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November 30, 2015

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

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

REGARDING: Decision Memorandum for the Preliminary Results of the 2013-
2014 Administrative Review of the Antidumping Duty Order on
Seamless Refined Copper Pipe and Tube from the People's
Republic of China

SUMMARY

At the request of interested parties, the Department of Commerce (the "Department") is conducting an administrative review of the antidumping duty order on seamless refined copper pipe and tube ("copper pipe and tube") from the People's Republic of China ("PRC") for the period of review ("POR") November 1, 2013, through October 31, 2014. The Department preliminarily determines that Golden Dragon Precise Copper Tube Group, Inc. ("GD Group"), Hong Kong GD Trading Co., Ltd. ("GD Trading"), and Golden Dragon Holding (Hong Kong) International, Ltd. ("GD Holding"), and eight other companies that comprise the GD Single Entity sold subject merchandise in the United States at prices below normal value.

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



BACKGROUND

On November 22, 2010, the Department published in the Federal Register an antidumping duty order on copper pipe and tube 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 antidumping duty order on copper pipe and tube from the PRC for the period November 1, 2013, through October 31, 2014.² On November 24, 2014, the Department received a request from Cerro Flow Products, LLC, Wieland Copper Products, LLC, Mueller Copper Tube Products Inc., and Mueller Copper Tube Company, Inc. (collectively, “Petitioners”) to conduct administrative reviews of the following companies: (1) GD Group; (2) GD Holding; (3) GD Trading; (4) Zhejiang Hailiang Co., Ltd.; (5) Shanghai Hailiang Copper Co., Ltd.; (6) Zhejiang Jiahe Pipes Inc.; (7) Sinochem Ningbo Ltd.; (8) Sinochem Ningbo Import & Export Co., Ltd.; (9) Ningbo Jintian Copper Tube Co., Ltd.; (10) Zhejiang Naile Copper Co., Ltd.; (11) Guilin Lijia Metals Co., Ltd.; (12) Foshan Hua Hong Copper Tube Co., Ltd.; (13) Taicang City Jinxin Copper Tube Co., Ltd.; (14) Hong Kong Hailiang Metal; (15) China Hailiang Metal Trading; and (16) Shanghai Hailiang Metal Trading Limited.³ On November 26, 2014, the Department received a request from the Golden Dragon Group Companies to conduct an administrative review of Golden Dragon Precise Copper Tube Group, Inc.⁴ On December 23, 2014, the Department published in the Federal Register a notice initiating an antidumping duty administrative review of copper pipe and tube from the PRC for the period November 1, 2013, through October 31, 2014, with respect to these 16 companies.⁵

On January 20, 2015, the Department placed on the record CBP data for U.S. imports classified under the Harmonized Tariff Schedule of the United States (“HTSUS”) identified in the scope of the antidumping duty order on copper pipe and tube from the PRC.⁶ At that time, the Department invited interested parties to submit comments regarding the CBP data for use in respondent selection.⁷ On January 26, 2015, the Department received comments on respondent selection from the Golden Dragon Group Companies.⁸ No other party submitted comments on respondent selection. On February 4, 2015, the Department selected GD Group, GD Trading,

¹ See Seamless Refined Copper Pipe and Tube From Mexico and the People’s Republic of China: Antidumping Duty Orders and Amended Final Determination of Sales at Less Than Fair Value From Mexico, 75 FR 71070 (November 22, 2010).

² See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 79 FR 65176 (November 3, 2014).

³ See Letter to the Department from Petitioners, “Seamless Refined Copper Pipe and Tube from China: Request for Administrative Review,” dated November 24, 2014.

⁴ Respondent’s submissions in this administrative review are filed on behalf of Golden Dragon Precise Copper Tube Group, Inc., Hong Kong GD, Trading Co., Ltd., GD Copper Cooperatief UA, Golden Dragon Holding (Hong Kong) International, Ltd., and GD Copper (U.S.A.) (the “Golden Dragon Group Companies”). See Letter to the Department from the Golden Dragon Group Companies, “Request for Fourth Administrative Review” (November 26, 2014).

⁵ See Initiation of Antidumping and Countervailing Duty Administrative Reviews, 79 FR 76956 (December 23, 2014) (“Initiation Notice”).

⁶ See Letter to All Interested Parties from Robert Bolling, Program Manager, Office 4, AD/CVD Operations, “2013-2014 Administrative Review of Seamless Refined Copper Pipe and Tube from the People’s Republic of China: Results of U.S. Customs and Border Protection Database Query,” dated January 20, 2015.

⁷ Id.

⁸ See Letter to the Department from the Golden Dragon Group Companies, regarding, “Respondent Selection Comments, Seamless Refined Copper Pipe and Tube from China,” dated January 26, 2015.

and GD Holding, which the Department has treated as single entity in prior segments,⁹ as the only mandatory respondent for individual examination in this review.¹⁰

On February 4, 2015, the Department issued the antidumping duty questionnaire to GD Group.¹¹ From March 2015 through November 2015, the Golden Dragon Group Companies responded to the Department's antidumping duty questionnaire and supplemental questionnaires.

On February 16, 2015, the Department received a no-shipments certification from Hong Kong Hailiang Metal Trading Limited, Zhejiang Hailiang Co., Ltd., and Shanghai Hailiang Copper Co., Ltd.¹² On March 23, 2015, Petitioners filed a timely withdrawal of its review request with respect to all of the companies listed in its November 24, 2014 review request.¹³ The Golden Dragon Group Companies did not rescind the review request that it submitted on November 26, 2013.

On February 9, 2015, the Department released a non-exhaustive list of countries that were at the same level of economic development as the PRC, and requested surrogate country and surrogate value comments from interested parties.¹⁴

On March 30, 2015, Petitioners submitted surrogate value data from Romania,¹⁵ and the Golden Dragon Group Companies submitted surrogate value data from Thailand.¹⁶ On April 9, 2015,

⁹ See Seamless Refined Copper Pipe and Tube From the People's Republic of China: Preliminary Results and Partial Rescission of Administrative Review: 2011-2012, 78 FR 69820, (November 21, 2013), unchanged in Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review: 2011-2012, 79 FR 23324 (April 28, 2014). See also Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review: 2012-2013, 80 FR 32087 (June 5, 2015).

¹⁰ See Memorandum to The File through Robert Bolling, Program Manager, Office IV, AD/CVD Operations, regarding, "2013-2014 Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China, Respondent Selection," dated February 4, 2015 ("Respondent Selection Memorandum").

¹¹ See Letter to Golden Dragon Precise Copper Tube Group, Inc. from Robert Bolling, Program Manager, Office 4, AD/CVD Operations, "2013-2014 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China," dated February 4, 2015.

¹² See Letter to the Department from Hong Kong Hailiang Metal Trading Limited, Zhejiang Hailiang Co., Ltd., and Shanghai Hailiang Copper Co., Ltd., regarding, "Hailiang No Shipment Letter: Administrative Review of the Antidumping Order on Seamless Refined Copper Pipe and Tube from the People's Republic of China," dated February 15, 2015.

¹³ See Letter to the Department from Petitioners, regarding "Seamless Refined Copper Pipe and Tube from China: Withdrawal of Requests for Administrative Review," dated March 31, 2014.

¹⁴ See Letter to All Interested Parties from Robert Bolling, Program Manager, Enforcement & Compliance, Office 4, regarding, "2013-2014 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China: Request for Surrogate Country and Surrogate Value Comments and Information," dated February 9, 2015.

¹⁵ See Letter to the Department from Petitioners, regarding, "Seamless Copper Pipe and Tube from the People's Republic of China (4th Antidumping Administrative Review): Petitioners' Comments on Surrogate Data to Value Factors of Production," dated March 30, 2015.

¹⁶ See Letter to the Department from the Golden Dragon Group Companies, regarding, "Seamless Refined Copper Pipe and Tube from China: Comments on Selection of Surrogate Values," dated March 30, 2015.

Petitioners and the Golden Dragon Group Companies submitted surrogate country and surrogate value data rebuttal comments.¹⁷

On July 15, 2015, the Department extended the time period for issuing the preliminary results of this review by 119 days, until November 30, 2015.¹⁸

On March 31, 2015, Petitioners requested that the Department conduct verification of GD Group, GD Holding, and GD Trading's antidumping duty questionnaire response in the instant administrative review.¹⁹ The Department conducted a verification of this respondent's U.S. affiliate, GD Copper (U.S.A.), Inc., from September 23, 2015, through September 25, 2015. The Department intends to conduct verification of this respondent in the PRC after the issuance of these preliminary results of review.

SCOPE OF THE ORDER

For the purpose of this order, the products covered are all seamless circular refined copper pipes and tubes, including redraw hollows, greater than or equal to six inches (152.4 mm) in length and measuring less than 12.130 inches (308.102 mm) (actual) in outside diameter ("OD"), regardless of wall thickness, bore (e.g., smooth, enhanced with inner grooves or ridges), manufacturing process (e.g., hot finished, cold-drawn, annealed), outer surface (e.g., plain or enhanced with grooves, ridges, fins, or gills), end finish (e.g., plain end, swaged end, flared end, expanded end, crimped end, threaded), coating (e.g., plastic, paint), insulation, attachments (e.g., plain, capped, plugged, with compression or other fitting), or physical configuration (e.g., straight, coiled, bent, wound on spools).

The scope of this order covers, but is not limited to, seamless refined copper pipe and tube produced or comparable to the American Society for Testing and Materials ("ASTM") ASTM-B42, ASTM-B68, ASTM-B75, ASTM-B88, ASTM-B88M, ASTM-B188, ASTM-B251, ASTM-B251M, ASTM-B280, ASTM-B302, ASTM-B306, ASTM-359, ASTM-B743, ASTM-B819, and ASTM-B903 specifications and meeting the physical parameters described therein. Also included within the scope of this order are all sets of covered products, including "line sets" of seamless refined copper tubes (with or without fittings or insulation) suitable for connecting an outdoor air conditioner or heat pump to an indoor evaporator unit. The phrase "all sets of covered products" denotes any combination of items put up for sale that is comprised of merchandise subject to the scope.

¹⁷ See Letter to the Department from Petitioners, regarding, "Seamless Copper Pipe and Tube from the People's Republic of China (4th Antidumping Administrative Review): Petitioners' Rebuttal to Surrogate Value Comments," dated April 9, 2015, and see Letter to the Department from the Golden Dragon Group Companies, regarding, "Seamless Refined Copper Pipe and Tube from China: Surrogate Value Rebuttal Comments," dated April 9, 2015.

¹⁸ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, through Abdelali Elouaradia, Office Director, Antidumping and Countervailing Duty Operations, Office 4, regarding, "Seamless Refined Copper Pipe and Tube: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review," dated July 15, 2015.

¹⁹ See Letter to the Department from Petitioners, regarding, "Seamless Copper Pipe and Tube from China: Request for Verification," dated March 31, 2015.

“Refined copper” is defined as: (1) metal containing at least 99.85 percent by weight of copper; or (2) metal containing at least 97.5 percent by weight of copper, provided that the content by weight of any other element does not exceed the following limits:

<u>ELEMENT</u>	<u>LIMITING CONTENT PERCENT BY WEIGHT</u>
Ag - Silver	0.25
As - Arsenic	0.5
Cd - Cadmium	1.3
Cr - Chromium	1.4
Mg - Magnesium	0.8
Pb - Lead	1.5
S - Sulfur	0.7
Sn - Tin	0.8
Te - Tellurium	0.8
Zn - Zinc	1.0
Zr - Zirconium	0.3
Other elements (each)	0.3

Excluded from the scope of this order are all seamless circular hollows of refined copper less than 12 inches in length whose OD (actual) exceeds its length. The products subject to this order are currently classifiable under subheadings 7411.10.1030 and 7411.10.1090 of the HTSUS. Products subject to this order may also enter under HTSUS subheadings 7407.10.1500, 7419.99.5050, 8415.90.8065, and 8415.90.8085. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

Partial Rescission of Administrative Review

Pursuant to 19 CFR 351.213(d)(1), the Secretary will rescind an administrative review, in whole or in part, if a party who requested the review withdraws the request within 90 days of the date of publication of the notice of initiation of the requested review. The Department initiated this review on December 23, 2014.²⁰ On March 23, 2015, Petitioners timely withdrew all review requests for the following companies: (1) Shanghai Hailiang Copper Co., Ltd.; (2) Zhejiang Hailiang Co., Ltd.; (3) China Hailiang Metal Trading; (4) Foshan Hua Hong Copper Tube Co., Ltd.; (5) Guilin Lijia Metals Co., Ltd.; (6) Hong Kong Hailiang Metal; (7) Ningbo Jintian Copper Tube Co., Ltd.; (8) Shanghai Hailiang Metal Trading Limited; (9) Sinochem Ningbo Ltd.; (10) Sinochem Ningbo Import & Export Co., Ltd.; (11) Taicang City Jinxin Copper Tube Co., Ltd.; (12) Zhejiang Jiahe Pipes Inc.; and (13) Zhejiang Naile Copper Co., Ltd. Therefore, in accordance with 19 CFR 351.213(d)(1), we are rescinding this review with respect to these 13 companies. The Golden Dragon Group Companies did not withdraw their request for administrative review; therefore we are not rescinding the review of the Golden Dragon Single Entity.

²⁰ See Initiation Notice.

Affiliation and Single Entity Treatment

To the extent that the Department's practice does not conflict with section 773(c) of the Act, the Department has, in prior cases, treated certain nonmarket economy ("NME") exporters and/or producers as a single entity if the facts of the case supported such treatment.²¹ Pursuant to 19 CFR 351.401(f)(1), the Department will treat producers as a single entity, or "collapse" them, where: (1) those producers are affiliated; (2) the producers have production facilities for producing similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities; and (3) there is a significant potential for manipulation of price or production.²² In determining whether a significant potential for manipulation exists, 19 CFR 351.401(f)(2) states that the Department may consider various 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 the operations of the affiliated firms 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.²³

To collapse and treat as a single entity two or more companies, the Department must determine that those companies are affiliated. Section 771(33)(F) of the Act defines affiliated persons to include "two or more persons directly or indirectly controlling, controlled by, or under common control with, any person." Section 771(33) of the Act further provides 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.

The Department has preliminarily determined that the following companies are affiliated pursuant to section 771(33)(F) of the Act and that these companies should be treated as a single entity for antidumping purposes pursuant to 19 CFR 351.401(f): (1) GD Group; (2) GD Holding; (3) GD Trading; (4) Shanghai Longyang Precise Copper Compound Copper Tube Co., Ltd.; (5) Jiangsu Canghuan Copper Industry Co., Ltd.; (6) Guangdong Longfeng Precise Copper Tube Co., Ltd.; (7) Wuxi Jinlong Chuancun Precise Copper Tube Co., Ltd.; (8) Longkou Longpeng Precise Copper Tube Co., Ltd.; (9) Xinxiang Longxiang Precise Copper Tube Co., Ltd.; (10) Coaxian Ailun Metal Processing Co., Ltd.; and (11) Chongqing Longyu Precise Copper Tube Co., Ltd. (collectively the "GD Single Entity").²⁴ The Department finds that these

²¹ See Certain Steel Nails From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances and Postponement of Final Determination, 73 FR 3928, 3932 (January 23, 2008), unchanged in Certain Steel Nails From the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value, 73 FR 7254 (February 7, 2008) and Certain Steel Nails from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances, 73 FR 33977 (June 16, 2008).

²² See, e.g., Gray Portland Cement and Clinker From Mexico: Final Results of Antidumping Duty Administrative Review, 63 FR 12764, 12774-12775 (March 16, 1998).

²³ See also, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Collated Roofing Nails From Taiwan, 62 FR 51427, 51436 (October 1, 1997).

²⁴ See Memorandum to Abdelali Elouaradia, Director, Office IV, AD/CVD Operations, through Robert Bolling, Program Manager, AD/CVD Operations Office IV, regarding "Affiliation and Single Entity Status of Golden Dragon Precise Copper Tube Group, Inc.; Golden Dragon Holding (Hong Kong) International Co., Ltd.; Hong Kong GD Trading Co., Ltd.; Shanghai Longyang Precise Copper Compound Copper Tube Co., Ltd.; Jiangsu Canghuan Copper Industry Co., Ltd.; Guangdong Longfeng Precise Copper Tube Co., Ltd.; Wuxi Jinlong Chuancun Precise

companies are under common control and, therefore, are affiliated in accordance with section 771(33)(F) of the Act.

Further, we find that these companies operate production facilities that produce similar or identical products that would not require substantial retooling of their facilities in order to restructure manufacturing priorities.²⁵ We have also determined that there is a significant potential for the manipulation of price or production among these companies as evidenced by the level of common ownership, the degree of overlap of directors, and the intertwined nature of the operations of these companies.²⁶ Thus, we have preliminarily treated these companies as a single entity.

DISCUSSION OF THE METHODOLOGY

Non-Market Economy Country Status

No party contested the Department's treatment of the PRC as a NME country, and the Department treated the PRC as a NME country in all past antidumping duty investigations and administrative reviews.²⁷ Designation as a NME country remains in effect until it is revoked by the Department.²⁸ Accordingly, the Department continues to treat the PRC as a NME country in this proceeding.

Separate Rate

In proceedings involving NME countries, the Department maintains a rebuttable presumption that all companies are subject to government control, and, therefore, should be assigned a single weighted-average dumping margin.²⁹ The Department's policy is to assign all exporters of subject merchandise this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.³⁰ The Department analyzes whether each entity exporting the subject merchandise to the United States is sufficiently independent under a test established in Sparklers³¹ and further developed in Silicon Carbide.³² According to this

Copper Tube Co., Ltd.; Longkou Longpeng Precise Copper Tube Co., Ltd.; Xinxiang Longxiang Precise Copper Tube Co., Ltd.; Coaxian Ailun Metal Processing Co., Ltd.; and Chongqing Longyu Precise Copper Tube Co., Ltd.," dated concurrently with this memorandum, ("Single Entity Memorandum") for a full discussion of the proprietary details of the Department's single-entity analysis.

²⁵ See 19 CFR 351.401(f)(1). See also Single Entity Memorandum.

²⁶ See 19 CFR 351.401(f)(2). See also Single Entity Memorandum.

²⁷ See, e.g., Seamless Refined Copper Pipe and Tube From the People's Republic of China: Preliminary Results and Partial Rescission of Administrative Review; 2012-2013, 79 FR 71089 (December 1, 2014), unchanged in Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012-2013, 80 FR 32087 (June 5, 2015).

²⁸ See section 771(18)(C)(i) of the Act.

²⁹ See, e.g., Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 55039, 55040 (September 24, 2008).

³⁰ See Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China, 56 FR 20588, 20589 (May 6, 1991) ("Sparklers").

³¹ Id.

³² See Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China, 59 FR 22585 (May 2, 1994) ("Silicon Carbide").

separate rate analysis, the Department will assign a separate rate in NME proceedings if a respondent can demonstrate the absence of both de jure and de facto government control over its export activities. If, however, the Department determines that a company is wholly foreign owned, then analysis of the de jure and de facto criteria are not necessary to determine whether that company is independent from the NME government's control and is thus eligible for a separate rate.

The Department received responses from the Golden Dragon Group Companies to Section A of the antidumping duty questionnaire and Section A supplemental questionnaires, which contained information pertaining to the GD Single Entity's eligibility for a separate rate.³³

Separate Rate Recipients

1. Joint Ventures Between Chinese and Foreign Companies or Wholly Chinese-Owned Companies

Respondent has stated that it is a joint venture between Chinese and foreign entities.³⁴ In accordance with its practice, the Department analyzed whether the GD Single Entity demonstrated the absence of de jure and de facto governmental control over their respective export activities.

a. Absence of De Jure Control

The Department considers the following de jure criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies.³⁵ The evidence provided by the GD Single Entity supports a preliminary finding of an absence of de jure government control based on the following: (1) an absence of restrictive stipulations associated with the individual exporters' business and export licenses; (2) the existence of applicable legislative enactments decentralizing control of the companies; and (3) the implementation of formal measures by the government decentralizing control of companies.³⁶

³³ See The Golden Dragon Group Companies' Section A Response, dated March 4, 2015, at A-1 – A-9, and Exhibits A-2, A-4, A-6, and A-7; the Golden Dragon Group Companies' Supplemental Questionnaire Response, dated May 6, 2015, at 2-4; and the Golden Dragon Group Companies' Supplemental Questionnaire Response, dated September 25, 2015, at Exhibit SSSA-1.

³⁴ See, e.g., Seamless Refined Copper Pipe and Tube From the People's Republic of China: Preliminary Results and Partial Rescission of Administrative Review; 2012-2013, 79 FR 71089 (December 1, 2014), and accompanying Preliminary Decision Memorandum, unchanged in Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012-2013, 80 FR 32087 (June 5, 2015).

³⁵ See Sparklers, 56 FR at 20589.

³⁶ See The Golden Dragon Group Companies' Section A Response, dated March 4, 2015, at A-1 – A-9, and Exhibits A-2, A-4, A-6, and A-7; the Golden Dragon Group Companies' Supplemental Questionnaire Response, dated May 6, 2015, at 2-4; and the Golden Dragon Group Companies' Supplemental Questionnaire Response, dated September 25, 2015, at Exhibit SSSA-1.

b. Absence of De Facto Control

Typically the Department considers four factors in evaluating whether each respondent is subject to de facto government control of its export functions: (1) whether the export prices (“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.³⁷ The Department has determined that an analysis of de facto control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude the Department from assigning separate rates. The evidence provided by the Golden Dragon Companies supports a preliminary finding of an absence of de facto government control based on record statements and supporting documentation showing that the companies that comprise the GD Single Entity: (1) set their own EPs independent of the government and without the approval of a government authority; (2) have the authority to negotiate and sign contracts and other agreements; (3) maintain autonomy from the government in making decisions regarding the selection of management; and (4) retain the proceeds of their respective export sales and make independent decisions regarding disposition of profits or financing of losses.³⁸

Therefore, the evidence placed on the record of this administrative review by the Golden Dragon Companies demonstrates an absence of de jure and de facto government control under the criteria identified in Sparklers and Silicon Carbide. Accordingly, the Department preliminarily grants the GD Single Entity a separate rate.

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs the Department to base normal value, in most circumstances, on the NME producer’s factors of production (“FOPs”) valued using the best available information in a surrogate market-economy (“ME”) country or countries considered appropriate by the Department. In accordance with section 773(c)(4) of the Act, the Department will value FOPs using “to the extent possible, the prices or costs of factors of production in one or more market economy countries that are— (A) at a level of economic development comparable to that of the nonmarket economy country, and (B) significant producers of comparable merchandise.” Further, pursuant to 19 CFR 351.408(c)(2), the Department will normally value FOPs in a single country.

As explained in the Surrogate Country Memorandum released concurrently with these preliminary results, the Department, in accordance with section 773(c)(4) of the Act and 19 CFR

³⁷ 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).

³⁸ See The Golden Dragon Group Companies’ Section A Response, dated March 4, 2015, at A-1 – A-9, and Exhibits A-2, A-4, A-6, and A-7; the Golden Dragon Group Companies’ Supplemental Questionnaire Response, dated May 6, 2015, at 2-4; and, the Golden Dragon Group Companies’ Supplemental Questionnaire Response, dated September 25, 2015, at Exhibit SSSA-1.

351.408(c)(2), selected Thailand as the primary surrogate country in this administrative review.³⁹ The Department determined that (1) Thailand is at a level of economic development comparable to that of the PRC and (2) Thailand is a significant producer of merchandise comparable to the subject merchandise. Moreover, the record indicates that Thailand has the best available information to value the GD Single Entity's FOPs. Therefore, the Department preliminarily determines that Thailand is the most appropriate primary surrogate country for purposes of this administrative review.⁴⁰ Accordingly, the Department used Thai data, when available and appropriate, to value the GD Single Entity's FOPs.

Date of Sale

The Golden Dragon Group Companies reported the invoice date as the date of sale because it claims that for its U.S. sales of subject merchandise made during the POR, the material terms of sale were established on the invoice date.⁴¹ After evaluating the Golden Dragon Group Companies' claim in light of record evidence, the Department, in accordance with 19 CFR 351.401(i) and its long-standing practice of determining the date of sale,⁴² preliminarily determines that the invoice date is the most appropriate date to use as respondent's date of sale.

Fair Value Comparisons

To determine whether sales of copper pipe and tube to the United States were made at less than normal value, the Department compared the constructed export price ("CEP") and EP to normal value, as described in the "Determination of Comparison Method," "Export Price," "Constructed Export Price," and "Normal Value" sections below.⁴³ In particular, the Department compared monthly weighted-average EPs (or CEPs) with monthly weighted-average normal values and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.

Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department normally calculates dumping margins by comparing weighted-average normal values to weighted-average EPs (or CEPs) (the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping duty investigations, the Department examines whether comparing weighted-average normal values to individual EPs (or CEPs) (the average-to-

³⁹ See Memorandum to Abdelali Elouaradia, Director, AD/CVD Operations, Office IV, through Robert Bolling, Program Manager, AD/CVD Operations, Office IV, regarding, "2013-2014 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's Republic of China: Selection of Surrogate Country," dated concurrently with this decision memorandum ("Surrogate Country Memorandum").

⁴⁰ Id.

⁴¹ See The Golden Dragon Group Companies' Section A Response, dated March 4, 2015, at A-17.

⁴² See, e.g., Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10.

⁴³ In these preliminary results, the Department applied the weighted-average dumping margin calculation method adopted in Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification, 77 FR 8101 (February 14, 2012) ("Final Modification for Reviews").

transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping duty investigations.⁴⁴ In recent investigations, the Department applied a "differential pricing" analysis to determine whether application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.⁴⁵ The Department finds that the differential pricing analysis used in those recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating weighted-average dumping margins.

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

⁴⁴ See Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews: 2010–2011, 77 FR 73415 (December 10, 2012), and accompanying Issues and Decision Memorandum at Comment 1.

⁴⁵ See Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 33350 (June 4, 2013).

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, and the sales in the test group were found to have passed the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large threshold (i.e., 0.8).

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen's *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen's *d* test. If 33 percent or less of the value of total sales passes the Cohen's *d* test, then the results of the Cohen's *d* test do not support consideration of an alternative to the average-to-average method.

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

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

For the GD Single Entity, based on the results of the differential pricing analysis, the Department finds that 76.80 percent of the GD Single Entity's export sales pass the Cohen's *d* test,⁴⁶ and

⁴⁶ See Memorandum to the File through Robert Bolling, Program Manager, Office IV, AD/CVD Operations, "2013-2014 Antidumping Duty Administrative Review of Seamless Refined Copper Pipe and Tube from the People's

confirms the existence of a pattern of prices for comparable merchandise that differ significantly among purchasers, regions or time periods. Further, the Department determines that the average-to-average method can appropriately account for such differences because there is not a meaningful difference in the weighted-average dumping margins when calculated using the average-to-average method and an alternative method based on the average-to-transaction method applied to all U.S. sales. Accordingly, the Department determines to use the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for the GD Single Entity.

Export Price

According to section 772(a) of the Act, EP is “the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under {section 772(c) of the Act}.” In accordance with section 772(a) of the Act, the Department has used EP for the GD Single Entity’s U.S. sales that were sold directly to the unaffiliated customers in the United States prior to importation.

The Department based EP on delivered prices to unaffiliated purchasers in the United States. In accordance with section 772(c)(2)(A) of the Act, the Department made deductions, where appropriate, from the starting price for the following expenses: (1) domestic inland freight from the plant/warehouse to the port of exit; (2) brokerage and handling; (3) international freight; (4) marine insurance; (5) U.S. inland freight from port to warehouse; (6) U.S. inland freight from warehouse to the unaffiliated customer; (7) U.S. customs duties; and (8) and amount for un-refunded value added tax (“VAT”).⁴⁷

Constructed Export Price

According to section 772(b) of the Act, CEP is “the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted under {sections 772(c) and (d) of the Act}.” The Department considered sales made by the GD Single Entity’s U.S. affiliate in the United States to be CEP sales. The Department calculated CEP based on prices to unaffiliated purchasers in the United States. In accordance with sections 772(c)(2)(A) and 772(d)(1) and of the Act, the Department made deductions, where applicable, from the starting price for movement expenses, credit expenses, inventory carrying costs, and indirect selling expenses which relate to commercial activity in the United States.⁴⁸ Movement expenses, where applicable, included the following: (1) domestic inland freight from the plant/warehouse to the port of exit; (2) brokerage and handling; (3) international freight; (4) marine insurance; (5) U.S. inland freight from port to warehouse; (6) U.S. inland freight from

Republic of China: Analysis Memorandum for the GD Single Entity,” dated concurrently with this decision memorandum (“Preliminary Analysis Memorandum”).

⁴⁷ Id.

⁴⁸ Id.

warehouse to the unaffiliated customer; (7) U.S. customs duty; and (8) and amount for un-refunded VAT.⁴⁹ Additionally, the Department deducted CEP profit from U.S. price in accordance with sections 772(d)(3) and 772(f) of the Act.⁵⁰ For those expenses that were paid directly to an ME provider and paid for in an ME currency, the Department used the reported expense.⁵¹

Normal Value

Section 773(c)(1) of the Act provides that, the Department shall determine normal value using an FOP methodology if the merchandise is exported from an NME country and the Department finds that the available information does not permit the calculation of normal value using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. When determining normal value in an NME context, the Department will base normal value on FOP because the presence of government controls on various aspects of these economies renders price comparisons and the calculation of production costs invalid under our normal methodologies. This methodology ensures that the Department's calculations are as accurate as possible.⁵² Under section 773(c)(3) of the Act, FOP include, but are not limited to: (1) hours of labor required, (2) quantities of raw materials employed, (3) amounts of energy and other utilities consumed, and (4) representative capital costs.

Factor Valuations

In accordance with section 773(c) of the Act, the Department calculated normal value for the GD Single Entity based on FOPs reported by the Golden Dragon Group Companies for the POR. In accordance with 19 CFR 351.408(c)(1), the Department will normally use publicly available information to find an appropriate surrogate values to value each FOP, but when a producer sources an input from an ME and pays for it in an ME currency, the Department normally will value the factor using the actual price paid for the input.⁵³ To calculate normal value, the Department multiplied the reported per-unit FOP-consumption rates by publicly available surrogate values (except as discussed below). In selecting surrogate values, the Department considered the quality, specificity, and contemporaneity of the data.⁵⁴ As appropriate, the Department adjusted input prices by including freight costs to make them delivered prices.

⁴⁹ Id.

⁵⁰ Id.

⁵¹ Id.

⁵² See, e.g., Preliminary Determination of Sales at Less Than Fair Value, Affirmative Critical Circumstances, In Part, and Postponement of Final Determination: Certain Lined Paper Products From the People's Republic of China, 71 FR 19695, 19703 (April 17, 2006), unchanged in 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 (September 8, 2006).

⁵³ See 19 CFR 351.408(c)(1); see also Shakeproof Assembly Components Div of Ill Tool Works v. United States, 268 F.3d 1376, 1382-83 (Fed. Cir. 2001) (affirming the Department's use of market-based prices to value certain FOPs).

⁵⁴ See, e.g., Fresh Garlic From the People's Republic of China: Final Results of Antidumping Duty New Shipper Review, 67 FR 72139 (December 4, 2002), and accompanying Issues and Decision Memorandum at Comment 6; Final Results of First New Shipper Review and First Antidumping Duty Administrative Review: Certain Preserved Mushrooms From the People's Republic of China, 66 FR 31204 (June 11, 2001), and accompanying Issues and Decision Memorandum at Comment 5.

Specifically, the Department added to import surrogate values surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest port to the factory, where appropriate. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in Sigma Corp. v. United States, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).

For the preliminary results, except where noted below, the Department used data from the Thai import statistics in Global Trade Atlas ("GTA") and other publicly available Thai sources in order to calculate surrogate values for the GD Single Entity's FOPs (i.e., direct materials, energy, and packing materials) and certain movement expenses. In selecting the best available information for valuing FOPs in accordance with section 773(c)(1) of the Act, the Department's practice is to select, to the extent practicable, surrogate values, which are non-export average values, most contemporaneous with the POR, product-specific, and tax-exclusive.⁵⁵ The record shows that Thai import statistics obtained through GTA are contemporaneous with the POR, product-specific, and tax-exclusive.⁵⁶ In those instances where the Department could not obtain publicly available information contemporaneous to the POR with which to value factors, the Department adjusted the SVs using, where appropriate, the Thai Producer Price Index ("PPI"), as published in the International Monetary Fund's International Financial Statistics.⁵⁷

In accordance with legislative history, the Department continues to apply its long-standing practice of disregarding surrogate values if it has a reason to believe or suspect the source data may be subsidized or dumped.⁵⁸ In this regard, the Department has previously found that it is appropriate to disregard such import statistics from India, Indonesia, the Republic of Korea ("Korea"), and Thailand because the Department determined that these countries maintain

⁵⁵ See, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam, 69 FR 42672, 42682 (July 16, 2004), unchanged in Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam, 69 FR 71005 (December 8, 2004).

⁵⁶ See Memorandum to the File through Robert Bolling, Program Manager, Office IV, AD/CVD Operations, "2013-2014 Administrative Review of the Antidumping Duty Order on Seamless Refined Copper Pipe and Tube from the People's Republic of China: Preliminary Results Surrogate Value Memorandum" dated concurrently with this decision memorandum ("Surrogate Value Memorandum") at Exhibit 1.

⁵⁷ See, e.g., Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 74 FR 9600 (March 5, 2009), unchanged in Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Determination of Sales at Less than Fair Value, 74 FR 36656 (July 24, 2009).

⁵⁸ See Omnibus Trade and Competitiveness Act of 1988, H.R. REP. No. 576, 100th Cong., 2d Sess. 590 (1988) (Conf. Rep.), reprinted in 1988 U.S.C.C.A.N. 1547.

broadly available, non-industry specific export subsidies.⁵⁹ Based on the existence of these subsidy programs that were generally available to all exporters and producers in these countries at the time of the POR, the Department finds that it is reasonable to infer that all exporters from India, Indonesia, Korea, and Thailand may have benefitted from these subsidies. Therefore, the Department has not used prices from India, Indonesia, Korea, and Thailand in calculating the import-based surrogate values. Additionally, the Department disregarded prices from NME countries.⁶⁰ Finally, imports that were labeled as originating from an “unspecified” country were excluded from the average value, because the Department could not be certain that they were not from either an NME country or a country with generally available export subsidies.⁶¹

On August 2, 2013, the Department amended 19 CFR 351.408.⁶² Pursuant to amended 19 CFR 351.408(c)(1), for all proceedings initiation after September 3, 2013, when a respondent sources inputs from an ME supplier and paid for the inputs in ME currency in meaningful quantities, the Department uses the actual price paid by the respondent to value those inputs, if substantially all of the factor, by total volume, is purchased from the ME supplier. In accordance with the amended regulation, substantially all is defined to be 85 percent or more of the total volume purchased of the factor.⁶³ 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, the Department 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.⁶⁴ 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, the Department will exclude them from the numerator of the ratio to ensure a fair determination of whether valid ME purchases meet the 85 percent threshold. With respect to one input (i.e., copper), record evidence indicates that this input was produced in a market economy country, purchased from a market economy supplier, and paid for in a market economy currency, but at purchase quantities less than

⁵⁹ See, e.g., Steel Threaded Rod From India: Final Affirmative Countervailing Duty Determination and Partial Final Affirmative Determination of Critical Circumstances, 79 FR 40712 (July 14, 2014); Certain Frozen Warmwater Shrimp From the Republic of Indonesia: Final Negative Countervailing Duty Determination, 78 FR 50383 (August 19, 2013); Corrosion-Resistant Carbon Steel Flat Products From the Republic of Korea: Preliminary Results of Countervailing Duty Administrative Review; 2011, 78 FR 55241 (September 10, 2013), unchanged in final Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2011, 79 FR 5378 (January 31, 2014); Large Residential Washers From the Republic of Korea: Final Affirmative Countervailing Duty Determination, 77 FR 75975 (December 26, 2012); Bottom Mount Combination Refrigerator-Freezers From the Republic of Korea: Final Affirmative Countervailing Duty Determination, 77 FR 17410 (March 26, 2012); Certain Frozen Warmwater Shrimp From Thailand: Final Negative Countervailing Duty Determination, 78 FR 50379 (August 19, 2013).

⁶⁰ See, e.g., Certain Kitchen Appliance Shelving and Racks From the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final determination, 74 FR 9591, 9600 (March 5, 2009), unchanged in Certain Kitchen Appliance Shelving and Racks From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 74 FR 36656 (July 24, 2009) and Certain Kitchen Appliance Shelving and Racks from the People’s Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Notice of Antidumping Duty Order, 74 FR 46971 (September 14, 2009).

⁶¹ Id.

⁶² See Use of Market Economy Input Prices in Nonmarket Economy Proceedings, 78 FR 46799 (August 2, 2013).

⁶³ Id.

⁶⁴ Id.

substantially all of the total purchases (i.e., less than 85 percent of the total purchases). We valued copper using a weighted-average of the volume demonstrated to be manufactured in a market economy country and purchased from a market economy supplier using the market economy price, and the volume manufactured in a NME country using a surrogate value.⁶⁵ Where appropriate, we added freight expense to the market economy prices for these inputs.

The Department valued water using contemporaneous data from Thailand's Metropolitan Waterworks Authority.⁶⁶

The Department valued truck freight charges using contemporaneous data from the World Bank's Doing Business 2014: Thailand. This report gathers information concerning the cost to transport imported or exported products from the largest city in Thailand to the most commonly used seaport.⁶⁷

The Department valued brokerage and handling using a price list of export procedures necessary to export a standardized cargo of goods in Thailand. The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in Thailand as reported in Doing Business 2014: Thailand published by the World Bank.⁶⁸

The Department valued marine insurance using a marine insurance rate offered by RJG Consultants. The Department inflated this rate using the Thai PPI as published in the IMF's International Financial Statistics.⁶⁹

In Labor Methodologies,⁷⁰ the Department determined that the best methodology to value labor is to use industry-specific labor rates from the primary surrogate country. The Department does not, however, preclude other sources for evaluating labor costs.⁷¹ We valued labor using Thailand's National Statistics Office ("NSO") data. The International Labour Organization ("ILO") cites these data as the source of its Thai labor data. We used NSO data for general manufacturing wages, rather than the industry-specific NSO labor data because the Department has previously determined that general manufacturing wages in Thailand have increased much more than the rate of inflation (i.e., Consumer Price Index) during this same approximate time frame.⁷² Accordingly, we are preliminarily using the contemporaneous general manufacturing

⁶⁵ See 19 CFR 351.408(c)(1)(2013); see also Use of Market Economy Input Prices in Nonmarket Economy Proceedings, 78 FR 46799 (August 2, 2013); see also GD Single Entity Preliminary Analysis Memo.

⁶⁶ See Surrogate Value Memorandum at Exhibit 3.

⁶⁷ Id., at Exhibit 7.

⁶⁸ Id., at Exhibit 6.

⁶⁹ Id., at Exhibit 8.

⁷⁰ See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092 (June 21, 2011) ("Labor Methodologies").

⁷¹ See Steel Wire Garment Hangers From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review: 2012–2013, 79 FR 65616 (November 5, 2014) and Issues and Decision Memorandum at 11.

⁷² See Antidumping Duty Investigation of Certain Passenger Vehicle and Light Truck Tires From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, In Part, 80 FR 34893 (June 18, 2015) and accompanying Issues and Decision Memorandum at Comment 13.

labor rates, which do not need to be adjusted for inflation, rather than the non-contemporaneous industry-specific labor rates, which would need to be adjusted for inflation.

According to 19 CFR 351.408(c)(4), the Department is directed to value overhead, selling, general and administrative expenses (“SG&A”), and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate. To value overhead, SG&A and profit, the Department used audited financial statements for the year ending December 2014 of Furukawa Metal (Thailand) Public Company Limited, a Thai producer of merchandise identical to the subject merchandise.⁷³

The Department was unable to segregate, and, therefore, unable to exclude energy costs from the calculation of the surrogate financial ratios. Accordingly, for the preliminary results, the Department disregarded the Golden Dragon Single Entity’s energy inputs in the calculation of NV, in order to avoid double-counting energy costs that have necessarily been captured in the surrogate financial ratios.⁷⁴

The Golden Dragon Group Companies reported that the GD Single Entity reclaims and reintroduced copper scrap and sells a small amount of copper slag and copper ash.⁷⁵ Therefore, the Department granted by-product offsets for the quantities of the GD Single Entity’s reported by-products generated from production, and valued the by-products using Thai import statistics from GTA.⁷⁶

Currency Conversion

Where appropriate, the Department made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the date of the U.S. sales as certified by the Federal Reserve Bank.

⁷³ See Surrogate Value Memorandum at Exhibit 5.

⁷⁴ See Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, 74 FR 16838 (April 13, 2009), and accompanying Issues and Decision Memorandum at Comment 2; see also Surrogate Value Memorandum.

⁷⁵ See Golden Dragon Group Companies’ April 16, 2014 response at Exhibit D-8; see also Golden Dragon Group Companies’ July 10, 2014 response at 24-26 and Exhibit SD-20.

⁷⁶ See The GD Single Entity’s Preliminary Analysis Memorandum.

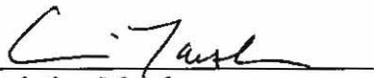
Recommendation

We recommend applying the methodology described above for these preliminary results.

✓

Agree

Disagree



Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

11/30/15

Date