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DATE: May 27, 2014

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Edward Yang *EY*
Senior Director, Office VII
Antidumping and Countervailing Duty Operations

SUBJECT: Steel Wire Garment Hangers from the People's Republic of China:
Issues and Decision Memorandum for the Final Results of the
Fourth Antidumping Duty Administrative Review and New
Shipper Review

SUMMARY

The Department of Commerce (“the Department”) analyzed comments submitted by Petitioner,¹ Fabriclean,² and the new shipper respondent, Yingqing³ in the fourth administrative review and in the aligned new shipper review (“NSR”) of the antidumping duty order on steel wire garment hangers from the People’s Republic of China (“PRC”). Following the Preliminary Results⁴ and the analysis of the comments received, we made changes to Shanghai Wells⁵ and Yingqing’s (collectively, “Respondents”) final margin calculations as noted below. We recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum.

¹ M&B Metal Products Inc. (“Petitioner”).

² Fabriclean Supply Inc., a U.S. importer and wholesaler (“Fabriclean”).

³ Hangzhou Yingqing Material Co. Ltd. (“Yingqing”).

⁴ See Steel Wire Garment Hangers From the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review and New Shipper Review; 2011–2012, 78 FR 70271 (November 25, 2013) (“Preliminary Results”).

⁵ The Department previously found that Shanghai Wells Hanger Co., Ltd. (“Shanghai Wells”), Hong Kong Wells Ltd. (“HK Wells”) and Hong Kong Wells Ltd. (USA) (“Wells USA”) are affiliated and that Shanghai Wells and HK Wells comprise a single entity. Because there were no changes in this review to the facts that supported that decision, we continue to find Shanghai Wells, HK Wells, and USA Wells are affiliated and that Shanghai Wells and HK Wells comprise a single entity. See Steel Wire Garment Hangers From the People’s Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the First Antidumping Duty Administrative Review, 75 FR 68758, 68761 (November 9, 2010), unchanged in First Administrative Review of Steel Wire Garment Hangers From the People’s Republic of China: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review, 76 FR 27994, 27996 (May 13, 2011).



BACKGROUND

The Department published the Preliminary Results on November 25, 2013.⁶ The Department conducted the verification of Shanghai Wells on December 10, through December 13, 2013, in Shanghai, China, and December 16, through December 18, 2013, in Hong Kong.⁷ Between January 6, 2014, and January 16, 2014, interested parties submitted surrogate value (“SV”) data for consideration in the final results. On February 24, 2014, M&B Metal Products Inc. (“Petitioner”) and Fabriclean Supply Inc. (“Fabriclean”), a U.S. importer and wholesaler, submitted case briefs in the administrative review; and Petitioner and Hangzhou Yingqing Material Co. Ltd. (“Yingqing”) submitted case briefs in the NSR. On March 4, 2014, Petitioner and Fabriclean submitted rebuttal briefs in the administrative review; and Petitioner and Yingqing submitted rebuttal case briefs in the NSR. On January 15, 2014, the Department extended the final results to May 27, 2014.

Although we changed certain SVs in these final results, for Shanghai Wells, the Department continues to apply the assessment rate calculation method adopted in Final Modification for Reviews, i.e., on the basis of the “mixed alternative” method and compared monthly weighted-average export prices and constructed export prices with monthly weighted-average normal values (“NV”) and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.⁸ With respect to Yingqing, the NSR respondent, because Yingqing only made a single sale, we did not conduct a differential pricing analysis.⁹ This is unchanged from the Preliminary Results.¹⁰

On December 13, 2012, Petitioner submitted comments on respondent selection that also included allegations pertaining to certain shipments of subject merchandise that entered during the POR.¹¹ Petitioner questions whether the antidumping duty rate applied to these shipments upon entry is correct.¹² No other interested party submitted comments pertaining to these shipments. The Department intends to refer this information to U.S. Customs and Border Protection (“CBP”) subsequent to these final results.

SCOPE OF THE ORDER

The merchandise that is subject to the order is steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes

⁶ See Preliminary Results.

⁷ See the Department’s Memorandum titled, “Verification of the Sales and Factors Responses of Shanghai Wells Hangers Co., Ltd. (“Shanghai Wells”) in the Administrative Review of the Antidumping Duty Order on Steel Wire Garment Hangers (“Hangers”) from the People’s Republic of China,” dated January 27, 2014.

⁸ See Antidumping Proceeding: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings; Final Modification, 77 FR 8101, 8103 (February 14, 2012) (“Final Modification for Reviews”); see also Preliminary Results, and accompanying Preliminary Decision Memorandum at “Results of the Differential Pricing Analysis” section.

⁹ Id.

¹⁰ See Preliminary Results 78 FR 70271, at 70273.

¹¹ See Letter from Petitioner to the Secretary of Commerce “Comments on Respondent Selection” (December 13, 2012) at 3-4 and Exhibit 3.

¹² Id.

(with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of the order are wooden, plastic, and other garment hangers that are not made of steel wire. Also excluded from the scope of the order are chrome-plated steel wire garment hangers with a diameter of 3.4 mm or greater. The products subject to the order are currently classified under U.S. Harmonized Tariff Schedule (“HTS”) subheadings 7326.20.0020, 7323.99.9060, and 7323.99.9080.

Although the HTS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

DISCUSSION OF THE ISSUES

General Issues

Comment 1: Selection of the Surrogate Country

Yingqing Arguments

- Ukraine is the best source to value Yingqing’s factors of production (“FOPs”) because: 1) it is economically comparable to the PRC; 2) it is a significant producer of comparable merchandise; and 3) it has superior data quality and availability.¹³ While not on the surrogate country list, the Office of Policy states that its list is not exhaustive of countries at the same level of per capita gross national income (“GNI”),¹⁴ and the Department deviated from the surrogate country list in prior cases; *see, e.g.,* Hardwood Plywood.¹⁵
- Alternatively, the Department should select the Philippines as the surrogate country because it is economically comparable to the PRC, is a significant producer of comparable merchandise, and is a superior source of data to Thailand, which includes the two financial statements the Department relied on in the Preliminary Results.
- The Department had a similar set of facts in the third administrative review, and reached the opposite conclusion, finding that the Philippine data were more specific to Respondents’ steel wire rod than the Thai data.¹⁶ The Thai data are overly narrow in their delineation of carbon content, as well as silicon and aluminum content, about which there is no evidence on the record for Yingqing’s steel.
- The Department never explained why carbon content is a crucial element in the manufacturing of subject merchandise, and it cannot be a reasonable basis for choosing one surrogate country over another.

¹³ *See* Yingqing’s Final Surrogate Value Submission, dated January 6, 2014, (“Yingqing Final SVs”).

¹⁴ *See* the Department’s Letter regarding, “New Shipper Review of Steel Wire Garment Hangers from the People’s Republic of China: Deadlines for the Surrogate Country and Surrogate Value Comments,” dated February 8, 2013, at Attachment 1.

¹⁵ *See* Hardwood and Decorative Plywood from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 58273 (September 23, 2014) (“Hardwood Plywood”), and accompanying Issues and Decision Memorandum at Comment 7.

¹⁶ *See* Steel Wire Garment Hangers From the People’s Republic of China: Final Results of Antidumping Duty Administrative Review, 2010–2011, 78 FR 28803 (May 16, 2013) (“AR3 Hangers”), and accompanying Issues and Decision Memorandum at Comment 1.C.

- Thailand is an unacceptable surrogate country because, the U.S. Trade Representative (“USTR”) noted that, Thai import values are distorted by the Thai Customs authority, which arbitrarily increases the customs value of imports.¹⁷
- While in Xanthan Gum¹⁸ the Department stated it cannot conclude that the entirety of the Thai import data are unreliable, that is not sufficient to find Thai import data to be acceptable.
- Additionally, Thailand lacks any reliable financial statements.

Fabriclean Arguments

- In the Preliminary Results, the Department found both the Philippines and Thailand to be economically comparable to the PRC, and that they both produced comparable merchandise.¹⁹
- The Policy Bulletin 04.1 states that a country is not of much use as a primary surrogate if crucial factor price data from the country are unavailable, thereby compelling the use of the Philippines as the surrogate country because Thailand has no useable financial statements from which to value overhead, selling, general and administrative expenses (“SG&A”), and profit.²⁰
- The Department reached the incorrect conclusion that Shanghai Wells used wire rod with a carbon content of 0.07 percent. Shanghai Wells stated that it used wire rod with a steel grade of Q195, which has a carbon content below 0.12 percent,²¹ and mill certificates show it used wire rod with a carbon content of from 0.05 to 0.10 percent.²²
- In the third administrative review, which had almost identical facts, the Department selected the Philippines over Thailand as the surrogate country.²³ There the Department stated the record did not demonstrate that Thai data were any more specific for valuing Shanghai Wells inputs than the Philippine data.²⁴
- Because the Department already stated the Philippines data are reflective of the wire rod used by Respondents, any greater specificity in the data (whether real or perceived), the Department must still weigh that against the lack of useable Thai financial statements from which to calculate overhead, SG&A, and profit.
- The Department must explain why the Thai import data are more reliable than the Philippine import data because USTR stated serious concerns regarding the method

¹⁷ See Yingqing’s Case Brief at 20-26, citing USTR’s National Trade Estimate Reports on Foreign Trade Barriers from 2011, 2012, and 2013.

¹⁸ See Xanthan Gum from the People’s Republic of China: Final Determination of Sales at Less than Fair Value, 78 FR 33,351 (June 4, 2013) (“Xanthan Gum”), and accompanying Issues and Decision Memorandum at Comment 1.

¹⁹ See Preliminary Results, and accompanying Preliminary Decision Memorandum at 16-17.

²⁰ See Policy Bulletin 04.1, “Non-Market Economy Surrogate Country Selection Process” (March 1, 2001) (“Policy Bulletin 04.1”).

²¹ See Shanghai Wells’ Third Supplemental Questionnaire Response, dated June 11, 2013, (“Shanghai Wells’ Third Supp.”), at 1 and Exhibit 2.

²² See Shanghai Wells’ Fifth Supplemental Questionnaire Response, dated November 22, 2013 (“Shanghai Wells’ Fifth Supp.”), at 6 and Exhibit 16.

²³ See AR3 Hangers.

²⁴ Id., and accompanying Issues and Decision Memorandum at Comment 1.C.

Thailand uses to calculate the value of imports into Thailand,²⁵ as have the European Community and the Philippines.²⁶

Petitioner Arguments

- Ukraine is not on the Department’s list of potential surrogate countries,²⁷ and all of the countries on the surrogate country list are economically comparable and significant producers of comparable merchandise.²⁸ In the Preliminary Results the Department stated “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.”²⁹
- While the Department went off the surrogate country list in Hardwood Plywood, in that case there was no contemporaneous Global Trade Atlas (“GTA”) data on the record to value the key input. No such deficiency exists in this case for the Thai wire rod GTA data.³⁰
- Yingqing did not suggest Ukraine in its surrogate country comments and waited until 10 months later to raise it as a potential surrogate country, a situation the Department previously found potentially unfair to parties.³¹
- In Xanthan Gum and Certain Steel Threaded Rod from the PRC, the Department rejected similar arguments regarding USTR’s concerns with the reliability of Thai import data, stating that it could not conclude from the report that the entirety of Thai imports data should be rejected as unreliable.³²
- The Department correctly determined that the Thai GTA data were more specific to the 0.07 percent carbon wire rod used by Yingqing. Yingqing stated it recorded the steel wire rod it used in the normal course of business,³³ and given Yingqing had only one POR sale, it is a reasonable assumption that the mill certificate it provided applied to the wire rod used to produce the hangers sold during the POR.
- If the Department considers all three mill certificates on the record for Shanghai Wells’ wire rod carbon content to be 0.5, 0.07, and 0.10 percent, the Department can add two additional Thai Harmonized System (“HS”) codes to capture wire rod with a carbon

²⁵ See Fabriclean’s Case Brief at 6, citing Fabriclean’s Rebuttal Surrogate Value Comments, dated March 29, 2013, at Exhibits R-SV-6 and R-SV-7 (“Fabriclean SV Rebuttal”).

²⁶ Id. at Exhibits R-SV-8 and R-SV-9, respectively.

²⁷ See the Department’s Letter regarding, “Fourth Administrative Review of Steel Wire Garment Hangers from the People’s Republic of China: Deadlines for the Surrogate Country and Surrogate Value Comments,” dated February 8, 2013, at Attachment 1 at 2 (“Surrogate Country List”).

²⁸ See Preliminary Results, and accompanying Preliminary Decision Memorandum at 16-17.

²⁹ Id., at 16.

³⁰ See Hardwood Plywood, and accompanying Issues and Decision Memorandum at Comment 7.

³¹ See Chlorinated Isocyanurates From the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2010-2011, 78 FR 4386 (January 22, 2013) (“Chlorinated Isos”), and accompanying Issues and Decision Memorandum at Comment 1.

³² See Xanthan Gum, accompanying Issues and Decision Memorandum at Comment 1; see also Certain Steel Threaded Rod From the People’s Republic of China: Final Results of Third Antidumping Duty Administrative Review; 2011-2012, 78 FR 66330 (November 5, 2013) (“Certain Steel Threaded Rod from the PRC”), and accompanying Issues and Decision Memorandum at Comment 1.

³³ See Yingqing’s Section A Supplemental Questionnaire Response, dated February 26, 2013, at 5-8 (“Yingqing Supp. A QR”).

content between 0.08 and 0.10 percent, and not more than 0.06 percent. See “Wire Rod” comment below.³⁴

- Tycoons Worldwide Group (Thailand) Public Co., Ltd.’s financial statements meet all the Department’s criteria to calculate surrogate financial ratios.

Department’s Position: We disagree with Yingqing and Fabriclean and continue to find that Thailand provides the most accurate data sources for SVs. Regarding Ukraine as a potential surrogate country, the Department fulfills the statutory requirement to value FOPs using data from a non-exhaustive list of “one or more market economy countries that are at a level of economic development comparable to that of the nonmarket economy country”³⁵ In this regard, “countries that are at a level of economic development comparable to that of the NME country” necessarily includes countries that the Department considers to be at the same level of economic development as the NME country.

Accordingly, unless we find that all of the countries determined to be at the same level of economic development as the PRC are not significant producers of comparable merchandise, are not reliable sources of publicly-available SV data, are not suitable for use based on other reasons, or we find that another country not on the surrogate country list is at a comparable level of economic development and is an appropriate surrogate, we will rely on data from one of these countries.^{36 37} Additionally, as discussed below in Comment 4, Wire Rod, we find that Thailand has more specific values for wire rod than Ukraine, and therefore is a better source of SV data. We also note that the Ukrainian labor is not industry specific unlike the Thai and Philippine data both of which are for “Manufacture of Fabricated Metal Products, except Machinery and Equipment.”³⁸

Next, we disagree with Yingqing’s and Fabriclean’s concerns over the reliability of the Thai import data, as outlined in the USTR reports. In two recent cases, Xanthan Gum and Certain Steel Threaded Rod from the PRC, as noted by Petitioner, the Department determined that the USTR reports do not make Thai import data unreliable or inferior to Philippine data, and we declined to conclude that all Thai import data should be rejected due to the reports.³⁹ Additionally, while the European Community and Philippines requested consultations with Thailand at the World Trade Organization regarding how Thailand values its imports, we note that these are only requests for consultations and not adverse findings or determinations. Therefore, we continue to find in this case that the USTR reports do not provide sufficient evidence to reject all Thai import data as unreliable.

³⁴ See Petitioner’s Letter titled, “Fourth Administrative Review of Steel Wire Garment Hangers from China: Surrogate Value Data,” dated March 19, 2013, at Exhibit 1 (“Petitioner’s AR SV Submission”).

³⁵ See section 773(c)(4) of the Act.

³⁶ See, e.g., Fresh Garlic From the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2010-2011, 77 FR 73980 (December 12, 2012), and accompanying Preliminary Decision Memorandum at 8-12, unchanged in Fresh Garlic From the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2010-2011, 78 FR 36168 (June 17, 2013).

³⁷ See Preliminary Results, and accompanying Preliminary Decision Memorandum at 15-20.

³⁸ See Fabriclean’s Letter to the Department regarding, “Post Prelim Surrogate Value Information,” dated January 6, 2014 (“Fabriclean Post Prelim SVs”) at Attachments 1 and Exhibit SV-7.

³⁹ See Xanthan Gum, and accompanying Issues and Decision Memorandum at Comment 1, and Certain Steel Threaded Rod from the PRC, and accompanying Issues and Decision Memorandum at Comment 1.

Contrary to Fabriclean’s argument, as discussed below, we continue to find that Thailand has the most specific data from which to value wire rod, which is the main input for the subject merchandise. See Wire Rod comment below. Regarding the relevance of the carbon content of the wire rod, we note that carbon content is part of the Steel Grade field in the CONNUM build up, with a “1” indicating low carbon steel (containing by weight less than 0.25 percent of carbon). Further, both Respondents only reported “1” in this field, as opposed to “2” medium carbon steel (containing by weight 0.25 percent or more, but less than 0.60 percent of carbon), or “3” high carbon steel (containing by weight 0.60 or more of carbon).⁴⁰

The Department’s extensive experience in examining steel cases leads us to note that low carbon steel such as those mentioned here, other things being equal, is more malleable than higher carbon steels, making them easier to cold form, which in this case means bending the low carbon steel wire into hangers. Therefore, by using a HS code with a carbon most specific to that consumed by Respondents, the Department more accurately captures the experience of the respondents in calculating the SV. We also note that the Steel Grade characteristic field does not contain any categories for silicon and aluminum content. Additionally, as discussed below, we also determined that the Thai financial statements of LS Industry Co, Ltd., (“LS Industry”) placed on the record by Fabriclean is useable. Therefore, there is now useable Thai data on the record to calculate all SVs and financial ratios.

In sum, as in the Preliminary Results,⁴¹ we find that of the countries listed in the Surrogate Country List, the data from Thailand constitutes the best information available because: (1) Thailand is at a level of economic development comparable to that of the PRC; (2) Thailand is a significant exporter of comparable merchandise; and (3) Thailand provides the best opportunity to use quality, publicly available data to value Shanghai Wells and Yingqing’s FOPs, most notably wire rod. Because the record contains usable Thai SV data for all FOPs used by Shanghai Wells and Yingqing, including financial ratios, we have continued to use Thailand as the surrogate country and, accordingly, have calculated NV using Thai prices to value Respondents’ FOPs.

⁴⁰ See Shanghai Wells Section C&D Questionnaire Response submitted February 19, 2013, at C6, and Yingqing Section C and D Questionnaire Response dated January 18, 2013, at Exhibit C-1.

⁴¹ See Preliminary Results, and accompanying Preliminary Decision Memorandum at 20.

Comment 2: Selection of Financial Statements

Petitioner Arguments

- The Department should use Tycoons' 2011 financial statements to calculate surrogate financial ratios because Tycoons draws wire from high-intermediate-low carbon steel⁴² and the record now contains evidence that it produces downstream products that are comparable merchandise to hangers (e.g., screws, bolts, threaded rod) and produced from wire drawn from wire rod.⁴³
- APO Industries, Inc. ("APO") and Sterling Steel, Inc.'s ("Sterling Steel") financial statements used in the Preliminary Results lack evidence of what those companies used for steel inputs in their production process.⁴⁴
- The information Respondents placed on the record for APO includes an Alibaba.com company profile and an internet demand-mail from December 2000. The demand-mail contains no indication of the quantity of rod being requested, or for what purpose it might be used. The Alibaba.com company profile does not indicate APO draws wire from wire rod and is not from the company's actual website.⁴⁵
- For Sterling Steel, the record consists of only one unidentified database of unknown origin that indicates it uses wire rod as a raw material.⁴⁶
- The Thai producers, Bangkok Fastening and LS Industries' financial statements placed on the record after the Preliminary Results lack evidence of what steel inputs they use or that they draw wire rod.⁴⁷
- Contrary to Yingqing's arguments, Tycoons' financial statement shows that it did not benefit from subsidies previously found to be countervailable by the Department. Notably, the Board of Investment ("BOI") promotions had mostly expired, and the financial statements show that the company was not liable for corporate income tax in 2011 because of a tax loss brought forward from prior years, and therefore Tycoons did not benefit from special tax rates.⁴⁸
- Additionally, the Department has in the past relied on financial statements that have included countervailable subsidies when there are no other statements on the record from a producer of comparable merchandise in the primary surrogate country.⁴⁹

⁴² See Petitioner's AR Case Brief, at 3-4, citing Petitioner's AR SV data at Exhibit 2A.

⁴³ See Petitioner's AR Case Brief at 3-4, citing Petitioner's submission titled, "Fourth Administrative Review of Steel Wire Garment Hangers from China: Petitioner's Surrogate Value data," dated January 6, 2014, at Exhibit 5 ("Petitioner AR Final SV Submission"); see also Petitioner's NSR SV Submission at Exhibit 2A and 4, as well as Petitioner's NSR Post Prelim SV Submission at Exhibit 5.

⁴⁴ See Fabriclean's Surrogate Country Comments, dated March 1, 2013, at Exhibit SC-1.

⁴⁵ See Fabriclean SV Comments at Exhibit SV-9.

⁴⁶ Id.

⁴⁷ See Fabriclean Post Prelim SVs at Attachments 3 at note 6, and 4 at "Details of Cost of Sales" both of which only state the companies consume "raw materials."

⁴⁸ See Petitioner's AR SV Data at Exhibit 2A at 3 and 70.

⁴⁹ See Xanthan Gum, and accompanying Issues and Decision Memorandum at Comment 2.

Fabriclean Arguments

- As the Department found in AR3, Tycoons' financial statements lack sufficient detail to calculate financial ratios because they provide no breakdown for the cost of goods sold.
- Tycoons' financial statements contain evidence that it benefited from subsidies from the Thai BOI which the Department found countervailable in Galvanized Wire.⁵⁰
- Tycoons' financial statements show that its main raw material is billet, not wire rod,⁵¹ and therefore its experience is not representative of Shanghai Wells.
- The Department should continue to rely on APO and Sterling Steel's financial statements to calculate financial ratios for the final results.
- The record shows that Sterling Steel's main input is low carbon wire rod, and the source of the information provided at the header and footer of the webpage.⁵²
- While the e-mail demonstrating that APO uses steel wire rod preceded the POR, it still reasonably establishes that APO main material is wire rod, and is the same evidence the Department relied on in AR3 Hangers.⁵³
- Petitioner does not offer any support for its argument that evidence of the type of raw material consumed by the company must be stated in the financial statements themselves, and if that was the standard, Tycoons' financial statements show that its main raw material was not wire rod.

Yingqing Arguments

- As the Department determined in the Preliminary Results, none of the six Thai financial statements under consideration are appropriate for calculating financial ratios.⁵⁴
- The 2011 and 2012 Tycoon financial statements are also unusable because they received extensive subsidies from the Thai Board of Investments.⁵⁵ The Department found the Thai Board of Investments tax and duty exemptions countervailable in prior cases.⁵⁶
- Tycoons' financial statements are also rendered unusable because Tycoons is being investigated by the Department for dumping, and was preliminarily given a rate of 74.90 percent for not cooperating.⁵⁷
- Tycoons is also an overly integrated company compared to Yingqing, and the level of integration of a company is a critical component in selecting financial statements.⁵⁸
- Additionally, Bangkok Fastening and LS Industries' financial statements are not useable because neither indicates the companies draw wire or have a production process similar to Respondents.

⁵⁰ See Galvanized 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 (November 4, 2011) ("Galvanized Wire").

⁵¹ See Petitioner's AR SV Submission at Exhibit 5.

⁵² See Fabriclean SV Comments at 85 and Exhibit SV-9.

⁵³ See AR3 Hangers, and accompanying Issues and Decision Memorandum at Comment 1.D.

⁵⁴ See Preliminary Results, and accompanying Preliminary Decision Memorandum at 19.

⁵⁵ See Petitioner's NSR SV Submission at Exhibit 2A, Note 29.

⁵⁶ See Certain Frozen Warmwater Shrimp From Thailand: Preliminary Countervailing Duty Determination, 78 FR 33,350 (June 4, 2013) ("Thai Shrimp CVD"), and accompanying Preliminary Decision Memorandum at 14-21; see also Galvanized Wire.

⁵⁷ See Yingqing's Rebuttal Surrogate Values for Final Results, dated January 14, 2014, at Exhibits 1-2; see also, Steel Threaded Rod From Thailand: Preliminary Determination of Sales at Less Than Fair Value and Affirmative Preliminary Determination of Critical Circumstances, 78 FR 79670 (December 31, 2013).

⁵⁸ See Hardwood Plywood, and accompanying Issues and Decision Memorandum at Comment 7.C.

- Unlike Respondents, Tycoons major raw material is billet, not wire rod.⁵⁹ Tycoons produces wire rod out of steel billet before further processing, and therefore has a fundamentally different process than Yingqing.
- The Department was correct in finding that APO and Sterling Steel purchase and draw wire rod as it did in AR3 with the exact same financial statements. The e-mail request from APO⁶⁰ and the database listing of Sterling Steel’s raw materials⁶¹ show that both companies used wire rod as their primary input.
- While a more recent purchase request would be more reliable to support APO’s material purchase of wire rod, the source on the record has not been found to be unreliable.

Department’s Position: The statute directs the Department to base the valuation of the FOPs on “the best available information regarding the values of such factors in a market economy country or countries considered to be appropriate. . . .”⁶² 19 CFR 351.408(c)(4) further stipulates that the Department normally will value manufacturing overhead, SG&A expenses and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country. In complying with the statute and the regulations, it is the Department’s policy to use data from market-economy surrogate companies in the primary surrogate country based on the specificity, contemporaneity, and quality of the data.⁶³

We disagree with Petitioner and continue to find both the Tycoons’ 2011 and 2012 financial statements unusable because they lack sufficient detail to calculate surrogate financial ratios, as energy and labor are not specifically broken out in enough detail to avoid double-counting these expenses in the manufacturing overhead ratio. Similarly, we find the Bangkok fasteners financial statements, like that of Tycoons, do not contain enough detail to calculate surrogate ratios, and therefore are not useable. Specifically, Bangkok Fasteners does not provide a detailed breakout of the costs of material, labor and energy (“MLE”) whereas the statements of LS Industries breaks out the costs of MLE and therefore provides more detailed information to calculate financial ratios. We reviewed LS Industry’s financial statements and found them to be contemporaneous and a producer of comparable merchandise, nails.⁶⁴ We note the information on the record does not indicate whether LS Industry draws wire rod or what inputs it uses in its production process. While instances where information as to inputs and production is on the record for a producer of comparable merchandise, such information may be useful in determining whether it is appropriate to use. However, the absence of such information does not exclude a producer of comparable merchandise from consideration.

⁵⁹ See Petitioner’s Prelim NSR SVs at Exhibit 2.

⁶⁰ See Fabriclean SV Comments at SV-9.

⁶¹ Id.

⁶² See section 773(c)(1) of the Act.

⁶³ See, e.g., Wooden Bedroom Furniture from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Reviews, 74 FR 41374 (August 17, 2009), and accompanying Issues and Decision Memorandum at Comment 14, which states, “in complying with the statute and the regulations, the Department calculates the financial ratios based on contemporaneous financial statements of companies producing comparable merchandise from the surrogate country.”

⁶⁴ Id., at Attachment 4; see also AR3 Hangers, and accompanying Issues and Decision Memorandum at Comment 1.D, stating that nails are comparable merchandise.

Finally, because we have useable financial statements from Thailand, the primary surrogate country in this review, we no longer need to rely on the Philippine financial statements. Thus, we determine to use LS Industries' financial statements to calculate the surrogate financial ratios.

Comment 3: Whether to Apply Facts Available to the Drapery Tubes and Trouser Guards Shipped Separately by Shanghai Wells

Petitioner Arguments

- During verification, company officials stated Shanghai Wells did not report drapery tubes which were sold unattached to draper hangers to the United States as subject merchandise.⁶⁵ However, the drapery tube is an integral part of the finished drapery hanger and there is no claim that it can serve any other use. The Department should include the value of the drapery tubes Shanghai Wells shipped to the United States for incorporation onto the drapery hanger itself, in the NV of the drapery hanger, regardless if it were assembled in the United States or the PRC.

Fabriclean Arguments

- The Department should not include drapery hanger accessories in the antidumping duty margin calculation for Shanghai Wells.
- Various types of materials can be attached to hangers but that does not make them an integral part of the hanger or subject merchandise.
- There is no evidence on the record that the steel hangers at issues cannot function without the drapery tube, and there is no evidence on the record that the hangers at issue will only function as drapery hangers if they incorporate drapery tubes sold by Shanghai Wells.
- Dry cleaners may use the hangers with no tubes, reuse old drapery tubes, or buy drapery tubes from other sources.
- The description in the scope does not contain anything indicating drapery tubes themselves are subject to the antidumping duty order. The scope does not identify parts that might be used with hangers as subject to the antidumping order. The petitioner could have included accessories or parts in the scope language it could have included a description of those parts in the petition.
- The hangers subject to the order are "garment" hangers, and the scope language does not contain references to drapery hangers. Draperies are not garments, and the scope is limited to garment hangers. If the functionality of a drapery hanger is so dependent on the drapery tube, then its attachment on a steel hanger may make it something other than a garment hanger and therefore outside of the scope of the order.
- Therefore, the Department should not include the value of drapery tubes in Shanghai Wells' margin calculation.

Department's Position: At verification we found Shanghai Wells sold drapery tubes both attached and unattached to drapery hangers to the United States during the POR. At verification

⁶⁵ See the Department's Memorandum titled, "Verification of the Sales and Factors Responses of Shanghai Wells Hangers Co., Ltd. ("Shanghai Wells") in the Administrative Review of the Antidumping Duty Order on Steel Wire Garment Hangers ("Hangers") from the People's Republic of China," dated January 27, 2014 ("Verification Report").

we also found that Shanghai Wells sold trouser guards on the same invoice as hangers, but the trouser guards were unattached from hangers. Company officials stated that Shanghai Wells did not report the drapery tubes it sold and shipped separately from the hangers in its sales database, but did report the drapery tubes for those sold attached to the hanger.⁶⁶ Additionally, company officials stated that Shanghai Wells always sold trouser guards, which can be attached to dress and suit hangers, unattached to hangers.⁶⁷ Shanghai Wells did not report sales or FOP information for any drapery tubes or trouser guards that were unattached to the hangers.

In previous segments of this case, respondents treated drapery tubes and trouser guards as non-subject merchandise, and we did not require them to report otherwise.⁶⁸ Upon verification, we learned of the sales method by which Shanghai Wells sold and invoiced drapery tubes both attached and unattached to drapery hangers, and sold and invoiced trouser guards that were unattached to trouser guard capable hangers. Because we discovered this sales method at verification, we did not request information for each sales transaction, rather, we obtained information on the total quantity of drapery tubes and trouser guards sold and shipped to the United States during the POR. Given that we did not require parties to report drapery tubes and trouser guards that were not attached to hangers in prior segments of this proceeding, respondents did not have notice that paper drapery tubes and trouser guards sold unattached but invoiced with hangers would be included in the normal value in this review. In light of our past treatment, while we are not including drapery tubes and trouser guards sold unattached to hangers in the normal value of this review, we may reconsider this issue in future reviews.

Comment 4: Valuation of Wire Rod

Yingqing Arguments

- Yingqing consumed steel containing less than 0.25 percent carbon by weight; therefore the Department must select a range of Thai HS codes which cover the entire range of wire rod Yingqing consumed. The Department was incorrect in its assumption that Yingqing only consumed wire rod with a carbon content of 0.07 percent.⁶⁹
- The mill certificate relied upon by the Department in making that assumption was only one example provided at the Department's request to demonstrate how Yingqing determined the carbon content as reported in its section C response, where it reported using steel with under 0.25 percent carbon.⁷⁰ The Department did not ask for Yingqing to provide the carbon content for all the steel it purchased, nor did Yingqing indicate it only consumes carbon of 0.07 percent carbon.

⁶⁶ See Verification Report at 12-13.

⁶⁷ *Id.*

⁶⁸ See Steel Wire Garment Hangers from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 47587, 47589 (August 14, 2008); see also First Administrative Review of Steel Wire Garment Hangers From the People's Republic of China: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review, 76 FR 27994 (May 13, 2011); Steel Wire Garment Hangers From the People's Republic of China: Final Results and Final Partial Rescission of Second Antidumping Duty Administrative Review, 77 FR 12553 (March 1, 2012); Steel Wire Garment Hangers From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 2010-2011, 78 FR 28803 (May 16, 2013).

⁶⁹ See Preliminary Results, and accompanying Preliminary Decision Memorandum at 18.

⁷⁰ See Yingqing's Supplemental Questionnaire Response, dated February 26, 2013, at Exhibit SQ2-1.

- In its questionnaire response, Yingqing reported using low carbon steel with a carbon content of less than 0.25 percent, and Yingqing had no way of knowing that the mill certificate it provided to the Department would be used as a declaration that it only consumed steel with 0.07 percent carbon.
- The Department rejected Yingqing's submission in which it attempted to correct the Department's mistaken assumption.⁷¹
- The National Standard of Hot Rolled Low Carbon Steel Rod shows that the PRC standard carbon content for the wire drawing process of subject merchandise is below 0.22 percent.⁷²
- The Department's prior decisions also reasonably support the conclusion that a broad carbon range is the best information from which to measure the cost of low carbon steel outlined in the product matching criteria.
- The Department must value Yingqing's steel using all Thai tariff numbers covering the range of carbon content of steel Yingqing consumed.

Fabriclean Arguments

- The Department reached the incorrect conclusion that Shanghai Wells consumed wire rod with a carbon content of only 0.07 percent.⁷³
- Shanghai Wells reported that it purchased wire rod meeting the steel grade of Q195, but that it did not specify the carbon content. Shanghai Wells stated that steel wire rod with a Q195 specification has a carbon content below 0.12 percent.⁷⁴
- Mill certificates submitted by Shanghai Wells show that it at least consumed wire rod with a carbon content of at least 0.05 to 0.10 percent.⁷⁵
- In AR3 Hangers, the Department reached the opposite conclusion based on almost identical facts, and found that the Philippines data was more specific to the steel wire rod used by Shanghai Wells.⁷⁶ The Department also stated that the record demonstrated the Thai data was not any more specific than the Philippine data in valuing Shanghai Wells inputs, and there was no indication that the eight and 11 digit Thai HS categories are the more specific source.⁷⁷
- The Department's decision in the Preliminary Results does not provide a good reason for reaching a different conclusion than in AR3 Hangers. The Department's focus on the carbon content of the wire rod does not lead to a more accurate result, and is inconsistent with Shanghai Wells' experience.
- Given that the Department conceded that the wire rod information from the Philippines was reflective of Respondents' wire rod consumption, any greater specificity, real or perceived, of the Thai information must be weighed against the Philippine data specific to Respondents' wire rod. Therefore, even if the Department could explain how the Thai

⁷¹ See Letter from the Department to Yingqing, Re: Antidumping Duty New Shipper Review of Steel Wire Garment Hangers from the People's Republic of China dated December 5, 2013.

⁷² See Yingqing Final SVs, at Exhibit 4.

⁷³ See Preliminary Results, and accompanying Preliminary Decision Memorandum at 18.

⁷⁴ See Shanghai Wells' Third Supp. at page 1 and Exhibit 2.

⁷⁵ See Shanghai Wells Fifth Supp. at Exhibit 16.

⁷⁶ See AR3 Hangers, and accompanying Issues and Decision Memorandum at Comment 1.

⁷⁷ Id.

wire rod results in more precise normal values that would have to be weighed against the lack of viable Thai financial statements.

Petitioner Arguments

- The Department reviewed the evidence on the record and determined that Shanghai Wells used steel wire rod with a carbon content of 0.07 percent. The Department then properly determined that the two Thai HS codes, 7213.91.00.10 and 7213.91.90.011, which covered wire rod with carbon contents of less than 0.08 percent and between 0.06 and 0.10 percent respectively, contained greater specificity to the steel wire rod consumed by Shanghai Wells.⁷⁸
- If the Department considers all three mill certificates submitted by Shanghai Wells, then the carbon contents on the record are for 0.05, 0.06, and 0.10 percent. Therefore, to capture all the carbon contents on the record for Shanghai Wells the Department could add Thai HS code 7213.91.00.020 for wire rod with carbon content between 0.08 and 0.10 percent, and 7213.91.90.010 which covers wire rod with a carbon content of not more than 0.06 percent.⁷⁹
- The addition of these HS codes would not diminish the greater specificity of the Thai import data versus that of the Philippine import data.
- While Yingqing claims the Department misinterpreted the mill certificate it placed on the record, when it submitted the certificate it stated that the carbon content for the steel used to produce hangers was determined by the certificate provided by the supplier.⁸⁰ This runs counter to Yingqing's claim that the Department should have disregarded the mill certificate and relied on the broad carbon range of the PRC National Standard.⁸¹
- Additionally, Yingqing stated that it identified the quantity of steel wire rod used for hanger production because it was recorded in the normal course of business, which indicates that Yingqing was able to determine precisely which rod was used to produce the hangers sold to the United States.⁸²
- The date on the mill certificate and the dates of the sales contract and bill of lading for Yingqing's U.S. POR sale also suggest those hangers were produced using the wire rod from the 0.07 percent carbon mill certificate.⁸³

Department's Position: We disagree with the Respondents, and continue to determine that Thai GTA import data are more specific for valuing steel wire rod. For the Preliminary Results we used Thai HS codes 7213.91.00.010 (< 0.08 percent carbon) and 7213.91.90.011 (between 0.06 percent and 0.10 percent carbon).⁸⁴ While Respondents argue that the facts in this review are almost identical to those in AR3 Hangers, we note that in that review the Department did not have supplier mill certificates on the record and only relied on Shanghai Wells' section C

⁷⁸ Id., at 18 and footnotes 121 and 122.

⁷⁹ See Petitioner's AR SV Data at Exhibit 1.

⁸⁰ See Yingqing Supp. A QR at 1.

⁸¹ See Yingqing Case Brief at 36.

⁸² Id., at 5-8.

⁸³ See Yingqing's submission dated October 22, 2012, at Exhibit 2; see also Yingqing's Supp. A QR at Exhibit SQ2-1.

⁸⁴ See Memo to The File, Re: Fourth Administrative Review and New Shipper Review of Steel Wire Garment Hangers from the People's Republic of China: Surrogate Values for the Preliminary Results, dated November 18, 2013, ("Preliminary SV Memorandum") at 5.

questionnaire response in which it reported that it used wire rod with up to 0.25 percent carbon content.⁸⁵ In contrast to AR3 Hangers, in this review, prior to the Preliminary Results, we requested Shanghai Wells provide documentation to support their statements that they consumed wire rod with carbon content not greater than 0.25 percent. In response Shanghai Wells submitted a mill certificate showing it consumed wire rod with a carbon content of 0.07 percent, and it stated it used steel grade of Q195 which is for steel wire rod with a carbon content of below 0.12 percent.⁸⁶ When we asked Yingqing how it determined the carbon content of steel it used, and to provide documentation to support its answer, it responded that it used the mill certificate to determine the carbon content, and provided a sample mill certificate for 0.07 percent.⁸⁷ Additionally, mill certificates submitted post-prelim by Shanghai Wells show that it also used wire rod with 0.05 and 0.10 percent carbon content.⁸⁸ Thus, there is more specific information on the record regarding the carbon content the Respondents consumed in this review than in AR3 Hangers.

The wire rod HS codes on the record that potentially cover Respondents' wire rod input include:

- Thai HS codes: 7213.91.00.010 (< 0.08 percent carbon), 7313.91.90.010 (< 0.06 percent carbon), 7213.91.00.020 (between 0.08 percent and 0.10 percent carbon) and 7213.91.90.011 (between 0.06 percent and 0.10 percent carbon);
- Philippine HS code: 7213.91.99.01 (< 0.60 percent carbon); and
- Ukraine: "Metal Expert" carbon content of less than 0.22 percent; GTA import statistics for HS codes 7213.91.41.00 (with carbon content of 0.06 percent or less) and 7213.91.49 (with carbon content over 0.06% but less than 0.25%).⁸⁹

Shanghai Wells claims to have used wire rod with up to 0.12 percent carbon (although it did not provide mill certificates to support this claim). While Shanghai Wells and Yingqing claim to use wire rod with a broader range of carbon content, neither have demonstrated such consumption beyond what is demonstrated by the mill certificates. Given that the alternative Philippine HS code contains wire rod with up to 0.60 percent carbon content, and the Ukraine data up to 0.22 and 0.25 percent, both of which are higher than what Shanghai Wells claims to have used, we continue to determine that the Thai GTA data are more specific to the wire rod used by Respondents. As noted above, the mill certificates on the record indicate that Shanghai Wells used wire rod with carbon content between 0.05 to 0.10 percent, and Yingqing used wire rod with 0.07 percent carbon content. Moreover, the fact Yingqing only made a single POR sale to the United States, the evidence suggests it would have been made with wire rod of 0.07 percent carbon.

Accordingly, we determine that the Thai HS codes with carbon contents ranging from less than 0.10 percent carbon are more specific to the wire rod consumed by the Respondents than the Philippine data which include wire rod with a carbon content of less than 0.60 percent. For these

⁸⁵ See AR3 Final, and accompanying Issues and Decision Memorandum at Comment 1.

⁸⁶ See Shanghai Wells Section C&D supplemental questionnaire response dated May 13, 2013, at 1, and Wells C&D Supp. at 1.

⁸⁷ See Yingqing's Section A supplemental questionnaire response dated February 26, 2013, at 1 and Exhibit SQ2-1.

⁸⁸ See Shanghai Wells Fifth Supp. at Exhibit 16.

⁸⁹ See Yingqing Final SVs at Exhibits 4 and 24 respectively.

final results, in order to include all the applicable wire rod HS codes, we also included Thai HS codes 7213.91.00.020 (between 0.08 percent and 0.10 percent carbon) and 7313.91.90.010 (< 0.06 percent carbon) for Shanghai Wells wire rod calculations to cover its wire rod consumption of 0.05 and 0.10 percent carbon wire rod.

Comment 5: Valuation of Brokerage and Handling (“B&H”)

Yingqing Arguments

- If the Department continues to use Thailand as the primary surrogate country, it should not use the World Bank report Doing Business in Thailand 2013 (“Doing Business”) because it is derived from quotes for a single city (Bangkok) and therefore is not a broad market average. Additionally, Doing Business provides B&H quotes from no more than five sources, and the Department’s assumption that the B&H cost quoted reflects quotes from hundreds of contributors is incorrect.⁹⁰
- The majority of Doing Business’ contributors are not in freight forwarding businesses, and it is not clear which contributors provided information to which part of the report.
- The prices quotes are also for a hypothetical company’s one-time hypothetical shipment of hypothetical merchandise at a hypothetical weight and value, but the results are not intended to be representative of any one country’s B&H.
- Further, the B&H costs reported in the survey are based on individual results of the survey and are not publically available. Additionally, the names of the contributors of the Trading Across Borders section are not publically available.
- Alternatively, the Department should go back to its previous practice and use the B&H costs reported by Pakfood, a market-economy exporter involved in another antidumping proceeding (frozen warmwater shrimp) provided by Yingqing.⁹¹
- If the Department continues to use the World Bank report it should deduct letter of credit fees (“L/C”) embedded in the brokerage fees. Evidence on the record shows that all Doing Business reports include the cost of time and expense for procuring an export letter of credit embedded in the B&H fees, and that the cost for Thailand is 60 U.S. dollars.⁹²
- There is no evidence on the record that Yingqing used export letters of credit in the POR. Further, even if it did, those expenses should be considered bank charges that are included in the surrogate financial ratios, and including them in the B&H expense would be double counting. L/C expenses are normally accounted for under financial expenses in financial statements, and are therefore captured under a company’s surrogate financial ratios in the SG&A numerator.⁹³

⁹⁰ Id., at Exhibit 34.

⁹¹ Id., at Exhibit 13.

⁹² Id., at Exhibit 38.

⁹³ See Hand Trucks and Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 75 FR 29314 (May 25, 2010), and accompanying Issues and Decision Memorandum at Comment 1.

Fabriclean Arguments

- The Doing Business B&H used in the Preliminary Results was 76 percent higher than the inflated value suggested by Petitioner, and is not supported by substantial record evidence.
- The Doing Business values are not specific to the B&H service being valued, and the related document costs include every document from the contractual agreement between the two parties to deliver the goods.⁹⁴ Thus, it includes costs related to documents and processes unrelated to a domestic customs broker such as a bill of lading, certificate of origin, or commercial invoice.
- Instead, the Department should use the brokerage sheet rates for OOCL Thailand, which using the weight per forty foot container suggested by Petitioner results in brokerage fees of \$0.00612 per kilogram.⁹⁵ This is approximately 529 percent higher than value used in the Preliminary Results.
- Alternatively, the Department could use the B&H calculated in the 2012-2013 antidumping review of shrimp from Thailand,⁹⁶ which was \$0.00607 per kilogram.
- For the final results, if Thailand remains the surrogate country, the Department should rely on the information submitted by Fabriclean because it is the best available information on the record.

Petitioner Arguments

- Fabriclean argues the Department should not rely on Doing Business because it results in a B&H charge higher than other potential SVs, and it includes costs related to services provided by the broker which do not mirror Shanghai Wells.
- Fabriclean's argument should be rejected because the Doing Business value is meant to be a surrogate for an exporter's experience and not a perfect recreation of each company's exact circumstances.
- The rate submitted by Petitioner was actually higher than the figure used by the Department (\$425 for a 20-foot container), but it was based on different assumptions of the weight of a fully loaded 40-foot container.⁹⁷ Petitioner's rate was based on an average assuming denominators of 21,727 kilograms for a 20-foot container and 26,780 for a 40-foot container, while Fabriclean did not introduce the same level of specificity for the Department's denominator calculation. The Department determined that the 10,000 kilogram denominator is appropriate because it represents the weight for a 20-foot container for which participants in Doing Business reported B&H costs.⁹⁸
- The Department relies on sources such as Doing Business to value SVs because they are presumed to contain accurate, objective, and publically available information.⁹⁹

⁹⁴ See the Department's Letter titled, "Placing Doing Business 2013 Data-notes on the Administrative Review and New Shipper Review Record," dated February 18, 2014, at Attachment I.

⁹⁵ See Fabriclean Post Prelim SVs at Attachment 6.

⁹⁶ Id., at Attachment 7.

⁹⁷ See Petitioner's AR SV Submission at Exhibit 5.

⁹⁸ See Certain Stilbenic Optical Brightening Agents from the People's Republic of China, 77 FR 17436 (March 19, 2012), and accompanying Issues and Decision Memorandum at Issue 5.

⁹⁹ See, e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of the 2011-2012 Antidumping Duty Administrative Review and New Shipper Reviews, 79 FR 4327 (January 27, 2014), and accompanying Issues and Decision Memorandum at Comment 1.

- The World Bank, which produced the Doing Business study, is a trusted international organization, and none of the underlying characteristics of the survey for collecting the information make it inherently unreliable.
- Further, Bangkok is the largest city in Thailand and a survey that includes five sources is not inherently inaccurate or incomplete.
- Even if the survey data were provided from law or accounting firms, that does not call into question the data for brokerage charges. Yingqing’s proposal to use data reported by respondents in other, unrelated antidumping duty cases is problematic. Specifically, such information is specific only to one company and certain products, rather than a comprehensive survey representing a country-wide average like Doing Business.
- Yingqing’s argument that certain fees be deducted should also be rejected. Doing Business is intended to represent the expected charge if the company were operating in a market economy. Therefore, even if it did not incur L/C charges and such charges are included in the surrogate amount, the respondent still could have incurred such charges if it were doing business in a market economy environment.
- The Doing Business charge is an estimate of different types of services and fees. The value is meant as a surrogate not an exact recreation of each company’s experience.

Department’s Position: We agree with Petitioner that Doing Business is the best available source on the record to value B&H and that we should not adjust the expenses for L/C costs. We have relied on Doing Business in Thailand to value B&H in recent antidumping cases, such as PRC Shrimp AR7.¹⁰⁰ We agree with Petitioner that Doing Business is more of a broad market average than the proposed alternatives as they rely on using single market exporter from an antidumping case. We also find no reason to believe the World Bank survey of five sources is incomplete simply because it only uses five sources. Further, the Doing Business survey does reflect a broad market average, as Bangkok is the largest and most industrial city in Thailand, and the survey was done by a trusted source, the World Bank. We analyzed the OOCL data placed on the record by Fabriclean and note that they are based on a price quote and not actual expenses.¹⁰¹ This is in contrast to Doing Business which are based on multiple sources and companies’ actual experience.

Regarding Yingqing’s argument that the L/C cost should be deducted, the Department normally makes adjustments to data when we can determine whether an item’s amount is clearly identified.¹⁰² Here, the Doing Business survey methodology shows that L/C costs are one potential cost. However, it is not clearly identified in the summary data, which are an aggregate of data points that are not broken down below the survey summary description, i.e., documents preparation. We did not deduct L/C costs in Sinks,¹⁰³ because we could not go behind the Doing Business in Thailand summary data to determine how many companies reported L/C costs, how

¹⁰⁰ See Certain Frozen Warmwater Shrimp From the People’s Republic of China: Preliminary Results of Administrative Review; 2011–2012, 78 FR 15696 (March 12, 2013) (“PRC Shrimp AR7”); see also Diamond Sawblades and Parts Thereof From the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011–2012, 78 FR 77098 (December 20, 2013), and accompanying Preliminary Decision Memorandum at 21.

¹⁰¹ See Fabriclean Post Prelim SVs at Attachment 6.

¹⁰² See Sinks, and accompanying Issues and Decision Memorandum at Comment 5.

¹⁰³ Id.

high in relation to other costs these costs were, or the total amount of L/C costs. Therefore, we determine that it is not appropriate to deduct the L/C costs from the B&H calculation, and continue to use Doing Business in the final results.

Comment 6: Calculation of Truck Freight

Fabriclean Arguments

- The Department calculated a surrogate trucking value using DXPlace rates for a 10-wheel truck and a trailer-teller. The Department may have inadvertently summed the 10-wheel truck rate and the trailer-teller rate instead of taking the simple average for these two types of transportation.
- For the final results, the Department should average the two rates rather than summing them.

Petitioner Arguments

- Fabriclean is incorrect in its assertion that the Department erred in its calculation of truck freight.
- The Department clearly indicated in its calculation that it intended to include both the average charges for both a 10-wheeled truck and the accompanying trailer to carry the goods being transported.¹⁰⁴

Department's Position: We agree with the Petitioner that there is no error in the surrogate truck rate calculation used in the Preliminary Results. The SV truck rate is based on rates from 74 destinations within Thailand, and each destination had corresponding freight rates for a 10-wheel truck and a trailer-teller. We first calculated a truck/trailer rate for each destination by summing the truck and trailer rates in our SV truck calculation. We then calculated a simple average of the 74 destination truck/trailer rates. This calculation is consistent with other NME cases that used DXPlace as the source to calculate a surrogate truck freight rate.¹⁰⁵ The Department intended to sum the freight rates for a 10-wheel truck and a trailer-teller. Because truck movement expenses generally include a truck and trailer, both costs need to be included in the truck freight calculation, and hangers are transported on a truck with a trailer. Fabriclean has not provided any evidence to support their claim that we inadvertently summed the freight rates for a 10-wheel truck and a trailer-teller. Additionally, Fabriclean has not provided information demonstrating that adding the 10-wheel truck rate and the trailer-teller rate is improper. Therefore, for these final results, we have determined to continue to use the truck freight as calculated in the Preliminary Results.

¹⁰⁴ See Department's memorandum regarding, "Fourth Administrative Review and New Shipper Review of Steel Wire Garment Hangers from the People's Republic of China: Surrogate Values for the Preliminary Results, dated November 18, 2013 at 9 and Attachment 9.

¹⁰⁵ See, e.g., Drawn Stainless Steel Sinks From the People's Republic of China: Antidumping Duty Investigation, 77 FR 60673 (October 4, 2012), and accompanying Preliminary Decision Memorandum at 19; unchanged in the final results, see Sinks.

Comment 7: Calculation of Financial Ratios

Yingqing Arguments

- As stated in Sinks, it is the Department's practice to avoid double-counting costs where the data are available to do so. There, because the NSO data included all labor costs, the Department treated itemized SG&A labor costs in the surrogate financial statements as a labor expense rather than an SG&A expense, and excluded those costs from the financial ratios.¹⁰⁶
- Because the Department is using the same source in this review to value labor it should make the same adjustments it made in Sinks in order to avoid double counting.

Petitioner Arguments

- Yingqing argues that in the SG&A calculation the Department should make sure to not overstate labor costs by including labor related expenses in the numerator of the SG&A expense, however, it does not point to concerns over a specific calculation.
- Petitioner agrees that expenses clearly related to direct labor should be excluded from SG&A. However, SG&A should include employee expenses for sales and administrative staff.

Department's Position: After examining the record, we disagree with Yingqing that we are double-counting costs in our margin calculation by treating SG&A labor in the financial ratio calculations as SG&A expense. In deriving surrogate financial ratios, "it is the Department's longstanding practice to avoid double-counting costs *where the requisite data are available to do so.*"¹⁰⁷ (Emphasis added). Furthermore, in Labor Methodologies,¹⁰⁸ we said that "the Department will adjust the surrogate financial ratios when the available record information - in the form of itemized indirect labor costs - demonstrates that labor costs are overstated." Here, contrary to Yingqing's argument, there is nothing on the record to suggest that labor costs are overstated, and we find Yingqing's not pointing to any such evidence telling. Moreover, it is the Department's practice to treat labor in its financial ratio calculations in the same manner the surrogate company disaggregates its labor costs.¹⁰⁹ As noted above, we determined to use LS Industry's financial statements to calculate the surrogate financial ratios for these final results. LS Industry's financial statements provide clear and separate classifications for manufacturing labor costs and general and administrative labor expenses. Because the record does not demonstrate that we overstated labor costs in Yingqing's margin calculation, we find it appropriate to continue to treat SG&A labor as an SG&A expense.

¹⁰⁶ See Sinks.

¹⁰⁷ See Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review, 76 FR 56158 (September 12, 2011), and accompanying Issues and Decision Memorandum at Comment 5.B., citing Certain Tissue Paper Products from the People's Republic of China: Final Results and Final Rescission, In Part, of Antidumping Duty Administrative Review, 72 FR 58642 (October 16, 2007), and accompanying Issues and Decision Memorandum at Comment 2.

¹⁰⁸ See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092 (June 21, 2011) ("Labor Methodologies").

¹⁰⁹ See Chlorinated Isos, and accompanying Issues and Decision Memorandum at Comment 13.

Comment 8: Valuation of Hydrochloric Acid (“HCL”)

Yingqing Arguments

- If the Department continues to use Thailand as the primary surrogate country, it should value Hydrochloric Acid using HS code 2806.10 (Hydrogen Chloride (Hydrochloric Acid)), not 2806.10.00.201 (Hydrogen Chloride (Anhydrous)) because the tariff number used in the Preliminary Results excludes the type of hydrochloric acid used by Yingqing in its production process.
- The eight-digit HS code used in the Preliminary Results is also based on a small amount of imports that is mostly from only one country, making a broader category more reliable.

Petitioner Arguments

- Nothing in the description under tariff number 2806.10.00.201 indicates that the input used by Yingqing is not included under it.
- Yingqing also incorrectly suggests that the level of import volumes under tariff number 2806.10.00.201 makes it aberrational, an argument which the Department has previously rejected. In Vietnam Shrimp, the Department stated that neither the Department nor the parties can have perfect knowledge of what may or may not constitute an aberrational value when presented with a range of values within a particular HS code. Thus, unless specific evidence exists that certain import data may be aberrational for a particular case, it will use the data.¹¹⁰ Additionally in SDGE the Department stated that the burden is on interested parties to provide factual evidence showing the value is aberrational.¹¹¹
- Yingqing did not provide any factual evidence to support the claim that the import volume or any other fact makes the SV used in the Preliminary Results aberrational.

Department’s Position: The 6-digit HS code (2806.10) that Yingqing suggests we use to value its input includes all types of HCL including the concentration it reported using, less than 20 percent concentrate.¹¹² Here, the record does not support a finding that it uses anhydrous HCL classified under 2806.10.00.201. While we agree with Petitioner that according to the Department’s practice, a small quantity of imports alone does not itself make a HS code unreliable,¹¹³ for the final results, we determine to use the six-digit HS code for HCL, 2806.10, as it covers the input Yingqing reported using in its section D response.

Comment 9: Valuation of Thinner

Yingqing Arguments

- If the Department continues to use Thailand as the primary surrogate country, it should value thinner using HS code 3814.00.00.001 (Organic composite, solvents and thinners),

¹¹⁰ See Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results of the First Antidumping Administrative Review and First New Shipper Review, 72 FR 52052 (September 12, 2007) (“Vietnam Shrimp”), and accompanying Issues and Decision Memorandum at Comment 4.

¹¹¹ See Small Diameter Graphite Electrodes From the People's Republic of China: Final Results of the Antidumping Duty Administrative Review, 77 FR 40854 (July 11, 2012), and accompanying Issues and Decision Memorandum at Comment 5.

¹¹² See Yingqing’s Section D Questionnaire Response, dated January 18, 2013, at Exhibit D-7.

¹¹³ See Vietnam Shrimp, and accompanying Issues and Decision Memorandum at Comment 4

not 3814.00.00.090 (Other) because this HS code most closely resembles the composition of the thinner Yingqing reported using.¹¹⁴

- The value used for the Preliminary Results should be deemed unreasonable when compared to the general six-digit HS code values for thinner as well as any other tariff numbers available.¹¹⁵ The HS code selected by the Department is nearly three times higher than the average price of thinner on the record from comparable countries.¹¹⁶

Petitioner Arguments

- Yingqing's arguments must be rejected because the Department has not found that values which exceed an alleged benchmark are per se aberrational. In Magnesium from the PRC, because it lacked any evidence to substantiate the claim that high prices were not market driven, the Department rejected the argument that these high prices were aberrational because of low volumes of trade.¹¹⁷

Department's Position: We disagree with Yingqing that HS code 3814.00.00.001 is more appropriate to value Yingqing's thinner. Record evidence does not demonstrate Yingqing used the thinners classified under the more specific HS code. Specifically, the description for HS code 3814.00.00.090 is "organic composite solvents and thinners, other," and the description for HS code 3814.00.00.001 is "organic composite solvents and thinners, not elsewhere specified or included: containing methyl ethyl ketone more than 50% W/W." We note that both HS descriptions are identical, except one contains methyl ethyl ketone more than 50 percent, and there is no evidence on the record that suggests Yingqing's thinner contains methyl ethyl ketone. Therefore, we will continue to value Yingqing's thinner using HS code 3814.00.00.090 (organic composite solvents and thinners, other).

Comment 10: Valuation of Paint

Yingqing Arguments

- If the Department continues to use Thailand as the primary surrogate country, it should value paint using the average of HS codes 3208.90.19.000 (varnishes (including lacquers) exceeding 100° C heat residence) and 3208.90.29.00 (varnishes (including lacquers) not exceeding 100° C heat resistance) to value paint, instead of HS code 3208.90.90.000 (Paints and Varnishes, Other, not otherwise described) because these HS codes most closely resemble the composition of the paint Yingqing uses.¹¹⁸
- Alternatively, the Department should use HS code 3209.10 (Paints and Varnishes), the code Yingqing originally classified its paint under.
- Yingqing did not put any information on the record indicating its paint was not varnish and it is unreasonable for the Department to classify it as other, which excludes all varnish tariff numbers.

¹¹⁴ See Yingqing's Fifth Supplemental Questionnaire Response, dated July 8, 2013, at Exhibit SQ5-3.

¹¹⁵ See Yingqing Final SVs at Exhibit 7.

¹¹⁶ Id.

¹¹⁷ See Pure Magnesium from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 73 FR 76336 (December 16, 2008) ("Magnesium from the PRC") and accompanying Issues and Decision Memorandum at Comment 2.

¹¹⁸ See Yingqing's Final SVs at Exhibit 9.

- A comparison of the average of the general six-digit values for paint from the other economically comparable countries shows the value used by the Department is almost two times higher than those from comparable countries.¹¹⁹

Petitioner Arguments

- Yingqing’s arguments must be rejected because the Department has not found that values which exceed an alleged benchmark are per se aberrational. In Magnesium from the PRC the Department stated that without any evidence to substantiate the claim that high prices were not market driven, the Department rejected the argument that these high prices were aberrational because of low volumes of trade.¹²⁰

Department’s Position: We disagree with Yingqing that HS codes 3208.90.19.000, 3208.90.29.00 or 3209.10 are more appropriate to value Yingqing’s paint. Record evidence does not demonstrate Yingqing used the paints classified under the more specific HS codes 3208.90.19.000 and 3208.90.29.00. Additionally, HS code 3209.10 is for paints in an aqueous medium and Yingqing reported using paint dissolved in a non-aqueous medium.¹²¹ Therefore, we will continue to value Yingqing’s paint using HS code 3208.90.90.000 (Paints and Varnishes, Other, not otherwise described).

Comment 11: Valuation of Corrugated Paperboard

Yingqing Arguments

- The Department made a clerical error concerning the classification of corrugated paperboard. In the Preliminary SV Memo the Department stated both the AR and NSR Respondents consumed cardboard matching HS code 4808.10.¹²²
- However, in the Microsoft Excel SV summary worksheet used in the margin program, the Department used HS code 4819.10 for Yingqing’s cardboard while using HS code 4408.10 for Shanghai Wells.
- Yingqing provided the Thai tariff schedule for both of these numbers.¹²³ HS code 4819.10 includes Cartons, Boxes & Cases Corrugated Paper & Paperboard, while HS code 4808.10 includes “Corrugated Paper & Paperboard, Whether Or Not Perforated, Nesoi, In Rolls Or Sheets.”
- No other party has suggested that Yingqing’s input should be classified under any other HS code other than 4808.10, and therefore the Department must correct its mistake.

¹¹⁹ Id., at Exhibit 8.

¹²⁰ See Magnesium from the PRC, and accompanying Issues and Decision Memorandum at Comment 2.

¹²¹ See Yingqing Section D QR at 2.

¹²² See Preliminary SV Memo at 9.

¹²³ See Yingqing Final SVs at Exhibit 10.

Petitioner Arguments

- The Department should reject Yingqing’s argument. Given the facts on the record regarding Yingqing’s packing input, the Department correctly valued Yingqing’s input because it reported that it consumed corrugated paperboard and adhesive tape as packing materials for the subject merchandise sold to the United States during the POR.¹²⁴
- Additionally, Yingqing reported that its “packing materials were purchased ready for use...” and provided a picture of the corrugated input rather than the requested supplier invoice or certification.¹²⁵

Department’s Position: We disagree with Yingqing and find that the proper code to value Yingqing’s corrugated cardboard is HTS 4819.10. In the Preliminary SV Memo, we stated that we valued packing inputs using GTA data found at Attachments 3, 5a, and 5b, and we provided a list of inputs.¹²⁶ While the Department inadvertently omitted HS code 4819.10 in the memorandum’s list, we specifically stated that Attachments 3b, Yingqing’s SV worksheet and 5a, HS codes used in the NSR, contained the SV data used to value Yingqing’s FOPs. These worksheets stated that HS code 4819.10 was the commodity we intended to use to value Yingqing’s corrugated paperboard. The HS code used to value Shanghai Wells’ corrugated paperboard indicates that it is in rolls or sheets. Unlike for Shanghai Wells, the record does not indicate whether Yingqing’s input is in rolls or sheets. However, Yingqing reported that it purchased its corrugated packing material ready for use. Therefore, based on the description, and Yingqing’s statement that its paperboard was ready to use, we continue to find that HTS 4819.10 better matches Yingqing’s reported input description.

Comment 12: Assigning Adverse Facts Available (“AFA”) to the Seven Mandatory Respondents That Failed to Respond to the Department’s Questionnaire

Petitioner Arguments

- The Department should continue to assign AFA to the companies which failed to cooperate in this review as it did in the Preliminary Results.¹²⁷
- AFA is appropriate because all of the companies named in the Preliminary Results impeded this review by withholding information from the Department.
- The AFA rate should be the highest rate from any segment in this proceeding, which as the Department has noted is 187.25 percent.¹²⁸
- Additionally, as in AR3 Hangers,¹²⁹ all of the companies which submitted separate rate applications but then refused to respond to the Department’s questionnaires, or only responded to parts of the questionnaires, should not be entitled to a separate rate because they did not respond to all parts of the questionnaire as mandatory respondents.¹³⁰

¹²⁴ See Yingqing Section D QR at D-15.

¹²⁵ Id.

¹²⁶ See Preliminary SV Memo at 8-9.

¹²⁷ See Preliminary Results, and accompanying Preliminary Decision Memorandum at 3-4.

¹²⁸ See AR3 Final.

¹²⁹ Id.

¹³⁰ See Preliminary Results, 78 FR 70271 at 70272.

- Finally, as in AR3 Hangers, the Department should identify each of these companies by name in the final results of the review to avoid confusion on the part of U.S. companies, importers and customers.

No other parties commented on this issue.

Department’s Position: We agree with the Petitioner, and as in the Preliminary Results, have continued to assign AFA to those companies which have not responded to the Department’s questionnaires for the final results.¹³¹ Accordingly, we will list these companies in the Federal Register notice for these final results.

Comment 13: Calculating Importer-Specific Assessment Rates Using the Importer Field Rather than the Customer Field

Fabriclean Arguments

- The Department used the data from the customer field to calculate importer-specific assessment rates rather than the importer field for the Preliminary Results. In the final results the Department should use the data from the importer field.

Petitioner Arguments

- Petitioner does not object to using the importer field to determine assessment rates as long as the correct assessment rate is assigned to each importer.
- The Department’s instructions should also require that any other importer which used Shanghai Wells’ deposit rate be assigned the PRC-wide rate if they are not listed as an importer or customer in Shanghai Wells’ response.

Department’s Position: The Department agrees with Fabriclean and has used the importer field to calculate the importer-specific assessment rates in these final results.

Comment 14: Rejection of Yingqing’s Factual Submission After the Preliminary Results

Yingqing Arguments

- The Department never selected Thailand as a surrogate country under this order, and the Preliminary Results were the first time the Department made a pronouncement of the tariff headings and subheadings which apply to wire garment hangers.
- The Department made new choices and accepted suggestions from Petitioner without any support from the record or reasoning.

¹³¹ Id., and accompanying Preliminary Decision Memorandum at 14. The PRC-wide entity includes all companies for which the Department initiated a review but did not establish their eligibility for a separate rate (*i.e.*, Shaoxing Dingli Metal Clotheshorse Co., Ltd., Shaoxing Tongzhou Metal Manufactured Co., Ltd., Shaoxing Andrew Metal Manufactured Co., Ltd., Shaoxing Gangyuan Metal Manufacture, Shaoxing Shunji Metal Clotheshorse Co., Ltd., Shaoxing Guochao Metallic Products Co., Ltd., Shanghai Jianhai International Trade Co., Ltd., and Ningbo Dasheng Hanger Ind. Co., Ltd.) or was determined to be part of the PRC-wide entity (*i.e.*, Liaoning Metals & Mineral Imp/Exp Corp., Shanghai Guoxing Metal Products Co. Ltd., Shanghai Lian Development Co. Ltd., Shanghai Shuang Qiang Embroidery Factory, Shangyu Baoxiang Metal Manufactured Co. Ltd., Shang Zhou Leather Shoes Plant, Shaoxing Shuren Tie Co., Ltd., Shaoxing Zhongbao Metal Manufactured Co., Ltd., Shaoxing Zhongdi Foreign Trade Co., Ltd., and Zhejiang Lucky Cloud Hanger Co., Ltd.).

- Yingqing filed a submission on November 29, 2013, to clarify facts misunderstood by the Department in the Preliminary Results pursuant to 19 CFR 351.301(c)(1), and why there was good cause for the Department to accept the submission.
- Alternatively, Yingqing argued there was an apparent deficiency in its submissions that did not allow the Department to make correct classifications under the Thai tariff schedule, and therefore it was obligated to issue a supplemental questionnaire under section 782(d) of the Act.
- The issuance of an additional supplemental questionnaire was even more appropriate because the Department did not verify Yingqing.
- The Department’s preliminary determinations were new factual findings in which the Department failed to account for the reasons in Yingqing’s submissions.
- The Department issued multiple supplemental questionnaires to Yingqing before the Preliminary Results regarding almost all of its other aspects of Yingqing’s responses.
- The Department abused its discretion in rejecting Yingqing’s submission, as Yingqing could not have reasonably predicted how the Department would make classifications under the Thai tariff system.
- Therefore, the Department should reevaluate its rejection of Yingqing’s new factual information submission and reclassify Yingqing’s inputs under that information because it is the best information available, see section 773b(c)(1)(B) of the Act.

No other parties commented on this issue.

Department’s Position: On December 5, 2013, the Department rejected Yingqing’s December 2, 2013, submission of new factual information.¹³² As we explained in that letter, because we aligned Yingqing’s NSR with the 2011-2012 AR, the time limit for the submission of factual information in the NSR’s final results was the same as that of the AR, and that deadline had passed on March 20, 2013, 140 days after the last day of the anniversary month.¹³³

Additionally, 19 CFR 351.301(c)(1) pertains to factual information submitted with the Department’s permission by any other interested party.¹³⁴ Yingqing’s December 2 submission was not applicable under these regulations because it did not rebut or clarify another party’s submission. In its letter, Yingqing stated that its December 2 submission was filed 7 days ahead of verification pursuant to 19 CFR 351.301(b)(1). However, 19 CFR 351.301(b)(1) pertains to investigations and not ARs or NSRs.¹³⁵ Thus, it was not applicable to this proceeding’s AR or NSR Respondents, which includes Yingqing, the only respondent in the NSR. Accordingly, we properly rejected Yingqing’s New Factual Information Submission in accordance with 19 CFR 351.302(d). Therefore, the Department had no basis from which to review the information in Yingqing’s New Factual Information Submission for these final results.

¹³² See Letter to Yingqing, Re: Antidumping Duty New Shipper Review of Steel Wire Garment Hangers from the People’s Republic of China dated December 5, 2013 (“Yingqing’s New Factual Information Submission”).

¹³³ See 19 CFR 351.301(b)(2).

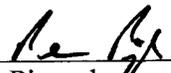
¹³⁴ See 19 CFR 351.301(c)(1).

¹³⁵ See 19 CFR 351.301(b)(1).

RECOMMENDATION

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

Agree Disagree



Paul Piquado
Assistant Secretary
for Enforcement and Compliance

27 MAY 2014
Date