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

FROM: Gary Taverman   
Senior Advisor  
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the 2010-2011  
Administrative Review of Folding Metal Tables and Chairs from  
the People's Republic of China

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## SUMMARY

We have analyzed the case and rebuttal briefs of interested parties in the administrative review of the antidumping duty order on folding metal tables and chairs from the People's Republic of China ("PRC"). The period of review ("POR") covers June 1, 2010, through May 31, 2011. As a result of our analysis, we have made changes to the margin calculations in the *Preliminary Results*.<sup>1</sup> We received comments and rebuttal comments by parties. We recommend that you approve the positions described in the "Discussion of the Issues" section of this memorandum.

## BACKGROUND

On March 7, 2012, the Department of Commerce ("Department") published in the Federal Register the *Preliminary Results* in the 2010-2011 administrative review of the antidumping duty order on folding metal tables and chairs from the PRC. On April 17, 2012, the Department received case briefs from Feili Group (Fujian) Co., Ltd. and Feili Furniture Development Limited Quanzhou City ("Feili"), a mandatory respondent, Cosco Home and Office Products ("Cosco") and Target Corporation ("Target"), importer interested parties. On April 23, 2012, the Department received a rebuttal brief from Feili.

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<sup>1</sup> See *Folding Metal Tables and Chairs from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 77 FR 13539 (March 7, 2012) ("*Preliminary Results*")



## DISCUSSION OF THE ISSUES

### Comment 1: Rescission of the Administrative Review

- Cosco and Feili argue that the Department should rescind the foregoing administrative review because all parties that had originally requested the review have subsequently withdrawn their requests.<sup>2</sup> Although Feili and Cosco recognize their requests are untimely, they maintain that the Department has in the past rescinded reviews based on untimely requests.
- Cosco and Feili assert that because Mecor Corporation (“Petitioner”), originally requested the review on June 28, 2011 and then unexpectedly withdrew its review request on April 10, 2012, their April 13 withdrawals and requests for rescission should be considered timely because they immediately followed Mecor’s. Cosco maintains that Target, the only remaining party in the review, filed a letter supporting the rescission of the current review.<sup>3</sup>

**Department Position:** We have not rescinded the current administrative review. Feili and Cosco correctly noted that the Department will rescind an administrative review, in whole or in part, if a party that requested a review withdraws the request within 90-days of the date of publication of the notice of initiation of the requested review.<sup>4</sup> The 90-day timely withdrawal period ended on October 26, 2011. The parties filed their requests more than 250 days after the initiation of the review.<sup>5</sup> Withdrawals filed this late clearly cannot be considered timely.

Notwithstanding the 90-day deadline in the regulations, the Department has allowed for an extension of the time limit only when the Department has not devoted significant resources and time to conduct the review.<sup>6</sup> Unlike *Pipes and Tubes from Taiwan* and other cases cited by Cosco, the Department has expended significant resources in analyzing Feili’s responses, issuing supplemental questionnaires, considering and calculating SVs and financial ratios, performing margin calculations, drafting *Federal Register* notices, issuing the *Preliminary Results*, and drafting customs instructions.

Cosco cites to multiple cases where the Department has rescinded reviews after parties have withdrawn their review requests after the 90-day time limit. With respect to these cases, all but one were rescinded before reaching the preliminary results, *i.e.*, before the Department had expended significant resources. In most cases cited by Cosco, the Department stated that it “did not devote significant time or resources.”<sup>7</sup> Feili and Cosco cite to a single case where the

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<sup>2</sup> See Mecor Corporation’s April 10, 2012, Letter of Withdrawal, Feili’s and Cosco’s April 13, 2012, Letters of Withdrawal and Requests for Rescission.

<sup>3</sup> See Target’s April 16, 2012, Comments on Requests for Withdrawal.

<sup>4</sup> See 19 CFR 351.213(d)(1).

<sup>5</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews, Requests for Revocations in Part and Deferral of Administrative Reviews*, 76 FR 45227 (July 28, 2010) (“Initiation Notice”).

<sup>6</sup> See *e.g.*, *Certain Circular Welded Carbon Steel Pipes and Tubes From Taiwan: Notice of Rescission of Antidumping Duty Administrative Review*, 76 FR 77480 (December 13, 2011) (“*Pipes and Tubes from Taiwan*”).

<sup>7</sup> See *e.g.*, *Pipe and Tube from Taiwan; Welded Large Diameter Line Pipe From Japan: Notice of Rescission of Antidumping Duty Administrative Review*, 75 FR 38989, 38990 (July 7, 2010); *Circular Welded Non-Alloy Steel Pipe From Taiwan: Notice of Rescission of Antidumping Duty Administrative Review*, 76 FR 39140 (June 2, 2011);

Department rescinded the review some years after the issuance of the preliminary results.<sup>8</sup> Although this case represents a single instance where, arguably, significant resources had been expended, the Department also stated that “many critical steps . . . remained to be completed.”<sup>9</sup> What is distinguishable about the case cited is that it predates the statutory deadlines for completing reviews pursuant to the provisions of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act (“URAA”) effective January 1, 1995 (“the Act”),<sup>10</sup> and, because the case had been dormant for some time prior to its rescission, it confirms that it is an exception rather than a rule. As such, in the past 14 years, the Department has only rescinded a review after the 90-day deadline when it determined that it has not expended significant resources.

We agree that Petitioner, Cosco, and Feili were the only parties that originally requested the review, and that they have since withdrawn their requests; thus, no party on the record of this review is interested in continuing the review. However, the parties’ lack of interest at such a late stage in the proceeding does not outweigh the time and resources the Department had already expended at the time of the parties’ review request withdrawals. Feili and Cosco argue that if Petitioner had not initially filed a request for review or had timely withdrawn, Feili and Cosco also would have withdrawn their requests in a timely manner. If Feili and Cosco were not interested in the review, they should not have requested it. Alternatively, they could have withdrawn their requests within the 90-day time limit. Therefore, given the late stage of this review and the significant resources being devoted to this segment of the proceeding, we have determined not to rescind this review.

## **Comment 2: Selection of the Primary Surrogate Country**

- Cosco and Target argue that India, even though not on the Department’s list of primary surrogate countries, is an acceptable surrogate country for this proceeding. According to Cosco and Target, the Department’s list of primary surrogate countries is “non-exhaustive.”
- Target asserts that the Department has used India as the primary surrogate country in all previous segments of this proceeding and that the Department has the discretion to use India as the statute does not define economic comparability. According to Target, by changing the surrogate country for the first time in this review, the Department denied Feili sufficient notice of the change so that it would have had the opportunity to make any

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*Persulfates from the People's Republic of China: Notice of Rescission of Antidumping Duty Administrative Review*, 71 FR 13810 (March 17, 2006); and *Antifriction Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Preliminary Results Of Antidumping Duty Administrative Reviews, Partial Rescission Of Administrative Reviews, Notice Of Intent To Rescind Administrative Reviews, And Notice Of Intent To Revoke Order In Part*, 69 FR 5950-51 (February 9, 2004)..

<sup>8</sup> See *Brass Sheet and Strip From Canada; Termination of Antidumping Duty Administrative Review*, 63 FR 23269 (April 28, 1998) (“*Brass Sheet from Canada*”).

<sup>9</sup> See *Brass Sheet from Canada*, 63 FR at 23270.

<sup>10</sup> Administrative reviews were subject to the Act as amended by the URAA if they were initiated on the basis of requests made after January 1, 1995 (the effective date of the URAA). See *Antidumping Duties; Countervailing Duties; Article 1904 of the North American Free Trade Agreement*, 60 FR 80, 81 (January 3, 1995).

necessary adjustments to continue to eliminate dumping as it has in the past. Feili agrees with Target's position that India is the best surrogate country in the review.

**Department Position:** For the final results, we have continued to use Thailand as the primary surrogate country for the purpose of valuing Feili's non-market economy ("NME") inputs.

At the outset of each administrative proceeding involving a NME, Import Administration's Office of Policy creates a list of possible surrogate countries. The list is comprised of countries that are proximate to the PRC in terms of *per capita* gross national income ("GNI"), and the Department considers all countries on the list to be equal in terms of economic comparability for purposes of evaluating their suitability for use as a surrogate country. This list included Colombia, Indonesia, the Philippines, South Africa, Thailand, and Ukraine.<sup>11</sup> The list did not include India because India's *per capita* GNI did not fall within the range of countries proximate to the PRC.

As, we noted in *Steel Wheels*<sup>12</sup>:

{U}nless we find that all of the countries determined to be equally economically comparable are not significant producers of comparable merchandise, do not provide a reliable source of publicly available surrogate data or are unsuitable for use for other reasons, we will rely on data from one of these countries.

Because the Department finds that one of these countries from the Surrogate Country List meets the selection criteria, as explained below, the Department is not considering India as the primary surrogate country.

Thus, as we stated in the *Preliminary Results*:

Because Thailand satisfies the Department's criteria for the selection of a primary surrogate country, resort to an alternative surrogate country which is not as economically comparable to the PRC as the countries on the Surrogate Country List, as suggested by Feili, is not necessary. Furthermore, it satisfies the best data availability criterion as the record contains usable financial statements from Thailand<sup>13</sup> and sources for valuation of all factors of production. As we do not have financial statements and energy inputs on the record of this review from any other country on the list of economically comparable surrogate countries, we find that Thailand is the only country that satisfies the best data availability criterion for the surrogate country.

Target argues that India should be given consideration because the difference between the GNI of the PRC and the GNI of India and the GNI of the PRC and the GNI of South Africa, which is

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<sup>11</sup> See Attachment 1 of Letter to All Interested Parties, Requesting Comments on Surrogate Country, dated October 25, 2011 ("Surrogate Country List").

<sup>12</sup> See *Certain Steel Wheels From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Partial Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 76 FR 677703 (November 2, 2011) ("*Steel Wheels*").

<sup>13</sup> See financial statements of Siam Steel International PCL ("Siam Steel"), for the fiscal year ending June 30, 2011.

on the list, is minor. We do not find this argument persuasive because, as Target notes, South Africa is on the list, together with five other countries, all of which meet the Department's criteria as primary surrogate country. Therefore, we do not find it necessary to rely upon data from a country that is not on the list. Furthermore, with respect to Target's argument that by changing the surrogate country in this review, the Department did not provide Feili sufficient notice of the change in order to eliminate dumping, the Department relied upon its long-standing methodology, used in every segment of this proceeding, for surrogate country selection. Based upon this methodology, it is unknown what primary surrogate country the Department will select for a certain POR until the final results of administrative review related to that period is issued. This is because, prior to each administrative review of an order from an NME country, the Department solicits a new list of potential surrogate countries, based upon economic comparability for purposes of that administrative review. Thus, it would not have been appropriate for Feili to rely upon the surrogate country chosen in a prior review. Indeed, we note that selection of surrogate country has been a contested issue in the last two reviews. Therefore, it is not reasonable for Target to argue that Feili did not have sufficient notice of a possible change in the primary surrogate country. As a matter of fact, Feili itself proposed using data from the Philippines for the final results.<sup>14</sup>

Considering all information on the record of this review, we find that Thailand continues to be the best primary surrogate country and we have continued using Thai data to calculate Feili's NME inputs for the final results.

### **Comment 3: Surrogate Financial Statements**

#### **A. Use of Silpfah's Financial Statements**

- Cosco argues that the Department decided incorrectly to not use the financial statements of Silpfah Thai Industrial Limited Partnership ("Silpfah") for the calendar year 2009 in the *Preliminary Results*, because they were not contemporaneous with POR. According to Cosco, the gap between the fiscal year and the POR is five months, and these statements should be used for the final results as Silpfah is a producer of comparable merchandise.
- Cosco asserts that the record also contains financial statements from Silpfah for calendar year 2010,<sup>15</sup> which has a seven-month overlap with the POR. Therefore, the Department should use both of these statements for the final results.

**Department Position:** In the *Preliminary Results*, we did not use Silpfah's financial statements for calendar year 2009 because we determined that they were not contemporaneous with the POR and the record of this review contained financial statements from a Thai producer of comparable merchandise with contemporaneous financial statements, *i.e.*, Siam Steel. However, since the *Preliminary Results*, Cosco placed on the record contemporaneous financial statements of Silpfah for calendar year 2010.<sup>16</sup> When there are multiple, usable financial statements on the record, the Department's practice is to average these statements when calculating financial

<sup>14</sup> See Feili's April 10, 2012, Surrogate Value Submission.

<sup>15</sup> See Cosco's April 10, 2012, Surrogate Value Submission, at Exhibit 1.

<sup>16</sup> See *id.*

ratios.<sup>17</sup> Thus, for these final results, we have determined to average Silpfah's 2010 statements with the other contemporaneous and otherwise usable financial statements on the record.<sup>18</sup>

#### **B. Use of Interfurn's Financial Statements**

- Cosco states that the Department should also use the financial statements of Thai producer, Index Interfurn Co., Ltd. ("Interfurn"), for calendar year 2010 in the final results of this review.<sup>19</sup> According to Cosco, Interfurn's financial statements are contemporaneous with the POR and Interfurn is a producer of comparable merchandise.

**Department Position:** Since the *Preliminary Results*, Cosco placed on the record contemporaneous financial statements of Interfurn for calendar year 2010.<sup>20</sup> Consistent with the practice described above, we have determined to average these statements, together with Silpfah's and Siam Steel's for calculating Feili's surrogate financial ratios.<sup>21</sup>

#### **C. Treatment of Siam Steel's Expenses**

- Cosco argues that the Department erroneously classified Siam Steel's "subcontractor" expenses as manufacturing expense when it used Siam Steel's financial statements for calculating the surrogate financial ratios in the *Preliminary Results*. Cosco maintains that the Department should reclassify Siam Steel's "subcontractor" expenses as labor because subcontractor expense is analogous to "job work," which the Department treats as labor.<sup>22</sup>
- Cosco argues that the Department should reclassify a portion of Siam Steel's "other" expenses as energy, traded goods, and exclusions.<sup>23</sup> Cosco maintains that if the Department does not correct Siam Steel's "other" expenses based on the details listed in the "other" expenses, the Department should not use Siam Steel's financial statements for the final results.

**Department Position:** In the *Preliminary Results*, the Department classified Siam Steel's "subcontractor" expenses as manufacturing expense.<sup>24</sup> We disagree with Cosco that "subcontractor" expenses represent labor incurred by the subcontractor. First, Cosco relies on *Frontseating Valves* to support its argument that Siam Steel's "subcontractor" expenses should

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<sup>17</sup> See e.g., *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Preliminary Results of the 2009 – 2010 Antidumping Duty Administrative Review and Intent to Rescind, in Part*, 76 FR 62356, 62362 (October 11, 2011) (unchanged in the final results).

<sup>18</sup> See Analysis for the Final Results of the 2010-2011 Administrative Review of Folding Metal Tables and Chairs from the People's Republic of China: Feili Group (Fujian) Co., Ltd. and Feili Furniture Development Limited Quanzhou City ("Feili") ("Final Analysis Memo").

<sup>19</sup> See Cosco's April 10, 2012, Surrogate Value Submission, at Exhibit 2.

<sup>20</sup> See *id.*

<sup>21</sup> See Final Analysis Memo.

<sup>22</sup> See e.g., *Frontseating Service Valves From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances*, 74 FR 10886 (March 13, 2009), and accompanying Issues and Decision Memorandum at Comment 1a.

<sup>23</sup> See Preliminary Results of the 2010-2011 Administrative Review of Folding Metal Tables and Chairs from the People's Republic of China: Surrogate Value Memorandum, dated March 1, 2012 ("Prelim SV Memo"), at Attachment X.

<sup>24</sup> See *id.*

be treated as direct labor.<sup>25</sup> The Department treated the surrogate financial producer's "job work" expenses as labor in *Frontseating Valves*; however, we do not find that "job work" expenses equate to "subcontractor" expenses in order to apply the same classification. Siam Steel's financial statements provide clear and separate line items for labor and energy consumption. At the same time, they do not provide any detailed information with respect to the "subcontractor" expense. "Subcontractor" expenses are third party expenses and it has been the Department's practice to treat outside services as manufacturing overhead if energy and labor costs are identified separately in financial statements.<sup>26</sup> This is because, in deriving appropriate SVs for overhead, selling, general, and administrative ("SG&A") expenses, and profit, the Department typically examines the financial statements on the record of the proceeding and distinguishes expenses as they relate to each category, and excludes certain expenses (e.g., certain movement expenses and excise duty) consistent with the Department's practice of accounting for these expenses elsewhere. Consequently, because Siam Steel's financial statements already account for direct labor and energy as separate line items, we have determined that Cosco's proposed treatment of third party services as labor would result in double counting in this proceeding.<sup>27</sup> Thus, we have continued to treat "subcontractor" expenses as a manufacturing overhead cost for purposes of these final results.

In the *Preliminary Results*, we classified Siam Steel's "other" expenses as SG&A expense. After the *Preliminary Results*, Cosco submitted a detailed list of line items that compose Siam Steel's "other" expense.<sup>28</sup> However, Cosco obtained from Siam Steel's company official via email the details of "other" expenses in Note 23 of Siam Steel's financial statement.<sup>[2]</sup> It is the Department's policy to value surrogate data from publicly available sources in accordance with 19 CFR 351.408(c). Because Cosco did not obtain the details of "other" expenses in Note 23 of Siam Steel's financial statement from a publicly available source, we have continued to treat "other" expenses as SG&A expense. Because we find that publicly available data are more transparent and representative. Finally, we disagree with Cosco that if we do not agree with its proposed changes to the surrogate financial ratios derived from Siam Steel's financial statement, we need to exclude Siam Steel's financial statements from the calculation of the average surrogate financial ratios because Cosco's claims, treating "other" expenses as SG&A will result in "unadjusted aberrational ratios compared to other Thai producers." We disagree. As we explained, we do not find Cosco's argument that not adjusting Siam's other expenses would result in aberrational ratios is acceptable. Accordingly, Cosco has not demonstrated that Siam Steel's financial statements are unusable for calculation of average surrogate financial ratios as a

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<sup>25</sup> See *Frontseating Service Valves From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances*, 74 FR 10886 (March 13, 2009), and accompanying Issues and Decision Memorandum at Comment 1.a ("Frontseating Valves").

<sup>26</sup> See *Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 40485 (July 15, 2008) and accompanying Issues and Decision Memorandum at Comment 18.F.

<sup>27</sup> See *Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Review*, 73 FR 49162 (August 20, 2008) and accompanying Issues and Decision Memorandum at Comment 11; *Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Reviews*, 74 FR 41374 (August 17, 2009), and accompanying Issues and Decision Memorandum at Comment 16.

<sup>28</sup> See Exhibit 3 of Cosco's April 10, 2012, SV Submission.

<sup>[2]</sup> See *id.*

whole as SG&A is consistent with the Department's practice to not use surrogate value data that are not from publicly available sources. Therefore, "other" expense as an intact line item is the best available information for Siam Steel's SG&A category.

#### **Comment 4: Valuation of Feili Market-Economy Inputs**

##### **A. Rivets**

- Feili, Cosco, and Target argue that the Department should revise its calculation of Feili's rivets by only applying Feili's market-economy purchase ("MEP") price. According to Feili, Cosco, and Target, Feili corrected the ratio derived from MEP and NME prices and the new MEP value meets the 33- percent threshold for valuing inputs at MEP prices.<sup>29</sup>
- Alternatively, Feili argues, the Department should use Indian or Philippine SV to value Feili's rivets, as Thai SVs are aberrationally high. Cosco argues that the Department should use Thai SVs for wire rod to value rivets because rivets are manufactured from wire rods.<sup>30</sup>

**Department Position:** In the *Preliminary Results*, we used a combination of MEP prices and SVs to value Feili's rivets because Feili's MEPs did not meet the 33-percent threshold, but such purchases were still in meaningful quantities.<sup>31</sup> However, for these final results, we have accepted Feili's MEP prices for rivets because a correction of a calculation error demonstrated that Feili's MEPs are greater than 33 percent.<sup>32</sup> As a result, Feili's MEPs satisfy the 33-percent threshold for reliance upon MEP price.<sup>33</sup> Because we have not applied any SVs to Feili's rivets, the discussion of a Thai SV for rivets is moot.

##### **B. Washers**

- Feili argues that the Department should use a new value obtained as a result of revising the MEP price percentage to its washers. Cosco, and Target argue that the Department should revise its calculation of Feili's washers by only applying Feili's MEP price because Feili's corrected ratio of MEP and NME prices and the new MEP value meets the 33-percent threshold for valuing inputs at MEP price or are still in meaningful quantities.<sup>34</sup>
- Alternatively, Feili argues, the Department should use Indian or Philippine SVs to value

<sup>29</sup> See Attachment 3 of Feili's March 30, 2012, reconciliation package.

<sup>30</sup> See Exhibit 4 of Cosco's April 10, 2012, SV Submission.

<sup>31</sup> See *Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments*, 71 FR 61716, 61718 (October 19, 2006) ("*Antidumping Methodologies: Market Economy Inputs*").

<sup>32</sup> See Final Analysis Memo.

<sup>33</sup> See *Antidumping Methodologies: Market Economy Inputs*, 71 FR at 61718.

<sup>34</sup> See Attachment 3 of Feili's March 30, 2012, reconciliation package.



Feili's washers, as Thai SVs are aberrationally high. Cosco argues that the Department should use Thai SVs for a basic steel input as washers are manufactured from wire rods.<sup>35</sup>

**Department Position:** In the *Preliminary Results*, we used a combination of MEP prices and SVs to value Feili's washers because Feili's MEPs did not meet the 33-percent threshold, but such purchases were still in meaningful quantities.<sup>36</sup> For the final results, we have accepted Feili's revisions to its MEP prices for washers and have revised the MEP price and NME purchase price percentages accordingly.<sup>37</sup> However, after accepting Feili's revision of its MEP percentage, we still find that the MEP portion of Feili's purchases of washers does not meet the 33-percent threshold in order to apply a 100-percent MEP price. As a result, we valued Feili's rivets with a weighted-average comprised of MEP prices and SV but with updated percentages.<sup>38</sup>

Cosco and Feili claim that the Thai SV for washers is aberrational because the import values that made up the average price for washers reflect very high prices, thus making the average price of Thai washers \$18. However, this price is based on an average of 61 countries used by the Department; therefore, even if some countries reflect high prices, they represent only a small portion of the large pool of imports that comprise the average unit price. For example, Thai imports indicate only 1 kilogram ("kg") from Swaziland; thus, even if that country's price for washers were high, it has no impact on the average unit price.<sup>39</sup> Conversely, Cosco's suggested SVs for bars and rods are not specific to washers.

Moreover, Cosco's suggested harmonized tariff schedule ("HTS") category is for "Bars and Rods, Hot-Rolled, In Irregularly Wound Coils, Of Iron Or Nonalloy Steel, Of Circular Cross-Section."<sup>40</sup> As Cosco argues, this is the description of the raw material used in manufacturing washers. However, it is not the finished washer itself. In the *Preliminary Results*, we selected the HTS category for "Washers, Other Than Loc Washers, Of Iron Or Steel."<sup>41</sup> It is the Department's preference to use the most specific SVs for the input used by the respondent, and the HTS category for washers is the most specific SV for washers, the input used by Feili.<sup>42</sup>

Therefore, we have determined that the Thai HTS category for washers is not aberrational and is the best available information for valuing the NME portion of Feili's washers and, as a result, have not changed the SV for the final results. We have, however, changed the percentage of the MEP price and SV ratio to reflect Feili's correction of its washer purchases.<sup>43</sup>

#### **Comment 5: Labor Cost**

<sup>35</sup> See Exhibit 4 of Cosco's April 10, 2012, SV Submission.

<sup>36</sup> See *Antidumping Methodologies: Market Economy Inputs*, 71 FR 61716 (.

<sup>37</sup> See Final Analysis Memo.

<sup>38</sup> See *id.*

<sup>39</sup> e.g., *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 40485 (July 15, 2008), and accompanying Issues and Decision Memorandum at Comment 9 ("OTR Tires").

<sup>40</sup> See Exhibit 4 of Cosco's April 10, 2012, SV Submission.

<sup>41</sup> See Prelim SV Memo, at Attachment III.

<sup>42</sup> See *OTR Tires*.

<sup>43</sup> See Final Analysis Memo.

- Feili and Cosco state that the Department identified the labor costs category as “36 Manufacture of Furniture; Manufacturing NEC.” Therefore, according to Feili and Cosco, the Department should use this category to value Feili’s labor rate instead of the “total labor” category as it did in the *Preliminary Results*.<sup>44</sup>

**Department Position:** In the *Preliminary Results*, we found that the two-digit description under ISIC-Revision 3.0 “36 Manufacture of Furniture; Manufacturing NEC” is the best available information on the record with which to value labor because it is specific to the industry being examined, and is therefore derived from industries that produce comparable merchandise. However, Thailand has not reported data specific to the two-digit description since 2000.<sup>45</sup> Thailand did report total manufacturing wage data in 2005. Accordingly, relying on *International Labour Organisation’s* (“ILO”) Chapter 6A, the Department calculated the labor value using total labor data reported by Thailand to the ILO in 2005, in accordance with section 773(c)(4) of the Act. When choosing between less contemporaneous industry-specific wage data and more recent wage data, the Department prefers selecting the most “relevant industry-specific wages in the primary surrogate country that are as contemporaneous as possible with the period” of review.<sup>46</sup> In other words, the Department prefers not to rely on labor data when there is a significant lag between the reporting date of that data and the period of review.<sup>47</sup> Therefore, for the final results we have not changed the values for calculating Feili’s labor.

## **Comment 6: Correction of Certain Clerical Errors**

### **A. Natural Gas**

- Cosco states that the Department made an error in converting natural gas from kilogram (“kg”) to cubic meters (“m<sup>3</sup>”) by multiplying the factor of 1.406 instead of dividing it.<sup>48</sup> Therefore, Cosco argues that the Department should correct this error in the final results of the review.

**Department Position:** Feili reported its unit of measure for natural gas in m<sup>3</sup>, while the SV for natural gas obtained from Global Trade Atlas was expressed in kg. In the *Preliminary Results*, we obtained the conversion rate of 1.406 to convert kg to m<sup>3</sup> and inadvertently multiplied the SV for natural gas by 1.406.<sup>49</sup> For the final results of this review, we have corrected this error by dividing the SV for natural gas in kg by 1.406 to obtain the SV per m<sup>3</sup>.<sup>50</sup>

<sup>44</sup> See Attachment III of the Prelim SV Memo.

<sup>45</sup> See Exhibit 5 of Feili’s April 10, 2012, SV Submission.

<sup>46</sup> See e.g., *Galvanized Steel Wire From the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 76 FR 68407, 68419 (November 4, 2011) (unchanged in the Final Determination); *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination and Affirmative Preliminary Determination of Critical Circumstances*, 77 FR 31309, 31321 (May 25, 2012).

<sup>47</sup> See *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Results of the First Administrative Review of the Antidumping Duty Order*, 76 FR 77772 (December 14, 2011).

<sup>48</sup> See Attachment III of the Prelim SV Memo.

<sup>49</sup> See Attachments III and V of the Prelim SV Memo.

<sup>50</sup> See Final Analysis Memo.

## B. Feili's Liquidation Instructions

- Cosco states that the Department issued Feili's draft liquidation instructions reflecting liquidation rates in dollars per piece.<sup>51</sup> However, according to Cosco, the Department inadvertently copied the *ad valorem* assessment rates. Therefore, Cosco argues that the Department should use the actual per unit amounts for the final results of review.

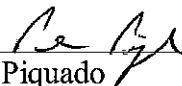
**Department Position:** We agree with Cosco that we inadvertently copied the wrong amounts in Feili's draft liquidation instructions. Therefore, we intend to correct this error when we issue liquidation instructions to U.S. Customs and Border Protection.

## RECOMMENDATION

Based on our analysis of the comments received, we recommend adopting the above positions. If these recommendations are accepted, we will publish the final results of this review and the final weighted-average dumping margins in the *Federal Register*.

✓  
\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

  
\_\_\_\_\_  
Paul Piquado  
Assistant Secretary  
for Import Administration

27 JUNE 2012  
\_\_\_\_\_  
Date

<sup>51</sup> See Feili draft liquidation instructions, at paragraph 1.