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May 5, 2016

**MEMORANDUM TO:** Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

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

**SUBJECT:** Decision Memorandum for Preliminary Results of the  
Antidumping Duty Administrative Review: Drawn Stainless Steel  
Sinks from the People's Republic of China

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## I. SUMMARY

In response to requests from interested parties, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty (AD) order on drawn stainless steel sinks (drawn sinks) from the People's Republic of China (PRC) for the period of review (POR) April 1, 2014, through March 31, 2015. We preliminarily find that respondent Guangdong Dongyuan Kitchenware Industrial Co., Ltd. (Dongyuan) made sales of the subject merchandise in the United States at prices below normal value (NV). In addition, we preliminarily find that the other mandatory respondents B&R Industries Limited (B&R Industries), Zhongshan Newecan Enterprise Development Corporation (Newecan), and Zhongshan Superte Kitchenware Co., Ltd./Superte, invoiced as Foshan Zhaoshun Trade Co., Ltd. (Superte), are part of the PRC-wide entity and will be subject to the rate of that entity, which is not under review. We are also preliminarily granting separate rates to Feidong Import and Export Co., Ltd. (Feidong) and Ningbo Afa Kitchen and Bath Co., Ltd. (Ningbo Afa),<sup>1</sup> because they demonstrated their eligibility for separate rate status, but were not selected for individual examination. The rates assigned to each of these companies can be found in the "Preliminary Results of Review" section of the accompanying preliminary Federal Register notice. Additionally, we are preliminarily treating nine companies that failed to demonstrate their entitlement to a separate rate as part of the PRC-wide entity. Finally, we preliminarily find that Shenzhen Kehuaxing Industrial Ltd. (Kehuaxing) made no shipments of subject merchandise during the POR.

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<sup>1</sup> On March 21, 2016, the Department determined that Ningbo Afa is the successor-in-interest to Yuyao Afa Kitchenware Co., Ltd. (Yuyao Afa), and stated that Ningbo Afa will be assigned an updated cash deposit rate based on the final results of this administrative review. See Notice of Final Results of Antidumping Duty Changed Circumstances Review: Drawn Stainless Steel Sinks from the People's Republic of China, 81 FR 16138, 16139 (March 25, 2016).



If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection (CBP) to assess AD 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 our final results no later than 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), unless this deadline is extended.

## II. BACKGROUND

On April 11, 2013, the Department published in the Federal Register the AD order on drawn sinks from the PRC.<sup>2</sup> On April 1, 2015, the Department published in the Federal Register a notice of opportunity to request an administrative review of the AD order on drawn sinks from the PRC for the period of April 1, 2014, through March 31, 2015.<sup>3</sup>

Between April 24 and April 30, 2015, the Department received requests to conduct an administrative review from Elkay Manufacturing Company (Elkay), the petitioner in the less-than-fair-value (LTFV) investigation (the petitioner),<sup>4</sup> as well as from Newecan,<sup>5</sup> B&R Industries,<sup>6</sup> Yingao,<sup>7</sup> Guangdong New Shichu Import and Export Co., Ltd. (New Shichu),<sup>8</sup> Dongyuan,<sup>9</sup> Yuyao Afa,<sup>10</sup> Superte,<sup>11</sup> and Feidong.<sup>12</sup> The Department also received a request for

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<sup>2</sup> See Drawn Stainless Steel Sinks from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order, 78 FR 21592 (April 11, 2013) (Drawn Sinks Amended Final).

<sup>3</sup> See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 80 FR 17392 (April 1, 2015).

<sup>4</sup> See Letter from the petitioner, "Drawn Stainless Steel Sinks From The People's Republic Of China: Request For Administrative Review" (April 30, 2015). Elkay requested a review of: Superte; Dongyuan; J&C Industries Enterprise Limited (J&C Industries); B&R Industries; Elkay (China) Kitchen Solutions, Co., Ltd. (Elkay China); Feidong; Foshan Shunde MingHao Kitchen Utensils Co., Ltd. (MingHao); Franke Asia Sourcing Ltd. (Franke); Grand Hill Work Company (Grand Hill); Guangdong G-Top Import & Export Co., Ltd. (G-Top); Guangdong Yingao Kitchen Utensils Co., Ltd. (Yingao); Hangzhou Heng's Industries Co., Ltd. (Heng's Industries); Jiangmen Hongmao Trading Co., Ltd. (Hongmao); Jiangmen New Star Hi-Tech Enterprise Ltd. (New Star); Jiangmen Pioneer Import & Export Co., Ltd. (Pioneer); Jiangxi Zoje Kitchen & Bath Industry Co., Ltd. (Zoje); Ningbo Oulin Kitchen Utensils Co., Ltd. (Ningbo Oulin); Shunde Foodstuffs Import & Export Company Limited of Guangdong (Shunde Foodstuffs); Newecan; Zhuhai Kohler Kitchen & Bathroom Products Co., Ltd. (Zhuhai Kohler); Primy Cooperation Limited (Primy); Kehuaxing; and Xinhe Stainless Steel Products Co., Ltd (Xinhe).

<sup>5</sup> See Letter from Newecan, "Drawn Stainless Steel Sinks from China; Administrative Review Request" (April 24, 2015).

<sup>6</sup> See Letter from B&R Industries, "Drawn Stainless Steel Sinks from the People's Republic of China: Request for Antidumping Administrative Review" (April 28, 2015).

<sup>7</sup> See Letter from Yingao, "Drawn Stainless Steel Sinks from the People's Republic of China Request for Administrative Review" (April 28, 2015).

<sup>8</sup> See Letter from New Shichu, "Drawn Stainless Steel Sinks from the People's Republic of China Request for Administrative Review" (April 28, 2015).

<sup>9</sup> See Letter from Dongyuan, "Drawn Stainless Steel Sinks from the People's Republic of China Request for Administrative Review" (April 28, 2015).

<sup>10</sup> See Letter from Yuyao Afa, "Drawn Stainless Steel Sinks from the People's Republic of China: Entry of Appearance and Request for Administrative Review" (April 29, 2015).

<sup>11</sup> See Letter from Superte, "Drawn Stainless Steel Sinks from China; Administrative Review Request" (April 29, 2015).

<sup>12</sup> See Letter from Feidong, "Administrative Review Request Concerning Drawn Stainless Steel Sinks from China" (April 30, 2015).

review of Yingao by Hajoca Corporation (Hajoca) and a request for review of Tianjin ZNJ Industries Co., Ltd. (Tianjin ZNJ) by John Boos & Co. (John Boos).<sup>13</sup>

In response to these timely requests, the Department published a notice of initiation of administrative review with respect to 26 companies on May 26, 2015.<sup>14</sup>

In the Initiation Notice, the Department notified parties of the application/certification process by which exporters and producers of merchandise subject to an administrative review in a non-market economy (NME) country may qualify for separate rate status.<sup>15</sup> Exporters and producers wishing to qualify for separate rate status in this administrative review were given 30 calendar days after publication of the Initiation Notice to complete, as appropriate, either a separate rate application (SRA) or separate rate certification (SRC).<sup>16</sup> Between June 9 and June 25, 2015, we received four SRAs<sup>17</sup> and nine SRCs<sup>18</sup> from those PRC companies requesting separate rate status. On December 14, 2015, we informed Feidong, one of the PRC companies requesting separate rate status, that it is required to complete a SRA rather than a SRC because Feidong was not assigned a separate rate in the most recently completed segment of this proceeding (*i.e.*, the 2012-2014 administrative review).<sup>19</sup> We received Feidong's SRA on January 28, 2016.<sup>20</sup>

The Initiation Notice also indicated that in the event that the Department limits the number of respondents selected for individual examination, we would select mandatory respondents based on CBP data for U.S. imports during the POR.<sup>21</sup> On June 17, 2015, the Department released the CBP data to all interested parties under an administrative protective order (APO).<sup>22</sup> We received comments on the CBP data from the petitioner and Yingao on June 22 and June 24, 2015,

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<sup>13</sup> See Letter from Hajoca, "Drawn Stainless Steel Sinks from the People's Republic of China: Hajoca Corporation's Request for Review" (April 29, 2015); and Letter from John Boos, "Request for Administrative Review Drawn Stainless Steel Sinks from the People's Republic of China" (April 30, 2015).

<sup>14</sup> See Initiation of Antidumping and Countervailing Duty Administrative Reviews, 80 FR 30041 (May 26, 2015) (Initiation Notice). The 26 companies listed in the Initiation Notice are: (1) Superte; (2) Dongyuan; (3) J&C Industries; (4) B&R Industries; (5) Elkay China; (6) Feidong; (7) MingHao; (8) Franke; (9) Grand Hill; (10) G-Top; (11) Yingao; (12) Heng's Industries; (13) Hongmao; (14) New Star; (15) Pioneer; (16) Zoje; (17) Ningbo Oulin; (18) Shunde Foodstuffs; (19) Newecan; (20) Zhuhai Kohler; (21) Primy; (22) Kehuaxing; (23) Xinhe; (24) New Shichu; (25) Yuyao Afa; and (26) Tianjin ZNJ.

<sup>15</sup> See Initiation Notice, 80 FR at 30042.

<sup>16</sup> Id.

<sup>17</sup> Newecan SRA (June 15, 2015); Pioneer SRA (June 18, 2015); New Shichu SRA (June 25, 2015); and Yuyao Afa SRA (June 25, 2015) (Yuyao Afa SRA).

<sup>18</sup> Zhuhai Kohler SRC (June 9, 2015); Superte SRC (June 9, 2015); New Star SRC (June 19, 2015); G-Top SRC (June 19, 2015); B&R Industries SRC (June 23, 2015); Dongyuan SRC (June 24, 2015); Yingao SRC (June 24, 2015); Primy SRC (June 25, 2015); and Feidong SRC (June 14, 2015).

<sup>19</sup> See Letter to Feidong from Irene Darzenta Tzafolias, Program Manager, AD/CVD Operations, Office II, Enforcement and Compliance (December 14, 2015); see also Drawn Stainless Steel Sinks from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, 80 FR 26227, 26228 (May 7, 2015) (Drawn Sinks AR1 Preliminary Results); unchanged in Drawn Stainless Steel Sinks From the People's Republic of China: Final Results of the Antidumping Duty Administrative Review; 2012-2014, 80 FR 69644 (November 10, 2015) (Drawn Sinks AR1 Final Results).

<sup>20</sup> See Feidong SRA (January 28, 2016) (Feidong SRA).

<sup>21</sup> See Initiation Notice, 80 FR at 30042.

<sup>22</sup> See Memorandum to the File (MTF) from Ross Belliveau, International Trade Compliance Analyst, AD/CVD Operations, Office II, "Release of Customs and Border Protection (CBP) Data" (June 17, 2015).

respectively.<sup>23</sup> Additionally, on June 24, 2015, we received a certification of no export sales from Kehuaxing.<sup>24</sup>

On July 24, 2015, pursuant to section 777A(c)(2)(B) of the Act, we selected Dongyuan and Newecan for individual examination in this administrative review.<sup>25</sup> The initial NME AD questionnaire was issued to both mandatory respondents on July 28, 2015.<sup>26</sup> On August 28, 2015, Newecan notified the Department that it was withdrawing from participation in the review and would not be responding to the Department's requests for information.<sup>27</sup>

As a result of Newecan's withdrawal from participation in the review, on September 9, 2015, we selected Superte as a mandatory respondent.<sup>28</sup> On September 18, 2015, however, Superte notified the Department that it too was withdrawing from participation in the review and would not be responding to the Department's requests for information.<sup>29</sup> For that reason, on September 28, 2015, we selected B&R Industries as a mandatory respondent.<sup>30</sup> B&R Industries, however, subsequently notified the Department that it was withdrawing from participation in the review and would not be responding to the Department's requests for information.<sup>31</sup>

On June 26, 2015, John Boos timely withdrew its request for review of Tianjin ZNJ.<sup>32</sup> On July 31, 2015, Hajoca timely withdrew its request for review of Yingao.<sup>33</sup> The petitioner also

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<sup>23</sup> See Letter from the petitioner, "Drawn Stainless Steel Sinks From The People's Republic Of China: Comments On The CBP Data" (June 22, 2015); and Letter from Yingao, "Drawn Stainless Steel Sinks from the People's Republic of China: Rebuttal Comments re CBP Data and Respondent Selection" (June 24, 2015).

<sup>24</sup> See Letter from Kehuaxing, "Drawn Stainless Steel Sinks from People's Republic of China; A-570-983; Certification of No Sales by Shenzhen Kehuaxing Industrial Ltd." (June 24, 2015) (Kehuaxing Certification of No Sales).

<sup>25</sup> See Memorandum to Melissa G. Skinner, Director, Office II AD and Countervailing Duty Operations, "2014-2015 Administrative Review of the Antidumping Duty Order on Drawn Stainless Steel Sinks from the People's Republic of China: Respondent Selection" (July 24, 2015) (Respondent Selection Memorandum).

<sup>26</sup> See Letters to Dongyuan and Newecan from Irene Darzenta Tzafolias, Program Manager, AD/CVD Operations Office II (July 28, 2015).

<sup>27</sup> See Letter from Newecan, "Drawn Stainless Steel Sinks from China; Withdrawal of Participation" (August 28, 2015) (Newecan Withdrawal Letter).

<sup>28</sup> See Memorandum to Melissa G. Skinner, Director, Office II AD and Countervailing Duty Operations, "Antidumping Duty Administrative Review of Drawn Stainless Steel Sinks from the People's Republic of China: Selection of Additional Mandatory Respondent" (September 9, 2015) (Second Respondent Selection Memorandum); see also Letter to Superte from Irene Darzenta Tzafolias, Program Manager, AD/CVD Operations, Office II (September 10, 2015).

<sup>29</sup> See Letter from Superte, "Drawn Stainless Steel Sinks from China; Withdrawal of Participation" (September 18, 2015) (Superte Withdrawal Letter).

<sup>30</sup> See Memorandum to Melissa G. Skinner, Director, Office II AD and Countervailing Duty Operations, "Antidumping Duty Administrative Review of Drawn Stainless Steel Sinks from the People's Republic of China: Reselection of an Additional Mandatory Respondent" (September 28, 2015) (Third Respondent Selection Memorandum); see also Letter to B&R Industries from Irene Darzenta Tzafolias, Program Manager, AD/CVD Operations, Office II (September 28, 2015).

<sup>31</sup> See Letter from B&R Industries, "Drawn Stainless Steel Sinks from the People's Republic of China: Withdrawal from Active Participation in Review" (November 2, 2015) (B&R Industries Withdrawal Letter).

<sup>32</sup> See Letter from John Boos, "Withdrawal of Request for Administrative Review Drawn Stainless Steel Sinks from the People's Republic of China" (June 26, 2015).

<sup>33</sup> See Letter from Hajoca, "Drawn Stainless Steel Sinks from the People's Republic of China: Hajoca Corporation's Withdrawal of Request For Review Of Yingao" (July 31, 2015).

timely withdrew its request for reviews of Elkay China,<sup>34</sup> Yingao,<sup>35</sup> B&R Industries,<sup>36</sup> Feidong,<sup>37</sup> G-Top,<sup>38</sup> New Star,<sup>39</sup> Pioneer,<sup>40</sup> Zhuhai Kohler,<sup>41</sup> Primy,<sup>42</sup> and Xinhe.<sup>43</sup> Additionally, Yingao,<sup>44</sup> Newecan,<sup>45</sup> Superte,<sup>46</sup> and New Shichu<sup>47</sup> each timely withdrew its request for review. B&R Industries also withdrew its request for review, but that request was untimely.<sup>48</sup> On December 11, 2015, we rescinded this review with respect to Elkay China, G-Top, New Shichu, Yingao, New Star, Pioneer, Primy, Tianjin ZNJ, Xinhe, and Zhuhai Kohler.<sup>49</sup>

Dongyuan submitted its response to the initial NME AD questionnaire in September 2015.<sup>50</sup> In February 2016, the Department issued a supplemental AD questionnaire to Dongyuan.<sup>51</sup> In March 2016, the Department issued a SRA supplemental questionnaire to Feidong.<sup>52</sup> Dongyuan and Feidong each submitted a response to these supplemental questionnaires in March and April 2016, respectively.<sup>53</sup>

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<sup>34</sup> See Letter from the petitioner, “Drawn Stainless Steel Sinks From The People’s Republic Of China: Withdrawal Of Request For Administrative Review of Elkay (China)” (July 14, 2015).

<sup>35</sup> See Letter from the petitioner, “Drawn Stainless Steel Sinks From The People’s Republic of China/Withdrawal Of Request For Administrative Review of Guangdong Yingao” (August 7, 2015).

<sup>36</sup> See Letter from the petitioner, “Drawn Stainless Steel Sinks From The People’s Republic Of China: Partial Withdrawal Of Request For Administrative Review” (August 24, 2015).

<sup>37</sup> Id.

<sup>38</sup> Id.

<sup>39</sup> Id.

<sup>40</sup> Id.

<sup>41</sup> Id.

<sup>42</sup> Id.

<sup>43</sup> Id.

<sup>44</sup> See Letter from Yingao, “Drawn Stainless Steel Sinks from the People’s Republic of China: Withdraw Request for Annual Administrative Review” (August 11, 2015).

<sup>45</sup> See Letter from Newecan and Superte, “Drawn Stainless Steel Sinks from China; Withdrawal of Administrative Review Requests” (August 21, 2015).

<sup>46</sup> Id.

<sup>47</sup> See Letter from New Shichu, “Drawn Stainless Steel Sinks from the People’s Republic of China: Withdraw Request for Annual Administrative Review” (August 24, 2015).

<sup>48</sup> See Letter from B&R Industries, “Drawn Stainless Steel Sinks from the People’s Republic of China: Withdrawal of Request for Administrative Review” (September 29, 2015); see also Letter from B&R Industries, “Drawn Stainless Steel Sinks from the People’s Republic of China: Withdrawal of Yesterday’s Letter of Withdrawal Request for Administrative Review” (September 30, 2015).

<sup>49</sup> See Drawn Stainless Steel Sinks From the People’s Republic of China: Partial Rescission of Antidumping Duty Administrative Review: 2014–2015, 80 FR 78709 (December 17, 2015).

<sup>50</sup> See Dongyuan Section A Response (September 1, 2015) (Dongyuan Section A Response); and Dongyuan Sections C&D Response (September 17, 2015) (Dongyuan Section C&D Response).

<sup>51</sup> See Letter to Dongyuan from Irene Darzenta Tzafolias, Program Manager, AD/CVD Operations, Office II (February 3, 2016).

<sup>52</sup> See Letter to Feidong from Irene Darzenta Tzafolias, Program Manager, AD/CVD Operations, Office II (March 23, 2016).

<sup>53</sup> See Dongyuan Section A, C, & D Supplemental Questionnaire Response (March 10, 2016); and Feidong Supplemental SRA (April 13, 2016) (Feidong Supplemental SRA).

Between November 2015, and April 2016, we received surrogate value (SV) information for the factors of production from the petitioner and Dongyuan.<sup>54</sup>

We extended the deadline of these preliminary results by 120 days, until April 29, 2016.<sup>55</sup> Also, as explained in the memorandum from the Acting Assistant Secretary for Enforcement and Compliance, the Department has exercised its authority to toll all administrative deadlines due to the recent closure of the Federal Government.<sup>56</sup> All deadlines in this segment of the proceeding have been extended by four business days. The revised deadline for the final results is now May 5, 2016.

### **III. SCOPE OF THE ORDER**

The merchandise covered by the order includes drawn stainless steel sinks with single or multiple drawn bowls, with or without drain boards, whether finished or unfinished, regardless of type of finish, gauge, or grade of stainless steel. Mounting clips, fasteners, seals, and sound-deadening pads are also covered by the scope of this order if they are included within the sales price of the drawn stainless steel sinks.<sup>57</sup> For purposes of this scope definition, the term “drawn” refers to a manufacturing process using metal forming technology to produce a smooth basin with seamless, smooth, and rounded corners. Drawn stainless steel sinks are available in various shapes and configurations and may be described in a number of ways including flush mount, top mount, or undermount (to indicate the attachment relative to the countertop). Stainless steel sinks with multiple drawn bowls that are joined through a welding operation to form one unit are covered by the scope of the order. Drawn stainless steel sinks are covered by the scope of the order whether or not they are sold in conjunction with non-subject accessories such as faucets (whether attached or unattached), strainers, strainer sets, rinsing baskets, bottom grids, or other accessories.

Excluded from the scope of the order are stainless steel sinks with fabricated bowls. Fabricated bowls do not have seamless corners, but rather are made by notching and bending the stainless steel, and then welding and finishing the vertical corners to form the bowls. Stainless steel sinks with fabricated bowls may sometimes be referred to as “zero radius” or “near zero radius” sinks. The products covered by this order are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under statistical reporting number 7324.10.0000 and 7324.10.0010.

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<sup>54</sup> See Letter from the petitioner, “Drawn Stainless Steel Sinks From The People’s Republic of China: Submission Of Surrogate Values” (November 13, 2015); Letter from Dongyuan, “Drawn Stainless Steel Sinks from the People’s Republic of China: Preliminary Surrogate Value Submission” (November 13, 2015); and Letter from Dongyuan, “Drawn Stainless Steel Sinks from the People’s Republic of China: Final Surrogate Value Submission” (January 5, 2015).

<sup>55</sup> See Memorandum to Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review” (December 17, 2015).

<sup>56</sup> See Memorandum to the File from Ron Lorentzen, Acting A/S for Enforcement and Compliance, “Tolling of Administrative Deadlines As a Result of the Government Closure during Snowstorm Jonas” (January 27, 2016).

<sup>57</sup> Mounting clips, fasteners, seals, and sound-deadening pads are not covered by the scope of this order if they are not included within the sales price of the drawn stainless steel sinks, regardless of whether they are shipped with or entered with drawn stainless steel sinks.

Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

#### **IV. DISCUSSION OF THE METHODOLOGY**

##### **A. Preliminary Determination of No Shipments**

In the Initiation Notice, we instructed producers or exporters named in the notice that had no exports, sales or entries during the POR to notify the Department within 30 days of publication of the notice of this fact.<sup>58</sup> On June 24, 2015, Kehuaxing filed a no-shipment certification indicating that it had no exports, sales or entries of subject merchandise to the United States during the POR.<sup>59</sup> Upon receiving such claims from companies subject to an administrative review, it is the Department's practice to send an inquiry message to CBP in which we request that CBP import officers alert the Department if it had information contrary to the party's claim.<sup>60</sup> Accordingly, for Kehuaxing, we sent an inquiry message to CBP. We received no information from CBP contradicting Kehuaxing's no-shipment claim.

Thus, based on the no-shipment claim submitted by Kehuaxing and our analysis of the information on the record, we preliminarily determine that Kehuaxing had no shipments during the POR. In addition, the Department finds that consistent with its practice in non-market economy (NME) cases,<sup>61</sup> it is appropriate not to rescind the review, in part, for Kehuaxing in this circumstance, but rather to complete the review. In accordance with the Department's practice, if the Department determines that Kehuaxing had no shipments of the subject merchandise, any suspended entries from Kehuaxing will be liquidated at the PRC-wide rate.<sup>62</sup>

##### **B. Non-Market Economy Country Status**

The Department considers the PRC to be an NME country.<sup>63</sup> In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority.<sup>64</sup> Because no party to this proceeding contested NME treatment for the PRC, we treated the PRC as an NME country and

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<sup>58</sup> See Initiation Notice, 80 FR 30041.

<sup>59</sup> See Kehuaxing Certification of No Sales.

<sup>60</sup> See, e.g., Certain Steel Grating From the People's Republic of China: Preliminary Results of Antidumping Administrative Review and Preliminary Determination of No Shipments; 2014-2015, 81 FR 21843 (April 13, 2016).

<sup>61</sup> See Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties, 76 FR 65694, 65694-95 (October 24, 2011) (NME AD Assessment).

<sup>62</sup> For a full discussion of this practice, see NME AD Assessment.

<sup>63</sup> See, e.g., Multilayered Wood Flooring From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012, 78 FR 70267, 70268 (November 25, 2013), unchanged in Multilayered Wood Flooring From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 26712 (May 9, 2014).

<sup>64</sup> See, e.g., Brake Rotors from the People's Republic of China: Preliminary Results and Partial Rescission of the 2004-2005 Administrative Review and Preliminary Notice of Intent To Rescind the 2004-2005 New Shipper Review, 71 FR 26736 (May 8, 2006), unchanged in Brake Rotors from the People's Republic of China: Final Results and Partial Rescission of the 2005-2005 Administrative Review and Notice of Rescission of 2004-2005 New Shipper Review, 71 FR 66304 (November 14, 2006).

applied our current NME methodology in accordance with section 773(c) of the Act for purposes of these preliminary results.

### **C. Separate Rates Determination**

In NME proceedings, there is a rebuttable presumption that companies are subject to government control and, thus, should be assessed a single AD rate.<sup>65</sup> In the Initiation Notice, the Department notified parties of the application process by which exporters and producers may obtain separate rate status in NME proceedings.<sup>66</sup> It is the Department's policy to assign exporters of the subject merchandise from an NME country a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (de jure) and in fact (de facto), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting entity in an NME country under the test established in Sparklers,<sup>67</sup> as amplified by Silicon Carbide.<sup>68</sup> However, if the Department determines that a company is wholly foreign-owned, then consideration of the de jure and de facto criteria is not necessary to determine whether it is independent from government control.<sup>69</sup>

Under the separate rates test, 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) legislative enactments decentralizing control over export activities of the companies; and (3) other formal measures by the government decentralizing control over export activities of companies.<sup>70</sup>

Further, the Department typically considers four factors in evaluating whether a respondent is subject to de facto government control of its export functions: (1) whether the export prices (EP) 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 the disposition of profits or financing of losses.<sup>71</sup>

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<sup>65</sup> See Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China, 71 FR 53079, 53082 (September 8, 2006); see also Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof From the People's Republic of China, 71 FR 29303, 29307 (May 22, 2006).

<sup>66</sup> See Initiation Notice, 80 FR at 30046.

<sup>67</sup> See Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China, 56 FR 20588 (May 6, 1991) (Sparklers).

<sup>68</sup> See Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China, 59 FR 22585 (May 2, 1994) (Silicon Carbide).

<sup>69</sup> See, e.g., Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles From the People's Republic of China, 72 FR 52355, 52356 (September 13, 2007).

<sup>70</sup> See Sparklers, 56 FR at 20589.

<sup>71</sup> See Silicon Carbide, 59 FR at 22586-89; 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).

The Department continues to evaluate its practice with regard to the separate rates analysis in light of the diamond sawblades from the PRC AD proceeding, and the Department's determinations therein.<sup>72</sup> In particular, we note that in litigation involving the diamond sawblades proceeding, the U.S. Court of International Trade (CIT) found the Department's existing separate rates analysis deficient in the circumstances of that case, in which a government-controlled entity had significant ownership in the respondent exporter.<sup>73</sup> Accordingly, we considered the level of government ownership where necessary.

In this review, we preliminarily find no evidence of government ownership of the mandatory and the separate rate respondents, Dongyuan, Feidong, and Ningbo Afa, all of which are limited liability companies. In accordance with our practice, the Department analyzed whether these respondents have demonstrated the absence of de jure and de facto governmental control over their respective export activities.

### 1. Absence of De Jure Control

The evidence provided by Dongyuan, Feidong, and Ningbo Afa, supports a preliminary finding of an absence of de jure government control for each of these companies 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 Chinese companies.<sup>74</sup>

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<sup>72</sup> 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), affirmed in Advanced Technology & Materials Co., Ltd., et al. v. United States, 938 F. Supp. 2d 1342 (CIT 2013). This remand redetermination is on the Enforcement and Compliance website at <http://enforcement.trade.gov/remands/12-147.pdf>. See also Diamond Sawblades and Parts Thereof from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012, 78 FR 77098 (December 20, 2013), and accompanying Preliminary Decision Memorandum at 7, unchanged in Diamond Sawblades and Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 35723 (June 24, 2014), and accompanying Issues and Decision Memorandum at Comment 1.

<sup>73</sup> See, e.g., Advanced Technology & Materials Co., Ltd. v. United States, 885 F. Supp. 2d 1343, 1349 (CIT 2012) ("The court remains concerned that Commerce has failed to consider important aspects of the problem and offered explanations that run counter to the evidence before it."); *id.* at 1351 ("Further substantial evidence of record does not support the inference that SASAC's {state-owned assets supervision and administration commission} 'management' of its 'state-owned assets' is restricted to the kind of passive-investor de jure 'separation' that Commerce concludes.") (footnotes omitted); *id.* at 1355 ("The point here is that 'governmental control' in the context of the separate rate test appears to be a fuzzy concept, at least to this court, since a 'degree' of it can obviously be traced from the controlling shareholder, to the board, to the general manager, and so on along the chain to 'day-to-day decisions of export operations,' including terms, financing, and inputs into finished product for export."); *id.* at 1357 ("AT&M itself identifies its 'controlling shareholder' as CISRI {owned by SASAC} in its financial statements and the power to veto nomination does not equilibrate the power of control *over* nomination.") (footnotes omitted).

<sup>74</sup> See Dongyuan Section A Response at 2-6; Feidong SRA at 9-13; Feidong Supplemental SRA at 7-9; and Yuyao Afa SRA at 9-12.

## 2. Absence of De Facto Control

The evidence provided by Dongyuan,<sup>75</sup> Feidong,<sup>76</sup> and Ningbo Afa<sup>77</sup> supports a preliminary finding of an absence of de facto government control based on record statements and supporting documentation showing that the companies: (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 the disposition of profits or financing of losses.

Therefore, the evidence placed on the record of this administrative review by Dongyuan, Feidong, and Ningbo Afa 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 separate rates to Dongyuan, Feidong, and Ningbo Afa.<sup>78</sup>

## 3. Separate Rate for Non-Selected Companies

In accordance with section 777A(c)(2)(B) of the Act, the Department employed a limited examination methodology, as it was not practical to examine all companies for which an administrative review was initiated. We selected Dongyuan as a mandatory respondent in this review. As discussed above, Feidong and Ningbo Afa are exporters of subject merchandise that demonstrated their eligibility for a separate rate, but were not selected for individual examination in this review.

The statute and the Department's regulations do not directly address the establishment of a rate to be applied to individual companies not selected for individual examination where the Department limited its examination in an administrative review pursuant to section 777A(c)(2) of the Act. The Department's practice in cases involving limiting respondent selection based on exporters accounting for the largest volumes of trade has been to look at section 735(c)(5) of the Act for guidance, which provides instructions for calculating the all-others rate in investigations. Section 735(c)(5)(B) of the Act provides that "the estimated all-others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and de minimis margins, and any margins determined entirely under {section 776 of the Act}."

In this review, we calculated a weighted-average dumping margin for the mandatory respondent, Dongyuan, that is above de minimis and which is not based on total facts available. Because there is only one relevant weighted-average dumping margin for these preliminary results, we

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<sup>75</sup> See Dongyuan Section A Response at 7-10.

<sup>76</sup> See Feidong SRA at 12-19; and Feidong Supplemental SRA at 1-6.

<sup>77</sup> See Yuyao Afa SRA at 12-19.

<sup>78</sup> See "Separate Rate for Non-Selected Companies."

have assigned this margin to the separate rate companies in accordance with the Department's practice.<sup>79</sup>

#### **D. Companies Preliminarily Considered Part of the PRC-Wide Entity**

For the reasons detailed below, the Department preliminarily determines B&R Industries, Shunde Foodstuffs, Franke, Grand Hill, Heng's Industries, Hongmao, J&C Industries, MingHao, Newecan, Ningbo Oulin, Superte, and Zoje, to be properly considered part of the PRC-wide entity.

The Department's change in policy regarding conditional review of the PRC-wide entity applies to this administrative review.<sup>80</sup> 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 is not subject to change. Therefore, if our determination is unchanged in the final results, entries from the aforementioned companies will be liquidated at the rate previously established for the PRC-wide entity (i.e., 76.45 percent).<sup>81</sup>

In April, 2015, the Department received requests to conduct an administrative review from B&R Industries,<sup>82</sup> Newecan,<sup>83</sup> and Superte.<sup>84</sup> The Department also received a request for review of Shunde Foodstuffs, Franke, Grand Hill, Heng's Industries, Hongmao, J&C Industries, MingHao, Ningbo Oulin, and Zoje, from the petitioner.<sup>85</sup>

In the Initiation Notice, the Department notified parties, including B&R Industries, Shunde Foodstuffs, Franke, Grand Hill, Heng's Industries, Hongmao, J&C Industries, MingHao, Newecan, Ningbo Oulin, Superte, and Zoje, of the application process by which exporters and producers may apply for separate rate status in an NME review.<sup>86</sup>

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<sup>79</sup> See Stainless Steel Bar From India: Final Results of the Antidumping Duty Administrative Review, 77 FR 39467 (July 3, 2012) and accompanying Issues and Decision Memorandum at 12.

<sup>80</sup> 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 (November 4, 2013).

<sup>81</sup> The PRC-wide rate determined in the investigation was 76.53 percent. See Drawn Sinks Amended Final. This rate was adjusted for export subsidies and estimated domestic subsidy pass through to determine the cash deposit rate (76.45 percent) collected for companies in the PRC-wide entity. See explanation in Drawn Stainless Steel Sinks From the People's Republic of China: Investigation, Final Determination, 78 FR 13019 (February 26, 2013) (Drawn Sinks LTFV Final).

<sup>82</sup> See Letter from B&R Industries, "Drawn Stainless Steel Sinks from the People's Republic of China: Request for Antidumping Administrative Review" (April 28, 2015).

<sup>83</sup> See Letter from Newecan, "Drawn Stainless Steel Sinks from China; Administrative Review Request" (April 24, 2015).

<sup>84</sup> See Letter from Superte, "Drawn Stainless Steel Sinks from China; Administrative Review Request" (April 29, 2015).

<sup>85</sup> See Letter from the petitioner, "Drawn Stainless Steel Sinks From The People's Republic Of China: Request For Administrative Review" (April 30, 2015).

<sup>86</sup> See Initiation Notice, 80 FR at 30042.

## 1. B&R Industries, Newecan, and Superte

B&R Industries, Newecan, and Superte, were each selected for individual examination as mandatory respondents in this administrative review.<sup>87</sup> These companies, however, withdrew from participation in the review and did not respond to the Department's requests for information.<sup>88</sup> Accordingly, we preliminarily determine that B&R Industries, Newecan, and Superte are properly considered to be a part of the PRC-wide entity.

## 2. Shunde Foodstuffs, Franke, Grand Hill, Heng's Industries, Hongmao, J&C Industries, MingHao, Ningbo Oulin, and Zoje

In the Initiation Notice, the Department stated that “[i]f a producer or exporter named in this notice of initiation had no exports, sales, or entries during the {POI}, it must notify the Department within 30 days of publication of this notice in the Federal Register.”<sup>89</sup> The Department further stated that “[a]ll 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.”<sup>90</sup>

Shunde Foodstuffs, Franke, Grand Hill, Heng's Industries, Hongmao, J&C Industries, MingHao, Ningbo Oulin, and Zoje did not submit a separate rate application or certification by the deadline established in the Initiation Notice. Furthermore, none of these companies made a claim that it had no exports, sales, or entries of subject merchandise during the POR. Given the foregoing, we find that none of these companies established its eligibility for separate rate status. Therefore, we are preliminarily treating Shunde Foodstuffs, Franke, Grand Hill, Heng's Industries, Hongmao, J&C Industries, MingHao, Ningbo Oulin, and Zoje as part of the PRC-wide entity.

## E. Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production (FOPs), valued in a surrogate market economy (ME) country or countries considered to be appropriate by the Department. Specifically, in accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the prices or costs of the FOPs in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.<sup>91</sup> To determine which countries are at the same level of economic development, the Department generally relies solely on per capita gross national income data from the World Bank's World Development Report.<sup>92</sup> In addition, if more than one country satisfies the two criteria noted

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<sup>87</sup> See Respondent Selection Memorandum, Second Respondent Selection Memorandum, and Third Respondent Selection Memorandum.

<sup>88</sup> See Newecan Withdrawal Letter, Superte Withdrawal Letter, and B&R Industries Withdrawal Letter.

<sup>89</sup> See Initiation Notice, 80 FR at 30043.

<sup>90</sup> Id.

<sup>91</sup> See Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004), available at <http://enforcement.trade.gov/policy/> (Policy Bulletin).

<sup>92</sup> Id.

above, the Department narrows the field of potential surrogate countries to a single country (pursuant to 19 CFR 351.408(c)(2), the Department will normally value FOPs in a single surrogate country) based on data availability and quality.

As a general rule, the Department selects a surrogate country that is at the same level of economic development as the NME country 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 differences in levels of economic development.

On September 10, 2015, the Department identified Bulgaria, Ecuador, Mexico, Romania, South Africa, and Thailand as being at the same level of economic development as the PRC.<sup>93</sup> On October 1, 2015, the Department issued a letter to the interested parties soliciting comments on surrogate country selection.<sup>94</sup> On October 13, 2015, the petitioner submitted comments on the appropriate surrogate country.<sup>95</sup>

The petitioner contends that the Department should follow its determinations in prior segments of the proceeding (*i.e.*, the LTFV investigation and first administrative review) and continue to rely on Thailand as the surrogate country.<sup>96</sup>

As indicated above, when selecting among several potential surrogate countries, the Department's practice, in accordance with section 773(c)(1) of the Act, is to select a country that provides SV data which are product-specific, representative of a broad-market average, publicly available, contemporaneous with the POR, and free of taxes and duties.<sup>97</sup> There is no hierarchy among these criteria. It is the Department's practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.<sup>98</sup>

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<sup>93</sup> See Memorandum from Carole Showers, Director, Office of Policy, Enforcement and Compliance, to Irene Darzenta Tzafolias, Program Manager, Office II, AD/CVD Operations, "Request for a List of Surrogate Countries for the Administrative Review of the Antidumping Duty Order on Drawn Stainless Steel Sinks from the People's Republic of China ('China')" (September 10, 2015) (Surrogate Country Recommendation Memorandum).

<sup>94</sup> See Letter to All Interested Parties, "Administrative Review of Drawn Stainless Steel Sinks from the People's Republic of China: Request for Surrogate Country and Surrogate Value Comments and Information" (October 1, 2015).

<sup>95</sup> See Letter from the petitioner, "Drawn Stainless Steel Sinks From The People's Republic Of China: Comments On Surrogate Country" (October 13, 2015) (Petitioner's Surrogate Country Comments).

<sup>96</sup> See Petitioner's Surrogate Country Comments.

<sup>97</sup> See, e.g., First Administrative Review of Certain Polyester Staple Fiber From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 75 FR 1336 (January 11, 2010), and accompanying Issues and Decision Memorandum at Comment 1.

<sup>98</sup> See, 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 accompanying Issues and Decision Memorandum at 7.

## 1. Economic Comparability

As explained in the Surrogate Country Recommendation Memorandum, the Department considers Mexico, Romania, Bulgaria, South Africa, Ecuador and Thailand to be at the same level of economic development as the PRC.<sup>99</sup> Therefore, we consider all six countries as having satisfied this prong of the surrogate country selection criteria.<sup>100</sup>

## 2. Significant Producer of Comparable Merchandise

Section 773(c)(4)(B) of the Act requires the Department to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor the Department's regulations provide further guidance on what may be considered comparable merchandise. Given the absence of any definition in the statute or regulations, the Department looks to other sources such as the Policy Bulletin for guidance on defining comparable merchandise.<sup>101</sup>

The Policy Bulletin states that “{i}n all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise. In cases where the identical merchandise is not produced, the team must determine if other merchandise that is comparable is produced. How the team does this, depends on the subject merchandise.”<sup>102</sup>

The petitioner provides several exhibits in support of its contention that Thailand is a significant producer of comparable merchandise, including stainless steel sinks.<sup>103</sup> These exhibits include excerpts from the Thai Stainless Steel Development Association, Thai import statistics during the POR from the Global Trade Atlas (GTA) for HTSUS subheading 7219.33 and its 10-digit sub-classifications, as well as excerpts of websites from Thai stainless steel producer POSCO-Thainox and cold rolled stainless steel manufacturer and distributor Lohakit.<sup>104</sup>

## 3. Data Availability

If more than one country satisfies the statutory requirements for selection as a surrogate country, the Department selects a surrogate country from among the potential countries based on data availability and quality. When evaluating SV data, the Department considers several factors including whether the SVs are 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 inputs being valued.<sup>105</sup> In this review, there is no complete SV information on the record for any country on the surrogate country list except for Thailand.

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<sup>99</sup> See Surrogate Country Recommendation Memorandum.

<sup>100</sup> See Section 773(c)(4)(A) of the Act.

<sup>101</sup> See Policy Bulletin.

<sup>102</sup> Id.

<sup>103</sup> See Petitioner's Surrogate Country Comments at 4-8, and Exhibits 2-4.

<sup>104</sup> Id.

<sup>105</sup> See, e.g., 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), and accompanying Issues and Decision Memorandum at Comment 3.

Because Thailand is the only country listed on the Surrogate Country Recommendation Memorandum found to be both at the same level of economic development as the PRC and a significant producer of comparable merchandise for which we have reliable data to value all of the FOPs, we have selected Thailand as the surrogate country.

#### **F. Date of Sale**

In identifying the date of sale of the merchandise under consideration, the Department will normally, in accordance with 19 CFR 351.401(i), “use the date of invoice, as recorded in the exporter or producer’s records kept in the normal course of business.” The date of sale is generally the date on which the parties agree upon all material terms of sale. This normally includes the price, quantity, delivery terms, and payment terms.<sup>106</sup>

Dongyuan reported that the date of sale was determined by the date of issuance of the commercial invoice.<sup>107</sup> Because the Department found no evidence contrary to Dongyuan’s claims that the commercial invoice date was the appropriate date of sale, the Department used the commercial invoice date as the date of sale for these preliminary results, in accordance with 19 CFR 351.401(i).<sup>108</sup>

#### **G. Comparisons to Normal Value**

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether Dongyuan’s sales of the subject merchandise from the PRC to the United States were made at less than NV, the Department compared the EP to the NV as described in the “Export Price” and “Normal Value” sections of this memorandum.

##### **1. Determination of Comparison Method**

Pursuant to 19 CFR 351.414(c)(1), the Department calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs (or constructed export prices (CEPs)) (*i.e.*, the average-to-average (A-A) method), unless the Secretary determines that another method is appropriate in a particular situation. In LTFV investigations, the Department examines whether to compare weighted-average NVs with EPs (or CEPs) of individual sales (*i.e.*, 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, the Department nevertheless finds that the issue arising under 19 CFR

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<sup>106</sup> See, e.g., Carbon and Alloy Steel Wire Rod From Trinidad and Tobago: Final Results of Antidumping Duty Administrative Review, 72 FR 62824 (November 7, 2007), and accompanying Issues and Decision Memorandum at Comment 1; and Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products from Turkey, 65 FR 15123 (March 21, 2000), and accompanying Issues and Decision Memorandum at Comment 1.

<sup>107</sup> See Dongyuan Section A Response at 14-15.

<sup>108</sup> See, e.g., Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10.

351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in LTFV investigations.<sup>109</sup>

In recent investigations, the Department applied a “differential pricing” analysis for determining whether application of the A-T method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.<sup>110</sup> The Department finds that the differential pricing analysis used in 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 A-A method in calculating a respondent’s weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of EPs (or CEPs) for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchaser, region and time period to determine whether a pattern of prices that differ significantly exists. 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 analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer codes. Regions are defined using the reported destination code (i.e., 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 based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region, and time period, that the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* coefficient is a generally recognized statistical measure of the extent of the difference between the mean (i.e., weighted-average price) of a test group and the mean (i.e., weighted-average price) of a comparison group. First, for comparable merchandise, the Cohen’s *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser, region or time period 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 prices

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<sup>109</sup> See Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011, 77 FR 73415 (December 10, 2012) and the accompanying Issues and Decision Memorandum at Comment 1; see also Apex Frozen Foods Private Ltd. v. United States, 37 F. Supp. 3d 1286 (CIT 2014).

<sup>110</sup> See, e.g., Xanthan Gum From the People’s Republic of China: Final Determination of Sales at Less Than Fair, 78 FR 33351 (June 4, 2013); Steel Concrete Reinforcing Bar From Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, 79 FR 54967 (September 15, 2014); or Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value, 80 FR 61362 (October 13, 2015).

to the particular purchaser, region or time period differ significantly from the 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 (0.2, 0.5 and 0.8, respectively). Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large (i.e., 0.8) threshold.

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test account for 66 percent or more of the value of total sales, then the identified pattern of 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, the Department examines whether using only the A-A method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative comparison 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, then this demonstrates that the A-A method cannot account for differences such as those observed in this analysis and, therefore, an alternative comparison 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 margins 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 margins between the A-A method and the appropriate alternative method move 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.

## 2. Results of the Differential Pricing Analysis

For Dongyuan, based on the results of the differential pricing analysis, the Department preliminarily finds that 64.4 percent of the value of U.S. sales pass the Cohen's *d* test,<sup>111</sup> and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily determines that the A-A method cannot account for such differences because the weighted-average dumping margin crosses the de minimis threshold when calculated using the A-A method and when calculated using an alternative comparison method based on applying the A-T method to those U.S. sales which passed the Cohen's *d* test and the A-A method to those sales which did not pass the Cohen's *d* test. Thus, for these preliminary results, the Department is applying the A-T method to those U.S. sales which passed the Cohen's *d* test and the A-A method to those sales which did not pass the Cohen's *d* test to calculate the weighted-average dumping margin for Dongyuan.

## 3. 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, we used EP methodology for Dongyuan's sales because the subject merchandise was sold directly to the unaffiliated customer in the United States prior to importation, and because the use of CEP methodology was not otherwise warranted.<sup>112</sup>

We based Dongyuan's EP on packed prices to its first unaffiliated purchaser in the United States. We made deductions from the starting U.S. sales price for movement expenses, in accordance with section 772(c)(2)(A) of the Act. These expenses included foreign inland freight from the plant to the port of exportation and foreign brokerage and handling. As these expenses were incurred in the PRC or provided by an NME service provider, we valued these expenses using the SV methodology described in the "Factor Valuation Methodology" section of this memorandum, below. We also deducted value-added tax (VAT) from the starting price as explained below.

## 4. VAT

The Department's recent practice in NME cases is to adjust EP or CEP for the amount of any un-refunded (hereafter irrecoverable) VAT, in accordance with section 772(c)(2)(B) of the Act.<sup>113</sup> The Department explained that when an NME government imposes an export tax, duty,

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<sup>111</sup> See the MTF from Brian C. Smith, Senior International Trade Compliance Analyst AD/CVD Operations, Office II, "Drawn Stainless Steel Sinks from the People's Republic of China: Preliminary Results Margin Calculation for Guangdong Dongyuan Kitchenware Industrial Co., Ltd. (Dongyuan)" (May 5, 2016).

<sup>112</sup> See Dongyuan Section C&D Response at 15.

<sup>113</sup> See Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings, 77 FR 36481 (June 19, 2012) (Methodological Change).

or other charge on subject merchandise, or on inputs used to produce subject merchandise, from which the respondent was not exempted, the Department will reduce the respondent's EP or CEP prices accordingly by the amount of the tax, duty or charge paid, but not rebated.<sup>114</sup> Where the irrecoverable VAT is a fixed percentage of EP, the Department explained that the final step in arriving at a tax neutral dumping comparison is to reduce the EP downward by this same percentage.<sup>115</sup> The Department's methodology, as explained above and applied in this review, essentially amounts to performing two basic steps: (1) determining the irrecoverable VAT tax on subject merchandise, and (2) reducing U.S. price by the amount (or rate) determined in step one.

Information placed on the record of this review by Dongyuan indicates that, according to the Chinese VAT schedule, the standard VAT levy is 17 percent<sup>116</sup> and the rebate rate for subject merchandise is nine percent.<sup>117</sup> For the purposes of these preliminary results, therefore, we removed from U.S. price an amount equal to the difference between the rates (eight percent), which is the irrecoverable VAT as defined under Chinese tax law and regulation.<sup>118</sup> We note that this is consistent with the Department's policy and the intent of the statute, that dumping comparisons be tax-neutral.<sup>119</sup>

## 5. Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV 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 NV using home market prices, third country prices, or constructed value under section 773(a) of the Act. When determining NV in an NME context, the Department will base NV on FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under our normal methodologies. Under section 773(c)(3) of the Act, FOPs include, but are not limited to: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. Accordingly, in this review the Department used the FOPs reported by Dongyuan for materials, labor, energy, and packing.

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<sup>114</sup> Id.; see also Chlorinated Isocyanurates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 4875 (January 30, 2014), and accompanying Issues and Decision Memorandum at Comment 5.A.

<sup>115</sup> See Methodological Change, 77 FR 36481.

<sup>116</sup> See Section C Response at 40, and Exhibit C-4.

<sup>117</sup> See Section C Response at 41.

<sup>118</sup> Id.; see also Exhibit C-4.

<sup>119</sup> See Methodological Change (citing Antidumping Duties; Countervailing Duties, 62 FR 27296, 27369 (May 19, 1997), and Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. I 03-316, vol. I, 827, reprinted in 1994 U.S.C.C.A.N. 3773, 4172); see also Final Determination of Sales at Less Than Fair Value: Prestressed Concrete Steel Rail Tie Wire From the People's Republic of China, 79 FR 25572 (May 5, 2014), and accompanying Issues and Decision Memorandum at Comment 1.

## **H. Factor Valuation Methodology**

In accordance with section 773(c) of the Act, we calculated NV based on FOP data reported by Dongyuan for the POR.

The Department used Thai import data and other publicly-available Thai sources in order to calculate SVs for each of Dongyuan's FOPs. To calculate NV, the Department multiplied the reported per-unit FOPs quantities by publicly available SVs.<sup>120</sup> Further, the Department added a surrogate freight cost, where appropriate, to the SVs using the shorter of the reported distance from the domestic supplier to the respondent's factory or from the nearest seaport to the respondent's factory.<sup>121</sup> Additionally, where necessary, the Department adjusted SVs for inflation and exchange rates, and the Department converted all applicable FOPs data to a per-kilogram basis. The Department's practice when selecting the best available information for valuing FOPs is to select, to the extent practicable, SVs which are product-specific, representative of a broad-market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.<sup>122</sup>

A detailed description of all SVs used to calculate the weighted-average dumping margins for Dongyuan can be found in the Preliminary Surrogate Value Memorandum. An overview of the SVs used to calculate the weighted-average dumping margin for Dongyuan is presented below.

For the preliminary results, in accordance with the Department's practice, except where noted below, we used Thai import data, as published by GTA, and other publicly-available sources from Thailand to calculate SVs for the FOPs reported by Dongyuan. The GTA reports import statistics, such as from Thailand, in the original reporting currency, and thus, these data correspond to the original currency value reported by each country. The record shows that data in the Thai import statistics, as well as those from several other Thai sources, are contemporaneous with the POR, product-specific, and tax-exclusive.<sup>123</sup> In those instances where the Department was unable to obtain publicly-available information contemporaneous to the POR with which to value factors, we adjusted the SVs using, where appropriate, the Thai Producer Price Index (PPI) or Consumer Price Index (CPI) (i.e., in the case of labor), as published in the International Monetary Fund's International Financial Statistics (IFS).<sup>124</sup> When calculating Thai import-based SVs, we disregarded import data on inputs that we have reason to believe or suspect may be dumped or subsidized. It is the Department's practice,

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<sup>120</sup> See MTF from Brian Smith and Brandon Custard, Senior International Trade Compliance Analysts, "Factor Valuation Memorandum for the Preliminary Results in the Antidumping Duty Administrative Review of Drawn Stainless Steel Sinks from the People's Republic of China," dated concurrently with this memorandum (Preliminary Surrogate Value Memorandum) at Attachment 1.

<sup>121</sup> See Sigma Corp. v. United States, 117 F.3d 1401, 1408 (Fed. Cir. 1997).

<sup>122</sup> See, e.g., Electrolytic Manganese Dioxide From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 48195 (August 18, 2008), and accompanying Issues and Decision Memorandum at Comment 2.

<sup>123</sup> See Preliminary Surrogate Value Memorandum.

<sup>124</sup> 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).

guided by the legislative history, not to conduct a formal investigation to ensure that such prices are not dumped or subsidized.<sup>125</sup> Rather, the Department bases its decision on information that is available to it at the time it makes its determination.

In this case, the Department has reason to believe or suspect that prices of inputs from India, Indonesia, and the Republic of Korea may have been subsidized. The Department found in other proceedings that these countries maintain broadly-available, non-industry-specific export subsidies.<sup>126</sup> Therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized.<sup>127</sup> Therefore, the Department has not used data from these countries in calculating Thai import-based SVs.

Additionally, consistent with our practice, the Department disregarded data from NME countries when calculating Thai import-based SVs. The Department also excluded from the calculation of Thai import-based SVs imports labeled as originating from an “unspecified” country because it could not be certain that these imports were not from either an NME country or a country with generally available export subsidies.<sup>128</sup>

In our calculation of the SV for stainless steel, we also excluded the import data from countries for which Thailand imposed AD duties on stainless steel products (i.e., Japan and Taiwan).<sup>129</sup> To value this input, we relied on the quantity and value data from two HTS subheadings specific to the grade and surface finish of the stainless steel used by the respondent to produce the subject merchandise.

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<sup>125</sup> See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988); see also Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People’s Republic of China, 72 FR 30758, 30763 (June 4, 2007), unchanged in Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People’s Republic of China, 72 FR 60632 (October 25, 2007); see also Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (June 29, 2015).

<sup>126</sup> See, e.g., Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order, 75 FR 13257 (March 19, 2010), and accompanying Issues and Decision Memorandum at 4-5; Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia: Final Results of Expedited Sunset Review, 70 FR 45692 (August 8, 2005), and accompanying Issues and Decision Memorandum at 4; and Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review, 74 FR 2512 (January 15, 2009), and accompanying Issues and Decision Memorandum at 17, 19-20.

<sup>127</sup> See Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers From the People’s Republic of China, 69 FR 20594 (April 16, 2004), and accompanying Issues and Decision Memorandum at Comment 7.

<sup>128</sup> See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Chlorinated Isocyanurates From the People’s Republic of China, 69 FR 75294, 75300 (December 16, 2004), unchanged in Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates From the People’s Republic of China, 70 FR 24502 (May 10, 2005).

<sup>129</sup> See Drawn Sinks LTFV Final, and accompanying Issues and Decision Memorandum at Comment 2.

We valued electricity using the calculation methodology applied in Drawn Sinks LTFV Final, Sodium Hexametaphosphate, and Silicon Metal.<sup>130</sup> The electricity calculation is based on the June 2012 tariff rates applied by the Thailand Metropolitan Electricity Authority (MEA) for “large general service” companies.<sup>131</sup> We find that this methodology represents the “best available” information within the meaning of the statute because the MEA rates are from an approved surrogate country, are publicly available, specific to the input, contemporaneous, and exclusive of taxes. In order to inflate the June 2012 rates to the POR, we used Thailand PPI data obtained from IFS.

We valued water using an average of basic rates in effect for “Type 2” (Commerce, government agency, state, enterprise, industry) users, as published in the Thailand Metropolitan Waterworks Authority. These basic rates are for industrial users, are VAT-exclusive, and effective as of December 1999. Therefore, we inflated the average of the basic rates to the POR using Thailand PPI data obtained from IFS.

With respect to labor, we valued labor using 2011 data from the Thai National Statistics Office (NSO), an authorized government agency, and calculated an hourly rate based on the number of working days per week and working hours per day for the segment of the fabricated metal products industry that excludes certain non-sink products (i.e., 25999) found in Table 5 of the Thai NSO’s 2012 Business Trade and Industrial Census.<sup>132</sup> In order to inflate the 2011 rates to the POR, we used Thailand CPI data obtained from IFS.

We valued brokerage and handling expenses using price data from the World Bank publication, Doing Business 2016: Thailand (Doing Business 2016). Unlike prior years, the 2016 issue of this publication based the rate on the exportation of a standardized cargo of automobile parts from Thailand using a container weighing 15,000 kilograms. We did not inflate this rate because it is contemporaneous with the POR.<sup>133</sup>

We valued truck freight expenses using price data from the World Bank’s Doing Business 2016 and used a calculation methodology based on a container weighing 15,000 kilograms and a distance from Bangkok to Laem Chabang port of 129 kilometers (both of which were noted in the Doing Business 2016 study). We did not inflate this price because it is contemporaneous with the POR.<sup>134</sup>

To value factory overhead, selling, general, and administrative expenses, and profit, we used rates based on data taken from the fiscal year 2014 financial statements of three Thai companies:

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<sup>130</sup> See, e.g., Drawn Stainless Steel Sinks From the People’s Republic of China: Antidumping Duty Investigation, 77 FR 60673 (October 4, 2012), unchanged in Drawn Sinks LTFV Final; see also Sodium Hexametaphosphate from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review, 77 FR 59375 (September 27, 2012), and accompanying Issues and Decision Memorandum at Comment II; and Silicon Metal from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review, 77 FR 54563 (September 5, 2012).

<sup>131</sup> See Preliminary Surrogate Value Memorandum at Attachment 3a-3b.

<sup>132</sup> Id. at Attachment 2a.

<sup>133</sup> Id. at Attachment 5.

<sup>134</sup> Id. at Attachment 4.

Advance Stainless Steel Co., Ltd., Diamond Brand Co., Ltd. (Diamond Brand), and Stainless Steel Home Equipment Manufacturing Co., Ltd.<sup>135</sup> All three financial statements are from producers of comparable merchandise, cover the same period and a substantial portion of the POR, are complete, and do not indicate the existence of countervailable subsidies.

As stated above, the Department used 2011 Thai data, reported to the NSO, which reflect all costs related to labor, including wages, benefits, housing, and training. Because the financial statements used to calculate the surrogate financial ratios do not include an itemized detail of indirect labor costs, the Department made no adjustments to the surrogate financial ratios for these types of expenses. In addition, we treated the SG&A labor costs (e.g., welfare, benefits, bonus, etc.) as SG&A labor expenses, rather than direct production labor expenses, for purposes of deriving the surrogate financial ratios. These expense items are designated as selling and administrative expenses, rather than production expenses, in the surrogate producers' financial reports.

Dongyuan reported that it recovered and sold stainless steel scrap (i.e., a by-product) from the production of subject merchandise during the POR. Therefore, in calculating NV, we also granted a by-product offset to Dongyuan based on the reported kilogram-per-sink by-product amount generated and sold during the POR.

#### **I. Adjustment Under Section 777A(f) of the Act**

In applying section 777A(f) of the Act in this administrative review, the Department examined (1) whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise, (2) whether such countervailable subsidy has been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period, and (3) whether the Department can reasonably estimate the extent to which that countervailable subsidy, in combination with the use of NV determined pursuant to section 773(c) of the Act, has increased the weighted-average dumping margin for the class or kind of merchandise.<sup>136</sup> For a subsidy meeting these criteria, the statute requires the Department to reduce the AD duty by the estimated amount of the increase in the weighted-average dumping margin subject to a specified cap.<sup>137</sup>

As a result of our analysis, the Department is preliminarily making an adjustment to the calculation of the AD duties for Dongyuan in this review, pursuant to section 777A(f) of the Act, in the manner described below. In making this adjustment, the Department has not concluded that concurrent application of NME AD and CVD duties necessarily and automatically results in overlapping remedies. Rather, a finding that there is an overlap in remedies, and any resulting adjustment, is based on a case-by-case analysis of the totality of facts on the administrative record for that segment of the proceeding as required by the statute.

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<sup>135</sup> Id. at Attachment 2.

<sup>136</sup> See Section 777A(f)(1)(A)-(C) of the Act.

<sup>137</sup> See Section 777A(f)(1)-(2) of the Act.

Dongyuan asserted that the most important factors it considered in setting or changing the EP of subject merchandise sold to its customers are changes in the cost of main materials (such as stainless steel), the exchange rate, and market competition.<sup>138</sup> In the most recently completed CVD proceeding, the Department investigated two domestic subsidy programs, the Provision of Stainless Steel Coils for Less than Adequate Remuneration (LTAR) (stainless steel subsidy program) and the Provision of Electricity for LTAR (electricity subsidy program), and found that Dongyuan received benefits from both domestic subsidy programs.<sup>139</sup> Dongyuan claims that it does not currently benefit from either program.<sup>140</sup>

Dongyuan indicated in its questionnaire response that there is cost-to-price linkage for the stainless steel subsidy program that impacts the cost of manufacturing, but did not indicate that there is a cost-to-price linkage for the electricity subsidy program. Therefore, our analysis with respect to this issue focused only on whether a cost-to-price linkage exists with respect to the stainless steel subsidy program. We relied on U.S. import statistics to preliminarily find that there is a cost-to-price relationship for stainless steel.<sup>141</sup>

In the most recently completed CVD administrative review of drawn sinks from the PRC, the Department determined a rate for the stainless steel subsidy program for Dongyuan.<sup>142</sup> In that review, the Department determined a rate for the stainless steel subsidy program for Dongyuan applicable to each year covered by that review. For purposes of the preliminary results of this review, we selected the 2013 rate for the stainless steel subsidy program and made an adjustment for the stainless steel subsidy to Dongyuan's margin calculations, based on the Department's practice.<sup>143</sup>

Dongyuan did not propose, or provide information to calculate, a company-specific estimate of the extent of subsidy pass-through to prices. Therefore, because the record indicates that several factors other than the cost of stainless steel impact Dongyuan's prices to customers, the

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<sup>138</sup> See Dongyuan Double Remedy Questionnaire Response (December 4, 2015) (Dongyuan Double Remedy QR) at page 2.

<sup>139</sup> See Drawn Stainless Steel Sinks From the People's Republic of China: Final Results of Countervailing Duty Administrative Review and Rescission in Part; 2012-2013, 80 FR 69638 (November 10, 2015), and accompanying Issues and Decision Memorandum at 3-10. Although the Department initiated a review of the CVD order covering the period 2014, the Department rescinded this review in its entirety. See Drawn Stainless Steel Sinks From the People's Republic of China: Rescission of Countervailing Duty Administrative Review; 2014, 80 FR 48809 (August 14, 2015).

<sup>140</sup> See Dongyuan Double Remedy QR at page 6.

<sup>141</sup> See MTF from the PRC Sinks Team, "Drawn Stainless Steel Sinks from the People's Republic of China: Double Remedies Calculation Memorandum," dated concurrently with this memorandum (Double Remedies Calculation Memorandum) at Attachment 1.

<sup>142</sup> See Drawn Stainless Steel Sinks From the People's Republic of China: Final Results of Countervailing Duty Administrative Review and Rescission in Part; 2012-2013, 80 FR 69638 (November 10, 2015), and accompanying Issues and Decision Memorandum at "C. Dongyuan – Provision of Stainless Steel Coil for LTAR."

<sup>143</sup> See, e.g., Aluminum Extrusions From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Rescission, in Part; 2012/2013, 79 FR 36003 (June 25, 2014), unchanged in Aluminum Extrusions From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012-2013, 79 FR 78784 (December 31, 2014).

Department is applying, instead, a documented ratio of cost-price changes for the Chinese manufacturing sector as a whole as the estimate of the extent of subsidy pass-through.<sup>144</sup>

**J. Currency Conversion**

Where necessary, 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 dates of the U.S. sales, as certified by the Federal Reserve Bank.

**V. CONCLUSION**

We recommend applying the above methodology for these preliminary results.

✓  
Agree                      Disagree

Paul Piquado  
Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

5 MAY 2016  
(Date)

<sup>144</sup> See Double Remedies Calculation Memorandum at Attachment 2.