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Court No. 18-00004

**Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China**
***Zhejiang Zhaofeng Mechanical and Electronic Co., Ltd., v. United States*, Court No. 18-00004, Slip. Op. 18-182 (CIT December 27, 2018)**

# FINAL RESULTS OF REDETERMINATION PURSUANT TO COURT REMAND

## I. SUMMARY

The Department of Commerce (Commerce) has prepared these final results of redetermination pursuant to the remand order of the U.S. Court of International Trade (the Court) in *Zhejiang Zhaofeng Mechanical and Electronic Co., Ltd., v. United States*, Court No. 18-00004, Slip. Op. 18-182 (December 27, 2018) (*Zhaofeng Mechanical*). This action arises out of the final results in the 2015-2016 administrative review of the antidumping duty order on *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China*, 83 FR 1238 (January 10, 2018) (*Final Results*). The sole issue remanded by the Court is the redetermination of the separate rate status of mandatory respondent Zhejiang Zhaofeng Mechanical and Electronic Co., Ltd. (Zhaofeng), consistent with the Court's opinion. The Court concluded that Commerce's decision to deny Zhaofeng separate rate status was not in accordance with the law and not supported by substantial evidence. The Court reasoned that the separate rate criteria (*i.e.*, criteria pertaining to the Chinese government's *de facto* control of the company) on which Commerce based its separate rate determination are separate and distinct from Commerce's findings regarding Zhaofeng's misrepresentations of its U.S. sales data and that discrepancies in Zhaofeng's U.S. sales data do not impinge Zhaofeng's separate rate status.

Thus, upon reconsideration of the record evidence and the Court's remand order, Commerce is assigning Zhaofeng a separate rate and, as adverse facts available (AFA) for its misrepresentations of its U.S. sales data and its failure to cooperate to the best of its ability, Commerce is applying the highest previously calculated dumping margin to Zhaofeng, 92.84 percent. We also address comments made by interested parties, below.

## II. BACKGROUND

Zhaofeng challenged Commerce's decision to deny it a separate rate for perceived deficiencies in Zhaofeng's sales information. In the underlying administrative proceeding, prior to issuing the *Preliminary Results*,[1] Commerce verified Zhaofeng's U.S. sales and factors of production information at Zhaofeng's offices in Zhejiang, China. At verification, Commerce noted no omissions in the completeness of Zhaofeng's U.S. sales data reported to Commerce. However, after verification, The Timken Company (the petitioner) alleged that Zhaofeng failed to report a substantial volume of U.S. sales.[2] As support for this claim, the petitioner pointed to a document provided by Zhaofeng at verification[3] which shows shipments to the United States to a customer not included in the U.S. sales data, and of model numbers categorized by Zhaofeng as subject merchandise. The petitioner requested that Commerce preliminarily assign Zhaofeng a weighted-average dumping margin based on total AFA, given the seriousness of the omission.[4]

[1] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Preliminary Results and Preliminary Rescission of New Shipper Review; 2015-2016*, 82 FR 31301 (July 6, 2017) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum (PDM).
[2] *See* Petitioner's Letter, "Administrative Review in Tapered Roller Bearings and Parts Thereof, Finished or Unfinished from the People's Republic of China; - Petitioner's Pre-Preliminary Determination Comments," dated May 30, 2017 (Petitioner's Pre-Prelim Comments) at 2-3.
[3] *See* Memorandum, "Verification of the Response of Zhejiang Zhaofeng Mechanical and Electronic Co., Ltd. in the 2015-2016 Administrative Review of Tapered Roller Bearings and Parts Thereof from the People's Republic of China," dated June 29, 2017 (Verification Report) at Verification Exhibit 9 (at pages 71-72).
[4] *See* Petitioner's Pre-Prelim Comments at 6-7.

In the *Preliminary Results*, Commerce agreed with the petitioner that the transactions at issue appeared to be unreported U.S. sales of subject merchandise made during the period of review (POR), and because Zhaofeng had not reported these sales, and did not identify them for the verification team, we preliminarily agreed that the application of partial facts available was appropriate under sections 776(a)(1) and (2) of the Tariff Act of 1930, as amended (the Act).[5]

In its case brief, Zhaofeng acknowledged that these discrepancies existed; however, it maintained that it was the verification documents – not the reported U.S. sales data – which were inaccurate.[6] Specifically, Zhaofeng claimed that: 1) its accountant made a series of clerical errors when entering invoice information into the worksheet presented at verification; and 2) if Commerce were to review the invoice for the U.S. sale in question, it would discover that the invoice was actually for non-subject merchandise.[7]

Given Zhaofeng's assertion that the examination of this invoice would resolve the matter, we contacted U.S. Customs and Border Protection (CBP) and obtained the documents submitted by Zhaofeng's customer when it imported the merchandise. However, upon review of these documents, we found significant differences between the CBP entry documents and the documentation provided at verification for this particular sale. Given the nature of these differences, we disagreed that it is likely (or, indeed, even possible) that they resulted from a simple "clerical error," as Zhaofeng alleged. In particular, we observed that the invoice number, customer name, and total sales value were the same for each set of records, while the number of line items, all product codes, and most individual quantities did not match.[8] When the original

[5] *See Preliminary Results*, and accompanying PDM at 14-15.
[6] *See* Zhaofeng's Case Brief, dated August 7, 2017 (Zhaofeng's Case Brief) at 3-4.
[7] *Id*.
[8] Specifically, the entry documents contained close to two and a half times the number of line items and almost double the number of pieces. *See* discussion below, under the "Analysis" section. For further details, *see* Memorandum to the File, "Final Analysis Memorandum," dated January 2, 2018 (Final Analysis Memorandum).

worksheet and the CBP entry documents are placed side by side,[9] the differences are so stark that it is impossible to believe they resulted from an accountant's incorrect transference of data from one source to another.[10]

As such, we found that Zhaofeng failed to provide a plausible explanation for the discrepancies, and its insistence that Commerce accept the proffered one raised doubts about its entire sales response. Zhaofeng would have Commerce believe that: 1) Zhaofeng initially prepared a worksheet with fewer than half of the line items and almost half of the quantity shown on the invoice in the entry documents;[11] and 2) it is appropriate to alter that worksheet, under the guise of correcting a clerical error, to match the products shown on the entry invoice, even though some of those products do not appear in Zhaofeng's inventory withdrawal records for the month of March 2016 (*i.e.*, the month of the invoice at issue).[12] In light of the evidence on the record, we found that neither of these contentions was reasonable.

In our *Final Results*, we found that a more reasonable conclusion is that Zhaofeng deliberately misled Commerce in its case brief,[13] and that Zhaofeng's misrepresentations call into question Commerce's observations at verification, so much so that it renders the accuracy of each of Zhaofeng's submissions questionable. Indeed, we no longer had (or have) confidence that Zhaofeng provided accurate books and records with which to support all of its reported data, given that, at a minimum, some of the documents produced and proffered arguments in its

[9] *See* Petitioner's rebuttal brief, "Administrative Review in Tapered Roller Bearings and Parts Thereof, Finished or Unfinished from The People's Republic of China; - Petitioner's Rebuttal Brief Part 2," dated September 18, 2017 (Petitioner's 2nd Rebuttal Brief) at 6 for a summary.
[10] Further, certain of the products shown on the invoice accompanying the entry are not shown in Zhaofeng's inventory withdrawal records.
[11] This invoice is hereinafter referred to as the "entry invoice."
[12] *See* Verification Report at verification exhibit 12; *see also* Petitioner's 2nd Rebuttal Brief at 9.
[13] This conclusion is bolstered by the fact that Zhaofeng's customer sells models identical to those shown on Zhaofeng's original worksheet in the United States. *See* Petitioner's September 12, 2017, Rebuttal Factual Information at Attachment 1. Additionally, we referred this issue to CBP for investigation for potential misreporting at the border.

original questionnaire responses, presentations at verification, and subsequent submissions after verification were patently false. Because accurate and truthful recordkeeping is fundamental to a respondent's ability to support its separate rate claim, we found that Zhaofeng was not eligible for a separate rate as a result of this administrative review.[14]

On December 27, 2018, the Court remanded to Commerce its *Final Results*, instructing Commerce to issue a redetermination on the issue of Zhaofeng's separate rate, consistent with the Court's opinion in *Zhaofeng Mechanical*.

## III. ANALYSIS

Pursuant to *Zhaofeng Mechanical*, we are granting Zhaofeng a separate rate in these final results of redetermination, because Zhaofeng provided information that, if presumed credible, satisfies the *de jure* and *de facto* criteria to obtain a separate rate.[15] However, because it failed to cooperate to the best of its ability, in accordance with sections 776(a) and (b) of the Act, we determine that the use of AFA is appropriate in determining Zhaofeng's weighted-average dumping margin. Therefore, for the reasons discussed below, we are assigning a weighted-average dumping margin of 92.84 percent to Zhaofeng, as AFA.

### Use of Facts Available

Sections 776(a)(1) and (2) of the Act provide that if necessary information is not available on the record or if an interested party: (A) withholds information requested by Commerce; (B) fails to provide such information by the deadlines for submission of the information, or in the form and manner requested, subject to subsections (c)(1) and (e) of section

[14] In non-market economy (NME) countries, Commerce uses a respondent's books and records to support its claimed independence; thus, these books and records are tied to the documentation regarding separate rate eligibility. As noted above, we have no confidence that Zhaofeng's accounting records reviewed at verification are reliable, given that information from CBP received after verification calls these records into question. *See Final Results*, and accompanying Issues and Decision Memorandum (IDM) at Comment 1.

[15] *See Preliminary Results*, and accompanying PDM at 10-11.

782 of the Act; (C) significantly impedes a proceeding; or (D) provides such information but the information cannot be verified as provided in section 782(i) of the Act, Commerce shall, subject to section 782(d) of the Act, use facts otherwise available in reaching the applicable determination. Section 782(c)(1) of the Act states that if an interested party, "promptly after receiving a request from {Commerce} for information, notifies {Commerce} that such party is unable to submit the information requested in the requested form and manner," then Commerce shall consider the ability of the interested party and may modify the requirements to avoid imposing an unreasonable burden on that party. Section 782(e) of the Act states further that Commerce shall not decline to consider submitted information if all of the following requirements are met: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

As explained above, and in the *Final Results*,[16] after verification, Commerce obtained information from CBP which leaves the only logical conclusion that Zhaofeng falsified its books and records and failed to report a significant quantity of U.S. sales. Specifically, record information showed significant discrepancies between the reconciliation worksheet that Zhaofeng provided at verification and an entry package obtained from CBP for the same invoice.[17] According to the verification documents, the invoice referenced in the IDM contained

[16] *See Final Results*, and accompanying IDM at Comment 1.
[17] *See* Zhaofeng verification exhibit 9; *see also* Memorandum, "2015-2016 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Entry Documents Placed on the Record, Opportunity to Submit Rebuttal Factual Information, and Final Date for Rebuttal Brief," dated September 7, 2017 (Commerce's September 7, 2017 Memorandum Placing CBP Entry Documents onto the Record).

[ ] product codes (all subject merchandise), totaling [ ] pieces and $[ ]. The same invoice from CBP contained [ ] more product codes (none subject merchandise), [ ] more pieces,[18] and the same $[ ] total. The invoice numbers match, the customer name matches, and the total values tie exactly.[19] Based upon the stark discrepancy in these documents for the same sale, Commerce is left to conclude that Zhaofeng purposefully misled Commerce in its responses and at verification, and that there are likely many other examples of manipulated invoices that were not discovered due to Zhaofeng's efforts to hide them; thus, the entirety of Zhaofeng's sales data is rendered unreliable. Further, although the discovered discrepancy was only for a single sale, it was of a significant quantity and value, relative to Zhaofeng's reported sales of subject merchandise,[20] and the invoice at question was for a different customer than the customer with which Zhaofeng reported it made all other subject sales; this fact calls into question Zhaofeng's entire narrative regarding its reported U.S. sales data and U.S. sales practices.[21] Further, it has been long-recognized by the courts that verification is a spot check and is not intended to be an exhaustive examination of the respondent's business.[22] The information reviewed at verification, including where the issues were noted (*i.e.*, verification

[18] All product codes differ between the two, with no single overlap in quantity, value, or model number.
[19] *See* Final Analysis Memorandum at Attachment I for a complete side-by-side analysis of the invoice supplied by CBP and the sales verification reconciliation exhibit provided by Zhaofeng, for the same invoice.
[20] *See Preliminary Results*, and accompanying PDM at 14 ("In this case, the sales at issue represent approximately eight percent of Zhaofeng's sales during a particular month, and potentially greater than 20 percent of its U.S. sales, overall."); Zhaofeng verification exhibit 9; and Memorandum to the File, "Calculations for Zhejiang Zhaofeng Mechanical and Electronic Co., Ltd. for the Preliminary Results," dated June 29, 2017 (Zhaofeng Prelim Calc Memo). If extrapolated across 12 months, the unreported $[ ] becomes a missing value of $[ ] (*i.e.*, [ ] * 12 = [ ]), or 24.1 percent of total reported U.S. sales of subject merchandise for the entire POR of $[ ].
[21] *See* Zhaofeng Verification Report at 10. Zhaofeng stated that its only U.S. customer of subject merchandise was [ ]; the invoice at question was to [ ], a company that Zhaofeng did not previously disclose that it sold subject merchandise to.
[22] *See Monsanto Co. v. United States*, 12 CIT 937, 944, 698 F. Supp. 275, 281 (1988), cited in *Micron Technology, Inc. v. United States*, 117 F.3d 1386 (CAFC 1997).

exhibit 9), was only from a single month of the 12-month POR. Thus, it is reasonable to extrapolate the failure, or error, across the other 11 months of the POR.

Given the foregoing, in accordance with section 776(a)(2)(A)-(B) of the Act, we find that Zhaofeng withheld information from Commerce and failed to provide information in the form and manner requested, by failing to report a significant quantity of its U.S. sales.[23] Further, in accordance with section 776(a)(2)(C) of the Act, we find that Zhaofeng significantly impeded the proceeding by withholding sales information and misleading Commerce at verification, and then by providing additional false information to dismiss the inconsistencies found subsequent to verification.[24]

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

Section 776(b) of the Act provides that, if Commerce finds that an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information, Commerce may use an inference adverse to the interests of that party in selecting the facts otherwise available. In applying adverse inferences, Commerce is not required to determine, or make any adjustments to, a weighted-average dumping margin based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information.[25] Likewise, Commerce is not required to estimate what the dumping margin would have been if the interested party had cooperated, and is not required to demonstrate that the adverse facts chosen reflect an alleged commercial reality of the interested party.[26] In addition, the SAA explains that Commerce may employ an adverse inference "to ensure that the party does not obtain a more favorable result by failing to cooperate

[23] *Id.*; *see also Final Results*, and accompanying IDM at Comment 1.
[24] *See Final Results*, and accompanying IDM at Comment 1.
[25] *See* section 776(b)(1)(B) of the Act.
[26] *See* section 776(d)(3)(A)-(B) of the Act.

than if it had cooperated fully."[27] Furthermore, affirmative evidence of bad faith on the part of a respondent is not required before Commerce may make an adverse inference in selecting from the facts available.[28]

We find that Zhaofeng did not act to the best of its ability to comply on multiple occasions with Commerce's request for information. We find, as we did in the *Final Results*,[29] that the record evidence shows that Zhaofeng knowingly supplied inaccurate information and attempted to mislead Commerce both in its questionnaire responses, at verification, and again subsequent to verification, when Zhaofeng failed to provide a plausible explanation for the gross inconsistencies between the verification reconciliation exhibit and the invoice obtained from CBP. Therefore, we determine that Zhaofeng failed to cooperate to the best of its ability in providing the information necessary for Commerce to calculate an accurate weighted-average dumping margin.[30] Accordingly, we find that the application of facts available with an adverse inference, pursuant to section 776(b) of the Act, is warranted.[31]

**Selection and Corroboration of Adverse Facts Available Rate**

Section 776(b) of the Act states that Commerce, when employing an adverse inference, may rely upon information derived from the petition, the final determination from the less-than-fair-value investigation, a previous administrative review, or any other information

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[27] *See* Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol 1 (1994) (SAA) at 870; *see also Certain Polyester Staple Fiber from Korea: Final Results of the 2005-2006 Antidumping Duty Administrative Review*, 72 FR 69663, 69664 (December 10, 2007).

[28] *See, e.g.*, *Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382-83 (Fed. Cir. 2003); *Notice of Final Determination of Sales at Less Than Fair Value: Circular Seamless Stainless Steel Hollow Products from Japan*, 65 FR 42985 (July 12, 2000); and *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27295, 27340 (May 19, 1997).

[29] *See Final Results*, and accompanying IDM at Comment 1.

[30] *See, e.g., Ta Chen Stainless Steel Pipe v. United States,* Slip Op. 00-107 (CIT 2000) (citing *Tianjin Machinery Import & Export Corp. v. United States*, 16 CIT 931, 936, 806 F. Supp. 1008, 1015 (1992); and *Chinsung Indus. Co. v. United States*, 13 CIT 103, 705 F.Supp. 598 (1989) ("the burden of creating an accurate record rests with the respondent, not the United States Department of Commerce.")).

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

placed on the record.[32] In selecting a rate based on AFA, Commerce selects a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated.[33]

As AFA, we are assigning Zhaofeng a weighted-average dumping margin of 92.84 percent, which is the AFA rate that we previously assigned to non-cooperative respondents in a prior completed segment of this proceeding. Specifically, Commerce assigned the China-wide entity (including Yantai Timken Company Limited) a weighted-average dumping margin of 92.84 percent in the June 1, 2006, through May 31, 2007 review of this proceeding.[34]

Section 776(c) of the Act provides that where Commerce relies on secondary information, rather than information obtained during the course of a review, it must corroborate that information using independent sources that are reasonably at its disposal. However, section 776(c) also states that Commerce shall not be required to corroborate a dumping margin applied as AFA in a separate segment of the same proceeding. Because we are applying, as the AFA rate, a dumping margin applied in a prior segment of this proceeding, it is unnecessary to corroborate this rate, pursuant to section 776(c)(2) of the Act.

## IV. INTERESTED PARTY COMMENTS

On March 6, 2018, Commerce released the draft results of redetermination to all interested parties, and we invited interested parties to comment.[35] Zhaofeng and the petitioner

[32] *See also* 19 CFR 351.308(c).
[33] *See* SAA at 870.
[34] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review* 74 FR 3987 (January 22, 2009) at 3988-3989.
[35] *See* "Draft Results of Redetermination Pursuant to Court Remand; Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China; *Zhejiang Zhaofeng Mechanical and Electronic Co., Ltd., v. United States*, Court No. 18-00004, Slip. Op. 18-182 (CIT December 27, 2018)," released on March 6, 2018 (Draft Redetermination).

filed timely comments on March 13, 2018.[36] After considering the parties' comments, we continue to reach the same conclusions in these final results of redetermination. We address these comments below.

**Comment 1: Whether the Record Supports a Finding that Zhaofeng's Separate Rate Claim is Credible**

The petitioner argues that the Court did not instruct Commerce to presume that Zhaofeng's representations regarding its qualification for a separate rate were credible and that, in fact, the record does not support a finding that Zhaofeng's claim to a separate rate is credible. The petitioner points to Commerce's finding regarding significant differences between the CBP entry documents and the documentation provided at verification.[37] Further, the petitioner asserts that, for the purposes of its separate rate analysis, Commerce examined various sales documents contained in verification exhibits 8 and 11 to determine: 1) whether there was government involvement in the negotiation process; and 2) whether Zhaofeng coordinated selling and pricing activities with other exporters.[38] Thus, the petitioner contends that Commerce's finding here – that Zhaofeng altered its U.S. sales documents in a manner designed to "mislead" – is directly relevant to the company's eligibility for a separate rate, because Commerce relied on these sales documents to determine whether the Chinese government has been involved with setting Zhaofeng's prices.[39] The petitioner claims that, in a logical extension of this finding, Commerce could reasonably presume that Zhaofeng had similarly created the sales documents that showed that it did not coordinate its selling activities. Accordingly, the petitioner urges Commerce to

[36] *See* Petitioner's submission, "Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: The Timken Company's Comments on Draft Results of Redetermination," dated March 13, 2019 (Petitioner's Draft Remand Comments); and Zhaofeng's submission, "Tapered Roller Bearings from People's Republic of China: Comments on Draft Redetermination," dated March 13, 2019 (Zhaofeng's Draft Remand Comments).
[37] *See* Petitioner's Draft Remand Comments at 2-3 (citing *Final Results*, and accompanying IDM at Comment 1).
[38] *Id.* at 3-4 (citing Verification Report at 6).
[39] *Id.* at 4 (citing *Final Results*, and accompanying IDM at Comment 1).

find that Zhaofeng cannot rely on sales documents to demonstrate its *de facto* independence from the Chinese government and that Zhaofeng has failed to demonstrate its entitlement for a separate rate.

Zhaofeng filed comments supporting Commerce's finding in the Draft Redetermination that Zhaofeng was entitled for a separate rate, because it had provided information demonstrating *de jure* and *de facto* independence from the Chinese government. However, Zhaofeng took issue with the assignment of a separate rate based upon total AFA. *See* Comments 2 through 4, below.

Commerce's Position:

The Court found that the analysis of the separate rate criteria is distinct from the analysis of the sales data, which was obtained from Zhaofeng and examined at verification. Because we continue to find that Zhaofeng met the *de jure* separate rates criteria,[40] and because the Court found that we cannot conflate the AFA analysis regarding the sales data with the separate rate analysis, we determine that we must find that Zhaofeng has met the *de facto* criteria for independence from the government and Chinese authorities.[41] Thus, we are granting Zhaofeng a separate rate in this instance.

**Comment 2: Whether the Use of Facts Available Was Supported by Substantial Evidence**

Zhaofeng argues that the record evidence does not support Commerce's conclusion that Zhaofeng falsified its books and records or that Zhaofeng failed to report any U.S. sales of subject merchandise. Zhaofeng further asserts that, because Commerce arbitrarily relied on a flawed reading of the record evidence and failed to account for contrary evidence that disproved

[40] *See Preliminary Results*, and accompanying PDM at 10, unchanged in *Final Results*, and accompanying IDM at Comment 1.

[41] *See Preliminary Results*, and accompanying PDM at 10-11, where Commerce preliminarily determined that Zhaofeng met the *de facto* and *de jure* criteria for independence from the Chinese government, such that it was eligible for a separate rate.

Commerce's conclusions, Commerce's decision to apply facts available was unsupported by substantial evidence. Specifically, Zhaofeng argues that Commerce's total AFA determination is based on an inconsistency involving just one sales invoice, and how that one invoice was reported in a verification sales reconciliation worksheet, which was prepared solely for Commerce, as compared with the information actually reflected on that commercial invoice, as submitted to CBP for U.S. import entry declaration purposes.

Zhaofeng argues that it already admitted that the verification sales reconciliation for this one invoice was in error,[42] as its sales system does not record the model numbers sold as part of the sales records in the normal course of business. Thus, Zhaofeng argues, the sales reconciliation worksheet was a bridge document, not maintained as part of Zhaofeng's regular accounting books and records, and Commerce incorrectly attributed any errors in the model numbers and line item transaction information as proof of Zhaofeng falsifying its books and records. Zhaofeng argues that it is factually inaccurate for Commerce to state that errors in the verification sales reconciliation worksheet are evidence that Zhaofeng falsified its books and records. Indeed, according to Zhaofeng, the only information from Zhaofeng's accounting records that was in the verification sales reconciliation worksheet was accurately reported – the invoice number, customer name, and total invoice sales value. Thus, Commerce cannot point to any information in Zhaofeng's accounting records that were inaccurately reported.

Zhaofeng also argues that Commerce's own findings regarding the CBP information for the single Zhaofeng invoice in dispute contradict a finding that the sale in question was of subject merchandise.[43] Specifically, Zhaofeng points to Commerce's finding that the product codes identified on the commercial invoice from the entry package provided by CBP were all for

[42] *See* Zhaofeng's Draft Remand Comments at 4 (citing Zhaofeng's Case Brief at 3-4).
[43] *Id.* at 6-7 (citing Final Analysis Memorandum).

non-subject products.[44] Zhaofeng asserts that Commerce arbitrarily disregarded its own finding that the Zhaofeng invoice provided by CBP showed only non-subject product codes and, instead, relied on the subject product codes identified in Zhaofeng's verification sales reconciliation worksheet, even though Zhaofeng conceded that its worksheet was in error. Thus, Zhaofeng alleges that Commerce's refusal to consider other record evidence that contradicts Commerce's conclusion was contrary to law.

Commerce's Position:

We continue to determine that the application of total facts available to Zhaofeng with an adverse inference is warranted for the final results of this review. Sections 776(a)(1) and 776(a)(2)(A)-(D) of the Act provide that if necessary information is not available on the record or if an interested party or any other person: (1) withholds information that has been requested by Commerce; (2) fails to provide information within the established deadlines or in the form or manner requested, subject to section 782(c)(1) and section 782(e) of the Act; (3) significantly impedes a proceeding; or (4) provides information but the information cannot be verified, then Commerce shall use, subject to section 782(d) of the Act, facts otherwise available in reaching the applicable determination. Moreover, section 776(b) of the Act provides that, if Commerce finds that an interested party failed to cooperate by not acting to the best of its ability to comply with a request for information, Commerce may use an inference adverse to the interests of that party in selecting the facts otherwise available. In addition, the SAA explains that Commerce may employ an adverse inference "to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."[45]

[44] *Id.* at 7 (citing Final Analysis Memorandum).
[45] *See SAA* at 870*; see also Notice of Final Results of Antidumping Duty Administrative Review: Stainless Steel Bar from India*, 70 FR 54023, 54025-26 (September 13, 2005); *Notice of Final Determination of Sales at Less Than Fair*

In *Nippon Steel*, the U.S. Court of Appeals for the Federal Circuit (CAFC) noted that while the statute does not provide an express definition of the "failure to act to the best of its ability" standard, the ordinary meaning of "best" is "one's maximum effort."[46] Thus, according to the CAFC, the statutory mandate that a respondent act to the "best of its ability" requires the respondent to do the maximum it is able to do. The CAFC indicated that inadequate responses to an agency's inquiries would suffice to find that a respondent did not act to the best of its ability. While the CAFC noted that the "best of its ability" standard does not require perfection, it does not condone inattentiveness, carelessness, or inadequate record keeping.[47] The "best of its ability" standard recognizes that mistakes sometimes occur; however, it requires a respondent to, among other things, "have familiarity with all of the records it maintains," and "conduct prompt, careful, and comprehensive investigations of all relevant records that refer or relate to the imports in question to the full extent of" its ability to do so.[48]

In this case, based upon information obtained at verification and when compared with further information in the form of an entry package from CBP, we continue to find that Zhaofeng willfully misled Commerce throughout the course of the review and continues in its attempt to hide subject sales from Commerce and mislead Commerce. Specifically, in its responses and throughout verification, Zhaofeng stated that it only made sales of subject merchandise to one U.S. customer, [ ].[49] Upon review of verification exhibit 9, Zhaofeng's sales reconciliation, it is apparent, from documents provided by Zhaofeng, that Zhaofeng

*Value and Final Negative Critical Circumstances: Carbon and Certain Alloy Steel Wire Rod from Brazil*, 67 FR 55792, 55794-96 (August 30, 2002).
[46] *See Nippon Steel*, 337 F.3d at 1382-83.
[47] *Id.* at 1382.
[48] *Id.*
[49] *See* Zhaofeng's March 14, 2017, Sections A, C, and D Supplemental Questionnaire Response at 5; *see also* Zhaofeng Verification Report at 10.

sold/exported subject tapered roller bearings to U.S. customer/importer [ ].[50] This sale was not recorded in Zhaofeng's database or documented in its response. Zhaofeng's implausible response to this information was that its accountant made a "clerical error."[51] As we explained above, and in the *Final Results*, there is no way an accountant could have made a clerical error of this nature; it defies explanation as being unintentional in nature, and calls into question the integrity of all of Zhaofeng's responses.[52] Specifically, the invoice in Zhaofeng's verification exhibit 9 contained [ ] product codes (all subject merchandise), totaling [ ] pieces, with a total value of $[ ].[53] The same invoice from CBP contained [ ] product codes (none subject merchandise), [ ] pieces,[54] and the identical $[ ] total. The invoice numbers match, the customer name matches, and the total values tie exactly.[55] That Zhaofeng would have Commerce believe it could have *accidentally* created such disparate records with identical total invoice values – these are not round numbers – defies credulity. Further, Zhaofeng has provided no genuine explanation for how or why the "error" occurred, nor any plausible reason why Commerce should believe that the documents it (*i.e.*, Zhaofeng) had control over and provided at verification are incorrect, and that the CBP document is the "true" version of events. Rather, to Commerce, it appears that the "error" inadvertently disclosed to Commerce an arrangement between Zhaofeng and its U.S. importer, [ ], whereby Zhaofeng issued an invoice for, and [ ] declared entries of, non-subject ball bearings. However, in the case of the verification exhibit, when preparing the reconciliation for

[50] *See* Zhaofeng verification exhibit 9 at pages 71-72.
[51] *See* Zhaofeng's Letter, "Tapered Roller Bearings and Parts Thereof, Finished and Unfinished from the People's Republic of China: Zhaofeng's Rebuttal Brief," dated September 12, 2017 (Zhaofeng September 12, 2017, Rebuttal Factual) at 2.
[52] *See Final Results*, and accompanying IDM at Comment 1.
[53] *See* Zhaofeng verification exhibit 9 at pages 71-72; *see also* Final Analysis Memorandum at Attachment I.
[54] All product codes differ between the two, with no single overlap in quantity, value, or model number.
[55] *See* Final Analysis Memorandum at Attachment I for a complete side-by-side analysis of the invoice supplied by CBP and the sales verification reconciliation exhibit provided by Zhaofeng, for the same invoice.

the month of March 2016, Zhaofeng's accountants neglected to change the subject merchandise actually shipped to match the false invoice supplied to the U.S. importer and CBP. Zhaofeng's lack of explanation beyond admitting to the discrepancy and claiming that it was "clerical" in nature leaves much room for Commerce to interpret what may have actually occurred. Further, as we noted in the *Final Results* IDM, we have referred the issue to CBP for investigation as potential misreporting at the border.[56]

We also disagree with Zhaofeng that, merely because the CBP entry documents show non-subject merchandise, we are unable to make a determination based upon total AFA. Zhaofeng expresses the belief that, because the invoice supplied by CBP does not show subject merchandise, it is somehow exonerated from providing an accurate sales reconciliation and a complete reporting of sales of subject merchandise during the POR. In the *Preliminary Results*, we applied partial AFA for the subject merchandise listed in Zhaofeng's verification exhibit.[57] However, in light of the CBP entry package, Commerce considered the total of Zhaofeng's sales data to be unreliable, due to what appears to be the deliberate submission of pervasively false information.[58] While it is true that there are no other invoices on the record showing misreporting, and all of the invoices reviewed for [ ] match to the database and were without significant discrepancies, Zhaofeng had many sales to [ ] during the POR.[59] Moreover, as we have explained, verification provides merely a spot check of the entirety of a respondent's sales. Inference and extrapolation are, therefore, necessary to AFA determinations, such as that at issue here; the Act itself plainly states that we may use

[56] *See Final Results*, and accompanying IDM at Comment 1.
[57] *See Preliminary Results*, and accompanying PDM at 14-15; *see also* Zhaofeng Prelim Calc Memo at 2 and Attachment II; and Zhaofeng verification exhibit 9 at 71-72.
[58] *See Final Results*, and accompanying IDM at Comment 1.
[59] *See* Zhaofeng verification exhibit 9 at pages 22-47 for all invoices issued in the POR, which show many invoices issued to [ ].

"inferences" that are adverse to the non-cooperating party. We find absurd Zhaofeng's claim that the inconsistencies in its sales reconciliation are a trifling matter, the accuracy of which is not important. While the actual accounting records may be accurate, as Zhaofeng itself points out,[60] the sales reconciliation is the key to linking Zhaofeng's sales of individual bearings to the accounting records. If Zhaofeng's sales reconciliation is inaccurate, incomplete, or otherwise unreliable, that calls into question the entire sales database supplied. Due to Commerce's assessment of Zhaofeng's submissions and its representations to the agency, we do not believe Zhaofeng's sales reconciliation, or supporting exhibits, or the entire sales database, to be accurate or reliable, and therefore a finding based upon total AFA is appropriate.

**Comment 3: Whether the Use of Facts Available Was Contrary to Law**

Zhaofeng argues that Commerce's application of facts available was also contrary to law because, pursuant to 782(d) of the Act, Commerce is required to provide the respondent with notice of the nature of the deficiency and an opportunity to remedy or explain the deficiency. In this case, Zhaofeng argues that Commerce did not provide Zhaofeng, or its counsel, with an opportunity to review the entry package received from CBP for the invoice in dispute, because Commerce's practice is to treat confidential commercial information obtained from CBP as business proprietary information.[61] Thus, although Commerce provided parties an opportunity to comment on the released CBP entry package, because neither Zhaofeng nor its Chinese counsel were permitted to see the CBP entry package, it was a meaningless and non-viable opportunity for Zhaofeng and, thus, failed to satisfy the statutory requirements for AFA, because Zhaofeng did not have an opportunity to remedy or explain the deficiency.

[60] *See* Zhaofeng's Draft Remand Comments at 5 ("{t}he reconciliation worksheet was… a document to bridge sales information from multiple data sources").
[61] *See* Zhaofeng's Draft Remand Comments at 8 (citing Commerce's September 7, 2017 Memorandum Placing CBP Entry Documents onto the Record).

Commerce's Position:

Section 782(d) of the Act provides that, if Commerce determines that a response to a request for information does not comply with the request, Commerce shall promptly inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person an opportunity to remedy or explain the deficiency. If that person submits further information that continues to be unsatisfactory, or the information is not submitted within the applicable time limits, Commerce may, subject to section 782(e) of the Act,[62] disregard all or part of the original and subsequent responses, as appropriate.

As an initial matter, we note that section 782(d) of the Act relates to the submission of information made at Commerce's request, such as responses to questionnaires – not to issues examined at verification, because the purpose of verification is only to confirm that the data reviewed at verification comports with the data submitted in a company's questionnaire responses. Further, section 782(d) of the Act does not apply to information Commerce obtains on its own, such as the entry package we obtained from CBP in this case. In this case, Commerce analyzed Zhaofeng's questionnaire responses and issued multiple supplemental questionnaires.[63] Thus, we fully complied with the Act.

Section 782(d) of the Act does not relate to deficiencies identified for the first time at, or as a result of, verification. Commerce's practice, when we identify deficiencies at, or as a result

[62] Section 782(e) of the Act states that Commerce shall not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all the applicable requirements established by the administering authority if: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

[63] *See* Commerce's Supplemental Section A Questionnaire, dated January 10, 2017, and Zhaofeng's response, dated January 26, 2017; Commerce's Supplemental Sections A, C, and D Questionnaire, dated February 14, 2017, and Zhaofeng's response, dated March 14, 2017; and Commerce's Second Supplemental Section D Questionnaire, dated April 12, 2017, and Zhaofeng's response, dated April 19, 2017.

of, verification is to note them in the written verification report and act on them appropriately. Appropriate action does not include issuing another supplemental questionnaire.[64] However, this case differs from the "typical" case noted above (*i.e.*, major verification deficiencies) because we did not notice the discrepancies at verification. Rather, the petitioners alerted Commerce to their existence after the fact,[65] and we took the deficiencies into account in our *Preliminary Results* by applying partial AFA to Zhaofeng.[66]

In its case brief, Zhaofeng indicated that it had been in contact with the U.S. importer for the documents in question, and had obtained a copy of the CBP 7501 form, which would show no imports of subject merchandise;[67] thus, by obtaining the entry documents from CBP, Commerce would be able to collect the information from a reliable third party and any issues with the reconciliation would be cleared up. The record was closed at that point, but there was an outstanding factual question, and obtaining the entry package was not an unreasonable way to proceed, given that we had sufficient time remaining in the review. Accordingly, at Zhaofeng's urging, Commerce suspended the briefing schedule and solicited the entry package from CBP.[68] When Commerce placed this new factual information (*i.e.*, the CBP entry package for the invoice at question) on the record, Commerce took the additional step of affording parties an opportunity to provide rebuttal factual information, pursuant to 19 CFR 351.301(c)(4), and

[64] If the deficiencies are minor, we may accept correcting information at verification. If the deficiencies are major, we do not; and, as such, we may reach a determination on the basis of facts available under 776(a)(2)(D) of the Act. The deficiencies here are major. Here, Zhaofeng submitted unverifiable data, so facts available is appropriate under 776(a) of the Act. Further, Zhaofeng mislead Commerce, *i.e.*, a failure to cooperate, so AFA is appropriate under 776(b) of the Act.
[65] *See* Petitioner's Pre-Prelim Comments.
[66] *See Preliminary Results*, and accompanying PDM at 14-15; *see also* Zhaofeng Prelim Calc Memo at 2 and Attachment II and Zhaofeng verification exhibit 9 at pages 71-72.
[67] *See* Zhaofeng's Case Brief at 3-6.
[68] *See* Memorandum to the File, "Partial Delay of Rebuttal Briefs in the 29th Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished (TRBs), from the People's Republic of China," dated August 8, 2017.

resumed the briefing schedule for rebuttal briefs on the issue.[69] Commerce's placement of this new factual information on the record does not trigger section 782(d) of the Act. By its very terms, section 782(d) of the Act applies only to requests for information, not to information placed on the record by Commerce. In any event, the fact that Commerce allowed Zhaofeng to comment and provide rebuttal information to this new factual information satisfied the same interests that are protected by section 782(d) of the Act, *i.e.*, the interests of a respondent in submitting factual information, explaining its submissions, and defending itself on the record.

Zhaofeng availed itself of the opportunity to provide rebuttal factual information and comments on the CBP entry package, including a revised sales reconciliation.[70] However, we found that Zhaofeng's explanation raised more questions than it answered – and that its explanation was not plausible.[71] In light of Zhaofeng's implausible answer, we changed our partial AFA determination and denied Zhaofeng a separate rate for in the *Final Results*.[72]

We disagree that we have denied Zhaofeng due process under the law. Zhaofeng argues that it could not adequately rebut any alleged discrepancy in its submissions, because it could not see the information which needed rebutting. However, Zhaofeng itself told us that it had been in contact with the importer and had obtained a copy of the CBP 7501 form from the importer.[73] Further, we could not provide the entry package to Zhaofeng under our rules for treatment of

[69] *See* Commerce's September 7, 2017 Memorandum Placing CBP Entry Documents onto the Record.
[70] *See* Zhaofeng September 12, 2017, Rebuttal Factual.
[71] *See Final Results*, and accompanying IDM at Comment 1: "Zhaofeng failed to provide a plausible explanation for the discrepancies, and its insistence that Commerce accept the proffered one raises doubts about its entire sales response. Zhaofeng would have Commerce believe that: 1) Zhaofeng initially prepared a worksheet with fewer than half of the line items and almost half of the quantity shown on the invoice in the entry documents; and 2) it is appropriate to alter that worksheet, under the guise of correcting a clerical error, to match the products shown on the entry invoice…"
[72] *See Final Results* at 83 FR 1238, 1239: "… based upon information obtained from {CBP}, we have determined that Zhaofeng's submitted information is unreliable in its entirety. Thus, we find that this information cannot serve as a basis for reaching a determination in this review. As a result, we find that Zhaofeng was unable to support its separate rates claim, and we find Zhaofeng to be a part of the China-wide entity."
[73] *See* Zhaofeng's Case Brief at 3-6.

proprietary information received from CBP. Specifically, we explained the following in our memorandum when we released the proprietary entry package:

> The information contained in the Attachment to this memorandum is confidential commercial information, exempt from disclosure under the Freedom of Information Act and prohibited from disclosure by the Trade Secrets Act. CBP has furnished the confidential commercial information to {Commerce} for use in the administrative review listed above. It is {Commerce's} practice to treat confidential commercial information obtained from CBP as business proprietary information (BPI). Moreover, pursuant to section 771(18)(E) of {the Act}, {Commerce} protects BPI obtained from CBP from public disclosure in accordance with section 777 of the Act. Thus, {Commerce} will not release such information, except under an administrative protective order, even to the exporters of the merchandise which is the source of the BPI.[74]

Zhaofeng made the decision to hire counsel with no ability to see BPI.[75] Zhaofeng knew this from the beginning, and it cannot now hide behind this decision. Additionally, as noted above, Zhaofeng had been in contact with the U.S. importer and stated that it had obtained the CBP 7501 entry form and, thus, did have access to the same BPI data as that contained in the CBP entry package.[76] Zhaofeng also did not raise any objections to the entry package being released as a proprietary document when it submitted rebuttal factual information.[77]

In essence, Zhaofeng's argument is that Commerce, at or after verification, must give it an opportunity to resubmit information demonstrated to be false or worse, that it can actively mislead Commerce and, if caught, under the Act, Commerce is required to give it a chance to "correct" false information. That is not how Commerce conducts its proceedings. If a company lies to Commerce, it will receive a rate based upon total AFA; that is fully consistent with section 776 of the Act.

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[74] *See* Commerce's September 7, 2017 Memorandum Placing CBP Entry Documents onto the Record.
[75] Proprietary information received from CBP may only be released under Administrative Protective Order (APO). *See* the August 11, 2016, APO covering this segment of the proceeding. Under APO rules, an attorney must have sufficient dealings before the International Trade Administration (ITA) in order to be sanctionable. In most instances, ITA does not grant APO access to foreign attorneys.
[76] *See* Zhaofeng's Case Brief at 3-6.
[77] *See* Zhaofeng September 12, 2017, Rebuttal Factual.

**Comment 4: Whether the Application of Adverse Inferences Was Contrary to Law**

Zhaofeng argues that Commerce mischaracterizes Zhaofeng's alleged misconduct as "multiple."[78] To the contrary, Zhaofeng argues that the record only shows a single alleged discrepancy involving one invoice, and that Commerce has inaccurately conflated Zhaofeng's attempts to explain the discrepancy between the verification sales reconciliation worksheet and the actual invoice as multiple instances of misleading Commerce. Rather, Zhaofeng was merely trying to explain why its verification worksheet was incorrect and Commerce should look to the actual invoice to prove that Zhaofeng correctly treated the invoice as sales of non-subject imports.

Zhaofeng argues that the application of adverse inferences is also inappropriate because Commerce failed to address the significance of the discrepancy that was the basis for the application of facts available and that Commerce must consider not merely whether the respondent benefited, but the extent of that benefit.[79] In this case, Commerce has made no effort to evaluate the extent of any benefit Zhaofeng may have received from the alleged discrepancy. Further, Zhaofeng argues that, because Commerce found the CBP entry package to show only model numbers for non-subject merchandise, there is no basis for Commerce to conclude that Zhaofeng either failed to report any sales of subject merchandise to the United States or gained any benefit from not reporting the sale at issue.

Zhaofeng also argues that Commerce does not address that only a single invoice was called into question, out of over 400 invoices issued by Zhaofeng during the POR, and that

[78] *See* Zhaofeng's Draft Remand Comments at 9 (citing Draft Redetermination at 8).
[79] *See* Zhaofeng's Draft Remand Comments at 10 (citing *Nippon Steel Corp. v. United States*, 146 F. Supp.2d 835, 843 (CIT 2001) (citing the SAA at 870); and *Essar Steel Ltd. v. United States*, 678 F.3d 1268, 1276 (CAFC 2012)).

Commerce did not note any discrepancies with the other invoices viewed at verification.[80] Zhaofeng asserts that Commerce's conclusion that Zhaofeng falsified its books and records is contradicted by the record evidence, which shows that Zhaofeng's books and records, in the normal course of business, do not include information regarding model numbers or line-item transactions. In sum, Zhaofeng argues that Commerce does not even meet the requirements for the application of neutral facts available, and that Commerce's application of total AFA for the discrepancy in one invoice is unreasonable, disproportionate, punitive, unlawful, and unsupported by substantial evidence.

Commerce's Position:

As an initial matter, the discrepancy is not "alleged," as Zhaofeng argues under this comment, but is an actual discrepancy that Zhaofeng has admitted to, both in its case brief and its comments on the draft remand.[81] Zhaofeng has also attempted to explain the discrepancy. However, Zhaofeng's attempts at providing an explanation that a reasonable mind can accept are inadequate. In fact, Zhaofeng has merely explained that the discrepancy was a result of "clerical errors,"[82] and were "incorrectly input by Zhaofeng's accountant,"[83] without offering any explanation as to how a clerical error of such proportions and precision was possible without a willful intent to mislead or falsify records. *See* discussion above, regarding the precise nature of the errors.

Commerce has found multiple discrepancies in Zhaofeng's reporting, albeit involving issues observed with one invoice in Zhaofeng's sales reconciliation. As we detailed above, the

[80] *See* Zhaofeng's Draft Remand Comments at 11 (citing Verification Report at 11-12 and verification exhibits 8, 10, and 11).
[81] *See* Zhaofeng's Case Brief at 3-4; *see also* Zhaofeng's Draft Remand Comments at 7 ("Zhaofeng fully conceded that its worksheet was in error").
[82] *See* Zhaofeng September 12, 2017, Rebuttal Factual at 2.
[83] *See* Zhaofeng's Case Brief at 3-4.

issues involve: (1) a previously unnamed U.S. customer for subject merchandise; (2) an invoice, in the sales reconciliation, listing [ ] previously unreported pieces of subject merchandise; (3) a wholly incorrect sales reconciliation on a piece basis; (4) the potential that multiple sales made to [ ] may have been unreported; and (5) totally unfounded exhortations from Zhaofeng, in its case brief, that the entry documents would exonerate it, when, in fact, the CBP entry documents cast a pall upon the entirety of Zhaofeng's submissions. Thus, we disagree that there was a single issue, since the misconduct appears to have been pervasive and because there were multiple observable factual points in the record implicated by the single invoice.

Zhaofeng also argues that Commerce has not appropriately evaluated the benefit it may have received from the discrepancy. This is wrong. First, the determination of whether or not total AFA is appropriate is not based upon an analysis of "benefit" received but, rather, of how pervasive the issues are and whether an appropriate correction is available or whether the company has somehow failed in entirety. As explained above, Commerce finds that the evidence available points to a larger and concerted effort, on the part of Zhaofeng, to mislead Commerce and conceal multiple sales of subject merchandise. That only a single instance of this came to light, after the petitioner reviewed the verification exhibits, does not detract from this conclusion. In *Koehler*, the CAFC found that a similar type of misconduct to what Zhaofeng engaged in here is far from the cooperation the standard demands.[84] Further, in *Koehler*, the CAFC upheld Commerce's application of total AFA, citing to *Ad Hoc Shrimp*, where the Court similarly held that the "respondent's credibility was impeach{ed} . . . as a consequence of evidence reasonably indicating that {the respondent} deliberately withheld and misrepresented information, and these

[84] *See Papierfabrik August Koehler SE v. United States*, 843 F.3d 1373, 1379 (CAFC 2016) (*Koehler*) (citing *Nippon Steel*, 337 F.3d at 1382).

misrepresentations may reasonably be inferred to pervade the data in the record beyond that which Commerce has positively confirmed as misrepresented."[85] Likewise, we find here that the credibility of the entirety of Zhaofeng's U.S. sales data was impeached by the data observed in verification exhibit 9 and Zhaofeng's further statements regarding the nature of the error. That we found no indication of errors in the other examined data (*e.g.*, for the sales made to [ ]) does not undermine our finding of errors, intentional or otherwise, with regards to the data presented by Zhaofeng in its sales reconciliation. As we have explained, verification provides merely a spot check of the entirety of a respondent's sales. Inference and extrapolation are, therefore, necessary to AFA determinations such as that at issue here.

## V. FINAL RESULTS OF REDETERMINATION

Consistent with the Court's opinion in *Zhaofeng Machinery*, we are finding that Zhaofeng is eligible for a separate rate. As the separate rate, we are assigning Zhaofeng a weighted-average dumping margin, based on AFA, of 92.84 percent.

4/25/2019

X 

Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

[85] *See Koehler* (internal citations omitted) (citing *Ad Hoc Shrimp Trade Action Comm. v. United States*, 992 F. Supp. 2d 1285, 1293 (CIT 2014), upheld by the CAFC in *Ad Hoc Shrimp Trade Action Comm. v. United States*, 802 F.3d 1339 (CAFC 2015)).