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January 2, 2013

MEMORANDUM TO: Paul Piquado  
Assistant Secretary  
for Import Administration

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

SUBJECT: Memorandum for the Preliminary Results in the Administrative  
Review: Hand Trucks and Certain Parts Thereof from the People's  
Republic of China

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In response to requests from interested parties, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on hand trucks and certain parts thereof (hand trucks) from the People's Republic of China (PRC) covering the period of review (POR) of December 1, 2010, through November 30, 2011. We preliminarily determine that sales made by New-Tec Integration (Xiamen) Co., Ltd. (New-Tec) were below normal value (NV).

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

#### Background

On December 2, 2004, the Department published in the Federal Register the antidumping duty order on hand trucks from the PRC. See Notice of Antidumping Duty Order: Hand Trucks and Certain Parts Thereof From the People's Republic of China, 69 FR 70122 (December 2, 2004). On December 1, 2011, the Department published in the Federal Register its notice of opportunity to request an administrative review of the antidumping duty order on hand trucks from the PRC covering the POR of December 1, 2010, through November 30, 2011. See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 76 FR 74773 (December 1, 2011). On January 31, 2012, the Department published in the Federal Register a notice of initiation of the antidumping duty administrative review of hand trucks from the PRC with respect to New-Tec, Yangjiang Shunhe Industrial Co., Ltd. and Yangjiang Shunhe Industrial & Trade Co., Ltd. (collectively Shunhe),

WelCom Products Inc. (WelCom) and Yuhuan Tongsheng Industry Company (Tongsheng). See Initiation of Antidumping and Countervailing Duty Administrative Reviews, 77 FR 4759 (January 31, 2012) (Initiation Notice).

We issued the standard antidumping duty questionnaires to New-Tec, Shunhe, WelCom, and Tongsheng on February 7, 2012, and received timely responses from New-Tec and Shunhe in March 2012.

On March 9, 2012, WelCom timely withdrew its request for an administrative review. No other interested party requested a review of WelCom. Additionally, on March 21, 2012, Tongsheng timely withdrew its request for an administrative review. No other interested party requested a review of Tongsheng.

We issued supplemental questionnaires to New-Tec and Shunhe covering sections A, C, and D of the original questionnaire in June 2012, October 2012 and December 2012, and received timely responses to those questionnaires.

### Scope of the Order

The merchandise subject to the antidumping duty order consists of hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof. A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame. The projecting edge or edges, or toe plate, slides under a load for purposes of lifting and/or moving the load.

That the vertical frame can be converted from a vertical setting to a horizontal setting, then operated in that horizontal setting as a platform, is not a basis for exclusion of the hand truck from the scope of the order. That the vertical frame, handling area, wheels, projecting edges or other parts of the hand truck can be collapsed or folded is not a basis for exclusion of the hand truck from the scope of the order. That other wheels may be connected to the vertical frame, handling area, projecting edges, or other parts of the hand truck, in addition to the two or more wheels located at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the order. Finally, that the hand truck may exhibit physical characteristics in addition to the vertical frame, the handling area, the projecting edges or toe plate, and the two wheels at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the order.

Examples of names commonly used to reference hand trucks are hand truck, convertible hand truck, appliance hand truck, cylinder hand truck, bag truck, dolly, or hand trolley. They are typically imported under heading 8716.80.50.10 of the Harmonized Tariff Schedule of the United States (HTSUS), although they may also be imported under heading 8716.80.50.90.

Specific parts of a hand truck, namely the vertical frame, the handling area and the projecting edges or toe plate, or any combination thereof, are typically imported under heading 8716.90.50.60 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the scope is dispositive.

Excluded from the scope are small two-wheel or four-wheel utility carts specifically designed for carrying loads like personal bags or luggage in which the frame is made from telescoping tubular materials measuring less than 5/8 inch in diameter; hand trucks that use motorized operations either to move the hand truck from one location to the next or to assist in the lifting of items placed on the hand truck; vertical carriers designed specifically to transport golf bags; and wheels and tires used in the manufacture of hand trucks.

#### Intent Not to Rescind Review in Part

For those companies named in the Initiation Notice for which all review requests have been withdrawn, but which have not previously received separate rate status, the Department's practice is to refrain from rescinding the review with respect to these companies at this time. Both Tongsheng and WelCom timely withdrew their requests for review. While the requests for review were timely withdrawn, the companies remain part of the PRC-wide entity. Additionally, we preliminarily find that Shunhe has no reviewable entries at this time. Although the PRC-wide entity is not under review for these preliminary results, the possibility exists that the PRC-wide entity could be under review for the final results of this administrative review. Therefore, we are not rescinding this review with respect to Tongsheng, WelCom, and Shunhe at this time. We intend to rescind this review with respect to Tongsheng and Welcom companies in the final results if the PRC-wide entity is not reviewed and with respect to Shunhe if it is unable to demonstrate that it has reviewable entries.

## DISCUSSION OF THE METHODOLOGY

### Non-Market Economy Country Status

The Department considers the PRC to be a non-market economy (NME) country. See, e.g., Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Results of the First Administrative Review, Preliminary Rescission, in Part, and Extension of Time Limits for the Final Results, 76 FR 62765, 62767-8 (October 11, 2011), unchanged in Final Results, 77 FR 12734 (April 12, 2012). 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. Therefore, we continue to treat the PRC as an NME country for purposes of these preliminary results.

### Separate Rates Determination

There is a rebuttable presumption that all companies within the PRC are subject to government control, and thus should be assessed a single antidumping duty rate. In the Initiation Notice, the Department notified parties of the application process by which exporters and producers may obtain separate rates. See Initiation Notice. It is the Department's policy to assign all exporters

of the merchandise subject to review in NME countries a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (de jure) and in fact (de facto), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting entity in an NME country under the test established in Sparklers, as amplified by Silicon Carbide.<sup>1</sup> A designation of a country as an NME remains in effect until it is revoked by the Department. See section 771(18)(C) of the Act.

In this administrative review, the Department received complete separate rate information from New-Tec in response to questionnaire items pertaining to the companies' eligibility for a separate rate.

#### Absence of De Jure Control

The Department considers the following de jure criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies. See Sparklers, 56 FR at 20589.

The evidence submitted by New-Tec includes government laws and regulations on corporate ownership and control (i.e., the Foreign Trade Law of the People's Republic of China and the Law of the People's Republic of China on Foreign Joint Ventures), its individual business license, and narrative information regarding its operations and selection of management. The evidence provided by New-Tec supports a preliminary finding of a de jure absence of government control over its export activities. Specifically, record evidence indicates that: (1) there are no controls on exports of subject merchandise, such as quotas applied to, or licenses required for, exports of the subject merchandise to the United States; (2) the government of the PRC has passed legislation decentralizing control of companies; and (3) the government has taken formal measures to decentralize control of companies. See New-Tec's March 7, 2012, submission at 2-10.

#### Absence of De Facto Control

Typically, the Department considers four factors in evaluating whether each respondent is subject to de facto government control of its export functions, which are whether each company: (1) sets its own export prices independent of the government and without the approval of a government authority; (2) retains the proceeds from its export sales and makes independent decisions regarding the disposition of profits or financing of losses; (3) has the authority to negotiate and sign contracts and other agreements; (4) has autonomy from the government regarding the selection of management. See Silicon Carbide, 59 FR at 22587; Sparklers, 56 FR at 20589; and 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).

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<sup>1</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) and 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).

The Department has determined that an analysis of de facto control is critical in determining whether respondents are, in fact, subject to a degree of government control over export activities which would preclude the Department from assigning separate rates. In New-Tec's March 7, 2012, submission it submitted evidence demonstrating an absence of de facto government control over its export activities. Specifically, this evidence indicates that: (1) the company sets its own export prices independent of the government and without the approval of a government authority; (2) the company retains the proceeds from its sales and makes independent decisions regarding the disposition of profits or financing of losses; (3) the company has a general manager with the authority to negotiate and bind the company in an agreement; (4) the general manager is selected by the board of directors; (5) the general manager appoints the other management personnel; and (6) there are no restrictions on the company's use of export revenues. Therefore, we preliminarily find that New-Tec has established that it qualifies for a separate rate under the criteria established by Silicon Carbide and Sparklers.

### 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 country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more market economy countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise. See Import Administration Policy Bulletin 04.1, "Non-Market Economy Surrogate Country Selection Process" (March 1, 2004) (Policy Bulletin).

The Department determined that Colombia, Indonesia, Peru, the Philippines, South Africa, Thailand, and Ukraine are countries comparable to the PRC in terms of economic development.<sup>2</sup> Moreover, it is the Department's practice to select an appropriate surrogate country based on the availability and reliability of data from the countries that are producers of comparable merchandise. See Policy Bulletin. Sources of the surrogate values we have used in this review are discussed under the "Normal Value" section, infra.

In the current segment of the proceeding, New-Tec was the only party to submit comments regarding surrogate country selection. New-Tec argued that Thailand was the most comparable economically to the PRC and was a significant producer of hand trucks during the POR. See New-Tec's June 15, 2012, submission at 2. Among the countries identified as economically comparable to the PRC, based on record evidence, we find that Thailand is the most appropriate surrogate country for valuing FOPs because it is a significant producer of comparable merchandise, and we have reliable, publicly-available data from Thailand representing broad-

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<sup>2</sup> See Memorandum from Carole Showers, Director, Office of Policy, to Robert James, Program Manager, Office 7; Subject: Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Hand Trucks and Parts Thereof from the People's Republic of China, dated March 14, 2012 (Surrogate Country List). The Department notes that these seven countries are part of a non-exhaustive list of countries that are at a level of economic development comparable to the PRC in terms of per capita gross national income.

market averages. See 773(c)(4) of the Act; see also Memorandum to the File, from Scott Hoefke, Analyst, Subject: Antidumping Duty Administrative Review of Hand Trucks and Certain Parts Thereof from the People's Republic of China: Selection of a Surrogate Country, dated concurrently with this notice.

### Fair Value Comparisons

To determine whether sales of hand trucks to the United States by New-Tec were made at less than normal value, the Department compared export price to NV, as described in the "U.S. Price" and "Normal Value" sections below. For these preliminary results, the Department applied an average-to-average comparison methodology adopted in the Final Modification for Reviews.<sup>3</sup>

### U.S. Price

In accordance with section 772(a) of the Act, we based New-Tec's U.S. prices on export prices, because their first sales to an unaffiliated purchaser were made before the date of importation and the use of constructed export price was not otherwise warranted by the facts on the record. As appropriate, we deducted foreign inland freight and foreign brokerage and handling from the starting price (or gross unit price), in accordance with section 772(c)(2) of the Act. These services were provided by NME vendors for New-Tec's U.S. sales. Therefore, we based the deduction of these movement charges on surrogate values. See Memorandum to the File, "Administrative Review of Hand Trucks and Certain Parts Thereof from the People's Republic of China: Surrogate Values for the Preliminary Results" (Surrogate Values Memorandum), dated concurrently with this notice, at Exhibit 6.

We used Thai transport information in order to value the freight-in cost of the raw materials. The Department determined the best available information for valuing truck freight to be from the World Bank's *Doing Business 2012: Thailand*. This World Bank report gathers information concerning the distance and cost to transport products in a 20-foot container from the largest city in Thailand to the nearest seaport. We calculated the per-unit inland freight costs using the distance from Thailand's largest city, Bangkok, to the nearest seaport. We calculated a per-kilogram/per-kilometer surrogate inland freight rate of 0.0007 U.S. dollars per kilometer/per kilogram based on using the full capacity of a 20-foot container as reported in the World Bank report. See Surrogate Values Memorandum at Exhibit 6.

We valued brokerage and handling using a price list of export procedures necessary to export a standardized cargo of goods in Thailand. The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in Thailand that is published in the World Bank's *Doing Business 2012: Thailand*. See Surrogate Values Memorandum at Exhibit 7.

### Normal Value

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<sup>3</sup> See Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Proceedings: Final Modification, 77 FR 8101 (February 14, 2012) (Final Modification for Reviews).

Section 773(c)(1) of the Act provides that the Department shall determine the NV using an FOP methodology if the merchandise under review is exported from an NME and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV on FOPs because the presence of government controls on various aspects of the NME economy renders price comparisons and the calculation of production costs invalid under the Department's normal methodologies.<sup>4</sup>

### Factors Valuation

In accordance with section 773(c) of the Act, we calculated NV by adding the value of the FOPs, general expenses, profit, and packing costs reported by New-Tec. The Department relied on Thai import data other publicly available Thai sources in order to calculate SVs for the two respondents' FOPs.<sup>5</sup> To calculate NV, the Department multiplied the reported per-unit FOP quantities by publicly available SVs for each respondent. The Department's practice when selecting the best available information for valuing FOPs is to select, to the extent possible, SVs which are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.<sup>6</sup>

The FOPs for subject merchandise include: (1) quantities of raw materials employed; (2) hours of labor required; (3) amounts of energy and other utilities consumed; (4) representative capital and selling costs; and (5) packing materials. See section 773(c)(3) of the Act. We valued the FOPs that New-Tec reported by multiplying the amount of the factor consumed in producing subject merchandise by the average unit surrogate value of the factor derived from the Thai surrogate values selected.

In accordance with section 773(c) of the Act, for merchandise produced by New-Tec, the Department calculated NV based on the FOPs reported by the two respondents for the POR. The Department used Thailand import statistics to value the raw material and packing material inputs that New-Tec used to produce the merchandise under review except where listed below. We used data from the Thailand import statistics in the Global Trade Atlas (GTA), published by Global Trade Information Services, Inc. The GTA reports import statistics for 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 Thailand import statistics, as well as those from the other Thailand sources, are contemporaneous with the POR, product-specific, and tax-exclusive.<sup>7</sup>

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<sup>4</sup> See, e.g., Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Notice of Intent to Rescind in Part, 70 FR 39744 (July 11, 2005), unchanged in Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of 2003-2004 Administrative Review and Partial Rescission of Review, 71 FR 2517 (January 17, 2006).

<sup>5</sup> See Surrogate Values Memorandum.

<sup>6</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 8, 2008), and accompanying Issues and Decision Memorandum at Comment 2.

<sup>7</sup> See Surrogate Values Memorandum.

As appropriate, we added freight costs to the surrogate values that we calculated for New-Tec's material inputs to make these prices delivered prices. We calculated these freight costs by multiplying surrogate freight rates by the shorter of the reported distance from the domestic supplier to the factory that produced the subject merchandise or the distance from the nearest seaport to the factory that produced the subject merchandise, as appropriate. Where there were multiple domestic suppliers of a material input, we calculated a weighted-average distance after limiting each supplier's distance to no more than the distance from the nearest seaport to New-Tec. This adjustment is in accordance with the decision by the Court of Appeals for the Federal Circuit in Sigma Corp. v. United States, 117 F.3d 1401, 1407-1408 (Fed. Cir. 1997). We increased the calculated costs of the FOPs for surrogate general expenses and profit. See Surrogate Values Memorandum at Exhibit 8.

Other inputs consisted of water, electricity, carbon dioxide, and liquid petroleum gas. We valued electricity using an average price of energy sale to various customers as published by the Electrical Generating Authority of Thailand, Annual Report 2011: Key Statistical Data. See Surrogate Values Memorandum at Exhibit 4. To value water, the Department used the average of published water rates for Type 2 used by the Metropolitan Water Authority of Thailand, which are available at The Board of Investment of Thailand's website at [www.boi.go.th](http://www.boi.go.th). The Department found this source to be the best available information because it includes a wide range of industrial water rates. See Surrogate Values Memorandum at Exhibit 4. We valued carbon dioxide and liquid petroleum gas using import statistics from the GTA as described above. See Surrogate Values Memorandum at Exhibit 3.

New-Tec reported that scrap material is produced in the production process of hand trucks. New-Tec gathers all of the recovered material, weighs it, and then sells it to an unaffiliated outside party. See New-Tec's March 28, 2012 submission at 47. Therefore, we offset New-Tec's material costs for revenue generated from the sale of recovered steel and aluminum. See Surrogate Values Memorandum at Exhibit 3.

New-Tec reported that several of its raw materials were produced in market-economy countries and paid for in market economy currencies. Pursuant to 19 CFR 351.408(c)(1), when a respondent sources inputs from a market economy supplier in meaningful quantities (*i.e.*, thirty-three percent or more not in an NME country), the Department normally will use the actual price paid by the respondent for those inputs. The preamble to our current regulations states we may use market economy prices to value factors of production where the input in question is manufactured "by a market economy *producer*."<sup>8</sup> Our preferred methodology has been to require that inputs actually be manufactured in, not simply purchased from, a market economy. In this case, the documentation available for many of New-Tec's claimed market economy inputs indicates these inputs were produced in market economies. Such documentation includes sales contracts, commercial invoices, and certificates of origin. Because information reported by New-Tec demonstrates that it purchased meaningful quantities of certain inputs (*e.g.*, hot-rolled steel, cold-rolled steel coil, aluminum ingots, rubber wheels and various fasteners) produced in market economies, the Department used New-Tec's actual market economy purchase prices to value its FOPs for these inputs because these prices constitute the best available information to value these FOPs. Where appropriate, we added freight expenses to the market-economy prices

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<sup>8</sup> See Antidumping Duties; Countervailing Duties, 62 FR 27296, 27366 (May 19, 1997).

for these inputs. New-Tec also made market economy purchases that record evidence show were produced in a market economy but the purchased quantities were not meaningful (i.e., less than 33 percent of the total purchases). We valued such inputs (corrugated board) using a weighted-average of the volume demonstrated to be manufactured in and purchased from a market economy country valued using the market-economy price and the volume manufactured in an NME valued using a surrogate value.<sup>9</sup>

To value the surrogate financial ratios for factory overhead (OH), selling, general & administrative (SG&A) expenses, and profit, the Department used the 2011 financial statements of Office Thai Online Co., Ltd. (Thai Trolley) and Jenbunjerd Co., Ltd. (Jenbunjerd). Thai Trolley and Jenbunjerd are producers of identical merchandise in Thailand. Its financial ratios for OH and SG&A expenses are comparable to New-Tec's financial ratios by virtue of each company's production of identical merchandise. See Surrogate Values Memorandum at Exhibit 8.

In accordance with the legislative history of the Omnibus Trade and Competitiveness Act the Department continues to disregard surrogate values if it has a reason to believe or suspect the inputs reflected in the source data may be subsidized.<sup>10</sup> In this regard, the Department has previously found that it is appropriate to disregard prices based upon exports from India, Indonesia, and South Korea because we have determined that these countries maintain broadly available, non-industry specific export subsidies. Based on the existence of these subsidy programs that were generally available to all exporters and producers in these countries at the time of the POR, the Department finds that it is reasonable to infer that all exporters from India, Indonesia, and South Korea may have benefitted from these subsidies.<sup>11</sup> Additionally, we disregarded prices from NME countries. Finally, we excluded imports that were labeled as originating from an "unspecified" country from the average value, because the Department could not be certain that they were not from either an NME country or a country with general export subsidies.<sup>12</sup>

On June 21, 2011, the Department announced its new methodology to value the cost of labor in NME countries. See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092 (June 21, 2011) (Labor

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<sup>9</sup> See Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments, 71 FR 61716, 61717 (October 19, 2006). See also Hand Trucks 08/09 Final, and accompanying Issues and Decision Memorandum at Comment 1.

<sup>10</sup> See Omnibus Trade and Competitiveness Act of 1988, Conf. Report to Accompany H.R. 3, H.R. Rep. No. 576, 100th Cong., 2nd Sess. (1988) at 590.

<sup>11</sup> See, e.g., 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; 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; and 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.

<sup>12</sup> See Fresh Garlic from the People's Republic of China: Preliminary Results of New Shipper Review, 75 FR 24578, 24582 (May 5, 2010), unchanged in Fresh Garlic From the People's Republic of China: Final Results of New Shipper Review, 75 FR 61130 (October 4, 2010).

Methodologies).<sup>13</sup> In Labor Methodologies, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization (ILO) Yearbook of Labor Statistics (Yearbook).

As announced above, the Department's methodology is to use data reported under Chapter 6A by the ILO. In keeping with the Department's preference to use industry-specific wage data, we filtered the ILO data for sub-classification 34 of the ISIC-Revision 3. However, we found Thailand had not reported industry-specific wage data since 2000. Thailand did report aggregated total manufacturing wage data in 2005. We have selected these wage rate data, inflated using the Consumer Price Index reported by the International Monetary Fund to restate the 2005 wage rates into POR values. Accordingly, relying on Chapter 6A of the Yearbook, the Department calculated the labor input using total labor data reported by Thailand to the ILO, in accordance with section 773 (c)(4) of the Act. For the preliminary results the calculated wage rate is 140.06 Baht/hour. A more detailed description of the wage rate calculation methodology is provided in the Surrogate Values Memorandum at 15.

As stated above, the Department used Thailand ILO data reported under Chapter 6A of Yearbook, which reflects all costs related to labor, including wages, benefits, housing, training, etc. Pursuant to Labor Methodologies, the Department's practice is to consider whether financial ratios reflect labor expenses that are included in other elements of the respondent's factors of production (e.g., general and administrative expenses). However, the financial statements used to calculate financial ratios in this review were insufficiently detailed to permit the Department to isolate whether any labor expenses were included in other components of NV. Therefore, in this review, the Department made no adjustment to these financial statements.

#### Currency Conversion

We 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. These exchange rates are available on the Import Administration Web site at <http://ia.ita.doc.gov/exchange/index.html>.

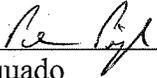
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<sup>13</sup> This notice followed the Court of Appeals for the Federal Circuit in Dorbest Ltd. v. United States, 604 F.3d 1363, 1372 (CAFC 2010), found that the “{regression-based} method for calculating wage rates {as stipulated by 19 CFR 351.408(c)(3)} uses data not permitted by {the statutory requirements laid out in section 773 of the Act (i.e., 19 U.S.C. § 1677b(c))}.”

Conclusion

We recommend the above methodology for these preliminary results.

Agree  Disagree

  
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Paul Piquado  
Assistant Secretary  
for Import Administration

2 JANUARY 2013  
Date