



A-570-900
Admin. Rev.: 11/1/13-10/31/14
Public Document
AD/CVD I: DSBs Team

November 30, 2015

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

FROM: Gary Taverman *GT*
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for Preliminary Results of 2013-2014
Antidumping Duty Administrative Review: Diamond Sawblades
and Parts Thereof from the People's Republic of China

SUMMARY

In response to requests from interested parties, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on diamond sawblades and parts thereof (diamond sawblades) from the People's Republic of China (the PRC) covering the period of review (POR) November 1, 2013, through October 31, 2014. The Department preliminarily determines that during the POR certain manufacturers/exporters covered by this review made sales of subject merchandise at less than 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 intend to issue the final results within 120 days from the date of publication of these preliminary results pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act).

BACKGROUND

On November 4, 2009, the Department published in the *Federal Register* an antidumping duty order on diamond sawblades from the PRC.¹ On November 3, 2014, the Department published in the *Federal Register* a notice of opportunity to request an administrative review of the order.²

Based on timely requests for an administrative review, the Department initiated an administrative review on December 23, 2014.³ On April 7, 2015, we selected Jiangsu Fengtai Diamond Tool

¹ See *Diamond Sawblades and Parts Thereof From the People's Republic of China and the Republic of Korea: Antidumping Duty Orders*, 74 FR 57145 (November 4, 2009).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation: Opportunity To Request Administrative Review*, 78 FR 65612 (November 3, 2014) (*Opportunity Notice*).



Manufacture Co., Ltd. (Jiangsu Fengtai) and Weihai Xiangguang Mechanical Industrial Co., Ltd. (Weihai), for individual examination in this review.⁴

SCOPE OF THE ORDER

The products covered by the order are all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope of the order are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).

Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of the order. Diamond sawblades and/or sawblade cores with a thickness of less than 0.025 inches, or with a thickness greater than 1.1 inches, are excluded from the scope of the order. Circular steel plates that have a cutting edge of non-diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of the order. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the order. Diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from the scope of the order. Merchandise subject to the order is typically imported under heading 8202.39.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206.00.00.00 of the HTSUS. On October 11, 2011, the Department included the 6804.21.00.00 HTSUS classification number to the customs case reference file, pursuant to a request by CBP.⁵ The tariff classification is provided for convenience and customs purposes; however, the written description of the scope of the order is dispositive.

RESCISSION OF REVIEW IN PART

In accordance with 19 CFR 351.213(d), the Department will rescind an administrative review in part “if a party that requested a review withdraws the request within 90 days of the date of the publication of notice of initiation of the requested review.” Subsequent to the initiation of the review, we received a timely withdrawal of the request we received for the review of Husqvarna

³ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 79 FR 76956 (December 23, 2014) (*Initiation Notice*).

⁴ See the memorandum entitled “Diamond Sawblades and Parts Thereof from the People’s Republic of China: Selection of Respondents for Individual Examination” dated April 7, 2015 (Respondent Selection Memorandum).

⁵ See *Diamond Sawblades and Parts Thereof From the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review*, 76 FR 76128, 76130 (December 6, 2011).

(Hebei) Co., Ltd.⁶ Because no other party requested a review of Husqvarna (Hebei) Co., Ltd., we are rescinding the review with respect to Husqvarna (Hebei) Co., Ltd., in accordance with 19 CFR 351.213(d)(1).

In the *Initiation Notice*, the Department initiated the review for several companies that we have previously considered to be a single entity, and which we have called the ATM Single Entity, *i.e.*, Advanced Technology & Materials Co., Ltd. (AT&M), AT&M International Trading Co., Ltd. (ATMI), Beijing Gang Yan Diamond Products Co. (BGY), Cliff International Ltd. (Cliff), and HXF Saw Co., Ltd. (HXF).⁷ The petitioner had included in its request for review all five of these companies.⁸ The ATM Single Entity requested the rescission of the review for AT&M, BGY, and HXF based on a determination by the Department under section 129 of the Uruguay Round Agreements Act.⁹ In the *Section 129 and Partial Revocation* the Department revoked the antidumping duty order in part for diamond sawblades from the PRC produced and exported by AT&M, BGY, and HXF effective March 22, 2013, which predates the POR. Accordingly, entries on or after March 22, 2013 of diamond sawblades from the PRC produced and exported by AT&M, BGY, and HXF, are not subject to the order.¹⁰ Entries of diamond sawblades from the PRC that are not covered by the *Section 129 Partial Revocation* continue to be subject to the order. Therefore, any subject merchandise that was exported by AT&M, BGY or HXF, but not produced by them, would continue to be subject to the order. Accordingly, we preliminarily are not rescinding the review with respect to AT&M, BGY, and HXF. We note that the *Section 129 Partial Revocation* is the subject of ongoing litigation.¹¹ Accordingly, we may reevaluate the status of diamond sawblades from the PRC produced and exported by AT&M, BGY, and HXF as a result of, and consistent with, a court decision in this litigation.

PRELIMINARY DETERMINATION OF NO SHIPMENTS

The following six companies that received separate rates in previous segments of the proceeding and are subject to this review reported that they did not have any exports of subject merchandise during the POR:

Danyang City Ou Di Ma Tools Co., Ltd.
Danyang Tsunda Diamond Tools Co., Ltd.
Hangzhou Kingburg Import & Export Co., Ltd.
Qingdao Hyosung Diamond Tools Co., Ltd.
Qingdao Shinhan Diamond Industrial Co., Ltd.

⁶ See Husqvarna (Hebei) Co., Ltd.'s withdrawal of review request dated February 20, 2015.

⁷ See *Initiation Notice*, 79 FR at 76957-58.

⁸ The petitioner in this review is Diamond Sawblades Manufacturers' Coalition. See the petitioner's review request dated November 26, 2014, at Attachment A.

⁹ See the rescission request from the ATM Single Entity dated December 30, 2014. See *Certain Frozen Warmwater Shrimp From the People's Republic of China and Diamond Sawblades and Parts Thereof From the People's Republic of China: Notice of Implementation of Determinations Under Section 129 of the Uruguay Round Agreements Act and Partial Revocation of the Antidumping Duty Orders*, 78 FR 18958 (March 28, 2013) (*Section 129 and Partial Revocation*).

¹⁰ See *Section 129 and Partial Revocation*, 78 FR at 18960.

¹¹ See *Diamond Sawblades Manufacturers' Coalition v. United States*, Court No. 13-00168, slip op. 2015-92 (Ct. Int'l Trade Aug. 20, 2015).

Shanghai Starcraft Tools Co., Ltd.¹²

CBP data for the POR corroborated the no-shipments claims of these companies.¹³ Additionally, we requested that CBP report any contrary information.¹⁴ To date, CBP has not responded to our inquiry with any contrary information and we have not received any evidence that these companies had any shipments of the subject merchandise sold to the United States during the POR.¹⁵ Consistent with the Department's assessment practice in non-market economy (NME) cases regarding no shipment claims, we are completing the review with respect to these companies and will issue appropriate instructions to CBP based on the final results of the review.¹⁶

AFFILIATION AND SINGLE ENTITY

Section 771(33) of the Act, in pertinent parts, identifies persons that shall be considered "affiliated" or "affiliated persons" as: (1) members of a family, including brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants¹⁷ or (2) two or more persons directly or indirectly controlling, controlled by, or under common control with, any person.¹⁸ Section 771(33) of the Act further stipulates that a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person, and the SAA¹⁹ notes that control may be found to exist within corporate groupings.²⁰ In determining whether control over another person exists within the meaning of section 771(33) of the Act, the Department will not find that control exists unless the relationship has the potential to impact decisions concerning the production, pricing, or cost of the subject merchandise or foreign like product.²¹

Jiangsu Fengtai and Jiangsu Fengtai Tools Co., Ltd. (Fengtai Tools) provided a joint response to the Department's questionnaire and stated that they used the same production, sales, research and development facilities, and administrative offices,²² and that Jiangsu Fengtai and Fengtai Tools are affiliated by familial relationships and shared management.²³ Furthermore, Jiangsu Fengtai

¹² See the no-shipment letters from these six companies dated February 23, 2015.

¹³ See the CBP data attached to the letter to all interested parties dated March 20, 2015.

¹⁴ See CBP message numbers 5261301, 5261302, 5261303, 5261304, 5261305, and 5261306 dated September 18, 2015, available at <http://adcvd.cbp.dhs.gov/adcvdweb/>.

¹⁵ CBP only responds to the Department's inquiry when there are records of shipments from the company in question. See, e.g., *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Flat Products From Brazil: Notice of Rescission of Antidumping Duty Administrative Review*, 75 FR 65453, 65454 (October 25, 2010).

¹⁶ See *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694 (October 24, 2011) and the "Assessment Rates" section below.

¹⁷ See section 771(33)(A) of the Act.

¹⁸ See section 771(33)(F) of the Act.

¹⁹ See The Statement of Administrative Action accompanying the Uruguay Round Agreements Act (SAA), H.R. Doc. 103-316 (1994).

²⁰ See SAA at 838 (stating that control may exist within the meaning of section 771(33) of the Act in the following types of relationships: (1) corporate or family groupings, (2) franchises or joint ventures, (3) debt financing, and (4) close supplier relationships in which either party becomes reliant upon the other).

²¹ See 19 CFR 351.102(b)(3).

²² See Jiangsu Fengtai and Fengtai Tools' May 20, 2015, section A response to the Department's original antidumping questionnaire (Jiangsu Fengtai Single Entity AQR) at 15, 17, and Exhibit A-11.

²³ See Jiangsu Fengtai Single Entity AQR at 3. See Memorandum to James Maeder, Senior Director for AD/CVD

and Fengtai Tools stated that Jiangsu Fengtai and Fengtai Tools are affiliated with one of its cores suppliers, Fengtai Sawing,²⁴ because the owners of Jiangsu Fengtai and Fengtai Tools are members of a family²⁵ and supervise and manage the operations of Fengtai Sawing.²⁶

In accordance with sections 771(33)(A) and (F) of the Act, we preliminarily find that there is evidence on the record that Jiangsu Fengtai, Fengtai Tools, and Fengtai Sawing are affiliated and there exists legal or operational control or direction that has the potential to impact decisions concerning the production, pricing, and cost of the subject merchandise. Because Jiangsu Fengtai and Fengtai Tools are under the common control of a family grouping and have shared management, and Jiangsu Fengtai and Fengtai Sawing are under the common control of a family grouping and have shared management, Jiangsu Fengtai is in a position to control the companies that sell and export the subject merchandise to the United States.²⁷

We next examined whether any of the affiliated companies should be considered a single entity for purposes of this review. Pursuant to 19 CFR 351.401(f)(1), the Department will treat affiliated producers as a single entity where they have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities and the Department concludes that there is a significant potential for the manipulation of price or production. Section 351.401(f)(2) of the Department's regulations further states that in identifying a significant potential for manipulation, the Department may consider factors including: (1) the level of common ownership; (2) the extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and (3) whether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers.

When considering whether to collapse affiliates and treat them as a single entity, we first consider their affiliation to one another. As explained above, we preliminarily determine that Jiangsu Fengtai, Fengtai Tools, and Fengtai Sawing are affiliated; consequently, the first collapsing criterion under 19 CFR 351.401(f)(1) is satisfied. With respect to the second criterion (*i.e.*, similar production), Jiangsu Fengtai and Fengtai Tools reported that Jiangsu Fengtai and Fengtai Tools shared facilities for the production and sale of finished diamond sawblades. Because Jiangsu Fengtai and Fengtai Tools shared the production facility, we find that it would not require substantial retooling for the roles of producer of finished sawblades to be switched between Jiangsu Fengtai and Fengtai Tools.²⁸ Jiangsu Fengtai and Fengtai Tools also reported that Jiangsu Fengtai and Fengtai Sawing produce cores which are incorporated into finished diamond sawblades sold by Jiangsu Fengtai. Based on these facts, we find that the production

Operations Office I, "Diamond Sawblades and Parts Thereof from the People's Republic of China - Collapsing of Jiangsu Fengtai Diamond Tool Manufacture Co., Ltd. and Affiliated Producers" (Collapsing Memorandum) dated concurrently with this memorandum for more details.

²⁴ See Jiangsu Fengtai and Fengtai Tools' September 11, 2015, supplemental questionnaire response (Jiangsu Fengtai Single Entity 1SQR) at 5 and 13. For further details, see Collapsing Memorandum.

²⁵ See Jiangsu Fengtai and Fengtai Tools' October 23, 2015, supplemental questionnaire response (Jiangsu Fengtai Single Entity 4SQR) at 3. For further details, see Collapsing Memorandum.

²⁶ *Id.*

²⁷ For the full analysis of this determination, see the Collapsing Memorandum.

²⁸ *Id.*

facilities of Jiangsu Fengtai and Fengtai Sawing would not require substantial retooling for the roles of producer of cores to be switched between Jiangsu Fengtai and Fengtai Sawing.²⁹ Because Jiangsu Fengtai, Fengtai Tools, and Fengtai Sawing were producers of subject merchandise exported to the United States during the POR, we find that there was significant potential for manipulation with respect to Jiangsu Fengtai, Fengtai Tools, and Fengtai Sawing, and the second collapsing criterion under 19 CFR 351.401(f)(1) is satisfied.

With respect to the first criterion under 19 CFR 351.402(f)(2), Jiangsu Fengtai and Fengtai Tools reported common ownership by the same family grouping.³⁰ With respect to the second criterion, managerial overlap, Jiangsu Fengtai and Fengtai Tools reported that Jiangsu Fengtai and Fengtai Tools have almost the same management staff.³¹ Furthermore, Jiangsu Fengtai and Fengtai Tools reported that the owner of Jiangsu Fengtai acts as Chairman of the Board of Directors of Fengtai Sawing, and his son holds the position of General Manager and Director in Fengtai Sawing and is responsible for daily operation of Fengtai Sawing.³² Therefore, we find that there was significant managerial overlap between Jiangsu Fengtai, Fengtai Tools, and Fengtai Sawing during the POR. With respect to the third criterion, intertwined operations, record evidence demonstrates that Jiangsu Fengtai's and Fengtai Tools' operations are closely intertwined. Jiangsu Fengtai and Fengtai Tools reported that they used the same production, sales, research and development facilities, and administrative offices for the production and sale of finished diamond sawblades.³³ In addition, record evidence demonstrates that Jiangsu Fengtai's and Fengtai Sawing's operations are closely intertwined as a result of significant transactions between the companies. Specifically, Jiangsu Fengtai and Fengtai Tools reported that cores produced by Jiangsu Fengtai and Fengtai Sawing were supplied to Jiangsu Fengtai for the production and sale of finished diamond sawblades.³⁴

In consideration of the above, and in accordance with 19 CFR 351.401(f) and the Department's practice,³⁵ we are treating Jiangsu Fengtai, Fengtai Tools, and Fengtai Sawing as a single entity for purposes of this preliminary determination. For the Department's full analysis, *see* the Collapsing Memorandum.

²⁹ *Id.*

³⁰ *Id.*

³¹ *See* Jiangsu Fengtai Single Entity AQR at 3 and 17. For further details, *see* Collapsing Memorandum.

³² *See* Jiangsu Fengtai Single Entity 4SQR at 3. For further details, *see* Collapsing Memorandum.

³³ *See* Jiangsu Fengtai Single Entity AQR at 15, 17, and Exhibit A-11.

³⁴ *See* Jiangsu Fengtai Single Entity 1SQR at 5, 6 and 13, and Jiangsu Fengtai Single Entity's November 3, 2015, supplemental questionnaire response (Jiangsu Fengtai Single Entity 5SQR) at 3-4 and Exhibits S5-3 and S5-4. For further details, *see* Collapsing Memorandum.

³⁵ *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil*, 64 FR 38756, 38778 (July 19, 1999) (noting that 19 CFR 351.402(f)(2) does not state that all three factors need to be present in order to find a significant potential for the manipulation of price or production).

DISCUSSION OF THE METHODOLOGY

Non-Market Economy Country Status

The Department considers the PRC to be an NME country. In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority.³⁶ None of the parties to this proceeding has contested NME treatment for the PRC. Therefore, for the preliminary results of this review, we treated the PRC as an NME country and applied our current NME methodology in accordance with section 773(c) of the Act.

Separate Rates

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.³⁷ In the *Initiation Notice*, we notified parties of the application process by which exporters and producers may obtain separate rate status in NME proceedings.³⁸ It is our 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, we analyze each exporting entity in an NME country under the test established in *Sparklers*,³⁹ as amplified by *Silicon Carbide*.⁴⁰ However, if we determine 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.⁴¹

In this administrative review, 25 companies submitted separate rate information. The remaining companies under review did not provide either a separate rate application (SRA) or separate rate certification (SRC), as applicable. As a result, we are treating these PRC exporters as part of the PRC-wide entity.⁴²

³⁶ See, e.g., *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).

³⁷ 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); *Diamond Sawblades and Parts Thereof from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances*, 71 FR 29303, 29307 (May 22, 2006).

³⁸ See *Initiation Notice*, 79 FR at 76956-57.

³⁹ 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*).

⁴⁰ See *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China*, 59 FR 22585, 22586-89 (May 2, 1994) (*Silicon Carbide*).

⁴¹ 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) (*Petroleum Wax Candles*).

⁴² See the PRC-Wide Entity section, *infra*.

Separate Rate Respondents

1) Wholly Foreign-Owned

Weihai, which was selected for individual examination, reported that it is wholly-owned by a ME company located in a ME country. Therefore, a separate rates analysis is not necessary to determine whether its export activities are independent from government control.⁴³ Accordingly, we preliminarily granted separate rate status to Weihai.

2) Joint Ventures Between Chinese and Foreign Companies or Wholly Chinese-Owned Companies

The following respondents seeking a separate rate stated that they are either joint ventures between Chinese and foreign companies or are wholly Chinese-owned companies:

Beijing Gang Yan Diamond Products Co.
Bosun Tools Co., Ltd.
Chengdu Huifeng Diamond Tools Co., Ltd.
Danyang Huachang Diamond Tools Manufacturing Co., Ltd.
Danyang NYCL Tools Manufacturing Co., Ltd.
Danyang Weiwang Tools Manufacturing Co., Ltd.
Guilin Tebon Superhard Material Co., Ltd.
Hangzhou Deer King Industrial and Trading Co., Ltd.
Hong Kong Hao Xin International Group Limited
Huzhou Gu's Import & Export Co., Ltd.⁴⁴
Jiangsu Fengtai Single Entity⁴⁵
Jiangsu Huachang Tools Manufacturing Co., Ltd.
Jiangsu Inter-China Group Corporation⁴⁶

⁴³ See, e.g., *Petroleum Wax Candles*, 72 FR at 52356; see also *Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of the Fourth New Shipper Review and Rescission of the Third Antidumping Duty Administrative Review*, 66 FR 1303, 1306 (January 8, 2001), unchanged in *Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of Fourth New Shipper Review and Rescission of Third Antidumping Duty Administrative Review*, 66 FR 27063 (May 16, 2001); *Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate From the People's Republic of China*, 64 FR 71104 (December 20, 1999).

⁴⁴ Huzhou Gu's Import & Export Co., Ltd., uses the name Huzhou Gu's Imp. & Exp. Co., Ltd., interchangeably. See *Diamond Sawblades and Parts Thereof From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2012-2013*, 79 FR 71980, 71981 n.9 (December 4, 2014) (4th Review Prelim) unchanged in *Diamond Sawblades and Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012-2013*, 80 FR 32344 (June 8, 2015) (4th Review Final).

⁴⁵ We initiated this review with respect to two of the Jiangsu Fengtai Single Entity companies, Jiangsu Fengtai and Fengtai Tools. See *Initiation Notice*, 79 FR at 76958. These two companies filed separate SRA and SRC. See Jiangsu Fengtai's SRC dated February 23, 2015, and Fengtai Tools's SRA dated February 23, 2015.

⁴⁶ Jiangsu Inter-China Group Corporation was previously known as Zhenjiang Inter-China Import & Export Co., Ltd., a company for which we initiated this review in *Initiation Notice*, 79 FR at 76958. See *Diamond Sawblades and Parts Thereof From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 77098, 77100, n. 15. (December 20, 2013) (3rd Review Prelim), unchanged in *Diamond Sawblades and Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty*

Jiangsu Youhe Tool Manufacturer Co., Ltd.
Orient Gain International Limited
Pantos Logistics (HK) Company Limited
Qingyuan Shangtai Diamond Tools Co., Ltd.
Quanzhou Zhongzhi Diamond Tool Co. Ltd.
Rizhao Hein Saw Co., Ltd.
Saint-Gobain Abrasives (Shanghai) Co., Ltd.
Shanghai Jingquan Industrial Trade Co., Ltd.
Wuhan Wanbang Laser Diamond Tools Co.
Xiamen ZL Diamond Technology Co., Ltd.
Zhejiang Wanli Tools Group Co., Ltd.

In accordance with our practice, we analyzed whether these respondents seeking a separate rate have demonstrated the absence of *de jure* and *de facto* governmental control over their respective export activities.

a) *Absence of De Jure Control*

We consider 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) other formal measures by the government decentralizing control of companies.⁴⁷

The evidence provided by the above-listed companies 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 the companies.⁴⁸

b) *Absence of De Facto Control*

Typically we consider four factors in evaluating whether each respondent is subject to *de facto* government control of its export functions: (1) whether the export prices (EPs) 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.⁴⁹

Administrative Review; 2011-2012, 79 FR 35723, 35724 n.7 (June 24, 2014) (*3rd Review Final*).

⁴⁷ See *Sparklers*, 56 FR at 20589.

⁴⁸ See, e.g., *3rd Review Prelim* and the accompanying Preliminary Decision Memorandum at 6-7, unchanged in *3rd Review Final* for the list of the *de jure* criteria.

⁴⁹ 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).

We determined that an analysis of *de facto* control is critical in determining whether the respondents are, in fact, subject to a degree of government control over export activities which would preclude us from assigning separate rates. For each of the above-listed companies, except as discussed in the following paragraph, we determine that the evidence on the record supports a preliminary finding of *de facto* absence of government control based on record statements and supporting documentation showing the following: (1) the respondent sets its own EPs independent of the government and without the approval of a government authority; (2) the respondent has the authority to negotiate and sign contracts and other agreements; (3) the respondent has autonomy from the government regarding the selection of management; and (4) the respondent retains the proceeds from its sales and makes independent decisions regarding disposition of profits or financing of losses.⁵⁰

Ownership is relevant to the separate rates analysis to the extent that ownership, as well as the degree of ownership, affects a company's *de facto* control. For the less-than-fair-value investigation and all prior reviews, we denied a separate rate status for the ATM Single Entity because of the *de facto* control over the selection of management through the corporate ownership structure.⁵¹ In this review, BGY filed an SRA but it does not (1) cover all other parts of the ATM Single Entity and (2) provide information demonstrating the absence of the *de facto* control over the selection of management through the corporate structure, which we determined existed within the ATM Single Entity in the prior segments of the proceeding.⁵² The facts based on which we previously treated the ATM Single Entity as part of the PRC-wide entity have remained the same for this review.⁵³ For these reasons, to the extent the ATM Single Entity continues to be subject to this review, it did not rebut the presumption of government control to be eligible for a separate rate. Therefore, we are preliminarily denying the separate rate status for the ATM Single Entity to the extent that it remains subject to the order. The evidence placed on the record of this review by all other companies listed above demonstrates an absence of *de jure* and *de facto* government control with respect these companies' exports of the merchandise under review, in accordance with the criteria identified in *Sparklers* and *Silicon Carbide*. Therefore, we are preliminarily granting the above-listed companies, with the exception of BGY and the rest of the companies comprising the ATM Single Entity, a separate rate.

⁵⁰ See, e.g., *3rd Review Prelim* and the accompanying Preliminary Decision Memorandum at 7, unchanged in *3rd Review Final* for the list of the *De Facto* criteria.

⁵¹ See Final Results of Redetermination Pursuant to Remand Order for Diamond Sawblades and Parts Thereof from the People's Republic of China (May 6, 2013) in *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 885 F. Supp. 2d 1343 (CIT 2012); *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013) *aff'd*, *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 2014 U.S. App. LEXIS 20800, Court No. 2014-1154 (Fed. Cir. October 24, 2014). This remand redetermination is on the Enforcement and Compliance website at <http://enforcement.trade.gov/remands/12-147.pdf>. See also Final Results of Redetermination pursuant to *Diamond Sawblades Manufacturers' Coalition v. United States*, Court No. 13-00078, slip op. 14-50 (Ct. Int'l Trade April 29, 2014), dated April 10, 2015, and available at <http://enforcement.trade.gov/remands/14-50.pdf>, *aff'd*, *Diamond Sawblades Manufacturers' Coalition v. United States*, Court No. 13-00241, slip op. 2015-105 (September 23, 2015); Final Remand Redetermination pursuant to *Diamond Sawblades Manufacturers' Coalition v. United States*, Court No. 13-00241, slip op. 14-112 (Ct. Int'l Trade September 23, 2014), dated May 18, 2015, and available at <http://enforcement.trade.gov/remands/14-112.pdf>, *aff'd*, *Diamond Sawblades Manufacturers' Coalition v. United States*, Court No. 13-00241, slip op. 2015-116 (October 21, 2015); *3rd Review Final* and the accompanying I&D Memo at Comments 1; and *4th Review Final* and the accompanying I&D Memo at Comment 1.

⁵² See BGY's SRA dated February 23, 2015.

⁵³ *Id.*

3) *Separate Rate for Eligible Non-Selected Respondents*

In accordance with section 777A(c)(2)(B) of the Act, we selected Jiangsu Fengtai and Weihai for individual examination because we did not have the resources to examine all companies for which a review was requested.⁵⁴

The statute and the Department's regulations do not address the establishment of a rate to be applied to individual companies not selected for examination when the Department limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, we have used section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents we did not examine in an administrative review. Section 735(c)(5)(A) of the Act articulates a preference that we do not calculate an all-others rate using any zero or *de minimis* margins or any margins based entirely on facts available. Accordingly, our usual practice has been to average the rates for the selected companies, excluding zero, *de minimis*, and rates based entirely on facts available.⁵⁵

In these preliminary results we found non-*de minimis* weighted-average margins for the Jiangsu Fengtai Single Entity and Weihai. Rates of these two companies are applicable to companies not selected for individual examination and eligible for a separate rate. For non-selected respondent's eligible for a separate rate, we cannot apply our normal methodology of calculating a weighted-average margin using the actual net U.S. sales values and antidumping duty amounts of Jiangsu Fengtai Single Entity and Weihai because doing so could indirectly disclose business-proprietary information to both of these companies. Alternatively, we have previously applied the simple average of the margins we determined for the selected companies.⁵⁶ In order to strike a balance between our duty to safeguard parties' business-proprietary information and our attempt to adhere to the guidance set forth in section 735(c)(5)(A) of the Act, we calculated a weighted-average margin for non-selected respondents using the publicly available, ranged total U.S. sales values of the selected respondents, compared the resulting public, weighted-average margin to the simple average of the antidumping duty margins, and used the amount which is closer to the actual weighted-average margin of the selected respondents as the margin for the non-selected respondents.⁵⁷ Accordingly, for the preliminary results of this review, we are assigning the weighted average of these two companies based on their ranged U.S. sales values⁵⁸ and dumping margins. The separate rate for the eligible non-selected respondents is 12.20 percent.

⁵⁴ See Respondent Selection Memorandum.

⁵⁵ See, e.g., *Multilayered Wood Flooring From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 64318 (October 18, 2011), and the accompanying I&D Memo at Comment 11.

⁵⁶ See, e.g., *Ball Bearings and Parts Thereof From France, et al.: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part*, 73 FR 52823, 52824 (September 11, 2008).

⁵⁷ See *Ball Bearings and Parts Thereof From France, et al.: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53662 (September 1, 2010), and the accompanying I&D Memo at Comment 1.

⁵⁸ See Jiangsu Fengtai Single Entity ISQR at Exhibit S-4 and Weihai's section A response dated May 19, 2015, at Exhibit A-1.

4) PRC-Wide Entity

Upon the initiation of this review, we provided an opportunity for all companies listed in the *Initiation Notice* that wish to qualify for separate rate status in this review to complete, as appropriate, either an SRA or SRC.⁵⁹ We preliminarily find that 30 companies listed in the *Initiation Notice* are part of the PRC-wide entity because they (1) did not submit an SRA, SRC, or no-shipment letter or (2) did file an SRA or no-shipment letter but upon our review found to be ineligible for separate rates.⁶⁰

The Department's change in policy regarding conditional review of the PRC-wide entity applies to this review.⁶¹ Under this policy, the PRC-wide entity will not be under review unless a party specifically requests, or the Department self-initiates, a review of the entity. Because no party requested a review of the PRC-wide entity in this review, the entity is not under review, and the entity's rate of 82.05 percent is not subject to change.⁶²

Surrogate Country

In antidumping proceedings involving NME countries, pursuant to section 773(c)(1) of the Act, we generally base NV on the value of the NME producer's FOP, 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, we use, to the extent possible, the prices or costs of

⁵⁹ See *Initiation Notice*, 79 FR at 76957 (“All firms listed below that wish to qualify for separate rate status in the administrative reviews involving NME countries must complete, as appropriate, either a separate rate application or certification, as described below.”).

⁶⁰ Companies that are subject to this administrative review that are considered to be part of the PRC-wide entity are Central Iron and Steel Research Institute Group, China Iron and Steel Research Institute Group (CISRI), Danyang Aurui Hardware Products Co., Ltd., Danyang Dida Diamond Tools Manufacturing Co., Ltd., Electrolux Construction Products (Xiamen) Co., Ltd., Fujian Quanzhou Wanlong Stone Co., Ltd., Hebei Jikai Industrial Group Co., Ltd., Huachang Diamond Tools Manufacturing Co., Ltd., Hua Da Superabrasive Tools Technology Co., Ltd., Jiangsu Fengyu Tools Co., Ltd., Jianguyin Likn Industry Co., Ltd., Protech Diamond Tools, Pujiang Talent Diamond Tools Co., Ltd., Quanzhou Shuangyang Diamond Tools Co., Ltd., Shanghai Deda Industry & Trading Co., Ltd., Shanghai Robtol Tool Manufacturing Co., Ltd., Shijiazhuang Global New Century Tools Co., Ltd., Sichuan Huili Tools Co., Task Tools & Abrasives, Wanli Tools Group, Wuxi Lianhua Superhard Material Tools Co., Ltd., Zhejiang Tea Import & Export Co., Ltd., Zhejiang Wanda Import and Export Co., Zhejiang Wanda Tools Group Corp., and Zhejiang Wanli Super-hard Materials Co., Ltd. Additionally, to the extent certain merchandise from the ATM Single Entity (*i.e.*, AT&M, ATMI, BGY, Cliff, and HXF) remains subject to the order, the ATM Single Entity is also considered to be part of the PRC-wide entity. AT&M, ATMI, CISRI, Cliff, and HXF claimed no shipments of the subject merchandise. See the no-shipment letter from AT&M, ATMI, CISRI, and HXF dated February 23, 2015. See the ATM Single Entity's supplemental response dated March 25, 2015, for Cliff's no-shipment claim. Also, BGY claimed no shipments of subject merchandise produced by manufactures other than AT&M, HXF, or itself. However, because these companies were not eligible for separate rates in the prior segments of the proceeding, we continue to treat them as part of the PRC-wide entity subject to the *Section 129 and Partial Revocation* in the preliminary results of this review.

⁶¹ See *Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Duty Proceedings*, 78 FR 65963, 65970 (November 4, 2013).

⁶² See *Diamond Sawblades and Parts Thereof From the People's Republic of China; Final Results of Antidumping Duty Administrative Review; 2012-2013*, 80 FR 32344, 32345 (June 8, 2015).

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.⁶³

We determined that Bulgaria, Ecuador, Romania, South Africa, Thailand, and Ukraine are countries whose *per capita* gross national incomes (GNI) are at the same level of economic development as the PRC.⁶⁴ On February 19, 2015, we requested comments from interested parties regarding the selection of a surrogate country and surrogate values (SVs).⁶⁵ In response, the petitioner and Weihai recommended Thailand as the primary surrogate country.⁶⁶

Same Level of Economic Development

As a general rule, the Department selects a surrogate country that is at the same level of economic development as the NME unless it is determined that none of the countries are viable options because (a) they either are not significant producers of comparable merchandise, (b) do not provide sufficient reliable sources of publicly available SV data, or (c) are not suitable for use based on other reasons. Surrogate countries that are not at the same level of economic development as the NME country, but still at a level of economic development comparable to the NME country, are selected only to the extent that data considerations outweigh the difference in levels of economic development.⁶⁷

As stated above, we determined that Bulgaria, Ecuador, Romania, South Africa, Thailand, and Ukraine are each at the same level of economic development as the PRC in terms of *per capita* GNI during the POR.⁶⁸ Therefore, we consider all six countries as having met this prong of the surrogate country selection criteria.

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, we look to other sources such as the Enforcement and Compliance Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (Policy Bulletin 04.1), 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."⁶⁹ If identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a

⁶³ See Enforcement and Compliance Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin) available at <http://enforcement.trade.gov/policy/index.html>.

⁶⁴ See the memorandum entitled "Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Diamond Sawblades ('DS') from the People's Republic of China ('China')" dated January 29, 2015 (Policy Memorandum).

⁶⁵ See the letter to all interested parties dated February 19, 2015.

⁶⁶ See the surrogate value comments from the petitioner and Weihai dated May 20, 2015.

⁶⁷ See Policy Memorandum.

⁶⁸ *Id.*

⁶⁹ See Policy Bulletin 04.1, which is available on the Enforcement and Compliance website at <http://enforcement.trade.gov/policy/bull04-1.html>.

surrogate country.⁷⁰ Further, when selecting a surrogate country, the statute requires us to consider the comparability of the merchandise, not the comparability of the industry.⁷¹

The statute grants us discretion to examine various data sources for determining the best available information.⁷² Moreover, while the legislative history provides that the term “significant producer” includes any country that is a significant “net exporter,”⁷³ it does not preclude reliance on additional or alternative metrics. In this review, because production data of comparable merchandise are not available, we first analyzed exports of comparable merchandise from the six potential surrogate countries as a proxy for production data. In this review, we preliminarily determine that merchandise described under HTS code 8202.39 (“Circular Saw Blades Of Base Metal With Working Part Of Material Other Than Steel, And Parts”) is identical or comparable to the merchandise covered by this review. Because world production data was not available, we analyzed exports under HTS code 8202.39. This analysis shows that Thailand exported significant quantities of diamond sawblades during the POR under HTS code 8202.39.⁷⁴ Next we considered the availability of SV data.

Data Considerations

When evaluating SV data, we consider several factors including whether the SV is publicly available, contemporaneous with the POR, representative of a broad-market average, from an approved surrogate country, tax- and duty-exclusive, and specific to the input.⁷⁵ There is no hierarchy among these criteria. It is our practice to consider carefully the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.⁷⁶

For Thailand, we are able to obtain the required SVs for direct materials, packing materials, byproducts, and certain energy inputs from GTA import data.⁷⁷ Labor data for Thailand are available from the National Statistical Office of the Thai government (NSO) and is industry specific.⁷⁸ Publicly available data from Thailand provide for calculations of inland truck freight, domestic brokerage and handling (B&H), and financial ratios. Therefore, for these preliminary results we selected Thailand as the primary surrogate country for valuing FOPs. While our

⁷⁰ 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,” at note 6.

⁷¹ See *Sebacic Acid from the People’s Republic of China; Final Results of Antidumping Duty Administrative Review*, 62 FR 65674 (December 15, 1997), and the accompanying Issues and Decision (I&D) Memo at Comment 1 (to 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).

⁷² See section 773(c) of the Act; see also *Nation Ford Chem. Co. v. United States*, 166 F.3d 1373, 1377 (Fed. Cir. 1990).

⁷³ See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988).

⁷⁴ See the memorandum entitled “Diamond Sawblades and Parts Thereof from the People’s Republic of China: Surrogate Values for the Preliminary Results of Review” dated concurrently with this Preliminary Decision Memorandum (Preliminary SV Memo), at Exhibit 1 for the GTA export quantity data.

⁷⁵ See Policy Bulletin 04.1.

⁷⁶ *Id.* See also, e.g., *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), and the accompanying I&D Memo at 7.

⁷⁷ See Preliminary SV Memo at Exhibit 2.

⁷⁸ *Id.* See also the petitioner’s SV comments dated November 2, 2015, at Exhibit 6.

preference is to value factors in a single surrogate country when possible, our decision necessarily is guided by considering the best available information on the record.⁷⁹

FAIR VALUE COMPARISONS

Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), we calculate individual dumping margins by comparing weighted-average NVs to weighted-average EPs or constructed export prices (CEPs) (the average-to-average (A-A) method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping duty investigations, we examine whether to compare weighted-average NVs to the EPs or CEPs of individual transactions (the average-to-transaction (A-T) 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, we find that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping duty investigations.⁸⁰ In the last completed review of this order, we applied a "differential pricing" analysis to determine whether application of A-T 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.⁸¹ We find the differential pricing analysis may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. We will continue to 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 A-A 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 A-A 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 consolidated customer code. Regions are defined using the reported destination code (*e.g.*, zip codes or cities) 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

⁷⁹ See *High Pressure Steel Cylinders From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 77 FR 26739 (May 7, 2012), and the accompanying I&D Memo at Comments I and II.

⁸⁰ 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).

⁸¹ See *4th Review Prelim* and the accompanying Preliminary Decision Memorandum at 14-16, unchanged in *4th Review Final*.

and any characteristics of the sales, other than purchaser, region, and time period, that we use 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” – the second stage of the analysis – 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 prices that differ significantly supports the consideration of the application of the A-T method to all sales as an alternative to the A-A 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 A-T method to those sales identified as passing the Cohen’s *d* test as an alternative to the A-A method, and application of the A-A 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 A-A 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 prices 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 A-A method can appropriately account for such differences. In considering this question, we test 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 A-A method only. If the difference between the two calculations is meaningful, this demonstrates that the A-A 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 A-A 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 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.

Results of the Differential Pricing Analysis

For the Jiangsu Fengtai Single Entity, the results of the differential pricing analysis showed that 20.2 percent of its U.S. sales passed the Cohen's *d* test and confirm that a pattern of EPs for comparable merchandise do not differ significantly among purchasers, regions, or time periods.⁸² Because the results of the Cohen's *d* test do not support consideration of an alternative to the A-A method, we used the A-A method to determine the preliminary dumping margin for the Jiangsu Fengtai Single Entity.⁸³ For Weihai, based on the results of the differential pricing analysis, we find that 42.4 percent of its U.S. sales pass the Cohen's *d* test and confirm the existence of a pattern of CEPs and EPs for comparable merchandise that differ significantly among purchasers, regions, or time periods.⁸⁴ Moreover, we determine that the A-A method cannot appropriately account for such differences because the resulting weighted-average dumping margin moves across the *de minimis* threshold when calculated using the A-A method and an alternative method based on the A-T method applied to the U.S. sales which pass the Cohen's *d* test.⁸⁵ Accordingly, we preliminarily used the A-T method for U.S. sales passing the Cohen's *d* test and the A-A method for U.S. sales not passing the Cohen's *d* test to calculate the weighted-average dumping margin for Weihai.⁸⁶

U.S. Price

For the price to the United States, we used EP or CEP as defined in sections 772(a) and (b) of the Act, as appropriate.

Export Price Sales

For all of the Jiangsu Fengtai Single Entity's U.S. sales and for some of Weihai's U.S. sales, in accordance with section 772(a) of the Act, we calculated EP because the first sale to an unaffiliated party was made before the date of importation and the use of CEP was not otherwise warranted. We calculated EP based on the sales price to unaffiliated purchasers in the United States. In accordance with section 772(c)(2)(A) of the Act, as appropriate, we deducted from the sales price expenses for certain foreign inland freight, B&H, and international movement costs. For the inland freight and B&H services provided by an NME vendor or paid for using an NME

⁸² See the preliminary analysis memorandum for the Jiangsu Fengtai Single Entity dated concurrently with this Preliminary Decision Memorandum.

⁸³ In these preliminary results, we 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) (*Final Modification*).

⁸⁴ See the preliminary analysis memorandum for Weihai dated concurrently with this Preliminary Decision Memorandum.

⁸⁵ *Id.*

⁸⁶ In these preliminary results, we applied the weighted-average dumping margin calculation method adopted in *Final Modification*.

currency, we based the deduction of these charges on SVs.⁸⁷ For international freight provided by an ME provider and paid in U.S. dollars, we used the actual cost per kilogram of the freight.

Constructed Export Price Sales

For some of the U.S. sales Weihai reported, we based U.S. price on CEP, in accordance with section 772(b) of the Act, because sales were made on behalf of the PRC-based exporter by a U.S. affiliate to unaffiliated customers in the United States. For these sales, we based CEP on prices to the first unaffiliated purchaser in the United States. Where appropriate, we made deductions from the starting price (gross unit price) for foreign movement expenses, international movement expenses, or U.S. movement expenses, in accordance with section 772(c)(2)(A) of the Act. Where foreign movement expenses, international movement expenses, or U.S. movement expenses were provided by PRC service providers or paid in renminbi, the Department valued these services using SVs.⁸⁸ For those expenses that were provided by an ME provider and paid for in an ME currency, we used the reported expense.

In accordance with section 772(d)(1) of the Act, we also deducted those selling expenses associated with economic activities occurring in the United States. We deducted, where appropriate, commissions, inventory carrying costs, credit expenses, warranty expenses, and indirect selling expenses. For a detailed description of all adjustments made to U.S. price for each company, *see* the company-specific analysis memoranda dated concurrently with this Preliminary Decision Memorandum due to the proprietary nature of certain adjustments to U.S. price. Finally, we deducted CEP profit from U.S. price, in accordance with sections 772(d)(3) and 772(f) of the Act.

Sales of Further Manufactured Merchandise

On May 22, 2015, Weihai requested that we exempt the company from responding to section E of the antidumping questionnaire.⁸⁹ Weihai claimed that the value of the further processing that occurred in the United States substantially exceeded the value of the imported components and, given the small portion of Weihai's further-manufactured products, a full examination of these sales would be unnecessarily burdensome to the Department and Weihai. Weihai also stated that other appropriate bases existed for calculating the CEP of these sales. On May 29, 2015, we provisionally exempted Weihai from submitting a section E response, but we explained that Weihai was required to report its sales of further manufactured products to unaffiliated customers in its U.S. sales database.⁹⁰ Weihai submitted the requested information in its section C response on June 25, 2015.

Section 772(e) of the Act provides that, when the subject merchandise is imported by an affiliated person and the value added in the United States by the affiliated person is likely to exceed substantially the value of the subject merchandise, we shall determine the CEP for such

⁸⁷ See Preliminary SV Memo for details regarding the SVs for movement expenses.

⁸⁸ See the "Factor Valuations" section, *infra*, for further discussion.

⁸⁹ See Weihai's section E exemption request dated May 22, 2015.

⁹⁰ See the Department's May 29, 2015, response to Weihai's section E exemption request, as corrected in the Department's June 16, 2015, memorandum to the File.

merchandise using the price of identical or other subject merchandise sold by the exporter to an unaffiliated customer if there is a sufficient quantity of sales to provide a reasonable basis for comparison and we determine that the use of such sales is appropriate. If there is not a sufficient quantity of such sales or if we determine that using the price of identical or other subject merchandise is not appropriate, we may use any other reasonable basis to determine CEP.⁹¹

To determine whether the value added is likely to exceed substantially the value of the subject merchandise, we estimated the value added based on the difference between the averages of the prices charged to the first unaffiliated purchaser for the merchandise as sold in the United States and the averages of the prices paid for the subject merchandise by the affiliated purchaser.⁹² Based on this analysis, we determined that the estimated value added in the United States by Weihai's further-manufacturing affiliate accounted for at least 65 percent of the price charged to the first unaffiliated customer for the merchandise as sold in the United States.⁹³ Therefore, we preliminarily determine that the value added is likely to exceed substantially the value of the subject merchandise for Weihai.⁹⁴ Also, for Weihai, we determine that there was a sufficient quantity of sales remaining to provide a reasonable basis to calculate the dumping margin and that the use of these sales is appropriate.⁹⁵ Accordingly, for purposes of determining dumping margins for the sales subject to the special rule, we have used the weighted-average dumping margin calculated on sales of identical and other subject merchandise sold to unaffiliated persons.

Revenue Caps

Weihai received freight revenues from customers for certain U.S. sales. We treat such revenues as an offset to the specific expenses for which they were intended to compensate.⁹⁶ Accordingly, we used their freight revenues as offsets to corresponding freight expenses by capping the freight revenues with the corresponding freight expenses.

Value Added Tax

In 2012, we announced a change of methodology with respect to the calculation of EP and CEP to include an adjustment of any irrecoverable value added tax (VAT) in certain NMEs in accordance with section 772(c)(2)(B) of the Act.⁹⁷ Information placed on the record of this

⁹¹ See, e.g., *Ball Bearings and Parts Thereof From France, Germany, and Italy: Preliminary Results of Antidumping Duty Administrative Reviews and Rescission of Antidumping Duty Administrative Reviews in Part*, 77 FR 33159, 33162 (June 5, 2012), unchanged in *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) (collectively *AFBs 22*).

⁹² See *AFBs 22*.

⁹³ See 19 CFR 351.402(c) for an explanation of our practice on this issue. See also *AFBs 22*.

⁹⁴ See Weihai's section A response dated May 10, 2015, at Exhibit A-25. (The Microsoft Excel version of Exhibit A-25 was submitted on June 25, 2015 as a part of Weihai's sections C and D response.)

⁹⁵ See section 772(e) of the Act. See also the Weihai preliminary analysis memorandum.

⁹⁶ *Certain Orange Juice from Brazil: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 73 FR 46584 (August 11, 2008), and the accompanying I&D Memo at Comment 7 and in *Polyethylene Retail Carrier Bags from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 74 FR 6857 (February 11, 2009), and the accompanying I&D Memo at Comment 6.

⁹⁷ See *Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended*, In

review by a respondent demonstrates that the VAT rate during the POR was 17 percent and that there was a VAT rebate rate of nine percent applicable to exports of the merchandise under consideration.⁹⁸ In order to calculate a price net of VAT, we adjusted the net price for the two mandatory respondents for the irrecoverable VAT.⁹⁹

Normal Value

Section 773(c)(1) of the Act provides that we shall determine the NV using an FOP methodology if the merchandise is exported from an NME and 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. We base NV on the FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under the Department's normal methodologies.

Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on the FOPs reported by interested parties for the POR. We used Thai import data and other publicly available Thai sources in order to calculate SVs for their FOPs. To calculate NV, we multiplied the reported per-unit FOP quantities by publicly available SVs. Our 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.¹⁰⁰

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

Furthermore, with regard to the Thai import-based SVs, we disregarded import prices that we have reason to believe or suspect may be subsidized.¹⁰¹ We have reason to believe or suspect that prices of inputs from India, Indonesia, and South Korea may have been subsidized because

Certain Non-Market Economy Antidumping Proceedings, 77 FR 36481, 36484 (June 19, 2012).

⁹⁸ See Jiangsu Fengtai Single Entity's section C response dated June 19, 2015, at 37-39 and Exhibits C-5 and C-6, and Weihai's section C response dated June 25, 2015, at 49-51 and Exhibits C-25A, C-25B, C-26A, and C-26B.

⁹⁹ See 4th Review Final and the accompanying I&D Memo at Comment 7 for our reasons for deducting irrecoverable VAT from the U.S. price. See also the company-specific preliminary analysis memoranda dated concurrently with this Preliminary Decision Memorandum.

¹⁰⁰ 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 the accompanying I&D Memo at Comment 2.

¹⁰¹ See section 773(c) of the Act, as amended in section 505 of the Trade Preferences Extension Act of 2015, and *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793, 46795 (August 6, 2015).

we have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies.¹⁰² 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 we could not be certain that they were not from either an NME country or a country with general export subsidies.¹⁰³ 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 that were produced in ME countries by an ME supplier in meaningful quantities (*i.e.*, not insignificant quantities) and pays in an ME currency, we use 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.¹⁰⁴ Where we find ME purchases to be of significant quantities (*i.e.*, 85 percent or more), we use the actual purchase prices to value the inputs, in accordance with our statement of policy as outlined in *Use of Market Economy Input Prices in Nonmarket Economy Proceedings*, 78 FR 46799 (August 2, 2013). Alternatively, when the volume of an NME firm’s purchases of an input from ME suppliers during the period is below 85 percent of its total volume of purchases of the input during the period, but where these purchases are otherwise valid and there is no reason to disregard the prices, we will weight average the ME purchase price with an appropriate SV, according to their respective shares of the total volume of purchases, unless case-specific facts provide adequate grounds to rebut the presumption.¹⁰⁵ When a firm has made ME input purchases that may have been dumped or subsidized, are not *bona fide*, or are otherwise not acceptable for use in a dumping calculation, we will exclude them from the numerator of the ratio to ensure a fair determination of whether valid ME purchases meet the 85 percent threshold.¹⁰⁶ Weihai reported such inputs and we excluded them from the numerator of the ratio accordingly. Information reported by Weihai demonstrates that certain inputs were produced in, and sourced from, an ME country and paid for in ME currencies.¹⁰⁷ The information reported by Weihai also demonstrates that some of such inputs were purchased in significant quantities (*i.e.*, 85 percent or more) from ME suppliers and produced in ME countries; therefore, we used Weihai’s actual ME purchase prices to value such inputs.¹⁰⁸

¹⁰² 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 the accompanying I&D Memo 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 the accompanying I&D Memo 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 the accompanying I&D Memo at 17, 19-20.

¹⁰³ 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).

¹⁰⁴ See, e.g., *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27366 (May 19, 1997).

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ See the Weihai preliminary analysis memorandum dated concurrently with this Preliminary Decision Memorandum.

¹⁰⁸ *Id.*

We used Thai Import Statistics from the GTA to value the raw material, certain energy inputs, and packing material inputs that the Jiangsu Fengtai Single Entity and Weihai used to produce subject merchandise during the POR, except where listed below.

We valued electricity using the data from the Thai Board of Investment, a government agency.¹⁰⁹

We valued the freight-in cost of raw materials using the World Bank Group's *Doing Business Thailand 2015 (Doing Business)* and applicable distances the petitioner found in Google Maps.¹¹⁰ The value for truck freight in *Doing Business* is publicly available and contemporaneous with the POR because the data in *Doing Business* are current as of June 1, 2014, which is within the POR.¹¹¹

We valued B&H using the information in *Doing Business*.¹¹² This source provides a price list based on a survey case study of the procedural requirements necessary to export a standardized cargo of goods by ocean transit from Thailand. We calculated the cost per kilogram by dividing the World Bank's average B&H expense by 10 metric tons, which is the weight of the 20-foot full container load used in *Doing Business*.¹¹³ Because data reported in this source were current as of June 1, 2014, and contemporaneous with the POR, we did not inflate the SV for domestic B&H expenses.

We valued the ocean-freight expense for the subject merchandise from the port of export to the U.S. port of disembarkation using publicly available data collected from <http://rates.descartes.com>.¹¹⁴ We obtained historical freight rates (from multiple ME freight providers) in effect during the fifteenth day of each second month for each quarter of the POR for shipments of saws and blades for each combination of port of origin/discharge reported by the Jiangsu Fengtai Single Entity in this review. We averaged the rates to obtain a single POR-average freight rate. We valued international air freight using a rate obtained from DHL Hong Kong.¹¹⁵ We valued marine insurance using a rate offered by RJG Consultants, which is an ME provider of marine insurance.¹¹⁶ Because the rate is a percentage of the value of the shipment, we did not inflate or deflate the rate.¹¹⁷

In NME antidumping duty proceedings, the Department prefers to value labor solely based on data from the primary surrogate country.¹¹⁸ To value labor cost we calculated an hourly labor

¹⁰⁹ See the petitioner's SV comments dated July 16, 2015, at Exhibit 6A, and Preliminary SV Memo at 7 and Exhibit 2, "Surrogate Value" and "Electricity" tabs.

¹¹⁰ See Preliminary SV Memo at 8, the petitioner's SV comments dated July 16, 2015, at Exhibits 4 and 7A, and the petitioner's SV comments dated November 2, 2015, at Exhibit 5.

¹¹¹ See Preliminary SV Memo at 8 at Exhibit 3.

¹¹² *Id.*, at 8. See also the petitioner's SV comments 1 at Exhibit 4 and the petitioner's SV comments dated November 2, 2015, at Exhibit 5.

¹¹³ See the petitioner's SV comments dated July 16, 2015, at Exhibit 4B.

¹¹⁴ See the Jiangsu Fengtai Single Entity preliminary analysis memorandum for the data collected from this website.

¹¹⁵ See Preliminary SV Memo at 9 and Exhibit 4.

¹¹⁶ See Preliminary SV Memo at 9 and Weihai's SV comments dated July, 16, 2015, at Exhibit 10.

¹¹⁷ See Preliminary SV Memo at Exhibit 2, "Surrogate Value" tab, and Weihai's SV comments dated July 16, 2015, at Exhibit 10.

¹¹⁸ See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing The Factor of Production: Labor*, 76 FR 36092 (June 21, 2011).

rate using industry-specific data for the primary surrogate country, Thailand.¹¹⁹ We valued labor using manufacturing-specific data from the quarterly-specific POR data (first, second, third, and fourth quarters of 2014) from the Government of Thailand, National Statistical Office, Labor Force Survey of Whole Kingdom, (NSO Data).¹²⁰

The Jiangsu Fengtai Single Entity and Weihai reported cores that they purchased from unaffiliated NME suppliers. There are no appropriate HTS codes or other data source that we can rely on to value cores directly.¹²¹ Because of this unique circumstance, we valued cores that Jiangsu Fengtai Single Entity and Weihai purchased from unaffiliated NME suppliers by adding the SVs for steel, labor, and electricity that they used to produce cores themselves to approximate the value of cores that they purchased.¹²² For cores Weihai purchased from NME suppliers, we first averaged the steel quantity, labor hours, and electricity Weihai used to produce its cores. Then we applied the SVs for steel, labor, and electricity to the averaged steel quantity, labor hours, and electricity consumption respectively to calculate the SV for each of the three underlying inputs (*i.e.* steel, labor, and electricity). Then we added these three SVs to calculate the SV for Weihai's purchased cores. We applied this SV to the purchased cores in Weihai's FOP database. We valued cores that the Jiangsu Fengtai Single Entity purchased using the same underlying inputs that it used to produce its cores. However, for the cores that it purchased from unaffiliated NME suppliers, the Jiangsu Fengtai Single Entity provided the average quantities of the underlying inputs based on the cores that it self-produced.¹²³ For this reason, we did not take the steps ourselves to average the Jiangsu Fengtai Single Entity's underlying inputs data for its self-produced cores like we did to average Weihai's underlying inputs data for its self-produced cores. For the valuation of purchased cores, we used Thai Import Statistics from the GTA to value steel, but we used the NSO data for labor and the Thai Board of Investment data for electricity, as explained above.

To value factory overhead, selling, general and administrative expenses, and profit, we used the 2014 financial statements from K.M. & A.A. Co., Ltd. (KM), a manufacturer of comparable merchandise in Thailand. The KM financial statements are the only financial statements on the record of this review that are usable.

¹¹⁹ See the petitioner's SV comments dated November 2, 2015, at Exhibit 6, and Preliminary SV Memo at 7 and Exhibit 2, "Surrogate Value" and "Labor" tabs.

¹²⁰ *Id.*

¹²¹ The petitioner requested that we value cores using the GTA statistics for HTS subheading 8202.31.10000. See the petitioner's SV comments dated July 16, 2015, at Exhibit 3. We did not use the GTA statistics for this HTS subheading to value cores because we find that the products covered by this Thai HTS subheading are different from the cores used in the production of diamond sawblades. See *4th Review Final* and the accompanying I&D Memo at Comment 14.

¹²² See the preliminary analysis memoranda for the Jiangsu Fengtai Single Entity and Weihai. The CIT has affirmed this practice in this proceeding. See Final Remand Redetermination pursuant to *Diamond Sawblades Manufacturers Coalition v. United States*, Court No. 13-00241, slip op. 14-112 (Ct. Int'l Trade September 23, 2014), dated May 18, 2015, and available at <http://enforcement.trade.gov/remands/14-112.pdf>, *aff'd*, *Diamond Sawblades Manufacturers' Coalition v. United States*, Court No. 13-00241, slip op. 2015-116 (October 21, 2015). The CIT has also recognized the Department's practice in some cases of assigning SVs to the FOPs going into the production of an intermediate input to value the intermediate input. See *Anshan Iron & Steel Co. v. United States*, 27 CIT 1234, 1238-41 (2003).

¹²³ See Jiangsu Fengtai Single Entity 5SQR at 3-4 and Exhibits S5-3 and S5-4.

