

Final Results of Redetermination Pursuant to Court Remand
Jiaxing Brother Fastener Co., Ltd. (a/k/a Jiaxing Brother Standard Part Co., Ltd.), IFI & Morgan Ltd., and RMB Fasteners Ltd. v. United States
Court No. 14-00316, Slip Op. 19-55 (May 9, 2019)

I. SUMMARY

The U.S. Department of Commerce (Commerce) prepared these final results of redetermination pursuant to the remand order of the U.S. Court of International Trade (the CIT) in *Jiaxing Brother Fastener Co., Ltd. (a/k/a Jiaxing Brother Standard Part Co., Ltd.), IFI & Morgan Ltd., and RMB Fasteners Ltd. v. United States*, Court No. 14-00316, Slip Op. 19-55 (CIT May 9, 2019) (Remand Order). These final results of redetermination concern certain aspects of Commerce’s final results in the fourth administrative review of the antidumping duty order on certain steel threaded rod from the People’s Republic of China (China).¹ Specifically, these final results concern: (1) potential double-counting of certain labor costs by including line items such as “Salary & Bonus,” “Welfare,” and “Social Security and Compensation” as selling, general, and administrative (SG&A) expenses in the surrogate financial ratios,² and (2) the calculation of brokerage and handling costs of an assumed weight of 10,000 kilograms (kg) for a 20-foot shipping container.³ As set forth in detail below, and consistent with the CIT’s order,⁴ we have corrected the RMB/IFI Group’s⁵ calculation regarding expenses associated with

¹ See *Certain Steel Threaded Rod from the People’s Republic of China: Final Results of 2012-2013 Antidumping Duty Administrative Review*, 79 FR 71743 (December 3, 2014) (*Final Results*), and accompanying Issues and Decision Memorandum (IDM).

² See Remand Order at 20-21.

³ *Id.* at 33-35.

⁴ *Id.* at 24-25.

⁵ The “RMB/IFI Group” refers, collectively, to RMB Fasteners Ltd.; IFI & Morgan Ltd.; and Jiaxing Brother Standard Part Co., Ltd. However, because in non-market economy administrative reviews Commerce only reviews

obtaining letters of credit; addressed potential concerns of double-counting of certain labor costs, while leaving the financial ratio calculation unchanged from the *Final Results*; and will continue to calculate brokerage and handling with an assumed weight of 10,000 kg. As a result of these changes, we have revised the weighted-average dumping margins assigned to the RMB/IFI Group.⁶

III. Remand Issues

Adjustment of Surrogate Brokerage and Handling (B&H) Costs

A. Background

For the *Final Results*, Commerce did not subtract fees for obtaining letters of credit from the B&H costs derived from the “Doing Business 2014: Thailand” report because it concluded that the evidence on the record did not establish that such costs were incorporated into that report.⁷ The CIT found that the RMB/IFI Group provided correspondence which established that earlier iterations of the World Bank’s “Doing Business” series incorporated the costs of acquiring letters of credit and that, at least as of 2011, the World Bank stated that it applied the same methodology in each country from year to year.⁸

The CIT further explained that “{d}espite this evidence, Commerce held ‘there is no information on the record of this administrative review regarding whether the cost of obtaining letters of credit is included in the cost of B&H for Doing Business 2014: Thailand.’”⁹

Commerce concluded that it would not adjust the B&H costs in the “Doing Business 2014:

exporters (and not producers), the calculated weighted-average dumping margin was assigned only to RMB Fasteners Ltd. and IFI & Morgan Ltd.

⁶ See Memorandum, “Fourth Administrative Review of Certain Steel Threaded Rod From the People’s Republic of China: Analysis for the Final Remand Results of RMB/IFI Group,” dated concurrently with these final redetermination results.

⁷ See *Final Results* IDM at Comment 4.

⁸ See Remand Order at 29-32.

⁹ *Id.* at 31.

Thailand” report because “the record evidence in this review regarding the letter of credit costs refers to Doing Business 2013 but does not specify whether these costs are also included in Doing Business 2014: Thailand.¹⁰

B. Analysis

Commerce has determined that the cost of obtaining letters of credit should be excluded from the total B&H costs reported in “Doing Business: Thailand 2014.” The RMB/IFI Group provided evidence from the World Bank indicating that the cost of obtaining letters of credit is included in the cost of B&H. Specifically, the RMB/IFI Group placed on the record correspondence from the World Bank indicating that the total cost of acquiring letters of credit was meant to be incorporated in subsequent publications of “Doing Business: Thailand” dating back to at least 2011.¹¹ Accordingly, Commerce has adjusted the amount of B&H costs to exclude the cost of obtaining letters of credit. The RMB/IFI Group’s SV for B&H is reduced from \$0.0385 to \$0.0325 per kg.

Calculation of B&H Costs Using a Standard Weight per Container

A. Background

For the *Final Results*, Commerce generated a surrogate B&H cost for each shipping container of STR shipped by the RMB/IFI Group to the United States of \$385 by combining the costs for document preparation (\$175), customs clearance and technical control (\$50), and ports and terminal handling (\$160) described as associated with exporting a 20-foot shipping container in the “Doing Business 2014: Thailand” report.¹² Commerce then derived a surrogate average per kg B&H cost by dividing \$385 by 10,000 kg. Similarly, a “{c}ost per kilogram per

¹⁰ *Id.* at 30-31.

¹¹ See Jiaying’s Letter, “Fourth Administrative Review of Steel Threaded Rod from China: Petitioner’s Submission of Surrogate Value Information,” dated January 31, 2014, at Exhibit 20.

¹² *Id.* at Exhibit 12, 15 at 78.

kilometer” rate was derived for the cost of truck freight using the same 10,000 kg figure for each 20-foot shipping container. Commerce stated that this 10,000 kg figure was selected because it was “the standard cargo weight of a 20-ft standard container” used in the “Doing Business 2014: Thailand” report.¹³ However, the CIT found that the report provides B&H costs on a “per container” basis, and that the report does not expressly state that B&H costs are dependent on a specific weight of a 20-foot container of goods.¹⁴

The CIT noted Commerce’s statement in the final results that it was necessary to assume each shipping container weighs 10,000 kg when calculating RMB/IFI Group’s B&H costs per kg of STR because the survey data underlying the “Doing Business 2014: Thailand” report contained an assumption that a 20-foot container weighed 10,000 kg. However, the RMB/IFI Group claimed that evidence on the record shows that B&H costs are only affected by “whether the container was full or partial.”¹⁵ The CIT held that Commerce failed to consider the RMB/IFI Group’s evidence that B&H costs, such as the cost of document preparation, customs clearance and technical control, and ports and terminal handling, are not affected by the weight of a particular shipping container, and that such evidence requires at least some consideration.¹⁶

B. Analysis

In valuing factors of production (FOPs), section 773(c)(1) of the Tariff Act of 1930, as amended (the Act), instructs Commerce to use the “best available information” from the appropriate market economy country. In determining the “best available information,” Commerce normally considers five factors: (1) broad market average; (2) public availability; (3)

¹³ See *Final Results IDM* at 27-28.

¹⁴ See *Remand Order* at 34.

¹⁵ *Id.*

¹⁶ *Id.* at 33-35.

product specificity; (4) tax and duty exclusivity; and (5) contemporaneity of the data.¹⁷ We continue to find that the World Bank publication “Doing Business: Thailand 2014” offers the best source on the record for valuing B&H and inland freight because the data are based on broad market averages, are publicly available, are tax and duty exclusive, and are contemporaneous.

We have reexamined the information in “Doing Business: Thailand 2014” and find that no change in the 10,000-kg denominator used in the B&H surrogate value (SV) calculation is appropriate. Commerce previously determined that the 10,000-kg denominator should be used to calculate the B&H SV because this is the weight of the shipment in a 20-foot container for which participants in the “Doing Business: Thailand 2014” survey reported B&H costs.¹⁸ Specifically, the B&H costs used to calculate the SV were based upon the assumption that a 20-foot container contained 10,000 kg of product. Conversely, if Commerce were to use a different container load, it would be using a weight not related to the costs reported in the “Doing Business: Thailand 2014” survey, which would result in an incorrect per-unit cost. Using a 10,000-kg denominator in the per-unit calculation: (1) maintains the relationship between costs and quantity from the survey (which is important because the numerator and the denominator of the calculation are dependent upon one another), (2) makes use of data from the same source, and (3) is consistent with Commerce’s past practice. As shown below, the 10,000 kg weight also pertains to the B&H costs in the “Doing Business: Thailand 2014.”

¹⁷ See Section 773(c)(1) of the Act.

¹⁸ See *Final Results* IDM at Comment 5; see also Memorandum, “Certain Steel Threaded Rod from the People’s Republic of China: Placing Attachment to the Record,” dated February 27, 2019 (Memo to Place Attachment on the Record).

In *Multilayered Wood Flooring*, Commerce determined that 10,000 kg should be used to calculate the B&H SV because this is the weight of the shipment in a 20-foot container for which participants in the “Doing Business” survey reported B&H costs.¹⁹ Additionally, this same issue was addressed in *Steel Nails Final Results*.²⁰ This same information is on the record for the reporting of the underlying data reported in “Doing Business: Thailand 2014” for the SVs calculated for the RMB/IFI Group’s B&H expenses and inland freight.²¹ Commerce calculated this charge by dividing the total charge by 10 tons, which is found under “Trading Across Borders Methodology: Assumptions about the Business,” which applies to all countries.²² It states that: “[t]he traded product travels in a dry cargo, 20-foot, full container load. It weighs 10 tons....”²³ Therefore, because the methodology used in “Doing Business: Thailand 2014” included this assumption, we find that the record evidence supports the continued use of a 10,000 kg weight as the denominator.

Commerce has stated that it would not accept the total payload weight for a 20-foot container because this would result in using a weight-basis not related to the costs reported in the World Bank’s “Doing Business.”²⁴ Using 10,000 kg in the per-unit calculation maintains the

¹⁹ See *Multilayered Wood Flooring from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 26712 (May 9, 2014) (*Multilayered Wood Flooring*), and accompanying IDM at Comment 4.

²⁰ See *Certain Steel Nails from the People’s Republic of China Final Results of Third Antidumping Administrative Review; 2010-2011*, 78 FR 16651 (March 18, 2013) (*Steel Nails Final Results*), and accompanying IDM at Comment 3.

²¹ See Memorandum, “Fourth Administrative Review of Certain Steel Threaded Rod from the People’s Republic of China: Surrogate Values for the Preliminary Results” dated May 16, 2014, at 10, Exhibit 11; see also Memo to Place Attachment on the Record.

²² See Memorandum, “Fourth Administrative Review of Certain Steel Threaded Rod from the People’s Republic of China: Surrogate Values for the Preliminary Results” dated May 16, 2014 (Prelim Surrogate Value Memo), at 10, Exhibit 11; see also Memo to Place Attachment on the Record.

²³ See Memo to Place Attachment on the Record.

²⁴ See *Silicon Metal from the People’s Republic of China: Final Results of Administrative Review*, 77 FR 54563 (September 5, 2012) (*Silicon Metal*), and accompanying IDM at Comment 11; see also *Steel Nails Final Results* IDM at Comment 3.

relationship between cost and quantity from the survey (which is important because the numerator and the denominator of the calculation are dependent upon one another), makes use of data from the same source, and is consistent with Commerce's practice.²⁵ As noted in previous administrative proceedings, the shipment value of one container of goods is a key assumption in the data reported in the "Doing Business" reports.²⁶ Thus, we find it appropriate to continue to use 10,000 kg as the basis for the B&H charge.

Calculation of Surrogate Financial Ratios and Treatment of Line Items Related to Labor

A. Background

Section 733(c) of the Act provides that, for purposes of normal value (NV), Commerce will value the FOPs in non-market economy (NME) cases using the best available information regarding the value of such factors in a market economy (ME) country or countries considered to be appropriate by the administering authority. Section 773(c)(4) of the Act requires that, when valuing FOPs, Commerce utilize, to the extent possible, the prices or costs of FOPs in one or more ME countries that are (1) at a comparable level of economic development, and (2) significant producers of comparable merchandise. Pursuant to 19 CFR 351.408(c)(4), Commerce will normally value overhead, SG&A, and profit using "nonproprietary information gathered from producers of identical or comparable merchandise in the surrogate country."²⁷

Additionally, Commerce weighs the available information with respect to each input value on a

²⁵ See *Silicon Metal* IDM at Comment 11; see also *Steel Nails Final Results* IDM at Comment 3.

²⁶ See *Monosodium Glutamate from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 58326 (September 29, 2014), and accompanying IDM at Comment 1.

²⁷ See 19 CFR 351.408(c)(4).

case-by-case basis and then makes a product-specific determination as to what constitutes the “best” available SV for each input.²⁸

On June 21, 2011, in *Labor Methodologies*, in response to comments requested on the means by which Commerce could “best capture all relevant costs in its wage rate calculation in NME antidumping proceedings,”²⁹ Commerce revised its labor cost calculation methodology in NME antidumping proceedings to rely on International Labor Organization (ILO) Chapter 6A (Labor Cost in Manufacturing) data, rather than Chapter 5B (Wages in Manufacturing) data, for the primary surrogate country.³⁰ As explained therein, “Commerce has decided to change to the use of Chapter 6A data, on the rebuttable presumption that Chapter 6A data better accounts for all direct and indirect labor costs.”³¹ This methodological change did not prompt Commerce to preclude all other sources, *i.e.*, other than Chapter 6A data, for evaluating labor costs in NME antidumping proceedings. Rather, Commerce continued to follow its practice of selecting the best available information to determine SVs for inputs such as labor.³²

As part of this revised methodology, Commerce stated that “{i}f there is evidence submitted on the record by interested parties demonstrating that the NME respondent’s cost of labor is overstated, Commerce will make the appropriate adjustments to the surrogate financial statements subject to the available information on the record. Specifically, when the surrogate

²⁸ See *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.

²⁹ See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) (*Labor Methodologies*).

³⁰ See *Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 76 FR 56158 (September 12, 2011), and accompanying IDM at Comment 2.I. Due to concerns that reliance on data from Chapter 5B of the ILO may under-count the NME producer’s labor costs, Commerce was considering alternative data sources for valuing labor to ensure all labor costs incurred by the NME producer are accounted for in the NV calculation.

³¹ See *Labor Methodologies*, 76 FR at 36093.

³² See *Certain Polyester Staple Fiber from the People’s Republic of China: Final Results of the Antidumping Duty Administrative Review; 2012-2013*, 80 FR 4542 (January 28, 2015), and accompanying IDM at Comment 5.

financial statements include disaggregated overhead and SG&A expense items that are already included in the ILO's definition of Chapter 6A data, Commerce will remove these identifiable cost items."³³

In the *Preliminary Results*, Commerce determined normal value pursuant to section 773(c) of the Act and selected Thailand as the primary surrogate country, consistent with section 773(c)(4) of the Act.³⁴ Commerce also calculated the respondents' surrogate financial ratios for overhead, SG&A, and profit using the 2012 financial statements of LS Industries Co., Ltd. (LSI) and HiTech Fastener Manufacture (Thailand) Co., Ltd. (HFHT) – Thai producers of identical merchandise.³⁵ Additionally, Commerce calculated the labor input using data from the 2012 and 2013 Industrial Census data published by Thailand's National Statistics Office (the 2012 and 2013 NSO data, respectively), finding that the 2012 and 2013 NSO data are the best available information for valuing labor.³⁶ Commerce further indicated that this data reflected all costs related to labor, including wages, benefits, housing, training, *etc.*,³⁷ and explained that where the financial statements used to calculate the surrogate financial ratios include itemized details for labor costs, Commerce made adjustments to certain labor costs in the surrogate financial ratios.³⁸ For instance, although the "Welfare," "Social Security and Compensation," and "Salary and

³³ See *Labor Methodologies*, 76 FR at 36094.

³⁴ See *Certain Steel Threaded Rod from the People's Republic of China: Preliminary Results of 2012-2013 Antidumping Duty Administrative Review*, 79 FR 30543 (May 28, 2014) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum (PDM) at 6-10.

³⁵ Prelim Surrogate Value Memo at 9.

³⁶ *Id.* at 7.

³⁷ Commerce has previously found that the NSO data include (1) wages/salaries; (2) overtime payment, bonus, special payment, cost of living allowance and commission; (3) fringe benefits such as "food, beverages, lodgings, rent, medical care, transportation recreational and entertainment services, *etc.*"; and (4) employers' contribution to social security, *e.g.*, "social security fund, workmen's compensation fund and health insurance, *etc.* See *Drawn Stainless Steel Sinks from the People's Republic of China: Investigation, Final Determination*, 78 FR 13019 (February 26, 2013), and accompanying IDM at Comment 4, amended by, but unchanged in *Drawn Stainless Steel Sinks from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 78 FR 21592 (April 11, 2013).

³⁸ See *Preliminary Results PDM* at 16.

Bonus” line items were classified in LSI’s financial statements as SG&A expenses, Commerce classified the first two as part of Labor under MLE (Materials, Labor, and Energy) in the denominator, while classifying “Salary and Bonus” as part of SG&A expenses in the numerator of the financial ratio calculation.³⁹ As a result, Commerce calculated the following financial ratios for the preliminary results: overhead, 16.8 percent; SG&A, 13.9 percent; and profit, 11 percent.⁴⁰

In the *Final Results*, Commerce continued to calculate the respondents’ surrogate financial ratios for overhead, SG&A, and profit using the 2012 financial statements of LSI and HFHT and continued to value the labor input using the 2012 and 2013 NSO data.⁴¹ Commerce reiterated that the period of review (POR) Manufacturing-Specific NSO Data was the best information for valuing labor inputs because they were industry-specific and contemporaneous with the POR.⁴²

B. Remand Order

Before the CIT, the RMB/IFI Group argued that the labor wage rate in the NSO data is overstated because it includes non-manufacturing labor, and thus Commerce double counted SG&A labor costs because Commerce’s financial ratio calculations used data to value manufacturing labor costs that included costs associated with SG&A labor.⁴³ The RMB/IFI Group argued that to eliminate double counting, the surrogate financial ratio calculations should be adjusted by allocating all labor costs in the LSI and HFHT financial statements, whether

³⁹ See Prelim Surrogate Value Memo at Exhibit 10.

⁴⁰ *Id.* at Exhibit 7.

⁴¹ See *Final Results* IDM at Comments 3.

⁴² *Id.*

⁴³ See Remand Order at 20-22; and RMB/IFI Group Brief, CM/ECF No. 27 at 35-36.

manufacturing or SG&A in nature, to the labor column.⁴⁴ The CIT found that Commerce's decision not to make any adjustments to the calculation of the surrogate financial ratios was unsupported by substantial evidence because Commerce failed to consider record evidence which supported an alternative conclusion.⁴⁵ The CIT then held that "Commerce did not address Table 8 of the NSO Data, titled, 'Employed Persons by Occupation and Industry,' which lists nine different occupations included within the 'manufacturing' industry: (1) legislators, senior officials and managers; (2) professionals; (3) technicians and associate professional; (4) clerks; (5) service workers and shop and market sales workers; (6) skilled agricultural and fishery workers; (7) craft and related trades worker; (8) plant and machine operators and assemblers; and, (9) elementary occupations."⁴⁶ The CIT also concluded, based on Table 18 of the NSO Data (titled "Employee by Occupation, Income Class"), that the inclusion of occupations not directly associated with manufacturing when calculating the cost of labor directly associated with manufacturing potentially double counts labor costs associated with SG&A labor.⁴⁷

C. Analysis

For these final results of redetermination, Commerce has continued to calculate the respondents' surrogate financial ratios for overhead, SG&A, and profit using the 2012 financial statements of LSI and HFHT. After re-examining the record information, we find that it is not appropriate to adjust the allocation of SG&A labor costs in the surrogate financial ratio calculations, including in the manner proposed by the RMB/IFI Group. Additionally, because the NSO data is the only labor wage data on the record, we continue to rely on the 2012 and 2013 NSO data to value labor.

⁴⁴ See RMB/IFI Group Brief at 36.

⁴⁵ See Remand Order at 22-23.

⁴⁶ *Id.* at 23.

⁴⁷ *Id.* at 24.

As discussed above, in the *Final Results*, Commerce determined, when calculating the surrogate SG&A ratio, to treat “Salary and Bonus,” “Welfare,” and “Social Security and Compensation” as SG&A expenses, mirroring the manner in which LSI and HFHT treated these expenses in its own financial statements.⁴⁸ Specifically, these expenses were classified in the portion of LSI’s and HFHT’s financial statements entitled “Details of Selling Expenses and Administration Costs,” which covers SG&A costs, rather than expenses that pertain specifically to the production of merchandise. In addition, these expenses were separated in LSI’s and HFHT’s financial statements from “Direct Wages” and “Outsourced Wage,” which were classified under the portion of LSI’s and HFHT’s financial statements that covers “Details of Cost of Sales”⁴⁹ (*i.e.*, production expenses). Accordingly, Commerce followed its practice by classifying expenses in the financial ratio calculations as they are classified in the surrogate company’s own financial statements.^{50, 51} On remand, we have reexamined the LSI and HFHT financial statements and find that there is no evidentiary basis in the financial statements themselves that would support allocating all manufacturing and SG&A labor costs to labor, as the RMB/IFI Group has proposed.

In addition, Commerce has further evaluated the 2012 and 2013 NSO data and finds that this evidence does not provide the information necessary to make accurate adjustments to either the labor wage rate or the surrogate financial ratio calculations to account for any potential overstatement in the labor wage rate. Further, under the FOPs methodology for calculating NV, labor expenses capture the labor cost only for manufacturing—obtained by multiplying a

⁴⁸ *Id.*

⁴⁹ See Xi’an Metals’ surrogate value submission, dated August 19, 2014, at attachment Surrogate Value-17.

⁵⁰ See *Final Results* IDM at Comment 3.

⁵¹ Commerce notes that it inadvertently stated in the Draft Results, that it classified certain labor expenses as they were classified in the surrogate county’s own financial statement. However, Commerce did not do this for the *Preliminary Results* or the *Final Results*. For further discussion, see “Issue 1: Calculation of Surrogate Financial Ratios and Treatment of Line Items Related to Labor,” below.

respondent's reported direct and indirect labor hours to manufacture subject merchandise by the surrogate labor rate (e.g., the Thai NSO labor rate or the ILO Chapter 6A labor rate). The RMB/IFI Group did not report labor hours associated with the selling and administrative staff, as this is not requested by our NME questionnaire.⁵² Lastly, administrative and sales personnel are not employed in manufacturing products, and thus the wages, benefits, and expenses for these non-manufacturing personnel are appropriately considered SG&A expenses.

In the *Sinks Remand*,⁵³ Commerce determined that it was appropriate to treat the labor-related SG&A expenses in the surrogate financial statements as SG&A expenses in the numerator of the financial ratio calculation. Commerce found that “{t}hough the record supports that the NSO data includes labor expenses for persons engaged in various manufacturing and non-manufacturing activities, there is not substantial evidence establishing that, as the CIT held, ‘the NSO labor rate was higher—or by what percentage it was higher—than it would have been had it been derived solely from Thai data on production labor rather than from a combination of Thai data on production labor and various types of non-production labor.’”⁵⁴ The CIT sustained the *Sinks Remand* in *Elkay II*,⁵⁵ which was recently sustained by the U.S. Court of Appeals for the Federal Circuit in a non-precedential opinion.⁵⁶

Commerce continues to find the *Elkay II* decision and the *Sinks Remand* instructive for purposes of this remand redetermination. For instance, here, like in the *Sinks Remand*, we also find that the 2012 and 2013 NSO rate was derived from an *average* remuneration paid for

⁵² See Commerce's Letter, “Initial Antidumping Duty Questionnaire,” dated November 13, 2013.

⁵³ See *Elkay Mfg. Co. v. United States*, Court No. 13-00176; Slip Op. 14-150 (CIT 2017), Final Results of Redetermination Pursuant to Court Remand (April 22, 2015), available at <https://enforcement.trade.gov/remands/14-150.pdf> (*Sinks Remand*).

⁵⁴ See *Sinks Remand* at 7-10.

⁵⁵ See *Elkay Manufacturing Company v. United States*, 180 F. Supp. 3d 1245, 1257 (Ct. Int'l Trade 2016) (*Elkay II*).

⁵⁶ See *Guangdong Dongyuan Kitchenware Indus. Co. v. Elkay Mfg. Co.*, No. 2016-2637, 2017 U.S. App. LEXIS 22629 (Fed. Cir. Nov. 13, 2017) (non-precedential).

persons engaged in various manufacturing and non-manufacturing related activities.⁵⁷ In addition, we find that the NSO rate is likely to be a much broader average than one representing only wages and salaries, because the 2012 NSO data additionally include items such as bonus, social security, workmen’s compensation fund, and health insurance, *etc.*⁵⁸ However, we find that the record lacks evidence to support a finding that the NSO labor rate in Table 15 was higher – or by what percentage – than it would have been had it been derived solely from data on production labor.

Further, although the CIT points to Table 8 and the subcategories that constitute the manufacturing industry, there is ultimately no way to determine whether Table 15 – which includes the labor wage rate used in the surrogate financial ratio calculation – was informed by Table 8 (Employed Persons by Occupation and Industry).⁵⁹ Although Table 8 in the NSO data lists nine occupations included within “manufacturing,” it is not clear whether or how the groupings listed in Table 8 correspond to the groupings and average wage rates included in Table 15. Indeed, there appears to be a difference in the total number of employees in Table 8 and Table 15. Specifically, Table 8 identifies 5,284.1 (in thousands) persons, while Table 15 identifies 4,112.6 (in thousands).⁶⁰ This indicates that the number of persons surveyed in calculating the average wage rate was less than the total persons identified as working in the manufacturing industry, and thus, that some persons and/or categories covered by Table 8 were not included in the calculation of the labor wage rates in Table 15. Additionally, Table 8 does

⁵⁷ See Petitioner’s Letter, “Fourth Administrative Review of Steel Threaded Rod from China: Petitioner’s Submission of Surrogate Value Information,” dated April 4, 2014, at Exhibit 9 (Petitioner’s SV Submission); *see also Sinks Remand* at 7-10 (emphasis added).

⁵⁸ See Petitioner’s SV Submission at Exhibit 9; *see also Elkay Manufacturing Company v. United States*, 34 F. Supp. 3d 1369, 1381 (Ct. Int’l Trade 2016).

⁵⁹ See Remand Order at 23; *see also* Prelim Surrogate Value Memo at Exhibit 7A.

⁶⁰ See Prelim Surrogate Value Memo at Exhibit 10.

not contain average wage rates for workers in the manufacturing sector. Rather, it contains the total numbers of individuals participating in the manufacturing sector.⁶¹ Similarly, Table 18 (Employee by Occupation, Income Class) contains the total numbers of individuals in each occupation, with each income class spanning a range.⁶² Thus, the information in these tables does not provide a way to quantify, by what amount, if any, that the NSO labor rates in Table 15 might be overstated.

Moreover, as noted above, it is Commerce's practice to treat labor in its financial ratio calculations in the same manner that the surrogate company disaggregates its labor costs in the financial statements.⁶³ This is because the nature of the information that serves as the source for financial ratio calculations in NME cases (*i.e.*, surrogate financial data from a company that is not a party to the proceeding) does not allow Commerce to "go behind" a surrogate financial statement to determine precisely what each item includes or to what activity it relates. Therefore, when assigning various line items to particular categories for financial ratio calculations, Commerce prefers to rely on the classification of these items from the surrogate financial statements, unless there is record evidence in the financial statements to indicate the classification is not accurate.

Here, we did not adjust the surrogate financial ratio calculations used in the *Final Results* because there was no evidence on the record to support treating SG&A labor-related line items on either surrogate company's statements as anything other than SG&A-related expenses.

Adjusting the labor surrogate financial ratio calculation would therefore be contrary to practice

⁶¹ *Id.* at Exhibit 7A

⁶² *Id.*

⁶³ See, e.g., *Clearon Corp. v. United States*, Consol. Court No. 13-00073, Slip Op. 16-110 (CIT November 23, 2016); *Xi'an Metals & Minerals Import & Export Co., Ltd., and The Stanley Works (Langfang) Fastening Systems Co., Ltd. and Stanley Black and Decker, Inc., v. United States*, Consol. Court No. 15-00109, Slip Op. 18-70 (CIT June 19, 2018); and *Hangzhou Yingqing Material Co. Ltd. et al v. United States*, Court No. 14-00133, Slip Op. 17-47 (CIT April 21, 2017).

and inconsistent with the record evidence, which provides no support for an adjustment. Further, because we cannot quantify the amount by which the NSO labor rates might be overstated, there is no evidentiary basis to evaluate whether the RMB/IFI Group's proposed adjustment to the surrogate financial ratio calculations (allocating all SG&A costs to labor, which would move SG&A labor costs from the numerator to the denominator) appropriately compensates for any potential overstatement in the NSO wage rate. As a result, the RMB/IFI Group's proposed adjustment could itself introduce distortion into the calculation, for example, by resulting in an undervaluation of the labor expenses included in the cost of production.

In sum, in *Labor Methodologies*, Commerce addressed concerns of double-counting labor costs when it stated that it would adjust “the surrogate financial ratios when the available record information – in the form of itemized indirect labor costs – demonstrates that labor costs are overstated.”⁶⁴ However, after reexamining the record of this review, Commerce finds that there is no basis to evaluate whether the RMB/IFI Group's proposed adjustment to the ratio appropriately compensates for any overstatement in the wage rate.

As a result, the RMB/IFI Group's proposed adjustment could itself introduce distortions into the calculation, for example, by resulting in an undervaluation of the labor expenses included in the cost of production. For this final remand redetermination, Commerce therefore continues to include the line items in question in the numerator for the SG&A financial ratio calculation. This is consistent with our practice, consistent with the record evidence, and avoids potentially introducing a different distortion into the calculation to compensate for an unquantifiable overstatement of the wage rate, if any. The NSO data is the only labor wage rate data on the record, and so is the best information available.

⁶⁴ See *Labor Methodologies*, 76 FR at 36092-94.

IV. COMMENTS FROM INTERESTED PARTIES

Commerce released the draft remand results on July 25, 2019. Interested parties submitted comments on August 9, 2019.⁶⁵

Issue 1: Calculation of Surrogate Financial Ratios and Treatment of Line Items
Related to Labor

Petitioner's Comments

- In the draft remand, Commerce appropriately opted to provide further explanation rather than to recalculate the ratios. RMB/IFI Group only reported the hours worked by production workers and not the hours worked by selling and administrative staff.⁶⁶
- The surrogate value of the hours worked by selling and administrative staff is captured in the surrogate financial ratio for SG&A expenses. There is no “double counting” of the hours worked by selling and administrative staff.⁶⁷
- The Labor Methodologies memorandum cited (at 9) states a preference for the use of International Labor Organization Chapter 6A data rather than Chapter 5B data. In the case of Thailand, the best available information is the data published by the Thailand NSO, as Commerce correctly determined in the instant review. Slip Op. 19-55 did not reject the use of NSO data.⁶⁸
- RMB/IFI Group’s preferred solution, as the Draft Results indicate (at 11), is to simply transfer *all* labor costs that could be associated with the labor costs of the selling and administrative staff over to the labor costs. As noted above, the record does not indicate how

⁶⁵ See RMB/IFI Group’s August 9, 2019, submission; and Petitioner’s August 9, 2019 submission.

⁶⁶ See Petitioner’s Draft Remand Comments, “Steel Threaded Rod from China: Comments on Draft Results of Redetermination Pursuant to Court Remand,” dated August 9, 2019, at 2.

⁶⁷ *Id.*

⁶⁸ *Id.*

many labor hours there are in selling and administrative hours. RMB/IFI Group's proposal, as the Draft Results correctly note (at 17), thus creates its own set of distortions, which would lead to even more imperfect results.⁶⁹

RMB/IFI Group's Comments

- Commerce's Labor Methodologies, as revised in 2011, state that "when the surrogate financial statements include disaggregated overhead and SG&A expense items that are already included in the ILO's definition of 6A data, Commerce will remove these identifiable cost items."⁷⁰
- Commerce incorrectly allocated two-line items (welfare, social security and compensation) in LSI's financial statement to the labor column, despite LSI's classification of these labor inputs as SG&A expenses and contrary to its stated intention to allocate the items to the manufacturing and labor expense (MLE) denominator. The line items should have been allocated to the MLE denominator, but the ratio calculation sheet shows that Commerce did not make the adjustment for LSI. Commerce should adjust these two-line items in accordance with its decision, but this double-counts labor costs by not allocating all labor line items to the MLE denominator.⁷¹
- Commerce's reasoning for not allocating these other labor line items to the MLE denominator is puzzlingly arbitrary in light of Commerce's statement that it was classifying LSI's "welfare" and "social security and compensation" line items in the MLE denominator, despite LSI classifying these items as SG&A.⁷²

⁶⁹ *Id.* at 3.

⁷⁰ See RMB/IFI Group's Draft Remand Comments, "Certain Steel Threaded Rod for the People's Republic of China: Comments on Draft Remand Determination," dated August 19, 2019 (RMB/IFI Group's Draft Remand Comments), at 6.

⁷¹ *Id.* at 7.

⁷² *Id.*

- The Labor Methodologies do not state that Commerce should adjust the labor rate itself if overstated, but rather that Commerce should make adjustments to the financial ratios. Accordingly, there is no reason for Commerce to quantify how much the NSO labor rate is overstated. Further, the “overstatement” of labor costs is not intended to be a separate quantifiable discovery, but an unavoidable fact if the labor cost covers more than production labor costs.⁷³
- The reason Table 8 does not correspond perfectly to Tables 15 and 16 is that certain work status persons are not included in Tables 15 and 16 but are included in Table 18. This is demonstrated by Table 7 where the 5,284.1 average employees are broken down by employment type, including for example unpaid family workers, self-employment jobs, and government workers which are not included in Tables 15 and 16.⁷⁴
- How LSI or HFHT classify a labor cost does not control whether that labor cost is being double-counted. If Commerce never intended to re-allocate any labor line items classified by the surrogate company, LSI or HFHT in this case, as SG&A expenses, then the Labor Methodologies explanation is rendered nonsensical.⁷⁵

Commerce Position:

As an initial matter, Commerce inadvertently stated in the Draft Remand Results that in the *Final Results*, “Commerce determined, when calculating the surrogate SG&A ratio, to treat “Salary and Bonus,” “Welfare,” and “Social Security and Compensation” as SG&A expenses, mirroring the manner in which LSI and HFHT treated these expenses in its own financial statements.⁷⁶ This is incorrect. In the *Final Results*, Commerce stated:

⁷³ *Id.* at 8.

⁷⁴ *Id.* at 9

⁷⁵ *Id.* at 10-11.

⁷⁶ *See* Draft Remand Results at 11.

Given the nature of the information that serves as the source for financial ratio calculations in NME cases (*i.e.*, surrogate financial data from a company that is not a party to the proceeding), we cannot “go behind” a surrogate financial statement to determine precisely what each item includes or to what activity it relates. Therefore, when assigning the various line items to particular categories for our financial ratio calculations, we prefer to rely on the classification of these items from the surrogate financial statement, unless there is good reason to believe the classification is not accurate. Accordingly, it is the Department’s practice to treat labor in its financial ratio calculations in the same manner the surrogate company disaggregates its labor costs. Thus, we will continue to treat SG&A labor as an SG&A expense in each company’s surrogate financial ratio calculations.⁷⁷

Commerce did not classify the specific line items within the LSI and HFHT financial statements, “welfare” and “social security and compensation,” as SG&A expenses. LSI and HFHT treated SG&A labor as an SG&A expense, without disaggregating for “welfare” and “social security and compensation.”⁷⁸ In calculating surrogate financial ratios, therefore, Commerce treated “welfare” and “social security compensation” in the same manner that was reflected in LSI’s HFHT’s financial statements and treated them as an SG&A expense.⁷⁹ Thus, Commerce is now clarifying the above-noted statement by adding that we did not in fact make an adjustment for LSI’s “welfare” and “social security and compensation” line items in the MLE denominator.⁸⁰

Additionally, as stated above, on remand, we have reexamined the record of the underlying proceeding and find that no adjustment should be made to the SG&A financial ratios, in the manner that the RMB/IFI Group has proposed. The CIT has indicated concern that Commerce’s methodology resulted in double-counting explaining that:

In this case, the inclusion of occupations not directly associated with manufacturing when calculating the cost of labor directly associated with manufacturing potentially double counts labor costs associated with SG&A labor.

⁷⁷ See *Final Results* IDM at 19.

⁷⁸ *Id.*

⁷⁹ *Id.* at 22.

⁸⁰ *Id.* at 21-22.

As Table 18 of the NSO Data shows, the average income of managers, professionals, and technicians is considerably higher than for the plant and machine operators and elementary occupations (titled ‘Employee by Occupation, Income Class’).⁸¹

However, Commerce continues to find that there was no evidence on the record to support treating SG&A labor-related line items on either surrogate company’s statements as anything other than SG&A-related expenses. All labor costs in the financial ratio calculation were captured in SG&A-related expenses. As a result, adjusting the labor surrogate financial ratio calculation, in the manner proposed by RMB/IFI Group, would be contrary to practice and inconsistent with the record evidence.

Further, Commerce disagrees with RMB/IFI Group’s assertion that there is no reason for Commerce to quantify how much the NSO labor rate is overstated, and that Commerce just needs to make an adjustment if it believes there may be an overstatement of labor.⁸² Here, Commerce’s *Labor Methodologies* is clear:

The Department will adjust surrogate financial ratios when the available record information – in the form of *itemized* indirect labor costs – demonstrates that labor costs are overstated.... The Department will determine whether the facts and information available on the record warrant and permit an adjustment to the surrogate financial statements on a case-by-case basis. If there is evidence submitted on the record by interested parties demonstrating that the NME respondent’s cost of labor is overstated, the Department will make the appropriate adjustments to the surrogate financial statements subject to the available information on the record.⁸³

Commerce will only make an adjustment when the record is clear that such an adjustment is appropriate. In this instance, there was no evidence on the record to support treating SG&A labor-related line items on either surrogate company’s statements as anything other than SG&A-related expenses. Without a clear understanding of the items that need to be adjusted in the

⁸¹ See Remand Order at 23-24.

⁸² See RMB/IFI Group’s Draft Remand Comments at 8.

⁸³ See *Labor Methodologies*.

financial ratios, and how those adjustments will affect the broader financial ratio calculations, Commerce cannot simply make RMB/IFI Group's proposed adjustments to compensate for an alleged overstatement in the NSO wage rate without risking introducing distortions into the calculation. Therefore, Commerce finds it reasonable to conclude that we would first need to be able to accurately quantify any overstatement in the NSO data in order to adjust the financial ratio calculation appropriately.

Moreover, regarding RMB/IFI Group's argument that the way in which LSI or HFHT classify a labor cost does not control whether that labor cost is being double-counted, Commerce is not claiming that the manner in which these surrogate companies classify labor cost has bearing on whether labor costs are being double-counted. Rather, we have reasonably concluded that our financial ratio calculations are bound by our methodologies and available record information. Again, Commerce's *Labor Methodologies* is clear in that Commerce is to "adjust surrogate financial ratios when the available record information – in the form of *itemized* indirect labor costs – demonstrates that labor costs are overstated."⁸⁴ Commerce has determined that there is no record evidence that warrants an adjustment to the surrogate financial statements. Further, there is no record evidence that would allow us to quantify any overstatement in the NSO data, and thus no evidentiary basis on which we could reasonably adjust the surrogate financial ratios. Thus, we have found that no adjustment is appropriate based on available record information.

Commerce disagrees with the RMB/IFI Group's reasoning for why Tables 8, 15, and 16 of the NSO data do not directly tie with one another because the tables themselves do not explicitly state how they may be informed by one another. We further find that the record lacks

⁸⁴ See *Labor Methodologies*.

evidence to support a finding that the NSO labor rate in Table 15 was higher – or by what percentage – than it would have been had it been derived solely from data on production labor. However, regarding the RMB/IFI Group’s claim that Table 8 of the NSO data does not correspond perfectly to Tables 15 and 16, as we also explained in the draft remand results, Commerce addressed concerns of double-counting labor costs when it stated that it would “adjust surrogate financial ratios when the available record information – in the form of *itemized* indirect labor costs – demonstrates that labor costs are overstated.”⁸⁵ As a result, the RMB/IFI Group’s proposed adjustment could itself introduce distortions into the calculation, for example, by resulting in an undervaluation of the labor expenses included in the cost of production. Thus, Commerce continues to find no change is warranted for these final remand results and continues to include the line items in question in the numerator for the SG&A financial ratio calculation, consistent with our practice.

Issue 2: Weight Denominator for B&H

Petitioner’s Comments

- Commerce appropriately opted to provide further explanation rather than to recalculate B&H costs.⁸⁶
- Because Commerce compares home market and U.S. prices on the basis of kg rather than container load, it needs to calculate a B&H cost per kg, which means determining the number of kg in a container load.⁸⁷

⁸⁵ See *Labor Methodologies*.

⁸⁶ See Petitioners’ Letter, “Steel Threaded Rod from China: Comments on Draft Results of Redetermination Pursuant to Court Remand,” dated August 9, 2019, at 2.

⁸⁷ *Id.* at 4.

- It is most reasonable to tie the costs that are reported in Doing Business: Thailand 2014 to that publication's reported assumption of the weight of a container.⁸⁸

RMB/IFI Group's Comments

- Commerce continues, unsupported by substantial evidence, to find that the 10,000-kg weight container assumption is foundational to the B&H costs in the World Bank Doing Business Report.⁸⁹
- Commerce does not acknowledge the commercial fact that the cost of shipping a container is not dependent on the weight of that container. In other words, when Plaintiffs, or any company, arranges B&H, they are not charged per kg. Companies are charged per container, with varying costs for the type of container.⁹⁰
- In *Since Hardware (Guangzhou) Co. v. United States*, the CIT found that: “{n}o shred of evidence suggests that the container costs presented by Doing Business, or any other source, are dependent on the kg inside the container. Rather, the evidence submitted by Foshan Shunde indicates that the fee structure is per container; not per kg in a container.”⁹¹
- To be able to compare across multiple economies, the World Bank does set certain parameters for the Trading Across Borders report including that contributors should assume the provided information is for a 20-foot container weighing 10,000 kg. The report does not say why 10,000 kg was selected but it likewise fundamentally does not suggest that the cost of transport is dependent on the weight of the container.⁹²

⁸⁸ *Id.*

⁸⁹ See RMB/IFI Group's Letter, "Certain Steel Threaded Rod from the People's Republic of China: Comments on Draft Remand," dated August 9, 2019, at 1-2.

⁹⁰ *Id.*

⁹¹ *Id.* at 2.

⁹² *Id.* at 3-4.

- The RMB/IFI Group provided definitive information from contributors to the Doing Business Philippines report that B&H fees are not established on the weight of the loaded container, but rather on whether the container was full or partially full and thus need consolidation. The RMB/IFI Group also provided publicly-ranged B&H costs incurred by the Thai exporter Pakfood Company Limited. Those costs were incurred on a per-container basis.⁹³
- The RMB/IFI Group provided rate schedules from a well-known international freight forwarder, Hapag-Lloyd, also demonstrating that the pricing of B&H is not dependent on the specific kg or volume loaded in a container. A comparison of the 20-foot container costs and 40-foot containers costs reveals that the document charges, bill of lading, and carriage fees remain the same. The handling and freight charges increase, but they do not double as Commerce would have calculated using the methodology in this case. Weight is simply not determinative of transportation costs.⁹⁴
- By using the 10,000 kg as the denominator for the World Bank B&H costs, Commerce is relying on an overpriced and uncommercial price that is not the best information available and also does not meet its mandate of calculating dumping margins as accurately as possible, as highlighted in *Nation Ford Chem. Co. v. United States* (“the best information available concerning the valuation of a particular factor of production may constitute information from the surrogate country that is directly analogous to the production experience of the NME producer”), and *Jacobi Carbons AB v. United States* (“a surrogate value must be as representative of the situation in the NME country as is feasible”).⁹⁵

⁹³ *Id.* at 4.

⁹⁴ *Id.*

⁹⁵ *Id.* at 5 (citing *Nation Ford Chem. Co. v. United States*, 166 F. 3d 1373, 1377 (Fed. Cir. 1999)).

- Commerce should rely upon the maximum payload weight of a 20-foot container or the average weight of Plaintiffs' shipments as the denominator for its B&H calculation. In countervailing duty cases where Commerce calculates ocean freight for benchmarks, Commerce consistently uses the maximum payload weight of the container to calculate per kg or per MT costs, regardless of whether the underlying prices delineate that same weight for the container.⁹⁶
- When Commerce calculates surrogate international ocean freight expenses, Commerce either uses the maximum payload weight to derive a per kg cost or uses the respondent's own container weight.⁹⁷

Commerce Position:

The RMB/IFI Group argues that in *Since Hardware (Guangzhou) Co. v. United States*, the CIT held that: “{n}o shred of evidence suggests that the container costs presented by Doing Business, or any other source, are dependent on the kilograms inside the container....”⁹⁸ The RMB/IFI Group further stated that the CIT contended that “the only evidence on the record with respect to the relationship between container size and B&H costs thus does not support increasing any cost component relative to container weight.”⁹⁹ Commerce, however, disagrees with the RMB/IFI Group's assertion that we cannot rely on the “Doing Business: Thailand 2014” kg information to perform the B&H calculation. Commerce continues to rely on the record evidence, as argued above, where the “Doing Business: Thailand 2014” states: “{t}he traded product travels in a dry cargo, 20-foot, full container load. It weighs 10 tons....,”¹⁰⁰

⁹⁶ *Id.* at 5-6.

⁹⁷ *Id.* at 6.

⁹⁸ *Id.*

⁹⁹ See *Since Hardware (Guangzhou) Co. v. United States*, Consol. Court No. 11-00106, Slip-Op. 14-44 (CIT April 15, 2014).

¹⁰⁰ See Memo to Place Attachment on the Record.

because it is the best information with regard to B&H that is on the record of this proceeding. As such, for the B&H calculation, we are using the weight specified in the “Doing Business: Thailand 2014” data for a 20-foot container.

The RMB/IFI Group further cites to *Nation Ford Chem. Co. v. United States*, which states that “the best information available concerning the valuation of a particular factor of production may constitute information from the surrogate country that is directly analogous to the production experience of the NME producer” to support the proposition that Commerce has not relied on the best information available.¹⁰¹ In *Nation Ford Chem. Co. v. United States*, the CIT found that the “NFC is incorrect that 19 U.S.C. § 1677b(c) ‘mandates’ that Commerce use a surrogate country’s domestic price if the NME country procures the valued material domestically. The statute is more flexible: it mandates that Commerce value the factors of production on the basis of ‘the best available information regarding the values of such factors in a market economy country....’”¹⁰² For these final remand results, Commerce has used the “best available information,” as the statute does not preclude consideration of pricing or costs beyond the surrogate country, if necessary. Thus, a world market price is not precluded from being the best available information concerning a particular factor of production.¹⁰³

Lastly, RMB/IFI Group also cites to *Jacobi Carbons AB v. United States* (“a surrogate value must be as representative of the situation in the NME country as is feasible”) to support the proposition that Commerce is not following its mandate to calculate the antidumping margin as

¹⁰¹ See RMB/IFI Group’s Letter, “Certain Steel Threaded Rod from the People’s Republic of China: Comments on Draft Remand”, dated August 9, 2019, at 5.

¹⁰² See *Nation Ford Chem. Co. v. United States*, 166 F. 3d 1373 (Fed. Cir. 1999).

¹⁰³ See section 773(c)(4) of the Act (noting that Commerce should use prices or costs in the surrogate country or countries “to the extent possible.”); see also 19 CFR 351.408(c)(2) (Commerce “normally will value all factors in a single surrogate country.”).

accurately as possible.¹⁰⁴ Commerce disagrees with RMB/IFI Group and further adds that home market and U.S. prices are compared *on the basis of kilograms* rather on a container load, and thus, B&H needs to be calculated on a per kilogram basis, which means determining the number of kilograms in a container load.

As discussed above, Commerce is not changing its B&H calculation from the draft results, and has further stated that it would not accept the total payload weight for a 20-foot container because this would result in using a weight-basis that is unrelated to the costs reported in the World Bank's "Doing Business."¹⁰⁵ As noted in previous administrative proceedings, the shipment value of one container of goods is a key assumption in the data reported in the "Doing Business" reports.¹⁰⁶ Thus, we continue to use 10,000 kg as the basis for calculating the B&H charge used in our dumping calculation.

V. FINAL RESULTS OF REDETERMINATION

Commerce has made certain adjustments to the *Final Results* pursuant to the CIT's Remand Order. Commerce has adjusted the RMB/IFI Group's B&H SV to account for letter of credit expenses. Commerce continues to find that the methodology used in the *Final Results* for determining the B&H SV based on a 10,000 kg standard weight was appropriate. Lastly, Commerce has made no changes to the calculation of surrogate financial ratios as they pertain to certain labor-related line items, and will continue to include such line items in the numerator for the SG&A financial ratio calculation. Based upon the change in the B&H SV to remove costs

¹⁰⁴ See RMB/IFI Group's Letter, "Certain Steel Threaded Rod from the People's Republic of China: Comments on Draft Remand", dated August 9, 2019, at 5.

¹⁰⁵ See *Silicon Metal* IDM at Comment 11; see also *Steel Nails Final Results* IDM at Comment 3.

¹⁰⁶ See *Monosodium Glutamate from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 58326 (September 29, 2014), and accompanying IDM at Comment 1.

associated with obtaining letters of credit, the RMB/IFI Group's margin has changed from 47.62 percent to 46.78 percent.¹⁰⁷

8/27/2019

X 

Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

¹⁰⁷ See Memorandum, "Administrative Review of Certain Steel Threaded Rod from the People's Republic of China: Analysis for the Final Results of the RMB/IFI Group," dated concurrently with these draft redetermination results.