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June 17, 2019

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

FROM: James Maeder
Acting Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Determination of the Antidumping Duty Investigation of Steel Propane Cylinders from the People's Republic of China

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I. SUMMARY

The Department of Commerce (Commerce) determines that imports of steel propane cylinders from the People's Republic of China (China) are being, or are likely to be, sold in the United States at less-than-fair-value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The period of investigation (POI) is October 1, 2017 through March 31, 2018.

Below is the complete list of the issues in this investigation for which we received comments from interested parties:

Comment 1: Selection of Financial Statements to Value the Financial Ratios
Comment 2: Subsidy Rate Calculated for the Export Buyer's Credit Program
Comment 3: Surrogate Value Selections for Huanri and GSBF
- A. Natural Gas for Huanri
- B. Rubber Plug for GSBF
- C. Teflon Tape for GSBF
- D. Valve for GSBF
- E. Steel Roll for GSBF
- F. Steel Scrap for GSBF

Comment 4: Ministerial Errors and Other Issues
- A. Errors in the Determination of the Surrogate Financial Ratios
- B. Argon Gas Conversion for Huanri and GSBF
- C. Oxygen Gas Conversion for GSBF
- D. Natural Gas Conversion for Huanri
- E. Calculation of Market Economy Purchase for Overflow Protection Devices (OPDs) for Huanri

II. BACKGROUND

On December 27, 2018, Commerce published its *Preliminary Determination*.[1] Worthington Industries and Manchester Tank & Equipment Co. (collectively, the petitioners) and mandatory respondents Shandong Huanri Group Co. Ltd. (Huanri) and Hong Kong GSBF Company Limited (GSBF) provided timely ministerial error comments in February 2019.[2] However, we determined that the ministerial error allegations, regardless of whether considered individually or collectively, did not constitute significant ministerial errors, as defined by 19 CFR 351.224(g), and, as a result, we did not issue an amended preliminary determination.[3]

Commerce conducted verification of the sales and factors of production (FOP) data reported by Huanri from March 4, 2019, through March 8, 2019, and by GSBF from March 11, 2019 through March 14, 2019.[4] In response to our invitation to parties to comment on the *Preliminary Determination*, the petitioners and both mandatory respondents, Huanri and GSBF (collectively, the respondents), submitted case and rebuttal briefs during April 2019.[5]

On June 10, 2019, and June 12, 2019, respondents and the petitioners withdrew their requests for a hearing to discuss the results of the *Preliminary Determination*.[6] Therefore, we did not hold a hearing for this investigation.

[1] *See Steel Propane Cylinders from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value and Postponement of Final Determination Measures*, 83 FR 66675 (December 27, 2018) (*Preliminary Determination*) and the accompanying Preliminary Decision Memorandum (PDM).

[2] *See* Huanri's letter, "Steel Propane Cylinders from the People's Republic of China: Ministerial Error Allegations," dated February 15, 2019, and the petitioners' letter, "Steel Propane Cylinders from the People's Republic of China: Petitioners' Comments on Ministerial Errors in the Preliminary Determination," dated February 15, 2019.

[3] *See* Memorandum, "Less-Than-Fair-Value Investigation of Steel Propane Cylinders from the People's Republic of China: Allegation of Ministerial Errors in the Preliminary Determination," dated March 15, 2019 (Ministerial Error Memorandum).

[4] *See* Memoranda, "Antidumping Duty Investigation of Steel Propane Cylinders from the People's Republic of China: Verification of Shandong Huanri Group Co., Ltd.," dated April 5, 2019 (Huanri's Verification Report) and "Antidumping Duty Investigation of Steel Propane Cylinders from China: Sales Verifications of Hong Kong GSBF Company Ltd.," dated April 5, 2019 (GSBF's Verification Report).

[5] *See* the petitioners' letters, "Steel Propane Cylinders from the People's Republic of China: Petitioners' Case Brief for Shandong Huanri Group Co. Ltd." (Petitioners' Huanri Case Brief) and "Steel Propane Cylinders from the People's Republic of China: Petitioners' Case Brief for Hong Kong GSBF Company Limited" (Petitioners' GSBF Case Brief); Huanri's letter, "Steel Propane Cylinders from the People's Republic of China: Case Brief" (Huanri's Case Brief); and GSBF's letter, "Steel Propane Cylinders from the People's Republic of China: Case Brief," (GSBF's Case Brief); each dated April 15, 2019; *see also* the petitioners' letter, "Steel Propane Cylinders from the People's Republic of China: Petitioners' Rebuttal Brief" (Petitioners' Rebuttal Brief); Huanri's letter, "Steel Propane Cylinders from the People's Republic of China: Letter in Lieu of Rebuttal Brief" (Huanri's Rebuttal Letter); and GSBF's letter, "Steel Propane Cylinders from the People's Republic of China: GSBF Rebuttal Brief" (GSBF's Rebuttal Brief); each dated April 25, 2019.

[6] *See* the respondents' letter, "Steel Propane Cylinders from the People's Republic of China: Withdraw Request for Hearing" dated June 10, 2019, and, the petitioners' letter, "Steel Propane Cylinders from the People's Republic of China: Withdraw Request for Hearing," dated June 12, 2019.

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.[7] If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day. The revised deadline for the final determination in this investigation is June 17, 2019.

III. SCOPE OF THE INVESTIGATION

The products covered by this investigation are steel propane cylinders from China. Commerce addressed all scope comments received in the Preliminary Scope Decision Memorandum.[8] For a complete description of the scope of this investigation, which is unchanged since the *Preliminary Determination*, see Appendix II of the accompanying *Federal Register* notice.

IV. CHANGES SINCE THE PRELIMINARY DETERMINATION

Based on our analysis of the comments submitted by interested parties and our findings at verification,[9] we made certain changes to the margin calculations since the *Preliminary Determination*.

- We revised the surrogate financial ratio calculations to reflect the values for raw material, labor and energy, as well as land, house/hostel, factory, filling plant and machinery rentals, raw materials, and work-in-progress (WIP) inventory recorded in the 2017 financial statements for Siraga IEM Sdn. Bhd. (Siraga), one of the two surrogate producers in this investigation. *See* Comment 1 below.

- We have adjusted Huanri's and GSBF's cash deposit rates to account for the export subsidy rate determined for the Export Buyer's Credit Program. *See* Comment 2 below.

- We valued Huanri's natural gas inputs using the weighted-average import value into Mexico as reported by the United Nations (UN) Comtrade Database (Comtrade). *See* Comment 3 below.

- We revised the Harmonized Tariff System (HTS) codes used to determine the surrogate values (SV) for steel roll and steel scrap for GSBF. *See* Comment 3 below.

- We made changes for ministerial errors alleged for Huanri and GSBF after the *Preliminary Determination*. *See* Comment 4 below.

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[7] *See* Memorandum, "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.

[8] *See* Memorandum, "Steel Propane Cylinders from the People's Republic of China (China) and Thailand: Scope Decision Memorandum for the Preliminary Antidumping Duty (AD) and Countervailing Duty (CVD) Determinations," dated December 18, 2018 (Preliminary Scope Decision Memorandum).

[9] *See* Huanri's letter,"Steel Propane Cylinders from China: Minor Corrections," dated March 6, 2019 (Huanri's Minor Corrections) and GSBF's letter, "Steel Propane Cylinders from China: Minor Corrections," dated March 13, 2019 (GSBF's Minor Corrections); *see also* Huanri's letter, "Steel Propane Cylinders from China: Verification Exhibits," dated March 15, 2019, and GSBF's letter, "Steel Propane Cylinders from China: Verification Exhibits," dated March 21, 2019.

V. DISCUSSION OF THE ISSUES

Comment 1: Selection of Financial Statements to Value the Financial Ratios

Background: Commerce determined the financial ratios in the *Preliminary Determination* using 2017 financial statements for two Malaysian producers of identical merchandise, Siraga IEM Sdn. Bhd. (Siraga) and the consolidated financial statements of KKB Engineering Berhad (KKB Engineering).[10]

Respondents' Case Brief Comments

- Commerce should determine that Siraga's financial statements are unreliable and rely solely on KKB Engineering's financial statements for the following reasons: 1) The notes to Siraga's financial statements contain discrepancies with respect to 2016 selling, general and administrative expenses (SG&A) expenses; 2) Siraga's parent company, the Siraga Group, operated at a loss; and 3) Siraga's SG&A expenses are abnormally high.[11]
    - The notes to Siraga's financial statements show discrepancies with respect to line items covering rental costs, employee costs, and foreign exchange loss.[12] While the petitioners previously argued that Siraga's reclassification of costs due to changes in Malaysian reporting standards explain these discrepancies,[13] changes in reporting standards should not cause a company to double its employee costs, or change its understanding of what constitutes land, house, factory, plant, and machinery.[14]
    - While Siraga maintained a very small profit margin in 2017, Siraga's parent company, the Siraga Group, operated at a loss.[15] Therefore, Commerce should treat the Siraga Group and all of its affiliated companies as operating at a loss, because company members have had the ability to shift costs among the group members.[16] Further, the Siraga Group's consolidated financial statements would be more

[10] *See* PDM at 11; *see also* Memorandum, "Steel Propane Cylinders from the People's Republic of China: Preliminary Factors Valuation Memorandum," dated December 18, 2018 (Preliminary SV Memorandum) at 7 and at Exhibits 8 and 9; and respondents' letter, "Steel Propane Cylinders from the People's Republic of China: Final Surrogate Value Submission," dated November 19, 2018 (Respondents' Final SV Submission) at Exhibit SV2-7. Throughout the conduct of this proceeding, parties have referred to KKB Engineering using various names regardless of whether they were referring to the company at the consolidated or unconsolidated level: KKB Group; KKB Engineering Berhad (KKB); KKB Engineering; and KBB Engineering. Throughout this memorandum, we will refer to KKB Engineering Berhad as KKB Engineering, identifying at each instance whether the consolidated or unconsolidated financial statements are at issue.

[11] *See* GSBF's Case Brief at 2 and Huanri's Case Brief at 2.

[12] *See* GSBF's Case Brief at 2 and Huanri's Case Brief at 2 (citing the "Siraga 2016 Financial Statements" provided in the petitioners' letter, "Steel Propane Cylinders from the People's Republic of China: Petitioners' Submission of Surrogate Values," dated October 18, 2018 (Petitioners' SV Submission) at Exhibit 5 and the "Siraga 2017 Financial Statements" provided in respondents' letter, "Steel Propane Cylinders from the People's Republic of China: Rebuttal Surrogate Value Submission," dated November 1, 2018 (Respondents' Rebuttal SVs) at Exhibit SVR-2).

[13] *See* GSBF's Case Brief at 2-3 (citing the petitioners' letter, "Steel Propane Cylinders from the People's Republic of China: Petitioners' Final Surrogate Value Rebuttal Submission," dated November 29, 2018 (Petitioners' Final SV Rebuttal) at 8); *see also* Huanri's Case Brief at 3.

[14] *See* GSBF's Case Brief at 2-3; *see also* Huanri's Case Brief at 3.

[15] *See* GSBF's Case Brief at 3; *see also* Huanri's Case Brief at 4.

[16] *Id.*

representative for the purpose of the profit calculation because they would be net of intercompany sales.[17] Accordingly, the lack of profit renders Siraga's financial statements unusable for the purposes of calculating financial ratios for this final determination.[18]

  - Siraga's SG&A expenses, which represent more than thirty percent of its 2017 total costs, are substantially and unreasonably high.[19] The respondents placed excerpts from two Thai producers of LPG cylinders and financial ratios from several recent Commerce decisions covering metal products to demonstrate that the cost of sales typically represent 85-92 percent of a company's total expenses and SG&A makes up 8 to 15 percent.[20] Therefore, it is illogical for a basic manufacturer to have such SG&A expenses because high SG&A expenses indicate the presence of large selling and administrative staffs, commissions, advertising expenses, and research and development.[21] In contrast, KKB Engineering's selling and distribution expenses made up less than 1 percent of its costs,[22] and the two Thai producers of LPG cylinders had selling and distribution costs making up less than 5 percent of its total costs.[23] Therefore, Siraga's financial statements cannot reliably represent the respondents' manufacturing financial costs and Commerce should determine the financial ratios using KBB Engineering's financial statements alone.[24]

- If Commerce continues to rely upon Siraga's financial statements, Commerce should correct the financial ratio calculations used in the *Preliminary Determination*, which erroneously included line items for, *e.g.*, rental costs, changes in raw material inventory, and changes in WIP inventory from Siraga's 2016 financial statements.[25]

Petitioners' Rebuttal Comments

- Commerce should continue to rely on Siraga's financial statements for the final determination because the record demonstrates that Siraga's unconsolidated financial statements are at least as reliable as KKB Engineering's consolidated financial statements.[26]
- It is Commerce's long-standing practice to use the unconsolidated financial statements of the manufacturing company, rather than the consolidated financial statements of the parent company.[27] Therefore, Commerce should reject the respondents' argument that Siraga's

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[17] *Id.*
[18] *Id.*
[19] *Id.* at 4 and at Attachment 1; *see also* Huanri's Case Brief at 4 and at Attachment 1.
[20] *Id.* at 4 (citing Respondents' Rebuttal SVs at Exhibit SVR-3 to SVR-5); *see also* Huanri's Case Brief at 5.
[21] *Id.*
[22] *See* GSBF's Case Brief at 4; *see also* Huanri's Case Brief at 5.
[23] *Id.*
[24] *See* GSBF's Case Brief at 5; *see also* Huanri's Case Brief at 6.
[25] *Id.* at 5 (citing Petitioners' Final SV Rebuttal); *see also* Huanri's Case Brief at 5-6.
[26] *See* Petitioners' Rebuttal Brief at 4.
[27] *Id.* at 5 (citing *Solvay Solexis S.p.A. v. United States*, 637 F. Supp. 2d 1306 (CIT 2009) (*Solvay Solexis*) ("Commerce typically calculates expenses based on the company's unconsolidated financial statements, and not on a parent company's consolidated financial statement. . . . It would be improper to look at {the company's} consolidated financial statements as they likely include many other expenses attributable to other entities.") (citations omitted)); and *Sodium Hexametaphosphate from the People's Republic of China: Final Results of*

financial statements are unusable because the unconsolidated 2017 financial statements provided "a very small profit," while the Siraga Group as a whole operated at a loss,[28] or that the consolidated financial statements are "more representative" of profit because they incorporate intercompany transactions.[29]

- A comparison of Siraga's financial statements to the financial statements of other Malaysian producers of comparable merchandise on the record demonstrate that Siraga's 2017 financial ratios fall within the range of the average financial ratios of companies in the Malaysian steel-working industry,[30] and thus corroborate the reasonableness of Siraga's ratios for overhead, SG&A and profit.[31]
- Commerce should not rely solely on KKB Engineering's financial statements to determine the financial ratios because there are critical shortcomings in KKB Engineering's consolidated financial statements:
    - o KKB Engineering's consolidated financial statements demonstrate that comparable merchandise (*i.e.*, sales of manufacturing goods) accounts for only 13 percent of KKB Engineering's total operations, whereas 87 percent of the KKB Engineering's revenues are derived from "engineering and construction works."[32]
    - o KKB Engineering's unconsolidated financial statements are unusable because Commerce would need to remove dividend income from the company's subsidiaries and not count it toward profit.[33] Such a calculation would result in a net loss for the company since none of the profit resulted from operations, but is attributed to the profit transfer from other related parties via dividends.[34] Alternatively, if Commerce were to classify that income as an offset to SG&A, it would result in a total negative SG&A ratio.[35] Thus KKB Engineering's financial statements are unusable because of a lack of operating profits results in either a loss or negative SG&A.[36]
- Commerce should not reject Siraga's financial statements because of the differences in the accounting classifications for certain line items in 2016 and 2017,[37] because these line items represent changes in classifications in accordance with the Malaysian Private Entities Report Standards and are described in both the 2016 and 2017 financial statements.[38] The line items are explicable, represent a very small portion of total expenses and do not materially change whether the 2016 or 2017 date are used to calculate the surrogate financial ratios.[39]

Antidumping Duty Administrative Review, 77 FR 59375 (September 27, 2012) (*Sodium Hex from China*) and accompanying Issues and Decision Memorandum (IDM) at Comment I.
[28] *Id.* (citing Huanri's Case Brief at 4 and GSBF's Case Brief at 3).
[29] *Id.*
[30] *Id.* at 7 (citing the petitioners' letter, "Steel Propane Cylinders from the People's Republic of China: Petitioners' Final Surrogate Value Submission 30 Days Before the Preliminary Determination," dated November 19, 2018 (Petitioners' Final SV Submission) at Exhibit 4A).
[31] *Id.* at 8.
[32] *Id.* at 9 (citing Respondents' Final SV Submission at Exhibit SV2-7, pages 22, 55, and 78).
[33] *Id.* at 11.
[34] *Id.* at 11-12 and Attachment 1.
[35] *Id.* at 12.
[36] *Id.* at 11-12.
[37] *Id.* at 12-17.
[38] *Id.* at 15-16.
[39] *Id.* at 15-17.

Huanri's Rebuttal Comments

- Commerce should determine that Siraga is not a reliable surrogate financial company because:[40]
  - There are discrepancies in the notes to Siraga's audited financial statements.[41]
  - Siraga's SG&A expenses are substantially and unreasonably high, so that Siraga either categorized costs as SG&A that are actually manufacturing costs (which cannot be determined based on the lack of detail in the general SG&A categories) or Siraga's operations are not representative of a manufacturing company.[42]
  - No party raised issues with the financial statements and ratios for KKB Engineering.[43] KKB Engineering produces identical merchandise.[44] Its financial statements are contemporaneous with the POI.[45] KKB Engineering's SG&A expenses are logical for a manufacturing company as evidenced with other ratios put on the record for comparison.[46]
  - While Commerce does have a preference for multiple financial statements, this preference only stands if the financial statements are of equal quality.[47] No accuracy is gained by including the unreliable or tainted Siraga statement in the ratio calculation.[48]

Commerce's Position: Section 351.408(c)(4) of Commerce's regulations states that Commerce normally will value manufacturing overhead, SG&A expenses and profit using "non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country."[49] When evaluating surrogate value data (including that used for surrogate financial ratios), Commerce considers several factors, including whether the surrogate values are publicly available, contemporaneous with the POI, representative of a broad market average, tax and duty-exclusive, and specific to the inputs being valued.[50] There is no hierarchy among these criteria.[51] It is Commerce's practice to consider the available evidence in light of the particular facts of each industry when undertaking its analysis.[52]

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[40] *See* Huanri's Rebuttal Letter at 1.
[41] *Id.*
[42] *Id.* at 1-2 (citing *Nation Ford Chemical v. United States*, 166 F. 3d 1373, 1377 (Fed. Cir. 1999) (While Commerce is not required to perfectly match a respondent's own production experience, the goal of the "best available information" is to locate a value as analogous to the NME market as is feasible)).
[43] *Id.* at 2.
[44] *Id.*
[45] *Id.*
[46] *Id.* at 2 (citing Respondents' Rebuttal SVs at Exhibits SVR-4 and SVR-5).
[47] *Id.*
[48] *Id.* at 2 (citing, *e.g.*, *Fresh Garlic from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 70 FR 34082 (June 13, 2005), and accompanying IDM at Comment 5 ("it is the Department's preference to use multiple financial statements, when they are not distortive or otherwise unreliable.")).
[49] *See* 19 CFR 351.408(c)(4).
[50] *See Certain Plastic Decorative Ribbon from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 84 FR 1055 (February 1, 2019) and accompanying IDM at Comment 18.
[51] *Id.* (citing, *e.g.*, *Certain Preserved Mushrooms from the People's Republic of China: Final Results and Final Partial Rescission of the Sixth Administrative Review*, 71 FR 40477 (July 17, 2006) and accompanying IDM at Comment 1).
[52] *See* "Non-Market Economy Surrogate Country Selection Process," Policy Bulletin 04.1 (2004).

The record of this investigation shows that parties placed fifteen financial statements on the record for the purpose of developing surrogate financial ratios.[53] Eleven of these financial statements were from Malaysia.[54] In the *Preliminary Determination*, we disregarded the financial statements of all Malaysian producers but Siraga and KKB Engineering, either because the other producers were insolvent and/or unprofitable, produced comparable rather than identical merchandise, and/or, because the financial statements were not contemporaneous.[55] Thus, at the time of the *Preliminary Determination*, we determined that Siraga and KKB Engineering best represent the experience of producers of identical merchandise, and thus, are suitable for use in calculating surrogate financial ratios.[56] We acknowledged the respondents' concerns that Siraga's business operations are more focused on the servicing, rather than the production aspect of the propane industry.[57] We also acknowledged the petitioners' concerns that only KKB Engineering's consolidated financial statements are available, rather than the stand-alone financial statements of the unconsolidated company, and as a consequence KKB Engineering's financial statements reflect its percent stake in an affiliate who refurbishes tanks.[58] Parties raised these issues again in the briefing process.[59] We have re-examined these arguments for this final determination, and note that despite the objections parties raised with respect to the financial statements of Siraga and KKB Engineering, neither party proposed a better alternative.[60] Therefore, as discussed below, for this final determination, we continue to find that Siraga's unconsolidated financial statements and KKB Engineering's consolidated financial statements represent the best available information on the record to determine the financial ratios for this investigation. Both companies produce identical merchandise,[61] neither producer was insolvent or unprofitable, the financial statements are audited, complete, contemporaneous with the POI, and the reported costs are sufficiently broken out to calculate financial ratios.[62]

We disagree with the respondents that we should reject the use of Siraga's unconsolidated financial statements because the notes to Siraga's financial statements contain discrepancies with respect to Siraga's 2016 SG&A expenses; because Siraga's parent company, the Siraga Group, operated at a loss; and/or, because Siraga's SG&A expenses are abnormally high. As the

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[53] *See* Petitioners' SV Submission; respondents' letter, "Steel Propane Cylinders from the People's Republic of China - Preliminary Surrogate Value Submission," dated October 18, 2018 (Respondents' SV Submission); respondents' letter, "Steel Propane Cylinders from the People's Republic of China - Rebuttal Surrogate Value Submission," dated November 1, 2018 (Respondents' SV Rebuttal); Petitioners' Final SV Submission; Respondents' Final SV Submission; the petitioners' letter, "Steel Propane Cylinders from the People's Republic of China - Petitioners' Final Surrogate Value Rebuttal Submission," dated November 29, 2018 (Petitioners' Final SV Rebuttal); respondents' letter, "Steel Propane Cylinders from the People's Republic of China - Final Rebuttal Surrogate Value Submission & Pre-Preliminary Comments," dated November 29, 2018 (Respondents' Final SV Rebuttal).
[54] *See* PDM at 27.
[55] *Id.*
[56] *Id.* at 11.
[57] *Id.*
[58] *Id.*
[59] *See, generally*, Huanri's Case and Rebuttal Briefs, and GSBF's Case and Rebuttal Briefs.
[60] *Id.*
[61] *See* Petitioners' SV Submission at Exhibit 5; Respondents Rebuttal SVs at Exhibit SVR-2; and Respondents' Final SV Submission at Exhibit SV2-7.
[62] *Id.*

petitioners explain in their rebuttal brief, the differences in the value of certain 2016 rental expenses (*e.g.*, land, house/hostel, factory, filling plant and machinery), as reported in Siraga's 2016 and 2017 financial statements, are very small and derive from changes in classifications in accordance with the Malaysian Private Entities Report Standards.[63] In addition, whereas Siraga divided director's 2016 remuneration across different categories in 2016 and 2017, the total value of the director's 2016 remuneration recorded on the 2016 and 2017 financial statements, was the same.[64] Similarly, the 2016 profit before taxation recorded on the 2016 and 2017 financial statements is based on the same company revenue and operating costs.[65] Further, as the petitioners explain with respect to employee-related expenses, all employee-related expenses are captured in the denominator in the financial ratio analysis and there is no material impact resulting from the differing classifications of cost of goods sold line-items between Siraga's 2016 and 2017 financial statements.[66] Finally, we emphasize that all of this discussion applies to how Siraga recorded certain 2016 expenses on its 2016 and 2017 financial statements, and, therefore, is moot.[67] Because Siraga's 2016 financial statements are not contemporaneous with the POI, we are not using them to determine the surrogate financial ratios in this investigation.[68] We agree with the petitioners all 2016 expenses are accounted for in both the 2016 and 2017 financial statements; thus, the classification changes applicable to Siraga's 2016 financial statements do not discredit the information presented in Siraga's 2017 financial statements. Therefore, for the foregoing reasons, we did not disregard the use of Siraga's 2017 unconsolidated financial statements. They contain reclassification of expenses applicable to Siraga's 2016 reporting year.

Similarly, we disagree with the respondents that we should treat Siraga's unconsolidated financial statements as operating at loss, because its parent company, the Siraga Group, operated at a loss. Siraga's 2017 unconsolidated financial statements show a profit and do not reflect sufficiently high costs that would disqualify their use for the purposes of determining surrogate financial ratios.[69] Further, the respondents provide no precedent for their assertion that the parent company's lack of profit indicates that the unconsolidated company suffers from similar issues or otherwise renders Siraga's unconsolidated financial statements unusable for the purposes of determining the surrogate financial ratios in this investigation.

We disagree with the respondents that the high value of Siraga's SG&A expenses discredits the use of Siraga's financial statements for the purposes of calculating surrogate financial ratios. An examination of the other Malaysian financial statements on the record reveals that Siraga's SG&A ratio falls within the range of, and are thus consistent with, the 25 percent to 45 percent ratios calculated for other profitable companies in the Malaysian steel-working industry.[70] We agree with the petitioners that, although we did not find certain Malaysian statements on the

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[63] *See* Petitioners' Rebuttal Brief at 13.
[64] *Id.* at 14; *see also* Petitioners' SV Submission at Exhibit 5, and Respondents Rebuttal SVs at Exhibit SVR-2.
[65] *See* Petitioners' SV Submission at Exhibit 5, "Siraga 2016 Financial Statements," and Respondents' Rebuttal SVs at Exhibit SVR-2 "Siraga 2017 Financial Statements."
[66] *See* Petitioners' Rebuttal Brief at 17.
[67] *Id.*
[68] *See* Huanri's Final Analysis Memorandum and GSBF's Final Analysis Memorandum.
[69] *See* Respondents' Rebuttal SVs at Exhibit SVR-2 "Siraga 2017 Financial Statements."
[70] *See* Petitioners' Rebuttal Brief at 10-11 (citing the Petitioners' Final SV Submission at 13 and Exhibits 4A – 4H).

record usable for the purposes of our financial ratio calculations, such statements are not without probative value, and thus, because they are from the same country, and generally represent comparable merchandise, they represent a suitable dataset to gauge the reasonableness of Siraga's SG&A ratio.

We also disagree that the four financial ratio calculations that the respondents provided from recent Commerce decisions (*i.e.*, three investigations and one review; two preliminary decisions and two final decisions) concerning metal products[71] provide an appropriate benchmark to corroborate the reasonableness of Siraga's financial ratios. The ratios in the referenced proceedings are derived from non-contemporaneous financial statements in countries other than Malaysia and for products that are not comparable to those at issue in the instant investigation.

Further, there is no information on the record that contradicts the fact that Siraga's 2017 financial statements are complete, contemporaneous with the POI, derived from a producer of identical merchandise, and include costs that are sufficiently broken out to calculate financial ratios. For the foregoing reasons, we do not find that the 34.39 ratio calculated from Siraga's unconsolidated financial statements renders these statements unusable for the purposes of the determining the financial ratios in this investigation, and we have used them for the determination of the surrogate financial ratios in this case.[72]

We disagree with the petitioners that KKB Engineering's consolidated financial statements are not useable for the purpose of determining surrogate financial ratios because KKB Engineering's sales of manufacturing goods account for a very low percentage of the company's total operations.[73] The petitioners note that KKB Engineering's financial statements, at both the company and the group level, reflect a lower percentage of production of comparable or identical merchandise than Siraga's.[74] Nevertheless, we find KKB Engineering's consolidated financial statements to be appropriate for the determination of surrogate financial ratios because KKB Engineering represents a manufacturer of liquid petroleum gas (LPG) cylinders in Malaysia.[75] Although KKB Engineering produces a lower percentage of comparable or identical merchandise than Siraga, it is our practice to rely upon financial statements of identical producers, and multiple financial statements where available.[76] Therefore, for the purposes of this final determination, we have not disregarded KKB Engineering's financial statements because KKB Engineering produces a lower percentage of identical and/or comparable merchandise than Siraga.

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[71] *See* Respondents' Rebuttal SVs at Exhibit SVR-5; *see also* Huanri's Case Brief at 5 and GSBF's Case Brief at 4.
[72] *See* Huanri' Final Analysis Memorandum and GSBF's Final Analysis Memorandum.
[73] *See* Petitioners' Rebuttal Brief at 9.
[74] *Id.* at 9-11 (citing Respondents' Final SV Submission at Exhibit SV2-7 at pages 22, 55, and 78). (Using figures from Siraga's unconsolidated financial statements, the petitioners claim that the percentage of manufacturing merchandise for KKB Engineering is less than the percentage of identical merchandise for Siraga, which show that income for identical merchandise represents 45 percent of revenues and the remaining 55 percent of revenues represents the renovation and refurbishing of identical merchandise).
[75] *See* Petitioners' Final SV Rebuttal at 13, citing Respondents' Final SV Submission at Exhibit SV2-7 pages 18-19.
[76] *See, e.g.*, C*ertain Oil Country Tubular Goods from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, Affirmative Final Determination of Critical Circumstances and Final Determination of Targeted Dumping*, 75 FR 20335 (April 19, 2010) (*OCTG from China*), and accompanying IDM at Comment 13.

The petitioners contend that it is our well-established practice to use unconsolidated financial statements for the determination of surrogate financial ratios in non-market economy (NME) cases.[77] The petitioners derive this statement from *Solvay Solexis*, in which an Italian respondent disputed the determination of its general and administrative expenses (G&A) expenses based on unconsolidated financial statements.[78] Further, in explaining that it is appropriate for Commerce to determine G&A expenses based on a company's unconsolidated financial statements, the Court of International Trade (CIT), citing a number of market economy (ME) cases, explained:

> There is no specific statutorily prescribed method for calculating G&A expenses. *See* 19 U.S.C. § 1677b(b). While it is Commerce's practice to calculate them based on the company as a whole, this refers to the producing company. *See Silicomanganese from India: Notice of Final Determination of Sales Less Than Fair Value and Final Negative Critical Circumstances Determination*, 67 Fed. Reg. 15,531(Dep't Commerce Apr 2. 2002), and accompanying Issues and Decision Memorandum at Comment 24 (emphasis added). Commerce typically calculates expenses based on the company's unconsolidated financial statements, and not on a parent company's consolidated financial statement. *Notice of Final Determination of Sales at Less Than Fair Value: Certain Softwood Lumber Products from Canada*, 67 Fed. Reg. 15,539 (Dep't Commerce Apr. 2, 2002), and accompanying Issues and Decisions Memorandum at Comment 19. "As a company's consolidated financial statements often include companies with entirely different corporate structures and in entirely different industries from that of the respondent, we consider it preferable to remain at a company-wide level that more closely represents the company and industry under investigation." *Id.* The G&A expense calculation is thus derived from the company generating the product under investigation. *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams from South Africa*, 67 Fed. Reg. 35,485 (Dep't Commerce May 20, 2002), and accompanying Issues and Decision Memorandum at Comment 6.[79]

Therefore, because all of these cases reference the determination of financial ratios for respondents in ME cases, the petitioners' contention is not applicable in this instance.

Further, we disagree with the petitioners that *Sodium Hex from China* demonstrates that it is our policy to use the unconsolidated financial statements of a company for the determination of surrogate financial ratios. Although we selected unconsolidated financial statements for the valuation of surrogate financial ratios in that proceeding, *Sodium Hex from China* explains that "the Department's criteria for choosing surrogate companies are the availability of contemporaneous financial statements, comparability to the respondent's experience, and

[77] *See* Petitioners' Rebuttal Brief at 5-6, and 8 (citing *Solvay Solexis*, 637 F. Supp. 2d at 1311 and *Sodium Hex* IDM at Comment I).
[78] *See,* generally, *Solvay Solexis*.
[79] *See Solvay Solexis*, 637 F. Supp. 2d at 1311.

publicly available information."[80] *Sodium Hex from China* explains further that "for valuing overhead, SG&A and profit, the Department uses non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country."[81] Further, *Sodium Hex from China* acknowledges that the "courts have recognized the Department's discretion when choosing appropriate companies' financial statements to calculate surrogate financial ratios."[82]

We have also stated that "in choosing surrogate financial ratios, it is Commerce's practice to use data from surrogate companies based on the 'specificity, contemporaneity, and quality of the data.'"[83] Moreover, an examination of a broad range of NME cases demonstrates that it is our practice to select the surrogate financial statements from the companies that best represent the experience of producers of identical or comparable merchandise in the surrogate country, regardless of whether they are consolidated or unconsolidated.[84] Whereas, in some cases, Commerce may determine that the unconsolidated statements of a surrogate producer of comparable/identical merchandise may be generally preferable to the consolidated statements of that same company, in other cases, Commerce may determine that the consolidated statements are preferable. Such determinations are made on a case-by-case basis given the information available in any given proceeding.

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

[81] *Id.* (citing 19 CFR 351.408(c)(4)); *see also* section 773(c)(4) of the Act.

[82] *Id.* (citing, *e.g.*, *FMC Corp. v. United States*, 27 CIT 240, 251 (CIT 2003); affirmed *FMC Corp. v. United States*, 87 Fed. Appx. 753 (Fed. Cir. 2004) (where the CIT held that the Department can exercise discretion in choosing between reasonable alternatives)); *see also Crawfish Processors Alliance v. United States*, 343 F. Supp.2d 1242, 1251 (CIT 2004) ("If Commerce's determination of what constitutes the best available information is reasonable, then the Court must defer to Commerce.").

[83] *See Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, and Affirmative Final Determination of Critical Circumstances, in Part*, 77 FR 63791 (October 17, 2012) (*Solar Cells Final Determination*) (citing *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China*, 71 FR 29303 (May 22, 2006), and accompanying IDM at Comment 1).

[84] *See Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 60632 (October 25, 2007), and accompanying IDM at Comment 4. *See High Pressure Steel Cylinders from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 77 FR 26739 (May 7, 2012), and accompanying IDM at Comment II.A. (where we stated that Metal Drum's unconsolidated financial statements were the best available information on the record to calculate the surrogate financial ratios); *Fresh Garlic from the People's Republic of China: Final Results of the 2009–2010 Administrative Review of the Antidumping Duty Order*, 77 FR 34346 (June 11, 2012), and accompanying IDM at Comment 8; and *Sodium Hex* IDM at Comment I. *See, e.g., Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014*, 80 FR 77323 (December 14, 2015) (where we selected the consolidated financial statements of a surrogate producer rather than the unconsolidated segment-specific financial statements because the segment-specific financial statements lacked critical detail for calculating the surrogate financial ratios); *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2015-2016*, 83 FR 35616 (Friday, July 27, 2018) (*Solar Cells from China*) and accompanying IDM at Comment 10 (where we explained that we were relying on KCE's unconsolidated financial statements because the unconsolidated statements were a better reflection of Trina's operations that are related to subject merchandise).

Thus, based on our analysis of the quality and availability of the information on the record, we disagree that our use of KKB Engineering's consolidated financial statements is improper. As the petitioners point out, KKB Engineering's unconsolidated financial statements include dividend income, which we need to remove without counting toward profit. Alternatively, the petitioners claim that we could classify the dividend income as an offset to SG&A (which was rejected in *Seamless Line Pipe from China*[85]). However, as the petitioners point out, either solution renders KKB Engineering's unconsolidated financial statements unusable because one solution results in a loss and the other results in a negative SG&A ratio.[86] Therefore, based on this reasoning, we found in the *Preliminary Determination*, and continue to find for this final determination, that KKB Engineering's unconsolidated financial statements are not suitable for the determination of the surrogate financial ratios.[87] However, KKB Engineering's consolidated statements present no such problem.[88] Therefore, because KKB Engineering's consolidated financial statements are usable and reflect the experience of a producer of identical merchandise, and because we have a preference to use financial statements from multiple producers of identical/comparable products,[89] we continue to rely on KKB Engineering's consolidated financial statements for the purposes of this final determination.

We agree with the respondents[90] and the petitioners[91] that certain line items of our financial-ratio calculations in the *Preliminary Determination* contained errors. Specifically, we determined that the line items for rental of land, factory, filling plant, and machinery in the financial ratio calculation worksheet used in the *Preliminary Determination* were derived from Siraga's 2016 financial statements.[92] We find that the figures for rental of filling plant, raw materials inventory, and WIP inventory did not match the figures recorded on Siraga's 2017 financial statements.[93] We corrected those values to reflect the figures recorded on Siraga's 2017 financial statements.[94] Therefore, for the purposes of this final determination, we based the surrogate financial ratios on the figures recorded on the corrected values for Siraga's unconsolidated 2017 financial statements, and KBB Engineering's 2017 consolidated financial statements. We then calculated a simple average of the financial ratios for Siraga and KKB Engineering to arrive at ratios of 10.19 percent for overhead, 19.16 percent for SG&A and 3.33 percent for profit.[95]

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[85] *See* Petitioners' Rebuttal Brief at 11-12 (citing *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 FR 69052 (November 10, 2010)).
[86] *See* Petitioners' Rebuttal Brief at 11; *see also* Petitioners' Final SV Rebuttal at 11.
[87] *See* Preliminary Decision Memorandum at 11.
[88] *See* Respondents' Final SV Submission at Exhibit SV2-7.
[89] *See, e.g.*, *OCTG from China* IDM at Comment 13.
[90] *See* GSBF's Case Brief at 5 and Huanri's Case Brief at 6.
[91] *See* Petitioners' Rebuttal Brief at 18.
[92] *See* Petitioners' SV Submission at Exhibit 5 "Siraga 2016 Financial Statements" and Respondents' Rebuttal SVs at Exhibit SVR-2 "Siraga 2017 Financial Statements."
[93] *See* Petitioners' Rebuttal Brief at Attachment 2; *see also* Respondents' Rebuttal SVs at Exhibit SVR-2 "Siraga 2017 Financial Statements.
[94] *See* Huanri's Final Analysis Memorandum and GSBF's Final Analysis Memorandum.
[95] *Id.* at tab "Financial Ratios," carried forward into the margin calculations at tab "HuanriSVs."

Comment 2: Subsidy Rate Calculated for the Export Buyer's Credit Program

Background: For the *Preliminary Determination*, consistent with section 772(c)(1)(C) of the Act, Commerce made adjustments to the cash deposit rate for each respondent by adjusting the weighted-average dumping margin to account for export subsidies found in the concurrent countervailing duty investigation.[96] Commerce determined that Huanri, GSBF, and separate rate respondent Pressure Vessel benefitted from certain export-contingent subsidy programs totaling 0.98 percent.[97]

Respondents' Case Brief Comments

- Commerce failed to offset AD margins for the Export Buyer's Credit program, a countervailable export-oriented subsidy,[98] assigned an AFA rate of 10.54 percent in the companion CVD investigation.[99]
- In the companion CVD investigation, Commerce applied an AFA rate of 10.54 percent for the Export Buyer's Credit program to Huanri and the all-others rate companies (including GSBF) because it determined that "the GOC failed to cooperate by not acting to the best of its ability,"[100] and that Huanri's certifications of non-use from its customers could not be fully analyzed.[101] Thus, in order to apply an AFA rate to Huanri, Commerce must have made a finding of specificity with respect to the Export Buyer's Credit program, and must have determined that it was contingent upon exports.[102] Commerce determined, as an adverse inference, that Huanri used the Export Buyer's Credit program,[103] which the Petition defined as contingent upon export.[104] Given the facts of the instant investigation, and Commerce's longstanding practice to treat the Export Buyer's Credit program as an

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[96] *See* PDM at 27.
[97] *Id.*; *see also Steel Propane Cylinders from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 83 FR 54086 (October 26, 2018) (*Steel Propane Cylinders CVD Preliminary Determination*), and accompanying PDM.
[98] *See* GSBF's Case Brief at 8; *see also* Huanri's Case Brief at 9.
[99] *Id.* at 8 (citing *Steel Propane Cylinders CVD Preliminary Determination* PDM at 28); *see also* Huanri's Case Brief at 10.
[100] *Id.* (citing *Steel Propane Cylinders CVD Preliminary Determination* PDM at 27); *see also* Huanri's Case Brief at 10.
[101] *Id.*
[102] *Id.*
[103] *Id.* (citing *Steel Propane Cylinders CVD Preliminary Determination* PDM at 39); *see also* Huanri's Case Brief at 10.
[104] *See* the petitioners' letter, "Petitions for the Imposition of Antidumping Duties Against the People's Republic of China, Taiwan, and Thailand and Countervailing Duties Against the People's Republic of China on Steel Propane Cylinders," dated May 22, 2018 (the Petition) at Volume V, at 28-30.

export subsidy,[105] Commerce must conclude in this AD investigation that the Export Buyer's Credit program is export contingent.[106]

- Moreover, in *Solar Products from China*, Commerce determined that adjusting U.S. net price to offset the Export Buyer's Credit program found in the CVD investigation is a statutory requirement, even though in the CVD investigation it did not make a specific finding that the Export Buyer's Credit program is an export subsidy, as in the instant investigation.[107] Further, in the litigation of a subsequent review of *Solar Products from China*, the CIT held that Commerce's refusal to increase a respondent's U.S. net prices to offset the Export Buyer's Credit program was contrary to law.[108]
- Therefore, if Commerce continues to find that Huanri benefitted from the Export Buyer's Credit program in the companion CVD investigation, Commerce must also adjust the antidumping cash deposit rates for Huanri, GSBF and the separate rate companies by 10.74 percent in accordance with section 772(c)(1)(c) of the Act.[109]

Petitioners' Rebuttal Comments

- Commerce should continue to apply its consistent and well-established practice of not deducting the subsidy rate for the Export Buyer's Credit program from the antidumping duty cash deposit rate.[110] In recent investigations, Commerce has consistently declined to adjust the cash deposit rate to account for the Export Buyer's Credit program subsidy rate.[111]

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[105] *See* GSBF's Case Brief at 8-11 (citing *Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 FR 47902 (August 10, 2015) (*Passenger Vehicle and Light Truck Tires from China AD/CVD Amended Final and Order*); *Jinko Solar Co. v. United States*, 229 F. Supp. 3d 1333 (CIT 2017) (*Jinko Solar*) (holding that Commerce must adjust the final AD cash deposit rate to avoid the "double-application" of duties)).

[106] *See* GSBF's Case Brief at 8 and Huanri's Case Brief at 10.

[107] *See* GSBF's Case Brief at 9-10 (citing *Certain Crystalline Silicon Photovoltaic Products from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 79 FR 76970 (December 23, 2014) (*Solar Products from China*), and accompanying IDM at Comment 3); *see also* Huanri's Case Brief at 11.

[108] *See* GSBF's Case Brief at 10 (citing *Certain Crystalline Silicon Photovoltaic Products from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2014–2016*, 82 FR 32170 (July 12, 2017) (*Solar Products from China 2014-16*), and *Changzhou Trina Solar Energy Co. v. United States*, Consol. 17-00199, Slip Op. 19-12 at 13-22 (CIT 2019) (*Changzhou Trina*)); *see also* Huanri's Case Brief at 9-13.

[109] *See* GSBF's Case Brief at 11 and Huanri's Case Brief at 13.

[110] *See* Petitioners' Rebuttal Brief at 21-22.

[111] *Id.* at 21, comparing *Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China: Final Affirmative Determination*, 83 FR 57427 (November 15, 2018) (*Aluminum Sheet CVD Final*), and accompanying IDM at 15 (applying 10.54 percent *ad valorem* subsidy rate for the export buyer's credit program) and *Antidumping Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China: Affirmative Final Determination of Sales at Less-Than-Fair Value*, 83 FR 57421 and 57423 (November 15, 2018) (*Aluminum Sheet AD Final*) (reflecting no subsidy adjustments to the applicable cash deposit rates); comparing *Countervailing Duty Investigation of Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Determination of Critical Circumstances, in Part*, 82 FR 58175 (December 11, 2017) (*Carbon and Alloy Steel CVD Final*), and accompanying IDM at 14 (applying 10.54 percent *ad valorem* subsidy rate for the export buyer's credit program) and *Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from the People's Republic of China, the Federal Republic of Germany, India, Italy, the Republic of Korea, and Switzerland: Antidumping Duty Orders; and Amended Final*

- In *Fine Denier from China*, Commerce determined that an offset provided for the Export Buyer's Credit Program in the preliminary determination of the CVD investigation was not appropriate,[112] because, although it "was alleged to be an export subsidy" in the preliminary determination, the final determination found that that the alleged program providing a countervailable subsidy was based on facts available with adverse inferences, and therefore the program was not found to be an export subsidy."[113]
- Although the respondents cite *Passenger Vehicle and Light Truck Tires from China AD/CVD Amended Final and Order* and *Solar Products from China* as examples of proceedings in which Commerce adjusted the cash deposit rate for the Export Buyer's Credit subsidy rate,[114] more recent determinations demonstrate that Commerce's current practice is not to deduct the subsidy rate from the Export Buyer's Credit Program, and thus supersede the determinations in *Passenger Vehicle and Light Truck Tires from China AD/CVD Amended Final and Order* and *Solar Products from China*.[115]
- Further, although the CIT upheld Commerce's adjustment for the Export Buyer's Credit program in the appeal of *Solar Products from China*,[116] *Jinko Solar* specifically acknowledged that "{n}either the statute nor Commerce's regulations otherwise define how the cash deposit rate is to be calculated in an investigation."[117] As a result, "Commerce has discretion to establish a reasonable practice to calculate a cash deposit rate in investigations where there is no clear statutory directive."[118] In the final determination of *Solar Products from China*, Commerce explained that section 772(c)(1)(C) of the Act specifically applies to Commerce's conduct in administrative reviews, and does not direct Commerce to reduce the cash deposit rate in an investigation as it does direct that export price be increased in an administrative reviews.[119] Although Commerce did reduce the cash deposit rate in *Solar Products from China* as a matter of prior practice, it was not statutorily obligated to do so, and, it has now changed that approach.[120] Further, although *Changzhou Trina* directed Commerce to adjust the cash deposit rate for the Export Buyer's Credit program, the decision has not been finalized, and is therefore not binding on

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Determinations of Sales at Less Than Fair Value for the People's Republic of China and Switzerland, 83 FR 26962 and 26964 (June 11, 2018) (*CDMT AD Final*) (reflecting no subsidy adjustments to the applicable cash deposit rates in the China investigation); comparing *Certain Tool Chests and Cabinets from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 82 FR 56582 (November 29, 2017) (*Tool Chests CVD Final*), and accompanying IDM at 9 (applying 10.54 percent *ad valorem* subsidy rate for the export buyer's credit program) and *Certain Tool Chests and Cabinets from the People's Republic of China and the Socialist Republic of Vietnam: Antidumping Duty Orders*, 83 FR 25645 (June 4, 2018) (*Tool Chests Orders*) (reflecting no subsidy adjustment to the applicable cash deposit rates for the 10.54 subsidy rate for the export buyer's credit program).

[112] *Id.* at 21-22 (citing *Fine Denier Polyester Staple Fiber from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 83 FR 24740 (May 30, 2018) (*Fine Denier from China*), and accompanying IDM at 6, footnote 28).

[113] *Id.*

[114] *Id.* at 23 (citing GSBF's Case Brief at 10-11 and Huanri's Case Brief at 8-10).

[115] *Id.* at 23.

[116] *Id.*

[117] *Id.* at 23 (citing *Jinko Solar* 229 F. Supp. 3d 1333, and 1358-61).

[118] *Id.* at 23 (citing *Jinko Solar*, citing *United States v. Eurodif S.A.*, 555 U.S. 305, 316 (2009)).

[119] *Id.*

[120] *Id.* at 24 (citing the cases listed in Petitioners' Rebuttal Brief at 21, footnote 33).

Commerce.[121] In addition *Changzhou Trina* represents an appeal of an administrative review;[122] the CIT distinguished *Jinko Solar* as an appeal of an investigation.[123]

Commerce's Position: We agree with the respondents that it is appropriate to offset the AD margins for all companies in this investigation by 10.54 percent for the Export Buyer's Credit program. Commerce has determined that the Export Buyer's Credit program is a countervailable export-oriented subsidy program in the final determination of the concurrent CVD investigation.[124] Moreover, in the most recent final results of *Passenger Vehicle and Light Truck Tires from China*,[125] Commerce explained that, despite significant deficiencies in the record with respect to the Export Buyer's Credit program, all the information on the record indicates the provision of credits under this program is contingent of exports within the meaning of section 771(5A)(B) of the Act.[126] Specifically, Commerce stated that "the final determination in the investigation in this proceeding describes the program (based on the investigation record, which includes the petition's description of the program and supporting materials, as well as the GOC's description of the program and supporting materials (albeit ultimately found to be deficient)) as follows: 'Through this program, state-owned banks, such as the China {Export-Import} Bank, provide loans at preferential rates for the purchase of exported goods from the PRC.'"[127] Thus, the determination in *Passenger Vehicle and Light Truck Tires from China - 2016 CVD Final* supersedes Commerce's previous determinations with its inconsistent application of the 10.54 percent offset with respect to the Export Buyer's Credit program.

All of the information on the record of the companion CVD proceeding comports with the determinations in the *Passenger Vehicle and Light Truck Tires from China - 2016 CVD Final*.[128] Specifically, in the companion CVD investigation of steel propane cylinders, the petitioners alleged that the Export Buyer's Credit program provides "loans at preferential rates to foreign companies, such as importers, to promote the export of Chinese products, technology, and services."[129] We determined the program confers a financial contribution and is specific within the meaning of sections 771(5)(D) and 771(5A) of the Act.[130] We determined that the program

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[121] *Id.* at 24 (citing Huanri's Case Brief at 22).
[122] *Id.* at 24.
[123] *Id.* at 24 (citing *Changzhou Trina*, Consol. 17-00199, Slip Op. 19-12 at 21, footnote 14).
[124] *See* the *Federal Register* notice titled, "Steel Propane Cylinders from the People's Republic of China: Final Affirmative Countervailing Duty Determination" (Steel Propane Cylinders CVD Final Determination) and accompanying memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Steel Propane Cylinders from the People's Republic of China," dated concurrently with this memorandum at Comment 1.
[125] *See Countervailing Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Results of Countervailing Duty Administrative Review; 2016*, 84 FR 17382 (April 25, 2019) (*Passenger Vehicle and Light Truck Tires from China - 2016 CVD Final*) and accompanying IDM at 21.
[126] *Id.*
[127] *Id.* (citing *Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 80 FR 34888 (June 18, 2015) (*Passenger Vehicle and Light Truck Tires from China CVD Final Determination*) and accompanying IDM at 22).
[128] *See* Steel Propane Cylinders CVD Final Determination.
[129] *See* the Petition, Volume V, pages 29-30.
[130] *See Steel Propane Cylinders CVD Preliminary Determination* PDM at 39; unchanged in Steel Propane Cylinders CVD Final Determination.

is countervailable,[131] and that the use of AFA is warranted for the Export Buyer's Credit program because the GOC did not provide the requested information needed to allow Commerce to fully analyze this program.[132] We applied an AFA rate of 10.54 percent for the Export Buyer's Credit program to Huanri, to the AFA companies and to "All-Others."[133] Thus, the CVD determinations in the companion investigation are consistent with those in *Passenger Vehicle and Light Truck Tires from China, - 2016 CVD Final*. As a consequence, we have determined that the 10.54 percent rate established for the Export Buyer's Credit program applies to Huanri, GSBF, Jiaxing Pressure Vessel Factory and the China-Wide entity for this final AD determination, and we will offset the cash-deposit rate for these companies accordingly.

Comment 3: Surrogate Value Selections for Huanri and GSBF

A. Natural Gas for Huanri

Huanri's Case Brief Comments

- The surrogate used to value Huanri's natural gas inputs for the *Preliminary Determination*, based on Malaysian import prices entered under HTS category 2711.21, "natural gas, gaseous," is aberrant in price and based on an uncommercial quantity.[134]
- In determining aberrancy, Commerce generally looks at whether a country has a small amount of imports with a high average unit value (AUV) compared to other surrogate countries. The record contains values for POI imports of HTS 2711.21 in USD per kilogram for Malaysia, Romania, and Mexico. The Malaysian AUV is 4.53 USD per kilogram based on 7,480 kilograms of imports, whereas Mexico had more than 6.6 billion kilograms of imports at an AUV of 0.36 USD and Romania had more than 905 million kilograms of imports at an AUV of 0.35 USD. As a consequence, the import quantity into Malaysia accounted for only 0.0001 percent of the total import quantity among these three countries. The weighted-average AUV of natural gas imported into these three countries for HTS 2711.21 is 0.35 USD per kilogram; thus, Malaysia's AUV is 1,535 percent higher than the weighted average of the AUVs of Malaysia, Mexico, and Romania.[135]

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[131] *See Steel Propane Cylinders CVD Preliminary Determination* PDM at 39-40; unchanged in Steel Propane Cylinders CVD Final Determination.
[132] *See Steel Propane Cylinders CVD Preliminary Determination* PDM at 26; unchanged in Steel Propane Cylinders CVD Final Determination.
[133] *See Steel Propane Cylinders CVD Preliminary Determination*, 83 FR at 54087; unchanged in Steel Propane Cylinders CVD Final Determination.
[134] *See* Huanri's Case Brief at 7 (citing *Jacobi Carbons AB v. United States*, 313 F. Supp. 3d 1344, 1365 (CIT 2018) (*Jacobi Carbons*) quoting *Peer Bearing Company - Changshan v. United States*, 752 F. Supp. 2d 1353, 1371 (CIT 2011) (remanding for Commerce to address price disparities when its surrogate value was about three times higher than other values on the record from economically comparable countries); and *Fuwei Films (Shandong) Co. v. United States,* 837 F. Supp. 2d 1347, 1355 (CIT 2012) (*Fuwei Films*) (noting Commerce's reason for rejecting import statistics in that case was because they "contained an insignificant quantity of imports not representative of the DuPont Group's PET chip purchase volume or consumption experience").
[135] *Id.* at 7. The respondents claimed that Malaysia's AUV is 1,535 percent higher than the weighted average of the AUVs of Malaysia, Mexico, and Romania. However, we could not replicate the respondents' figures. We calculated that the Malaysian AUV is 1,262 percent, rather than 1,535 percent, higher than the weighted-average AUV of these three countries.

- The CIT has held that import statistics can only be the basis for an SV if the value is based on commercial quantities.[136] A quantity of 7,480 kilograms, which is much less than a commercial container size, is not a commercial or significant quantity of natural gas.[137] In addition, Malaysia only had imports from one country during one month of the POI,[138] so that no commercial producer could rely upon such a small and infrequent import quantity of this raw material.[139]
- Commerce should follow its practice and instead rely upon price data for Mexican imports entered under HTS heading 2711.21, as Mexico is the potential surrogate with the highest volume of imports of natural gas.[140]

Petitioners' Rebuttal Comments

- The petitioners argue that Huanri has made several mathematical and methodological errors in formulating its arguments.[141] The 7,480 kilograms of imports over a six-month POI in this non-market economy investigation is equivalent to an annual volume of nearly 15 metric tons (*i.e.*, 15,000 kilograms).[142] The International Monetary Fund (IMF) uses 15 metric tons to measure trading costs across borders.[143]
- Huanri does not challenge Commerce's preliminary selection of Malaysia as the primary surrogate country in this investigation. Huanri fails to acknowledge that there is another value for imports of natural gas into Malaysia on the record under HTS category 2711.11, "natural gas, liquified," for which the value is Malaysian Ringgit (RM) 1.75 per kilogram (*i.e.*, approximately USD 0.44 per kilogram).[144] The volume of market imports for that HTS category is 444.16 million kilograms.[145]
- In keeping with Commerce's preference to rely on SVs from the primary surrogate country to the extent possible,[146] Commerce should value Huanri's natural gas input using HTS category 2711.11, if it determines not to rely on import values under HTS 2711.21 for the final determination.

Commerce's Position: For the *Preliminary Determination*, we used price data for POI Malaysian imports of merchandise classified under HTS category 2711.21, "natural gas,

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[136] *Id.* at 8 (citing *Shanghai Foreign Trade Enterprises Co., Ltd. v. United States*, 318 F. Supp. 2d 1339 (CIT 2004) (*Shanghai Foreign Trade*) (Commerce erred in disregarding an alternative domestic source while failing to establish that the import value relied on was based on a statistically or commercially significant quantity)).
[137] *Id.* at 8.
[138] *Id.*
[139] *Id.*
[140] *See* Huanri's Case Brief at 8 (citing *Solar Cells from China* IDM at 38 (citing numerous other reviews where Commerce found a value was aberrant and instead relied upon the import value of the largest importer of that input among the surrogate country list); *Certain Activated Carbon from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2016–2017*, 83 FR 53214 (October 22, 2018), and accompanying IDM at 10-11 (relying on the Mexican import value for coal tar because the import value into the primary surrogate country was aberrant and Mexico had the largest volume of imports for coal tar)).
[141] *See* Petitioners' Rebuttal Brief at 19.
[142] *Id.*
[143] *Id.* at 19 (citing Petitioners' SV Submission at Exhibit Malaysia-6-A at 50 (Malaysia); Respondents' SV Submission at Exhibit SV-8 at 92 (Mexico); and Petitioners' Final SV Submission at Exhibit 3A at 88 (USA)).
[144] *Id.* at 20 (citing Petitioners' SV Submission at Exhibit Malaysia-3-B).
[145] *Id.*
[146] *Id.* (citing *Sodium Hex* IDM at Comment I).

gaseous" as an SV for Huanri's natural gas inputs, which no party disputes to be specific to the gaseous natural gas input in question and sourced from the primary surrogate country. Huanri argues, however, that the underlying price data for this SV is aberrational, and should thus be rejected, because it is representative of a non-commercial import quantity of only 7,480 kilograms and reflects a value that is 1,535 percent higher than that of the average of all imports from all potential surrogate countries from this HTS category. Huanri requests that price data for imports under the same HTS category 2711.21 into Mexico or Romania be used in the alternative, as these import quantities are large enough to reflect commercial quantities and reflect consistently lower prices. The petitioners contend that Huanri does not substantiate its claims that the Malaysian SV data reflect a non-commercial quantity and should thus continue to be found usable, but that, in the event that Commerce agrees to disregard the Malaysian SV, the record contains a suitable alternate value, *i.e.*, Malaysian imports under HTS 2711.11, "liquid natural gas," which is a sufficiently comparable product and from the primary surrogate country in accordance with Commerce's preference to value all inputs from a single surrogate.

When determining whether prices are aberrational, and thus unusable, Commerce has found that the existence of high or low prices alone does not necessarily indicate that the prices are distorted or misrepresentative, and thus, it is not a sufficient basis upon which to exclude a particular SV.[147] Rather, it is our practice to require interested parties to provide specific evidence demonstrating that the value is aberrational. In considering the reliability of SVs based on import statistics and alleged to be aberrational, Commerce's practice is to examine import data from the same HTS number for: (a) the same surrogate country over multiple years to determine if the current data appear aberrational compared to historical values, or (b) POR-specific data for other potential surrogate countries for a given case.[148] In order to evaluate whether a value is aberrational or unreliable because it significantly deviates from the norm, it is necessary to have multiple points of comparison.[149]

Huanri claims that the Malaysian AUV used for the *Preliminary Determination* is distorted because it reflects a small quantity of 7,480 kilograms from only one country during one month of the POI, and thus a commercial producer could not rely on such a quantity and frequency of imports for this merchandise.[150] As an initial matter, we note that Huanri provides no information to aide Commerce in further contextualizing or quantifying what constitutes a "commercial quantity" of natural gas. Absent any such information, we are unable to substantiate Huanri's claim that, on its own, "by no reasonable measure is 7,480 Kg a commercial or significant quantity." Nevertheless, the comparative evidence with respect to quantity, in the form of the volume of POI imports of natural gas into Mexico and Romania, 6,618,107,853 kilograms and 905,575,600 kilograms, respectively (with imports in multiple months of the POI and from multiple countries), indeed suggests that the comparatively miniscule 7,480 kilograms of imports into Malaysia is not reflective of a standard commercial

[147] *See, e.g.*, *Steel Wire Garment Hangers from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 2012-2013*, 80 FR 13332 (March 13, 2015) and accompanying IDM at Comment 5.
[148] *See Carbazole Violet Pigment 23 from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 75 FR 36630 (June 28, 2010) and accompanying IDM at Comment 6.
[149] *See, e.g.*, *Multilayered Wood Flooring from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 64318 (October 18, 2011) (*Wood Flooring from China*) and accompanying IDM at Comment 14.
[150] *See* Huanri's Case Brief at 8.

transaction(s). Furthermore, we are not persuaded by the petitioners' argument that the fact that the World Bank/IMF's use of standard commercial container loads with respect to certain metrics, which is otherwise relevant to unrelated SV methodologies used by Commerce, is dispositive of a finding that the equivalent of approximately a half-container load of natural gas is of definitively commercial quantity. That a standard container load of a product may be considered to be a viable commercial quantity is not in dispute, and otherwise provides little insight into the instant question as to whether the importation of 7,480 Kg of natural gas over a 6-month period reflects a viable commercial quantity in this instance. Whereas Commerce cannot definitively state based on the information on the record whether 7,480 Kg of natural gas imports is or is not reflective of a "commercial quantity" on its own, we find that the comparative quantity information on the record, in consideration of the comparative price analysis below, supports Huanri's contention that the Malaysian SV is comprised of unreliable price data.

We next evaluate Huanri's claims that the Malaysian price is aberrational in comparison to those in other potential surrogates, in accordance with our practice discussed above. The record shows data for merchandise classified under HTS category 2711.21, "natural gas, gaseous" from the Global Trade Atlas (GTA) for Malaysia,[151] from UN Comtrade for Mexico,[152] and from Eurostat for Romania.[153] As the respondents note, the record demonstrates that the datasets from Mexico and Romania have significantly higher quantities of imports than the Malaysian GTA data and at significantly lower prices. Specifically, the Malaysian SV reflects an import quantity for only a single month and from a single country at an AUV of 4.53 USD, which is 1,535 percent higher than the weighted AUV of 0.35 USD per kilogram among Malaysia, Mexico, and Romania combined. In comparison, the Mexican SV reflects an import quantity that is 900,000 times larger than the import quantity into Malaysia for five out of the six months of the POI, and from multiple countries, and with an AUV of 0.36 USD per kilogram.[154] Further, the AUV of the Mexican data is highly consistent with that of the Romanian data, which has an AUV of 0.35 USD per kilogram, which also reflects imports from multiple countries, each highly consistent in price (*i.e.*, ranging only within a few cents of the total AUV) and with a quantity 120,000 times larger than the import quantity into Malaysia.[155]

In selecting from the information on the record to use in the alternative, 19 CFR 351.408(c)(2) states that Commerce normally values all FOPs in a single surrogate country. Further, Commerce's practice is to resort to a secondary surrogate country only if data from the primary surrogate country are unavailable or unreliable.[156] Thus, Commerce values inputs using a secondary surrogate country only in the absence of usable data from the primary surrogate

[151] *See* Preliminary SV Memorandum at 2 and at Attachment 1.
[152] *See* Respondents' SV Submission at Exhibit SV-2a.
[153] *See* Respondents' Final SV Submission at Exhibit 10a.
[154] *See* Respondents' SV Submission at Exhibit SV-2a; *see also* Respondents' Final SV Submission at SV2-1.
[155] *See* Respondents' Final SV Submission at Exhibit 10a.
[156] *See, e.g., Certain Steel Threaded Rod from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014*, 80 FR 69938 (November 12, 2015) (*Steel Threaded Rod 2015*) and accompanying IDM at Comment 9A (citing *Jiaxing Brother Fastener Co. v. United States*, 11 F. Supp. 3d 1326, 1332-33 (CIT 2014) (*Jiaxing Brother*) quoting *Sodium Hex* IDM at Comment I).

country.[157] The petitioners note that the record indeed contains information from the primary surrogate country appropriate to value natural gas inputs, *i.e.*, import data for HTS category 2711.11, "liquefied natural gas," from Malaysia. We agree with the petitioners regarding our preference for data from a single surrogate country and that, given the similarity between liquid natural gas and gaseous natural gas products, our preference for data from a single surrogate country may, in normal circumstances, outweigh any minor concerns regarding specificity between 2711.11 and 2711.21 and the input in question. However, although the SV for Malaysian liquified natural gas under HTS 2711.11 is on the record, it is sourced from the Trade Data Monitor (TDM), which is a private, subscription-based database, and which we did not use for the purposes of our *Preliminary Determination*.[158] As the record thus lacks publicly-available information from the primary surrogate country appropriate to value natural gas inputs, we will look outside the primary surrogate country to data available from other potential surrogate countries considered for selection as the primary surrogate country, and determine to use Mexican price data for imports of under HTS 2711.21, "natural gas, gaseous" which is specific to the input in question and reflects the most robust dataset on record (in comparison to Romanian imports of the same category) for natural gas inputs.[159]

B. Rubber Plug for GSBF

Petitioners' Case Brief Comments

- GSBF reported using a "rubber plug" as a factor of production in its initial Section D response. In its preliminary and final SV submissions,[160] GSBF proposed valuing the rubber plug using HTS category 4017.00,[161] "hard rubber (for example, ebonite) in all forms, including waste and scrap; articles of hard rubber."[162] After the deadline for submitting SVs, GSBF explained that the plug is made of plastic, not rubber.[163] Thus, GSBF prevented the petitioners from submitting an SV for plastic plugs, and Commerce does not have information on the record with which to value plastic plugs.[164]
- Commerce should apply partial adverse facts available (AFA) to the valuation of this input because the necessary information to value plastic plugs is not on the record due to GSBF's

[157] *See, e.g.*, *Certain Activated Carbon from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014* (*Activated Carbon 2014*) 80 FR 61172 (October 9, 2015) and accompanying IDM at Comment 2 (citing *Jiaxing Brother* quoting *Sodium Hex* IDM at Comment I); *see also Sodium Hex* IDM at Comment III and IV.C.
[158] *See* Preliminary Decision Memorandum at 11.
[159] *See* Huanri's Final Analysis Memorandum; *see also* Respondents' SV Submission at Exhibit SV-2a. The liquefied natural gas value for Mexico is sourced from UN Comtrade, which has been used in prior proceedings, *e.g.*, *Certain Activated Carbon from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2015-2016*, 82 FR 51607 (November 7, 2017) and accompanying IDM at Comment 4.
[160] *See* Petitioners' GSBF Case Brief at 6 (citing GSBF's DQR at D-2; Respondents' SV Submission at Exhibit SV-3; and Respondents' Final SV Submission).
[161] *Id.* (citing Respondents' SV Submission at Exhibit SV-3; and Respondents' Final SVs at SV2-2 and SV2-9).
[162] *Id.* (citing U.S. Harmonized Tariff Schedule, Chapter 40 ("Rubber and Articles Thereof")).
[163] *Id.* at 7 (citing GSBF's letter, "Steel Propane Cylinders from the People's Republic of China: Supplemental Section D Questionnaire Response," dated December 7, 2018 (GSBF's SDQR) at 21 and 22).
[164] *Id.* at 10-11.

failure to describe this input in a timely manner.[165] The value for rubber plug happens to be the highest SV on the record.[166] To ensure that GSBF does not receive a more favorable result by withholding the description of its actual inputs, Commerce should double the SV preliminarily selected for rubber plug as partial AFA for the final determination.[167]

GSBF's Rebuttal Comments

- When Commerce asked for more detail on the composition of certain inputs in a supplemental questionnaire, GSBF discovered it had made an inadvertent error in defining the input as a "rubber plug." Thus, GSBF acted to the best of its ability in providing this information in an investigation of a product for which it has never had to supply this type of information before. Commerce applies AFA instead of facts available when a party fails to act to the best of its ability to comply with a request for information.[168] But in this instance, GSBF corrected this error at the first opportunity in its first supplemental Section D questionnaire response, and therefore, should not be subject to AFA.[169]
- The petitioners cite to *Nippon Steel* in their argument that purposefully withholding or providing misleading information are grounds for AFA. However, *Nippon Steel* notes that the best of its ability standard as described in section 776(b) the Act "does not require perfection."[170] If a respondent's submission of an inaccurate minor input is equivalent to not cooperating to the best of its ability, the standard would unlawfully be requiring perfection.[171]
- While there is no SV for plastic plug on the record, Commerce relied upon a rubber plug SV for the *Preliminary Determination* and should continue to do so for the final determination,[172] which is inadvertently less favorable to GSBF.[173] Alternatively, Commerce may supplement the record with the proper HTS category for plastic plug. Commerce obtained its own Malaysian SVs from the GTA for the *Preliminary Determination*, and can include an additional HTS code for plastic plugs.[174] GSBF notes that Commerce has an established practice of supplementing the record with SV information deemed missing from the record after the deadline to submit new factual

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[165] *Id*. at 9-10 (citing *Nippon Steel Corporation v. United States*, 337 F.3d 1373, 1382-83 (Fed. Cir. 2003) (*Nippon Steel*) (noting that the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) has interpreted the language in section 776(b) of the Act to require a respondent to "put forth its maximum efforts to investigate and obtain the requested information from its records;" and *Shanghai Taoen Int'l Trading Co. v. United States*, 360 F. Supp. 2d 1339, 1343, 1344-45, 1348 (CIT 2005) (*Shanghai Taoen*) (purposefully withholding or providing misleading information is also grounds for application of AFA under section 776(b) of the Act)).
[166] *Id.* at 10.
[167] *Id*. at 10-11 (citing *PAM, S.p.A. v. United States*, 495 F. Supp. 2d 1360, 1371 (CIT 2007) (citing *F.lli de Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F.3d 1027, 1032 (Fed Cir. 2000) (noting that the AFA statute's purpose is to "ensure that a party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully" and that any assigned AFA rate should be at a level to "deter future uncooperative behavior"))).
[168] *See* section 776(b) of the Act.
[169] *See* GSBF's Rebuttal Brief at 2.
[170] *Id.* at 2 (citing *Nippon Steel* at 1373).
[171] *Id.* at 2.
[172] *Id.*
[173] *Id.* at 3.
[174] *Id.*

information has passed.[175] GSBF proposes the appropriate specific HTS category for plastic plug is 3923.50, "stoppers, lids, caps, & other closures, of plastics,"[176] and notes that Commerce has used HTS 3923.50 to value plastic plugs before.[177]

Commerce's Position: We agree with GSBF that there is no basis for applying AFA for the rubber plug SV. GSBF cooperated fully with all aspects of the investigation, and we agree that GSBF acted to the best of its ability throughout this proceeding. It provided timely responses to all Commerce supplemental questionnaires,[178] and our verification did not identify any discrepancies with respect to the information provided in GSBF's responses.[179] Though GSBF did make a clarification subsequent to the deadline for filing comments on surrogate valuation, this clarification was in direct response to a supplemental questionnaire, and there is no indication that such information was previously withheld for the purposes of creating any kind of advantage in the calculation of GSBF's margin or not otherwise reflective of a timely and good-faith effort to provide accurate responses. Whereas the record was indeed closed to the filing of affirmative SV information at the time the clarification was received, given the circumstances, there was nothing to preclude the petitioners from requesting leave from Commerce to provide information suitable to valuing the input in question on the record at that time, or, alternatively, requesting Commerce place the information on the record itself, pursuant to 19 CFR 351.301(c)(4). Furthermore, the petitioners' assertion that the record was closed to any such information is wrong. In providing Malaysian import data sourced from GTA on the record at the time of the *Preliminary Determination*, as the TDM information submitted previously was found to be subscription-based and, thus, not usable, Commerce informed parties of the following:

> Because Commerce has placed new factual information on the record of this proceeding, herein, in accordance with 19 CFR 351.301, we invite interested parties one opportunity to submit publicly available information to rebut, clarify, or correct such factual information submitted within this memorandum. Interested parties wishing to provide such information (exclusively to the purpose of rebutting, clarifying, or correcting new factual information placed on the record herein; we maintain our discretion to reject any information not submitted for that express purpose) may submit any such information no later than 5:00 p.m. Eastern Time on February 15, 2019.[180]

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[175] *Id.* at 3-4 (citing *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Preliminary Results and Partial Rescission of the Antidumping Duty Administrative Review; 2013-2014*, 80 FR 55092 (September 14, 2015) (*Preliminary Results for Certain Frozen Fish Fillets from Vietnam*) (in which Commerce placed information on the record to value fish waste, moving expenses, and international freight); and *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2013-2014*, 80 FR 61166 (October 9, 2015) (*Preliminary Results for Certain OTR Tires from China*) (in which Commerce placed on the record a financial statement and information to value international movement expenses)).
[176] *See* GSBF's Rebuttal Brief at 4.
[177] *Id.* at 4 (citing *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Preliminary Results and Preliminary Rescission of New Shipper Review; 2015-2016*, 82 FR 31301 (July 6, 2017)).
[178] *See* the PDM at 3-5, enumerating each of GSBF's responses.
[179] *See* GSBF's Verification Report.
[180] *See* Preliminary SV Memorandum at 7.

As such, there were numerous opportunities to supplement, or request leave to complete the record with respect to this SV prior to the briefing stage of this investigation, yet the petitioners did not avail themselves of such remedies. As such, we find the request to apply an adverse inference to the valuation of this input to be inappropriate for the purposes of this final determination.

As the petitioners and GSBF explain, neither party submitted an SV for plastic plugs to the record, and GSBF proposed that Commerce place new factual information on the record to value the plastic plug input.[181] Thus, the record information does not exist on the record specific to the valuation of plastic plugs. GSBF cited instances in which Commerce placed information on the record after the deadline for submitting new factual information had passed.[182] However, these instances relate to submissions of new factual information placed on the record *prior* to the preliminary results, in administrative reviews, not investigations.[183] While 19 CFR 351.301(c)(4) states that Commerce may place factual information on the record at any time to ensure that its determination is supported by substantial evidence, we disagree that placing new information on the record at this late stage of the investigation is appropriate. We will thus apply neutral facts available and use the most specific data available on the record in the alternative as a plug, which we determine to be Malaysian import information for HTS category 4017.00 for rubber plugs, which is the same information used to value this input for the *Preliminary Determination*. As such, we have made no changes to our calculation with respect to this issue.

C. Teflon Tape for GSBF

Petitioners' Case Brief Comments

- GSBF reported "Teflon tape" as a direct material input in its FOP spreadsheet provided with the initial Section D questionnaire response.[184] In a supplemental questionnaire, Commerce requested additional information about the use of Teflon tape in one particular control number (CONNUM). GSBF reported it used another input which was not listed in the FOP spreadsheet in lieu of Teflon tape for the product in question.[185] GSBF did not report this additional input during the investigation, and there is no SV on the record to value its consumption. Therefore, as partial AFA, Commerce should double the SV preliminarily selected used for Teflon tape.[186]

No other interested party provided comment on this issue.

Commerce's Position: In the minor corrections presented at the verification, GSBF demonstrated that it used Teflon tape for certain products that GSBF initially reported did not use Teflon tape, including for the CONNUM in question that Commerce referenced in its

[181] *See* GSBF's Rebuttal Brief at 4.
[182] *Id.* at 3-4 (citing the *Preliminary Results for Certain Frozen Fish Fillets from Vietnam* and the *Preliminary Results for Certain OTR Tires from China*).
[183] *Id.*
[184] *See* Petitioners' GSBF Case Brief at 7 (citing GSBF's letter, "Steel Propane Cylinders from the People's Republic of China: Section D Questionnaire Response," dated September 28, 2018 (GSBF's DQR) at Exhibit D-2).
[185] *Id.* at 8 (citing GSBF's SDQR at 13).
[186] *Id.* at 8.

supplemental questionnaire.[187] We further confirmed at verification that GSBF uses Teflon tape for the CONNUM in question, and does not use another input in its place for which an SV was not submitted to the record.[188] The updated FOP database submitted at verification reflects this correction.[189] Whereas we may agree with the petitioners that use of a partial AFA plug would be necessary in this instance if an unreported factor were at issue, based on the existing record, Teflon tape was indeed consumed for the CONNUM in question and, thus, we do not find that it to be appropriate to make the requested adjustment. For the final determination, we continue to use the SV for Teflon tape on the record as we did in the *Preliminary Determination*.

D. Valve for GSBF

Petitioners' Case Brief Comments

- In the *Preliminary Determination*, Commerce relied on price data for Malaysian imports under HTS category 8481.80, "taps, cocks, valves and similar appliances, for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves; parts thereof - other appliances" to value GSBF's valve inputs.[190] GSBF provided information about the material composition of their valves, *i.e.*, brass copper, but did not respond to Commerce's request for the valve's inlet and outlet diameters.[191] Using measurements from technical drawings provided by GSBF, the petitioners estimated that the valve diameter exceeds 2.5 cm.[192] Therefore, the most appropriate SV on the record is the Malaysian import value for HTS 8481.80.2200, a specific sub-category for "liquefied petroleum gas (LPG) cylinder valves of copper or copper alloys: having inlet or outlet internal diameters exceeding 2.5 cm."[193]
- The Malaysian import value for HTS 8481.80.2200 more closely reflects the valve unit's properties because both the material and internal diameter size correspond with the physical description of GSBF's valve unit.[194] While GSBF's valve unit is not specifically defined as an "LPG cylinder valve," this HTS category is still the most appropriate valuation source for the valve unit input. Specifically, the six-digit HTS subheading used in the *Preliminary Determination*, HTS 8481.80, includes such unrelated products as water taps and valves constructed out of non-metal materials.[195]

GSBF's Rebuttal Comments

- The SV that the petitioners suggest to value GSBF's valves, HTS 8481.80.2200, is inappropriate because GSBF's valves do not exceed 2.5 cm.
- The petitioners argued correctly that since the valve is installed directly into the valve seat, the internal diameter of the valve seat should be identical to the internal diameter of the

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[187] *See* GSBF's Minor Corrections at Exhibit 3c.
[188] *Id.*
[189] *Id.* at Exhibit 3d.
[190] *See* Petitioners' GSBF Case Brief at 11 (citing GSBF's Preliminary Analysis Memo at Attachment 1).
[191] *Id.* at 12 (citing GSBF's SDQR at 22).
[192] *Id.* at 12-13 (citing GSBF's SDQR at Exhibit SD-7 and SD-8).
[193] *Id.* at 13 (citing Petitioners' Final SV Submission at Exhibit 1B).
[194] *Id.* at 13.
[195] *Id.* at 14 (citing the *Preliminary Determination*, relying on HTS of Malaysia; U.S. HTS, Chapter 84, "Nuclear Reactors, Boilers, Machinery, and Mechanical Appliances; Parts Thereof").

valve itself.[196] However, the petitioners erroneously calculated the internal measurement of the valve seat by subtracting the thickness of one of the walls from the external diameter. A valve seat is cylindrical in shape, and the thickness of both walls of the circular valve seat must be subtracted from the external diameter length to arrive at the correct measurement for the internal diameter of the valve seat. When both walls of the valve seat are counted in this calculation, the internal diameter does not exceed 2.5cm.

- Commerce should continue to use HTS 8481.80 to value GSBF's valves, as it is based on a much larger import quantity than the HTS category proposed by the petitioners, and is a more reliable commercial SV.[197]
- Alternatively, Commerce may use the Malaysian import value for HTS 8481.80.2100, "Liquefied Petroleum Gas (LPG) cylinder valves of copper or copper alloys: Having inlet or outlet internal diameters not exceeding 2.5 cm."[198] The HTS categories for 8481.80.2200 and 8481.80.2100 differ only in terms of the size of the internal diameters of the valves (*i.e.* exceeding or not exceeding 2.5 cm).[199]

Commerce's Position: An examination of the information on the record indicates that GSBF's valve seat, and, therefore, the valve diameter itself, does not exceed 2.5 cm.[200] Consequently, the petitioners' suggested HTS category, 8481.80.2200, is not appropriate for this input. We recognize that GSBF's suggested HTS category, 8481.80.2100, which is specific to valves made of copper or copper alloy and is limited to valves that do not exceed 2.5 cm, does more closely reflect the description of the valves provided by GSBF. However, neither GSBF nor the petitioners placed data on the record for the Malaysian import value for HTS 8481.80.2100 (though, as discussed in Comment 3.B., above, parties were not precluded from requesting leave to do so, and a specific post-prelim rebuttal period was available for any such purpose, but no party availed themselves of this opportunity). As a result, there is no SV for HTS 8481.80.2100 on the record. For the final determination, Commerce will continue to use the Malaysian import value for HTS 8481.80, as this remains the most specific information on the record to value the input in question.

E. Steel Roll for GSBF

GSBF's Case Brief Comments

- In the *Preliminary Determination*, Commerce valued GSBF's steel roll inputs using HTS category 7208.26, "flat-rolled products of iron or nonalloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated; other, in coils, not further worked than hot-rolled, pickled; of a thickness of 3mm or more but less than 4.75mm," and HTS category 7208.27, "flat-rolled products of iron or nonalloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated; other, in coils, not further worked than hot-rolled, pickled; of a thickness of less than 3mm."[201] However, both of these HTS categories cover

[196] *See* GSBF's Rebuttal Brief at 5 (citing the Petitioners' GSBF Case Brief at 12-13).
[197] *Id.* (citing *Shanghai Foreign Trade*).
[198] *Id.* at 6.
[199] *Id.*
[200] *Id.* at 5 (citing GSBF's SDQR at Exhibit SD-7).
[201] *See* GSBF's Case Brief at 6.

pickled steel, and therefore, represent incorrect classifications. GSBF does not use pickled steel in any of its steel inputs.[202]

- GSBF submitted to the record that that proper categories to value its steel roll inputs are HTS 7208.38, "flat-rolled products of iron or non-alloy steel, of a width of 600mm or greater, in coils, simply hot-rolled, not clad, plated or coated, of a thickness of less than 3mm but not more than 4.75 mm, not pickled, without patterns in relief," and HTS 7208.39, "flat-rolled products of iron or non-alloy steel, of a width of 600mm or greater, in coils, simply hot-rolled, not clad, plated or coated, of a thickness of less than 3mm not pickled, without patterns in relief."[203] There is no other information on the record to suggest that GSBF's steel inputs are pickled. Therefore, Commerce should rely upon the import values for HTS 7208.38 and HTS 7208.39 to value GSBF's steel roll for the final determination.

No other interested party provided comment on this issue.

Commerce's Position: We agree that we misclassified GSBF's steel roll inputs as pickled steel and subsequently selected Malaysian import values that do not reflect the characteristics of GSBF's steel inputs.[204] Further, we agree generally with GSBF that the harmonized six-digit HTS categories are specific to the inputs in question. We note, however, that while GSBF identified the correct alternative HTS heading, generally, it identified only alternate SV information on the record from Mexico and Romania, not information from the primary surrogate country, Malaysia. As discussed in Comment 3.B., above, though parties were not precluded from requesting to supplement the record with respect to SV issues, and a specific post-prelim rebuttal period was also available for any such purpose, no party availed themselves of this opportunity and, thus, neither GSBF nor any other interested party placed data on the record for the Malaysian import values for HTS 7208.38 and 7208.39.

We note, however, that Commerce relied on GTA data for HTS 7208.39 from Malaysia to value certain steel inputs for Huanri in the *Preliminary Determination.* Therefore, the appropriate Malaysian import value for this HTS category exists on the record for purposes of valuing GSBF's 2.3 mm and 2.5 mm steel roll using the Malaysian import value HTS 7208.39 (rather than the HTS 7208.27 price data used for the *Preliminary Determination*); Commerce, thus, has no need to consider the Mexican or Romanian HTS 7208.39 price information suggested by Huanri for these 2.3 mm and 2.5 mm inputs.

With respect to the steel roll inputs of a thickness of 3 mm or more but less than 4.75 mm valued using Malaysian HTS 7208.27 price data for the *Preliminary Determination*, though GSBF suggests that we use either Mexican or Romanian price data for HTS 7208.38, we note that it is Commerce's preference to rely on SVs from the primary surrogate country whenever possible, and GSBF did not provide any support to justify departing from our standard practice and

[202] *Id.* (citing GSBF's SDQR at 21 and at Exhibit SD-13).
[203] *Id.* at 7 (citing the Respondents' Final SV Submission at Exhibit 10).
[204] *See* GSBF's Final Analysis Memorandum.

looking outside the primary surrogate for a source for this SV.[205] As there is no GTA data for HTS 7208.38 from Malaysia on the record to value GSBF's remaining steel inputs (3.0 mm and 3.5 mm steel roll), consistent with our preference to derive SVs from a single surrogate country, we have calculated a plug based on neutral facts available using relevant information from Malaysia. Specifically, as stated above, the record contains GTA information appropriate to value sub-3 mm non-pickled inputs using import data for HTS 7208.39, and contains the data used for the *Preliminary Determination* for precisely corollary sizes of products which are otherwise identical, but pickled (*i.e.*, HTS 7208.26 and HTS 7208.27). Accordingly, for the final determination, to value GSBF's non-pickled steel roll inputs between 3-4.75 mm in diameter, we have used the SV for sub-3 mm inputs, *i.e.*, 7208.39, and adjusted that value by the percentage difference between the values for HTS 7208.26 and 7208.27, the two HTS categories relied upon for the *Preliminary Determination*, as neutral facts available to account for the value difference between the input sizes.[206]

F. Steel Scrap for GSBF

Petitioners' Case Brief Comments

- In the *Preliminary Determination*, Commerce relied on the Malaysian import value for HTS 7204.10, "waste and scrap of cast iron" to value its steel scrap.[207] GSBF described its steel scrap by-product as the steel that remains of the sheet after cutting out a piece of steel that will form the main body of the cylinder.[208] Commerce should instead rely on the Malaysian import value for HTS 7204.41, "ferrous waste and scrap; remelting scrap ingots of iron or steel; Other waste and scrap; turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings, whether or not in bundles."[209] This HTS category is more specific to GSBF's steel scrap than HTS 7204.10, which only includes cast iron scrap.[210]
- There are no differences between the steel scrap produced by Huanri and GSBF, and Commerce relied on HTS 7204.41 to value Huanri's steel scrap in the *Preliminary Determination.*[211] Therefore, Commerce should use the Malaysian import value for HTS 7204.41 to value GSBF's steel scrap by-product for the final determination.

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[205] Moreover, Mexican import statistics for HTS 7208.38.01 are sourced from Sistema de Informacion Arancelaria Via Internet (SIAVI), sourced from the Mexican Office of Economic Affairs. Commerce has not relied on SIAVI to value inputs in a prior proceeding, and we are unfamiliar with its data collection methods. Therefore, we are unable to corroborate data submitted from SIAVI. The Romanian import statistics for HTS 7208.38.00 are sourced from UN Comtrade, which is a source Commerce has relied upon previously, but, as stated above, GSBF provides no justification to depart from our standard practice of using data from a single surrogate country and did not avail itself of any opportunity presented to fill in the gap in the record with respect to this value. Accordingly, we do not find it appropriate to use Romanian data to value this input when we are able to calculate an appropriate plug using data from the primary surrogate, as discussed below.
[206] *See* GSBF's Final Analysis Memorandum.
[207] *See* Petitioners' GSBF Case Brief at 14.
[208] *Id*. at 14 (citing GSBF's DQR at 15).
[209] *Id.* (citing Petitioners' SV Submission at Exhibit Malaysia-1).
[210] *Id.* at 15.
[211] *Id.* (citing Respondents' SV Submission at Exhibit SV-1; and Commerce's memorandum, "Analysis Memorandum for the Preliminary Determination of the Antidumping Duty Investigation of Steel Propane Cylinders

No other interested party provided comment on this issue.

Commerce's Position: We agree that HTS 7204.41 suggested by the petitioner is more specific to the steel scrap that GSBF produces since steel propane cylinders, by definition, are not made of cast iron.[212] Therefore, we agree that HTS 7204.41 is the most appropriate SV to value GSBF's steel scrap and have revised our calculations for the final determination accordingly.[213]

Comment 4: Ministerial Errors and Other Issues

A. Errors in the Determination of the Surrogate Financial Ratios

Petitioners' Case Brief Comments

- Commerce should correct the following errors in the determination of the surrogate financial ratios for Siraga:
  - In the *Preliminary Determination*, Commerce double-counted the numerator of the SG&A expense ratio from Siraga's financial statements.[214] Commerce agreed that this double-counting constitutes a ministerial error.[215]
  - Commerce should also correct errors in the Excel worksheet, which erroneously incorporates rental expenses from the 2016 financial statements[216] and includes typographical errors for the raw materials inventory and WIP inventory.[217]

No other interested party provided comments on this issue.

Commerce's Position: We agree that we incorrectly calculated SG&A expenses for the surrogate company, Siraga. Therefore, we have corrected these ratios and applied them to the calculations for Huanri and GSBF for the final determination.[218]

B. Argon Conversion for Huanri and GSBF

Respondents' Case Brief Comments

- Huanri and GSBF reported the argon gas consumption on a per-kilogram (KG) basis, whereas the SV for argon gas was reported on a per-cubic meter (M3) basis.[219] Commerce

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from the People's Republic of China: Shandong Huanri Group Co. Ltd.," dated December 18, 2018 (Huanri's Preliminary Analysis Memorandum) at Attachment 1).

[212] *Id.* (citing GSBF's DQR at Exhibit D-2 and GSBF's SDQR at Exhibit SD-13).

[213] *See* GSBF's Final Analysis Memorandum.

[214] *See* Petitioners' GSBF Case Brief at 3 and Petitioners' Huanri Case Brief at 2.

[215] *Id.* (citing the Ministerial Error Memorandum at 5).

[216] *See* Petitioners' Rebuttal Brief at 18, citing Huanri's Case Brief at 6 and GSBF's Case Brief at 5.

[217] *See* Petitioners' Rebuttal Brief at 18.

[218] *See* Huanri's Final Analysis Memorandum and GSBF's Final Analysis Memorandum.

[219] *See* Huanri's Case Brief at 14, citing Huanri's letter, "Steel Propane Cylinders from the People's Republic of China: Section C and D Questionnaire Response," dated September 6, 2018 (Huanri's CDQR) at Exhibit D-1; and GSBF's Case Brief at 14, citing GSBF's DQR at Exhibit D-1.

erroneously multiplied the SV by the conversion factor, rather than dividing it.[220] Further, Commerce agreed that the calculations in the *Preliminary Determination* were in error.[221] For the final determination, Commerce should correct this error by properly dividing the argon SV by the conversion factor, rather than multiplying it.

No other interested party provided comments on this issue.

Commerce's Position: We agree that we incorrectly calculated the conversion factor for argon gas. Therefore, we have corrected these calculations for the final determination.[222]

C. Oxygen Gas Conversion for GSBF

GSBF's Case Brief Comments

- GSBF reported oxygen gas consumption on a per-KG basis, whereas the SV for oxygen gas was reported on per-cubic meter (M^3) basis. Commerce incorrectly summarized the screen shot from the National Center for Biotechnology Information webpage for the conversion of oxygen gas as providing a conversion ratio of 1.43 M^3/KG; however, the ratio selected and used is actually 1.43 KG/M^3.[223] For the final determination, Commerce should correct this error by dividing the SV for oxygen gas by the conversion factor, rather than multiplying it.

No other interested party provided comments on this issue.

Commerce's Position: We agree that we incorrectly calculated the conversion ratio for oxygen. Therefore, we have corrected these calculations for the final determination.[224]

D. Natural Gas Conversion for Huanri

Huanri's Case Brief Comments

- Huanri reported natural gas consumption on a per-KG basis, whereas the SV for natural gas was reported on a per-M^3 basis.[225] Commerce multiplied the SV by the conversion factor, rather than dividing it.[226] Additionally, Commerce agreed this calculation constituted a ministerial error.[227] For the final determination, Commerce should correct this error by dividing the natural gas SV by the conversion factor, rather than multiplying it.

No other interested party provided comment on this issue.

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[220] *See* Huanri's Case Brief at 14 and GSBF's Case Brief at 12; *see also* Huanri's Final Analysis Memorandum and GSBF's Final Analysis Memorandum.
[221] *See* Huanri's Case Brief at 14, citing Commerce's Ministerial Error Memorandum at 3.
[222] *See* Huanri's Final Analysis Memorandum and GSBF's Final Analysis Memorandum.
[223] *See* GSBF's Case Brief at 12-13, citing GSBF's DQR at Exhibit D-1; *see also* the Preliminary SV Memorandum at Attachment 1a and accompanying SV Workbook Data File at the tab entitled "Oxygen M3 to Kgs."
[224] *See* Huanri's Final Analysis Memorandum and GSBF's Final Analysis Memorandum.
[225] *See* Huanri's Case Brief at 14, citing Huanri's CDQR at Exhibit D-1.
[226] *Id.*
[227] *See* Huanri's Case Brief at 14, citing the Ministerial Error Memorandum at 3.

Commerce's Position: We agree that we incorrectly calculated the conversion ratio for natural gas. Therefore, we have corrected these calculations for the final determination.[228]

E. Calculation of Market Economy Purchase of OPDs for Huanri

Petitioners' Case Brief Comments

- Commerce incorrectly calculated the weight of the market-economy purchase of the overflow protection devices (OPD) for Huanri. Specifically, Commerce relied on the weight of OPD connectors that were manufactured by Huanri, rather than the weight of the OPD devices purchased from market-economy sources.[229] Commerce agreed that this calculation constituted a ministerial error.[230]

Huanri's Case Brief Comments

- Commerce erroneously recorded the source value for Huanri's market-economy purchases of OPD devices in the *Preliminary Determination*,[231] and noted the error in its Ministerial Error Memorandum.[232]

Commerce's Position: We agree that we incorrectly calculated the price of the OPD devices in the *Preliminary Determination* in two respects. First, we failed to use the purchase price as recorded in Huanri's SCDQR at Exhibit SQ2-23.[233] In addition, we based our freight calculations on the connector weight rather than the weight of the OPD devices themselves.[234] We have corrected both of these errors for the final determination.[235]

F. Misclassified Paint Variable in GSBF's Margin Calculation Program

Petitioners' Case Brief Comments

- Commerce incorrectly classified the variable PAINT_MAT as a packing material, rather than as a direct material.[236] GSBF reported the input "paint" as a raw material, or direct material, and not as a packing material in its initial Section D questionnaire response.[237] Commerce confirmed that paint is, in fact, used as a coating to the outside of the cylinders

[228] *See* Huanri's Final Analysis Memorandum.
[229] *See* Petitioners' Case Brief at 4-5 (citing the Ministerial Error Memorandum at 5, and Huanri's letter, "Steel Propane Cylinders from the People's Republic of China: Second Supplemental Questionnaire Response," dated November 1, 2018 (Huanri's SCDQR) at SQ2-23).
[230] *Id.* at 4 (citing the Ministerial Error Memorandum at 5).
[231] *See* Huanri's Case Brief at 14 (citing Huanri's CDQR at Exhibit D-4; and the Preliminary SV Memorandum at Attachment 10 and accompanying SV Workbook Data File at the tab entitled "OPD").
[232] *Id.* (citing the Ministerial Error Memorandum at 4-5).
[233] *See* Huanri's Preliminary Analysis Memorandum at Attachment 1.
[234] *See* Huanri's SCDQR at Exhibit SQ2-23, "Sample OPD Purchase Documentation." *See also* the log of the computer program in Huanri's Preliminary Analysis Memorandum at Attachment 2, line 1090.
[235] *See* Huanri's Final Analysis Memorandum.
[236] *See* Petitioners' GSBF Case Brief at 5 (citing Commerce's memorandum, "Analysis Memorandum for the Preliminary Determination of the Antidumping Duty Investigation of Steel Propane Cylinders from the People's Republic of China: Hong Kong GSBF Co., Ltd.," dated December 18, 2018 (GSBF's Preliminary Analysis Memorandum) at Attachment 2 at lines 1089-1107).
[237] *Id.* at 5, citing GSBF's DQR at Exhibit D-2.

during its verification.[238] Therefore, Commerce should classify PAINT_MAT as a direct material in the final margin calculation program.

No other interested party provided comment on this issue.

Commerce's Position: We agree that we incorrectly classified "paint" as a packing material, rather than a raw material for the *Preliminary Determination,* as indicated in GSBF's questionnaire response.[239] Therefore, we have corrected these calculations for the final determination.[240]

G. Errors Identified in Huanri's Verification Report

Huanri's Case Brief Comments

- The Huanri Verification Report raised two issues which should have no impact on the calculations for the final determination.[241] Specifically, the Huanri Verification report states that:
    - Huanri switched the production quantity for two products in the FOP database.[242]
    - The zip codes for the destination field (DESTU) for certain sales in the U.S. sales database did not match the final destination recorded on the applicable bill of lading.[243]
- Neither of the two products for which the production quantities were switched share the same CONNUM with the subject merchandise exported to the United States.[244] As a result, this error has no impact on the FOP database and input allocation.[245]
- Huanri made sales on a free on board (FOB) or cost and freight (CFR) basis and thus is not responsible for U.S. inland transportation.[246] Huanri presumed the goods would be delivered to the consignee on the bill of lading regardless of which port or intermediate place the goods were shipped through.[247] However, because the invoice or bill of lading may indicate a final destination other than the consignee, and may not include a zip code,[248] Huanri reported the zip code of the consignee that was readily available to it.[249] Huanri explained that the zip code can impact Commerce's differential pricing analysis, it would not do so in this case because 99.7 percent of the value of U.S. sales passed the Cohen's *d* test and confirm the existence of a pattern of pricing differences.[250]

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[238] *Id.* at 5-6, citing GSBF's Verification Report at 18.
[239] *See* GSBF's DQR at Exhibit D-2.
[240] *See* GSBF's Final Analysis Memorandum.
[241] *See* Huanri's Case Brief at 15, citing Huanri's Verification Report at 2.
[242] *Id.*
[243] *Id.*
[244] *See* Huanri's Case Brief at 15.
[245] *Id.*
[246] *Id.*
[247] *Id.* at 15-16.
[248] *Id.* at 16.
[249] *Id.*
[250] *Id.* (citing Huanri's Preliminary Analysis Memorandum at 3).

No other interested party provided comment on this issue.

Commerce's Position: Our verification report shows that Huanri failed to report accurate zip codes for the final destination of its U.S. sales.[251] Moreover, it is Commerce's policy not to collect new factual information at verification,[252] and our report shows that we did not collect any new factual information regarding the zip codes of the final destination of Huanri's U.S. sales.[253] However, because 99.7 percent of Huanri's sales passed the Cohen's *d* test, we agree with Huanri that any such changes to the reported zip codes would neither have an impact on the Cohen's *d* analysis, nor could they potentially improve it. Therefore, for the final determination, we have not corrected the zip code information for the sales we examined at verification. We acknowledge Huanri's observation that the zip code analysis in this proceeding would not impact our differential pricing analysis and we will not further revise Huanri's reported zip codes.

VI. RECOMMENDATION

Based on our analysis of the comments received, we recommend adopting all of the above positions. If these positions are accepted, we will publish the final determination of this investigation and the final weighted-average dumping margins in the *Federal Register* and will notify the International Trade Commission of our determination.

☒	☐
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Agree	Disagree

6/17/2019

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Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

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[251] *See* Huanri's Verification Report at 2.
[252] *See, e.g.*, Commerce's letter, "Antidumping Duty Investigation of Steel Propane Cylinders from the People's Republic of China: Verification Agenda for Shandong Huanri Group Co., Ltd.," dated February 22, 2019, at 2.
[253] *Id.*