identical CONNUMs had different reported physical characteristics.[119] Commerce provided a list of all CONNUMs at issue, along with the associated physical characteristics reported for each CONNUM. It is clear from this list that products with the same reported CONNUM have different reported physical characteristics.[120] It is impossible for correctly constructed CONNUMs to have more than one set of associated physical characteristics. A CONNUM is, in fact, a concatenation of the physical characteristics identified in the questionnaire as significant. In its response, Huatong insisted that all CONNUMs were reported correctly and therefore did not fix any of the errors identified by Commerce.[121] These unexplained CONNUM errors affect 25 percent of Huatong's sales.[122]
- Failure to match reported physical characteristics with product specifications: In a supplemental questionnaire, Commerce requested that Huatong fix a reporting error for the largest conductor size characteristic for a CONNUM/product code pairing.[123] The reporting error was evident from the specifications provided for the relevant products. Although Huatong acknowledged the mistake, it did not correct the CONNUM error in

[114] Huatong's explanation contains business proprietary information; thus, for a full discussion regarding Huatong's reported aluminum weights and aluminum usage rates, *see* Huatong Preliminary Determination Analysis Memo."
[115] *See* Huatong DSQ at 4 (Question 6, Part b.).
[116] *See* Huatong DSQR at 4.
[117] *Id*. at 7-8.
[118] Huatong's explanation contains business proprietary information, thus, for a full discussion regarding Huatong's reported aluminum weights and aluminum usage rates, *see* Huatong Preliminary Determination Analysis Memo.
[119] *See* Huatong CSQ3, Question 1.
[120] *Id*. at Exhibit 1.
[121] *See* Huatong CSQR at 1.
[122] *See* Southwire Pre-Prelim Comments at 8.
[123] *See* Huatong DSQ at 2 (Question 7).

its updated sales database.[124] There are 250 entries with similar CONNUM coding errors in the sales database.[125] Huatong continues to insist that there are only minimal clerical errors regarding the reported physical characteristics and associated product specifications.[126]

Based on the deficiencies outlined above, we preliminarily determine that, in accordance with section 776(a)(1) of the Act, the reliance on the facts otherwise available is warranted for this preliminary determination, because necessary information from Huatong is not available on the record.

Silin

Silin failed to provide a complete U.S. sales reconciliation in response to Commerce's initial questionnaire and two supplemental questionnaires. As a result, Commerce cannot establish that Silin properly reported its sales value during the POI. Silin also failed to correct a significant CONNUM reporting error. These deficiencies are sufficient to warrant the application of facts available, pursuant to section 776(a) of the Act.

Commerce's initial questionnaire instructed Silin to provide a reconciliation of the sales reported in its U.S. sales database to the total sales listed in Silin's financial statements.[127] As explained above, Silin filed a timely response to Section C of the questionnaire.[128] In addition to reporting the gross unit price for each sale in its U.S. sales database, Silin included additional fields for the total gross sales value (*i.e.* the value on the commercial invoice) in USD, the total gross sales value in RMB, and the booking value in RMB. Silin explained that the booking value, which is based on the VAT invoice, is the value recorded in Silin's accounting system.[129] Silin's sales reconciliation therefore ties to the booking value field in its U.S. sales database, not the total gross sales value (*i.e.* the commercial invoice value).[130]

In a supplemental questionnaire, Commerce requested that Silin reconcile the booking value and sales revenue in Silin's accounting system to the total gross sales revenue reported in the U.S. sales database.[131] Silin failed to provide a U.S. sales reconciliation as requested. Instead, Silin explained that it does not need to reconcile the total gross value and the booking value in its accounting system due to the nature of its business with a U.S. customer.[132] Commerce issued

[124] *See* Huatong CSQR at Exhibit SC-1.
[125] *See* Encore Pre-Prelim Comments on Huatong at 8-9.
[126] *See* Huatong Pre-Prelim Comments at 11.
[127] *See* Initial Questionnaire at Appendix V.
[128] *See* Silin Section C QR
[129] *Id.* at 21-22.
[130] *Id*. at 47-48.
[131] *See* letter to Silin, "Section A, C and D Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," dated March 5, 2019 (Silin SQ) at 2-3.
[132] *See* letter from Silin, "Aluminum Wire and Cable from the People's Republic of China – Supplemental Sections A & C Questionnaire Response," dated April 2, 2019 (Silin SQR) at 9-11. Silin's explanation contains business proprietary information, thus, for a full discussion regarding Silin's sales reconciliation, *see* Memorandum to the File, "Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China: Silin Preliminary Determination Analysis Memo," dated concurrently with this memorandum (Silin Preliminary Determination Analysis Memo).

an additional supplemental questionnaire requesting a reconciliation of the booking value to the total gross sales value reported in its U.S sales database.[133] Once again, Silin failed to provide a complete U.S. sales reconciliation.

A complete U.S. sales reconciliation builds from individual commercial invoices and is meant to show the accuracy of the quantity and value of certain specific sales reported to Commerce in the U.S. sales database. Those individual invoices should then tie to the respondent's accounting ledger and subledgers, which record the entirety of the respondent's sales revenue and expenses, thereby demonstrating the accuracy of the quantity and value of subject merchandise reported in the respondent's U.S. sales database. Each portion of the reconciliation demonstrates a level of accuracy which, when considered together, can give Commerce confidence that a respondent accurately and completely reported its U.S. sales of subject merchandise during the POI. As such, tying the sales value reported in a respondent's accounting system with the commercial invoice values of individual reported sales is the basis of Commerce's ability to determine the accuracy of the quantity and value reported in a sales database. Without a complete sales reconciliation, Commerce cannot reasonably determine that a respondent is accurately reporting its gross invoice values or gross unit prices in its sales database and cannot conduct a verification of data on the record.

Additionally, discrepancies between Silin's reported total gross value and booking value amounts, along with other data quality concerns, further call into question the reliability of Silin's sales database.[134]

Silin also failed to correct a significant CONNUM coding error. In a supplemental questionnaire, Commerce requested that Silin fix inconsistencies in the reporting of insulated conductor sizes for certain CONNUMs.[135] Although Silin claimed to have addressed the coding errors,[136] in its pre-preliminary comments, Encore identified 21 CONNUMs that continue to exhibit inconsistencies in the reported single size and multiple conductor size characteristics.[137] The total weight of the U.S. sales involving these 21 CONNUMs accounts for 34 percent of Silin's total U.S. sales during the POI.[138] Silin failed to correct these coding errors in its supplemental response, and has thus hindered Commerce's ability to accurately adjust the normal values of the affected CONNUMs.

Based on the deficiencies outlined above, we determine, in accordance with section 776(a)(1) of the Act, that reliance on the facts otherwise available is necessary for this preliminary determination, because necessary information from Silin is not available on the record.

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[133] *See* letter to Silin, "Second Section C Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," dated April 23, 2019 (Silin Second SQ).
[134] Silin's explanation contains business proprietary information; thus, for a full discussion regarding Silin's sales reconciliation, *see* Silin Preliminary Determination Analysis Memo.
[135] *See* letter to Silin, "Section A, C and D Supplemental Questionnaire for the Antidumping Duty Investigation of Aluminum Wire and Cable from the People's Republic of China," dated March 5, 2019 at 2 (Question 3).
[136] *See* letter from Silin, "Aluminum Wire and Cable from the People's Republic of China – Supplemental Sections A & C Questionnaire Response," dated April 2, 2019 at 8-9.
[137] *See* Encore Pre-Prelim Comments on Silin at 9-14.
[138] *Id.*

China-wide Entity

Commerce preliminarily finds that the China-wide entity failed to provide necessary information, withheld information requested by Commerce, failed to provide information in a timely manner, and significantly impeded this proceeding by not submitting the requested information. The China-wide entity includes the mandatory respondents (*i.e.* Huatong and Silin), companies that failed to establish their eligibility for separate rate status (*e.g.*, Ahcof and Jiangsu), as well as other Chinese exporters or producers that did not respond to Commerce's requests for information. Because the China-wide entity failed to provide all requested information, section 782(d) of the Act is inapplicable. Accordingly, we preliminarily determine that the use of facts available is warranted in determining the estimated weighted dumping margin for the China-wide entity, pursuant to sections 776(a)(1) and (a)(2)(A)-(C) of the Act.[139]

2. *Application of Facts Available with an Adverse Inference*

Section 776(b) of the Act provides that Commerce, 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.

Huatong

In light of the deficiencies detailed in the section above, we find that the numerous discrepancies in Huatong's sales database, FOP reporting, and CONNUM reporting demonstrate a failure of Huatong to put forth maximum effort to provide full and complete answers to all inquiries, and thus constitutes a failure to cooperate under section 776(b) of the Act. In general, Commerce seeks to calculate a respondent's dumping margin as accurately as possible and would prefer to use the respondent's own data when the respondent cooperates to the best of its ability in providing accurate data. However, in this investigation, Huatong's failure to address the above issues prevents Commerce from (1) determining a dumping margin based on accurate invoice values, (2) confirming that FOP usage rates were correctly calculated, and (3) confirming that inputs were allocated among correctly defined CONNUMs. In addition, the number of errors and their pervasiveness calls into question the overall reliability of Huatong's response. Commerce has met its statutory responsibility in this investigation by identifying deficiencies in the respondent's submissions and providing Huatong several opportunities – including supplemental questionnaires as necessary about various issues and numerous deadline extensions – to remedy or adequately explain the deficiencies.

We find that Huatong's errors, as well as its failure to address them through supplemental questionnaires, are so pervasive that they become significant in the totality of circumstances and render Huatong's questionnaire responses unreliable. Because an accurate and reliable FOP database is necessary to determine the weighted-average dumping margin for a respondent, we cannot apply "partial" facts available, and will rely on the facts otherwise available (a.k.a. "total"

[139] *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).

facts available) to determine Huatong's dumping margin. In this case, because the record does not contain a sales database, FOP database, and CONNUM coding that can be used in the antidumping calculations and can be successfully verified, we find that the record is seriously deficient, which supports our decision not to conduct verification.

Commerce is therefore preliminarily applying facts available with an adverse inference, pursuant to section 776(b) of the Act.

Silin

In light of the deficiencies detailed in the section above, we find that the absence of a complete sales reconciliation and additional CONNUM reporting errors demonstrate a failure of Silin to put forth maximum effort to provide full and complete answers to all inquiries and thus constitutes a failure to cooperate under section 776(b) of the Act. As noted above, in general, Commerce seeks to calculate a respondent's dumping margin as accurately as possible and would prefer to use the respondent's own data when the respondent cooperates to the best of its ability in providing accurate data. However, in this investigation, Silin's failure to address the above issues, despite being given the opportunity to remedy the deficiencies, prevents Commerce from ensuring correct invoice values and CONNUMs were reported. Thus, Commerce cannot accurately determine a dumping margin based on the information provided by Silin. Commerce has met its statutory responsibility in this investigation by identifying deficiencies in the respondent's submissions and providing Silin several opportunities – including supplemental questionnaires specifically requesting a complete sales reconciliation and deadline extensions for these questionnaires – to remedy or adequately explain the deficiencies.

Because an accurate and reliable FOP database is necessary to determine the weighted-average dumping margin for a respondent, we cannot apply "partial" facts available, and will rely on the facts otherwise available (a.k.a. "total" facts available) to determine Silin's dumping margin. Because Silin failed to provide a complete U.S. sales reconciliation and correct a significant CONNUM reporting error, we find that the record is seriously deficient, which supports our decision not to conduct verification.

Commerce is therefore preliminarily applying facts available with an adverse inference, pursuant to section 776 (b) of the Act.

China-Wide Entity

As noted above, Commerce preliminarily finds that the China-wide entity includes Huatong, Silin,[140] Ahcof, Jiangsu and other companies which failed to submit their Q&V information. Commerce finds that the China-wide entity's failure to provide the requested information constitutes circumstances under which it is reasonable to conclude that the China-wide entity was not fully cooperative.[141] The China-wide entity neither filed documents indicating that it

[140] *See* the "Huatong" and "Silin" sections for a discussion on Commerce's preliminary decision regarding AFA for both respondents.

[141] *See Nippon Steel Corporation v. United States*, 337 F.3d 1373, 1383 (Fed. Cir. 2003) (noting that Commerce need not show intentional conduct existed on the part of the respondent, but merely that a "failure to cooperate to the

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 China-wide entity in accordance with section 776(b) of the Act and 19 CFR 351.308(a).[142]

3. Selection and Corroboration of the Adverse Facts Available (AFA) rate

In applying AFA, Commerce may rely on information derived from the Petition, the final determination in the investigation, any previous review, or any other information placed on the record. To determine an estimated weighted-average dumping margin based on AFA, Commerce selects a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated. In an investigation, Commerce's practice with respect to the assignment of an AFA rate is to select the higher of: (1) the highest dumping margin alleged in the Petition; or (2) the highest calculated dumping margin of any respondent in the investigation.

There are no calculated estimated weighted-average dumping margins for any respondents in this investigation. Therefore, Commerce selected the highest margin in the Petition as the appropriate AFA rate for the China-wide, which is 63.47 percent.[143] Thus, for the preliminary determination, we have assigned to the China-wide entity a dumping margin of 63.47 percent.

When using facts otherwise available, section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal.[144] 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.[145]

Because the AFA rate that Commerce used is from the Petition, as included in the Initiation Checklist, it is secondary information subject to the requirement to corroborate the information, to the extent practicable. We determined that the Petition dumping margin of 63.47 percent is reliable where, to the extent appropriate information was available, we reviewed the adequacy and accuracy of the information in the Petition during our pre-initiation analysis.[146] To corroborate, to the extent practicable, the 63.47 percent Petition rate for purposes of this preliminary determination, Commerce first revisited its pre-initiation analysis of the reliability of the information in the Petition. The petitioners' methodology for calculating the export price (EP) and normal value (NV) in the Petition is discussed in the *Initiation Notice* and the Initiation Checklist. During our pre-initiation analysis, we examined: (1) the information used as the basis

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best of a respondent's ability" existed (*i.e.*, information was not provided "under circumstances in which it is reasonable to conclude that less than full cooperation has been shown.")).

[142] *See Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382-83 (Fed. Cir. 2003).

[143] *See* Petition SQR at 7; *see also* Initiation Checklist at 10.

[144] *See also* 19 CFR 351.308(d).

[145] *See* SAA at 870.

[146] *Id*.

for EP and NV in the Petition; (2) the calculations used to derive the alleged margin; and (3) information from various independent sources provided either in the Petition or in supplements to the Petition.[147] Based on our examination of the information, as discussed in detail in the Initiation Checklist, we consider the petitioners' EP and NV calculations to be reliable.[148] In addition, we obtained no other information that would make us question the reliability of the sources of information or the validity of information supporting the U.S. price or NV calculations provided in the Petition.

Further, Commerce finds that the information presented in the Petition are relevant to this LTFV investigation and the use of the highest dumping margin alleged in the Petition as the basis for AFA. The EP and NV are based on prices of the merchandise under consideration in the U.S. and factor usage rates based on the home market and surrogate values, respectively. In addition, the price and cost data are from contemporaneous time periods, and conversion factors are provided for comparisons of differing units of measure.[149] As such, the information on the highest dumping margin alleged in the Petition is relevant to estimate the weighted-average dumping margin for this preliminary determination.

Because we confirmed the accuracy and validity of the information underlying the derivation of the highest dumping margin in the Petition by examining source documents, as well as publicly available information, and there is no record evidence to the contrary, we preliminarily determine that this Petition rate is both relevant and reliable, and thus has probative value for the purposes of an AFA rate in this investigation. Accordingly, we find that the rate of 63.47 percent is corroborated within the meaning of section 776(c) of the Act.

VIII. ADJUSTMENT UNDER SECTION 777A(F) OF THE ACT

In applying section 777A(f) of the Act, Commerce 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 Commerce can reasonably estimate the extent to which that countervailable subsidy, in combination with the use of NV determined pursuant to section 773(c) of the Act, has increased the weighted-average dumping margin for the class or kind of merchandise.[150] For a subsidy meeting these criteria, the statute requires Commerce to reduce the antidumping duty by the estimated amount of the increase in the weighted-average dumping margin subject to a specified cap.[151]

Since Commerce has started conducting analyses under section 777A(f) of the Act, Commerce is continuing to refine its practice in applying this section of the law. We examined whether the respondents 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.*, the respondents' prices changed as a result of changes in the COM. A finding that there is an overlap in remedies, and any resulting

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[147] *Id.*
[148] *Id*.
[149] *See* Initiation Checklist at 7-8.
[150] *See* section 777A(f)(1)(A)-(C) of the Act.
[151] *See* section 777A(f)(1)-(2) of the Act.

adjustment, is based on a case-by-case analysis of the totality of facts on the administrative record for that segment of the proceeding as required by the statute.

As a result of our preliminary determination to apply total AFA to both respondents, we are preliminarily not making a domestic pass-through subsidies adjustment to the calculation of the cash deposit rates for AD duties for Huatong and Silin. Specifically, as explained above, we have determined that the respondents have not provided reliable questionnaire responses and that, in particular, both companies failed to provide accurate price information (invoice values). Therefore, Commerce cannot determine whether a link exists between costs and prices.

IX. ADJUSTMENTS TO CASH DEPOSIT RATES FOR EXPORT SUBSIDIES

In an LTFV investigation, where there is a concurrent CVD investigation, it is Commerce's normal practice to calculate the cash deposit rate for each respondent by adjusting the respondent's estimated weighted-average dumping margin to account for export subsidies found for each respective respondent in the concurrent CVD 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."[152]

For this preliminary determination, Commerce has relied exclusively on the two dumping margins alleged in the Petition and addressed in the Initiation Checklist in order to determine each of the estimated weighted-average dumping margins.[153] Each of the dumping margins alleged in the Petition are based on U.S. prices regarding Silin's sales in the United States during the POI. Accordingly, in order to avoid a double remedy as a result of export subsidies which are collected as part of the companion CVD proceeding, Commerce must adjust the estimated weighted-average dumping margins based on Silin's U.S. prices by the amount of export subsidies that are countervailed as a result of the companion CVD proceeding. Commerce determined in the preliminary determination of the companion CVD investigation that Silin benefitted from five subsidy programs that are export contingent, where the total of these subsidy rates for these programs equals 0.15 percent.[154] Therefore, Commerce is adjusting each of the estimated weighted-average dumping margins for this preliminary determination by 0.15 percent to determine the cash deposit rate for the China-wide entity and the non-examined companies which are eligible for a separate rate.

X. VERIFICATION

Because the information provided by each of the mandatory respondents is missing critical elements for calculating dumping margins, and at verification Commerce does not accept new

[152] *See Carbazole Violet Pigment 23 from India: Final Results of Antidumping Duty Administrative Review*, 75 FR 38076, 38077 (July 1, 2010) and accompanying IDM at Comment 1.

[153] The estimated weighted-average dumping margin for the non-examined, separate-rate companies is an average of the two dumping margins alleged in the Petition, and the estimated weighted-average dumping margin based on adverse facts available is the highest of the two dumping margins alleged in the Petition.

[154] *See Aluminum Wire and Cable from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 84 FR 13886 (April 8, 2019) and accompanying PDM.

information with the exception of minor corrections, Commerce does not plan to conduct verification.

XI. CONCLUSION

We recommend applying the above methodology for this preliminary determination.

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Agree Disagree

X

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Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance