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April 2, 2013

**MEMORANDUM TO:** Paul Piquado  
Assistant Secretary  
for Import Administration

**FROM:** Edward C. Yang   
Senior Director  
China/Non-Market Economy Unit

**SUBJECT:** Decision Memorandum for Preliminary Results of Third  
Antidumping Duty Administrative Review: Certain Steel  
Threaded Rod from the People's Republic of China

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## SUMMARY

In response to requests from interested parties, the Department of Commerce ("Department") is conducting the administrative review of the antidumping duty order on certain steel threaded rod from the People's Republic of China ("PRC") for the period of review ("POR") April 1, 2011, through March 31, 2012. The Department has preliminarily determined that RMB Fasteners Ltd., IFI & Morgan Ltd., and Jiaxing Brother Standard Part Co., Ltd. (collectively, "the RMB/IFI Group") sold subject merchandise in the United States at prices below normal value ("NV").

If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. We will issue final results no later than 120 days from the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended ("the Act").

## Background

On May 29, 2012, the Department initiated an administrative review of the antidumping duty order on certain steel threaded rod from the PRC for the period April 1, 2011, through March 31, 2012.<sup>1</sup> The Department originally extended the deadline for these preliminary results until

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<sup>1</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 77 FR 31568, 31572-73 (May 29, 2012) ("Initiation").

March 31, 2013.<sup>2</sup> As explained in the memorandum from the Assistant Secretary for Import Administration, the Department has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 29, through October 30, 2012. Thus, all deadlines in this segment of the proceeding have been tolled by two days.<sup>3</sup> The revised deadline for the preliminary results of this review is now April 2, 2013.

### Respondent Selection

Section 777A(c)(1) of the Act directs the Department to calculate an individual weighted-average dumping margin for each known exporter or producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department discretion to limit its examination to a reasonable number of exporters and producers if it is not practicable to make individual weighted average dumping margin determinations because of the large number of exporters and producers involved in the review.

On July 10, July 20, and August 7, 2012, the Department placed CBP data for the Harmonized Tariff Schedule (“HTS”) numbers listed in the scope of the order on the record of the review and requested comments on the data for use in respondent selection.<sup>4</sup> The Department received comments from Vulcan Threaded Products, Inc. (“Petitioner”) on July 26, 2012. The Department received rebuttal comments from the RMB/IFI Group on August 21, 2012. No other party submitted comments. Based on CBP data, the Department sent its antidumping duty questionnaire to the RMB/IFI Group as the single mandatory respondent on September 18, 2012.<sup>5</sup>

In its April 30, 2012, request for an administrative review, Zhejiang New Oriental Fastener Co., Ltd. (“Zhejiang New Oriental”) requested that it be selected as a voluntary respondent if it was not selected as a mandatory respondent.<sup>6</sup> However, Zhejiang New Oriental did not submit a response to section A of the non-market economy (“NME”) questionnaire by the specified due date of October 23, 2012, as stipulated by section 782(a) of the Act. The statute and regulations require that potential voluntary respondents file their responses within the deadlines specified for the selected mandatory respondents and not wait to respond until after the mandatory respondents have filed their responses. “If the additional voluntary respondents did not begin to

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<sup>2</sup> See Memorandum to Christian Marsh, Deputy Assistant Secretary, for Antidumping/Countervailing Duty Operations, through James C. Doyle, Director, Office 9, from Julia Hancock, Senior Case Analyst, Office 9, Subject: Certain Steel Threaded Rod from the People’s Republic of China: Extension of Deadline of Preliminary Results (October 23, 2012).

<sup>3</sup> See Memorandum to the Record from Paul Piquado, Assistant Secretary for Import Administration, regarding “Tolling of Administrative Deadlines As a Result of the Government Closure During the Recent Hurricane” (October 31, 2012).

<sup>4</sup> See Memorandum to the File from James Ferioli, re: Steel Threaded Rod from the People’s Republic of China: Release of U.S. Customs Data (July 10, 2012); Memorandum to the File from Paul Walker, re: Steel Threaded Rod from the People’s Republic of China: Release of U.S. Customs Data (July 20, 2012); Memorandum to the File from Julia Hancock, re: Steel Threaded Rod from the People’s Republic of China: Release of U.S. Customs Data (August 7, 2012).

<sup>5</sup> See Memorandum to James C. Doyle, Director, Office 9, from Scot Fullerton, Program Manager, Office 9, Re: 3rd Administrative Review of Steel Threaded Rod from the People’s Republic of China: Respondent Selection (September 18, 2012).

<sup>6</sup> See Zhejiang New Oriental’s Request for Administrative Review (April 30, 2012).

prepare their questionnaire responses until after the Department received questionnaire responses from the selected respondents, the Department would not be able to complete the investigation or review within the statutory deadlines.”<sup>7</sup> Had Zhejiang New Oriental provided the Department with a questionnaire response according to the deadlines imposed on the mandatory respondent, then Zhejiang New Oriental would have preserved the possibility of being considered as a voluntary respondent and then may have received an individual margin based on that questionnaire response. Because it did not do so, the Department is no longer considering Zhejiang New Oriental for treatment as a voluntary respondent.

### Request for Revocation, In Part

During the request for review period in this administrative review, one respondent, the RMB/IFI Group, requested that the order be partially revoked with respect to it. This company seeking revocation is the sole mandatory respondent in this proceeding.

In its request for revocation, the RMB/IFI Group argues that it has maintained three consecutive years of sales at not less than NV, and that, as a result, it is eligible for revocation under section 751(d) of the Act and 19 CFR 351.222(b)(2).<sup>8</sup> However, in the final results of the second administrative review, based on sales and production data provided by the RMB/IFI Group, the Department calculated a (non-*de minimis*) positive margin for the RMB/IFI Group.<sup>9</sup> Additionally, for these preliminary results, based on sales and production data provided by the RMB/IFI Group, the Department has calculated a (non-*de minimis*) positive margin for the RMB/IFI Group. Therefore, under section 751(d) of the Act and 19 CFR 351.222(b)(2), we have preliminarily determined not to revoke the *Order* with respect to the RMB/IFI Group.

### Scope of the Order

The merchandise covered by the order is steel threaded rod. Steel threaded rod is certain threaded rod, bar, or studs, of carbon quality steel, having a solid, circular cross section, of any diameter, in any straight length, that have been forged, turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied. In addition, the steel threaded rod, bar, or studs subject to the order are non-headed and threaded along greater than 25 percent of their total length. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (*i.e.*, galvanized, whether by electroplating or hot-dipping), paint, and other similar finishes and coatings, may be applied to the merchandise.

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<sup>7</sup> See *Antidumping Duties; Countervailing Duties: Final Rule*, 62 FR 27296, 27310 (May 19, 1997); see also section 782(a)(1) of the Act and 19 CFR 351.204(d)(2).

<sup>8</sup> The Department recently published a final rule amending this section of its regulations concerning the revocation of antidumping and countervailing duty order in whole or in part, but that final rule does not apply to this administrative review. See *Modification to Regulation Concerning the Revocation of Antidumping and Countervailing Duty Order*, 77 FR 29875 (May 21, 2012). Reference to 19 CFR 351.222(b) thus refers to the Department’s regulations in effect prior to June 20, 2012.

<sup>9</sup> See *Certain Steel Threaded Rod From the People’s Republic of China: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review; 2010–2011*, 77 FR 67332, 67333 (November 9, 2012) (“*STR 2010-2011 Final Results*”), amended by *Certain Steel Threaded Rod From the People’s Republic of China: Amended Final Results of Antidumping Duty Administrative Review; 2010–2011*, 78 FR 4389 (January 22, 2013).

Included in the scope of the order are steel threaded rod, bar, or studs, in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.012 percent of boron, or
- 0.10 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.41 percent of titanium, or
- 0.15 percent of vanadium, or
- 0.15 percent of zirconium.

Steel threaded rod is currently classifiable under subheading 7318.15.5050, 7318.15.5090, and 7318.15.2095 of the United States Harmonized Tariff Schedule (“HTSUS”). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Excluded from the scope of the order are: (a) threaded rod, bar, or studs which are threaded only on one or both ends and the threading covers 25 percent or less of the total length; and (b) threaded rod, bar, or studs made to American Society for Testing and Materials (“ASTM”) A193 Grade B7, ASTM A193 Grade B7M, ASTM A193 Grade B16, or ASTM A320 Grade L7.

## DISCUSSION OF THE METHODOLOGY

### Separate Rates

Pursuant to section 771(18)(C) of the Act, a designation of a country as an NME remains in effect until it is revoked by the Department. Accordingly, there is a rebuttable presumption that all companies within the PRC are subject to government control and, thus, should be assessed a single antidumping duty rate.<sup>10</sup> In the *Initiation*, the Department notified parties of the application process by which exporters and producers may obtain separate rate status in NME

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<sup>10</sup> See *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, 53082 (September 8, 2006); *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*, 71 FR 29303, 29307 (May 22, 2006).

proceedings.<sup>11</sup> It is the Department's policy to assign all exporters of the merchandise subject to review in NME countries a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting entity in an NME country under the test established in *Sparklers*,<sup>12</sup> as amplified by *Silicon Carbide*.<sup>13</sup> However, if the Department determines that a company is wholly foreign-owned or located in a market economy ("ME"), then a separate rate analysis is not necessary to determine whether it is independent from government control.<sup>14</sup>

In order to demonstrate separate-rate status eligibility, the Department normally requires entities, for whom a review was requested, and who were assigned a separate rate in a previous segment of this proceeding, to submit a separate rate certification stating that they continue to meet the criteria for obtaining a separate rate.<sup>15</sup> For entities that were not assigned a separate rate in the previous segment of a proceeding, to demonstrate eligibility, the Department requires a separate rate application.

The Department received a separate rate application from Zhejiang New Oriental pertaining to the company's eligibility for a separate rate. Additionally, the Department received a completed response to the Section A portion of the NME questionnaire from the mandatory respondent, the RMB/IFI Group, which contained information pertaining to the company's eligibility for a separate rate.

### *Separate Rate Recipients*

#### *1. Wholly Foreign-Owned*

We have considered whether the RMB/IFI Group is eligible for a separate rate. In its Section A response, the RMB/IFI Group, the sole mandatory respondent, reported that it is wholly-owned by individuals or companies located in an ME country. Therefore, because it is wholly foreign-owned, and we have no evidence indicating that it is under the control of the PRC, a separate rate analysis is not necessary to determine whether this company is independent from government control.<sup>16</sup> Accordingly, we have preliminarily granted a separate rate to the RMB/IFI Group.

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<sup>11</sup> See *Initiation*, 77 FR at 31569.

<sup>12</sup> See *Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China*, 56 FR 20588 (May 6, 1991) ("*Sparklers*").

<sup>13</sup> See *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China*, 59 FR 22585 (May 2, 1994) ("*Silicon Carbide*").

<sup>14</sup> See, e.g., *Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles From the People's Republic of China*, 72 FR 52355, 52356 (September 13, 2007) ("*Wax Candles from the PRC*").

<sup>15</sup> See *Initiation*, 77 FR at 31569.

<sup>16</sup> See, e.g., *Wax Candles from the PRC*, 72 FR at 52356.

## 2. *Joint Ventures Between Chinese and Foreign Companies*

In its separate rate application, Zhejiang New Oriental reported it is a joint venture between Chinese and foreign companies. In accordance with our practice, the Department has analyzed whether this separate rate applicant has demonstrated the absence of *de jure* or *de facto* governmental control over its export activities.

### *Absence of De Jure Control*

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies.<sup>17</sup> The evidence provided by Zhejiang New Oriental supports a preliminary finding of *de jure* absence of government control based on the following: (1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) there are applicable legislative enactments decentralizing control of the companies; and (3) there are formal measures by the government decentralizing control of companies.<sup>18</sup>

### *Absence of De Facto Control*

Typically the Department considers four factors in evaluating whether each respondent is subject to *de facto* government control of its export functions: (1) whether the export prices are set by or are subject to the approval of a government agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses.<sup>19</sup> The Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude the Department from assigning separate rates. The evidence provided by Zhejiang New Oriental supports a preliminary finding of *de facto* absence of government control based on the following: (1) the company sets its own export prices independent of the government and without the approval of a government authority; (2) the company has authority to negotiate and sign contracts and other agreements; (3) the company has autonomy from the government in making decisions regarding the selection of management; and (4) there is no restriction on any of the company's use of export revenue.<sup>20</sup> Therefore, the Department preliminarily finds that Zhejiang New Oriental has established that it qualifies for a separate rate under the criteria established by *Silicon Carbide* and *Sparklers*.

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<sup>17</sup> See *Sparklers*, 56 FR at 20589.

<sup>18</sup> See Zhejiang New Oriental's Separate Rate Application (July 31, 2012) at 13-19.

<sup>19</sup> See *Silicon Carbide*, 59 FR at 22586-87; see also *Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People's Republic of China*, 60 FR 22544, 22545 (May 8, 1995).

<sup>20</sup> See Zhejiang New Oriental's Separate Rate Application at 13-19.

### Separate Rate for Non-Selected Companies

In accordance with section 777A(c)(2)(B) of the Act, the Department employed a limited examination methodology, as it was not practical to examine all companies for which a review request was made. We selected the RMB/IFI Group as the sole mandatory respondent for this review. As discussed above, Zhejiang New Oriental is an exporter of subject merchandise from the PRC that has demonstrated its eligibility for a separate rate, but was not selected for individual examination in this review. The statute and the Department's regulations do not directly address the establishment of a rate to be applied to individual companies not selected for individual examination where the Department limited its examination in an administrative review pursuant to section 777A(c)(2) of the Act. The Department's practice in cases involving limiting respondent selection based on exporters accounting for the largest volumes of trade has been to look at section 735(c)(5) of the Act for guidance, which provides instructions for calculating the all-others rate using any zero or *de minimis* margins or any margins based entirely on facts available. Section 735(c)(5)(B) of the Act provides that "the estimated all-others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated." The statute further provides that, where all margins are zero rates, *de minimis* rates, or rates based entirely on facts available, the Department may use "any reasonable method" for assigning the rate to non-selected respondents. In this instance, the only individually examined company is the RMB/IFI Group, which has a rate above *de minimis* and not based entirely on facts available.

Accordingly, for the preliminary results, consistent with the Department's practice, the Department has preliminarily determined that the margin to be assigned to the separate rate recipient should be the margin calculated for the mandatory respondent, the RMB/IFI Group.

### PRC-Wide Entity

Upon initiation of the administrative review, we provided the opportunity for all companies upon which the review was initiated to complete either the separate rate application or certification.<sup>21</sup>

We have preliminarily determined that 64 companies did not demonstrate their eligibility for a separate rate and are properly considered part of the PRC-wide entity.<sup>22</sup> All companies within the PRC are considered to be subject to government control unless they are able to demonstrate an absence of government control with respect to their export activities. Such companies are thus assigned a single antidumping duty rate distinct from the separate rate(s) determined for companies that are found to be independent of government control with respect to their export activities. We consider the influence that the government has been found to have over the economy to warrant determining a rate for the entity that is distinct from the rates found for companies that have provided sufficient evidence to establish that they operate freely with

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<sup>21</sup> See *Initiation*, 77 FR at 31569.

<sup>22</sup> See Appendix I of corresponding *Federal Register* notice of preliminary results of this administrative review.

respect to their export activities.<sup>23</sup> Therefore, we are assigning as the entity's current rate, 206.00 percent, the only rate ever determined for the PRC-wide entity in this proceeding.<sup>24</sup>

### Non-Market Economy Country

The Department considers the PRC to be an NME country.<sup>25</sup> In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. None of the parties to this proceeding has contested such treatment. Therefore, we continue to treat the PRC as an NME country for purposes of these preliminary results.

### Surrogate Country and Surrogate Value Data

On August 16, 2012 the Department sent interested parties a letter inviting comments on surrogate country selection and surrogate value ("SV") data.<sup>26</sup> On November 19, 2012, Petitioner and the RMB/IFI Group submitted surrogate country comments. On January 16, 2013, Petitioner and the RMB/IFI Group submitted SV comments. No interested party submitted rebuttal SV comments.

### Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production ("FOPs"), valued in a surrogate ME country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.<sup>27</sup> The Department determined that Colombia, Indonesia, Peru, the Philippines, South Africa, Thailand, and Ukraine are countries whose per capita gross national incomes are comparable to the PRC in terms of economic development.<sup>28</sup> The sources of the SVs we have used in this investigation are discussed under the "Normal Value" section below.

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<sup>23</sup> See *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, 53080 (September 8, 2006).

<sup>24</sup> See *Certain Steel Threaded Rod from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 8907, 8910 (February 27, 2009).

<sup>25</sup> See *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Results of the First Administrative Review, Preliminary Rescission, in Part, and Extension of Time Limits for the Final Results*, 76 FR 62765, 62767-68 (October 11, 2011), unchanged in *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Results and Partial Rescission of First Antidumping Duty Administrative Review*, 77 FR 21734 (April 11, 2012).

<sup>26</sup> See the Department's Letter to All Interested Parties, re: the Third Administrative Review of Certain Steel Threaded Rod from the People's Republic of China: Deadlines for Surrogate Country and Surrogate Value Comments (August 16, 2012) ("Surrogate Country and Values Memo").

<sup>27</sup> See Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) ("Policy Bulletin").

<sup>28</sup> See Surrogate Country and Values Memo.

Petitioner submits that, for purposes of the Department's selection of an appropriate surrogate, Thailand is a significant producer of comparable merchandise which has publicly available data with which to obtain SVs. Citing to a recently completed antidumping duty administrative review of steel threaded rod from the PRC,<sup>29</sup> Petitioner also notes that Thailand provides readily available data for the primary inputs used to produce subject merchandise. Therefore, Petitioner proposes Thailand as an appropriate primary surrogate country for this review.

The RMB/IFI Group proposes that the Department should select India as the surrogate country in this review because India is economically comparable to the PRC, the Department has selected India in numerous recent antidumping reviews, and it is a producer of comparable merchandise. However, if the Department chooses to not select India as a surrogate country, the RMB/IFI Group proposes that the Department should select Ukraine because it is economically comparable to the PRC and a producer of comparable merchandise

### Economic Comparability

As explained in our Surrogate Country and Values Memo, the Department considers Colombia, Indonesia, Peru, the Philippines, South Africa, Thailand, and Ukraine all comparable to the PRC in terms of economic development.<sup>30</sup> Accordingly, unless we find that all of the countries determined to be equally economically comparable are not significant producers of comparable merchandise, do not provide a reliable source of publicly available surrogate data or are unsuitable for use for other reasons, we will rely on data from one of these countries.<sup>31</sup> Therefore, we consider all seven countries identified in the April 2, 2013, Surrogate Country and Values Memo as having met this prong of the surrogate country selection criteria.

### Significant Producers of Identical or Comparable Merchandise

Section 773(c)(4)(B) of the Act requires the Department to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor the Department's regulations provide further guidance on what may be considered comparable merchandise. Given the absence of any definition in the statute or regulations, the Department looks to other sources such as the *Policy Bulletin* for guidance on defining comparable merchandise. The *Policy Bulletin* states that "in all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise."<sup>32</sup> Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in

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<sup>29</sup> See *STR 2010-2011 Final Results* and accompanying Issues and Decision Memorandum at Comment 1.

<sup>30</sup> See Memorandum to the File through Scot Fullerton, Program Manager, Office 9, from Julia Hancock and Jerry Huang, Case Analysts, re: Certain Steel Threaded Rod from the People's Republic of China: Surrogate Country and Values Memo (April 2, 2013) ("April 2, 2013, Surrogate Country and Values Memo").

<sup>31</sup> See *Certain Steel Wheels From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Partial Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 76 FR 67703, 67708 (November 2, 2011) ("*Steel Wheels from the PRC Preliminary Determination*"), unchanged in *Certain Steel Wheels From the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value and Partial Affirmative Final Determination of Critical Circumstances*, 77 FR 17021 (March 23, 2012) ("*Steel Wheels from the PRC Final Determination*").

<sup>32</sup> See *Policy Bulletin* at 2.

selecting a surrogate country.<sup>33</sup> Further, when selecting a surrogate country, the statute requires the Department to consider the comparability of the merchandise, not the comparability of the industry.<sup>34</sup> “In cases where the identical merchandise is not produced, the Department must determine if other merchandise that is comparable is produced. How the Department does this depends on the subject merchandise.”<sup>35</sup> In this regard, the Department recognizes that any analysis of comparable merchandise must be done on a case-by-case basis:

In other cases, however, where there are major inputs, *i.e.*, inputs that are specialized or dedicated or used intensively, in the production of the subject merchandise, *e.g.*, processed agricultural, aquatic and mineral products, comparable merchandise should be identified narrowly, on the basis of a comparison of the major inputs, including energy, where appropriate.<sup>36</sup>

Further, the statute grants the Department discretion to examine various data sources for determining the best available information.<sup>37</sup> Moreover, while the legislative history provides that the term “significant producer” includes any country that is a significant “net exporter,”<sup>38</sup> it does not preclude reliance on additional or alternative metrics. In this case, because production data of comparable merchandise are not available, we analyzed exports of comparable merchandise from the seven countries, as a proxy for production data. We obtained export data using the Global Trade Atlas (“GTA”) for HTS 7318.15: Threaded Screws And Bolts Nesoi, With Or Without Their Nuts Or Washers, Of Iron Or Steel. The countries reported the following export volumes for the POR: (1) Thailand (99,556,568 kg); (2) Indonesia (29,494,779 kg); (3) Philippines (15,323,691 kg); (4) Ukraine (12,683,074 kg); (5) South Africa (12,524,324 kg); (6) Peru (1,355,506 kg); and (7) Colombia (840,159 kg).<sup>39</sup>

As noted above, all countries identified in the Surrogate Country and Values Memo had significant exports under the HTS numbers included in the scope of the order.<sup>40</sup> Because none of the potential surrogate countries have been definitively disqualified through the above analysis, the Department looks to the availability of SV data to determine the most appropriate surrogate country. Moreover, because each of the potential surrogate countries has met the above criteria, we will not consider India as an appropriate surrogate country at this time.<sup>41</sup>

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<sup>33</sup> The *Policy Bulletin* also states that “if considering a producer of identical merchandise leads to data difficulties, the operations team may consider countries that produce a broader category of reasonably comparable merchandise.” See *id.* at note 6.

<sup>34</sup> See *Sebacic Acid from the People’s Republic of China; Final Results of Antidumping Duty Administrative Review*, 62 FR 65674, 65675-76 (December 15, 1997) (“{T}o impose a requirement that merchandise must be produced by the same process and share the same end uses to be considered comparable would be contrary to the intent of the statute.”).

<sup>35</sup> See *Policy Bulletin* at 2.

<sup>36</sup> See *id.*, at 3.

<sup>37</sup> See section 773(c) of the Act; see also *Nation Ford Chem. Co. v. United States*, 166 F.3d 1373, 1377 (Fed. Cir. 1990).

<sup>38</sup> See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988).

<sup>39</sup> See April 2, 2013, Surrogate Country and Values Memo.

<sup>40</sup> See April 2, 2013, Surrogate Country and Values Memo.

<sup>41</sup> In a recently completed investigation, an interested party also suggested India as a surrogate country, despite India’s absence from the list of potential surrogate countries in that proceeding. The Department did not consider

## Data Availability

When evaluating SV data, the Department considers several factors including whether the SV is publicly available, contemporaneous with the POR, represents a broad-market average, from an approved surrogate country, tax and duty-exclusive, and specific to the input. There is no hierarchy among these criteria. It is the Department's practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis.<sup>42</sup> With respect to Colombia, Indonesia, Peru, the Philippines, and South Africa, no interested party submitted data for any of these countries. Thus, there is no data for these countries on the record and the Department will not consider these countries for surrogate country selection purposes.

With respect to Thailand and Ukraine, Petitioner and the RMB/IFI Group submitted data for these countries for surrogate valuation purposes. There is data to value the FOPs, including financial statements to calculate the financial ratios, available from both Thailand and Ukraine on the record of this proceeding. Accordingly, the Department must evaluate the quality of the data to determine which country provides the best available information for surrogate country selection purposes for this proceeding.

With respect to Ukraine, although the RMB/IFI Group submitted the financial statements for a Ukrainian company, Dneprometiz, these financial statements were found to not be publicly available in the recent *Steel Nails from the PRC* administrative review.<sup>43</sup> Specifically, in *Steel Nails from the PRC*, the Department found "the record evidence indicates that when Petitioner inquired as to the public availability of the statements, company officials forbade the use of the financial statements 'to the public.'"<sup>44</sup> Additionally, with respect to this case, when the RMB/IFI Group was requested to explain how the Dneprometiz financial statements were obtained, the RMB/IFI Group simply noted that it obtained the financial statements from the record of *Steel Nails from the PRC*.<sup>45</sup> Accordingly, because there is no record evidence to contradict the findings of *Steel Nails from the PRC*, the Department finds that the Dneprometiz financial statements are not publicly available and thus are unusable for this proceeding. Therefore, the Department finds that there is no information available on the record from Ukraine to calculate the financial ratios for the preliminary results.

With respect to the information for valuing the other FOPs from Ukraine, the Department finds that there is import data specific to the percentage of carbon content of the primary input, steel

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India as an appropriate surrogate country. See *Steel Wheels from the PRC Preliminary Determination*, 76 FR at 67708, unchanged in *Steel Wheels from the PRC Final Determination*; see also *STR 2010-2011 Final Results* and accompanying Issues and Decision Memorandum at Comment 1.

<sup>42</sup> See *Policy Bulletin*.

<sup>43</sup> See *Certain Steel Nails from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 2010-2011*, 78 FR 16651 (March 18, 2013) and accompanying Issues and Decision Memorandum at Comment 1 ("*Steel Nails from the PRC*").

<sup>44</sup> *Id.*

<sup>45</sup> See *Steel Threaded Rod from the People's Republic of China: the RMB/IFI Group's Surrogate Value Questionnaire Response* (February 22, 2013) at 1-2.

wire rod available from Ukraine.<sup>46</sup> Additionally, the Department finds there is information on the record to value all of the FOPs from Ukraine.<sup>47</sup>

Unlike Ukraine, the Department notes that there are multiple financial statements that are available on the record from Thailand that are usable for calculating the surrogate financial ratios.<sup>48</sup> The Department finds that these financial statements are publicly available, unlike the Dneprometiz financial statements from Ukraine, and there is no record evidence to show that these financial statements are not publicly available. Additionally, there is import data specific to the percentage of carbon content of the primary input, steel wire rod, from Thailand.<sup>49</sup> Moreover, the Department finds that there is information on the record to value all of the FOPs from Thailand.<sup>50</sup>

In evaluating the data available from Thailand and Ukraine, the Department finds that Thailand is a better source for surrogate valuation purposes. Specifically, unlike Ukraine, the Department finds that Thailand has multiple, usable publicly available financial statements on the record. Additionally, Thailand has information on the record to value all of the FOPs, including data specific to the carbon content of the primary input. Moreover, the Department finds that the Thai information available to value labor, which is a significant component of NV, is more contemporaneous to the POR than the Ukrainian data.<sup>51</sup> Accordingly, in sum, the Department finds that Thailand provides the best available information for surrogate valuation purposes for these preliminary results.

The Department finds Thailand to be a reliable source for SVs because Thailand is at a comparable level of economic development pursuant to 773(c)(4) of the Act, is a significant producer of comparable merchandise, and has publicly available and reliable data. Given the above facts, the Department has selected Thailand as the primary surrogate country for this review.<sup>52</sup> A detailed explanation of the SVs is provided below in the “Normal Value” section of this notice.

#### Date of Sale

The RMB/IFI Group reported that the date of sale was determined by the invoice issued by the affiliated exporter to the unaffiliated United States customer. In this case, as the Department found no evidence contrary to the RMB/IFI Group’s claim that invoice date was the appropriate

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<sup>46</sup> See Steel Threaded Rod from the People’s Republic of China: the RMB/IFI Group’s Surrogate Value Submission (January 16, 2013) at Exhibits 1-2.

<sup>47</sup> See *id.*

<sup>48</sup> See Steel Threaded Rod from the People’s Republic of China: Petitioner’s Surrogate Value Submission (January 16, 2013) at Exhibits 4 and 5.

<sup>49</sup> See *id.*; April 2, 2013, Surrogate Country and Values Memo.

<sup>50</sup> See April 2, 2013, Surrogate Country and Values Memo; Steel Threaded Rod from the People’s Republic of China: Petitioner’s Surrogate Value Submission (January 16, 2013) at Exhibits 1-3.

<sup>51</sup> See Memorandum to the File, from Julia Hancock, Case Analyst, Subject: Steel Threaded Rod from the People’s Republic of China: Placing Thailand 2007 NSO Data on Record (April 2, 2013); Steel Threaded Rod from the People’s Republic of China: the RMB/IFI Group’s Surrogate Value Submission (January 16, 2013) at Exhibit 5.

<sup>52</sup> See April 2, 2013, Surrogate Country and Values Memo.

date of sale, the Department used invoice date as the date of sale for these preliminary results in accordance with 19 CFR 351.401(i).<sup>53</sup>

### Fair Value Comparisons

To determine whether sales of steel threaded rod to the United States by the RMB/IFI Group were made at less than NV, the Department compared the export price (“EP”) to NV, as described in the “U.S. Price,” and “Normal Value” sections below. In these preliminary results, the Department applied the average-to-average comparison methodology adopted in the *Final Modification for Reviews*.<sup>54</sup> In particular, the Department compared monthly, weighted-average EPs with monthly, weighted-average NVs, and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.

#### A. *Determination of Comparison Method*

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or constructed export prices (“CEPs”)) (the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping investigations, the Department examines whether to use the average-to-transaction method as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping investigations.<sup>55</sup> In recent investigations, the Department applied a “differential pricing” analysis for determining whether application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.<sup>56</sup> The Department finds the differential pricing analysis used in those recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department will continue to

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<sup>53</sup> See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand*, 69 FR 76918 (December 23, 2004) and accompanying Issues and Decision Memorandum at Comment 10.

<sup>54</sup> See *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012) (“*Final Modification for Reviews*”).

<sup>55</sup> See *Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews, 2010–2011*, 77 FR 73415 (December 10, 2012) and accompanying Issues and Decision Memorandum at Comment 1.

<sup>56</sup> See Memoranda to Paul Piquado, Assistant Secretary for Import Administration, from Abdelali Elouaradia, Director of AD/CVD Operations Office 4, entitled “Less Than Fair Value Investigation of Xanthan Gum from Austria: Post-Preliminary Analysis and Calculation Memorandum”, “Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., T Jd.) and Shandong Fufeng Fermentation Co., Ltd.”, and “Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Deosen Biochemical Ltd.” all dated March 4, 2013, included as Memorandum to the File, from Julia Hancock, Senior Case Analyst, Office 9, Re: Certain Steel Threaded Rod from the People's Republic of China: Placing Information on the Record (April 2, 2013).

develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of EPs (or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer names. Regions are defined using the reported destination code (*i.e.*, city name, zip code, *etc.*) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen's *d* test is applied when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen's *d* coefficient is calculated to evaluate the extent to which the net prices to a particular purchaser, region or time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium or large. Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant if the calculated Cohen's *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test account for 66 percent or more of the value of total sales, then the identified pattern of EPs that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales

identified as passing the Cohen's *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen's *d* test. If 33 percent or less of the value of total sales passes the Cohen's *d* test, then the results of the Cohen's *d* test do not support consideration of an alternative to the average-to-average method.

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of EPs that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the average-to-average method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if 1) there is a 25 percent relative change in the weighted-average dumping margin between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margin moves across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.

#### B. *Results of the Differential Pricing Analysis*

For the RMB/IFI Group, based on the results of the differential pricing analysis, the Department finds that 29.50 percent of the RMB/IFI Group's export sales does not confirm the existence of a pattern of EPs for comparable merchandise that differ significantly among purchasers, regions, or time periods. Accordingly, the Department has determined to use the average-to-average method in making comparisons of EP and NV for the RMB/IFI Group.<sup>57</sup>

#### U.S. Price – Export Price

For the RMB/IFI Group's EP sales, we used the EP methodology, pursuant to section 772(a) of the Act, because the first sale to an unaffiliated purchaser was made prior to importation. Where appropriate, we made deductions from the starting price (gross unit price) for foreign movement

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<sup>57</sup> In these preliminary results, the Department applied the weighted-average dumping margin calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8101 (February 14, 2012). In particular, the Department compared monthly weighted-average EPs with monthly weighted-average NVs and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.

expenses, foreign brokerage and handling, and international movement expenses, in accordance with section 772(c) of the Act.<sup>58</sup>

### Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using a FOPs methodology if: (1) the merchandise is exported from an NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. When determining NV in an NME context, the Department will base NV on FOPs because the presence of government controls on various aspects of these economies renders price comparisons and the calculation of production costs invalid under our normal methodologies. Under section 773(c)(3) of the Act, FOPs include, but are not limited to: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. The Department based NV on FOPs reported by the RMB/IFI Group for materials and labor.

### Factor Valuations

In accordance with section 773(c) of the Act, for subject merchandise produced by the RMB/IFI Group, the Department calculated NV based on the FOPs reported by the RMB/IFI Group for the POR. The Department used Thai import data and other publicly available Thai sources in order to calculate SVs for the RMB/IFI Group's FOPs. To calculate NV, the Department multiplied the reported per-unit FOP quantities by publicly available SVs. The Department's practice when selecting the best available information for valuing FOPs is to select, to the extent practicable, SVs which are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.<sup>59</sup>

As appropriate, the Department adjusted input prices by including freight costs to render them delivered prices. Specifically, the Department added to Thai import SVs the reported surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory where it relied on an import value. This adjustment is in accordance with the decision of the Federal Circuit in *Sigma Corp. v. United States*, 117 F.3d 1401, 1408 (Fed. Cir. 1997). Additionally, where necessary, the Department adjusted SVs for inflation and exchange rates, taxes, and the Department converted all applicable FOPs to a per-kilogram basis.

Furthermore, with regard to the Thai import-based SVs, we have disregarded import prices that we have reason to believe or suspect may be subsidized. We have reason to believe or suspect that prices of inputs from India, Indonesia, and South Korea may have been subsidized because we have found in other proceedings that these countries maintain broadly available, non-

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<sup>58</sup> See April 2, 2013, Surrogate Country and Surrogate Values Memo.

<sup>59</sup> See, e.g., *Electrolytic Manganese Dioxide From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 48195 (August 18, 2008) and accompanying Issues and Decision Memorandum at Comment 2.

industry-specific export subsidies.<sup>60</sup> Therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized.<sup>61</sup> Further, guided by the legislative history, it is the Department's practice not to conduct a formal investigation to ensure that such prices are not subsidized.<sup>62</sup> Rather, the Department bases its decision on information that is available to it at the time it makes its determination. Additionally, consistent with our practice, we disregarded prices from NME countries and excluded imports labeled as originating from an "unspecified" country from the average value, because the Department could not be certain that they were not from either an NME country or a country with general export subsidies.<sup>63</sup> Therefore, we have not used prices from these countries either in calculating the Thai import-based SVs or in calculating ME input values.

Pursuant to 19 CFR 351.408(c)(1), when a respondent sources inputs from an ME supplier in meaningful quantities (*i.e.*, not insignificant quantities) and pays in an ME currency, the Department uses the actual price paid by the respondent to value those inputs, except when prices may have been distorted by findings of dumping and/or subsidization.<sup>64</sup> Where the Department finds ME purchases to be of significant quantities (*i.e.*, 33 percent or more), in accordance with our statement of policy as outlined in *Antidumping Methodologies: Market Economy Inputs*,<sup>65</sup> the Department uses the actual purchase prices to value the inputs. Information reported by the RMB/IFI Group demonstrates that no inputs were sourced from an ME country and paid for in ME currencies.

The Department used Thai Import Statistics from the GTA to value the raw material, and packing material inputs that the RMB/IFI Group used to produce subject merchandise during the POR, except where listed below.

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<sup>60</sup> See, e.g., *Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order*, 75 FR 13257 (March 19, 2010) and accompanying Issues and Decision Memorandum at 4-5; *Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia: Final Results of Expedited Sunset Review*, 70 FR 45692 (August 8, 2005) and accompanying Issues and Decision Memorandum at 4; *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review*, 74 FR 2512 (January 15, 2009) and accompanying Issues and Decision Memorandum at 17, 19-20.

<sup>61</sup> See *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers From the People's Republic of China*, 69 FR 20594 (April 16, 2004) and accompanying Issues and Decision Memorandum at Comment 7.

<sup>62</sup> See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988); see also *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 30758, 30763 (June 4, 2007), unchanged in *Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 60632 (October 25, 2007).

<sup>63</sup> See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Chlorinated Isocyanurates From the People's Republic of China*, 69 FR 75294, 75300 (December 16, 2004), unchanged in *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).

<sup>64</sup> See, e.g., *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27366 (May 19, 1997).

<sup>65</sup> See *Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments*, 71 FR 61716, 61717-61718 (October 19, 2006) ("*Antidumping Methodologies: Market Economy Inputs*").

The Department valued water using data from Thailand's Board of Investment.<sup>66</sup> This source provides water rates for industrial users that are exclusive of value added taxes. Although Petitioner suggested that we value water using information from Thailand's Metropolitan Waterworks Authority, we find that the information provided is approximate and not explicitly tax-exclusive. Therefore, the data provided by the Board of Investment provides a more specific and accurate SV.<sup>67</sup>

We valued brokerage and handling using a price list of export procedures necessary to export a standardized cargo of goods in Thailand. The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in Thailand that is published in *Doing Business 2012: Thailand* by the World Bank.<sup>68</sup>

We used Thai transport information in order to value the freight-in cost of the raw materials. The Department determined the best available information for valuing truck freight to be from *Doing Business 2012: Thailand*. This World Bank report gathers information concerning the distance and cost to transport products in a 20-foot container from the largest city in Thailand to the nearest seaport. We calculated the per-unit inland freight costs using the distance from Thailand's largest city, Bangkok, to the nearest seaport. The inland freight costs in the World Bank report are for shipping a 20-foot container.

To value marine insurance, the Department used rates from RJG Consultants. These rates are for sea freight from the Far East Region.

On June 21, 2011, the Department revised its methodology for valuing the labor input in NME antidumping proceedings.<sup>69</sup> In *Labor Methodologies*, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization (ILO) Yearbook of Labor Statistics.

In these preliminary results, the Department has calculated the labor input using data from the 2007 Industrial Census data published by Thailand's National Statistics Office (the "2007 NSO data").<sup>70</sup> Although the 2007 NSO data are not from the ILO, the Department finds that this does not preclude us from using this as a source for valuing labor. In *Labor Methodologies*, the Department decided to change to the use of ILO Chapter 6A data from the use of ILO Chapter 5B data, on the rebuttable presumption that Chapter 6A data better account for all direct and

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<sup>66</sup> See Surrogate Country and Surrogate Values Memo.

<sup>67</sup> See *Galvanized Steel Wire From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 76 FR 68407, 68419 (November 4, 2011), unchanged in *Galvanized Steel Wire From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 77 FR 17430 (March 26, 2012).

<sup>68</sup> See April 2, 2013, Surrogate Country and Values Memo at Exhibit 8.

<sup>69</sup> See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) ("*Labor Methodologies*").

<sup>70</sup> See Memorandum to the File, from Julia Hancock, Case Analyst, re: Steel Threaded Rod from the People's Republic of China: Placing Thailand 2007 NSO Data on Record (April 2, 2013).

