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August 16, 2021

MEMORANDUM TO: Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Diamond Sawblades and Parts Thereof from the People's Republic of China: Issues and Decision Memorandum for the Final Results of the Antidumping Duty Administrative Review; 2018-2019

I. SUMMARY

The Department of Commerce (Commerce) analyzed the case and rebuttal briefs submitted by interested parties in the administrative review of the antidumping duty order on diamond sawblades and parts thereof (diamond sawblades) from the People's Republic of China (China) covering the period of review (POR) November 1, 2018, through October 31, 2019. As a result of our analysis, we made no changes to the margin calculations since the *Preliminary Results* for the mandatory respondents, Chengdu Huifeng New Material Technology Co., Ltd. (Chengdu Huifeng) and Wuhan Wanbang Laser Diamond Tools Co., Ltd. (Wuhan Wanbang).[1] We recommend that you approve the positions we developed in the "Discussion of the Issues" section of this memorandum. Below is a complete list of the issues for which we received comments from interested parties:

Comment 1: Valuation of Diamond Input
Comment 2: Whether to Apply Total Adverse Facts Available to Chengdu Huifeng
Comment 3: Whether to Apply Total Adverse Facts Available to Wuhan Wanbang

II. BACKGROUND

On March 19, 2021, Commerce published in the *Federal Register* the preliminary results of the 2018-2019 administrative review of the antidumping duty order on diamond sawblades from

[1] *See Diamond Sawblades and Parts Thereof from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, Preliminary Determination of No Shipments, and Rescission of Review in Part; 2018–2019*, 86 FR 14873 (March 19, 2021) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum (PDM).

China. We invited interested parties to comment on the *Preliminary Results*. We received case briefs from the petitioner, the Diamond Sawblades Manufacturers' Coalition, and Wuhan Wanbang,[2] and rebuttal briefs from the petitioner and Chengdu Huifeng.[3]

On June 11, 2021, Commerce extended the deadline for the final results of review by 60 days, to no later than September 15, 2021.[4] On June 30, 2021, Commerce held a public hearing covering comments raised in case and rebuttal briefs.[5]

III. SCOPE OF THE ORDER

The products covered by the *Order*[6] are all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope of the *Order* are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).

Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of the *Order*. Diamond sawblades and/or sawblade cores with a thickness of less than 0.025 inches, or with a thickness greater than 1.1 inches, are excluded from the scope of the *Order*. Circular steel plates that have a cutting edge of non-diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of the *Order*. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the *Order*. Diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from

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[2] *See* Petitioner's Letter, "Diamond Sawblades and Parts Thereof from the People's Republic of China: DSMC's Case Brief," dated April 22, 2021 (Petitioner's Case Brief); and Wuhan Wanbang's Letter, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Submission of Wuhan Wanbang's Case Brief," dated April 22, 2021 (Wuhan Wanbang's Case Brief).

[3] *See* Petitioner's Letter, "Diamond Sawblades and Parts Thereof from the People's Republic of China: DSMC's Rebuttal Brief," dated April 29, 2021 (Petitioner's Rebuttal Brief); and Chengdu Huifeng's Letter, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Submission of Chengdu Huifeng's Rebuttal Case Brief," dated April 29, 2021 (Chengdu Huifeng's Rebuttal Brief). We note that, on May 3, 2021, the petitioner filed a letter requesting that Commerce reject Chengdu Huifeng's Rebuttal Brief, alleging that it contains untimely and unsolicited new factual information. However, after review of the information contained in the submission, we determined this allegation to be unfounded.

[4] *See* Memorandum, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Extension of Time Limit for Final Results of Antidumping Duty Administrative Review; 2018-2019," dated June 11, 2021.

[5] *See* Public Hearing Transcript, "In the Matter of the Antidumping Review of the Antidumping Order on Diamond Sawblades and Parts Thereof from the People's Republic of China," dated June 30, 2021.

[6] *See Diamond Sawblades and Parts Thereof from the People's Republic of China and the Republic of Korea: Antidumping Duty Orders*, 74 FR 57145 (November 4, 2009) (*Order*).

the scope of the *Order*. Merchandise subject to the *Order* is typically imported under heading 8202.39.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206.00.00.00 of the HTSUS. On October 11, 2011, Commerce included the 6804.21.00.00 HTSUS classification number to the customs case reference file, pursuant to a request by U.S. Customs and Border Protection (CBP).[7] Pursuant to requests by CBP, Commerce included to the customs case reference file the following HTSUS classification numbers: 8202.39.0040 and 8202.39.0070 on January 22, 2015, and 6804.21.0010 and 6804.21.0080 on January 26, 2015.

The tariff classification is provided for convenience and customs purposes; however, the written description of the scope of the *Order* is dispositive.

IV. SURROGATE COUNTRY

In the *Preliminary Results*, we treated China as a non-market economy (NME) country and, therefore, we calculated normal value in accordance with section 773(c) of the Tariff Act of 1930, as amended (the Act). We selected Brazil as the primary surrogate country, pursuant to section 773(c)(4) of the Act, because it is a significant producer of merchandise comparable to subject merchandise and is at the same level of economic development as China.[8]

For these final results, we continue to treat China as an NME country and used the same primary surrogate country, Brazil.[9] For the valuation of all inputs, including diamond powder, we continue to use Brazilian import data maintained by the Global Trade Atlas.[10] We also continue to find that, pursuant to section 773(c)(1) of the Act, Thai Gulf Abrasives Co., Ltd.'s 2016 Annual Report constitutes the "best available information" for valuing financial ratios.

V. DISCUSSION OF THE ISSUES

Comment 1: Valuation of Diamond Input

The Petitioner's Arguments:

- Commerce should value diamond inputs based on HTS subheading 7102.21.[11]
  - The record of this review makes clear that the diamond input used in the production of diamond sawblades is best described as intact industrial diamond crystals, and that diamond powder is not, and cannot be, used in the production of diamond sawblades.[12]

[7] *See Diamond Sawblades and Parts Thereof from the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review*, 76 FR 76128, 76130 (December 6, 2011).
[8] *See Preliminary Results* PDM at 4-7.
[9] *Id*.
[10] *Id.*
[11] *See* Petitioner's Case Brief at 13-20.
[12] *Id*. at 14.

- The record contains a declaration from a person involved in the diamond sawblade industry, "{d}iamond sawblades are made using diamond crystals …{I}t is impossible to manufacture a working diamond sawblade using diamond powder."[13]
- A diamond crystal has a defined crystal structure whereas diamond powder, which is composed of crushed diamonds, does not and is irregularly shaped.[14]
- It is not possible to use irregularly shaped and sized materials to make diamond sawblades, as doing so would not allow the sawblade to function properly; therefore, it is not possible to use diamond powder to manufacture diamond sawblades, and all diamond sawblade manufacturers, regardless of where they are located in the world, use diamond crystals.[15]

o Commerce's preliminary finding is based almost entirely on the size of the diamond input used by Chengdu Huifeng; Commerce highlighted that Chengdu Huifeng affirmed that it used the same diamond material in the current POR as it did in the prior POR, in which the agency "verified that the diamond material that Chengdu Huifeng used in its production process were powders or very small particles, which had a narrow range of mesh sizes."[16]
- This conclusion, however, misunderstands the difference between a diamond crystal and diamond powder.[17]
- The record shows that diamond powder and diamond crystals can have the same mesh size; what differentiates diamond crystals and diamond powders is their form: diamond crystals have a defined crystal structure, but diamond powder is made of crushed diamonds and has no defined structure.[18]
- The fact that Chengdu's diamond inputs were "very small particles" within a narrow range of mesh sizes is of no consequence in determining whether such materials were diamond powders or diamond crystals.[19]
  - The record contains an analysis from a "diamond reclamation vendor" which supports this.[20]
- The "powder" definition in the Chapter 71 notes does not undermine any of the above information or otherwise demonstrate that the diamond materials used in diamond sawblades is powder.[21]
  - Importantly, the "powder" definition in Chapter 71 identifies the HTS subcategories to which it applies and does not identify HTS 7105.10 or any other subheading relating to diamond materials.[22]

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[13] *Id*. (citing Petitioner's Letter, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Surrogate Value Information Regarding Diamond," dated March 1, 2021 (Petitioner Diamond SV Submission) at Exhibit 5).
[14] *Id*.
[15] *Id*. at 14-15.
[16] *Id*. at 15.
[17] *Id*.
[18] *Id*. at 16.
[19] *Id.* The petitioner raises further comments regarding this point that is proprietary in nature and cannot be summarized or addressed in this public memorandum. For a summary and discussion of this issue, please see Chengdu Huifeng's Final Analysis Memorandum dated concurrently with this memorandum.
[20] *Id*. at 16 (citing Petitioner Diamond SV Submission).
[21] *Id*. at 17-18.
[22] *Id*. at 17.

- As such, there is no basis for concluding that this powder definition is in any way relevant to defining diamond powder.[23]

- Chengdu Huifeng has provided no information or argument that undermines or contradicts the above.[24]
  - Chengdu Huifeng's claim that all the diamond materials it uses fall within the mesh ranges identified in HTS 7105.10 is meaningless because all diamond materials would fall within the mesh sizes identified. The fact that HTS 7105.10 does not have any mesh size limitations confirms that mesh size is not an appropriate basis for determining whether a diamond material is a powder.[25]
  - Chengdu's argument that heading 7102 clearly categorizes larger diamond stones that are likely to be used to make jewelry, rather than the diamond powder used by Chengdu Huifeng to manufacture subject merchandise is not supported by the record.[26]
    - With respect to Chengdu Huifeng's claim that HTS 7102 covers worked and unworked stones, it is not clear how this is relevant or provides any guidance regarding the proper HTS category under which to value Chengdu's diamond input; to the extent that Chengdu is suggesting that its diamond materials cannot be "worked" or that a diamond must be capable of being worked in order to fall under HTS 7102.21 (even if it is unworked), there is nothing on the record to support either contention.[27]
    - With respect to Chengdu Huifeng's claim that a precious or semiprecious stone is defined as a gem, especially when cut and polished for ornament, there is no reference to "precious or semiprecious stones" within subheading 7102,80, so it is unclear how this definition dictates what is covered by subheading 7102.[28]
  - Chengdu Huifeng's claim that the proper HTS category for valuing diamond inputs has not been previously raised is incorrect; in any event, Commerce is required to value factors of production in an NME case based on the best information available and to determine dumping margins as accurately as possible.[29]

Chengdu Huifeng's Rebuttal Arguments:

- Commerce should continue to value Chengdu's diamond powder input based on HTS subheading 7105.10 for diamond powder.[30]
  - As Commerce noted, "{e}very diamond is a crystal, even the diamond grains that fall through the finest sorting meshes used to size solids are still crystals."[31]
  - The smallest size of diamonds allowed by the scope of the *Order*, mesh 240, containing diamonds up to 0.065 mm in size, is also a crystal and has a defined structure regardless of whether it is crushed diamond, diamond powder or dust.[32]

[23] *Id*.
[24] *Id*. at 18-19.
[25] *Id*. at 18.
[26] *Id*. at 18-19.
[27] *Id*.
[28] *Id*. at 19.
[29] *Id*.
[30] *See* Chengdu Huifeng's Rebuttal Brief at 7-10.
[31] *Id*. at 7 (citing *Preliminary Results* PDM at 6).
[32] *Id*. at 7-8.

- The scope of the order excludes diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260), which reasonably indicates that any diamonds having a mesh number smaller than 240 can possibly be used to produce subject merchandise.[33]

- The record shows that all of the diamond particles used by Chengdu Huifeng in its production of subject merchandise are classified under HTS 7105.10.[34]
- In contrast, HTS 7102.21 under subheading 7102 covers "Diamonds, whether or not worked, but not mounted or set."[35]
  - Based on the Explanatory Note (EN) to 71.02, the heading 7102 covers unworked stones, as well as worked stones and, thus, heading 7102 clearly categorizes larger diamond stones that are likely to be used to make jewelry, rather than the diamond powder used by Chengdu Huifeng to manufacture subject merchandise.[36]
- Chengdu Huifeng affirmed that there were no significant differences in the diamond material used in the current POR as compared to the prior POR.[37]
- Contrary to the petitioner's claim that it is impossible to manufacture a working diamond sawblade using diamond powder, Commerce noted that, in the prior POR, it verified that the "diamond material Chengdu Huifeng used in its production process were powders or very small particles, which had a narrow range of mesh sizes."[38]
- The petitioner's results-oriented request to use HTS 7102.21 is obvious because the diamond stones under HTS 7102.21 have an AUV of $27,383/kg, which is twenty times higher than diamond powders under HTS 7105.10 with an AUV of $483.33/kg; it would be commercially and economically unreasonable, impossible even, for a manufacturer like Chengdu Huifeng to use material as expensive as $27,383/kg to produce diamond sawblades.[39]

Commerce's Position: When evaluating surrogate value (SV) data, Commerce's practice is to select SVs as specific to the input (or by-product/scrap) being valued as possible.[40] Our preference is to use the single most specific HTS classification, based on available data on the record.[41]

We preliminarily valued diamond powder using HTS subcategory 7105 "dust and powder of natural or synthetic precious or semi-precious stones" at the six-digit subcategory 7105.10 "of

[33] *Id*. at 8.
[34] *Id*. at 8-9.
[35] *Id*. at 9.
[36] *Id*.
[37] *Id*.
[38] *Id*. (citing Memorandum, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Surrogate Values for the Preliminary Results of Review," dated March 15, 2021 (SV Memorandum) at 6).
[39] *Id*. at 10.
[40] *See SolarWorld Americas, Inc. v. United States*, 320 F. Supp. 3d 1341, 1357 at note 15 (CIT 2018).
[41] *See Xanthan Gum from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014*, 82 FR 11428 (February 23, 2017) and the accompanying Issues and Decision Memorandum (IDM) at Comment 11 ("When {Commerce} has determined that a certain HTS category is the most specific category which matches the respondent's consumed input, its practice is to use the weighted-average value of imports under that specific HTS category as the best available surrogate value").

diamonds."[42] The petitioner argues that we should use the HTS subcategory 7102.21 to calculate the SV for diamond powder. This HTS classification suggested by the petitioner includes a subcategory of HTS 7102 "diamonds, whether or not worked, but not mounted or set," where HTS 7102.21 applies to "{i}ndustrial: unworked, or simply sawn, cleaved, or bruted."

The petitioner claims that diamond powder is not, and cannot be, used in the production of diamond sawblades. The primary basis for this claim is a declaration from a person involved in the diamond sawblade industry which asserts that "it is impossible to manufacture a working diamond sawblade using diamond powder."[43] The declaration bases this assertion with claims that "diamond powder is composed of crushed diamonds while diamond crystals have a defined crystal structure," "the particles that make up diamond powder have an irregular shape and size, while diamond crystals do not," and "{i}t is not possible to use irregularly shaped and sized materials to make diamond sawblades, as doing so would not allow the sawblade to function properly."[44]

We found in the preliminary results that "{e}very diamond is a crystal, even the diamond grains that fall through the finest sorting meshes used to size solids are still crystals."[45] We also found that the scope of the *Order* provides guidance as to the smallest size of the diamond particles in a sawblade, at 240 mesh or 0.065 mm, and that there is no apparent distinction between diamonds and diamond powders such that the use of "diamond" in the *Order* precludes the use of diamond powder to make subject merchandise.[46] The only evidence the petitioner cites to refute this is its declaration, but there is no evidence corroborating the assertion in the petitioner's declaration that diamond powder does not have a defined crystal structure on the record of this review. Moreover, there is no corroborating evidence supporting the declaration's assertion that the diamonds in powder form are necessarily irregularly shaped. Finally, there is no corroborating evidence supporting the declaration's assertion that the use of irregularly shaped and sized materials to make diamond sawblades would not allow the sawblade to function properly.

Moreover, we find that this declaration is not determinative for the purposes of determining what inputs are used in Chengdu Huifeng's production process. In the prior administrative review, we verified Chengdu Huifeng's diamond stock, recipes, and production processes and determined that it was using diamond powders of certain mesh sizes,[47] and we have determined that diamond mixtures of the sizes used by Chengdu Huifeng are the equivalent of powders as defined in the HTS categories.[48] The declaration provided by the petitioner may describe the production process of some companies, but the petitioner has not demonstrated that Chengdu Huifeng's production process is identical to that of these companies. To the contrary, similar to the prior administrative review wherein we verified Chengdu Huifeng's production process, Chengdu

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[42] *See* Memorandum, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Surrogate Values for the Preliminary Results of Review," dated March 15, 2021 (Preliminary SV Memorandum) at 5.
[43] *See* Petitioner Diamond SV Submission at Exhibit 5.
[44] *Id*.
[45] *See* SV Memorandum at 6.
[46] *Id.*
[47] *See Diamond Sawblades and Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2017-2018*, 85 FR 71308 (November 9, 2020) (*DSBs from China 2017-18 Review*), and accompanying IDM at Comment 2.
[48] *See* Preliminary SV Memorandum at 5-6.

Huifeng's questionnaire responses indicate that Chengdu Huifeng uses the same diamond powder input as it used in the prior review.[49] Thus, contrary to the petitioner's claims, the record indicates that diamond powder is used in the production of diamond sawblades at Chengdu Huifeng's factory.

Additionally, considering their tiny size, it is unlikely that diamonds small enough to be considered a "powder" can be worked in the ways described in the classification definition in HTS 7102. The petitioner did not provide any information on how diamonds of a size allowed by the scope of the *Order* (*i.e.*, up to mesh size number 240 or over 0.065 mm) or diamonds of the mesh sizes used by Chengdu Huifeng, could be "worked" in manners such as "cutting," "sawing," or "cleaving," which are indicated as possible forms of precious stones in HTS category heading for HTS 7102.

Further, while the petitioner claims that there is nothing on the record to indicate that a diamond must be capable of being worked in order to fall under HTS 7102.21, the fact that the HTS description specifies that the diamond must be "unworked, or simply sawn, cleaved, or bruted" suggests that such diamonds must be capable of being worked – otherwise, there would be no evident reason to distinguish them in the subcategory description. Moreover, while the petitioner characterizes this as Chengdu Huifeng's claim, Commerce made a similar finding in the prior administrative review of this *Order*[50] and the petitioner has cited no evidence refuting the finding that it is unlikely that such tiny diamonds can be worked in the ways described in the classification definition in HTS 7102.

Accordingly, in light of the evidence on the record of this case, including the facts that we verified that Chengdu Huifeng used diamond powder to produce its sawblades in the prior review and that there was no material change to its production process since the prior review, we continue to find that HTS 7105.10, diamond powder, is the appropriate SV with which to value Chengdu Huifeng's diamond input factor of production.

Comment 2: Whether to Apply Total Adverse Facts Available to Chengdu Huifeng

For the *Preliminary Results*, we calculated Chengdu Huifeng's margin using its reported product control numbers (CONNUMs).

The Petitioner's Arguments:

- Commerce should apply total adverse facts available (AFA) to Chengdu Huifeng.[51]
- Commerce may base a determination on facts available when necessary information is not on the record or an interested party withholds information, fails to provide information in a timely manner, significantly impedes a proceeding, or provides unverifiable information.[52]

[49] *See* Chengdu Huifeng's Letter, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Chengdu Huifeng's Third Supplemental Response," dated February 26, 2021 at 7.
[50] *See DSBs from China 2017-18 Review* IDM at Comment 2.
[51] *See* Petitioner's Case Brief at 2.
[52] *Id.* (citing section 776(a) of the Act).

- In selecting among facts available, Commerce may rely on an adverse inference if the agency determines that an interested party has failed to cooperate by not acting to the best of its abilities.[53]
- The "statutory mandate that a respondent act to 'the best of its ability' requires the respondent to do the maximum it is able to do" and, in determining whether an interested party has met this standard, Commerce evaluates "whether {the} respondent has put forth its maximum effort to provide {it} with full and complete answers to all inquiries in an investigation."[54]
- Failure to meet the "best of its ability" standard includes not only "intentional conduct, such as deliberate concealment or inaccurate reporting," but also "does not condone inattentiveness, carelessness, or inadequate record keeping."[55]
- The record demonstrates that Chengdu Huifeng has failed to provide complete, accurate, supported information regarding its questionnaire responses despite multiple opportunities to do so and, as such, it has not cooperated to the best of its ability and the application of AFA is appropriate for the final determination.[56]
- Chengdu Huifeng's questionnaire responses make clear that it has not reported its CONNUMs based on the CONNUM characteristics of each product consistent with Commerce's instructions, nor has it explained how it actually reported this information. This shows that Chengdu Huifeng has failed to cooperate to the best of its ability and has not provided information that Commerce can rely on for the calculation of dumping margins.[57]
- Chengdu Huifeng confirmed its incorrect approach to reporting CONNUMs by stating that the "correct way to identify CONNUM is by not only considering the product size and product recipes indicated in the product names in sales documentation, but also referring to the product names in production and technical drawings on a product-specific basis, and then reporting the CONNUM for a particular product type based on all sufficient information including necessarily aggregated data."[58]
- This approach has necessarily corrupted Chengdu Huifeng's reporting, because Chengdu Huifeng has prioritized including all goods that fall within a particular product code under the same CONNUM regardless of the actual CONNUM characteristics of any particular good.[59]
- One of the most basic and critical aspects of the information requested in Commerce's questionnaire is the instruction that sales and cost data be reported on a CONNUM-specific basis.[60]
- CONNUMs reflect only physical characteristics that are commercially significant such that the resulting comparison of a specific diamond sawblade sold in the United States should be compared to the normal value developed for all, and only, diamond sawblades that have the identical CONNUM characteristics.[61]

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[53] *Id.* at section 776(b) of the Act.
[54] *See* Petitioner's Case Brief at 2 (citing *Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382 (Fed. Cir. 2003)).
[55] *Id.* at 1382-83.
[56] *See* Petitioner's Case Brief at 2.
[57] *See* Petitioner's Case Brief at 3.
[58] *See* Petitioner's Case Brief at 4.
[59] *Id.*
[60] *See* Petitioner's Case Brief at 5.
[61] *Id.*

- Chengdu Huifeng fails to justify its approach when it states that variations in characteristics among products within a particular product code is due to changes in recipes, because the modification of recipes is irrelevant.[62]
- The extent to which Chengdu Huifeng's approach has allowed it to manipulate its reporting is further highlighted by the arbitrary distinctions it has created. For example, Chengdu Huifeng explained that a single product code encompassed four different product names in production.[63]
- Chengdu Huifeng's reporting demonstrates that it has not reported its data in a manner consistent with Commerce's instructions.[64]
- Despite the initial questionnaire's instruction that Chengdu Huifeng report for Field DMSIZEU the weighted-average mesh size of diamonds used in the segment(s), Chengdu Huifeng stated that it reported the mesh size of the 'majority content' of the mixed diamonds in its section C database.[65]
- Chengdu Huifeng has clearly not been forthcoming in its responses to Commerce.[66]
- In its most recent supplemental questionnaire response, Chengdu Huifeng acknowledged that, for some products, it used more than one powder recipe but initially omitted these old leftover recipes and, instead, included only the upgraded powders in reporting the diamond weights during the current POR.[67]
- It is not Chengdu Huifeng's role to decide whether information is worth reporting to Commerce.[68]
- Chengdu Huifeng wrongly asserts that an identical or unique product as defined by the product code or name in sales cannot have two CONNUMs.[69]
- Whether a good is considered "identical or unique" is based on the CONNUM characteristics regardless of whether the respondent considers them to be "identical or unique" based on product code (or otherwise); indeed, that is the very purpose of the CONNUM characteristics.[70]
- None of the CONNUMs reported in this POR were reported in the prior POR.[71]
- Chengdu Huifeng's claim, that it is not problematic when it states that every CONNUM in this POR should match every CONNUM in the prior POR if Chengdu Huifeng removes the diamond weight from the CONNUMs, makes it clear that it is not the CONNUM characteristics that are driving Chengdu Huifeng's CONNUM reporting.[72]
- Even more problematic is how Chengdu Huifeng's approach allowed it to differentiate products based on how it believed goods should be grouped and not based on the actual CONNUM characteristics as required.[73]

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[62] *See* Petitioner's Case Brief at 6.
[63] *Id.*
[64] *See* Petitioner's Case Brief at 7.
[65] *Id.*
[66] *See* Petitioner's Case Brief at 8.
[67] *See* Petitioner's Case Brief at 9.
[68] *Id.*
[69] *See* Petitioner's Case Brief at 10.
[70] *Id.*
[71] *See* Petitioner's Case Brief at 11.
[72] *Id.*
[73] *Id.*

- Chengdu Huifeng attempts to defend its approach by arguing that these products were manufactured with different recipe codes and have different product designs, product quality, product weight, and core design. However, recipe code, product designs, product quality, product weight, and core design are not CONNUM characteristics and, accordingly, do not affect the CONNUMs.[74]
- Chengdu Huifeng's attempted defense of its reporting of diamond mesh sizes likewise fails, as there is no record information to support its claim that it reported mesh size based on the majority amount of diamond used because the reported mesh size did not differ from the weight-averaged result.[75]
- This assertion constitutes untimely new factual information, as it was not provided until Chengdu Huifeng submitted its pre-preliminary results comments.[76]
- This problem is amplified by Chengdu Huifeng's statement that it generally considers the maximum figures in weight averaging diamond mesh size, which is also not supported by record evidence.[77]
- Because of the manner in which Chengdu Huifeng has reported its information and its lack of full explanations regarding this reporting, it is not possible to determine the extent to which its reporting is distorted and render all of its data unusable.[78]
- Given that Chengdu Huifeng had multiple opportunities to provide complete data with full responses and has failed to do so, the application of AFA is appropriate for the final results.[79]

Chengdu Huifeng's Rebuttal Arguments:

- Chengdu Huifeng correctly reported its CONNUMs.[80]
- There is no merit to the petitioner's assertion that Commerce should apply AFA to Chengdu Huifeng, which fully cooperated in this review to the best of its ability, provided information in the manner and form requested, and for which there is no missing information on the record.[81]
- The difference between the CONNUMs reported in this POR and the prior POR is the diamond weight due to the weighted-average calculation of different recipes, reported as four digits in the current POR and three digits in the prior POR. If we remove the diamond weight from the CONNUMs, every CONNUM should match with the prior POR.[82]
- The petitioner's claim that only the CONNUM characteristics matter would lead to illogical and distortive results.[83]
- A specific product model should have all the identical physical characteristics including product specifications, such as size and weight, product shape, core design, recipe of

[74] *See* Petitioner's Case Brief at 12.
[75] *Id.*
[76] *Id.*
[77] *See* Petitioner's Case Brief at 12-13.
[78] *See* Petitioner's Case Brief at 13.
[79] *Id.*
[80] *See* Chengdu Huifeng's Rebuttal Brief at 2.
[81] *Id.*
[82] *Id.*
[83] *Id.*

diamond and powder used, and may also possess some other unique qualities and properties such as the same appearance, customer expectations, the same usage, *etc*.[84]

- The specific or unique product models as defined by the product code or names used in sales are developed and produced in the ordinary course of business, and prior to any established CONNUM system.[85]
- The petitioner's contention that whether a good is considered "identical or unique" is based on the CONNUM characteristics regardless of whether the respondent considers them to be "identical or unique" based on the product code (or otherwise) is simply wrong and would lead to an illogical result.
- While the possibility exists that one CONNUM may contain one or more unique types of products, it is not possible for one unique product to have two or more CONNUMs. This is especially true in that the CONNUM system may not reflect all characteristics of the merchandise.[86]
- For example, the core design, the core weight, the weight of metal powder, the coating of sawblades and the weight of finished sawblades are not included in the CONNUMs, while these characteristics are commercially significant in sales.[87]
- Chengdu Huifeng matched the products to the CONNUMs by not only looking at the product size and product recipes indicated in the product names in sales documentation, but also referring to product names in production and technical drawings.[88]
- A change of the diamond weight due to an upgrade of a recipe does not change the uniqueness of a product model for sales purposes, but using the diamond weight in each upgraded recipe to report the CONNUM could generate numerous CONNUMs for the same product model.[89]
- If diamond weights change by a small amount due to the change of recipes, we have consistently adopted the same methodology throughout all the products by weight averaging the diamond weight and reporting it in the CONNUMs.[90]
- For example, there are four product names in production for one unique product, which are reflected by four different recipes, so we weight averaged the diamond weight and, as a consequence, the four identical products have the same CONNUM. Chengdu Huifeng only grouped those specific or unique products due to a change of recipe and did not try to manipulate the product codes for the CONNUM designation.[91]
- Section C of Commerce's questionnaire instructs that, "For sales of merchandise that have been shipped to the customer and invoiced by the time this response is prepared, each "record" in the computer data file should correspond to an invoice line item (*i.e.*, each unique

[84] *See* Chengdu Huifeng's Rebuttal Brief at 3.
[85] *Id.*
[86] *Id.*
[87] *Id.*
[88] *See* Chengdu Huifeng's Rebuttal Brief at 3-4.
[89] *See* Chengdu Huifeng's Rebuttal Brief at 4.
[90] *Id.*
[91] *See* Chengdu Huifeng's Rebuttal Brief at 4-5.

product included on the invoice)." Chengdu Huifeng reported sales in the section C response strictly in accordance with Commerce's instruction.[92]

- If each unique product corresponding to an invoice line item in the U.S. sales listing could have two or more CONNUMs, the record in the line for a unique or identical product would have to be split into two or more lines, directly contradicting Commerce's instruction.[93]
- The petitioner wrongly alleges that Chengdu Huifeng did not report the mesh size in a manner consistent with Commerce's instructions. As explained in Chengdu Huifeng's responses, the majority of the amount of diamond input used in the reported mesh size had no difference with the weighted-average result, which is supported by the principles of statistics.[94]
- The petitioner falsely alleges that Chengdu Huifeng cannot support this claim with respect to all of its reporting, because Chengdu Huifeng reported the mesh sizes of diamonds for all product models in the U.S. sales database.[95]
- The petitioner falsely asserts that AFA is warranted arguing that Chengdu Huifeng initially omitted old leftover recipes, but Chengdu Huifeng revised the reported diamond weight in its latest response by adding all of the leftover recipes in the calculation of diamond weights.[96]
- The reason Chengdu Huifeng initially omitted the leftover recipes is because the impact was minute. After including the leftover recipes, the number of CONNUMs remained unchanged and most factors also remained unchanged except for the diamond consumption of two CONNUMs.[97]
- Commerce should continue to calculate a margin for Chengdu Huifeng based on its books and records and find that the application of AFA is unjustified in the final results.[98]

Commerce's Position: Commerce determines that Chengdu Huifeng did not withhold information, fail to provide requested information in a timely manner, significantly impede the proceeding, or provide unverifiable information, and that it did not fail to act to the best of its ability, such that the application of either facts available (FA) or AFA would be warranted. We further determine that Chengdu Huifeng's CONNUM reporting is reliable and supported and, therefore, we are making no changes to our margin calculations for Chengdu Huifeng for these final results.

The petitioner raises two general issues concerning Chengdu Huifeng's CONNUM reporting. The first is the process and information Chengdu Huifeng relies upon to assign CONNUMs to its products, where the petitioner argues that Chengdu Huifeng has not reported its CONNUMs based on the CONNUM characteristics of each product. The second is how Chengdu Huifeng reports the individual values for each product characteristic, where the petitioner argues that Chengdu Huifeng has not reported its data in a manner consistent with Commerce's instructions.

[92] *See* Chengdu Huifeng's Rebuttal Brief at 5.
[93] *Id.*
[94] *Id.*
[95] *See* Chengdu Huifeng's Rebuttal Brief at 6.
[96] *Id.*
[97] *Id.*
[98] *See* Chengdu Huifeng's Rebuttal Brief at 7.

With regard to the process and information Chengdu Huifeng relies upon to assign CONNUMs to its products, we note that making comparisons on a CONNUM-specific basis is a central tenet of the dumping calculation, that CONNUMs are not intended to identify every characteristic that may differ between products, but reflect those that are commercially significant such that the resulting comparisons are appropriate. However, we find that Chengdu Huifeng was not wrong to consider product names, technical drawings and 'aggregated' product data in addition to the product characteristics specified in our questionnaire when it assigned CONNUMs to its products. Chengdu Huifeng explained that its specific or unique product models, as defined by the product code or names used in sales, are comprised of distinguishing characteristics in addition to the physical characteristics identified in Commerce's questionnaire, *e.g.*, size and weight, product shape, core design, recipe of diamond and powder used, *etc*., and that the models are developed and produced in the ordinary course of business and prior to any established CONNUM system. While Chengdu Huifeng's explanation that its 'models are developed and produced prior to any established CONNUM system' does not relieve Chengdu Huifeng of the requirement to accurately assign CONNUMs to its products based on and within the parameters of the designated product characteristics in our questionnaire, it does explain why, *e.g.*, with respect to changes in powder recipes, it is reasonable to expect that a respondent may consider the commercial significance of product characteristics in addition to the product characteristics specified in our questionnaire to accurately assign CONNUMs to its products. In the case of certain models, the additional characteristics Chengdu Huifeng considered were, *inter alia*, updates to powder recipes that occurred during the POR. Chengdu Huifeng's explanation also reasonably supports its claim that certain of Chengdu Huifeng's individual products, which may be very similar but not identical and may or may not line up exactly with each other, can still fall within the same parameters of the CONNUM characteristic designated by Commerce, *i.e.*, that two or more similar but not identical products could potentially be assigned the same CONNUM. Considering the above, we find that, as long as Chengdu Huifeng accurately and consistently reports the physical characteristics of its products within the parameters of the CONNUM characteristics identified in Commerce's questionnaire, the intent behind designating the parameter of each CONNUM characteristic for purposes of comparisons is met. As discussed in more detail below, we find that Chengdu Huifeng has done so.

With respect to Chengdu Huifeng's reporting of the individual values for each CONNUM characteristic, we find that Chengdu Huifeng has reported the values across products consistently and with sufficient accuracy. The petitioner charges Chengdu Huifeng with manipulating its data, pointing in part to the fact that none of CONNUMs in the current review match the CONNUMs in the prior review. As an initial matter, with respect to diamond weight (TWEIGHTU), for which we require that a respondent report as a rounded value to the nearest 100th of a carat, Chengdu Huifeng explained that it reported its CONNUMs in a different format in the current review compared to the prior review. In the current review, diamond weight was reported using four digits. In the prior review, diamond weight was reported using three digits. Indeed, we observed that, as a result in this change in reporting diamond weight, the CONNUMs reported in the current review contain one more digit than the CONNUMs reported in the prior review. We also observed that, *e.g.*, if a product reported in both reviews had a diamond weight of 1.65 carats, Chengdu Huifeng would have reported '0165' in this review but would have reported '017' in the prior review. The record shows that this type of rounding difference occurred with certain of Chengdu Huifeng's COMMUMs. The record also shows, as Chengdu

Huifeng claims, that if, for a given product with identical CONNUM characteristics, the reporting for diamond weight is changed from rounding to 4 digits to rounding to 3 digits, or vice versa, the CONNUMs for these products in each POR would otherwise be identical. We note that the questionnaire does not specify the number of digits that should be used to report the value for this physical characteristic, nor did we instruct Chengdu Huifeng in either review to report using a specific number of digits. As such, with this reporting difference in mind, we find that were it not for this difference in reporting format, the products with identical CONNUM physical characteristics reported in both reviews were indeed correctly reported with the same, correct value for diamond weight (either at the 4-digit level or 3-digit level). Thus, we find with respect to diamond weight, that Chengdu Huifeng accurately and consistently reported products with identical CONNUM characteristics from one review to the next.

With regard to the role that updates in powder recipes play into Chengdu Huifeng's CONNUM reporting, the record shows that the development of recipes over time can affect the product characteristics, such as diamond weight and mesh size, and, therefore, such development is not, as the petitioner argues, irrelevant. One example discussed is where, as a result of recipe changes, a single product code encompassed four different product names (where each product name designates a specific recipe). As noted above, a change in a recipe would not necessarily mean a change in the appropriate CONNUM assigned. The exception would be when a physical characteristic in the resulting recipe changes enough to warrant reporting it in a different category/range designated in the questionnaire. Thus, it is possible to have multiple products that have only slight variations in one or more specifications to have the same, correct CONNUM assigned, or even a different, correct CONNUM assigned. In the case of certain of Chengdu Huifeng's products that were each produced during the POR using upgraded recipes over time, the question arises as to whether a different CONNUM should be assigned to a product that is otherwise identical in physical characteristics to its predecessor product, except for a change in the diamond weight as a result of a recipe change where the diamond weight of the product subsequently falls into a different category/range identified in the questionnaire. The petitioner argues that a different CONNUM should be assigned as a result of this change in every instance and, by not doing so, Chengdu Huifeng manipulated its data. Chengdu Huifeng argues that the change in diamond weight, as a recipe is updated for a product, is commercially insignificant for its sales and assigning different CONNUMs could result in multiple CONNUMs being assigned to what it considers to be a single product.

We find merit in both arguments. While we agree with the petitioner that each of the physical characteristics of a product that are identified in the questionnaire should be accurately reflected in the reported CONNUM, we also recognize that Chengdu Huifeng's products are developed and sold outside the CONNUM system. As such, the physical characteristics identified in the questionnaire may not necessarily reflect the commercial significance Chengdu Huifeng places on these or other physical characteristics in its products. Chengdu Huifeng explained that a change of the diamond weight due to an upgrade of a recipe does not (in its view) change the uniqueness of a product model for sales purposes. Further, Chengdu Huifeng points to our questionnaire which instructs the respondent that each "record" in the computer data file should correspond to an invoice line item. This being the case, Chengdu Huifeng argues that, if it is held strictly to the categories/ranges of the physical characteristics in the questionnaire without regard to other product physical characteristics as the petitioner argues it should be, it creates a

potential conflict in reporting. Chengdu Huifeng explains that such a standard would require Chengdu Huifeng to potentially report two CONNUMs for a single invoice line item which, it argues, would go against Commerce's instructions. We understand Chengdu Huifeng's explanation to mean that, in instances where a certain product, which happened to be produced using more than one powder recipe over time but not otherwise identified in Chengdu Huifeng's sales invoices as distinct products, is sold on the same invoice along with the same product except that it was produced with an updated recipe and the diamond weight changed slightly but not to the extent that it falls into a different category/range in the questionnaire, Chengdu Huifeng is left with the possibility of reporting two CONNUMs for what is identified on the invoice as the same product. To account for this apparent conflict, Chengdu Huifeng explained that for each product that was produced during the POR with multiple recipes, it calculated a weighted average of the recipes' diamond weights and reported in its database that average value as the diamond weight for that product. While this line of reasoning by Chengdu Huifeng could potentially result in problematic reporting, we note that the questionnaire does not identify a hierarchy on the various instructions contained therein or contemplate this apparent conflict and, therefore, provides no specific instruction for a respondent with respect to this issue. We are also mindful of the petitioner's argument that Chengdu Huifeng's method may result in instances where one of the upgraded recipes results in having a diamond weight that falls within a new category/range in the questionnaire, but the diamond weight is still reported in the old category/range along with the product(s) with the previous recipe(s). Nevertheless, in consideration of this apparent conflict of instructions as they relate to Chengdu Huifeng's products, we find Chengdu Huifeng's reporting of the average diamond weight for products produced with multiple recipes during the POR to be reasonable – the averaging appears to have been applied consistently regardless of where the individual diamond weights fall in relation to the category/range in the questionnaire and, therefore, not 'manipulated,' and the resulting average diamond weight CONNUM characteristic is accurately reported according to the category/range specified in the questionnaire based on record information.

The petitioner further argues that Chengdu Huifeng did not report its data in a manner consistent with Commerce's instructions. Specifically, the petitioner criticizes Chengdu Huifeng's reporting of diamond mesh size (DMSIZEU) for certain products where Chengdu Huifeng revised the number of powder recipes used in the production of each of these products during the POR. As noted above, Chengdu Huifeng initially reported for each of these products the range of diamond particles' mesh sizes contained in a single recipe and later revealed that, in fact, multiple recipes were used in the production of each of these products, and that each of the recipes contained diamond particles with different ranges of mesh sizes. To correct for this, Chengdu Huifeng revised its reporting for each product to report as the diamond mesh size the 'majority content' of the multiple recipes' diamond mesh sizes based on the maximum particle size of each recipe's diamond mesh range. The petitioner criticizes Chengdu Huifeng's reliance on the 'majority content' rather than the weighted average of the diamond mesh sizes of the diamond particles in the recipes to determine/report the mesh size for these products in its database, arguing that such an approach produces different results compared to a weighted-average approach. The petitioner further criticizes Chengdu Huifeng's use of the term 'generally' when Chengdu Huifeng describes its approach to determine/report mesh size (*i.e.*, that it generally considers the maximum figures in diamond mesh size), arguing that Chengdu Huifeng's use of this term suggests uncertainty and resulted in unreliable data.

The questionnaire instructs the respondent to report the weighted-average diamond mesh size. In its reporting, Chengdu Huifeng stated that it relied on a majority content rather than a weighted average of the diamond particles' mesh sizes in its reporting. However, the petitioner did not demonstrate that basing a product's mesh size on the majority content of the recipes' diamond mesh sizes rather than the weighted average produced different results. Likewise, Chengdu Huifeng did not support its claim that basing mesh size on a majority content produced the same results as basing mesh size on a weighted average. Moreover, while we agree with the petitioner that Chengdu Huifeng's use of the term 'generally' to describe its approach suggests a degree of uncertainty and the possibility of multiple methods of determining/reporting mesh sizes, the petitioner did not demonstrate that Chengdu Huifeng deviated from its approach, *i.e.*, that Chengdu Huifeng was inconsistent in its method of determining/reporting mesh size in its database. Nevertheless, with respect to Chengdu Huifeng's data, we observed no instances where using a majority content approach compared to using a weighted-average approach produced different results or was the basis for manipulation.

Furthermore, we find Chengdu Huifeng's explanation reasonable that it used the maximum figures of the mesh size ranges in its method to determine/report the mesh size, given that the mesh size of particles indicates the maximum size of particles that can pass through a mesh screen. We understand, for example, that particles of a size which can pass through an '80' mesh screen (a mesh screen with 80 openings per square inch) should be classified as no larger than 80-mesh particles. And it follows that, given the categories of mesh size ranges in the questionnaire, such as category '05' which indicates a mesh size of 100 or less (larger particle) but greater (smaller particle) than 80, the same applies, in that the maximum size particles included in this range of mesh sizes are smaller than 80-mesh size particles, and the minimum size particles are100-mesh size particles (the greater the number of openings per square inch in a mesh screen, the smaller the particle that can pass through). It would be unreasonable to expect a respondent to determine the mesh size of each particle, which lends to why the questionnaire provides ranges of mesh sizes rather than single mesh sizes to choose from. With respect to products for which Chengdu Huifeng reported multiple recipes for a single product, to which it explained that it used the 'maximum figures' in its calculations, we find it reasonable to base the majority content of multiple recipes with diamonds of different mesh sizes on the larger particles (lower mesh size, *e.g.*, 80) rather than the smaller particles (higher mesh size, *e.g.*, 100), because larger particles contribute more mathematically to the weight and composition of the diamond content of a recipe. This would appear to hold true for a weighted-average approach as well. Thus, it appears that with respect to Chengdu Huifeng's data, either approach, using a weighted average, as instructed by the questionnaire, or a majority content, based on the largest particles of a mesh size range, is a reasonable method to determine the average diamond mesh size for a group of recipes, as long as it is applied consistently across products. Therefore, because the petitioner did not demonstrate that using the majority content approach instead of using a weighted average produces different results, and because we observed no inaccuracies or inconsistencies in Chengdu Huifeng's reporting that suggest its data are unreliable, we find that Chengdu Huifeng reported its data in a manner consistent with Commerce's instructions.

With regard to *when* Chengdu Huifeng informed the record that there were upgrades to the recipes for these products during the POR, the petitioner is correct that Chengdu Huifeng did not

initially report this information to Commerce. The CONNUMs Chengdu Huifeng initially reported only reflect the latest recipe for each of these products and did not correspond with the multiple recipes reported for each of the same products in the prior POR when, in fact, multiple recipes were used in production of these products during the current POR as well. However, in a subsequent response to a supplemental questionnaire, Chengdu Huifeng revised its reporting for the recipes of these products, indicating that multiple recipes, which included leftover recipes from the prior POR, were used in the production of these products during the current POR. Chengdu Huifeng explained that it did not initially report its use of leftover recipes for these products during this POR, because of the minute effects they had on the resulting physical characteristics. While this may be true, we agree with the petitioner's comment that it is not Chengdu Huifeng's role to determine whether information is worth reporting to Commerce. Commerce's full understanding of the record was initially delayed by Chengdu Huifeng's incomplete reporting of the recipes used in the production of its products. If Chengdu Huifeng is a respondent in a future administrative review of the *Order*, we expect Chengdu Huifeng to include all information necessary for accurate CONNUM reporting in its initial questionnaire response. In addition, if Chengdu Huifeng has questions on reporting requirements, it should contact Commerce without delay. Ultimately, because Chengdu Huifeng corrected its reporting and because the petitioner did not demonstrate that this updated information had any substantial impact on our calculations, and because we observed the revised reporting to be accurate based on Chengdu Huifeng's explanation and supporting information, we find that Chengdu Huifeng sufficiently responded to our requests for information concerning the recipes it used in the production of its products during the POR.

Accordingly, after consideration of the arguments, we find that Chengdu Huifeng did not withhold information, fail to provide requested information in a timely manner, significantly impede the proceeding, or provide unverifiable information, and that it did not fail to act to the best of its ability, such that the application of either FA or AFA would be warranted. Furthermore, we determine that Chengdu Huifeng's reported CONNUMs are based on the CONNUM characteristics of its invoiced products, reported in a manner consistent with our instructions, sufficiently explained and supported and, thus, reliable for our margin calculations.

Comment 3: Whether to Apply Total Adverse Facts Available to Wuhan Wanbang

Wuhan Wanbang's Arguments:

- The application of AFA to Wuhan Wanbang is not warranted.[99]
  - A close review of the record shows that Wuhan Wanbang explained its reporting methodology very clearly throughout the proceeding, and that any changes made to the quantity and value of sales reported were either in response to Commerce's explicit instructions or were to correct minor reporting errors given the complex set of facts.[100]
  - To determine whether Commerce may apply AFA to a respondent, Commerce must make both an objective and subjective showing that the respondent failed to act to the best of its ability.[101]

[99] *See* Wuhan Wanbang's Case Brief at 2-4.
[100] *Id*. at 2.
[101] *Id*. (citing *Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382 (CAFC 2003)).

        - It is well-established that the best of one's ability standard does not require that a respondent achieve perfection in a review or total success and recognizes that mistakes sometimes occur.[102]
    - Wuhan Wanbang put forth its maximum effort to report its universe of U.S. sales, and did in fact report that information accurately; any mistakes that occurred in the reporting or characterization of Wuhan Wanbang's sales in certain responses during the course of the review were not the result of inattentiveness, carelessness, or inadequate record-keeping.[103]
        - Wuhan Wanbang had a very complicated set of facts in this administrative review, which involved imports of subject merchandise that preceded the POR, sales of diamond sawblades that were further manufactured in the United States from diamond segments, and diamond sawblades produced from segments imported from third countries.[104]
        - Wuhan Wanbang's ability to respond to Commerce's questionnaires was further complicated by the COVID-19 pandemic, which originated in the Wuhan province where Wuhan Wanbang is located, and which had worsened worldwide around the time that the company's initial questionnaire responses were due.[105]
        - Wuhan Wanbang reported at the outset in its section A response that, given the global pandemic and quarantine measures in effect in China, as well as in the United States (which impacted its U.S. affiliate), it initially reported its quantity and value of sales with about 95 percent accuracy but would continue to many necessary modifications if it found any errors.[106]

- Wuhan Wanbang accurately reported the universe of its U.S. sales.[107]
    - A review of the responses demonstrates that Wuhan Wanbang clearly explained its methodology for reporting the quantity and value of its sales at various stages of the review in its section A, section C, and supplemental questionnaire responses; as the review progressed and where questions arose that required clarification, Wuhan Wanbang corrected previously reported information.[108]
        - In the initial section A response, Wuhan Wanbang stated that the reported quantity and value included: (1) diamond sawblades imported from Wuhan Wanbang; and (2) diamond sawblades further manufactured in the United States from diamond segments imported from China and made by Wuhan Wanbang.[109]
        - In its first supplemental response, Wuhan Wanbang reported that the quantity included finished diamond sawblades that entered the United States before the POR, further manufactured sales produced from diamond segments imported from Wuhan Wanbang during the POR, as well as a sample sale of non-further-manufactured diamond sawblades during the POR.[110]

[102] *Id*. (citing *Nippon Steel & Sumitomo Metal Corporation v. United States*, 483 F. Supp. 3d. at 1227 (CIT 2020)).
[103] *Id*. at 3.
[104] *Id*.
[105] *Id*.
[106] *Id*. at 3.
[107] *Id*. at 4-8.
[108] *Id*. at 4.
[109] *Id*.
[110] *Id*. at 5.

- In the initial section C response and sales reconciliation, Wuhan Wanbang explained further that it only reported those sample sawblades imported from China and entered in the United States during the POR, and the further manufactured diamond sawblades which were made from the segments imported from Wuhan Wanbang. Moreover, in the sales reconciliation, Wuhan Wanbang tirelessly listed all sawblades sold during the POR and marked the source one-by-one for the sales transactions.[111]
- In its second supplemental response, Wuhan Wanbang provided Exhibit S2-1 to explain the discrepancy of quantity and value among the reporting in its section A and section C responses, and Exhibit S2-11; following the submission of its section A response, Wuhan Wanbang undertook a painstaking examination and manually checked all sales documents, it tracked a number of products from different sources according to the product serial numbers, and it corrected the quantity and value in Exhibit S2-1 and Exhibit S2-11 by excluding sawblades which were actually made from segments imported from Canada and sawblades which were made from the segments imported from Wuhan Wanbang before the POR.[112]
  - Wuhan Wanbang understood that the products were manufactured from the segments entered into the United States before the POR should be excluded from the current review.[113]
- In its third supplemental response, Wuhan Wanbang revised the U.S. sales database to include all sales made during the POR, regardless of when they were imported, pursuant to Commerce's instruction and it provided the reconciliation to the data reported in the previous version of U.S. sales database.

- A progressive variation of sales reporting has occurred during the POR based on errors that were found in preparation of the supplemental sections C & D response, and changes made directly in response to Commerce's directive to include all sales regardless of entry date.[114]
  - With each change, Wuhan Wanbang provided all explanations and reasoning for any changes to the reported U.S. sales throughout the proceeding which enabled Commerce to understand the nature of the sales that were initially misclassified or excluded, but ultimately reported as instructed by Commerce.[115]
- In the *Preliminary Results*, Commerce concluded that there should be a certain number pieces of further manufactured sales in the U.S. database, but that Wuhan Wanbang's 3rd SQR U.S. sales database indicates a different number pieces of further-manufactured sales, but this discrepancy can be resolved.[116]
  - It appears that a number of pieces were inadvertently misreported sawblades in S3-1 caused confusion in the reporting data – if those pieces that had otherwise been correctly reported in VI-2 as non-FM sawblades had not been inadvertently carried over to S3-1 as further-manufactured sawblades, the sales of both further-manufactured and non-further-manufactured sawblades would have been correctly reported in S3-1.[117]

[111] *Id*.
[112] *Id*. at 5-6.
[113] *Id*. at 6.
[114] *Id*.
[115] *Id*.
[116] *Id*. at 6-8.
[117] *Id*. at 8.

- Notwithstanding, Wuhan Wanbang has accurately captured its universe of sales since the total aggregated sales have always been a certain number of pieces regardless of how those sales were reported; even Commerce acknowledged in its *Preliminary Results* analysis memorandum at pages 3-4 that the total aggregated sales are that same number of pieces.[118]
- Wuhan Wanbang should not be assessed the punitive AFA rate based on the small number of sawblades that were inadvertently transferred between two submitted spreadsheets, *i.e.*, VI-2 and S3-1.[119]
- Wuhan Wanbang was fully cooperative throughout the administrative review and characterized and reported its sales to its maximum ability, but this review involved a complicated set of facts, and the corrections made throughout the review should not be counted against the company when ultimately the entire universe of sales was reported.[120]

Petitioner's Rebuttal Arguments:

- Commerce should continue to apply total AFA to Wuhan Wanbang.[121]
  - During the course of this review, Wuhan Wanbang provided ever-changing information regarding its universe of U.S. sales, often submitting information that contradicted or could not otherwise be reconciled with its prior reporting.[122]
  - Wuhan Wanbang has failed to show that it cooperated to the best of its ability or that the application of AFA was otherwise inappropriate.[123]
    - Wuhan Wanbang's case brief confirms that even with five submissions over seven months, it still was not able to correctly report its U.S. sales, claiming now that certain transactions were incorrectly identified as further manufactured merchandise when they were, in fact, not further manufactured.[124]
    - Given that the universe of U.S. sales is one of the most critical pieces of information needed in a dumping proceeding, this is indisputably information that any reasonable party knows is necessary to maintain; Wuhan Wanbang's inability or unwillingness to report this information accurately despite its central importance and multiple opportunities to do so demonstrate its failure to act to the best of its ability.[125]
    - While Wuhan Wanbang claims that it was faced with a complicated set of facts, it knew what information would be required and was obligated to maintain the information that would permit it to accurately report required data to Commerce.[126]
  - Wuhan Wanbang's argument that the application of AFA was inappropriate because it explained each change it made and has correctly reported its data ignores the basis for Commerce's determination.[127]

[118] *Id*.
[119] *Id*.
[120] *Id*.
[121] *See* Petitioner's Rebuttal Brief at 1-9.
[122] *Id*. at 3-4.
[123] *Id*. at 4-6.
[124] *Id*. at 5.
[125] *Id*. at 5-6.
[126] *Id*. at 6.
[127] *Id*. at 6-7.

- Commerce's determination was not based solely on its finding that the dataset provided in Wuhan Wanbang's last supplemental response could not be accurate in light of other statements Wuhan Wanbang had made; rather, Commerce found that it was the varying record data that were submitted during the course of the proceeding that rendered Wuhan Wanbang's reporting unreliable.[128]
- Any argument that Wuhan Wanbang did accurately report its data is undermined by its own brief, in which it acknowledges that the data provided in its last U.S. sales database were not correct.[129]
- If the database in the third supplemental questionnaire response still was not accurate, despite the fact that it represented the third time Wuhan Wanbang submitted a U.S. sales database and seventh time it reported its U.S. sales quantities, there is no basis for Commerce to have any confidence that the most recent revision is accurate.[130]
- This concern is amplified by the fact that, in each revision of what it has reported as its universe of sales, Wuhan Wanbang has made adjustments for non-subject merchandise, notwithstanding its claim that it took a painstaking examination and manually checked all sales documents prior to the submission of the section C response.[131]

- The modifications Wuhan Wanbang has made have not been minor.[132]
  - While Wuhan Wanbang asserts that it reported its initial quantity and value information "with about 95 percent accuracy," this ignores the reality of the changes it made to its data.[133]
  - That such significant changes were made undermines any claim by Wuhan Wanbang that its reporting was largely correct throughout the proceeding.[134]
- Even if Commerce were to accept Wuhan Wanbang's explanation in its rebuttal brief and find that its U.S. sales database did reliably identify all relevant U.S. sales, the application of AFA would still be appropriate.[135]
  - Due to Wuhan Wanbang's actions, important information is still unreliable and/or absent from the record.[136]

Commerce's Position: We continue to determine that necessary information is not available on the record, that Wuhan Wanbang failed to provide such information in the form and manner requested, and that it significantly impeded this proceeding within the meaning of section 776(a)(1) and (2) of the Act. Additionally, we continue to determine that Wuhan Wanbang did not act to the best of its ability in responding to our requests for information, within the meaning of section 776(b) of the Act, and that it continues to be appropriate to determine the margin for Wuhan Wanbang using total AFA.

[128] *Id*. at 6.
[129] *Id*.
[130] *Id*. at 7.
[131] *Id*.
[132] *Id*. at 7-8.
[133] *Id*.
[134] *Id*. at 8.
[135] *Id*. at 8-9
[136] *Id*.

As we previously explained, in each revision of what it reported as its universe of sales, Wuhan Wanbang reported different figures.[137] Moreover, Wuhan Wanbang made adjustments for non-subject merchandise in each revision of its U.S. sales database.[138] Because of this, we preliminarily determined that "we cannot be reasonably confident that Wuhan Wanbang has accurately captured its universe of sales. This is especially true in light of the fact that, in each revision of what it has reported as its universe of sales, Wuhan Wanbang has made adjustments for non-subject merchandise."[139]

Wuhan Wanbang's arguments that our preliminary application of AFA was improper are unpersuasive. As a preliminary matter, Wuhan Wanbang acknowledges that it erroneously reported sales as further-manufactured in the final U.S. sales database it submitted when they were not further-manufactured.[140]

Furthermore, although it claims that there were explanations for the various errors and adjustments it made to its U.S. sales database during the course of the review,[141] Wuhan Wanbang does not explain how we can be confident that, this time (after making the correction Wuhan Wanbang identifies in its case brief), the U.S. sales data are correct, and that further examination would not discover yet more errors and misreported sales. Indeed, although Wuhan Wanbang had previously claimed that it "took a painstaking examination and manually checked all sales documents prior to the submission of the Section C response,"[142] we subsequently discovered additional errors in Wuhan Wanbang's reporting of its U.S. sales.[143]

Moreover, although Wuhan Wanbang claims in its case brief that it "has accurately captured its universe of sales since the total aggregated sales have always been {a certain number of} pieces regardless of how those sales were reported,"[144] the number of sales cited by Wuhan Wanbang did not develop until it submitted its third and final supplemental response.[145] Thus, not only did the total quantity of its reported U.S. sales change with each database it submitted, Wuhan Wanbang misrepresents the record in its case brief.

Thus, for the reasons described above, we have no confidence that Wuhan Wanbang has accurately reported its U.S. sales; in fact, record evidence indicates that the data are not accurate. As a result, we continue to determine that the necessary information is not available on the record, that Wuhan Wanbang failed to provide such information in the form and manner

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[137] *See* Memorandum, "Administrative Review of the Antidumping Duty Order on Diamond Sawblades and Parts Thereof from the People's Republic of China; 2018-2019: Preliminary Results Analysis Memorandum for Wuhan Wanbang Laser Diamond Tools Co., Ltd.," dated March 15, 2021 (Wuhan Wanbang Preliminary Analysis Memorandum) at 1-4. The petitioner submitted a chart summarizing these changes in Petitioner's Rebuttal Brief at 5.
[138] *Id*. at 4.
[139] *Id*.
[140] *See* Wuhan Wanbang's Case Brief at 7.
[141] *Id*. at 6.
[142] *See* Wuhan Wanbang's Letter, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Submission of Wuhan Wanbang's Second Supplemental Response," dated July 31, 2020 at 4.
[143] *See* Wuhan Wanbang Preliminary Analysis Memorandum at 3-4.
[144] *See* Wuhan Wanbang's Case Brief at 8.
[145] *See* Wuhan Wanbang Preliminary Analysis Memorandum at 3; *see also* Petitioner's Rebuttal Brief at 5.

requested, and that Wuhan Wanbang significantly impeded this proceeding by not providing a U.S. sales database that can be used to calculate an accurate antidumping margin.

We are also not persuaded by Wuhan Wanbang's arguments that it cooperated to the best of its ability. While Wuhan Wanbang claims it faced a very complicated set of facts, it is not unusual for a respondent with a U.S. affiliate which further processes subject merchandise after importation into the United States to have imports of subject merchandise that preceded the POR, sales of subject merchandise that were further manufactured in the United States from subject parts, and/or subject merchandise produced from in-scope parts imported from third countries.[146]

Moreover, we recognize that the COVID-19 pandemic worsened worldwide around the time that the company's initial questionnaire responses were due. However, the issue with Wuhan Wanbang's response was with its U.S. sales by its U.S. affiliate, the records for which are presumably kept at the affiliate's office in the United States and not in China. Even if the records are not kept in the United States, we granted numerous extensions to allow Wuhan Wanbang sufficient time for it to submit its questionnaire responses in response to Wuhan Wanbang's requests.[147] And while Wuhan Wanbang seemingly was able to provide data, despite the extensive time it was given, Wuhan Wanbang failed to provide accurate and reliable data.

Because of the multiple failures on the part of Wuhan Wanbang to report accurately its universe of sales, despite having multiple opportunities to remedy the deficiencies per section 782(d) of the Act, as detailed above, we determine that Wuhan Wanbang failed to cooperate to the best of its ability, and that an adverse inference is warranted in selecting from among the facts otherwise available. Accordingly, we have continued to base the margin for Wuhan Wanbang on AFA for these final results of review.

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[146] *See*, *e.g.*, *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Preliminary Results of Antidumping Duty Administrative Reviews and Intent to Rescind Review in Part*, 72 FR 31271, 31272-73 (June 6, 2007), unchanged in *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Review in Part*, 72 FR 58053 (October 12, 2007) (*AFBs 17*). In *AFBs 17*, which covered both antifriction bearings and parts thereof, many respondents had circumstances essentially identical to Wuhan Wanbang in this review, and each respondent reported its universe of U.S. sales properly. Moreover, although many of the respondents in *AFBs 17* qualified for the "special rule" for merchandise with value added after importation, pursuant to section 772(e) of the Act, those companies were nevertheless required to properly segregate further-manufactured sales from non-further-manufactured sales.

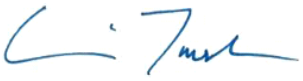
[147] We ultimately granted Wuhan Wanbang an extension of time of over two and a half months after the original deadline for it to submit its response to section C of our questionnaire; the total amount of time we allowed Wuhan Wanbang to report its original section C response was nearly four months (the original deadline was March 30, 2020; *see* Commerce's Questionnaire to Wuhan Wanbang dated February 24, 2020 at 1). Wuhan Wanbang ultimately submitted its section C response on June 17, 2020 (*see* Wuhan Wanbang's Letter, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Submission of Wuhan Wanbang's sections C & D Response and Sales and Cost Reconciliations," dated June 17, 2020). Wuhan Wanbang did not request an extension with respect to our first supplemental questionnaire, which only concerned Wuhan Wanbang's section A response. However, we granted Wuhan Wanbang the extension it requested for submitting the response to our second supplemental questionnaire (*see* Commerce's Letter, dated July 22, 2020), and both of the extensions it requested for submitting the response to our third supplemental questionnaire (*see* Commerce's Letters, dated October 13, 2020, and October 26, 2020). Thus, we granted Wuhan Wanbang a significant amount of time in which to submit a complete and accurate U.S. sales database.

VI. RECOMMENDATION

Based on our analysis of the comments received, we recommend adopting all of the above positions. If this recommendation is accepted, we will publish the final results of this administrative review and the final weighted-average dumping margins in the *Federal Register*.

☒	☐
Agree	Disagree

8/16/2021

X 

Signed by: CHRISTIAN MARSH

Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance