

January 11, 2011

MEMORANDUM TO: Ronald K. Lorentzen
Deputy Assistant Secretary
for Import Administration

FROM: Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Tapered Roller Bearings from the People's Republic of China:
Issues and Decision Memorandum for the Final Results of the
2008-2009 Administrative Review

SUMMARY:

We have analyzed the case briefs and rebuttal briefs submitted by Petitioner, PBCD, SKF, and New Torch in the 2008-2009 administrative review of the antidumping duty order on TRBs from the PRC. As a result of our analysis, we have made changes to the *Preliminary Results*.

We recommend that you approve the positions described in the "Discussion of the Issues" section of this Issues and Decision Memorandum. Below is the complete list of the issues in this antidumping duty administrative review for which we received comments.

Case Issues:

- Comment 1: Whether to Apply Partial Facts Available to New Torch's Sales of Wheel Hub Units
- Comment 2: Treatment of Domestic Inland Freight
- Comment 3: Treatment of Brokerage and Handling
- Comment 4: Entered Value Calculation
- Comment 5: Correcting For Alleged Distortions Associated with a Three-Month Production Period
- Comment 6: Country of Origin
- Comment 7: Importer-Specific Assessment Rates
- Comment 8: Valuation of Acquired Inventory
- Comment 9: Which U.S. Sales Database to Use
- Comment 10: Calculation of Further Processing Costs
- Comment 11: Corrections to Entered Value
- Comment 12: Correction of Duty Amount
- Comment 13: Treatment of Certain Steel Inputs in PBCD/CPZ's Normal Value

- Comment 14: Valuation of Steel Bar
Comment 14A: Market Economy Inputs
Comment 14B: Surrogate Value
- Comment 15: Surrogate Value for Steel Rod
 Comment 16: Adjustments to Financial Ratio
 Comment 17: Wages

List Of Abbreviations And Acronyms Used In This Memorandum:

Acronym/Abbreviation	Full Name
Act or Statute	Tariff Act of 1930, as amended
AD	Antidumping
AD/CVD	Antidumping and Countervailing Duty
AFA	Adverse Facts Available
AR	Administrative Review
AUV(s)	Average Unit Value(s)
CEP	Constructed Export Price
CFR	Code of Federal Regulations
CIT or Court	U.S. Court of International Trade
COM	Cost of Manufacture
COP	Cost of Production
CPI	Consumer Price Index
Customs or CBP	U.S. Customs and Border Protection
CVD	Countervailing Duty
Department	Department of Commerce
EP	Export Price
FOP(s)	Factor(s) of Production
GNI	Gross National Income
GTA	Global Trade Atlas® Online
HTS	Harmonized Tariff System
IDM	Issues and Decision Memorandum
ILO	International Labour Organization
ISIC	International Standard Industry Classification
ITC	U.S. International Trade Commission
ME	Market Economy
MLE	Materials, Labor, and Energy
MPA	Master Purchase Agreement
New Torch	Hubei New Torch Science & Technology Company Co., Ltd.
NME	Non-Market Economy
NV	Normal Value
PBCD	Spungen-owned Peer Bearing Company, Ltd. – Changshan and Spungen-owned Peer Bearing Company (collectively) ¹

¹ On September 11, 2009, two and a half months into the POR, the Spungen-owned Peer Bearing Company, Ltd. – Changshan (“PBCD/CPZ”), sole respondent in the prior 2007-2008 POR, and its Illinois-based U.S. sales

List Of Abbreviations And Acronyms Used In This Memorandum:

Acronym/Abbreviation	Full Name
PBCD/CPZ	Spungen-owned Peer Bearing Company Ltd.– Changshan (see footnote 1)
PBCD/Peer	Spungen-owned Peer Bearing Company Ltd.– Illinois (see footnote 1)
Petitioner	The Timken Company
POR	Period of Review
PRC	People’s Republic of China
PUDD	Potential Uncollected Dumping Duties
SG&A	Selling, General, and Administrative Expenses
SKF	SKF-owned Changshan Peer Bearing Company and SKF-owned Peer Bearing Company (collectively) (see footnote 1)
SKF/CPZ	SKF-owned Changshan Peer Bearing Company (see footnote 1)
SKF/Peer	SKF-owned Peer Bearing Company (see footnote 1)
SV	Surrogate Value
TRBs	Tapered Roller Bearings
WTA	World Trade Atlas® Online

Background:

The merchandise covered by the order is tapered roller bearings, as described in the “Scope of the Order” section of the *Preliminary Results*. The POR is June 1, 2008, through May 31, 2009. In accordance with 19 CFR 351.309(c)(ii), we invited parties to comment on our *Preliminary Results*. Between October 1 and October 4, 2010, Petitioner, PBCD, and New Torch submitted their case briefs, and between October 12 and October 13, 2010, Petitioner, PBCD, New Torch, and SKF submitted their rebuttal briefs. On November 4, 2010, the Department requested that SKF strike new factual information contained in SKF’s rebuttal brief. On November 8, 2010, SKF resubmitted its redacted rebuttal brief.

The Department released industry-specific wage rate information on October 26, 2010, and solicited new factual information from parties, as well as comments on the Department’s intended use of industry-specific wage data. On November 1 and November 2, 2010, SKF and Petitioner submitted new factual information regarding the wage rate. Petitioner and SKF submitted addenda to their case briefs with respect to the wage rate on November 9, 2010, and addenda to their rebuttal briefs with respect to the wage rate on November 15, 2010.

affiliate, Peer Bearing Company (“PBCD/Peer”) (collectively, “PBCD”), were each purchased by certain SKF companies. For our *Preliminary Results*, we determined that the post-acquisition companies were not the successor-in-interest to the pre-acquisition respondent and, thus, legally distinct entities for the purposes of this antidumping review. As such, the post-acquisition respondent is referred to as the SKF-owned Changshan Peer Bearing Company, Ltd. (“SKF/CPZ”) and its Illinois-based affiliate, Peer Bearing Company (“SKF/Peer”) (collectively “SKF”). For the purpose of generally referencing the physical facilities in question during the POR in its entirety, without consideration of ownership, the Changshan-based TRB production facility is referred to as “CPZ” and the Illinois-based U.S. sales affiliate is referred to as “Peer.”

DISCUSSION OF THE ISSUES

Comment 1: Whether to Apply Partial Facts Available to New Torch's Sales of Wheel Hub Units

- Petitioner argues that the Department should apply partial AFA to New Torch's sales of wheel hub units because New Torch failed to report certain sales of wheel hub units which are subject to the Order.²
- New Torch argues that the Department should not apply partial AFA because New Torch responded to all of the Department's requests for information, and record evidence demonstrates that New Torch's wheel hub units are outside the scope of the Order because they contain steel balls, ball bearings, or needle bearings, not TRBs.³

Department's Position: In the *Preliminary Results*, we explained that the Department would determine in the final results whether New Torch's wheel hub units are covered by the scope of the order on TRBs. After the *Preliminary Results*, we sent New Torch supplemental questionnaires regarding their wheel hub units. Based on New Torch's questionnaire responses, we find that New Torch's wheel hub units are not within the scope of the order because they do not contain TRBs.⁴ See New Torch's Final Analysis Memo for additional information.

For the final results, we have not applied partial AFA to wheel hub units produced and sold to the United States by New Torch during the POR for the reasons explained below. Section 776(a)(1) and (2) of the Act provides that the Department shall apply "facts otherwise available" if necessary information is not on the record or an interested party or any other person (A) withholds information that has been requested, (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (d) of section 782 of the Act, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified as provided by section 782(i) of the Act. Section 776(b) of the Act states that, if the Department 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, the Department may use an inference that is adverse to the interests of that party. We find that New Torch responded to all of the Department's requests for information and cooperated to the best of

² Petitioner cites to the following in support of its argument: *TRBs/PRC Prelim* (July 15, 2010); Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Rep. No. 103-316 (1994); *Brake Rotors/PRC* (January 25, 2006); *Carrier Bags/PRC* (March 19, 2007); §776(a)(2)(A)(C); *Stainless Steel Wire Rods/India* (May 15, 2003); *Gourmet* (CIT 2000); *Reiner* (CIT 2002); *Nippon* (Fed. Cir. 2003); *Heavy Forged Hand Tools/PRC* (September 12, 2002); *DRAM/Korea* (September 23, 1998); *Freshwater Crawfish/PRC* (April 15, 2008); *WBF/PRC* (August 22, 2007); *SRAM/Taiwan* (February 23, 1998); *Rhone Poulenc* (Fed. Cir. 1990); *NSK* (CIT 2004); *Kompass* (CIT 2000); *TRBs/PRC* (January 22, 2009).

³ New Torch cites to the following in support of its argument *AFBs/Germany* (May 3, 1989); *Habas Sinai* (CIT 2009); *Pakfood* (CIT 2010); *Stainless Steel Wire Rod/Korea* (April 12, 2004); *WBF/PRC* February 9, 2009); *DRAM/Korea* (September 23, 1998); *Freshwater Crawfish/PRC* (April 15, 2008); *Heavy Forged Hand Tools/PRC* (September 12, 2002); *F.lli De Cecco Di Filippo* (Fed. Cir. 2000); *Bowe-Passat* (CIT 1993); *ITC Report /TRBs* (June 1987); *Usinor Sacilor* (Fed. Cir. 1999); *SKF* (CIT 2005); *Hebei Metals* (July 19, 2004); *Queen's Flower de Colombia* (CIT 1997); *National Candle Association* (CIT 2005); *Ferro Union* (Fed. Cir. 1999); *Fresh Cut Flowers/Mexico* (February 22, 1996); *Gallant Ocean (Thailand)* (Fed. Cir. 2010); *TRBs/PRC* (January 22, 2009).

⁴ See New Torch's July 26, 2010, submission; see also, New Torch's August 17, 2010, submission.

its ability in this review and, therefore, we determine that the application of partial AFA is not warranted.

Petitioner claims that New Torch failed to act to the best of its ability to provide complete, timely, and accurate reporting of its sales of subject merchandise. Specifically, Petitioner argues that from the start of the proceeding up until the *Preliminary Results*, New Torch impeded the proceeding by misleading the Department to believe that it sold wheel hub units with TRBs during the POR. Petitioner also claims that an adverse inference is warranted because New Torch was less than forthcoming in reporting its U.S. sales of subject merchandise and, consequently, has created an incomplete record that cannot be relied upon for margin calculations. Petitioner cites to *Brake Rotors/PRC* (January 25, 2006) to argue that the totality of the evidence indicates that New Torch failed to cooperate to the best of its ability in providing relevant information and a partial adverse inference is warranted to ensure that New Torch does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.

We disagree with Petitioner. We issued New Torch two supplemental questionnaires after the *Preliminary Results* that addressed its production and U.S. sales of wheel hub units. In addition to a revised U.S. sales and FOP database, we requested that New Torch provide a product list, specification sheets, a list of raw materials used to produce the wheel hub units, and extensive narrative explanations about its wheel hub units.

We find that New Torch consistently explained that its wheel hub units were non-subject merchandise both prior to⁵ and subsequent to the *Preliminary Results*. Specifically, New Torch stated that its auto hubs usually “consist of a steel ball”⁶ and it provided the Department with the requested FOP database, specification sheets, a product list, and a list of raw materials that corroborated New Torch’s explanation that its wheel hub units only incorporated steel balls, ball bearings, and/or needle bearings.⁷ Because New Torch’s narrative responses, FOP databases, technical specifications sheets, and lists of raw materials consistently demonstrated that New Torch’s wheel hub units did not contain TRBs, we disagree with Petitioner’s claim that New Torch misled the Department into believing that New Torch’s wheel hub units contained TRBs and that New Torch’s statements were, therefore, incomplete, untimely, and inaccurate. Because New Torch responded to all of the Department’s requests for information in a timely and complete manner, we disagree with Petitioner’s claim that New Torch did not cooperate to the best of its ability in reporting its U.S. sales, thereby creating an inadequate record that cannot be relied on in order to calculate a margin for New Torch. Rather, the Department finds that New Torch cooperated by responding fully to the Department’s requests for information. Accordingly, the Department has determined that the application of partial AFA is not warranted and, therefore, the cases Petitioner cites for the proposition that partial AFA is warranted because New Torch failed to cooperate to the best of its ability are inapposite.

Petitioner also alleges that evidence it provided and CBP data released by the Department on September 9, 2010, demonstrate that New Torch’s wheel hub units incorporated TRBs and that New Torch did not report its U.S. sales of these wheel hub units to the Department. Petitioner

⁵ See New Torch’s October 30, 2009, submission.

⁶ See New Torch’s, May 5, 2010, submission; see New Torch’s June 17, 2010, submission.

⁷ See New Torch’s July 26, 2010, submission; see New Torch’s August 17, 2010.

argues that relevant to this instant case is the Department's determination in *Freshwater Crawfish/PRC* (April 15, 2008); in that case, the Department concluded that the respondent failed to act to the best of its ability because the Department found that Customs data showed that the respondent had misclassified certain sales as non-subject merchandise when they were in fact, subject merchandise. We disagree. However, due to the proprietary nature of this information, for further discussion, please see New Torch's Final Analysis Memo.

Moreover, Petitioner alleges that partial adverse facts are warranted because CBP import data released by the Department on June 17, 2010, reveal inconsistencies with New Torch's reporting of its U.S. sales. Petitioner relies on *Heavy Forged Hand Tools/PRC* (September 12, 2002) for the proposition that in instances where Customs data reveal important inconsistencies in the respondent's reporting, the Department has concluded that the respondent failed to cooperate to the best of its ability in providing the agency with complete and accurate responses and, as a result, adverse inferences were appropriate. We note that the CBP data released by the Department on June 17, 2010, do not reconcile with New Torch's reported U.S. sales database. However, we disagree with Petitioner's interpretation of the CBP import data released in the Department's June CBP memorandum because Petitioner assumes that CBP entry data for all of New Torch's sales of wheel hub units that entered into the United States during the POR were included in this release of CBP data. The CBP import data that were placed on the record in the Department's June CBP memorandum only included imports of merchandise classified under HTS subheadings that are included in the scope of the Order. However, as noted above, New Torch's wheel hub units would not necessarily all fall within the HTS numbers included within the scope of the Order, since New Torch's wheel hub units do not incorporate TRBs. Therefore, it is likely that the Customs import data released in the Department's June CBP memorandum may not capture the entire universe of New Torch's wheel hub sales. As such, we disagree with Petitioner's argument that based on CBP data released by the Department in June 2010, New Torch's data is inaccurate and that partial AFA is warranted. Accordingly, the Department has determined that the application of partial AFA is not warranted and the cases Petitioner cites for the proposition that partial AFA is warranted because Customs data reveals inconsistencies in New Torch's reporting are again inapposite.

Comment 2: Treatment of Domestic Inland Freight

- Petitioner argues that for the final results, the Department should deduct domestic inland freight from New Torch's U.S. gross unit prices, valued using the appropriate surrogate value.⁸
- New Torch agrees with Petitioner that the Department should deduct domestic inland freight expenses from its U.S. gross unit prices.

Department's Position: We agree with the parties. In the *Preliminary Results*, the Department did not deduct domestic inland freight expenses from New Torch's reported U.S. gross unit prices. For the final results, we have corrected the net U.S. price calculation in our margin calculation in accordance with section 772(c)(2)(A) of the Act, which states that EP shall be reduced by the amount attributable to additional costs, charges and expenses incident to bringing

⁸ Petitioner cites to the following in support of its argument: *Mushrooms/PRC* (April 1, 2009).

subject merchandise from the original place of shipment in the exporting country to the place of delivery in the United States. Specifically, we deducted domestic inland freight from New Torch's U.S. gross unit prices because New Torch explained that it incurred domestic inland freight expenses for the transport of subject merchandise by truck from its factory to the port of export. *See* New Torch's Final Analysis Memo.

Comment 3: Treatment of Brokerage and Handling

- Petitioner argues that while New Torch reported that it did not incur domestic brokerage and handling expenses relating to its U.S. sales of subject merchandise, New Torch would have incurred some charges for loading subject merchandise onto vessels for export to the United States, as required by its reported terms of delivery. Petitioner argues that the Department should adjust U.S. prices for domestic brokerage and handling using facts available.
- New Torch agrees with Petitioner that the Department should deduct domestic brokerage and handling charges.

Department's Position: We agree with the parties. In the *Preliminary Results*, the Department did not deduct domestic brokerage and handling charges because New Torch did not report that it incurred any domestic brokerage and handling expenses for its sales of subject merchandise. However, for the final results, because New Torch would have incurred some charges for loading the subject merchandise onto vessels for export to the United States as a result of its reported terms of delivery, we have adjusted New Torch's U.S. prices for New Torch's domestic brokerage and handling expenses. However, these expenses are not on the record because New Torch did not report the amount of the expenses or whether these were NME or ME expenses. Accordingly, we have deducted domestic brokerage and handling charges from New Torch's reported U.S. prices using facts available (*i.e.*, the surrogate value for PRC brokerage and handling expenses), pursuant to section 776(a)(1) of the Act. *See* New Torch's Final Analysis Memo.

Comment 4: Entered Value Calculation

- Petitioner argues that the Department appears to have made a SAS programming error with respect to New Torch's reported entered values.
- New Torch disagrees with Petitioner's suggested change to New Torch's entered value, and argues that Petitioner's correction would not take into account the quantity of sales. New Torch asserts that the Department should use its standard SAS programming language, which calculates entered value on a per-unit basis, when calculating New Torch's final margin. New Torch contends that the Department should use the same programming language from the *Preliminary Results* to calculate the final margins for New Torch.

Department's Position: We disagree with Petitioner that the Department made a SAS programming error with respect to New Torch's reported entered value; however, we have revised the SAS program to calculate New Torch's entered value on a per-unit basis. Due to the proprietary nature of this issue, please see New Torch's Final Analysis Memo.

Comment 5: Correcting For Alleged Distortions Associated with a Three-Month Production Period

- PBCD requests that the Department apply to PBCD/CPZ's steel FOPs the full POR steel variance for the CPZ factory. PBCD contends that the use of a 12-month variance would normalize the short term factors affecting costs, such as monthly fluctuations in production levels and raw material inventories.⁹
- Petitioner argues that, because the Department has determined that SKF and PBCD are unrelated entities, it cannot rely on SKF's data to any extent to determine PBCD's margin of dumping, nor is there record information to demonstrate that PBCD's reported FOP database is unusable.¹⁰

Department's Position: We agree with Petitioner. For the *Preliminary Results*, the Department determined that the totality of the circumstances demonstrate that SKF/CPZ is not the successor-in-interest to PBCD/CPZ and, as such, the companies are to be treated as separate respondents for the purposes of the instant review.¹¹ No party has challenged the Department's preliminary successor-in-interest determination, and we continue to find that SKF/CPZ is not the successor-in-interest to PBCD/CPZ.

As noted by Petitioner, the Department is required to calculate margins as accurately as possible.¹² In order to do so, a comparison must be made between the sales and FOP data of each respondent. This comparison between reported sales and corresponding FOP data is central to the Department's methodology, as demonstrated by the fact that the respondents are normally requested to report FOP data for each specific supplier or factory which produced the subject merchandise eventually sold in the United States when multiple production sources are involved.¹³

⁹ PBCD cites the following cases in support of its argument: *Lock Washers/PRC* (January 24, 2008) and accompanying IDM at Comment 2, *SSSS/Mexico* (February 9, 2009) and accompanying IDM at Comment 5, *Softwood Lumber/Canada* (December 12, 2005) and accompanying IDM at Comment 18, *Antidumping Methodologies/Cost Changes* (May 9, 2008), *Bethlehem Steel* (CIT 2000), *TRBs/PRC Prelim* (July 7, 2000), *TRBs/PRC* (January 10, 2001) and accompanying IDM at Comment 31, *TRBs/PRC Prelim* (July 10, 1998), *TRBs/PRC Prelim* (July 9, 1997), *TRBs/PRC* (November 17, 1997), and *TRBs/PRC Prelim* (July 8, 1999).

¹⁰ Petitioner cites the following cases in support of its argument: *Softwood Lumber/Canada* (December 12, 2005) and accompanying IDM at Comment 18, *Rhone Poulenc* (Fed. Cir. 1990), *WBF/PRC Prelim* (February 9, 2007), *Ball Bearings/Various* (September 16, 2005) and accompanying IDM at Comment 6.

¹¹ See *Preliminary Results*. See also Memorandum to Wendy Frankel, Director, AD/CVD Operations, Office 8, Import Administration, through Erin Begnal, Program Manager, AD/CVD Operations, Office 8, from Brendan Quinn, International Trade Analyst, AD/CVD Operations, Office 8, entitled "Tapered Roller Bearings from the People's Republic of China: Preliminary Successor-In-Interest Determination," dated July 7, 2010.

¹² See, e.g., *Rhone Poulenc* (Fed. Cir. 1990).

¹³ See, e.g., *WBF/PRC Prelim* (February 9, 2007). We note the Department's usual preference is for a respondent to report the FOP data for the production of subject merchandise during the time period corresponding to the time period in which the sales of subject merchandise were made (*i.e.*, data relating to FOPs consumed in the production of subject merchandise during the strict time constraints of the POR for comparison to sales data relating to the sales made within the strict time constraints of the POR, but not necessarily tied to one another in a direct one-to-one correspondence), and not the FOP data corresponding to the merchandise actually sold during the period (*i.e.*, the production data corresponding to the each piece of subject merchandise sold during the time constraints of the POR).

PBCD correctly points out that Department has stated a preference for full POR AUV prices for surrogate values and annual averages for FOP and NV calculations, because longer term data can smooth out volatility and may be less affected by aberrant data-points. However, we do not agree that this preference applies to the reported company-specific allocations for direct materials used during the POR, even when the respondent in question existed only for portion of the POR. These usage rates are based on the best possible data available (*i.e.*, respondent-specific reported data) and, thus, best reflect the actual production experience of each respondent during the POR. Because the Department determined PBCD and SKF to be separate respondents, PBCD existed only during a three month period of the POR. Therefore, the PBCD-specific FOP data, as reported by PBCD and concurrent with PBCD's ownership during the POR must be considered the best possible information on record for use in calculating PBCD's normal values, consistent with the Department's obligations laid out above. Moreover, because the Department has determined SKF to be a separate entity for the purposes of this review, we agree with Petitioner that it would be inappropriate to mix data from separate, unrelated companies when respondent-specific data covering the POR has been provided.

According to PBCD, this higher steel variance was attributable to both timing issues related to work-in-progress as well as abnormal economic conditions. Neither of these variables should be equated to, for example, an aberrant monthly AUV in a hypothetical GTA dataset used as a surrogate to value a certain input (which, thus, might skew the overall AUV for the surrogate value in a truncated period).¹⁴ On the contrary, these are real production conditions which accurately reflect the ordinary course of business for PBCD/CPZ during the POR. The average variance in the SKF-PBCD combined twelve-month period may well reflect the normal production climate of the CPZ factory over a twelve-month period, but PBCD did not produce subject merchandise at the CPZ factory during that twelve-month period. Instead, PBCD/CPZ produced and sold subject merchandise over a three-month period and, thus, the FOPs from that three-month period best reflect the FOPs of PBCD/CPZ for this review.

¹⁴ As such, we do not find PBCD's reference to *Lock Washers/PRC* (January 24, 2008) to be an appropriate comparison. In that case, the Department determined that HTS data obtained from the WTA (already the Department's preferred source for surrogate values) was more suitable to value the input in question than Joint Plant Committee ("JPC"). In explaining the decision to use one dataset over the other, the Department enumerated several deficiencies in the JPC data when compared to the WTA data, including the fact that the JPC data only included usable price data for two days of the POR compared with a full POR annual average of prices in the WTA data. See *Lock Washers/PRC* (January 24, 2008) and accompanying IDM at Comment 2. The Department's case-specific decision to use a certain surrogate value dataset over another based, in part, on the fact that data from one dataset only contains two days of price points, does not provide comparative insight into the instant issue, where usable company-specific steel consumption data is available for the entirety of PBCD's portion of the POR. For similar reasons, we do not find PBCD's reference to *Bethlehem Steel* (CIT 2000) to be appropriate, as this relates to the Department's preference for annual audited financial statements. Finally, we also disagree with PBCD's comparison of the facts at issue with *Softwood Lumber/Canada* (December 12, 2005). In that case, where one respondent acquired another respondent in the last month of the POR and was found to be the successor-in-interest, the Department found that the margin calculated for the sales of the combined entity only applicable to the final month in the POR was not indicative of future behavior of the company for the purposes of setting the cash deposit rate. As such the Department instead used a weighted average of the individual 11-month margins calculated for each company and the one-month combined margin to determine the prospective cash-deposit rate for the combined company going forward. We do not find that a determination regarding the application of prospective weight-averaged cash deposit rates due to case-specific concerns in a proceeding where a company was determined to be the successor-in-interest to be applicable to the application of steel consumption variances where the respondents involved are determined to be separate entities for antidumping purposes.

Moreover, aside from a reference to poor economic conditions and work-in-progress issues, PBCD provides no concrete evidence to substantiate its contention that the steel variance over this three-month period was aberrational.¹⁵ PBCD notes that the combined PBCD/CPZ and SKF/CPZ twelve month steel variance is consistent with the variance reported in the prior review (where PBCD/CPZ was the sole producer during the entire POR). Although PBCD contends that this reflects a normalization of consumption, it could instead reflect changes to production process and/or efficiencies implemented by the new ownership. The fact remains that, whatever the reason for this higher variance, PBCD's reliance on lower variances from the prior POR as well as SKF's lower variance in its portion of the instant review is insufficient to compel the Department to deviate from its standard practice of matching a respondent's reported sales with its corresponding FOP data during the same period, and there simply is not enough information on the record to demonstrate that the variance in question was not reflective of PBCD/CPZ's experience during the relevant three months of the POR. Moreover, we agree with Petitioner that there is no information to suggest that PBCD's company-specific FOP database is unusable or does not accurately represent the costs incurred to produce the merchandise sold during the relevant three months of the POR.¹⁶ Therefore, in order to most accurately determine PBCD's margin, we must ensure that PBCD's factors consumption corresponds to its U.S. sales made during the period. As such, we will continue to use PBCD's reported three-month FOP database to calculate PBCD's margin for the final results.

Comment 6: Country of Origin

- PBCD argues that the Department was incorrect to include the sales of certain TRBs further processed in a third country in its margin calculations. PBCD asserts that the TRBs in question were substantially transformed in the third country through precision grinding, super-finishing, and assembly, and are of third-country origin, thus, outside the scope of the Order.¹⁷

¹⁵ PBCD notes, as a general matter, that certain data based on a short period might be impacted by aberrant values and that longer-term data might avoid such distortions and cites to the lower variance from the prior POR, combined POR, and SKF-specific POR as evidence that the variance from the PBCD-specific POR is aberrational. However, aside from pointing to the existence of the lower variance, at no point in its argument does PBCD detail why this higher variance is inappropriate or not reflective of PBCD/CPZ's experience during its portion of the POR. PBCD cites to *SSSS/Mexico* (February 9, 2009), where the Department determined that it was appropriate to deviate from the normal annual average cost methodology due to case-specific factors. In that review, however, the Department took great care to explain that any departure from the standard annual methodology would only be considered in cases where significant cost changes could be demonstrated based on abnormal circumstances which might skew the data (*e.g.*, high inflation, rapid technological advancement, or extraordinary raw material cost volatility). See *SSSS/Mexico* (February 9, 2009) and accompanying IDM at Comment 5. In that case, for example, only after careful analysis of extensive evidence demonstrating abnormal cost changes, did the Department determine it appropriate to use an alternative cost methodology. In the instant case, however, PBCD has provided no such evidence, aside from a passing reference to work in progress issues and general economic difficulty.

¹⁶ As such, we disagree with PBCD's citation to various previous segments of this proceeding (*e.g.*, *TRBs/PRC Prelim* (July 7, 2000), *TRBs/PRC Prelim* (July 8, 1999), *TRBs/PRC Prelim* (July 9, 1997)), where the Department applied the utilization rates of one producer to another, as these were partial facts available determinations based on the fact that certain data could not be obtained. In the instant case, PBCD has provided all necessary information onto the record for the Department's review of PBCD, thus, a similar application of facts available would be inappropriate.

¹⁷ PBCD cites the following cases to establish the Department's country of origin criteria: *Pipe Fittings/India* (February 27, 1995), *SSSS/Belgium* (December 14, 2004) and accompanying IDM at Comment 4, and *TRBs/PRC*

- Petitioner asserts that the record demonstrates that the merchandise achieves its essential physical characteristics of size and strength in the PRC, and the operations in the third country serve only to refine their shape and smooth their finish. Petitioner contends that the products are of the same class and kind before and after processing in the third country and, as such, the Department correctly determined this merchandise to be of PRC origin in both *TRBs/PRC* (January 22, 2009) and the *Preliminary Results*, and should continue to do so for the final results.¹⁸

Department’s Position: As in both the *Preliminary Results* and final results of the prior review (*TRBs/PRC* (January 6, 2010)), we continue to find that the totality of the circumstances indicates that the TRB finishing process that took place in a third country during the POR does not constitute a substantial transformation so as to confer a new country of origin on the TRBs for antidumping purposes. Thus, for the final results, we continue to find that the country of origin for these TRBs is the PRC.¹⁹

Because AD orders apply to merchandise from particular countries, not individual producers, determining the country where the merchandise is produced is fundamental to the proper administration and enforcement of the antidumping statute.²⁰ The CIT has stated that “{t}he

(January 6, 2010) and accompanying IDM at Comment 1. PBCD cites the following cases in support of its argument that third-country processing confers origin: *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1 (citing *TTR/Korea* (April 5, 2004)), *Diamond Sawblades/PRC* (May 22, 2006) and accompanying IDM at Comment 3, *SSSS/Belgium* (December 14, 2004) and accompanying IDM at Comment 4, *Microdisks/Japan* (February 10, 1989), Tin Mill Ruling (August 20, 2004), LWS Country of Origin Memo (May 25, 2010), and Customs Rulings HQ 731968 (March 19, 1990) HQ 731969 (March 19, 1990) HQ 562528 (December 10, 2002) and HQ 962350 (May 19, 1999).

¹⁸ Petitioner cites the following cases establishing the country of origin background for the instant case: *TRBs/PRC Prelim* (July 8, 2009) and accompanying 2007-2008 Country of Origin Memo (unchanged in *TRBs/PRC* (January 6, 2010)), and *Cold-Rolled Steel Flat Products/Argentina* (July 9, 1993). Petitioner cites the following cases in support of its “class or kind” argument: *Pipe Fittings/India* (February 27, 1995), *TTR/Korea* (April 5, 2004), *Cold-Rolled Steel Flat Products/Argentina* (July 9, 1993), *EPROMs/Japan* (October 30, 1986), *SSSS/UK* (June 8, 1999), *Stainless Steel Round Wire/Canada* (April 9, 1999), *DRAM/Korea* (November 27, 2002), *DRAM/Japan Prelim* (August 7, 1986), *Hot-Rolled Steel Flat Products/PRC Prelim* (May 3, 2001) (unchanged in final results), *Steel Wire Rod/Canada Prelim* (October 1, 1997), 2007-2008 Country of Origin Memo, and *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1. Petitioner cites the following cases in support of its argument that the physical/chemical properties, essential characteristics, and intended ultimate use of the products in question are not substantially transformed by the third country processing: *TTR/Korea* (April 5, 2004), 2007-2008 Country of Origin Memo, *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1, *Diversified Products* (CIT 1983), *Bearings/Various ITC Report* (August 2006), *SSSS/Belgium* (December 14, 2004) and accompanying IDM at Comment 4, and *Hot-Rolled Steel Flat Products/PRC Prelim* (May 3, 2001) (unchanged in final results). Petitioner cites the following cases in support of its argument that the third country processing is not sufficiently complex or sophisticated to confer country of origin: *Diamond Sawblades/PRC* (May 22, 2006) and accompanying IDM at Comment 3, *SSSS/Belgium* (December 14, 2004) and accompanying IDM at Comment 4, *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1, *Microdisks/Japan* (February 10, 1989), LWS Country of Origin Memo (May 25, 2010), *Cold-Rolled Steel Flat Products/Taiwan* (May 31, 2000) and accompanying IDM at Comment 1. Petitioner cites the following cases in support of its argument that the COP and level of investment in third country processing does not support a finding that the products in question are substantially transformed: *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1, 2007-2008 Country of Origin Memo, *SSSS/Belgium* (December 14, 2004) and accompanying IDM at Comment 4, *TTR/Korea* (April 5, 2004), *SSSS/Taiwan* (February 13, 2006) and accompanying IDM at Comment 10.

¹⁹ See, e.g., *TTR/Korea* (April 5, 2004) at 17648.

²⁰ See section 773(a)(3) of the Act; see also *DuPont* (CIT 1998) at 859.

‘substantial transformation’ rule provides a yardstick for determining whether the processes performed on merchandise in a country are of such significance as to require the resulting merchandise to be considered the product of the country in which the transformation occurred.”²¹

We agree with PBCD that a full analysis of this issue is necessary, based on the established substantial transformation criteria, in the instant review. Therefore, for these final results, we based our analysis on the substantial transformation criteria used by the Department in *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1, in consideration of record evidence and the additional arguments laid out by both PBCD and Petitioner for the instant proceeding. The importance of any one of the factors considered by the Department in the below analysis can vary from case to case depending on the particular circumstances unique to the product at issue. In determining whether substantial transformation has occurred for the purposes of establishing the country of origin for TRBs finished in a third country and exported to the United States, we conducted the following analysis:

A. Class or Kind/Scope: Antidumping orders are issued for “a class or kind of foreign merchandise.”²² In the past, the Department has considered a product exported to the United States as originating in country A when an input from country A is further processed in country B, without any change in the class or kind of merchandise taking place.²³ In *TRBs/PRC* (January 6, 2010), we found that the grinding and finishing processes performed in the third country did not move the product out of the scope or create a product of a new class or kind.²⁴ However, we did not find that this “class or kind” determination was dispositive in determining the TRBs’ country of origin, and instead examined the totality of the circumstances on the record in making our substantial transformation determination.²⁵

For the instant review, we continue to find the merchandise ground and finished in the third country to be of the same class or kind as merchandise covered by the scope of the order, since the language of the scope explicitly includes both finished and unfinished components of TRBs and no party has challenged this “class or kind” determination. Further, we agree with Petitioner that the Department’s ruling on “class or kind” has been a prominent and consistently applied determinant of substantial transformation in prior country of origin rulings.²⁶ However, again, we do not find this single determination dispositive and will utilize the remainder of the analytical framework set out in the prior review to examine the totality of circumstances in making our substantial transformation determination for these final results.

²¹ See *DuPont* (CIT 1998) at 858.

²² See section 731(1) of the Act.

²³ See, e.g., *Cold-Rolled Steel Flat Products/Argentina* (July 9, 1993).

²⁴ See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1; see also 2007-2008 Country of Origin Memo.

²⁵ See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1, citing to *Diamond Sawblades/PRC* (May 22, 2006), and *TTR/France* (March 8, 2004).

²⁶ See, e.g., *TTR/Korea* (April 5, 2004), *Cold-Rolled Steel Flat Products/Argentina* (July 9, 1993), *EPROMs/Japan* (October 30, 1986), *SSSS/UK* (June 8, 1999), *Stainless Steel Round Wire/Canada* (April 9, 1999), *DRAM/Korea* (November 27, 2002), *DRAM/Japan Prelim* (August 7, 1986), *Hot-Rolled Steel Flat Products/PRC Prelim* (May 3, 2001) (unchanged in final results), and *Steel Wire Rod/Canada Prelim* (October 1, 1997).

B. Nature/Sophistication of Processing: In the prior review, we looked to the complexity and sophistication of both the upstream processes²⁷ (*i.e.*, forging, turning, heat treatment of cups and cones, and roller and cage production) and third-country processes (*i.e.*, finishing, which consists of grinding and honing of cups and cones) performed on the merchandise in question to determine whether the nature and sophistication of the third-country processing substantially transforms the subject merchandise. Although we found that the finishing process, whether done in the PRC or a third country, is an important and necessary part to becoming a finished TRB because it reduces friction and enables the TRB to carry a load, we concluded that: “the finishing processing in and of itself is not significant enough to be considered a process that substantially transforms the subject merchandise for antidumping purposes, because there is no substantial change to the primary properties of the subject merchandise other than slight alterations to the shape of the TRB through the finish grinding processes and a smoothing of the TRB’s cup and cone raceways through the honing process. Furthermore, we disagreed that the grinding and finishing were the only operations that impart these essential characteristics, as all previous processes (*e.g.*, shaping, annealing, and heat treatment) contribute to a finished TRB’s ability to reduce friction and carry a load. Thus, we concluded that this element does not sustain a finding of substantial transformation.”²⁸

In the instant review, PBCD again argues that the third-country processing (which consists of precision grinding of rings, super-finishing of raceways, and assembly of the finished TRB) consists of multiple cost centers with numerous precision machining stages without which the TRB could not provide its main function to reduce friction and carry loads. PBCD notes that the Department has previously determined: a) that this analysis should consider whether the process in question is complex and sophisticated in and of itself, not whether it was more costly or intensive than the upstream processing;²⁹ b) that processing that involves numerous production stages is complex;³⁰ and c) that finishing which imparts important technical performance to subject merchandise may confer country of origin.³¹ As such, PBCD asserts that the facts at issue are sufficient to determine that third country further processing is complex and sophisticated.

As noted by Petitioner, the cases cited in support of PBCD’s arguments do not speak to the specific nature of the further processing at issue in the instant proceeding (*i.e.*, the grinding and finishing of TRBs).³² Moreover, we find that PBCD’s assertions that the multiple

²⁷ See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1, citing to, *e.g.*, *Diamond Sawblades/PRC* (May 22, 2006) and accompanying IDM at Comment 3. We noted that the issue at hand was not whether the upstream processes are more or less sophisticated than the downstream finishing process, but whether the nature and sophistication of the third-country processing substantially transforms the subject merchandise.

²⁸ See *id.*

²⁹ PBCD cites to *SSSS/Belgium* (December 14, 2004).

³⁰ PBCD cites to the Tin Mill Ruling (August 20, 2004) and *LWS/PRC* (September 13, 2010).

³¹ PBCD cites to *Microdisks/Japan* (February 10, 1989).

³² We disagree with PBCD’s conclusion that the decision in *SSSS/Belgium* (December 14, 2004) necessarily confines the Department’s analysis to the complexity of the third country process itself without relation to the complexity of upstream or downstream processes. The Department’s decision to find Germany as the country of origin for that merchandise was based on a determination that the hot rolling process substantially transformed the merchandise and that the processing elsewhere was comparatively minor. Nevertheless, we agree with the general principle that the issue is not whether a process is complex compared to other processes, but whether the complexity

production stages and technical characteristics imparted by third country processing demonstrate the complexity of the finishing stage of production misses the point of this analysis, *i.e.*, whether or not the further processing involved is so sophisticated or complex that it substantially transforms the product into a new and different article of commerce. As such, we find no new facts or arguments on the record of the instant review to compel the Department to reach a different conclusion than that of the prior review. Therefore, consistent with our determination in *TRBs/PRC* (January 6, 2010), we find that the grinding and finishing processes, while important, are not in and of themselves sufficiently complex or sophisticated to substantially transform the products in question.

C. Physical/Chemical Properties and Essential Component: In the prior review, we found that it was the forging (providing strength, hardness and shape), turning (providing grinding and fine-tuning of surfaces) and heat-treatment (providing further strengthening as well as metallurgical characteristics) processes, along with roller and cage operations, that impart the essential physical or chemical properties of the TRB. Although we recognized the importance of the finishing stage in obtaining the desired size and polishing of the TRB, we determined that the aforementioned processes, each of which take place in the PRC in both the prior and instant reviews, impart the most significant characteristics to the product. As part of our prior analysis for this segment, we reviewed *Bearings/Various ITC Report* (August 2006) at Overview-10 and 11, wherein the ITC gave a general overview of the production process of anti-friction bearings, one kind of which are TRBs. We found that the ITC's report supported the Department's findings that the essential shape/characteristic and physical/chemical properties of a TRB are imparted in the forging, turning and heat treatment operations, and also indicates that a further component of the production process in the PRC, green-machining (*i.e.*, adjusting products to ensure that they fit particular specification requirements throughout multiple stages of the process), involves a significant number of steps due to the "complexity of the design and function of the component."³³

PBCD disagrees with the Department's determination in the prior review, again based on the premise that it is the finishing that provides the TRB with the ability to reduce friction and carry loads. Moreover, PBCD emphasizes that the Department's prior determination conflicts with twenty years of Customs decisions to the contrary. PBCD argues that, although the Department argues that it is not bound by Customs decisions, the sheer amount of Customs rulings which have determined that grinding and finishing processes impart the essential characteristics of a TRB is too significant and specific to subject merchandise to dismiss.³⁴

As in the prior review, we again note that, although the Department may consider country-of-origin determinations made by other agencies of the U.S. government, we are not bound by such rulings.³⁵ Instead, our determinations are made on the basis of reviewing the totality of the circumstances presented to the Department that are relevant to an antidumping

confers substantial transformation.

³³ See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1.

³⁴ PBCD cites to, *e.g.*, Customs Rulings HQ 731968 (March 19, 1990), HQ 731969 (March 19, 1990), HQ 562528 (December 10, 2002), and HQ 962350 (May 19, 1999).

³⁵ See, *e.g.*, *TTR/Korea at 17648*; *Wirth (CIT 1998)*, 5 F. Supp. 2d at 968.

proceeding. While we have reviewed the aforementioned Customs rulings, and have considered PBCD's position as to the usefulness of such determinations, we note that the Department investigates country-of-origin analyses for different reasons than does Customs and must consider separate factors, such as anti-circumvention concerns and whether the merchandise is of the class or kind that is subject to the AD order. As such, while do not dismiss the Customs rulings, for the purposes of our country-of-origin determination we do not find that these rulings overcome the greater weight that we place on the direct analysis of the facts at issue in this proceeding. Accordingly, we continue to find that the forging, turning and heat-treatment processes (including the green-machining stages), each of which take place in the PRC prior to third country finishing, impart the most significant characteristics to the products in question for purposes of making a country-of-origin determination in an antidumping proceeding.

- D. Cost of Production/Value Added:** The Department does not have an established threshold for determining whether a certain percent of COP in a third country, by itself, represents a substantial transformation so as to confer country of origin.³⁶ In the prior review, we determined that the costs associated with the further processing performed by an affiliate were inappropriate prices from which to base a value-added analysis, and instead reviewed the third country processor's reported costs as compared to the PRC surrogate costs.³⁷ Using this same methodology for our analysis, we found that the average unit cost of manufacturing in the PRC represents a significant percent of normal value relative to the third-country processor's costs.³⁸

For the instant review, PBCD argues that the cost information on the record demonstrates that the further processing in the third country represents a significant percentage of the total normal value of the merchandise in question. PBCD cites to a recent country of origin determination in *LWS/PRC Prelim* (September 13, 2010), wherein the Department determined that the numerous steps and specialized equipment needed to laminate the exterior ply of plastic film on subject merchandise constituted "significant additional processing" to conclude that such processing confers country of origin.³⁹ PBCD argues that the numerous operations, machines, facilities, and employees involved in the grinding and finishing operations at issue here are even more substantial than those in *LWS/PRC Prelim* (September 13, 2010) and, thus, consistent with *LWS/PRC Prelim* (September 13, 2010) the Department should conclude that the third country processing of TRBs constitutes sufficient value added to confer country of origin in the instant case.

As in the prior review, we continue to disagree with PBCD and find that the costs involved in third country processing do not represent a significant percent of normal value. As demonstrated by Petitioner, the third-country processing costs do not represent a significant amount, let alone the majority, of either the reported manufacturing costs or calculated normal value costs when compared to the costs incurred for the processing performed on the

³⁶ See Magnesium Scope Inquiry Memo (November 9, 2006) at page 17.

³⁷ See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1.

³⁸ See *id.*

³⁹ PBCD cites to LWS Country of Origin Memo (May 25, 2010), see also *LWS/PRC Prelim* (September 13, 2010).

merchandise in the PRC.⁴⁰ Furthermore, we agree with Petitioner that the country of origin determination in the *LWS/PRC Prelim* (September 13, 2010) does not provide an appropriate comparison to the facts at issue in this case and for this COP/value-added issue, since the determination in that case was based on the totality of circumstances, each of which satisfied the Department's substantial transformation criteria. Specifically, the Department found 1) that the majority of value was added by the third country further processing in question in that case, 2) the further processing resulted in the downstream product being of a different "class or kind" of merchandise than the upstream product, and 3) the essential components of subject merchandise were added through sophisticated downstream processes.⁴¹ As explained above, the Department has reached the opposite determinations in the instant case and, furthermore, PBCD has provided no evidence to support its assertion that the value added in the instant case is more substantial than the value added to the merchandise at issue in the *LWS/PRC Prelim* (September 13, 2010).⁴²

E. Level of Investment/Potential for Circumvention: The Department does not have an established threshold for determining whether a certain level of investment in the third country is significant in a substantial transformation analysis.⁴³ In the prior review, we found that although the third country operations involved a certain amount of investment in specialized machines, it was not as significant as the investment in the PRC. Furthermore, we determined that there was insufficient information on the record to determine whether PBCD's level of investment in the third country, by itself, represented substantial transformation because the information on the record is limited to CPZ and its affiliates and not its subcontractors that perform a significant portion of the processing in the PRC. Thus, we found that there was insufficient information to determine whether this factor would preclude or sustain a finding of substantial transformation in this case.⁴⁴

For the instant review, PBCD combines its arguments for this prong of the substantial transformation test with the previous "cost of production/value added" prong, stating that the level of investment in (in addition to the value added by) third-country operations, machines, facilities, and employees needed to produce the merchandise in question should be sufficient to confer country of origin, consistent with *LWS/PRC Prelim* (September 13, 2010).

As stated above, we do not find that *LWS/PRC Prelim* (September 13, 2010) is an appropriate comparison to the facts at issue in the instant case. Furthermore, the Department must base any determination as to level of investment on the facts on the record of the relevant review. PBCD's presumptions about relative levels of third-country investment in

⁴⁰ See Petitioner's PBCD Rebuttal Brief at 47-48.

⁴¹ See LWS Country of Origin Memo (May 24, 2010) at 9.

⁴² We note that an analysis of value added by third country processing must consider the value relative to the total value of the product at issue, and not a comparison of absolute value added to wholly different products. Even assuming the absolute value added to subject merchandise by third processing in the instant proceeding was greater than the absolute value added to subject merchandise in the LWS case, such a comparison is irrelevant to the Department's analysis of this issue. The absolute value added to a higher value product by minor processing certainly might be greater than the absolute value added to a lower value product by significant processing. However, this is not an appropriate comparison for the purposes of a substantial transformation analysis.

⁴³ See Magnesium Scope Inquiry Memo (November 9, 2006).

⁴⁴ See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1.

this case as compared to its narrative description regarding unrelated value-added processes performed on non-comparable merchandise subject to a different AD order do not suffice to demonstrate the actual level of investment. As in the prior review, we continue to find that PBCD has failed to provide sufficient record evidence to demonstrate that the level of third country investment is sufficient, by itself, to demonstrate substantial transformation has occurred. We agree with Petitioner that PBCD's description of the investment and capital needed to undertake the third country processing in question is insufficient in the absence of hard data which might allow a comparison of the third country level of investment to that in the PRC.

F. Ultimate Use: In the prior review, we determined that, while the unfinished TRB is not suitable for use in a downstream product, both unfinished and finished bearings are both intended for the same ultimate end-use (*i.e.*, as a TRB which can ultimately be used in a downstream product).⁴⁵ No party has commented on or challenged this determination regarding "ultimate use" in the instant proceeding. As such, we continue to find that the merchandise in question is intended for the same ultimate end-use as a finished bearing.

In summary, the Department recognizes that the grinding and finishing processes are important and necessary processes for the products in question to becoming finished TRBs, and we do not dispute the fact that a considerable investment was made in the third country. However, we do not find the investment (even though considerable) in a process (even though important) that, as explained above, does not change the class or kind of merchandise, does not confer the essential characteristics, does not represent a significant value added to the final product, and does not change the ultimate end-use to be sufficient to constitute substantial transformation. Thus, based on the totality of the circumstances, we have determined that the finishing operations in the third country do not constitute substantial transformation and, hence, do not confer a new country of origin for antidumping purposes.

Comment 7: Importer Specific Assessment Rates

- PBCD notes that although only one importer code is listed in the consolidated U.S. sales database used to calculate the margins for PBCD and SKF for the *Preliminary Results*, there were actually two importers during the POR: PBCD/Peer prior to September 11, 2008 and SKF/Peer after that date. PBCD requests that the Department separate entries made by PBCD/Peer from those made by SKF/Peer based on the date of entry in SKF's margin calculation, and to calculate an importer-specific assessment rate for PBCD/Peer that accounts for all entries imported by PBCD/Peer during the POR.⁴⁶ In other words, PBCD

⁴⁵ We noted that the issue is not whether these products are interchangeable, but whether the finishing process that took place in a third country during the POR constitutes a substantial transformation so as to confer a new country of origin on the TRBs imported into that third-country from the PRC. *See TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 1.

⁴⁶ PBCD cites the following cases in support of its argument that the calculation of separate importer-specific assessment rates is warranted: *TRBs/Japan* (November 7, 1996), *Ball Bearings/Various* (September 1, 2010) and accompanying IDM at Comment 7 (citing *Ball Bearings/Various* (June 16, 2003) and accompanying IDM at Comment 26), *Ball Bearings/Various* (June 16, 2003) and accompanying IDM at Comment 26 (citing *Koyo Seiko Co. v. United States*, 24 CIT 364, 110 F. Supp. 2d 934 (CIT 2000), *aff'd* 258 F.3d 1340 (Fed. Cir. 2001)), and *TRBs/Japan* (March 13, 1997). PBCD cites the following cases in support of its proposed assessment rate

requests that the Department calculate its assessment rate by weight averaging the assessment rate calculated for its sales with the assessment rate calculated for SKF's sales of pre-existing inventory (*i.e.*, that had been imported by PBCD).

- Petitioner requests that, whatever the Department's determination on this issue, the full amount of AD duties owed are collected. Petitioner also proposes adjustments to the Department's calculation of assessment rates should the Department treat SKF's purchase of PBCD's U.S. inventory of TRBs as a single sale in its margin calculations, as Petitioner requested. *See* Comment 8 for further discussion of this latter issue.
- SKF argues that including the sales of PBCD/CPZ-produced, PBCD/Peer-imported merchandise sold by SKF/Peer in PBCD's assessment rate would be contrary to the Department's practice of preventing one importer from becoming liable for another importer's AD duties, since it was the downstream sales by SKF/Peer that gave rise to the duties. As such, SKF requests that these sales be included in SKF's, rather than PBCD's, assessment rate. However, SKF agrees with PBCD that the best way for the Department to apply separate assessment rates is to do so based on date of entry.⁴⁷

Department's Position: PBCD correctly notes that it is the Department's practice to determine assessment rates on an importer-specific basis, consistent with 19 CFR 351.212(b)(1) and as established in numerous previous cases,⁴⁸ and that combined assessment rates are normally calculated only when multiple importers are affiliated with the foreign exporter in order to prevent manipulation.⁴⁹ As an initial matter, we note that the Department's decision in the *Preliminary Results* to calculate PBCD's assessment rate using all pre-acquisition sales and SKF's assessment rate using all post-acquisition sales was based on the complexities unique to the instant review (*e.g.*, sale of the company mid-POR, successor-in-interest, *etc.*), which are not common occurrences in AD administrative reviews.

Nevertheless, PBCD argues, because: a) the Department has determined the pre- and post-acquisition companies to be separate non-affiliated entities for the purposes of this review, b) there is minimal potential for manipulation, and c) PBCD/Peer was the importer of record for SKF/Peer's post-acquisition sales of subject merchandise sold from the existing inventory at the time of acquisition, these sales made after September 11, 2008 by SKF/Peer that were imported prior to September 11, 2008 by PBCD/Peer should be included in PBCD's assessment rate (weight averaged with the PBCD's assessment rate from the pre-acquisition period). In support

calculation: *Softwood Lumber/Canada* (December 12, 2005), *Small Diameter Pipe/Romania* (February 11, 2005), *CTL Plate/Romania* (March 15, 2005), *Salmon/Chile Prelim* (August 7, 2002), and *Softwood Lumber/Canada* (December 20, 2004).

⁴⁷ SKF cites the following cases in support of its argument: *TRBs/Japan* (November 7, 1996), *Shrimp/Thailand* (August 29, 2008) and accompanying IDM at Comment 10 (citing *CPT/Japan* (June 25, 1997), *AFBs/Various* (January 15, 1997), and *FAG* (CIT 1995)), *FAG* (CIT 1995), and *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 6.

⁴⁸ *See, e.g., TRBs/Japan* (November 7, 1996), stating that "in general, we have tried to calculate assessment rates on an importer-specific basis to prevent one importer from paying antidumping duties attributable to margins found on sales to a different importer," so long as the importer and producer are not affiliated.

⁴⁹ *See Ball Bearings/Various* (June 16, 2003) and accompanying IDM at Comment 26 (citing *Koyo Seiko*, 110 F. Supp. 2d 934 (CIT 2000)).

of its request, PBCD cites to *Ball Bearings/Various* (September 1, 2010), *Small Diameter Pipe/Romania* (February 11, 2005), *CTL Plate/Romania* (March 15, 2005), *Salmon/Chile Prelim* (August 7, 2002), and, particularly, two *Softwood Lumber/Canada* determinations (December 12, 2005 and December 20, 2004).

We note, however, that none of the aforementioned cases mirror the facts at issue in this case. In both *Small Diameter Pipe/Romania* (February 11, 2005) and *CTL Plate/Romania* (March 15, 2005), due to Romania's graduation to ME status during the POR, the Department calculated the respondents' margins based on a weighted average of each respondent's separate margin calculated for the NME POR and the ME POR. The Department's ability to calculate margins based on the specific issues presented in a certain case is not disputed in the instant proceeding, but we do not find PBCD's reference to be particularly illustrative to the issue before the Department other than to demonstrate that the Department has the flexibility to tailor certain calculations to the specifics of a proceeding. In both *Small Diameter Pipe/Romania* (February 11, 2005) and *CTL Plate/Romania* (March 15, 2005), the respondents in question existed throughout the entire POR (though a portion was calculated using NME methodology and another portion was calculated using ME methodology). Here, there is a definitive date by which one company existed and the other ceased to exist. Therefore, we find it appropriate to calculate the assessment rate for PBCD based solely on the sales it made during its three months of existence during the POR, and for SKF based on sales it made during its nine months of existence during the POR.

In *Salmon/Chile Prelim* (August 7, 2002), where two respondents were purchased by the same parent company and collapsed for the final part of the POR, the Department calculated margins for each respondent in the pre-acquisition portion of the POR as well as a rate for the combined entity for the post-acquisition portion (using the combined weighted-average of these margins for the prospective cash deposit rate and calculating assessment based on the period specific to each of the three entities). Similarly, in *Softwood Lumber/Canada* (December 12, 2005), where one respondent acquired another respondent for the final month of the POR and the resulting entity was determined to be the successor-in-interest to both companies (pursuant to a changed circumstances ruling in the prior *Softwood Lumber/Canada* (December 20, 2004) review), the Department calculated margins for each separate respondent for the pre-acquisition segment of the POR and for the single respondent in the post-acquisition segment (also weight-averaging all three margins to determine the prospective cash deposit rate). Though we find the aforementioned determinations instructive for purposes of calculating the cash deposit rate where parties are collapsed, or one party is found to be the successor in interest to another party, we do not find them relevant to the issue at hand in the instant case (*i.e.*, calculation of the assessment rate for separate entities created by the changes occasioned by a change in ownership of an existing entity). Here, the situation is the opposite – we found that PBCD and SKF are separate entities (with neither being the successor-in-interest to the other) and, therefore, it is appropriate to calculate period-specific assessment rates for each separate respondent based on their respective sales made in the distinct portion of the POR during which each respondent existed.

Further, in *Ball Bearings/Various* (September 1, 2010), we determined that importer-specific assessment rates were warranted, as opposed to the combined assessment rate used in the preliminary results of that review, based on the fact that the two U.S. sales affiliates identified by

the respondent were not affiliated with one another during the POR and were not affiliated with the respondent at the same time during the POR.⁵⁰ PBCD argues that, similar to the facts in *Ball Bearings/Various* (September 1, 2010), the exporter “CPZ” was never affiliated with both PBCD/Peer and SKF/Peer at the same point during the POR and that neither importer was affiliated with each other at the same time. As such, PBCD argues, each Peer company should be considered a single entity for the assessment of “CPZ” exported merchandise. PBCD’s argument equates the assessment rate calculated for SKF in the *Preliminary Results* of this review to the erroneously combined assessment rate initially applied to myonic GmbH’s importers in *Ball Bearings/Various* (September 1, 2010). In other words, PBCD has essentially argued that SKF’s assessment rate calculated in the *Preliminary Results* erroneously “combines” post-acquisition sales by SKF of merchandise imported by an unaffiliated U.S. entity that is an affiliate of “PBCD/CPZ.”

However, as in the cases cited above, the fact pattern in *Ball Bearings/Various* (September 1, 2010) is considerably different than that of the instant proceeding. First, the Department’s changed circumstances decision in that case found the post-acquisition producer/exporter to be the successor-in-interest to the pre-acquisition company and, thus, at issue was the proper assessment of entries from a single respondent. In the instant case, however (despite PBCD’s characterization of the issue as related to assessment of entries from a single exporter, PBCD/CPZ), the issue is considerably more complex, as the Department is deriving the assessment rate for entries relating to the sales of two separate respondents. Furthermore, the Department’s determination in *Ball Bearings/Various* (September 1, 2010) merely corrected for the erroneous application of a combined assessment rate for two U.S. sales affiliates of the single respondent subsequently demonstrated not to be affiliated with each other. Therefore, the Department’s determination in *Ball Bearings/Various* (September 1, 2010) does not match the facts of the instant case, where the issue involves the proper assessment of entries of merchandise: 1) produced and exported by one respondent (PBCD/CPZ); 2) imported by that respondent’s U.S. sales affiliate (PBCD/Peer); and 3) ultimately sold by the U.S. sales affiliate (SKF/Peer) of a different respondent (SKF/CPZ).

We do not contest the fact that the Department’s practice is to calculate specific assessment rates for unaffiliated importers where no potential for manipulation exists under normal circumstances in order to prevent one importer from becoming liable for the AD duties of another importer. However, we agree with SKF’s assertion that this practice is typically applied to fairly assess the level of dumping incurred on entries of merchandise made by an importer where the importer is either the unaffiliated purchaser of the merchandise or an affiliated party that sells the merchandise to downstream customers. As SKF notes, the logic underlying the Department’s importer-specific calculation practice is based on the recognition that, under normal circumstances, the importer may exercise some control regarding what products it purchases at what prices (and, in CEP circumstances, the price that the merchandise is ultimately sold to

⁵⁰ The respondent, myonic GmbH, initially sold subject merchandise through its sales affiliate, myonic Inc. During the POR myonic GmbH sold off its shares in myonic Inc. to an unaffiliated party (at which point is ceased to be the U.S. sales affiliate), while at the same time myonic GmbH was itself acquired by Minebea Co., Ltd. Subsequent to the acquisition, myonic GmbH (successor-in-interest to the pre-acquisition company and, thus, the same respondent) sold subject merchandise through NHBB, Minebea’s U.S. sales arm. As part of the acquisition agreement between myonic GmbH and Minebea, myonic Inc. transferred subject merchandise (presumably part, or all, of the existing inventory) to NHBB, which was then sold by NHBB to downstream customers.

unaffiliated downstream customers) which give rise to the AD duties and the rate at which such duties are assessed. Therefore, the intention of this practice is to assess importer-specific antidumping duties that account for the extent to which prices paid by or received by that importer, and to prevent one entity from becoming liable for the dumped prices of transaction entered into by another entity. Thus, we agree with SKF that because it was the downstream sales by SKF/Peer which gave rise to the AD duties on the products in question and, because SKF/Peer had some control over the terms of these sales, it is not improper for SKF/Peer to be liable for the resulting duties.

Therefore, we will continue to base PBCD's assessment rate on the duties calculated from PBCD/Peer's downstream sales of merchandise during the POR, and SKF's assessment rate based on sales of SKF/Peer's downstream sales of merchandise during the POR, including merchandise acquired from PBCD. We agree with SKF that this is consistent with the intent of the Department's practice to prevent one importer from becoming liable for another importer's AD duties, and is particularly appropriate in consideration of the Department's longstanding practice to calculate assessment rates based on the entered value corresponding to the sales examined for each importer during the POR, and not the entered value of all products actually entered during the POR.⁵¹ As a result, our liquidation instructions will be amended to reflect the proper entry date of the merchandise for the purposes of importer-specific assessment.⁵² In response to Petitioner's concerns regarding this issue, we do not find any record evidence to suggest the potential manipulation of assessment rates or liquidation instructions might prevent proper collection of duties. Finally, we have not addressed Petitioner's request to calculate PBCD's assessment rate including both the sales and entered value of the inventory transferred pursuant to acquisition, as this issue is rendered moot by the Department's determination to continue to include the sales of inventory in SKF's margin discussed in Comment 8, below.

Comment 8: Valuation of Acquired Inventory

- Petitioner disagrees with the Department's determination in the *Preliminary Results* to include in SKF's margin SKF/Peer's downstream sales of the inventory transferred from PBCD to SKF as a result of the acquisition of the company. Petitioner contends that the acquisition of the inventory from PBCD by SKF constituted a single U.S. sale of subject merchandise for which a dumping margin should be determined and, thus the value of this inventory transfer should be included in PBCD's margin. Petitioner argues that partial AFA is warranted because the respondents failed to provide adequate information regarding the transfer of the inventory. As partial AFA, Petitioner contends that the Department should use

⁵¹ See, e.g., *Shrimp/Thailand* (August 29, 2008) and accompanying IDM at Comment 10 (citing *CPT/Japan* (June 25, 1997) at 34211, *AFBs/Various* (January 15, 1997), and *FAG* (CIT 1995)). Further, we agree with SKF that this methodology is appropriate in that it prevents complications with subsequent reviews, see *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 6.

⁵² Specifically, the Department will instruct Customs to assess to PBCD the appropriate antidumping liability for all shipments of subject merchandise exported by the Changshan Peer Bearing Company, Ltd., imported, and withdrawn from the warehouse for consumption during the period 06/01/2008 through 09/12/2008, and to assess to SKF the appropriate antidumping liability for all shipments of subject merchandise exported by the Changshan Peer Bearing Company, Ltd., imported, and withdrawn from the warehouse for consumption during the period 09/12/2008 through 05/31/2009.

the entered value of the merchandise as imported by PBCD in its margin calculation.⁵³

- PBCD asserts that it is appropriate to continue to include in SKF's margin calculation all of the sales made by SKF from inventory to unaffiliated customers. PBCD argues that the use of partial AFA would be unlawful, since PBCD cooperated with the Department to the best of its ability in the instant review and the sales prices from SKF to unaffiliated U.S. customers for all sales during the POR were properly reported. PBCD maintains that Peer held title to the inventory in question both before and after the acquisition, and that the transfer of share ownership only signifies a change of ownership in the company itself, not a transfer of assets from one ownership group to another. PBCD contends that Petitioner's argument is not supported by recent Department precedent and would lead to absurd results if accepted.⁵⁴
- SKF requests that the Department continue to include SKF/Peer's downstream sales of the inventory in SKF's margin calculation since SKF/Peer is the entity that set the sales terms and sold the merchandise in question.

Department's Position: For the *Preliminary Results*, the Department found that SKF's acquisition of inventory held by PBCD/Peer, pursuant to the MPA, should not be treated as the first sale to an unaffiliated customer for the purpose of calculating the margin of dumping in this administrative review. We determined that the MPA specified the details of the share transfer between ownership parties upon finalization of the acquisition agreement, which resulted in the transfer of ownership of various Spungen-owned companies, including PBCD/Peer and PBCD/CPZ, to various AB SKF-owned affiliates, and there was no sale value specifically associated with just the TRB inventory as part of the MPA or any other document submitted to the record. The Department determined that the fact that SKF acquired the inventory of PBCD/Peer simply reflects the fact the inventory in question would remain with SKF/Peer and

⁵³ Petitioner cites the following cases in support of its argument that the transfer of inventory comprises a "sale": *NSK* (Fed. Cir. 1997), *Corus Staal* (CIT 2006), *Wood* (Cust. & Pat. App. 1974), *NTN* (CIT 2003), and *Bethlehem Steel* (CIT 2003). Petitioner cites the following cases in support of its argument that partial AFA is warranted: *NTN* (CIT 2003), *Yamaha* (CIT 1995), *Tatung* (CIT 1994), *Carrier Bags/PRC* (December 4, 2009) and accompanying IDM, *WBF/PRC* (August 22, 2007) and accompanying IDM at Comment 62, *Pigment/India Prelim* (August 30, 2010), *Brake Rotors/PRC* (January 25, 2006) and accompanying IDM at Comment 1 (citing *Ferro Union* (Fed. Cir. 1999)), *SAA* (1994) at 870, *Light-Walled Pipe/Mexico* (September 2, 2004), *Garlic/PRC Prelim* (December 10, 2003), *Cold-Rolled Steel Flat Products/France* (October 3, 2002) and accompanying IDM at Comment 1, *WBF/PRC Prelim* (February 9, 2007), *Cold-Rolled Steel Flat Products/PRC* (May 31, 2000) and accompanying IDM (upheld in *Rhone Poulenc* (Fed. Cir. 1990), *NSK* (CIT 2004), *Kompass* (CIT 2000)), *SRAM/Taiwan* (February 23, 1998), and *Shrimp/Brazil* (December 23, 2004). See also Petitioner's SKF Case Brief at 5-6.

⁵⁴ PBCD cites the following cases in support of its argument that the transfer of share ownership does not trigger a corresponding "sale" of merchandise inventory: *Marine Harvest* (CIT 2002), *Titanium Metals* (CIT 2001), *Brass Sheet and Strip/Canada* (May 13, 1992), *Ball Bearings/Various* (September 1, 2010) and accompanying IDM at Comment 7, *SSSS/Taiwan* (February 15, 2005) and accompanying IDM at Comment 5, *Allied Tube* (CIT 2001), *Large Diameter Pipe/Mexico* (June 26, 2000) and accompanying IDM at Comment 2, *Corus Staal* (Fed. Cir. 2007), *Circular Welded Pipe/Korea* (June 16, 1998), *CTL Plate/Romania* (February 12, 2007) and accompanying IDM at Comment 1, and *Habas Sinai* (CIT 2009). PBCD cites the following cases in support of its argument that Petitioner's theory is unprecedented and would lead to absurd results: *Ball Bearings/Various* (September 1, 2010) and accompanying IDM at Comment 7. PBCD cites the following cases in support of its argument that partial AFA is unwarranted: *Chevron* (1984), *Rhone Poulenc* (Fed. Cir. 1990), and *Transcom* (Fed. Cir. 2002).

was not being retained by the former owner of PBCD/Peer. Accordingly, we examined the sales of this merchandise from SKF/Peer to its first unaffiliated downstream customer, and relied on the U.S. sales price of SKF/Peer's downstream sales for purposes of calculating SKF/Peer's dumping margin.⁵⁵

Petitioner argues that both PBCD and SKF did not submit to the record important legal documents (*i.e.*, appendices to the MPA) which might have been relevant to the sale of assets pursuant to the acquisition, despite the Department's request that all such documents be provided. Petitioner contends that the Department has no reliable basis to conclude that the inventory transfer did not constitute a U.S. sale and must presume that SKF obtained the inventory in return for some consideration given to PBCD and, as such, this transfer of inventory constituted the first sale of subject merchandise to an unaffiliated party in the United States (and not the subsequent downstream sale of merchandise, as determined by the Department in the *Preliminary Results*). Petitioner concludes that because: a) the downstream sales price is inappropriate for use (*i.e.*, the transfer of inventory itself constitutes a CEP sale); b) SKF's suggested "step-up" to fair market value accounting price should be considered unreliable; and c) parties failed to provide sufficient documentation onto the record regarding the purchase of inventory; then the Department has no option but to use the reported entered value of this inventory as the CEP U.S. sales price of the merchandise in question as partial AFA.

We agree with Petitioner that certain materials from the MPA were not provided to the record of this review.⁵⁶ However, the Department determines, as it did in the *Preliminary Results*, that the acquisition-related information that was provided to the record is sufficient to make a determination with regard to whether or not this transfer of inventory pursuant to the acquisition constituted a "sale" of subject merchandise for purposes of calculating a dumping margin.⁵⁷ Importantly, we do not find that further information is necessary to come to the aforementioned conclusion. In addition, the Department did not make additional requests for information from PBCD or SKF with respect to this documentation. Indeed, the MPA is a comprehensive document which lays out the transfer of share ownership of the formerly Spungen-owned companies to SKF in considerable detail. As explained in the *Preliminary Results*, we are able to determine that this document "specifies the details of the share transfer between ownership parties upon finalization of the acquisition agreement, which resulted in the transfer of ownership of various Spungen-owned companies, including PBCD/Peer and PBCD/CPZ, to various AB SKF-owned affiliates. Therefore... there was no sale value specifically associated with just the TRB inventory as part of the MPA."⁵⁸ Moreover, while the transfer of stock ownership of Peer Bearing Company from one entity to another would necessarily result in the new ownership acquiring the company, along with all assets of said company (including inventory assets), at no

⁵⁵ See *Preliminary Results* at 41152-53. See also SKF Preliminary Analysis Memorandum at Section C "Status of Inventory Transfer."

⁵⁶ In the Department's February 19, 2010, Joint Section A Supplemental Questionnaire, we requested, in its entirety, the documentation of the purchase agreement, along with "any... further documentation related to the details of the PBCD-SKF acquisition." See Joint Section A Supplemental Questionnaire at Question 1. In response, SKF and PBCD provided the proprietary text of the main purchase and assignment agreements, detailing the structure of the acquisition. See Joint Section A Supplemental Questionnaire Response at Exhibits 1 and 2. However, all appendices listed in the table of contents of the MPA were not provided to the record.

⁵⁷ See SKF Preliminary Analysis Memorandum at Section C "Status of Inventory Transfer."

⁵⁸ See *Id.* at 5.

point in the MPA document (or in any other document on the record) is there any explicit or implicit reference to the valuation of inventory assets as part of the actual purchase agreement, nor is there any indication that such information would be provided in the appendices in question. Therefore, we find Petitioner's assertion that PBCD and SKF failed to provide information as to the negotiated value of the inventory in question to be speculative.

Facts available may be warranted when necessary information is not on the record, or an interested party withholds requested information, fails to provide information by the deadline, significantly impedes a proceeding, or provides information which cannot be verified.⁵⁹ The Department may, when applying facts available, use an inference that is adverse to the interests of a party if it determines that the party has failed to cooperate by not acting to the best of its ability.⁶⁰ In this case, we agree with PBCD that facts available, or facts available with an adverse inference, is unwarranted because we do not find that necessary information is not on the record, and further cannot conclude that PBCD failed to cooperate by not acting to the best of its ability. On the contrary, we continue to find that the information provided by respondents to the record is sufficient to determine that the acquisition of the PBCD/CPZ-produced and PBCD/Peer-imported inventory by SKF/Peer did not constitute a "sale" of subject merchandise and that Petitioner's assumption regarding the acquisition is insufficient to compel the Department to reach a different conclusion. Because we do not find that this transfer of inventory constitutes a sale of subject merchandise for consumption to the first unaffiliated customer for AD reporting purposes, we do not agree with Petitioner that there is no viable sales price on the record.⁶¹ As such, we will continue to use the U.S. sales price of SKF/Peer's downstream sales for purposes of calculating the appropriate dumping margins for these final results.

We note that, as a result of the above determination to continue to use the downstream sales price as the U.S. price for sales of this inventory, we do not find it necessary to address either PBCD's rebuttal comment regarding the implications of accepting Petitioner's aforementioned arguments on this issue⁶² or Petitioner's argument regarding the suitability of SKF's "step-up" purchase price as a facts available price for this inventory sale.⁶³ Furthermore, we do not find PBCD's rebuttal arguments as to the exact nature of possession of title to the inventory in question, either before or after the acquisition,⁶⁴ to be relevant to our ultimate decision that the acquisition of the inventory by SKF as a result of the change in ownership pursuant to the stock purchase did not constitute the relevant sale of subject merchandise for AD purposes in this review for the reasons noted above.

⁵⁹ See Section 776(a) of the Act.

⁶⁰ See Section 776(b) of the Act.

⁶¹ Though SKF initially suggested a "stepped-up" accounting value as an alternative, the Department rejected this suggested sales price in the *Preliminary Results* and SKF has not subsequently requested that the Department consider the use of this step-up value for these final results. Therefore, we find the downstream transaction to be the best information on record to value the CEP sales price.

⁶² See PBCD's Rebuttal Brief at 12-14.

⁶³ See Petitioner's PBCD Case Brief at 8-11.

⁶⁴ See PBCD's Rebuttal Brief at 5-8.

Comment 9: Which U.S. Sales Database to Use

- Petitioner requests that, if the Department continues to bifurcate the period between the time when each respondent existed, PBCD's and SKF's margins be calculated using the separate U.S. sales databases containing only PBCD's pre-acquisition and SKF's post-acquisition U.S. sales, respectively, as opposed to the consolidated SKF/PBCD U.S. sales database, to ensure that accurate margins are calculated for each company's respective period.⁶⁵
- PBCD requests that the Department continue to use the consolidated U.S. sales database for the final results and contends that the use of the POR-wide data for U.S. sales price adjustments will lead to the calculation of the most accurate margin. Alternatively, should the Department continue to calculate normal value for PBCD/CPZ and SKF/CPZ using the respective FOP databases, PBCD requests that the Department use the adjustments to U.S. price corresponding to the respective three- and nine-month periods in order to maintain consistency.
- SKF notes its agreement with the Department's decision to use the consolidated U.S. sales database in the *Preliminary Results* and requests that the Department continue to use this database for the final results since it contains all U.S. sales made by SKF/Peer during the POR regardless of which company imported the merchandise.

Department's Position: We agree with Petitioner that the Department must calculate margins as accurately as possible and ensure that information used to calculate the margin of a respondent must correspond with the factual information provided by that respondent.⁶⁶ Following the reasoning set forth in the Department's Position to Comment 5 of this Memorandum, we find that the use of separate respondent-specific U.S. sales databases will ensure that the most accurate margins are calculated for each company's sales made during the portions of the POR in which each respondent existed. We disagree with PBCD's assertion that the use of POR-wide data for certain adjustments to U.S. price will lead to the calculation of more accurate margins for PBCD. Furthermore, by using both the inventory sales database and the SKF-specific, post-acquisition U.S. sales database,⁶⁷ we will be able to capture all of SKF's sales, including the respondent-specific adjustments to such sales. Therefore, for purposes of these final results we have used the PBCD-specific and SKF-specific U.S. sales databases in order to properly calculate each company's net U.S. prices for use in each respondent's respective margin calculation.⁶⁸

Comment 10: Calculation of Further Processing Costs

- Petitioner argues that the Department erroneously separated the international freight costs

⁶⁵ Petitioner cites the following cases in support of its argument: *Diamond Sawblades/PRC* (May 22, 2006) and accompanying IDM at Comment 7, *Lock Washers/PRC* (May 17, 2005) and accompanying IDM at Comment 9, *FMTC/PRC* (December 20, 2004), and *Lasko* (Fed Cir. 1994).

⁶⁶ See *Lasko* (Fed Cir. 1994).

⁶⁷ SKF has provided two sales databases, one for the sales of acquired inventory during the remainder of the POR and one for the sales of SKF-produced and sold merchandise during the remainder of the POR, which together comprise the totality of SKF's sales during the POR, based on the Department's determinations herein.

⁶⁸ See PBCD and SKF Final Analysis Memoranda.

associated with the further processing in the third country (FURINTNF) from the total further manufacturing costs in the *Preliminary Results*. Petitioner requests that the Department re-include the FURINTNF in the costs of further manufacturing for the final results.⁶⁹

- PBCD argues that Petitioner's proposed methodology to recalculate further processing costs incorrectly creates a mixed-up cost basis, relying on further processing costs as recorded in the third country accounting system as well as the surrogate international freight value from the PRC to the third country. PBCD contends that the Department was correct to include the international freight cost associated with the third country processing in the NV buildup, and should continue to do so for the final results.⁷⁰

Department's Position: For the *Preliminary Results*, we incorrectly separated this freight expense (FURINTNF) out of the third-country further processing costs and included it in the normal value calculation using a surrogate value for NME international freight from the PRC to the third country for further processing. Upon review, we determined that this freight expense between the PRC and the third country was paid for by the third country processor in ME currency and, thus, was correctly included in the third-country further processing cost buildup by both PBCD and SKF, as originally reported. As noted by Petitioner, the inclusion of movement expenses in the third-country processor's total COM is consistent with the Department's standard reporting practice for evaluating the value added by further processing.⁷¹ For the final results, we have included this value, as reported, in the calculation of the total cost of third-country further processing, consistent with our standard practice. Moreover, because we are now including this international freight expense, as reported, in the third-country further processing direct materials cost (FURMAT) component of total third-country further processing (TOTFMG or FURMANU) ratio, the general and administrative and interest expense ratios reported by the third country processor have been properly applied in the reported third-country further processing costs.

Comment 11: Corrections to Entered Value

- Petitioner argues that the Department's calculation of both PBCD's and SKF's assessment rate for the *Preliminary Results* appears to be incorrect and should be revised for the final results.
- PBCD acknowledges that the Department utilized a different methodology than that submitted by PBCD to calculate entered value for the *Preliminary Results*, but maintains that the methodology is appropriate.

Department's Position: On December 7, 2010, subsequent to the receipt of interested parties' case and rebuttal briefs, the Department issued a Third Section C Supplemental Questionnaire,

⁶⁹ Petitioner cites the following cases in support of its argument: *Carbon Wire Rod/Canada* (January 24, 2006) and accompanying IDM at Comment 1, *SSSS/France* (February 11, 2005) and accompanying IDM at Comment 7.

⁷⁰ PBCD cites the following cases in support of its argument: *Carbon Wire Rod/Canada* (January 24, 2006) and *SSSS/France* (February 11, 2005) and accompanying IDM at Comment 7.

⁷¹ See, e.g., *Carbon Wire Rod/Canada* (January 24, 2006) and accompanying IDM at Comment 1.

wherein we requested that SKF provide certain entered value information not previously on the record. On December 8, 2010, SKF submitted its Third Section C Supplemental Questionnaire Response, which provided the requested information.⁷² As such the Department has all the necessary information to calculate assessment rates based on reported entered value for all transactions, and has done so for these final results of review,⁷³ consistent with the Department's normal practice.⁷⁴

Comment 12: Correction of Duty Amount

- Should the Department continue to rely on the consolidated U.S. sales database, Petitioner requests that SKF's U.S. net price calculation be adjusted for a certain duty amount owed.

Department's Position: As in the immediately preceding comment (*i.e.*, Comment 11), on December 8, 2010, SKF provided the duty information in question in response to the Department's December 7, 2010, supplemental questionnaire. The Department has used the information provided for these final results, and the U.S. net price calculation has been adjusted for the duty amount owed.⁷⁵

Comment 13: Treatment of Certain Steel Inputs in PBCD/CPZ's Normal Value Calculation

- Petitioner argues that the Department did not accurately account for PBCD/CPZ's consumption of steel bars and tubes in PBCD/CPZ's normal value calculation in the *Preliminary Results*, and should ensure that these values are properly captured in the final results.
- PBCD argues that Petitioner's proposed adjustment is unwarranted and not supported by the record, since PBCD/CPZ consumed no steel tube during its three-month portion of the POR.

Department's Position: Based on a review of the consumption information on the record, we find that PBCD has sufficiently demonstrated that it did not consume steel tube in its production of subject merchandise during the POR, and that both PBCD and SKF have correctly reported their respective steel consumption.⁷⁶ Therefore, we find that all reported steel bar and tube consumption has been appropriately accounted for in the company-specific FOP databases used

⁷² Though this submission constituted new factual information provided to the record subsequent to the deadline established under 19 CFR 351.301(b), such a submission is allowable when specifically requested by the Department, pursuant to 19 CFR 351.301(c)(2). Because this information was not previously available, on December 10, 2010, the Department notified parties of the opportunity to comment on SKF's submission. *See* Request for Comment regarding SKF's Third SCSQR. However, no party provided comment on this issue.

⁷³ *See* SKF Final Analysis Memorandum.

⁷⁴ *See, e.g., Pure Magnesium/PRC* (December 23, 2010) at 80795, stating that "For assessment purposes, we calculated importer (or customer)-specific assessment rates for merchandise subject to this review. Where appropriate, we calculated an ad valorem rate for each importer (or customer) by dividing the total dumping margins for reviewed sales to that party by the total entered values associated with those transactions."

⁷⁵ *See* SKF Final Analysis Memorandum.

⁷⁶ *See* SKF C&D Questionnaire Response at Exhibit D-11, Joint C&D Questionnaire Response at Exhibit D-11, PBCD Section D Questionnaire Response at Exhibit D-12.

for the final results, and have not continued to apply a facts available calculation for PBCD's production of certain products during the POR. As such, Petitioner's argument for the use of facts available for this input is unwarranted.⁷⁷

Comment 14: Valuation of Steel Bar

Comment 14A: Market Economy Inputs

- Petitioner argues that because only a portion of SKF's ME purchases of steel bar could have been used to produce the subject merchandise sold during the POR, the Department should value SKF's steel bar inputs by using either the appropriate steel bar surrogate value or weight-averaging ME inputs with the appropriate SV.⁷⁸
- SKF argues that the Department should continue to value steel bar using its ME purchases of steel bar during the POR. SKF contends that Petitioner's assertion that the Department should disregard SKF's ME purchases of steel bar because less than 33 percent of products actually sold by SKF during the POR were produced from the ME purchases is unreasonable and inconsistent with Department precedent.⁷⁹

Department's Position: As noted by both Petitioner and SKF, when a respondent sources inputs from an ME supplier in meaningful quantities (*i.e.*, 33 percent or more of the total volume of the input purchased from all sources during the POR), there is a rebuttable presumption that the ME purchases constitute the best available information for valuing the entire input.⁸⁰ In the *Preliminary Results*, because SKF sourced more than 33 percent of its steel bar inputs from ME suppliers during the POR, we used the ME price paid for this input to value all steel bar used by SKF to produce subject merchandise during its segment of the POR.

Petitioner argues that the 33 percent rule, as laid out in *Antidumping Methodologies/ME Inputs* (October 19, 2006), presumes that the factor in question was actually used by the respondent to manufacture subject merchandise during the period and that this presumption is rebuttable, as reported ME input prices have been excluded from margin calculations when case-specific facts demonstrate that the ME-purchased inputs could not have been used to produce subject merchandise during the period in question.⁸¹ Petitioner contends that the specific facts of the instant case indicate that the presumption has been overcome, as in prior cases, and that the steel bar surrogate value should be used to value this input in the alternative.⁸²

⁷⁷ See PBCD Final Analysis Memorandum.

⁷⁸ Petitioner cites the following cases in support of its argument: *Antidumping Methodologies/ME Inputs* (October 19, 2006), *Shrimp/Vietnam* (December 8, 2004) and accompanying IDM at Comment 8A, *Hand Trucks/PRC* (October 14, 2004) and accompanying IDM at Comment 4, *China National* (CIT 2003), and *Lasko* (Fed Cir. 1994).

⁷⁹ SKF cites the following cases in support of its argument: *Antidumping Methodologies/ME Inputs* (October 19, 2006), *Hand Trucks/PRC* (October 14, 2004) and accompanying IDM at Comment 4, and *Shrimp/Vietnam* (December 8, 2004) and accompanying IDM at Comment 8A.

⁸⁰ See *Antidumping Methodologies/ME Inputs* (October 19, 2006); see also 19 CFR 351.408(c)(1).

⁸¹ Petitioner cites to *Shrimp/Vietnam* (December 8, 2004) and accompanying IDM at Comment 8A and *Hand Trucks/PRC* (October 14, 2004) and accompanying IDM at Comment 4.

⁸² Petitioner notes that the use of surrogate values over ME purchase prices is consistent with the determinations in *Shrimp/Vietnam* (December 8, 2004) and *Hand Trucks/PRC* (October 14, 2004), and has been upheld by the

We disagree with Petitioner's interpretation of prior determinations in the context of the instant proceeding. In *Shrimp/Vietnam* (December 8, 2004), though the Department did find that ME purchases should not be used to value the input in question, this determination was based on the plain fact that none of the materials were actually received until after the POR.⁸³ Similarly, in *Hand Trucks/PRC* (October 14, 2004), the Department found that record evidence clearly demonstrated that the ME inputs in question were resold, and were never used in the production of subject merchandise.⁸⁴ While these determinations demonstrate that the Department will not use ME prices if record evidence demonstrates that these inputs were not ever, or could not have been, used in the production of subject merchandise, they do not support Petitioner's conclusion that the Department should reject such purchases if it can be demonstrated that the merchandise sold during the POR was not specifically produced from such purchases. Furthermore, Petitioner has provided no evidence to demonstrate that none of the ME purchases in question were used in the production of subject merchandise during the POR.

As noted by SKF and discussed in Comment 5, above, the Department focuses on the valuation of inputs used in the production of subject merchandise during the POR and not the valuation of inputs associated with the products actually sold during the POR. Thus, in the instances where the 33 percent rule is applied, the Department must follow its standard practice and evaluate whether certain raw materials were purchased from ME suppliers in ME currencies by a respondent during the POR, unless it is demonstrated that the ME inputs in question could not have been used in the production of subject merchandise during the POR.⁸⁵ Because Petitioner has not rebutted this presumption, and the record evidence demonstrates SKF purchased 33 percent or more of its steel bar inputs from ME suppliers in ME currency, the Department will continue to value SKF's steel bar inputs using the price of its ME purchases for these final results.

Comment 14B: Surrogate Value

- PBCD contends that the Department should not use Indian GTA data under HTS subheading 7228.30.29⁸⁶ to value its steel bar for the final results because the Indian value in question is aberrational, when compared to the values of steel bar from various other sources, including Infodrive India, U.S. import data, surrogate financial statements, Japanese export data, and other import data such as data from Thailand. PBCD asserts that data on the record of review supports the use of Thai import data or, alternatively, the prices of bearing-quality steel identified in the Infodrive data for the valuation of steel bar.⁸⁷

courts in both *China National* (CIT 2003) and *Lasko* (Fed Cir. 1994).

⁸³ *Shrimp/Vietnam* (December 8, 2004) and accompanying IDM at Comment 8A.

⁸⁴ *Hand Trucks/PRC* (October 14, 2004) and accompanying IDM at Comment 4.

⁸⁵ *Shrimp/Vietnam* (December 8, 2004) and accompanying IDM at Comment 8A.

⁸⁶ Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel; Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded; Bright Bars; Other.

⁸⁷ PBCD cites the following cases to establish the Department's "best available" criteria: *Globe* (CIT 2004), *Dorbest* (CIT 2006), *Lasko* (Fed Cir. 1994), and *Goldlink* (CIT 2006). PBCD cites the following cases in support of its argument that the Department must consider price benchmarks: *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2 and *Dorbest* (CIT 2006). PBCD cites the following cases to establish the Department's past benchmarking practice: *China First* (CIT 2006), *Mittal Steel* (CIT 2007), *Steel Flat Products/Romania* (June 14, 2005) and accompanying IDM at Comment 2, *Certain Lined Paper Products/PRC* (September 8, 2006) and

- SKF agrees with the argument forwarded by PBCD regarding the valuation of PBCD's steel bar.
- Petitioner contends that the Department should continue to use Indian GTA data under HTS subheading 7228.30.29 to value steel bar for the final results because the data constitute the best available information. Furthermore, Petitioner argues that PBCD has failed to demonstrate that the Thai import data constitute a more accurate surrogate price to value the input in question.⁸⁸

accompanying IDM at Comment 5, *Light-Walled Pipe/PRC* (June 24, 2008) and accompanying IDM at Comment 2, *TRBs/PRC* (December 13, 1996), *TRBs/PRC* (November 17, 1998), *TRBs/PRC Prelim* (July 9, 2002), *TRBs/PRC Prelim* (March 5, 2004), *Sichuan Changhong* (CIT 2006). PBCD cites the following cases in support of its argument that it has made a colorable claim as to the unreliability of the surrogate value in question: *Mittal Steel* (CIT 2007) (citing *Dorbest* (CIT 2006)), *Motions Sys.* (Fed. Cir. 2006) (citing *S. Ill. Carpenters* (7th Cir. 2003), *Davis* (4th Cir. 1996), and *Boettcher* (9th Cir. 1985)), *China First* (CIT Sept. 30, 2010). PBCD cites the following cases in support of its argument for the use of Infodrive India data: *Silicon Metal/PRC Prelim* (July 9, 2009) and accompanying Selection of Factor Values Memorandum at 5, *WBF/PRC* (August 20, 2008) and accompanying IDM at Comment 1, *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2, *Merriam-Webster's* definition of 'significant,' *Activated Carbon/PRC* (November 10, 2009) and accompanying IDM at Comment 3, *TRBs 07-08 Factors Valuations Memo*, *Pencils/PRC* (July 7, 2010) and accompanying IDM at Comment 2b (citing *Globe* (CIT May 5, 2009)), *Dorbest* (CIT 2006), and *Pigment/PRC* (June 28, 2010) and accompanying IDM at Comment 4. PBCD cites the following cases in support of its argument that the surrogate value used in the *Preliminary Results* is unreliable: *TRBs/PRC* (December 13, 1996), *Hebei Metals* (CIT 2004), *Dorbest* (CIT 2006), and *China First* (CIT 2006).

⁸⁸ Petitioner cites the following cases in support of its argument that the Indian data used in the *Preliminary Results* are appropriate: *Silicon Metal/PRC* (October 16, 2007) and accompanying IDM at Comment 5, *Laminated Woven Sacks* (June 24, 2008) and accompanying IDM at Comment 2, *Brake Rotors/PRC* (August 2, 2007) and accompanying IDM at Comment 1, *Honey/PRC* (October 4, 2006) and accompanying IDM at Comment 2, *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2, *TRBs/PRC* (January 22, 2009) and accompanying IDM at Comment 7, *Carrier Bags/PRC* (March 17, 2008) and accompanying IDM at Comment 6, *Zhejiang Produce* (CIT 2008). Petitioner cites the following cases in support of its argument that Infodrive data are not a suitable benchmark: *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2, *Silicon Metal/PRC* (October 16, 2007) and accompanying IDM at Comment 5, *Tires/PRC* (July 15, 2008) and accompanying IDM at Comment 10, *Laminated Woven Sacks* (June 24, 2008) and accompanying IDM at Comment 2, and *Chlorinated Isos/PRC* (May 10, 2005) and accompanying IDM at Comment 1. Petitioner cites the following cases in support of its argument that the Japanese export data are not probative of import values: *Silicon Metal/PRC* (October 16, 2007) and accompanying IDM at Comment 5 and *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2. Petitioner cites the following cases in support of its argument that import values from countries with different levels of economic development are not reasonable benchmarks for each other: *LWTP/PRC Prelim* (May 13, 2008), *Carrier Bags/PRC* (March 17, 2008) and accompanying IDM at Comment 6, *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2, and *TRBs/PRC* (January 22, 2009) and accompanying IDM at Comment 7. Petitioner cites the following cases in support of its argument that PBCD's ME prices are not appropriate for benchmarking: *Antidumping Methodologies/ME Inputs* (October 19, 2006), *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2, *Laminated Woven Sacks* (June 24, 2008) and accompanying IDM at Comment 2, and *LWTP/PRC* (October 2, 2008) and accompanying IDM at Comment 10. Petitioner cites the following case in support of its argument that the suitable benchmarks on the record do not support PBCD's position either that the Indian SV is unsuitable or the Thai value is preferable: *Luoyang Bearing* (CIT 2005), *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2, *Pigment/PRC* (June 28, 2010) and accompanying IDM at Comment 3. Petitioner cites the following cases in support of its argument that ABC Bearing's steel purchases in its financial statement does not serve as a reliable benchmark: *Sebacic Acid/PRC* (March 7, 1997), *AD/CVD Final Rule* (May 19, 1997), *Shrimp/PRC* (August 13, 2010) and accompanying IDM at Comment 4, *Honey/PRC* (October 4, 2001) and accompanying IDM at Comment 4, *Activated Carbon/PRC* (November 10, 2009) and accompanying IDM at Comment 3F, *Mushrooms/PRC* (August 9, 2007) and accompanying IDM at Comment 2, and *Pencils/PRC* (July 13, 2009) and accompanying IDM at Comment 4.

Department's Position: When selecting surrogate values with which to value the FOPs used to produce subject merchandise, the Department is directed to use the "best available information" on the record.⁸⁹ The Department's preference is to use, where possible, a range of publicly available, non-export, tax-exclusive, and product-specific prices for the POR, with each of these factors applied non-hierarchically to the particular case-specific facts and with preference for data from a single surrogate country.⁹⁰ As established in the *Preliminary Results*, we continue to find that the GTA Indian import data under HTS subheading 7228.30.29 are publicly available, broad market averages, contemporaneous with the POR, tax-exclusive, and representative of significant quantities of imports, thus satisfying critical elements of the Department's SV test. Moreover, because these data are from the primary surrogate country and representative of an eight-digit HTS category, the most specific on record to the input in question,⁹¹ we find that they represent the best available information for purposes of valuing the steel bar input. However, as explained below, we find that PBCD has placed sufficient information on the record to call into question whether certain country-specific data within the Indian HTS category are representative of the input in question. Therefore, we have excluded certain country-specific data reported within the Indian GTA dataset where corroborating Infodrive data have demonstrated that the country had no exports of bearing quality steel to India during the POR.

As an initial matter, we disagree with PBCD's assertion that the Department's benchmark practice, as enunciated in the prior review, contradicts established Department practice and places undue burden on parties. Though PBCD characterizes this practice as circular and impossible to satisfy, we find that such concerns are unfounded. The Department's benchmarking policy merely holds that the existence of lower price points on the record alone, while illustrative, is not sufficient to cause the Department to disregard the surrogate value information in question. Rather, the party must provide evidence to show why said surrogate value is inadequate aside from simply citing to lower price points or, alternatively, demonstrate that another value is preferable.⁹² Contrary to PBCD's characterization of the Department's previous position, the presentation of these facts are not mutually exclusive of each other, nor must one necessarily precede or preclude the other in any analysis. The Department simply wishes to examine the totality of circumstances in making a determination with regard to questions regarding whether a value is aberrational and the appropriateness of using benchmark price points to analyze a particular value.

We note that the discussion as to the Department's use of price benchmarks and the precedent for applying the benchmarking methodology is only relevant when a party has provided appropriate price benchmarks for the data in question. For the instant case, we note that the majority of steel bar price examples submitted by PBCD on the record of this review are inappropriate comparative price benchmarks for Indian import data under HTS sub-heading 7228.30.29.

⁸⁹ Section 773(c)(1) of the Act.

⁹⁰ See *CTL Plate/Romania* (March 15, 2005) and accompanying IDM at Comment 3.

⁹¹ In Exhibit 12 of the PBCD Section D Questionnaire Response, PBCD describes the input in question as "Bearing Steel." Throughout the PBCD Case Brief, the input is referred to as "bearing quality steel bar."

⁹² See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2, *TRBs/PRC* (January 22, 2009) and accompanying IDM at Comment 6; *LWS/PRC* (June 24, 2008) and accompanying IDM at Comment 2; *Carrier Bags/PRC* (March 17, 2008) and accompanying IDM at Comment 6; *Hangers/PRC* (August 14, 2008) and accompanying IDM at Comment 4; and *Tires/PRC* (July 15, 2008) and accompanying IDM at Comment 10.

Specifically, Department precedent holds that country-specific export data,⁹³ and import values from countries at different levels of economic development from the PRC⁹⁴ are not suitable comparative price benchmarks to test the validity of selected SVs. Moreover, as stated in *TRBs/PRC* (January 6, 2010), where the quantity of an input purchased from ME suppliers does not meet the Department's 33 percent threshold of total purchases, the Department cannot rely on the price paid by an NME producer to an ME supplier, either for benchmarking or solely for factor valuation purposes, because the Department cannot have confidence that a company could fulfill all of its needs at that price.⁹⁵ Similarly, the Department prefers not to rely on the price associated with a certain input in the financial statement of a surrogate producer of comparable merchandise, either for benchmarking or factors valuations purposes, because such prices are not broad-based or tax exclusive.⁹⁶ Furthermore, while the Department will benchmark to similar HTS data from other potential surrogate countries, we do not find the existence of lower AUV prices in comparatively less-specific six-digit HTS categories from other potential surrogates constitutes a sufficient benchmark for more-specific eight-digit data.⁹⁷ As such, of the various price benchmarks submitted to the record by PBCD, we find that only GTA Thai import data under HTS sub-heading 7228.30.90 (*i.e.*, PBCD's suggested alternative surrogate value for steel bar) and Indian Infodrive data corresponding to the SV in question are appropriate benchmarks and instructive for surrogate valuation purposes in the instant case.

However, while we accept PBCD's argument that Infodrive data support the conclusion that the AUV for Indian imports under HTS subheading 7228.30.29 is significantly higher than the AUV for bearing-specific entries within the category and that within the Indian HTS data there are several line items that are not specific to the input in question, we do not agree with PBCD that Thai import data should be used in the alternative. While PBCD has presented information showing that Thai import statistics under HTS subheading 7228.30.90 represent a lower price than the Indian data in question, PBCD has failed to present sufficient evidence to demonstrate that the Thai data would not have the same inherent data quality issues as the Indian data (as this is also a basket HTS category), and PBCD has not provided evidence demonstrating how the Thai data is more specific to the input in question than the Indian import data. Furthermore, we agree with Petitioner that the Indian data represent the best available data on record as they are publically available, contemporaneous with the POR, exclusive of taxes, representative of broad market averages, and are from the primary surrogate country. Thus, consistent with the Department's preference to use SVs from the primary surrogate country, we will continue to value steel bar inputs using Indian import statistics under HTS subheading 7228.30.29 for the final results.

⁹³ See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2, citing, *e.g.*, *Tires/PRC* (July 15, 2008) and accompanying IDM at Comment 9.

⁹⁴ See *Carrier Bags/PRC* (March 17, 2008) and accompanying IDM at Comment 6.

⁹⁵ See *Antidumping Methodologies* (October 19, 2006) at 61716-61719.

⁹⁶ See, *e.g.*, *Carbon and Alloy Pipe/ PRC* (September 21, 2010) and accompanying IDM at Comment 8.

⁹⁷ See *LWTP/PRC* (October 2, 2008) and accompanying IDM at Comment 10. See also *TRBs/PRC* (January 22, 2009) and accompanying IDM at Comment 6, citing *Hangers/PRC* (August 14, 2008) and accompanying IDM at Comment 4, where the Department states that, "The 8-digit Indian HTS category more closely reflects the factor input used by the respondent in the production of TRBs than the 6-digit categories from the other countries. As stated in *Hangers*, the Department finds that 'specificity is a compelling reason that supports using...data to value the steel wire rod input.'"

With regard to the aforementioned Infodrive data, PBCD has submitted such information both as a price benchmark and a corroborative tool to show that the Indian import data are distorted by imports of merchandise not specific to the input in question. As such, the viability of this particular Infodrive dataset that PBCD put on the record subsequent to the *Preliminary Results* must be analyzed in accordance with Department practice and policy regarding the use of Infodrive data.⁹⁸ The Department has stated that it will consider Infodrive data to further evaluate import data, provided: 1) there is direct and substantial evidence from Infodrive reflecting the imports from a particular country; 2) a significant portion of the overall imports under the relevant HTS category is represented by the Infodrive India data; and 3) distortions of the AUV in question can be demonstrated by the Infodrive data;⁹⁹ but that the Department will not use Infodrive data when it does not account for a significant portion of the imports which fall under a particular HTS subheading as reported by GTA.¹⁰⁰

In the instant case, the Department has conducted a comparative analysis of GTA and Infodrive data¹⁰¹ for Indian imports under HTS subcategory 7228.30.29. This analysis of the two databases shows that over 93 percent of both the total GTA quantity and value from all countries that the Department includes in its SV calculations is accounted for in the total quantifiable weight and value figures¹⁰² from the corresponding Infodrive data. When broken out into country-specific data, the majority of corresponding quantity, value, and AUV figures exhibit a minor amount of variance between each dataset. With regard to reported quantity and corresponding value, for both the United States and Germany, the two biggest exporters to India by quantity, over 96 percent of the GTA data by quantity and value are represented by the Infodrive data. Furthermore, Infodrive data for the majority of other exporting data demonstrates significant coverage of the GTA data in question, including the data provided for: Japan (100 percent of value and 78 percent of quantity), Slovenia (100 percent of value and 109 percent of total quantity), Canada (90 percent of value and 101 percent of quantity), Austria (100 percent of value and 112 percent of quantity), Turkey (100 percent of value and 102 percent of quantity), and Taiwan (100 percent of value and 100 percent of quantity). As such, we find that the Infodrive data submitted by PBCD demonstrates significant coverage of the GTA data, and can be used as a probative tool to corroborate the surrogate value in question.

Therefore, we have taken the Infodrive data, and PBCD's analysis thereof, into consideration in evaluating the suitability of GTA data for Indian HTS 7228.30.90 as a surrogate to value bearing quality steel bar in the instant review. Infodrive information on the record identifies line item

⁹⁸ See *Silicon Metal/PRC* (October 16, 2007) and accompanying IDM at Comment 5; *Tires/PRC* (July 15, 2008) and accompanying IDM at Comment 10; *Laminated Woven Sacks/PRC* (June 24, 2008) and accompanying IDM at Comment 2; *Honey/PRC* (June 16, 2006) and accompanying IDM at Comment 1; and *Chlorinated Isos/PRC* (May 10, 2005) and accompanying IDM at Comment 10.

⁹⁹ See *LWTP/PRC* (October 2, 2008) and accompanying IDM at Comment 9.

¹⁰⁰ See, e.g., *id.* at Comment 10; *Silicon Metal/PRC* (October 16, 2007) and accompanying IDM at Comment 5; *Tires/PRC* (July 15, 2008) and accompanying IDM at Comment 10; *LWS/PRC* (June 24, 2008) and accompanying IDM at Comment 2.

¹⁰¹ See Final Factors Valuations Memorandum at Attachment III.

¹⁰² Because the GTA data in question have only reported import statistics in kilograms, our comparative analysis has excluded all Infodrive line items which were reported in units of measure that could not be converted to kilograms (e.g., pieces, units, sets, etc.). We note, however, when considering the value of country-specific GTA data to the value of corresponding Infodrive data as reported (i.e., not excluding unconvertible weight data), there is remarkable correlation between the values reported in each dataset (i.e., nearly 100 percent for most countries).

entries identified as some variation of the descriptor “bearing quality steel” were imported into India from the United States, Japan, and Singapore. In its analysis of the Infodrive line items, PBCD provides reasoning for why the remainder of data (*i.e.*, the entries not specifically described as bearing steel) should not be classified as bearing steel entries and, thus, why these particular entries are not specific to the input it consumed in producing the subject merchandise. PBCD then shows that the AUV for the SV used in the *Preliminary Results* is nearly 50 percent higher than the AUV of only bearing-steel specific Infodrive entries within the same HTS category. While PBCD has analyzed the entries in the Infodrive data which were not specifically labeled as “bearing-quality” and indicated why it thought this merchandise was not “bearing quality,” in our analysis of the data, we find that there are several entries within the Infodrive dataset that are clearly labeled as imports of “bearing-quality steel,” which is specific to the steel bar used in the production of TRBs. Additionally, no interested party to this proceeding has objected to PBCD’s overall separation of the Infodrive line items as “included as bearing quality steel” or not, nor has any interested party questioned the term “bearing-quality” as it exists in the Infodrive data. Thus, we find that the Infodrive data are probative for analysis of the Indian GTA data used to value of the input in question. Because we find that Infodrive shows that the Indian dataset contains entries not specific to the input in question, we have excluded country-specific GTA data for all countries which could not be shown definitively to have exported bearing quality steel to India during the POR.¹⁰³ Therefore, we have valued steel bar inputs using the quantity and value data of Indian imports from the United States, Japan, and Singapore¹⁰⁴ in Indian HTS subheading 7228.30.90 obtained from GTA, for these final results.

Comment 15: Surrogate Value for Steel Rod

- PBCD argues that the Thai import data used by the Department to value wire rod in the *Preliminary Results* is unreliable and contends that the Department should rely upon import data from Indonesia or the Philippines to value its wire rod.
- Petitioner argues that the benchmark values provided by PBCD do not demonstrate that the Thai value in question is aberrational. Petitioner requests that the Department should continue to use the Thai data to value wire rod for the final results.¹⁰⁵

Recommendation: In the *Preliminary Results*, the Department chose to value wire rod inputs using Thai import data for HTS 7228.50.10,¹⁰⁶ determining that, because both of the

¹⁰³ We note that this determination to exclude certain country-specific GTA data from the SV calculation based on data provided by Infodrive, when Infodrive information has been determined to have significant coverage of the GTA data in question, is consistent with the Department’s recent decision in *Magnesia Carbon Bricks/PRC* (August 2, 2010) and accompanying IDM at Comment 1, stating that “because the United Kingdom’s imports of “Electromag Powder” {as demonstrated by Infodrive information submitted to the record} are not specific to the input in question, it has been excluded from the fused magnesia surrogate value calculation for the final determination.” See Final Factors Valuations Memorandum at Attachment IV for the relevant calculation.

¹⁰⁴ We note that PBCD’s Infodrive analysis did not include Infodrive entry number 614, as a bearing quality entry, as it was excluded due to unit conversion issues. However, because this entry demonstrates that Singapore was an exporter of bearing quality steel to India during the POR, regardless of unit conversion issues in Infodrive, we have included Singapore’s quantity and value of imports in our SV calculation from GTA.

¹⁰⁵ Petitioner cites the following case in support of its argument: *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2.

¹⁰⁶ Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars

respondents' wire rod and the wire rod included in the Thai HTS category are circular in shape, the Thai HTS category represented the most specific information on record to value the input in question. PBCD argues that the Department should determine this Thai value to be aberrational because the AUV is relatively high when benchmarked against certain price points: specifically, AUVs from Indonesian and Philippine import data for HTS 7228.50,¹⁰⁷ U.S. import data for the same HTS 7228.50.10 subcategory, and steel prices from one of the financial statements used to calculate the financial ratios in this proceeding.

As noted in Comment 14B, above, the Department does not find U.S. import data or surrogate financial data to be suitable comparative price benchmarks to test the validity of selected SVs, nor do we agree that the existence of lower AUV prices in comparatively less-specific six-digit basket HTS categories constitutes sufficient evidence to compel the Department to question the validity of the more-specific eight-digit data used in the *Preliminary Results*.¹⁰⁸ Furthermore, PBCD does not provide any corroborative information to demonstrate why the Thai category used in the *Preliminary Results* might be aberrational, other than pointing to a handful of other price points that the Department does not generally find to be appropriate benchmarks. As such, we find that PBCD has not put forth a colorable claim, based on record evidence, that the Thai import data are inappropriate. Moreover, PBCD offers no insight as to why Indonesian data from a less specific six-digit HTS category are more appropriate to value wire rod for these final results.

Therefore, we continue to find the Thai HTS category used in the *Preliminary Results* to be most specific to the input in question, as this HTS category values steel rod of circular cross section, which is the type of wire rod used in the production of TRBs by the respondents. Accordingly, we have continued to value wire rod inputs using Thai import data under HTS 7228.50.10 for the final results.

Comment 16: Adjustments to Financial Ratios

- PBCD argues that the Department should make adjustments to the surrogate financial ratios: 1) certain labor-related items in each surrogate financial statement (*e.g.* welfare expenses, contributions to provident funds, staff welfare) should be reclassified as labor, or at least as SG&A, instead of manufacturing overhead in light of certain Federal Circuit decisions; 2) “processing and other charges” in ABC’s financial statements should be excluded from the overhead calculation since it is unclear what comprises these charges and; 3) exclude all or half of “logistic cost” from SKF India’s SG&A calculation because similar items (*e.g.* “carriage outward” and “freight and forwarding expenses”) were excluded from the FAG and

and rods, of alloy or non-alloy steel; Other bars and rods, not further worked than cold-formed or cold-finished: Of circular cross-section.

¹⁰⁷ Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel; Other bars and rods, not further worked than cold-formed or cold-finished.

¹⁰⁸ See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comment 2. See also *TRBs/PRC* (January 22, 2009) and accompanying IDM at Comment 6, (“The 8-digit Indian HTS category more closely reflects the factor input used by the respondent in the production of TRBs than the 6-digit categories from the other countries. As stated in *Hangers*, the Department finds that ‘specificity is a compelling reason that supports using...data to value the steel wire rod input.’” (citing *Hangers/PRC* (August 14, 2008) and accompanying IDM at Comment 4)).

ABC SG&A calculations.¹⁰⁹

- Petitioner claims that the Department correctly classified/included the line items in question in the appropriate ratio calculations, and should continue to do so for the final results.¹¹⁰
- SKF agrees with PBCD that the “logistics charges” listed in SKF India’s financial statement involve costs associated with the transportation of materials similar to those excluded from the other two financial statements and should be similarly left out of the SG&A calculations, as is the Department’s normal practice.¹¹¹

Department’s Position: We disagree with PBCD’s contention that because the Federal Circuit’s decision in *Dorbest* (Fed. Cir. May 14, 2010) invalidated the Department’s prior regression-based labor methodology, it necessarily follows that financial ratio calculations involving labor-related costs must be similarly reassessed.¹¹² In both the previous regression-based methodology and current post-*Dorbest* (Fed. Cir. May 14, 2010) labor methodology, the Department utilizes ILO Chapter 5B data to determine wage rates. We note that the ILO defines “earnings” under Chapter 5B of its *Yearbook of Labour Statistics* as being inclusive of “wages,” and as including both bonuses and gratuities. It further defines “earnings” to “exclude employers’ contributions in respect of their employees paid to social security and pension schemes and also the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.”¹¹³ Thus, neither “wages” nor “earnings” data used in the current wage rate methodology include the types of expenses (such as welfare expenses and contributions to provident funds) that PBCD requests be included in labor as part of the MLE denominator. As such, we agree with Petitioner that the inclusion of these expenses in overhead is consistent with prior determinations of the Department¹¹⁴ and upheld by the CIT in *Zhengzhou Harmoni* (CIT 2009), and that this precedent has not been invalidated by the *Dorbest* (Fed. Cir.

¹⁰⁹ PBCD cites the following cases in support of its argument: *Zhengzhou Harmoni* (CIT 2009) and *Dorbest* (Fed. Cir. May 14, 2010).

¹¹⁰ Petitioner cites the following cases in support of its argument that employee benefits are properly included in overhead: *Dorbest* (Fed. Cir. May 14, 2010), *Antidumping Methodologies/ME Inputs* (October 19, 2006), *Zhengzhou Harmoni* (CIT 2009), *FMTC/PRC* (January 18, 2006) and accompanying IDM at Comment 1B, *Shrimp/PRC* (September 12, 2007) accompanying IDM at Comment 3B, and *Persulfates/PRC* (February 14, 2006) and accompanying IDM at Comment 3. Petitioner cites the following case in support of its argument that processing charges are included in ABC Bearing’s overhead calculation: *Carrier Bags/Taiwan* (March 26, 2010) and accompanying IDM at Comment 5. Petitioner cites the following cases in support of its argument that logistics costs are properly included in SKF’s SG&A calculation: *Tires/PRC* (July 15, 2008) and accompanying IDM at Comment 57 and *Pencils/PRC* (May 14, 2007) and accompanying IDM at Comment 5.

¹¹¹ SKF cites the following cases in support of its argument: *Blankets/PRC* (July 2, 2010) and accompanying IDM at Comment 4 and *Corrosion-Resistant Carbon Steel Flat Products/Korea* (April 28, 2009).

¹¹² We note our agreement with Petitioner’s assertion that the Federal Circuit’s decision in *Dorbest* (Fed. Cir. May 14, 2010) did not invalidate the Department’s wage rate methodology in its entirety, rather, it held that the regression methodology was in violation with the statute because it included wages of countries not economically comparable to the PRC.

¹¹³ See <http://laborsta.ilo.org>.

¹¹⁴ *Antidumping Methodologies/ME Inputs* (October 19, 2006), *FMTC/PRC* (January 18, 2006) and accompanying IDM at Comment 1B, *Shrimp/PRC* (September 12, 2007) and accompanying IDM at Comment and accompanying IDM at Comment 3B, and *Persulfates/PRC* (February 14, 2006) and accompanying IDM at Comment 3.

May 14, 2010) determination. Therefore, we have left these expenses in the overhead calculation for the final results.

We also disagree with PBCD that the “processing and other” charges listed in ABC Bearing’s financial statement should be excluded from ABC’s overhead calculation. The Department has previously included similar “processing” charges in the overhead calculation unless it can be demonstrated that these charges explicitly do not relate to the manufacture of subject merchandise.¹¹⁵ In the instant case, PBCD has not sufficiently demonstrated that these charges are separate from those incurred in the production of TRBs.

Finally, we disagree with PBCD and SKF’s position that SKF India’s “logistic cost” expense should be excluded from its SG&A calculation because this cost is similar to the “carriage outward” and “freight forwarding” expenses excluded from the SG&A calculation of the other two financial statements used to calculate surrogate financial ratios in the instant proceeding. Though SKF submits that this expense involves the cost associated with the transportation of materials accounted for as freight and brokerage expenses in normal value (thus, normally excluded from SG&A¹¹⁶), we do not find that the record clearly indicates the nature of the costs which comprise this logistics charge.¹¹⁷ As stated in numerous previous determinations, the Department will only seek information from within the surrogate financial statements in determining the appropriateness of including an item in the financial ratio calculation, and will not go “behind” the statement.¹¹⁸ As such, because there is no clear detail or explanatory note in SKF India’s financial statements that would identify the costs associated with “logistics charges” to be similar to the freight and brokerage costs already accounted for in respondents’ normal value buildup, in accordance with the Department’s practice, we have continued to include these costs in the surrogate SG&A calculation for the final results.

¹¹⁵ See *Blankets/PRC* (July 2, 2010) and accompanying IDM at Comment 3, *Shrimp/PRC* (December 8, 2004) and accompanying IDM at Comment 7b, *Carrier Bags/PRC* (February 11, 2009) and accompanying IDM at Comment 5, *Pigment/PRC* (May 10, 2007) and accompanying IDM at Comment 2, and *Freshwater Crawfish/PRC* (April 17, 2007) and accompanying IDM at Comment 1.

¹¹⁶ Citing to *Blankets/PRC* (July 2, 2010) and accompanying IDM at Comment 4 and *Corrosion-Resistant Carbon Steel Flat Products/Korea* (April 28, 2009).

¹¹⁷ The SKF Financial Report is included in Petitioner’s Surrogate Value Rebuttal Comments at Exhibit 12. There are several references which might indicate that these logistics charges are dissimilar from the “freight forwarding” and “carriage outward” expenses claimed by PBCD and SKF. Page 43 states that “Inventories” includes all expenses incurred in bringing merchandise to its present location, which may include freight from factory to port. Petitioner points to a footnote on page 19 which references certain logistics services activities performed by SKF India which are unrelated to carriage outward or freight forwarding expenses. While neither of these definitively demonstrate the exact nature of the “logistics charges” in question, the Department has been unable to identify any point in the SKF India financial statement that would substantiate PBCD and SKF’s claim that freight charges are included in this line item.

¹¹⁸ See, e.g., *Activated Carbon/PRC* (November 17, 2010) and accompanying IDM at Comment 4e, stating that “in NME cases, it is generally not possible for the Department to dissect the financial statements of a surrogate company as if the surrogate company were the respondent under review in the proceeding, because the Department does not seek information from or verify the information from the surrogate company... Therefore, in calculating surrogate overhead and SG&A ratios, it is the Department’s practice to accept data from the surrogate producer’s financial statements *in toto*, rather than performing a line-by-line analysis of the types of expenses included in each category.”

Comment 17: Wages

- Petitioner argues that the Department should continue to rely on industry-specific labor data for the calculation of the surrogate wage rate. Petitioner argues that the Department should use Chapter 6 data from the ILO to avoid mixing and matching Chapter 5B ILO data with labor costs from the financial statements of Indian producers and to maintain the Department's longstanding practice to use more data points when valuing labor instead of relying on a single country's (*i.e.*, India's) financial statements of Indian producers. However, if the Department does not use Chapter 6 data, Petitioner argues the Department should limit its labor rate calculation to only "earnings" data from Chapter 5B of the ILO since "earnings" more fully captures the financial compensation received by workers.¹¹⁹
- SKF argues that the Department should continue to rely on "wages" data where "earnings" data are not available because such an approach is more representative of employee compensation in economically comparable countries. SKF argues that the Department should not rely on labor data from Chapter 6 of the ILO because (1) it would decrease the number of countries for which data is available and (2) other types of compensation are accounted for in the financial statements of Indian producers.¹²⁰
- SKF argues that the Department should (1) only use data from countries that are significant producers of comparable merchandise (*i.e.*, with exports greater than \$200 million); (2) use national manufacturing wages under Category D rather than industry-specific data; (3) exclude wage data from before 2007 and data from Bosnia and Herzegovina if the Department continues to use the industry-specific methodology; and (4) include data from India under Revision 2 if the Department continues to use the industry-specific methodology.¹²¹
- Petitioner argues that the Department's preliminary determination to consider 34 out of 55 countries as "significant producers" is reasonable because the Act does not define "significant" and because exports should be considered *prima facie* evidence of significant production. Petitioner argues that the Department appropriately relied on Division 29 because it is more specific to wages earned in the manufacture of TRBs than the national manufacturing wage rate. Petitioner also argues that the Department should not revise its methodology to include Indian wage data because the data of record shows that inaccuracies would result from averaging labor rates from different ISIC revisions. Moreover, Petitioner contends that the Department correctly included data from 2003-2008 because SKF's argument that a direct correlation cannot be observed between wages and CPI for several countries is flawed. Finally, Petitioner argues that data from Bosnia and Herzegovina should

¹¹⁹ Petitioner cites to the following in support of its argument: *Antidumping Methodologies/ME Inputs* (October 19, 2006); *Dorbest* (Fed. Cir. May 14, 2010); *Magnesia Carbon Bricks/PRC* (August 2, 2010); *Tires/PRC AD* (July 15, 2008); *Longkou* (CIT 1999).

¹²⁰ SKF cites to the following in support of its argument: *Antidumping Methodologies/ME Inputs* (October 19, 2006); *Sodium Hexametaphosphate/PRC* (October 20, 2010); *Dorbest* (Fed. Cir. May 14, 2010).

¹²¹ SKF cites to the following in support of its argument: *Pencils/PRC* (July 6, 2006); *Freshwater Crawfish/PRC* (April 17, 2007); *Floor-Standing, Metal-Top Ironing Tables/PRC* (June 24, 2004); *Honey/PRC* (December 27, 2004); *TRW* (2001); *Dorbest* (Fed. Cir. May 14, 2010); Department of Commerce Policy Bulletin 04.1 (March 1, 2004); *Antidumping Methodologies/ME Inputs* (October 19, 2006).

be included in the surrogate wage rate calculation because SKF has provided no actual evidence that the wage rate for Bosnia and Herzegovina is aberrational.¹²²

Department's Position: In *Dorbest* (Fed. Cir. May 14, 2010) the CAFC invalidated the Department's regulation, 19 CFR 351.408(c)(3), which directs the Department to value labor using a regression-based method. As a consequence of the CAFC's decision, the Department is no longer relying on the regression-based wage rate. The Department is continuing to evaluate options for determining labor values in light of the recent CAFC decision. For the final results of this review, we have calculated an hourly wage rate to value the respondents' reported labor input by averaging industry-specific earnings and/or wages from multiple countries that are both economically comparable to the PRC and significant exporters of comparable merchandise.

Section 773(c)(4) of the Act requires the Department "to the extent possible" to use "prices or costs of factors of production in one or more market economy countries that are (A) at a level of economic development comparable to that of the non-market economy country, and (B) significant producers of comparable merchandise."

In *Activated Carbon/PRC* (November 9, 2010), the Department determined that wage data from a single surrogate country does not constitute the best available information for purposes of valuing the labor input due to the variability that exists across wages from countries with similar GNI. We explained that using the high- and low-income countries identified in the Surrogate Country Memo as bookends provides more data points which the Department prefers because, while there is a strong worldwide relationship between wage rates and GNI, too much variation exists among the wage rates of comparable MEs.¹²³ As a result, we find reliance on wage data from a single country is not preferable where data from multiple countries are available for the Department to use.

For example, when examining the most recent wage data, even for countries that are relatively comparable in terms of GNI for purposes of factor valuation (*e.g.*, countries with GNIs between USD 1,500 and USD 3,780), the hourly wage rate spans from USD 1.09 to USD 4.35.¹²⁴ Additionally, although both Egypt and Indonesia have GNIs below USD 2,500, and both could be considered economically comparable to the PRC, Indonesia's observed wage rate is USD 0.74, as compared to Egypt's observed wage rate of USD 1.09—almost double that of Indonesia¹²⁵ There are many socio-economic, political and institutional factors, such as labor laws and policies unrelated to the size or strength of an economy, that cause significant variances in wage levels between countries. For this reason, and because labor is not traded internationally, the variability in labor rates that exists among otherwise economically comparable countries is a characteristic unique to the labor input. Moreover, the large variance

¹²² Petitioner cites to the following in support of its argument: *Chevron* (1984); *Koyo Seiko* (Fed. Cir. 1994?); *TRBs/PRC Prelim* (July 15, 2010); Department of Commerce Policy Bulletin 04.1 (March 1, 2004); *Micron Tech., Inc.* (Fed. Cir. 1997); *Lasko* (Fed Cir. 1994); Conference Report to the 1998 Omnibus Trade and Competitiveness Act, H.R. Conf. Rep. No. 576, 590, 100th Cong. 2nd Sess. (1998); *Coated Paper/PRC* (September 27, 2010); *Activated Carbon/PRC* (November 9, 2010); 2008); *TRBs/PRC* (January 22, 2009); *TRBs/PRC* (January 6, 2010).

¹²³ See *e.g.*, ILO *Global Wage Report: 2009 Update*, (2009) at 5, 7, 10.

http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_116500.pdf.

¹²⁴ See Final Factors Valuations Memorandum at Attachment II.

¹²⁵ See *id.*

in these wage rates illustrates why it is preferable to rely on data from multiple countries for purposes of valuing labor. The Department thus finds that reliance on wage data from a single country is not preferable where data from several countries are available. For these reasons, the Department maintains its long-standing position that, even when not employing a regression methodology, more data are still better than less data for purposes of valuing labor. Accordingly, in order to minimize the effects of the variability that exists between wage data of comparable countries, the Department has employed a methodology that relies on as large a number of countries as possible that also meet the statutory requirement that a surrogate be derived from a country that is economically comparable and also a significant producer. Indeed, for this reason, although the Department is no longer using a regression-based methodology to value labor, the Department has determined that reliance on labor data from multiple countries, as opposed to labor data from a single country constitutes the best available information for valuing the labor input.¹²⁶

Accordingly, to calculate a wage rate, the Department first looked to the Surrogate Country Memo issued in this proceeding to determine countries that were economically comparable to the PRC.¹²⁷

In analyzing economic comparability, the Department places primary emphasis on GNI, consistent with 19 CFR 351.408.¹²⁸ In the *Preliminary Results*, the Department selected six countries for consideration as the primary surrogate country for this review based on the Surrogate Country Memo.¹²⁹ From the list of countries contained in the Surrogate Country Memo, the Department used the country with the highest GNI (*i.e.*, Peru) and the lowest GNI (*i.e.*, India) as “bookends” for economic comparability. The Department then identified all countries in the World Bank’s *World Development Report* with per capita GNIs for 2007 that fell between the “bookends.” This resulted in 55 countries, ranging from India (with USD 950 GNI) to Colombia (with USD 4,070 GNI), that the Department considers economically comparable to the PRC.¹³⁰

Next, regarding the “significant producer” prong of the Act, the Department identified all

¹²⁶ Both the statute and our regulations recognize the need to source factor data from more than one country. Although 19 CFR 351.408(c)(2) provides that the Department will *normally* source the FOPs from a single surrogate country, the language in the regulation provides sufficient discretion for the Department to address situations in which sourcing an FOP from a single source is not preferable. Use of the word “normally” means that this is not an absolute mandate. As we explained, the unique nature of the labor input warrants a departure from our normal preference of sourcing all factor inputs from a single surrogate country.

¹²⁷ See Memorandum from Acting Director, Office of Policy, to Office Director, AD/CVD Operations, Office 8, regarding, “Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings (“TRB”) from the People’s Republic of China (“PRC”), dated September 23, 2009, (“Surrogate Country Memo”).

¹²⁸ The Department notes that 19 CFR 408(b) specifies that the “Department places primary emphasis on per capita GDP.” However, it is Departmental practice to use “per capita GNI, rather than per capita GDP, because while the two measures are very similar, per capita GNI is reported across almost all countries by an authoritative source (the World Bank), and because the Department believes that the per capita GNI represents the single best measure of a country’s level of total income and thus level of economic development.” See *Antidumping Methodologies/ME Inputs* (October 19, 2006) at 61716, Fn. 2.

¹²⁹ The Department notes that these six countries are part of a non-exhaustive list of countries that are at a level of economic development comparable to the PRC. See Surrogate Country Memo.

¹³⁰ See Final Factors Valuations Memorandum at Attachment II.

countries which have exports of comparable merchandise (defined as exports under HTS 8482.20, 8482.91, 8482.99, 8483.20, 8483.30, 8483.90, and 8708.99, the six-digit HTS codes identified in the scope of the order)¹³¹ between 2007 and 2009.¹³² In this case, we have defined a “significant producer” as a country that has exported comparable merchandise between 2007 through 2009. After screening for countries that had exports of comparable merchandise, we determine that 34 of the 55 countries designated as economically comparable to the PRC are also significant producers. Accordingly, for purposes of valuing wages for the final results, the Department determines the following 34 countries out of 55 countries designated as economically comparable to the PRC are also significant producers of comparable merchandise: Albania, Algeria, Belize, Bolivia, Bosnia and Herzegovina, Cape Verde, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Fiji, Guatemala, Guyana, India, Indonesia, Jordan, Macedonia, Mongolia, Morocco, Nicaragua, Nigeria, Paraguay, Peru, Philippines, Samoa (Western), Sri Lanka, Swaziland, Syria, Thailand, Tunisia, Ukraine, Vanuatu, and Yemen.¹³³

SKF argues that the Department’s definition of “significant producer” is inconsistent with the Act, because it eliminates “significant.” In particular, SKF contends that given the market structure for TRBs during the POR, the Department must revise its methodology to use data only from countries that averaged more than 200 million dollars in exports of comparable merchandise because a country that averaged significantly less than 200 million dollars in exports of comparable merchandise during the POR cannot be said to be a significant producer. We do not agree with SKF’s contention that the Department’s methodology is inconsistent with section 773(c) of the Act. The Department finds that a country’s ability to export comparable merchandise is indicative of substantial production because it is producing merchandise at a level that surpasses its internal consumption.¹³⁴ The Act and regulations are silent in defining a “significant producer,” and the Act grants the Department discretion to look at various data sources for determining the best available information.¹³⁵ While the legislative history provides that the “term ‘significant producer’ includes any country that is a significant net exporter,”¹³⁶ it does not preclude reliance on additional or alternative metrics for determining whether a country is a significant producer.¹³⁷ In practice, the Department has relied on other indicia for determining whether a country is a significant producer. For example, in an administrative review of the AD order on wooden bedroom furniture from the PRC, the Department relied on production data for selecting the primary surrogate country.¹³⁸

SKF also argues that the Department should not draw data from countries other than Thailand, India, the Philippines and Indonesia, because the other countries relied on by the Department in its wage rate calculation—Ukraine, Jordan, Bosnia and Herzegovina, Egypt, Macedonia, Peru,

¹³¹ See *Preliminary Results* at 41148, 41149.

¹³² The export data is obtained from GTA.

¹³³ See *id.*

¹³⁴ See *Activated Carbon/PRC* (November 9, 2010) and accompanying IDM at Comment 3.

¹³⁵ See Section 773(c) of the Act.

¹³⁶ See *Conference Report to the 1998 Omnibus Trade and Competitiveness Act, H.R. Conf. Rep. No. 576, 590, 100th Cong. 2nd Sess. (1998).*

¹³⁷ See *Activated Carbon/PRC* (November 9, 2010) and accompanying IDM at Comment 3.

¹³⁸ See *WBF/PRC* (February 9, 2009), unchanged in *Wooden Bedroom Furniture From the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative and New Shipper Reviews*, 74 FR 41374 (August 17, 2009).

and Ecuador—are not significant producers of comparable merchandise. Notwithstanding SKF’s arguments, consistent with recent Department decisions, for these final results, we have defined “significant producer” as a country that has exported comparable merchandise during the relevant period (in this case 2007 through 2009).¹³⁹ According to record evidence¹⁴⁰, these countries exported on average, over the three years of export data, approximately \$128 million, \$34.2 million, \$24.7 million, \$5.2 million, \$4.9 million, \$1.8 million, and \$0.7 million per year respectively during the 2007-2009 period and are, therefore, significant producers of TRBs. We find that the fact that a country exports comparable merchandise to other countries to be a strong indication that the country is a significant producer of such merchandise, regardless of the level of exports.¹⁴¹ This threshold for significant producer maximizes the size of the ultimate basket while still accounting for the significant producer criterion, which, in turn, provides the best available wage rate because multiple data points for labor will minimize potential distortions or arbitrary variations in wage data that are normally present among otherwise economically comparable countries.

Additionally, SKF has not explained why its proposed threshold of more than 200 million dollars in exports of comparable merchandise during the POR would be more accurate and reliable than the Department’s threshold of “significant producer.” Given that countries such as Ukraine, Jordan, and Bosnia and Herzegovina would be treated as insignificant producers under this threshold when they have exported on average 127.63 million, 34.25 million and 23.68 million dollars, respectively, of comparable merchandise between 2007 and 2009, we find that SKF’s proposed alternative interpretation of “significant producer” is arbitrary and unlikely to result in a more accurate calculation of labor rates. As such, consistent with our recent decisions,¹⁴² for these final results, we have defined “significant producer” as a country that has exported comparable merchandise during the relevant period (in this case 2007 through 2009).

The Department then identified which of these 34 countries also reported the necessary wage data. In doing so, the Department has continued to rely upon ILO Chapter 5B “earnings,” if available and “wages” if not. Petitioner argues that the Department should use Chapter 6 data from the ILO because it represents a more comprehensive measure of the costs incurred by a producer for labor. According to Petitioner, relying on Chapter 6 data would promote consistency by eliminating the need to avoid mixing and matching Chapter 5B ILO data with labor costs from the financial statements of Indian producers and maintain the Department’s longstanding practice of capturing labor rates from a multitude of countries when valuing labor

¹³⁹ See *Activated Carbon/PRC* (November 9, 2010) and accompanying IDM at Comment 3; *Sodium Hexametaphosphate/PRC* (October 20, 2010) and accompanying IDM at Comment 5; *Pressure Pipe/ PRC* (September 21, 2010) and accompanying IDM at Comment 5; *Magnesia Carbon Bricks/PRC* (August 2, 2010) and accompanying IDM at Comment 1.b; *Coated Paper/PRC* (September 27, 2010) and accompanying IDM at Comment 30.

¹⁴⁰ See SKF’s Wage Rate Case Brief (November 9, 2010).

¹⁴¹ See *Activated Carbon/PRC* (November 9, 2010) and accompanying IDM at Comment 3; See, e.g., *See WBF/PRC* (August 18, 2010) and accompanying IDM at Comment 34; *Shrimp/PRC* (August 13, 2010); *Magnesia Carbon Bricks/PRC* (August 2, 2010), and accompanying IDM at Comment 1.b.; *WBF/PRC* (July 29, 2010), and accompanying IDM at Comment 2; *Ribbons/PRC (July 19, 2010)*, and accompanying IDM at Comment 8.

¹⁴² See *Activated Carbon/PRC* (November 9, 2010) and accompanying IDM at Comment 3; *Sodium Hexametaphosphate/PRC* (October 20, 2010); *Carbon Alloy Pipe/ PRC* (September 21, 2010) and accompanying IDM at Comment 5; *Magnesia Carbon Bricks/PRC* (August 2, 2010) and accompanying IDM at Comment 1b; *Coated Paper/PRC* (September 27, 2010) and accompanying IDM at Comment 30.

instead of relying on a single country's (*i.e.*, India's) financial statements of Indian producers. While we acknowledge that we have Chapter 6 data on the record that is a fully loaded labor dataset, the Department's current preference and practice is to calculate wage rates using Chapter 5B data of the ILO.¹⁴³ However, as we stated above, the Department is continuing to evaluate options for determining labor values in light of *Dorbest* (Fed. Cir. May 14, 2010).

If the Department continues to rely on Chapter 5B of the ILO statistics instead of Chapter 6 of the ILO, Petitioner argues that the Department should limit its labor calculation to earnings data only. According to Petitioner, this would be consistent with the agency's preference for using earnings over wages for surrogate valuations since earnings more fully capture total financial compensation received by workers. The Department disagrees. In *Activated Carbon/PRC* (November 9, 2010), the Department explained that under the industry-specific methodology, the Department maintains its current preference for "earnings" over "wages" data under Chapter 5B. However, under the previous practice, the Department was typically able to obtain data from somewhere between 50-60+ countries using only earnings. Given that the current basket in this administrative review now includes significantly fewer countries, the Department finds that our long-standing preference for a robust basket outweighs our exclusive preference for "earnings" data. We note that several countries that met the statutory criteria for economic comparability and significant production, such as Indonesia, Peru and Thailand, reported only a "wage" rate. Thus, if earnings data is unavailable from the base year (2008) and the previous five years (2003-2008)¹⁴⁴ for certain countries that are economically comparable and significant producers of comparable merchandise, the Department will use "wages" data, if available, from the most recent of the base year or previous five years. The hierarchy for data suitability is described in the *Antidumping Methodologies/Cost Changes* (May 9, 2008) and still applies for selecting among multiple data points within the "earnings" or "wage" data. This allows the Department to maintain consistency as much as possible across the basket.

Based on the selection methodology set forth above, the Department has determined it is most appropriate to rely on industry-specific wage data reported by ILO for the final results. Determinations as to whether industry-specific ILO datasets constitute the best available information must necessarily be made on a case-by-case basis. In making these determinations, the Department considers a number of factors such as the appropriateness of the ILO industry-specific data in light of the subject merchandise and the availability of industry specific data.

The ISIC code is maintained by the United Nations Statistical Division and is updated

¹⁴³ See *Activated Carbon/PRC* (November 9, 2010) and accompanying IDM at Comment 3; *Sodium Hexametaphosphate/PRC* (October 20, 2010); *Carbon Alloy Pipe/ PRC* (September 21, 2010) and accompanying IDM at Comment 5; *Magnesia Carbon Bricks/PRC* (August 2, 2010) and accompanying IDM at Comment 1b; *Coated Paper/PRC* (September 27, 2010) and accompanying IDM at Comment 30.

¹⁴⁴ Under the Department's regression analysis, the Department limited the years of data it would analyze to a two-year period. See *Antidumping Methodologies/ME Inputs* (October 19, 2006) at 61720. However, because the overall number of countries being considered in the regression methodology was much larger than the list of countries now being considered in the Department's calculations, the pool of wage rates from which we could draw from two years-worth of data was still significantly larger than the pool from which we may now draw using five years worth of data (in addition to the base year). The Department believes it is acceptable to review ILO data up to five years prior to the base year as necessary (as we have previously), albeit adjusted using the CPI. See *Expected Non-Market Economy Wages: Request for Comment on Calculation Methodology*, 70 FR 37761, 37762 (June 30, 2005). See Final Factors Valuations Memorandum at Attachment II.

periodically. The ILO, an organization under the auspices of the United Nation, utilizes this classification for reporting purposes. Currently, wage and earnings data are available from the ILO under the following revisions: ISIC-Rev.2, ISIC-Rev.3, and ISIC-Rev.4. The ISIC code establishes a two-digit breakout for each manufacturing category, and also often provides a three- or four-digit sub-category for each two-digit category. Depending on the country, data may be reported at either the two-, three- or four-digit subcategory.

It is the Department's preference to use data reported under the most recent revision. However, in this case we found that none of the countries found to be economically comparable and significant producers reported data pursuant to ISIC-Rev.4. Accordingly, in this case, we turned to the industry definitions contained in ISIC-Rev.3 to find the appropriate classification for TRBs. Under the ISIC-Revision 3 standard, the Department identified the two-digit series most specific to TRBs as Sub-Classification 29, which is described as "Manufacture of machinery and equipment n.e.c." Within Classification 29, there is a subcategory (2913) entitled "manufacture of bearings, gears, gearing and driving elements;" however, no country that was considered economically comparable and a significant producer reported earnings or wage data at this 4-digit sub-category. The explanatory notes for this sub-classification includes the "manufacture of ball and roller bearings including balls, needles, rollers, races, retaining rings and other parts of bearings."¹⁴⁵ Because we know that bearings necessarily fall under subcategory 2913 in ISIC-Rev 3, and that the broader category of Division 29 is the umbrella category under which subcategory 2913 falls, we find that Division 29 is the best available information for valuing the wage rate for TRBs. Accordingly, for this review, the Department has calculated the wage rate using a simple average of the data provided to the ILO under Sub-Classification 29 of the ISIC-Revision 3 standard by countries determined to be economically comparable to the PRC and also significant producers of comparable merchandise. Additionally, when selecting data available from the countries reporting under ISIC-Revision 3, Sub-Classification 29, we used the most specific wage data available within this revision.

SKF argues that the Department should use national manufacturing data rather than industry-specific data from Chapter 5B of the ILO. SKF acknowledges that Sub-Classification 29 "Manufacture of Machinery and Equipment" contains Sub-category 2913, which encompasses bearings and similar items such as gears. However, SKF argues that Sub-Classification 29 also contains many subcategories that include wages for complex, high-value and, in some cases, specialized machinery and equipment. As such, SKF asserts that Sub-Classification 29 is less representative of the wages for producing bearings than the national manufacturing data, which SKF claims is more balanced with regard to inclusion of low-value, commodity type products like bearings rather than complex, high-value equipment. We disagree. Sub-classification 29 provides labor rates for the manufacture of machinery and equipment, an industry grouping that specifically includes bearing production. Record evidence demonstrates that SKF's alternative proposal to use national manufacturing data would include wages earned in manufacturing across 23 different sectors of significantly dissimilar products and wages earned by workers with significantly different skill levels than those producing TRBs.¹⁴⁶

Record evidence demonstrates that the data SKF seeks to include are manufacturing wages for

¹⁴⁵ See Final Factors Valuations Memorandum at Attachment II.

¹⁴⁶ See Petitioner's November 2, 2010, Surrogate Labor Data submission at Attachment 1.

food products and beverages, tobacco, textiles, luggage, paper and paper products, and chemical products. These are all significantly different products than TRBs and wages earned by workers with different skill levels than those producing TRBs. Because an industry-specific dataset relevant to this proceeding exists within the Department's preferred ILO source, and because, absent evidence to the contrary, the industry-specific data would be *at least* more specific to the subject merchandise than the national manufacturing data which includes wages earned in manufacturing across 23 different sectors, the Department used industry-specific data to calculate a surrogate wage rate for the final results, in accordance with section 773(c)(1) of the Act. Although the Department prefers to use the most specific wage data available within the selective ISIC revision, because no country that was considered economically comparable and a significant producer reported earnings or wage data below the two-digit level, the Department has relied on the two-digit sub-classification in our industry-specific wage rate calculation. Thus, for this review, the Department has determined to calculate the wage rate using a simple average of the data provided to the ILO under Sub-Classification 29 of the ISIC-Revision 3 standard by countries determined to be both economically comparable to the PRC and also significant producers of comparable merchandise. We have determined that this is the best available information from which to derive the surrogate wage rate based on the analysis set forth above.

From the 34 countries that the Department determined were both economically comparable to the PRC and also significant producers of comparable merchandise, the Department found that the following ten countries reported industry-specific data under the ISIC-Revision 3, under Classification 29, "Manufacture of machinery and equipment n.e.c." 1) Bosnia and Herzegovina, 2) Ecuador, 3) Egypt, 4) Indonesia, 5) Jordan, 6) Macedonia, 7) Peru, 8) the Philippines, 9) Thailand, and 10) Ukraine. The following 24, however, did not report wage data on an industry-specific basis: 1) Albania; 2) Algeria; 3) Belize; 4) Bolivia; 5) Cape Verde; 6) Colombia; 7) Dominican Republic; 8) El Salvador; 9) Fiji; 10) Guatemala; 11) Guyana; 12) India; 13) Mongolia; 14) Morocco; 15) Nicaragua; 16) Nigeria; 17) Paraguay; 18) Samoa (Western); 19) Sri Lanka; 20) Swaziland; 21) Syria; 22) Tunisia; 23) Vanuatu; and 24) Yemen. Accordingly, these twenty-four countries are not included in our wage rate calculation.

SKF argues that while India did not report data under Sub-Classification 29 of ISIC-Revision 3, the Department should mix Indian wage data from Sub-classification 382-383 of ISIC Revision 2 with Subcategory 29 of the ISIC-Revision 3 because India is a large producer of comparable merchandise and a country at a level of economic development comparable to the PRC. Consistent with *Activated Carbon/PRC* (November 9, 2010), the Department finds that averaging wage rates within the same ISIC revision (*i.e.*, not mixing revisions) constitutes the best available information for the final results due to concerns that the industry definitions may lack consistency between different ISIC revisions.¹⁴⁷ While the Department finds use of industry-specific information is the best available information herein, the fact remains that there is a lack of information available that indicates how the wages from the selected category and other manufacturing sectors are weighted or combined.¹⁴⁸ The Department finds that averaging wage rates that were reported under the same revision standard provides specificity to the industry being examined, but also ensures some degree of consistency across multiple labor data

¹⁴⁷ See *Activated Carbon/PRC* (November 9, 2010) and accompanying IDM at Comment 4f.

¹⁴⁸ *Id.*

points being averaged.¹⁴⁹ Accordingly, for the final results, the Department has only used industry-specific wage data from a single revision, ISIC Rev. 3, and we are not including the Indian data from ISIC Rev. 2 Sub-Classification 382-383.

SKF further contends that the Department should exclude wage data from Bosnia and Herzegovina because Bosnia and Herzegovina is not a significant producer of comparable merchandise and the most recent data for Bosnia and Herzegovina are from 2006. As stated above, the Department is including Bosnia and Herzegovina because 1) consistent with other recent decisions,¹⁵⁰ Bosnia and Herzegovina is a significant producer of comparable merchandise since it exported comparable merchandise during the relevant period (in this case between 2007 and 2009) and 2) the Department believes that it is appropriate to include ILO data up to five years prior to the base year as necessary (as we have previously), albeit adjusted using the CPI.¹⁵¹

SKF additionally argues that the Department should exclude wage data from Bosnia and Herzegovina because the wage rate calculated for Bosnia and Herzegovina is aberrational. However, the Department finds no basis for SKF's assertion. The Department has explained that the burden rests with the party challenging a surrogate value to demonstrate that a value is aberrational.¹⁵² Reliance on price differences alone would be insufficient to meet that burden of proof.¹⁵³ The Department requires that the party raising the claim provide evidence that distortions exist.¹⁵⁴ For instance, in *Shrimp/Vietnam* (August 9, 2010), the Department rejected the Honduran wage rate provided by the ILO, because a party provided evidence demonstrating that this wage rate is inaccurate, possibly due to an ILO reporting error. The Department determined that this evidence demonstrated that the effective Honduran minimum wage during the same year as the underlying ILO wage rate (2006) was of \$91.99 per month. However, based on the rate reported by the ILO (\$.0.17 per hour) a worker would earn an average monthly wage of \$32.64, a third of the minimum wage rate.¹⁵⁵ Furthermore, information from the ILO reported the Honduran monthly minimum over \$250 per month in 2007, using purchasing power parity.¹⁵⁶ Based on the comparison of the minimum wage rates on the record, the Department determined that the calculated wage rate for Honduras was unreliable and rejected the Honduran wage rate for the purposes of averaging surrogate wage rates in that administrative review.¹⁵⁷

Here, while SKF claims that the wage rate for Bosnia and Herzegovina is "out of line" with the other wage rates in the Department's sample and that the calculated wage rate for Bosnia and Herzegovina is higher than the wage rate for countries with significantly higher incomes per

¹⁴⁹ *Id.*

¹⁵⁰ See *id.* at Comment 3; *Sodium Hexametaphosphate/PRC* (October 20, 2010); *Carbon Alloy Pipe/ PRC* (September 21, 2010) and accompanying IDM at Comment 5; *Magnesia Carbon Bricks/PRC* (August 2, 2010) and accompanying IDM at Comment 1b; *Coated Paper/PRC* (September 27, 2010) and accompanying IDM at Comment 30.

¹⁵¹ See also *Expected Non-Market Economy Wages: Request for Comment on Calculation Methodology*, 70 FR 37761, 37762 (June 30, 2005).

¹⁵² See *Carrier Bags/PRC* (March 17, 2008) and accompanying IDM at Comment 6.

¹⁵³ See *TRBs/PRC* (January 6, 2010) and accompanying IDM at Comments 6 and 7.

¹⁵⁴ See *Shrimp/Vietnam* (August 9, 2010) and accompanying IDM at Comment 5.

¹⁵⁵ This assumes 24 working days per month and eight working hours per day.

¹⁵⁶ *Id.*

¹⁵⁷ *Id.*

capita, SKF points to no actual evidence on the record to suggest that distortions or inaccuracies exist. As such, consistent with the Department practice, the Department is including wage data from Bosnia and Herzegovina because SKF has not provided sufficient evidence that this wage rate calculation is aberrational.

Further, we disagree with SKF's argument that we should not be reaching back to data from 2003. We have used data from 2003 because we are able to capture the maximum amount of countries that are significant producers of comparable merchandise, including those countries that choose not to report their data on an annual basis. SKF argues that the Department should exclude data from before 2007, rather than including it and inflating based on that country's CPI because it believes that record evidence demonstrates that changes in wages often do not correlate to changes in a country's CPI. As a preliminary matter, SKF does not dispute that inflation existed in the countries selected during the years in which these data were collected. Instead, SKF argues that a comparison between a country's change in CPI and the change in labor wages indicates that the CPI should not be used to inflate wages, due to a lack of correlation between the increase in CPI and the increase in wages. We note that SKF provides, as evidence of the lack of correlation between CPI and wages, examples from certain countries (e.g., between 2003 and 2007 wages in Botswana decreased approximately 7% while the CPI increased approximately 39%). However, SKF does not provide evidence that the countries included in the Department's wage rate calculation do not display a high degree of correlation between changes in labor rates and CPI over time. Rather, SKF focuses upon the relationship between CPI and labor wages from countries that the Department did not use in its calculation to argue that inflating data over a several year period can result in inconsistent wage rate calculations.

The Department is not persuaded by SKF's submitted analysis concerning the alleged lack of correlation between CPI and labor in this review. For instance, SKF has not presented any conclusive evidence to demonstrate that CPI is an inappropriate inflator for wages for the ten countries the Department used in calculating a labor rate in this review and, thus, that wage rates should not be inflated for these ten countries. Moreover, we find that SKF has not provided sufficient evidence on the record that the Department should treat labor differently from other FOPs such that un-inflated wage rates would be more accurate than wage rates inflated using CPI, nor has it provided an alternative method to inflate the labor wage. As such, the Department continues to consider CPI to be the best available information to capture the inflation within a country because the Department finds that inflation existed in these countries during the years in which the wage data were collected. It is the Department's longstanding practice to inflate non-concurrent data using the preferred inflator, CPI, and we find that the use of the CPI to inflate labor wages is reasonable in this case.¹⁵⁸

Based on the foregoing methodology, the revised wage rate to be applied in the final results is 1.825 USD/Hour. This wage rate is derived from comparable economies that are also significant producers of the comparable merchandise, consistent with the CAFC's ruling in *Dorbest* and the

¹⁵⁸ See *Activated Carbon/PRC* (November 9, 2010) and accompanying IDM at Comment 3; See, e.g., *WBF/PRC* (August 18, 2010) and accompanying IDM at Comment 34; *Shrimp/PRC* (August 13, 2010); *Magnesia Carbon Bricks/PRC* (August 2, 2010) and accompanying IDM at Comment 1.b.; *WBF/PRC* (July 29, 2010) and accompanying IDM at Comment 2; *Ribbons/PRC* (July 19, 2010) and accompanying IDM at Comment 8.

statutory requirements of section 773(c) of the Act.

RECOMMENDATION:

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

AGREE_____

DISAGREE_____

Ronald K. Lorentzen
Deputy Assistant Secretary
for Import Administration

Date

<i>Antidumping/Countervailing Duty Proceeding Federal Register Cite Table</i> <i>All cites in this table are listed alphabetically by short cite</i>	
Case Short Cite:	Case Full Cite:
<i>Activated Carbon/PRC</i> (November 10, 2009)	<i>First Administrative Review of Certain Activated Carbon from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 74 FR 57995 (November 10, 2009)</i>
<i>Activated Carbon/PRC</i> (November 17, 2010)	<i>Certain Activated Carbon From the People's Republic of China: Final Results and Partial Rescission of Second Antidumping Duty Administrative Review, 75 FR 70208 (November 17, 2010)</i>
<i>AD/CVD Final Rule</i> (May 19, 1997)	<i>Antidumping Duties; Countervailing Duties, 62 FR 27296 (May 19, 1997)</i>
<i>AFBs/Germany</i> (May 3, 1989)	<i>Final Determinations of Sales at Less than Fair Value: Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From the Federal Republic of Germany, 54 FR 18992, 19002 (May 3, 1989)</i>
<i>AFBs/Various</i> (January 15, 1997)	<i>Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, Germany, Italy, Japan, Singapore, and the United Kingdom; Final Results of Antidumping Duty Administrative Reviews, 62 FR 2081 (January 15, 1997)</i>
<i>Aluminum Extrusions/ PRC</i> (November 12, 2010)	<i>Aluminum Extrusions From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, and Preliminary Determination of Targeted Dumping, 75 FR 69403 (November 12, 2010)</i>
<i>Antidumping Methodologies/Cost Changes</i> (May 9, 2008)	<i>Antidumping Methodologies for Proceedings that Involve Significant Cost Changes Throughout the Period of Investigation (POI)/Period of Review (POR) that May Require Using Shorter Cost Averaging Periods; Request for Comment, 73 FR 26364 (May 9, 2008)</i>
<i>Antidumping Methodologies/ME Inputs</i> (October 19, 2006)	<i>Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments 71 FR 61716 (October 19, 2006).</i>
<i>Ball Bearings/Various</i> (June 16, 2003)	<i>Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and Singapore: Final Results of Antidumping Duty Administrative Reviews, Rescission of Administrative Review in Part, and Determination Not To Revoke Order in Part, 68 FR 35623 (June 16, 2003)</i>
<i>Ball Bearings/Various</i> (September 1, 2010)	<i>Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part, 75 FR 53661 (September 1, 2010)</i>

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Case Short Cite:	Case Full Cite:
<i>Ball Bearings/Variou</i> (September 16, 2005)	<i>Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, 70 FR 54711 (September 16, 2005)</i>
<i>Blankets/PRC</i> (July 2, 2010)	<i>Certain Woven Electric Blankets From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 75 FR 38459 (July 2, 2010)</i>
<i>Brake Rotors/PRC</i> (August 2, 2007)	<i>Brake Rotors from the People's Republic of China: Final Results of Antidumping Duty Administrative and New Shipper Reviews and Partial Rescission of the 2005-2006 Administrative Review, 72 FR 42386 (August 2, 2007)</i>
<i>Brake Rotors/PRC</i> (January 25, 2006)	<i>Brake Rotors From the People's Republic of China: Final Results of the Twelfth New Shipper Review, 71 FR 4112 (January 25, 2006)</i>
<i>Brass Sheet and Strip/Canada</i> (May 13, 1992)	<i>Brass Sheet and Strip From Canada: Final Results of Antidumping Duty Administrative Review, 57 FR 20460 (May 13, 1992)</i>
<i>Carbon and Alloy Pipe/ PRC</i> (September 21, 2010)	<i>Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part, 75 FR 57449 (September 21, 2010)</i>
<i>Carbon Wire Rod/Canada</i> (January 24, 2006)	<i>Notice of Final Results of Antidumping Duty Administrative Review: Carbon and Certain Alloy Steel Wire Rod from Canada, 71 FR 3822 (January 24, 2006)</i>
<i>Carrier Bags/PRC</i> (December 4, 2009)	<i>Polyethylene Retail Carrier Bags From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 74 FR 63718 (December 4, 2009)</i>
<i>Carrier Bags/PRC</i> (February 11, 2009)	<i>Polyethylene Retail Carrier Bags from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 74 FR 6857 (February 11, 2009)</i>
<i>Carrier Bags/PRC</i> (March 17, 2008)	<i>Polyethylene Retail Carrier Bags from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Partial Rescission of Review, 73 FR 14216 (March 17, 2008)</i>
<i>Carrier Bags/PRC</i> (March 19, 2007)	<i>Polyethylene Retail Carrier Bags from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 72 FR 12762 (March 19, 2007)</i>
<i>Carrier Bags/Taiwan</i> (March 26, 2010)	<i>Polyethylene Retail Carrier Bags from Taiwan: Final Determination of Sales at Less Than Fair Value, 75 14569 (March 26, 2010)</i>
<i>Chlorinated Isos/PRC</i> (May 10, 2005)	<i>Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates From the People's Republic of China, 70 FR 24502 (May 10, 2005)</i>

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<i>Circular Welded Pipe/Korea</i> (June 16, 1998)	<i>Circular Welded Non-Alloy Steel Pipe From the Republic of Korea; Final Results of Antidumping Duty Administrative Review</i> , 63 FR 32833 (June 16, 1998)
<i>Coated Paper/PRC</i> (September 27, 2010)	<i>Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From the People's Republic of China: Final Determination of Sales at Less Than Fair Value</i> , 75 FR 59217 (September 27, 2010)
<i>Cold-Rolled Steel Flat Products/Argentina</i> (July 9, 1993)	<i>Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from Argentina</i> , 58 FR 37062 (July 9, 1993)
<i>Cold-Rolled Steel Flat Products/France</i> (October 3, 2002)	<i>Notice of Final Determination of Sales at Less Than Fair Value; Certain Cold-Rolled Carbon Steel Flat Products From France</i> , 67 FR 62114 (October 3, 2002)
<i>Cold-Rolled Steel Flat Products/PRC</i> (May 31, 2000)	<i>Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products From The People's Republic of China</i> , 65 FR 34660 (May 31, 2000)
<i>Cold-Rolled Steel Flat Products/Taiwan</i> (May 31, 2000)	<i>Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Taiwan</i> , 65 FR 34658 (May 31, 2000)
<i>Corrosion-Resistant Carbon Steel Flat Products/Korea</i> (April 28, 2009)	<i>Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Amended Final Results of the Fourteenth Antidumping Duty Administrative Review</i> , 74 FR 19199 (April 28, 2009)
<i>CPT/Japan</i> (June 25, 1997)	<i>Color Picture Tubes From Japan; Final Results of Antidumping Administrative Review</i> , 62 FR 34201 (June 25, 1997)
<i>CTL Plate/Romania</i> (February 12, 2007)	<i>Notice of Final Results of Antidumping Duty Administrative Review and Final Partial Rescission: Certain Cut-to-Length Carbon Steel Plate from Romania</i> , 72 FR 6522 (February 12, 2007)
<i>CTL Plate/Romania</i> (March 15, 2005)	<i>Cut-to-Length Carbon Steel Plate from Romania: Notice of Final Results and Final Partial Rescission of Antidumping Duty Administrative Review</i> , 70 FR 12651 (March 15, 2005)
<i>Diamond Sawblades/PRC</i> (May 22, 2006)	<i>Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China</i> , 71 FR 29303 (May 22, 2006)
<i>DRAM/Japan Prelim</i> (August 7, 1986)	<i>Dynamic Random Access Memory Semiconductors of 256 Kilobits and Above from Japan; Suspension of Investigation and Amendment of Preliminary Determination</i> , 51 FR 28396 (August 7, 1986)

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<i>DRAM/Korea</i> (November 27, 2002)	<i>Notice of Initiation of Countervailing Duty Investigation: Dynamic Random Access Memory Semiconductors from the Republic of Korea, 67 FR 70927 (November 27, 2002)</i>
<i>DRAM/Korea</i> (September 23, 1998)	<i>Dynamic Random Access Memory Semiconductors of One Megabit or Above From the Republic of Korea: Final Results of Antidumping Duty Administrative Review, Partial Rescission of Administrative Review and Notice of Determination Not to Revoke Order, 63 FR 50867 (September 23, 1998)</i>
<i>EPROMs/Japan</i> (October 30, 1986)	<i>Erasable Programmable Read Only Memories (EPROMs) From Japan; Final Determination of Sales at Less Than Fair Value, 51 FR 39680 (October 30, 1986)</i>
<i>Floor-Standing, Metal-Top Ironing Tables/PRC</i> (June 24, 2004)	<i>Notice of Final Determination of Sales at Less Than Fair Value: Floor-Standing, Metal-Top Ironing Tables and Certain Parts Thereof From the People's Republic of China, 69 FR 35296 (June 24, 2004)</i>
<i>FMTC/PRC</i> (December 20, 2004)	<i>Folding Metal Tables and Chairs From the People's Republic of China: Final Results and Partial Rescission of First Antidumping Duty Administrative Review, 69 FR 75913 (December 20, 2004)</i>
<i>FMTC/PRC</i> (January 18, 2006)	<i>Folding Metal Tables and Chairs from the People's Republic of China; Final Results of Antidumping Duty Administrative Review, 71 FR 2905 (January 18, 2006)</i>
<i>Fresh Cut Flowers/Mexico</i> (February 22, 1996)	<i>Fresh Cut Flowers From Mexico; Final Results of Antidumping Duty Administrative Review, 61 FR 6812 (February 22, 1996)</i>
<i>Freshwater Crawfish/PRC</i> (April 15, 2008)	<i>Freshwater Crawfish Tail Meat From the People's Republic of China: Final Results and Partial Rescission of the 2005-2006 Antidumping Duty Administrative Review and Rescission of 2005-2006 New Shipper Reviews, 73 FR 20249 (April 15, 2008)</i>
<i>Freshwater Crawfish/PRC</i> (April 17, 2007)	<i>Freshwater Crawfish Tail Met from the People's Republic of China: Notice of Final Results and Rescission, in Part, of 2004-2005 Antidumping Duty Administrative and New Shipper Reviews, 72 FR 19174 (April 17, 2007)</i>
<i>Garlic/PRC Prelim</i> (December 10, 2003)	<i>Fresh Garlic from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and New Shipper Reviews, 68 FR 68868 (December 10, 2003)</i>
<i>Hand Trucks/PRC</i> (October 14, 2004)	<i>Notice of Final Determination of Sales at Less Than Fair Value: Hand Trucks and Certain Parts Thereof from the People's Republic of China, 69 FR 60980 (October 14, 2004)</i>
<i>Hangers/PRC</i> (August 14, 2008)	<i>Steel Wire Garment Hangers from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 47587 (August 14, 2008)</i>

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<i>Heavy Forged Hand Tools/PRC</i> (September 12, 2002)	<i>Heavy Forged Hand Tools From the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review and Determination Not To Revoke in Part, 67 FR 57789</i> (September 12, 2002)
<i>Honey/PRC</i> (December 27, 2004)	<i>Honey From the People's Republic of China: Preliminary Results, Partial Rescission, and Extension of Final Results of Second Antidumping Duty Administrative Review, 69 FR 77184</i> (December 27, 2004)
<i>Honey/PRC</i> (October 4, 2001)	<i>Notice of Final Determination of Sales at Less Than Fair Value; Honey From the People's Republic of China, 66 FR 50608</i> (October 4, 2001)
<i>Honey/PRC</i> (October 4, 2006)	<i>Honey from the People's Republic of China: Rescission and Final Results of Antidumping Duty New Shipper Reviews, 71 FR 58579</i> (October 4, 2006)
<i>Hot-Rolled Steel Flat Products/PRC Prelim</i> (May 3, 2001)	<i>Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From the People's Republic of China, 66 FR 22183</i> (May 3, 2001)
<i>Hot-Rolled Steel Flat Products/Romania</i> (June 14, 2005)	<i>Certain Hot-Rolled Carbon Steel Flat Products From Romania: Final Results of Antidumping Duty Administrative Review, 70 FR 34448</i> (June 14, 2005)
<i>Large Diameter Pipe/Mexico</i> (June 26, 2000)	<i>Notice of Final Determination of Sales at Less Than Fair Value: Certain Large Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe From Mexico, 65 FR 39358</i> (June 26, 2000)
<i>Light-Walled Pipe/Mexico</i> (September 2, 2004)	<i>Light-Walled Rectangular Pipe and Tube From Mexico: Notice of Final Determination of Sales at Less Than Fair Value, 69 FR 53677</i> (September 2, 2004)
<i>Light-Walled Pipe/PRC</i> (June 24, 2008)	<i>Final Determination of Sales at Less Than Fair Value and Affirmative Determination of Critical Circumstances, in Part: Light-Walled Rectangular Pipe and Tube from the People's Republic of China, 73 FR 35652</i> (June 24, 2008)
<i>Lined Paper Products/PRC</i> (September 8, 2006)	<i>Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China, 71 FR 53079</i> (September 8, 2006).
<i>Lock Washers/PRC</i> (January 24, 2008)	<i>Helical Spring Lock Washers From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 73 FR 4175</i> (January 24, 2008)
<i>Lock Washers/PRC</i> (May 17, 2005)	<i>Certain Helical Spring Lock Washers from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 70 FR 28274</i> (May 17, 2005)

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<i>LWS/PRC</i> (June 24, 2008)	<i>Laminated Woven Sacks from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances</i> , 73 FR 35646 (June 24, 2008)
<i>LWS/PRC Prelim</i> (September 13, 2010)	<i>Laminated Woven Sacks From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review</i> , 75 FR 55568 (September 13, 2010)
<i>LWTP/PRC</i> (October 2, 2008)	<i>Lightweight Thermal Paper From the People's Republic of China: Final Determination of Sales at Less Than Fair Value</i> , 73 FR 57329 (October 2, 2008)
<i>LWTP/PRC Prelim</i> (May 13, 2008)	<i>Lightweight Thermal Paper From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i> , 73 FR 27504 (May 13, 2008)
<i>Magnesia Carbon Bricks/PRC</i> (August 2, 2010)	<i>Certain Magnesia Carbon Bricks from the People's Republic of China</i> , 75 FR 45468 (August 2, 2010)
<i>Microdisks/Japan</i> (February 10, 1989)	<i>Final Determination of Sales at Less than Fair Value: 3.5" Microdisks and Coated Media Thereof from Japan</i> , 54 FR 6433 (February 10, 1989).
<i>Mushrooms/India</i> (August 13, 2001)	<i>Certain Preserved Mushrooms from India: Final Results of Antidumping Duty Administrative Review</i> , 66 FR 42507(August 13, 2001)
<i>Mushrooms/PRC</i> (April 1, 2009)	<i>Certain Preserved Mushrooms from People's Republic of China: Preliminary Results of Antidumping Duty New Shipper Review</i> , 74 FR 14772 (April 1, 2009)
<i>Mushrooms/PRC</i> (August 9, 2007)	<i>Certain Preserved Mushrooms From the People's Republic of China: Final Results of Antidumping Duty Administrative Review</i> , 72 FR 44827 (August 9, 2007)
<i>Pencils/PRC</i> (July 13, 2009)	<i>Certain Cased Pencils from the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review</i> , 74 FR 33406 (July 13, 2009)
<i>Pencils/PRC</i> (July 6, 2006)	<i>Certain Cased Pencils from the PRC: Final Results and Partial Rescission of Antidumping Duty Administrative Review</i> , 71 FR 38366 (July 6, 2006)
<i>Pencils/PRC</i> (July 7, 2010)	<i>Certain Cased Pencils From the People's Republic of China: Final Results of the Antidumping Duty Administrative Review</i> , 75 FR 38980 (July 7, 2010)
<i>Pencils/PRC</i> (May 14, 2007)	<i>Certain Cased Pencils from the People's Republic of China: Final Results of Antidumping Duty Administrative Review</i> , 72 FR 27074 (May 14, 2007)
<i>Persulfates/PRC</i> (February 14, 2006)	<i>Persulfates From the People's Republic of China: Final Results of Antidumping Duty Administrative Review</i> , 71 FR 7725 (February 14, 2006)
<i>Persulfates/PRC</i> (May 19, 1997)	<i>Persulfates From the People's Republic of China</i> , 62 FR 27222 (May 19, 1997)

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<i>Pigment/India Prelim (August 30, 2010)</i>	<i>Carbazole Violet Pigment 23 From India: Preliminary Results of Antidumping Duty Changed-Circumstances Review, 75 FR 52930 (August 30, 2010)</i>
<i>Pigment/PRC (June 28, 2010)</i>	<i>Carbazole Violet Pigment 23 from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 75 FR 36630 (June 28, 2010)</i>
<i>Pigment/PRC (May 10, 2007)</i>	<i>Carbazole Violet Pigment 23 from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 72 FR 26589 (May 10, 2007)</i>
<i>Pipe Fittings/India (February 27, 1995)</i>	<i>Notice of Final Determination of Sales at Less Than Fair Value: Certain Carbon Steel Butt-Weld Pipe Fittings From India, 60 FR 10545 (February 27, 1995)</i>
<i>Preliminary Results</i>	<i>Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the People's Republic of China: Preliminary Results of the 2008–2009 Administrative Review of the Antidumping Duty Order, 75 FR 41148 (July 15, 2010)</i>
<i>Pure Magnesium/PRC (December 23, 2010)</i>	<i>Pure Magnesium From the People's Republic of China: Final Results of the 2008-2009 Antidumping Duty Administrative Review of the Antidumping Duty Order, 75 FR 80791 (December 23, 2010)</i>
<i>Salmon/Chile Prelim (August 7, 2002)</i>	<i>Notice of Preliminary Results of Antidumping Duty Administrative Review, Preliminary Determination To Revoke the Order in Part, and Partial Rescission of Antidumping Duty Administrative Review: Fresh Atlantic Salmon From Chile, 67 FR 51182 (August 7, 2002)</i>
<i>Sebacic Acid/PRC (March 7, 1997)</i>	<i>Sebacic Acid From the People's Republic of China; Final Results of Antidumping Duty Administrative Review, 62 FR 10530 (March 7, 1997)</i>
<i>Shrimp/ Vietnam (August 9, 2010)</i>	<i>Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Final Results and Partial Rescission of Antidumping Duty Administrative Review, 75 FR 47771 (August 9, 2010)</i>
<i>Shrimp/Brazil (December 23, 2004)</i>	<i>Notice of Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp From Brazil, 69 FR 76910 (December 23, 2004)</i>
<i>Shrimp/PRC (August 13, 2010)</i>	<i>Administrative Review of Certain Frozen Warmwater Shrimp From the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review, 75 FR 49460 (August 13, 2010)</i>
<i>Shrimp/PRC (December 8, 2004)</i>	<i>Notice of Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp From the People's Republic of China, 69 FR 70997 (December 8, 2004)</i>
<i>Shrimp/PRC (September 12,2007)</i>	<i>Frozen Warmwater Shrimp from the People's Republic of China, 72 FR 52049 (September 12,2007)</i>
<i>Shrimp/Thailand</i>	<i>Certain Frozen Warmwater Shrimp From Thailand: Final Results and</i>

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(August 29, 2008)	<i>Final Partial Rescission of Antidumping Duty Administrative Review, 73 FR 50933 (August 29, 2008)</i>
<i>Shrimp/Vietnam</i> (December 8, 2004)	<i>Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam, 69 FR 71005 (December 8, 2004)</i>
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<i>Silicon Metal/PRC</i> (October 16, 2007)	<i>Silicon Metal from the People's Republic of China: Notice of Final Results of 2005/2006 New Shipper Reviews, 72 FR 58641 (October 16, 2007)</i>
<i>Silicon Metal/PRC Prelim</i> (July 9, 2009)	<i>Silicon Metal From the People's Republic of China: Preliminary Results and Preliminary Rescission, in Part, of Antidumping Duty Administrative Review, 74 FR 32885 (July 9, 2009).</i>
<i>Small Diameter Pipe/Romania</i> (February 11, 2005)	<i>Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe From Romania: Final Results of Antidumping Duty Administrative Review and Final Determination Not To Revoke Order in Part, 70 FR 7237 (February 11, 2005)</i>
<i>Sodium Hexametaphosphate/ PRC</i> (October 20, 2010)	<i>First Administrative Review of Sodium Hexametaphosphate From the People's Republic of China: Final Results of the Antidumping Duty Administrative Review, 75 FR 64,695, (October 20, 2010)</i>
<i>Softwood Lumber/Canada</i> (December 12, 2005)	<i>Notice of Final Results of Antidumping Duty Administrative Review: Certain Softwood Lumber Products From Canada, 70 FR 73437 (December 12, 2005)</i>
<i>Softwood Lumber/Canada</i> (December 20, 2004)	<i>Notice of Final Results of Antidumping Duty Administrative Review and Notice of Final Results of Antidumping Duty Changed Circumstances Review: Certain Softwood Lumber Products From Canada, 69 FR 75921 (December 20, 2004)</i>
<i>SRAM/Taiwan</i> (February 23, 1998)	<i>Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors From Taiwan, 63 FR 8909 (February 23, 1998)</i>
<i>SRAM/Taiwan</i> (May 15, 2003)	<i>Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors From Taiwan, 68 FR 26288 (May 15, 2003)</i>
<i>SSSS/France</i> (February 11, 2005)	<i>Stainless Steel Sheet and Strip in Coils From France: Final Results of Antidumping Administrative Review, 70 FR 7240 (February 11, 2005)</i>
<i>SSSS/Mexico</i> (February 9, 2009)	<i>Stainless Steel Sheet and Strip in Coils from Mexico; Final Results of Antidumping Duty Administrative Review, 74 FR 6365 (February 9, 2009)</i>

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<i>SSSS/Taiwan</i> (February 15, 2005)	<i>Stainless Steel Sheet and Strip in Coils From Taiwan; Final Results and Partial Rescission of Antidumping Duty Administrative Review, 70 FR 7715 (February 15, 2005)</i>
<i>SSSS/UK</i> (June 8, 1999)	<i>Notice of Final Determination of Sales at Less Than Fair Value; Stainless Steel Sheet and Strip in Coils From the United Kingdom, 64 FR 30688 (June 8, 1999)</i>
<i>Stainless Steel Round Wire/Canada</i> (April 9, 1999)	<i>Notice of Final Determination of Sales at Less Than Fair Value—Stainless Steel Round Wire from Canada, 64 FR 17324 (April 9, 1999)</i>
<i>Stainless Steel Wire Rod/India</i> (May 15, 2003)	<i>Stainless Steel Wire Rods From India: Final Results and Partial Rescission of Antidumping Duty Administrative Review, 68 FR 26288 (May 15, 2003)</i>
<i>Stainless Steel Wire Rod/Korea</i> (April 12, 2004)	<i>Stainless Steel Wire Rod from the Republic of Korea: Final Results of Antidumping Duty Administrative Review, 69 FR 19153 (April 12, 2004)</i>
<i>SSSS/Belgium</i> (December 14, 2004)	<i>Stainless Steel Plate in Coils from Belgium: Final Results of Antidumping Duty Administrative Review, 69 FR 74495 (December 14, 2004)</i>
<i>Steel Wire Rod/Canada Prelim</i> (October 1, 1997)	<i>Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Steel Wire Rod From Canada, 62 FR 51572 (October 1, 1997)</i>
<i>Tires/PRC</i> (October 19, 2010)	<i>Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, 75 FR 64259 (October 19, 2010)</i>
<i>Tires/PRC AD</i> (July 15, 2008)	<i>Certain New Pneumatic Off the-Road Tires from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances, 73 FR 40485 (July 15, 2008)</i>
<i>TRBs/PRC First Extension of Final Results</i> (September 21, 2010)	<i>See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China; Extension of Time Limit for the Final Results of the 2008-2009 Administrative Review of the Antidumping Duty Order, 75 FR 57443 (September 21, 2010)</i>
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<i>TRBs/PRC (December 13, 1996)</i>	<i>Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews, 61 FR 65527 (December 13, 1996)</i>
<i>TRBs/PRC (January 10, 2001)</i>	<i>Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Final Results of 1998-1999 Administrative Review, Partial Rescission of Review, and Determination Not To Revoke Order in Part, 66 FR 1953 (January 10, 2001)</i>
<i>TRBs/PRC (January 22, 2009)</i>	<i>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)</i>
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<i>TRBs/PRC Prelim</i> (July 8, 1999)	<i>Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Preliminary Results of 1997–1998 Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review, 64 FR 36853 (July 8, 1999)</i>
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<i>TTR/France (March 8, 2004)</i>	<i>Notice of Final Determination of Sales at Less Than Fair Value: Wax and Wax/Resin Thermal Transfer Ribbons from France, 69 FR 10674 (March 8, 2004)</i>
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<i>WBF/PRC (August 20, 2008)</i>	<i>Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Review, 73 FR 49162 (August 20, 2008)</i>
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<i>Corus Staal</i> (CIT 2006)	<i>Corus Staal BV v. United States</i> , 30 CIT 1040 (CIT 2006), Slip Op. 2006-112
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<i>Goldlink</i> (CIT 2006)	<i>Goldlink Indus. Co. v. United States</i> , 30 CIT 616 431 F. Supp. 2d 1323 (CIT 2006)
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<i>Habas Sinai</i> (CIT 2009)	<i>Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S. v. Unites States</i> , 625 F. Supp. 2d 1339 (CIT 2009)
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<i>Koyo Seiko</i> (Fed. Cir. 2001)	<i>Koyo Seiko Co. v. United States</i> , 24 CIT 364, 110 F. Supp. 2d 934 (CIT 2000), <i>aff'd</i> 258 F.3d 1340 (Fed. Cir. 2001)
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<i>Reiner</i> (CIT 2002)	<i>Reiner Brach GmbH & Co. KG v. United States</i> , 206 F. Supp. 2d 1323 (CIT 2002)
<i>Rhone Poulenc</i> (Fed. Cir. 1990)	<i>Rhone Poulenc, Inc. v. United States</i> , 899 F.2d 1185 (Fed. Cir. 1990)
<i>S. Ill. Carpenters</i> (7 th Cir. 2003)	<i>S. Ill. Carpenters Welfare Fund v. Carpenters</i> , 326 F.3d 919 (7 th Cir. 2003)
<i>Sichuan Changhong</i> (CIT 2006)	<i>Sichuan Changhong Elec. Co. v. United States</i> , 30 CIT 1481, 460 F. Supp. 2d 1338 (CIT 2006)
<i>SKF</i> (CIT 2005)	<i>SKF USA Inc. v. United States</i> , 391 F. Supp. 2d 1327, 1336 (CIT 2005)
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<i>Titanium Metals</i> (CIT 2001)	<i>Titanium Metals Co. v. United States</i> , 155 F. Supp. 2d 750 (CIT 2001)
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<i>Zhengzhou Harmoni</i> (CIT 2009)	<i>Zhengzhou Harmoni Spice Co. v. United States</i> , 617 F. Supp. 2d 1281 (CIT 2009)

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Memorandum: Short Cite	Memorandum: Full Cite

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2007-2008 Country of Origin Memo	Memorandum from Frances Veith, Senior International Trade Compliance Analyst, AD/CVD Operations Office 8, to Wendy Frankel, Director, AD/CVD Operations Office 8, through Erin Begnal, Program Manager, AD/CVD Operations Office 8, entitled, "Tapered Roller Bearings from the People's Republic of China, Preliminary Country of Origin Decision for Tapered Roller Bearings Finished in a Third Country Country of Origin," dated June 30, 2009
Department of Commerce Policy Bulletin 04.1 (March 1, 2004)	Department of Commerce Policy Bulletin 04.1, re: "Non-Market Economy Surrogate Country Selection Process" (March 1, 2004)
Draft Liquidation Instructions Memo	Memorandum from K. Heady to the File entitled, "Release of Draft Customs Instructions for the Preliminary Results," dated July 7, 2010
Final Factors Valuations Memorandum	Memorandum from the Department entitled, "Factors Valuations for the Final Results of the 2008-2009 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China," dated concurrently with this memorandum.
Industry-Specific Wage Rate Selection Memorandum (October 26, 2010)	Memorandum regarding: 2008-2009 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings from the People's Republic of China: Industry-Specific Wage Rate Selection, dated October 26, 2010
Joint Section A Supplemental Questionnaire	Letter from the Department to SKF and PBCD entitled, "2008-2009 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings from the People's Republic of the China: Section A Supplemental Questionnaire," dated February 19, 2010
Joint Section A Supplemental Questionnaire Response	Letter from SKF and PBCD entitled, "Tapered Roller Bearings and Parts Thereof (Finished and Unfinished) from the People's Republic of China: Joint Response of SKF and PBCD to the Section A Supplemental Questionnaire ," dated March 19, 2010

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Joint Sections C&D Questionnaire Response	Letter from SKF and PBCD to the Department entitled, "Tapered Roller Bearings and Parts Thereof (Finished and Unfinished) From the People's Republic of China: Joint SKF and PBCD Response to the Department's Request for Information," dated November 12, 2009
June CBP Memorandum (June 17, 2010)	Memorandum regarding: U.S. Customs and Border Protection Data, dated June 17, 2010
LWS Country of Origin Memo (May 25, 2010)	Memorandum from Z. Willbrand to A. Elouaradia entitled, "Preliminary Decision Regarding Country of Origin of Laminated Woven Sacks Exported by Zibo Aifudi Plastic Packaging Co., Ltd. in <i>Laminated Woven Sacks from the People's Republic of China</i> ," dated May 25, 2010
Magnesium Scope Inquiry Memo (November 9, 2006)	Memorandum to Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, from Barbara Tillman and Wendy Frankel, Directors Office 6 and Office 8, respectively, for AD/CVD Operations, regarding, Pure Magnesium from the People's Republic of China (A-570-832), Magnesium Metal from the People's Republic of China (A-570-896), and Magnesium Metal from Russia (A-821-819): Final Ruling in the Scope Inquiry on Russian and Chinese Magnesium Processed in Canada, dated (November 9, 2006)
PBCD Final Analysis Memorandum	Memorandum from the Department entitled, "2008-2009 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China: Analysis of the Final Results Margin Calculation for Spungen-Owned Peer Bearing Company – Changshan," dated concurrently with this memorandum
PBCD Section D Questionnaire Response	Letter from PBCD to the Department entitled, "Tapered Roller Bearings from the People's Republic of China; Section D Questionnaire Response of Peer Bearing Company, Ltd. – Changshan (CPZ/PBCD) and Peer Bearing Company (Peer/PBCD)," dated November 13, 2009.

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PBCD's Case Brief	Letter from PBCD entitled, "Case Brief of Peer Bearing Company – Changshan/PBCD and Peer Bearing Company/PBCD; Tapered Roller Bearings from the People's Republic of China," dated October 4, 2010
PBCD's Rebuttal Brief	Letter from PBCD entitled, "Rebuttal Brief of Peer Bearing Company – Changshan/PBCD and Peer Bearing Company/PBCD; Tapered Roller Bearings from the People's Republic of China," dated October 13, 2010
Petitioner's PBCD Case Brief	Letter from Petitioner entitled, "Case Brief of the Timken Company, Petitioner, Regarding PBCD," dated October 4, 2010
Petitioner's PBCD Rebuttal Brief	Letter from Petitioner entitled, "Rebuttal Brief of the Timken Company, Petitioner, Regarding PBCD," dated October 12, 2010
Petitioner's SKF Case Brief	Letter from Petitioner entitled, "Case Brief of the Timken Company, Petitioner, Regarding SKF," dated October 4, 2010
Petitioner's Surrogate Value Rebuttal Comments	Letter from Petitioner to the Department entitled, "Administrative Review of the Antidumping Duty Order Covering Tapered Roller Bearings ("TRBs") and Parts Thereof, Finished or Unfinished, From The People's Republic of China (6/1/2008 – 5/31/2009); The Timken Company's Surrogate Value Rebuttal Comments," dated December 17, 2009
Request for Comment regarding SKF's Third SCSQR	Memorandum from Brendan Quinn to The File, entitled, "Request for Comment on SKF's Response to the Department's Third Section C Supplemental Questionnaire," dated December 10, 2010
September CBP Memorandum (September 9, 2010)	Memorandum regarding: Release of Customs and Border Protection Information, dated September 9, 2010

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SKF Final Analysis Memorandum	Memorandum from the Department entitled, “2008-2009 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People’s Republic of China: Analysis of the Final Results Margin Calculation for SKF-Owned Changshan Peer Bearing Company,” dated concurrently with this memorandum
SKF Preliminary Analysis Memorandum	Memorandum from the Department entitled, “2008-2009 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People’s Republic of China: Analysis of the Preliminary Determination Margin Calculation for SKF-Owned Peer Bearing Company – Changshan,” dated July 7, 2010
SKF Sections C&D Questionnaire Response	Letter from SKF to the Department entitled, “Tapered Roller Bearings and Parts Thereof (Finished and Unfinished) From the People’s Republic of China: SKF Response to the Department’s Request for Information,” dated November 12, 2009
SKF’s Rebuttal Brief	Letter from SKF entitled, “Tapered Roller Bearings and Parts Thereof from the People’s Republic of China: Rebuttal Brief of CPZ/SKF and Peer/SKF,” dated November 8, 2010
Surrogate Countries Memorandum (September 23, 2009)	Memorandum regarding: Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings (“TRB”) from the People’s Republic of China (“PRC”), dated September 23, 2009
Surrogate Value Memo	Memorandum from Trisha Tran to the File entitled, “Surrogate Value Memorandum,” dated July 7, 2010

Short Cite Table For Memorandum/Reports & Miscellaneous
All cites in this table are listed alphabetically by short cite

Memorandum: Short Cite	Memorandum: Full Cite
Surrogate Value Memorandum (July 7, 2010)	Memorandum regarding: Preliminary Results of the 2008-2009 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China: Surrogate Value Memorandum, dated July 7, 2010
Third Section C Supplemental Questionnaire	Letter from the Department's to SKF entitled, "2008-2009 Administrative Review of the Antidumping Duty Order on Tapered Roller Bearings from the People's Republic of the China: Post-Preliminary Results Third Section C Supplemental Questionnaire," dated December 7, 2010.
Third Section C Supplemental Response	Letter from SKF to the Department entitled, "Tapered Roller Bearings and Parts Thereof from The People's Republic of China: SKF's Response to the Department's Third Section C Supplemental Questionnaire," dated December 8, 2010
Tin Mill Ruling (August 20, 2004)	Memorandum to Jeffrey May, Deputy Assistant Secretary for Import Administration, from Richard Weible, Director AD/CVD Office 7, regarding Final Ruling in the Antidumping Duty Order on Tin Mill Products from Japan (A-588-854); Request of Metal One America Inc. (August 20, 2004)
TRBs 07-08 Factors Valuations Memo	Memorandum to the File from Brendan Quinn entitled, "Factors Valuations for the Final Results of the 2007-2008 Administrative Review," dated December 28, 2009
Other/Miscellaneous Authorities	Other Authorities
<i>Bearings/Various ITC Report (August 2006)</i>	<i>Certain Bearings From China, France, Germany, Italy, Japan, Singapore, and the United Kingdom, Investigation Nos. 731-TA-344, 391--A, 392--A and C, 393--A, 394--A, 396, and 399--A (Second Review), Publication 3876 (August 2006)</i>
Conference Report to the 1998 Omnibus Trade and Competitiveness Act, H.R. Conf. Rep. No. 576, 590, 100 th Cong. 2 nd Sess. (1998)	Conference Report to the 1998 Omnibus Trade and Competitiveness Act, H.R. Conf. Rep. No. 576, 590, 100 th Cong. 2 nd Sess. (1998), reprinted in 134 Cong. Rec. H2031 (April 20, 1988)

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<p>Customs Ruling HQ 731968 (March 19, 1990)</p> <p>Customs Ruling HQ 731969 (March 19, 1990)</p> <p>Customs Ruling HQ 562528 (December 10, 2002)</p> <p>Customs Ruling HQ 962350 (May 19, 1999) (Collectively, "Customs Country of Origin Rulings")</p>	<p>Customs Headquarters Ruling 731968 (March 19, 1990)</p> <p>Customs Headquarters Ruling 731969 (March 19, 1990)</p> <p>Customs Headquarters Ruling 562528 (December 10, 2002)</p> <p>Customs Headquarters Ruling 962350 (May 19, 1999)</p>
<p><i>ITC Report /TRBs</i> (June 1987)</p>	<p><i>Tapered Roller Bearings and Parts Thereof from Hungary, the People's Republic of China, and Romania</i>, USITC Publ. 1983 (June 1987) A-7.</p>
<p>Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Rep. No. 103-316 (1994)</p>	<p>Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Rep. No. 103-316 (1994)</p>