

MEMORANDUM TO: Kim Glas  
Acting Deputy Assistant Secretary  
for Import Administration

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

SUBJECT: Issues and Decision Memorandum for the Final Results in the  
Administrative Review of Floor-Standing, Metal-Top Ironing  
Tables and Certain Parts Thereof from the People's Republic of  
China

SUMMARY:

We have analyzed the comments and rebuttal comments of interested parties in the final results of the 2007 – 2008 administrative review of the antidumping duty order covering floor-standing, metal-top ironing tables and certain parts thereof from the People's Republic of China (PRC) covering Since Hardware. As a result of our analysis, we have made certain changes from 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 administrative review for which we received comments by parties:

Comment 1: Appropriate Wage Rate Calculation

Comment 2: Brokerage and Handling

Comment 3: Whether Certain Expenses are Appropriately Classified as Packaging or Material Costs

Comment 4: Surrogate Value of Cotton

Comment 5: Surrogate Value of Water

Comment 6: Whether Discrepancies in Since Hardware's Calculation of Yield Losses Necessitate Use of Adverse Facts Available

Comment 7: Whether Since Hardware Purchases of Cartons Should Be Treated as Market Economy Transactions

#### BACKGROUND:

On September 14, 2010, the Department published the preliminary results of this administrative review. *See Floor-Standing, Metal-Top Ironing Tables and Certain Parts Thereof From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 75 FR 55759 (September 14, 2010) (*AR 4 Preliminary Results*). The merchandise covered by the order is floor-standing, metal-top ironing tables and certain parts thereof from the PRC, as described in the "Scope of the Order" section of the *Federal Register* notice. The period of review (POR) is August 1, 2007, through July 31, 2008. This administrative review covers Since Hardware (Gunagzhou) Co., Ltd. (Since Hardware).

In the *AR 4 Preliminary Results*, we invited parties to comment. Additionally, on October 22, 2010, we issued to Interested Parties a Memorandum detailing the industry specific wage rates that the Department has used in these Final Results. *See* October 22, 2010 Memorandum from Michael J. Heaney to the File: Re: "08/01/2007-07/31/2008 Review of the Antidumping Duty Order on Floor Standing Metal Top Ironing Tables from the People's Republic of China: (Industry Specific Wage Rate Selection" (Industry Specific Wage Rate Memorandum). We invited Interested Parties to comment on the Department's calculation of industry specific wage rates that are outlined in our October 22, 2010, Industry Specific Wage Rate Memorandum. November 15, 2010, the Department received a case briefs from Home Products International (the Petitioner in this case).<sup>1</sup> Petitioner and Since Hardware submitted rebuttal briefs on November 22, 2010. On December 27, 2010, the Department extended the time frame for the final results of review by an additional 60 days. *See Floor-Standing Metal-Top Ironing Tables and Certain Parts Thereof from the People's Republic of China: Extension of Time Limit for the Final Results of Administrative Review*, 75 FR 81212 (December 27, 2010).

#### DISCUSSION OF THE ISSUES

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<sup>1</sup> On November 16, 2010, Since Hardware attempted to submit a case brief. On November 22, 2010, the Department issued a letter to Since Hardware which rejected Since Hardware's November 16, 2010, case brief as untimely filed. *See* November 22, 2010, letter from Robert M James to Since Hardware. Accordingly, the Department has not considered Since Hardware's November 16, 2010, submission in these Final Results.

### **Comment 1: Appropriate Wage Rate Calculation**

Petitioner argues that the Department should employ the methodology outlined in the Industry Specific Wage Rate Memorandum to value wage rates. Petitioner asserts that the Department should reject the calculation used in the Preliminary Results because that calculation was incorrectly limited to six countries rather than to all of the countries that were comparable to China. Petitioner contends that the methodology outlined in the Industry Specific Wage Rate Memorandum is a reasonable “refinement” to *Dorbest* and asserts that the Department should continue to employ that industry-specific methodology in its final results. *See* Petitioner November 15, 2010, rebuttal brief at 3.

In rebuttal, Since Hardware asserts that India is a producer of ironing tables and asserts that Indian wage rates should be utilized in the calculation of industry specific wage rates. Since Hardware also notes that with the exception of wage rates, the Department derived all surrogate values used in the *Preliminary Results* from India. Since Hardware further objects to the Department defining “significant producer” as anyone who exported merchandise in HTS categories 9403.20 or 9403.20. Since Hardware asserts that these categories are “overly broad”. *See* Since Hardware November 22, 2010, rebuttal brief at 25. Finally, Since Hardware asserts that UN category 28 represents a preferable source of wage specific data than does U.N. category 36.

Department’s Position:

Consistent with our current practice, we continue to find the industry specific data from multiple countries to be the best source for determining the surrogate value of labor in this case. Moreover, as explained *infra*, we continue to maintain that sub-classification 28 data represents the most comparable source of industry specific data to the subject merchandise.

In *Dorbest*, the Federal Circuit invalidated the Department’s labor wage rate regulation, 19 CFR 351.408(c)(3), and the use of a regression-based method to determine wage rates. As a consequence of the Federal Circuit’s decision, the Department no longer relies upon regression based wage rates and is continuing to evaluate options for determining labor values in light of this decision. On October 22, 2010, the Department released to interested parties an industry-specific calculation of wage rates that is consistent with *Dorbest*. *See* Industry Specific Wage Rates Memorandum. For the final results of this review, we have continued to use the industry-specific calculation of wage rates outlined in our Industry Specific Wage Rates Memorandum.

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 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. Accordingly, to calculate a wage rate, the Department first looked to the July 13, 2010, Surrogate Country Memorandum issued in this proceeding to determine countries that were economically comparable to the PRC.

As noted in the Industry Specific Wage Rate Memorandum, and consistent with Policy Bulletin 4.1, in analyzing economic comparability, the Department places primary emphasis on Gross National Income (GNI). See Policy Bulletin 4.1, available at <http://ia.ita.doc.gov/policy/bull04-1.html>. Consistent with our recent practice, from the list of countries contained in the Surrogate Country Memorandum, the Department used the countries with the highest GNI (*i.e.* Columbia) 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* per capita GNIs for 2008 that fall between the “bookends.” See Industry Specific Wage Rate Memorandum at 2. This resulted in 43 countries ranging from India with USD 1040 GNI to Peru with GNI of USD of 3,990. *Id.*

In this proceeding, and consistent with the methodology employed by the Department in response to *Dorbest*, the Department has defined exports of comparable merchandise according to the first six digits under which the merchandise is classified under the HTS, in this case item numbers 9403.20 and 9403.90. See Industry Specific Wage Rates Memorandum at 2. Also, we have defined a “significant producer” as a country that has exported comparable merchandise between 2007 through 2009. This is consistent with the methodology the Department has adapted in response to *Dorbest*. See, *e.g.*, *Silicon Metal From the People’s Republic of China: Final Results and Partial Rescission of the 2008-2009 Administrative Review of the Antidumping Duty Order* 76 FR 3084 (January 19, 2011) and accompanying Issues and Decision Memorandum at Comment 8 (*Silicon Metal*). We continue to find that the eight countries identified in our Industry Specific Wage Rates Memorandum (Ecuador, Egypt, Indonesia, Jordan, Philippines, Peru, Thailand, and Ukraine) under ISIC Revision 3, classification 28 constitute the most appropriate basis for determining industry specific wage rates.

With regard to Since Hardware’s argument that the Department should use only the wage rate for the primary surrogate country (India), while information from a single surrogate country can reliably be used to value other factors of production (FOPs), 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. Using the high- and low-income countries identified in the Surrogate Country Memorandum as bookends provide more data points, which the Department prefers. While there is a strong worldwide relationship between wage rates and GNI, too much variation exists among the wage rates of comparable ME’s. 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](http://www.ilo.org/wcmsp5/groups/public---dgreports/---dcomm/documents/publication/wcms_116500.pdf). 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 950 and USD 4,100), the hourly wage rates spans from USD 0.77 to USD 3.45. See Industry Specific Wage Rates Memorandum Data. Additionally, although both the Philippines and Indonesia have GNIs below USD 2,000, and both could be considered economically

comparable to the PRC, Indonesia's observed wage rate is USD 0.77, as compared to the Philippines observed wage rate of USD 3.45, over four times that of Indonesia. *Id.* There are many socio-economic, political, and institutional factors, such as labor laws and policies unrelated to size or strength of economy, that cause significant variances in wage rates 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 in these wage rates illustrates why it is preferable to rely upon data from multiple countries for purposes of valuing labor. The Department finds that reliance on wage rate 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 and also meets the statutory requirement that a surrogate be derived from a country that is economically comparable and also a significant producer. Indeed, for this reason, the Department has determined that reliance on data from multiple countries, as opposed to labor data from a single country, constitutes the best available information for valuing the labor input. Finally, we note that 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) of the Department's regulations 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 the FOPs 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.

We find unpersuasive Since Hardware's argument that the Department should base wage rate data from India. As noted in *Silicon Metal*, there exists high variability across wages from countries with similar GNI. *Id.* By using the high- and low income countries identified in the Surrogate Country Memo as bookends, the Department has obtained more data points which we find preferable to basing wage rates on a single source.

Moreover, we continue to maintain that ISIC-Rev. 3 data are the most recent data available to the Department. As noted in the Industry Specific Wage Rate Memorandum, the Department's preference is to use ISIC-Rev 4 data when such data are available. *See* Industry Specific Wage Rate Memorandum at 3. However, in this case none of the countries found economically comparable were determined to be significant producers of the subject merchandise reported data pursuant to ISIC-Rev 4. Accordingly, ISIC-Rev. 3 data constitute the most recent data available in this case. Also, we view ISIC-Rev. 3 data as preferable to the less contemporaneous ISIC Rev. 2 data advocated. We also continue to maintain that industry classification 28 constitutes the closest match to the subject merchandise. The ILO does not follow the same industry classification protocol as does Customs and Boarder Protection (CBP). Rather than classifying ironing tables as metal furniture, as does CBP, the ILO classifies ironing tables as metal fabricated products. *See* 2007 North American Industry Classification System (NAICS)

concordance between 2002 and Revision 3 data which is available at <http://www.census.gov/cgi-bin/sssd/naicsnaiscsrch>. This concordance establishes that ironing tables are classifiable within the “28” classification under the heading “miscellaneous fabricated ironing tables.” Based on the foregoing, in these final results we have continued to use the industry specific wage rates set forth in our Industry Specific Wage Rates Memorandum.

### **Comment 2: Brokerage and Handling**

Petitioner asserts that the Department incorrectly applied the brokerage and handling values. Petitioner asserts that the brokerage and handling values in question are per kilogram amounts while the Department applied these surrogate values on a per piece basis. *See* Petitioner November 15, 2010, brief at page 30. Moreover, Petitioner asserts that the Department should adjust its brokerage and handling calculation to account for the smaller container size that Since Hardware utilized. *Id* at 18.

Since Hardware asserts the “shipped weight” of the merchandise encompasses both the weight of the container and the weight of the merchandise. *See* Since Hardware November 22, 2010, rebuttal brief at 27. Since Hardware asserts that while the Department should use the full shipped weight encompassed by both the container and the weight of the merchandise to calculate brokerage and handling expenses, Petitioner has pointed to nothing to suggest either the exact shipped weight of the merchandise or the Department’s calculations are incorrect.

Department’s Position:

We agree with Petitioner that we should apply brokerage and handling charges according to the weight and container sizes reported by Since Hardware. Accordingly, we have applied the brokerage and handling reported by Since Hardware according to the weight of the ironing table sold and by the container size of the shipment. We have adjusted our final calculations accordingly. *See* Since Hardware March 14, 2011 final analysis Memorandum at page 2.

### **Comment 3: Whether Certain Expenses are Appropriately Classified as Packaging or Material Costs**

Petitioner asserts that the Department should treat various production inputs reported by Since Hardware as regular materials or regular labor costs rather than as packing costs. Petitioner contends that Since Hardware’s reported “cartons,” “corrugated paper for iron rest,” “separating corrugated paper,” “corrugated paper for rack,” “PE sheet,” “plastic strip,” “adhesive tape,” “marking label,” “manual label,” “instruction book,” “polystyrene foam,” and “desiccant” inputs are properly classified as packaging materials rather than as packing materials. *See* Petitioner November 15, 2010, brief at 13.

Petitioner cite to the Antidumping Manual which notes that packing materials refer only to charges related to the shipping of the merchandise whereas packaging materials are “integral parts of the merchandise that is sold. *See Import Administration Antidumping Manual*, Chapter 9

at 21. Petitioner cites to *Shanghai Eswell Enter, Co., v United States*, 31 CIT 1570, (2007) (*Shanghai Eswell*) wherein the Court distinguished between packaging inputs and production inputs. Petitioner explains that when ironing tables are sold to the customer, they are sold and displayed in a bag with instruction books which makes these costs direct material costs.

Since Hardware asserts that none of the inputs in question heighten the appeal of the product to the public nor are they integral parts of the merchandise sold. See Since Hardware November 22, 2010, rebuttal brief at 7-8. As such, Since Hardware contends that these materials are properly classified as packing inputs.

Department's Position:

We agree with Since Hardware. The materials in question protect the merchandise during shipping and are discarded by the customer upon receipt of the merchandise. *See, e.g.*, the description of the packing process set forth at Appendix D-2 of Since Hardware's December 1, 2010, Section D response which describes the use of adhesive tape labels and corrugated paper. Moreover, none of the materials in question heighten the appeal of the product nor are they integral parts of the merchandise sold. Accordingly, in these *Final Results*, we have continued to treat all of the materials in question as packing materials.

#### **Comment 4: Surrogate Value of Cotton**

Petitioner asserts that the *Preliminary Results* understates the surrogate value of cotton. Petitioner notes that the Department derived surrogate cotton values for Since Hardware from Indian Harmonized Tariff Schedule (HTS) classifications 5208.52.90. Petitioner argues that within heading 5208, the fabric weighs between 100 and 200 grams per square meter. *See* Petitioner November 15, 2010 brief at 34. Petitioner asserts that from this information it follows that the per-kilogram surrogate value of cotton weighing 100 grams would be 10 times the surrogate value of the square meter value while the per-kilogram surrogate value of cotton weighing 200 grams would be 5 times the surrogate value of the square meter value. *See* Petitioner's November 15, 2010, brief at page 20. Based upon the foregoing, Petitioner asserts that the conversion factor of 5 utilized by the Department in its *Preliminary Results* understates the surrogate value of cotton. Petitioner concludes that because Since Hardware failed to provide the actual weight of the cotton used in the production of subject merchandise, the Department should use a conversion factor of 10 to value the surrogate value of cotton inputs.

Since Hardware asserts that the Department correctly used a surrogate value of 5 to value its cotton inputs. Since Hardware asserts that in Appendix D-6 of its December 1, 2009 response, it reported that it used cotton fabric weighing 200 grams per square meter. *See* Since Hardware November 22, 2009, rebuttal brief at page 28.

Department's Position:

We disagree with Petitioner. Since Hardware reported that it utilized cotton fabric weighing 200 grams per square meter in its production process. Accordingly, in these Final Results, we have continued to use a conversion factor of 5 to value Since Hardware's cotton inputs.

**Comment 5: Surrogate Value of Water**

Petitioner asserts that Since Hardware reported water usage on a metric ton basis. As such, Petitioner claims that the conversion factor of 1000 applied by the Department was erroneous. Since Hardware did not comment on this issue.

Department's Position:

We agree with Petitioner. Because Since Hardware reported water usage on a metric ton basis, we have removed the kilogram conversion factor from our analysis.

**Comment 6: Whether Discrepancies in Since Hardware's Calculation of Yield Losses Necessitate Use of Adverse Facts Available**

Petitioner asserts that Since Hardware's claimed yield losses are not useable. Petitioner argues that in the absence of reliable yield losses the Department cannot calculate normal value and is obliged to base its margin calculations on adverse facts available. Petitioner notes that Since Hardware claimed an identical yield loss for all of the products that it produced during the POR. Petitioner asserts that the manufacture of "complex" products such as ironing tables would involve larger yield losses than would the "simpler" products which Since Hardware manufacturers such as ladders. *See* Petitioner November 15, 2009, brief at page 15. Moreover, Petitioner asserts that Since Hardware's claimed yield losses have varied by POR. Petitioner asserts that such variance in yields supports the view that the "production of different products and models would experience different yields." *Id.*

Petitioner notes that in a May 5, 2010, supplemental questionnaire, the Department asked Since Hardware to 1) allocate the raw materials for each month of the POR over the monthly production of each product, and 2) determine average consumption over the POR based upon the monthly allocation of raw materials over monthly production. Petitioner asserts that Since Hardware failed to comply with this request. Instead, Petitioner argues that Since Hardware "reported the monthly consumption of each raw material and the total weight of each material in monthly production." *Id.* at 16. Petitioner notes that such an approach results in the same yields that were originally reported by Since Hardware and asserts that Since Hardware has "thwarted" the Department's ability to determine whether Since Hardware's allocation is reasonable. *Id.*

Petitioner insists that the data underlying Since Hardware's factor calculations are unreliable. Petitioner asserts that this unreliability is evinced by differences between the constant yields for steel wire rod reported by Since Hardware and the "actual" yields for steel wire rod that were

reported by Since Hardware in its June 2, 2010 submission. Petitioner contends that such difficulties extend to other production inputs as well including stainless steel, PP&F resin, PU foam, cotton fabric, and cotton fixing strip. Petitioner further claims that these discrepancies were not remedied by Since Hardware prior to verification nor were they addressed by the Department subsequent to the verification of Since Hardware.

Petitioner further asserts that Since Hardware's October 21, 2010, submission fails to remedy the discrepancies in yields that Petitioner identified. Petitioner points out that Since Hardware's monthly production data are from the same source as the annual data that Since Hardware provided. Moreover, Petitioner asserts that Since Hardware has provided no demonstration as to how its monthly yield calculation relates to the annual yields maintained in Since Hardware's accounting system. *Id.* at 20-21. Petitioner further asserts that Since Hardware has failed to explain how its inventory withdrawals relate to its consumption from inventory. Petitioner suggests that the variance between Since Hardware's annual and monthly data evinces that Since Hardware maintains two separate sets of records. Petitioner contends that neither Since Hardware's monthly nor its annual production amounts can serve as the basis for determining Since Hardware's factors of production.

Petitioner concludes that Since Hardware failure to adequately report its yield losses constitute failure to cooperate to the best of its ability. Petitioner asserts that the Department should thus base its calculations of Since Hardware on adverse facts available.

Since Hardware contends that differences in yield losses do not impact the credibility of its factors of production database. Since Hardware asserts that it is "not as advanced as HPI and other manufacturers" but instead "relies on much more manual labor, including in its methods of accounting for factors of production." *See* Since Hardware November 22, 2009, rebuttal brief at page 8. Since Hardware contends that the Department verified the factors of production data that it submitted. Since Hardware also asserts that because of the "continuous production process that it utilized, it relied upon estimates which were themselves based upon physical counts of 'raw materials' that were in various stages of the production process." *Id.* at 8.

Since Hardware claims that it used the same methodology to determine consumption over monthly production as it used to compile its Section D factors of production response, and that the Department successfully verified those data. Since Hardware asserts that because it utilized the same methodology in both exercises it generated the same monthly yield. *Id.* at 11. Since Hardware further insists that it maintains only one set of accounting records. Since Hardware asserts that it withdrew all of its reported yield and factors of production information from the same accounting system using the best methods that were available to the company. *Id.* at 13. In general, Since Hardware argues that it derived its June 2, 2011 submission from the same set of accounting records. *Id.* at 14. Further, Since Hardware asserts that on a monthly basis such a methodology is susceptible to possible under or over counting as it relies upon physical measurements of its inventory. Since Hardware asserts, however, that over a 12 month period, its calculations will result in more accurate measurements than monthly data which tend to fluctuate. *Id.* at 15.

Since Hardware asserts that it has timely responded to each of the Department's requests for information, and has cooperated to the best of its ability. Since Hardware concludes that the annual production data that it used to compile its Section D response are accurate and that there is thus no basis for the Department to proceed with appraisements based upon AFA.

#### Department's Position:

We disagree with Petitioner. Throughout this review Since Hardware has maintained that it is unable to track production on a model-specific basis and that its accounting system necessitates the reporting of FOPs on a more generalized basis. In this review Since Hardware reported material cost and yield losses on a company wide basis and we conducted a verification of Since Hardware's FOP and sales response. *See* August 23, 2010, Verification of the Sales and Factors Response of Since Hardware (Guangzhou) Co., Ltd. in the Antidumping Review of Floor Standing Metal Top Ironing Tables (Ironing Tables) and Certain Parts Thereof from the People's Republic of China (PRC) (Since Hardware Verification Report). From our verification of the FOP responses of Since Hardware, we find no evidence to suggest that Since Hardware did not act to the best of its ability in providing information to calculate a dumping margin.

In determining production costs and evaluating the accuracy of yield information, the Department's practice is to rely on the records of the exporter or producer of the merchandise as long as such records are kept in accordance with generally accepted accounting principles and reasonably reflect the costs associated with the production and sale of the merchandise. *See, e.g., Stainless Steel Sheet and Strip in Coils From the Republic of Korea: Final Results and Rescission of Anti-dumping Duty Administrative Review in Part*, 72 FR 4886 (January 21, 2007), and accompanying Issues and Decision Memorandum at Comment 8. Since Hardware reported yield losses based upon the long-term experiences of the company. *See* Since Hardware verification report at 27. During verification, we examined the material purchases incurred by Since Hardware during the POR. The record evidence in this case indicate that in this review Since Hardware reported material costs and yield losses in a manner that was consistent with its accounting records. Moreover, there is no evidence on the record of this review to suggest that Since Hardware withheld information that would have permitted a more accurate calculation of material cost.

With regard to the material costs and yield losses reported by Since Hardware, we disagree with Petitioners assertion that Since Hardware's June 2, 2011, submission undercuts the validity of its FOP information. The monthly summary of material withdrawals set forth in Since Hardware June 2, 2010, submission is based upon a manual count of inventory and production on hand. While these monthly counts are subject to estimates and possible future revisions, we found nothing at verification to suggest that Since Hardware maintained two sets of accounting ledgers or withheld information that would have permitted a more accurate reporting of material cost and yield losses. Moreover, at verification, we examined Since Hardware's purchase vouchers and material summary ledgers. *See* Since Hardware verification report at 24-25.

While we will accept Since Hardware's reporting of its FOP data in accordance with its normal books and records for the current reviews, we put Since Hardware on notice that the Department may expect and request technical engineering information or more precise reporting of production activity in reporting product-specific FOP data to the Department for future reviews.

**Comment 7: Whether Since Hardware Purchases of Cartons Should Be Treated as Market Economy Transactions**

Petitioner asserts that the Department should value cartons based upon the surrogate value of the input rather than upon Since Hardware's claimed purchases from market economy suppliers. Petitioner notes that at the onset of the review, Since Hardware claimed to have purchased various other market economy inputs from the same supplier that Since Hardware purchased cartons. Petitioner asserts that Since Hardware failed to document the market economy source of its other claimed purchases and notes that Since Hardware was unable to secure the supplier's cooperation in providing further information concerning Since Hardware's claimed market economy purchases. Petitioner asserts that Since Hardware's failure to secure documentation from that supplier and the suspect documentation which Since Hardware obtained from that supplier support the Department dismissing Since Hardware's claim that it purchased cartons from a market economy supplier. Moreover, Petitioner asserts that *Polyethylene Retail Carrier Bag Comm v United States*, 29 CIT 1418, Slip Op. 05-157 at 46-50 (CIT) establishes that treatment as a market economy purchase is not routinely appropriate for goods purchased but not necessarily produced in market economies. See Petitioner November 15, 2010, brief at page 5. Petitioner further asserts that Since Hardware's claimed purchases of cartons also includes corrugated paper, and asserts that the Department is unable to conclude that Since Hardware satisfied the 33% purchase threshold necessary for qualification as a market economy input.

Since Hardware asserts that the invoice associated with its purchases of cartons and corrugated paper establishes that the country of origin is Hong Kong. Since Hardware notes that the Department has treated Hong Kong as a market economy for market economy purchased inputs in past reviews. Since Hardware therefore asserts that the Department correctly concluded that the cartons that Since Hardware sourced were of market economy origin. Moreover, Since Hardware asserts that the conversion factor that it utilized in this review was reasonable because "the cost of a product does not have a direct correlation to the weight". See Since Hardware November 22, 2010, rebuttal brief at page 7.

Department's Position:

There is no evidence on the record suggesting that Since Hardware's claimed purchases of cartons were of non-market origin. Additionally, during our verification of Since Hardware, we reviewed the relevant inventory ledgers associated with Since Hardware's claimed market economy purchases and found no evidence to suggest that these inputs were of a non-market economy origin. See Since Hardware verification report at 27. Moreover, there is nothing on the record to suggest that Since Hardware's reported conversion factor is unreasonable.

Accordingly, in these *Final Results*, we have continued to use Since Hardware's market economy purchases of cartons to value cartons.

RECOMMENDATION

Based on our analysis of the comments received, we recommend adopting all of the positions set forth above and adjusting the related margin calculation accordingly. If these recommendations are accepted, we will publish the final results and the final weighted-average dumping margin for Since Hardware in the *Federal Register*.

Agree \_\_\_\_\_

Disagree \_\_\_\_\_

\_\_\_\_\_  
Kim Glas  
Acting Deputy Assistant Secretary  
for Import Administration

\_\_\_\_\_  
Date