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MEMORANDUM TO: Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for the Preliminary Results of
Antidumping Duty Administrative Review: Glycine from the
People's Republic of China; 2015-2016

I. SUMMARY

In response to requests from interested parties, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on glycine from the People's Republic of China (PRC) for the period of review (POR) March 1, 2015, through February 29, 2016. The Department has preliminarily determined one mandatory respondent, Baoding Mantong Fine Chemistry Co., Ltd. (Baoding Mantong), sold subject merchandise in the United States at prices below normal value (NV) during the POR. We also preliminarily determine that a second mandatory respondent, Jizhou City Huayang Chemical Co., Ltd. (Huayang Chemical), failed to respond to the Department's antidumping questionnaire, and thus, failed to establish eligibility for a separate rate. Accordingly, we find that Huayang Chemical is part of the PRC-wide entity. This review only covers these two companies.¹

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. Unless extended, we intend to issue final results no later than 120 days from

¹ As discussed in the "Background" section below, we had initiated a review of Kumar Industries (Kumar) and Rudraa International (Rudraa), based on a request from domestic interested party, GEO Specialty Chemicals, Inc. (GEO). However, GEO timely withdrew its request for Kumar and Rudraa.



the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act).

II. BACKGROUND

On March 29, 1995, the Department published in the *Federal Register* an antidumping duty order on glycine from the PRC.² On March 1, 2016, the Department notified interested parties of their opportunity to request an administrative review of the *Order*, covering the period March 1, 2015, through February 29, 2016.³ On March 30, 2016, Baoding Mantong requested a review of its sales to the United States during the POR.⁴ Additionally, on March 30, 2016, Pharm-Rx Chemical Corporation (Pharm-Rx) requested a review of its imports from Huayang Chemical.⁵ On March 31, 2016, domestic interested party, GEO Specialty Chemicals, Inc. (GEO), requested a review of two Indian companies that it claimed to be exporters of Chinese glycine, Kumar and Rudraa.⁶

We initiated the administrative review on May 2, 2016, with respect to these four companies.⁷ However, GEO timely withdrew its request for Kumar and Rudraa,⁸ and we are rescinding the review with respect to these two companies. Accordingly, we issued the Department's antidumping duty questionnaire to both Baoding Mantong and Huayang Chemical. However, Huayang Chemical failed to respond to any part of our antidumping questionnaire, and did not file a separate rate application or certification. Therefore, as discussed below, we find that Huayang Chemical failed to demonstrate its eligibility for a separate rate and remains part of the PRC wide entity.

The Department notified all interested parties, on November 17, 2016, that the deadline for the preliminary results of review would be extended by 113 days, until March 24, 2017.⁹ On March 20, 2017, the Department fully extended the review until March 31, 2017.¹⁰

² See *Antidumping Duty Order: Glycine from the People's Republic of China*, 60 FR 16116 (March 29, 1995) (*Order*).

³ See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 81 FR 10580 (March 1, 2016).

⁴ See Letter to the Department, from Baoding Mantong, entitled "Glycine from the People's Republic of China; Request for Administrative Review," dated March 30, 2016.

⁵ See Letter to the Department, from Pharm-Rx, entitled "Glycine from the People's Republic of China; Request for Administrative Review," dated March 30, 2016.

⁶ See Letter to the Department, from GEO, entitled "Glycine from the People's Republic of China: Request for Administrative Review," dated March 31, 2016.

⁷ See *Initiation of Antidumping and Countervailing Duty Administrative*, 81 FR 26203 (May 2, 2016) (*Initiation Notice*).

⁸ See Letter to the Department, from GEO, entitled "Glycine from the People's Republic of China: Withdrawal of Request for Administrative Review," dated July 29, 2016.

⁹ See Memorandum from Dena Crossland, International Trade Compliance Analyst, to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, entitled "Glycine from the People's Republic of China: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review; 2015/2016," dated November 17, 2016.

¹⁰ See Memorandum from Dena Crossland, International Trade Compliance Analyst, Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, entitled "Glycine from the People's Republic of China: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review; 2015/2016," dated March 20, 2017.

III. SCOPE OF THE ORDER

The product covered by this antidumping duty order is glycine, which is a free-flowing crystalline material, like salt or sugar. Glycine is produced at varying levels of purity and is used as a sweetener/taste enhancer, a buffering agent, reabsorbable amino acid, chemical intermediate, and a metal complexing agent. This proceeding includes glycine of all purity levels. Glycine is currently classified under subheading 2922.49.4020 of the Harmonized Tariff Schedule of the United States (HTSUS).¹¹ Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise under the order is dispositive.

IV. DISCUSSION OF THE METHODOLOGY

A. *Bona Fides* Inquiry

During the review, GEO raised concerns regarding the *bona fide* nature of Baoding Mantong's U.S. sale(s) during the POR.¹² We have determined that it is necessary to address this issue in a post-preliminary analysis. Concurrently with this memorandum and corresponding *Federal Register* notice, we are placing CBP data on the record and requesting comments from interested parties.¹³

B. Non-Market Economy (NME) Country Status

The Department considers the PRC to be an NME country.¹⁴ 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 Department.¹⁵ None of the parties to this proceeding have contested NME treatment for the PRC. Therefore, for the preliminary results of this review, we treated the PRC as an NME country and applied our current NME methodology, in accordance with section 773(c) of the Act.

¹¹ In separate scope rulings, the Department determined that: (a) D(-) Phenylglycine Ethyl Dane Salt is outside the scope of the order and (b) PRC-glycine exported from India remains the same class or kind of merchandise as the PRC-origin glycine imported into India. See *Notice of Scope Rulings and Anticircumvention Inquiries*, 62 FR 62288 (November 21, 1997) and *Glycine from the People's Republic of China: Final Partial Affirmative Determination of Circumvention of the Antidumping Duty Order*, 77 FR 73426 (December 10, 2012), respectively.

¹² See Letter from GEO, entitled, "Glycine from the People's Republic of China: Comments on Section A Questionnaire Response of Baoding Mantong Fine Chemistry Co., Ltd.," dated September 16, 2016 (GEO *Bona Fides* Sales Request).

¹³ See Memorandum from Dena Crossland, International Trade Compliance Analyst, to the File, entitled "Glycine from the People's Republic of China: Data for *Bona Fides* Analysis and Extension of Deadline for Case and Rebuttal Briefs," dated concurrently with this memorandum.

¹⁴ 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).

¹⁵ See, e.g., *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Preliminary Results of the First Administrative Review, Preliminary Rescission, in Part, and Extension of Time Limits for the Final Results*, 76 FR 62765, 62767-68 (October 11, 2011), unchanged in *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Final Results and Partial Rescission of First Antidumping Duty Administrative Review*, 77 FR 21734 (April 11, 2012).

C. 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.¹⁶ In the *Initiation Notice*, the Department notified parties of the application process by which exporters may obtain separate-rate status in NME proceedings.¹⁷ It is our policy to assign a single rate to all exporters of the merchandise subject to review in an NME country unless an exporter can affirmatively demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*), with respect to its exports.¹⁸ 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*¹⁹ and as amplified by *Silicon Carbide*.²⁰ However, if the Department determines that a company is wholly foreign-owned, then a separate-rate analysis is not necessary to determine if it is independent from government control.²¹

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 its determinations therein.²² In particular, in litigation involving the diamond sawblades from the PRC proceeding, the CIT found the Department's existing separate rates analysis deficient in the circumstances of that case, in which a government-owned and controlled entity had significant ownership in the respondent exporter.²³ Following the Court's reasoning, in recent proceedings, we have

¹⁶ 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, 53082 (September 8, 2006); see also *Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 55039, 55040-41 (September 24, 2008).

¹⁷ See *Initiation Notice*.

¹⁸ See Enforcement and Compliance Policy Bulletin, Number 05.1, regarding "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries," dated April 5, 2005.

¹⁹ 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*).

²⁰ 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*).

²¹ 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).

²² See Final Results of Redetermination pursuant to *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 885 F. Supp. 2d 1343 (CIT 2012) (*Advanced Technology I*), and available at <http://enforcement.trade.gov/remands/12-147.pdf>, *aff'd* *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013), *aff'd* *Advanced Technology & Materials Co., Ltd., et al. v. United States*, Case No. 2014-1154 (Fed. Cir. 2014) (*Advanced Technology II*). 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.

²³ See, e.g., *Advanced Technology I*, 885 F. Supp. 2d at 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

concluded that where a government entity holds a majority ownership share, either directly or indirectly, in the respondent exporter, the majority ownership holding in and of itself means that the government exercises, or has the potential to exercise, control over the company's operations generally.²⁴ This may include control over, for example, the selection of management, a key factor in determining whether a company has sufficient independence in its export activities to merit a separate rate. Consistent with normal business practices, we would expect any majority shareholder, including a government, to have the ability to control, and an interest in controlling, the operations of the company, including the selection of management and the profit distribution of the company.

In the current administrative review, we received a separate-rate application from Baoding Mantong as part of its response to the Department's antidumping questionnaire. Baoding Mantong obtained a separate rate in a previous segment of the proceeding.²⁵ Thus, for purposes of this review, we analyzed whether respondent Baoding Mantong has demonstrated an absence of *de jure* and *de facto* government control over its export activities to determine its eligibility for a separate rate. The only other remaining company, Huayang Chemical, did not participate in this administrative review and, therefore, failed to establish its eligibility for a separate rate.

1. 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 Chinese companies; and (3) any other formal measures by the government decentralizing control of Chinese companies.²⁶

The evidence submitted by Baoding Mantong includes government laws and regulations on corporate ownership and control (*i.e.*, the Foreign Trade Law of the PRC and the Law of the PRC on Foreign Joint Ventures), its individual business license, and narrative information regarding its operations and selection of management.²⁷ Additionally, the evidence provided by Baoding Mantong 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

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).

²⁴ See *Carbon and Certain Alloy Steel Wire Rod From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Preliminary Affirmative Determination of Critical Circumstances, in Part*, 79 FR 53169 (September 8, 2014), and accompanying Preliminary Decision Memorandum at 5-9.

²⁵ See *Glycine from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review; 2013-2014*, 80 FR 62027 (October 15, 2015) (*Glycine Final 2013-2014*).

²⁶ See *Sparklers*, 56 FR at 20589.

²⁷ See Baoding Mantong's Section A questionnaire response, dated September 6, 2016 (AQR), at A-2 through A-6, and Exhibits A-1 through A-4.

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.²⁸

2. Absence of *De Facto* Control

Typically, the Department considers four factors in evaluating whether a respondent is subject to *de facto* government control of its export functions: (1) whether the export prices are set by or are subject to the approval of a government agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses.²⁹

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. Baoding Mantong indicated that: (1) it sets its own export prices independent of the government and without the approval of a government authority; (2) it retains the proceeds from its sales and makes independent decisions regarding the disposition of profits or financing of losses; (3) it has autonomy from the government regarding the selection of management; and (4) there are no restrictions on the company's use of export revenues.³⁰

As a result of our analysis, the Department preliminarily finds that Baoding Mantong has established that it qualifies for a separate rate under the criteria established by *Sparklers* and *Silicon Carbide*.

D. The PRC-Wide Entity

As discussed above, we preliminarily determine that Baoding Mantong has demonstrated its eligibility for separate rate status in this review. The Department's policy regarding conditional review of the PRC-wide entity applies to this administrative review.³¹ Under this policy, the

²⁸ See Baoding Mantong's AQR at A-6 through A-8.

²⁹ 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); see also *Pure Magnesium from the People's Republic of China: Preliminary Results of 2011-2012 Antidumping Duty Administrative Review*, 78 FR 34646 (June 10, 2013) and accompanying Memorandum to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance (formerly Import Administration), titled "Decision Memorandum for Preliminary Results of 2011-2012 Antidumping Duty Administrative Review: Pure Magnesium from the People's Republic of China," dated May 31, 2013, unchanged in *Pure Magnesium From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 94 (January 2, 2014).

³⁰ See Baoding Mantong's AQR at A-7 through A-9.

³¹ 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).

PRC-wide entity will not be under review unless a party specifically requests, or the Department self-initiates, a review of the entity. Because no party requested a review of the PRC-wide entity in this review, the entity is not under review and the entity's rate of 453.79 percent is not subject to change.³²

E. Surrogate Country

In antidumping proceedings involving NME countries, pursuant to section 773(c)(1) of the Act, we generally base NV on the NME producer's factors of production (FOPs), valued using the best available information in a surrogate market economy (ME) country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, we use, to the extent possible, the prices or costs of 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.³³

We determined that Brazil, Bulgaria, Mexico, Romania, South Africa, and Thailand are countries whose per capita gross national incomes (GNI) are at the same level of economic development as the PRC.³⁴ On November 18, 2016, we requested comments from interested parties regarding the selection of a surrogate country and surrogate values (SVs).³⁵ In response, GEO stated that other countries economically comparable to the PRC include Azerbaijan, Belarus, Botswana, Colombia, Costa Rica, the Dominican Republic, Ecuador, Equatorial Guinea, Gabon, Grenada, Iraq, Jamaica, Lebanon, Libya, Macedonia, Malaysia, Mauritius, Montenegro, Namibia, Peru, Serbia, St. Lucia, Suriname, Turkey, and Turkmenistan.³⁶ After further consideration, however, GEO recommended Brazil as the best surrogate country choice.³⁷ Conversely, Baoding Mantong recommended Thailand as the best surrogate country choice.³⁸

1. Same Level of Economic Development

As a general rule, the Department selects a surrogate country that is at the same level of economic development as the NME unless it is determined that none of the countries are viable options because: (a) they either are not significant producers of comparable merchandise; (b) do not provide sufficient reliable sources of publicly available SV data; or (c) are not suitable for

³² See Glycine From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2014-2015, 81 FR 72567 (October 20, 2016).

³³ See Enforcement and Compliance Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin) available at <http://enforcement.trade.gov/policy/index.html>.

³⁴ See the Memorandum to Dena Crossland, International Trade Analyst, AD/CVD Operations, Office VI, Enforcement and Compliance, from Carole Showers, Director, Office of Policy, Enforcement and Compliance, entitled, "Request for a List of Surrogate Countries for the Administrative Review of the Antidumping Duty Order on Glycine from the People's Republic of China ('China')," dated November 7, 2016 (Policy Memorandum).

³⁵ See Letter to All Interested Parties, dated November 18, 2016.

³⁶ See Letter from GEO to the Department, entitled "Glycine from the People's Republic of China: Comments on Surrogate Country Selection," dated January 3, 2017 (GEO's Surrogate Country Comments).

³⁷ See Letter from GEO to the Department, entitled "Glycine from the People's Republic of China: GEO Specialty Chemicals' Pre-Preliminary Results Comments," dated March 6, 2017 (GEO's Pre-Preliminary Comments).

³⁸ See Letter from Baoding Mantong to the Department, entitled "Glycine from the People's Republic of China; Surrogate Country Comments," dated January 3, 2017 (Baoding Mantong's Surrogate Country Comments).

use based on other reasons. Surrogate countries that are not at the same level of economic development as the NME country, but still at a level of economic development comparable to the NME country, are selected only to the extent that data considerations outweigh the difference in levels of economic development.³⁹

As stated above, we determined that Brazil, Bulgaria, Mexico, Romania, South Africa, and Thailand are each at the same level of economic development as the PRC in terms of per capita GNI during the POR.⁴⁰

Accordingly, unless we find that all 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.

2. Producers of Identical or Comparable Merchandise

Section 773(c)(4)(B) of the Act requires the Department to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor the Department's regulations provide further guidance on what may be considered comparable merchandise. Given the absence of any definition in the statute or regulations, the Department looks to other sources, such as the Enforcement and Compliance Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (*Policy Bulletin*),⁴¹ for guidance on defining comparable merchandise. The *Policy Bulletin* states that "in all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise."⁴² Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.⁴³ Further, when selecting a surrogate country, the statute requires the Department to consider the comparability of the merchandise, not the comparability of the industry.⁴⁴ "In cases where the identical merchandise is not produced, the Department must determine if other merchandise that is comparable is produced. How the Department does this depends on the subject merchandise."⁴⁵ In this regard, the Department recognizes that any analysis of comparable merchandise must be done on a case-by-case basis:

³⁹ See Policy Memorandum.

⁴⁰ *Id.* at Exhibit 1.

⁴¹ See *Enforcement and Compliance Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process* (March 1, 2004) (*Policy Bulletin*) available at <http://enforcement.trade.gov/policy/index.html>.

⁴² See *Policy Bulletin* at 2.

⁴³ The *Policy Bulletin* also states that "if considering a producer of identical merchandise leads to data difficulties, the operations team may consider countries that produce a broader category of reasonably comparable merchandise." *Id.* at note 6.

⁴⁴ See *Sebacic Acid from the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 62 FR 65674, 65675-76 (December 15, 1997) ("{T}o impose a requirement that merchandise must be produced by the same process and share the same end uses to be considered comparable would be contrary to the intent of the statute.").

⁴⁵ See *Policy Bulletin* at 2.

In other cases, however, where there are major inputs, *i.e.*, inputs that are specialized or dedicated or used intensively, in the production of the subject merchandise, *e.g.*, processed agricultural, aquatic and mineral products, comparable merchandise should be identified narrowly, on the basis of a comparison of the major inputs, including energy, where appropriate.⁴⁶

Further, the statute grants the Department discretion to examine various data sources for determining the best available information.⁴⁷ Moreover, while the legislative history provides that the term “significant producer” includes any country that is a significant “net exporter,”⁴⁸ it does not preclude reliance on additional or alternative metrics. In this case, because production data of comparable merchandise are not available, we first analyzed exports of comparable merchandise from the six countries, as a proxy for production data. We obtained export data using the Global Trade Atlas (GTA) for the six-digit Harmonized Tariff Schedule (HTS) number listed in the description of the scope of this order specific to glycine, *i.e.*, 2922.49.10. The potential surrogate countries that reported export volumes for 2015 were as follows: (1) Thailand (1,743,820 kilograms); (2) South Africa (37,999 kilograms); (3) Mexico (12,078 kilograms); (4) Brazil (3,955 kilograms); (5) Bulgaria (18 kilograms); (6) Romania (0 kilograms).⁴⁹ Thus, Thailand, South Africa, and Mexico are significant producers of comparable merchandise based on the volume of exports that these countries had during the POR, according to GTA data.

GEO recommended Brazil as a surrogate country, stating that Brazil was a significant producer of other amino acids similar to glycine.⁵⁰ According to GTA data, during the POR, Brazil exported 3,955 kilograms of glycine during the POR and Thailand exported 1,743,820 kilograms.⁵¹ While, based on GTA data, we find we find that Thailand, South Africa, Mexico, and Brazil maybe considered significant producers of comparable merchandise, we are selecting Thailand as the primary surrogate country because it is the only country for which we have usable SV data, and financial statements from producers of comparable merchandise. While the record contains financial statements from Brazilian companies, they pertain to pharmaceutical companies, which we have previously found are not producers of comparable merchandise.⁵²

⁴⁶ *Id.* at 3.

⁴⁷ See section 773(c) of the Act; see also *Nation Ford Chem. Co. v. United States*, 166 F.3d 1373, 1377 (Fed. Cir. 1990).

⁴⁸ See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988).

⁴⁹ See Memorandum to the File, from Dena Crossland, International Trade Compliance Analysts, entitled “Glycine from the People’s Republic of China: Surrogate Values for the Preliminary Results of Review,” dated concurrently with this memorandum (Preliminary SV Memorandum).

⁵⁰ See GEO’s Pre-Preliminary Comments at 10.

⁵¹ See Baoding Mantong’s Surrogate Country Comments.

⁵² See *Glycine from the People’s Republic of China; Final Results of Antidumping Duty Administrative Review and Final Rescission, in Part*, 72 FR 58809 (October 17, 2007) (*Glycine 2005-2006*) and accompanying Issues and Decision Memorandum at Comment 2, where the Department found the pharmaceutical product lines tend towards higher value-added products with dissimilar production process; see also *Glycine from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review*, 73 FR 55814 (September 26, 2008) (*Glycine 2005-2006*) and accompanying Issues and Decision Memorandum at Comment 4.

3. Data Considerations

When evaluating SV data, we consider several factors including whether the SV is publicly available, contemporaneous with the POR, representative of a broad-market average, tax- and duty-exclusive, and specific to the input.⁵³ There is no hierarchy among these criteria. It is our practice to consider carefully the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.⁵⁴

The *Policy Bulletin* states that, if more than one country is at the same level of economic development comparable as the NME and is a significant producer, “then the country with the best factors data is selected as the primary surrogate country.”⁵⁵ Importantly, the *Policy Bulletin* explains further that “data quality is a critical consideration affecting surrogate country selection” and that “a country that perfectly meets the requirements of economic comparability and significant producer is not of much use as a primary surrogate if crucial factor price data from that country are inadequate or unavailable.”⁵⁶

Section 773(c)(1) of the Act instructs the Department to value the FOPs based upon the best available information from a ME country or a country that the Department considers appropriate. When considering what constitutes the best available information, the Department considers several criteria, including whether the SV data are contemporaneous, publicly available, tax and duty exclusive, represent a broad-market average, and are specific to the input.⁵⁷ The Department’s preference is to satisfy the breadth of the aforementioned selection criteria.⁵⁸ Moreover, it is the Department’s practice to consider carefully the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.⁵⁹ The Department must weigh the available information with respect to each input value and make a product-specific and case-specific decision as to what constitutes the “best” available SV for each input.⁶⁰

⁵³ See *Policy Bulletin*.

⁵⁴ *Id.* See also, e.g., *Certain Steel Threaded Rod from the People’s Republic of China; Final Results of Third Antidumping Duty Administrative Review*; 2011-2012, 78 FR 66330 (November 5, 2013), and accompanying Issues and Decision Memorandum at 7.

⁵⁵ See *Policy Bulletin*.

⁵⁶ *Id.*

⁵⁷ 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, 53082 (September 8, 2006) (*Lined Paper*), and accompanying Issues and Decision Memorandum at Comment 3.

⁵⁸ See, e.g., *Administrative Review of Certain Frozen Warmwater Shrimp from the People’s Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 76 FR 51940, 51943 (August 19, 2011), and accompanying Issues and Decision Memorandum at Comment 2.

⁵⁹ See *Certain Preserved Mushrooms from the People’s Republic of China: Final Results and Final Partial Rescission of the Sixth Administrative Review*, 71 FR 40477 (July 17, 2006) (*Sixth Mushrooms AR*), and accompanying Issues and Decision Memorandum at Comment 1; see also *Freshwater Crawfish Tail Meat from the People’s Republic of China; Notice of Final Results of Antidumping Duty Administrative Review, and Final Partial Rescission of Antidumping Duty Administrative Review*, 67 FR 19546 (April 22, 2002), and accompanying Issues and Decision Memorandum at Comment 2.

⁶⁰ See, e.g., *Sixth Mushrooms AR*, 71 FR 40477 and accompanying Issues and Decision Memorandum at Comment 1.

Because Thailand is a country identified by the Department to be at the same level of economic development as the PRC, one which is a significant producer of comparable merchandise, and one for which we have reliable record data to value all the FOPs, we selected it as the primary surrogate country. Further, because we found Thailand to satisfy all the criteria for the selection of a primary surrogate country, it was not necessary to resort to the selection of an alternative surrogate country. Additionally, both GEO and Baoding Mantong provided SV information for Thailand.⁶¹ As a result, the record contains data that are contemporaneous with the POR, publicly available, product-specific, tax-exclusive, and represents a broad market average for Thailand for every FOP for which we require a SV.⁶²

V. FAIR VALUE COMPARISONS

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), to determine whether Baoding Mantong's sale of the subject merchandise from the PRC to the United States was made at less than NV, the Department compared the export price (EP) to the NV as described in the "Export Price Sales" and "Normal Value" sections of this memorandum.

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), we calculate weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs or constructed export prices (CEPs) (the average-to-average (A-A) method) unless the Department determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, we examine whether to compare weighted-average NVs with the 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 our examination of this question in the context of administrative reviews, we nevertheless find that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in less-than-fair-value investigations.⁶³

In recent investigations and reviews, the Department has applied a "differential pricing" analysis to determine whether application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.⁶⁴ The Department finds that the differential pricing analysis used in those recent

⁶¹ See Letter from GEO entitled, "Glycine from the People's Republic of China: GEO Specialty Chemicals' Surrogate Value Data for Factors of Production," dated January 17, 2017 (GEO's SV Submission); and Letter from Baoding Mantong entitled, "Glycine from the People's Republic of China: Submission of Surrogate Value Information," dated January 17, 2017 (Baoding's SV Submission).

⁶² See Preliminary SV Memorandum and "SVs" section, below, for further discussion.

⁶³ 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).

⁶⁴ See *Xanthan Gum from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 78 FR 2252 (January 10, 2013), unchanged in *Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013); see also *Hardwood and Decorative Plywood From the People's Republic of China: Antidumping Duty Investigation*, 78 FR 25946 (May 3, 2013), unchanged in *Hardwood and Decorative Plywood From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 58273 (September 23, 2013); see also *Certain*

investigations and reviews may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. For purposes of these preliminary results, however, because we do not have enough sales data to conduct a differential pricing analysis, the Department did not consider an alternative to the average-to-average method. Accordingly, for these preliminary results, the Department used the average-to-average method in making comparisons of EP and NV for Baoding Mantong.⁶⁵

B. Date of Sale

Consistent with 19 CFR 351.401(i), Baoding Mantong reported the invoice date as the date of sale.⁶⁶ Therefore, because no record evidence indicates that a different date better reflects the date on which the material terms of sale were established, consistent with the Department's practice and 19 CFR 351.401(i), we selected the invoice date as the date of sale in this administrative review.⁶⁷

C. U.S. Price

1. Export Price

In accordance with section 772(a) of the Act, "the term 'export price' means 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 subsection (c)." The Department defined the U.S. price of merchandise under consideration based on the EP for the sale reported by Baoding Mantong.⁶⁸ The Department calculated the EP based on the price at which merchandise under consideration was sold to unaffiliated purchasers in the United States.

The Department made deductions, as appropriate, from the reported U.S. price for movement expenses (*i.e.*, domestic inland freight and domestic brokerage and handling).⁶⁹ The Department based movement expenses on surrogate values where the service was purchased from a PRC company.⁷⁰

Steel Threaded Rod From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012, 78 FR 21101 (April 9, 2013), unchanged in *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); see also *Certain Lined Paper Products From the People's Republic of China: Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 34640 (June 10, 2013) unchanged in *Certain Lined Paper Products From the People's Republic of China: Notice of Final Results and Partial Rescission of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 65274 (October 31, 2013).

⁶⁵ In these preliminary results, we applied the weighted-average dumping margin calculation method adopted in the *Final Modification. See Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8101 (February 14, 2012).

⁶⁶ See Letter from Baoding Mantong, entitled "Glycine from the People's Republic of China: Baoding Mantong's Section C Response and Sales Reconciliation," dated September 16, 2016 (CQR), at C-8.

⁶⁷ See Baoding Mantong's Preliminary Analysis Memorandum for additional information.

⁶⁸ See Baoding Mantong's CQR at C-6.

⁶⁹ See section 772(c)(2)(A) of the Act; see also Baoding Mantong's CQR at C-15 through C-21.

⁷⁰ See "Factor Valuation Methodology" section, below.

2. Value-Added Tax (VAT)

The Department's recent practice in NME cases is to adjust EP or CEP for the amount of any unrefunded VAT, in accordance with section 772(c)(2)(B) of the Act.⁷¹ The Department explained that when an NME government imposes an export tax, duty, 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 and CEP prices accordingly by the amount of the tax, duty, or charge paid, but not rebated.⁷² Where the irrecoverable VAT is a fixed percentage of CEP or EP, the Department explained that the final step in arriving at a tax neutral dumping comparison is to reduce the U.S. EP (or CEP) downward by this same percentage.⁷³ The Department's methodology, as explained above and applied in this review, amounts to performing two basic steps: (1) determining the irrecoverable VAT on subject merchandise, and (2) reducing U.S. price by the amount (or rate) determined in step one.

The Department requested that Baoding Mantong report net unrefunded VAT for the subject merchandise. Baoding Mantong reported that the official VAT rate for exports of subject merchandise is seventeen percent and the refund rate is thirteen percent, under the applicable PRC regulations.⁷⁴

Thus, Baoding Mantong incurred an effective VAT rate of four percent on exports of domestic glycine. Because Baoding Mantong reported that it pays VAT associated with subject merchandise that is not refunded at a rate of four percent, the Department adjusted Baoding Mantong's net price for the unrefunded VAT, in order to calculate EP net of VAT.⁷⁵ We note that this is consistent with the Department's policy and the intent of the statute, that dumping comparisons be tax-neutral.⁷⁶

D. Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using the FOP methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home market prices, third-country prices, or constructed value under

⁷¹ 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, 36483-84 (June 19, 2012) (*Methodological Change*).

⁷² *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.

⁷³ *Id.*

⁷⁴ See Baoding's CQR at C-29 through C-31.

⁷⁵ See Baoding Mantong's Preliminary Analysis Memorandum.

⁷⁶ See *Methodological Change*, (citing *Antidumping Duties; Countervailing Duties*, 62 FR27296, 27369 (May 19, 1997) and Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, vol. I, 827, reprinted in 1994 U.S.C.A.N. 3773, 4172); see also *Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Preliminary Results of Antidumping Administrative Review; 2011-2012*, 78 FR 78333 (December 26, 2013) and accompanying Preliminary Decision Memorandum at Issue 9, unchanged in *Polyethylene Terephthalate Film, Sheet, and Strip From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 37715 (July 2, 2014).

section 773(a) of the Act. The Department bases 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 the Department's normal methodologies.⁷⁷ Therefore, in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c), the Department calculated NV based on FOPs. 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.⁷⁸

E. Factor Valuations

In accordance with section 773(c) of the Act, the Department calculated NV based on FOP data reported by Baoding Mantong.⁷⁹ To calculate NV, the Department multiplied the reported per-unit factor-consumption rates by publicly available SVs. Further, we added freight costs, based on surrogate freight rates, where appropriate, to the inputs that we valued using surrogates. Baoding Mantong stated that it recovered and sold/reused certain by-products in the production of subject merchandise. In calculating NV, we also granted by-product offsets to Baoding Mantong, based upon the reported by-product generated and sold during the POR.⁸⁰ However, we capped the by-product SVs in instances where “{the by-product} is of a higher price than the {surrogate value} for the input which created {the by-product} in question.”⁸¹

F. Market Economy (ME) Prices

Pursuant to 19 CFR 351.408(c)(1), when a respondent sources inputs produced in an ME, from an ME supplier, and pays in an ME currency, the Department normally will use the actual price paid by the respondent to value, in whole or in part, those inputs, except when prices may have been distorted by findings of dumping in the PRC and/or subsidies. Where the Department finds ME purchases to constitute substantially all the total inputs purchased from all sources, (*i.e.*, 85 percent or more),⁸² the Department normally uses the actual purchase prices to value the inputs.

⁷⁷ See, *e.g.*, *Preliminary Determination of Sales at Less Than Fair Value, Affirmative Critical Circumstances, In Part, and Postponement of Final Determination: Certain Lined Paper Products from the People's Republic of China*, 71 FR 19695, 19703 (April 17, 2006), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China*, 71 FR 53079 (September 8, 2006).

⁷⁸ See section 773(c)(3)(A)-(D) of the Act.

⁷⁹ For a list of the FOPs reported by Baoding Mantong, see Preliminary SV Memorandum at Attachment 2.

⁸⁰ See Preliminary SV Memorandum for a further discussion.

⁸¹ See *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012-2013*, 80 FR 20197 (April 15, 2015) and accompanying Issues and Decision Memorandum at Comment 20, citing *Monosodium Glutamate From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 58326 (September 29, 2014) at Comment 11, and *Multilayered Wood Flooring From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 64318 (October 18, 2011) at Comment 24, where the Department valued by-products using a simple average of the surrogate values for the inputs used to generate the by-products; see also Preliminary SV Memorandum.

⁸² See *Use of Market Economy Input Prices in Nonmarket Economy Proceedings*, 78 FR 46699 (August 2, 2013) (where the Department changed its methodology in NME cases, and now requires respondents' purchases of market economy inputs to equal or exceed 85 percent to warrant use of market economy prices to value the input.); see also *Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and*

Where the quantity of the reported input purchased from ME suppliers is below 85 percent of the total volume of the input purchased from all sources during the POR, and where otherwise valid, the Department weight-averages the ME input's purchase price with the appropriate surrogate value for the input according to their respective shares of the reported total volume of purchases.

Baoding Mantong stated that none of its inputs were sourced from an ME supplier.⁸³ Therefore, we have used SVs to calculate the costs of all of Baoding Mantong's inputs for our margin calculation.⁸⁴

G. Surrogate Values

When selecting the SVs, the Department considered, among other factors, the quality, specificity, and contemporaneity of the data.⁸⁵ As appropriate, the Department adjusted input prices by including freight costs to make them delivered prices. Specifically, the Department added a surrogate freight cost, where appropriate, to surrogate input values using the shorter of the reported distance from the domestic supplier to the respondent's factory or the distance from the nearest seaport to the respondent's factory.⁸⁶ An overview of the SVs used to calculate weighted-average dumping margins for Baoding Mantong is below. A detailed description of all SVs used to calculate a weighted-average dumping margin for Baoding Mantong can be found in the Preliminary SV Memorandum.⁸⁷

We used Thai import data, as published by GTA, and other publicly available sources from Thailand, to calculate SVs for Baoding Mantong's FOPs. In accordance with section 773(c)(1) of the Act, the Department applied the best available information for valuing FOPs by selecting, to the extent practicable, SVs which are (1) non-export average values, (2) contemporaneous with, or closest in time to, the POR, (3) product-specific, and (4) tax-exclusive.⁸⁸ The record shows that Thai import data obtained through GTA, as well as data from other Thai sources, are product-specific, tax-exclusive, and generally contemporaneous with the POR.⁸⁹ In those instances where the Department could not obtain information contemporaneous with the POR with which to value FOPs, the Department adjusted the SVs using, where appropriate, Thailand's

Request for Comments, 71 FR 61716, 61717-61718 (October 19, 2006) (*Antidumping Methodologies: Market Economy Inputs*).

⁸³ See Letter from Baoding Mantong, entitled "Glycine from China 2015-2016 Review; Baoding Mantong's Section D Response and Cost Reconciliation," dated September 21, 2016, at D-8.

⁸⁴ See Baoding Mantong's Preliminary Analysis Memorandum.

⁸⁵ See, 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.

⁸⁶ See *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).

⁸⁷ See Preliminary SV Memorandum.

⁸⁸ See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004), unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004).

⁸⁹ See Preliminary SV Memorandum.

producer price index (PPI) or consumer price index (CPI), in the case of labor.⁹⁰ Both indices were published in the International Monetary Fund's (IMF) *International Financial Statistics*.⁹¹

When calculating Thai import-based, per-unit SVs, the Department disregarded import prices that it has reason to believe or suspect may be dumped or subsidized. It is the Department's practice, guided by the legislative history, not to conduct a formal investigation to ensure that such prices are not dumped or subsidized; rather, the Department bases its decision on information that is available to it at the time it makes its determination. Accordingly, we disregarded certain import prices when calculating SVs. We have reason to believe or suspect that prices of inputs from India, Indonesia, and South Korea may have been subsidized because we have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies.⁹² Additionally, consistent with our practice, we disregarded prices from NME countries and excluded imports labeled as originating from an "unspecified" country from the average value because we could not be certain that they were not from either an NME country or a country with general export subsidies.⁹³ Therefore, the Department has not used data from these countries in calculating Thai import-based SVs.

As stated above, the Department used Thai Import Statistics from GTA to value certain raw materials, certain energy inputs, and packing material inputs that Baoding Mantong used to produce subject merchandise during the POR, except where listed below.

We valued electricity and water using values from Thai utilities. We valued truck freight for production inputs and packing materials and domestic inland freight, as well as brokerage and handling expenses, 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 *Doing Business 2015: Thailand by the World Bank*.⁹⁴

⁹⁰ See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 78333 (December 26, 2013) and accompanying Decision Memorandum, unchanged in *Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 37715 (July 2, 2014).

⁹¹ See Preliminary SV Memorandum.

⁹² 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; *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.

⁹³ 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).

⁹⁴ For information on the inland freight, brokerage and handling surrogate value calculation, see the Preliminary SV Memorandum.

We valued labor using an industry-specific 2011 labor rate from the 2012 NSO Industrial Census under Code 20299 “Manufacture of Other Chemical Products, n.e.c.,” and inflated this wage rate using the Thai Consumer Price Index as published in the International Monetary Fund’s *International Financial Statistics*. We find this to be the best available wage rate SV source on the record because it is specific and derived from industries that produce merchandise comparable to the subject merchandise.⁹⁵

According to 19 CFR 351.408(c)(4), the Department is directed to value overhead, selling, general, and administrative expenses, and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country. For valuing these financial ratios, the record contains contemporaneous audited financial statements of four companies from Thailand.^{96,97}

After considering all surrogate financial statements, the Department preliminarily determines to use the financial information of a Thai producer of comparable products, which is contemporaneous, sufficiently detailed, and contains no countervailable subsidies.⁹⁸ Of the remaining financial statements on the record, we found that one financial statement was incomplete and illegible, and the other pertained to a pharmaceutical company, and as discussed above, we have previously found that pharmaceutical companies are not producers of comparable merchandise.⁹⁹

VI. CURRENCY CONVERSION

We made currency conversions into USD 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 Enforcement and Compliance’s website at <http://enforcement.trade.gov/exchange/index.html>.

⁹⁵ For more information on the surrogate labor calculation, *see* the Preliminary SV Memorandum.

⁹⁶ *See* GEO’s SV Submission and Baoding Mantong’s SV Submission.

⁹⁷ For an additional discussion of the financial ratios, *see* Preliminary SV Memorandum, dated concurrently with this memorandum.

⁹⁸ *Id.*, for additional discussion on the Department’s selection of SVs used for financial ratios.

⁹⁹ *See Glycine 2005-2006* and accompanying Issues and Decision Memorandum at Comment 2. *See also Glycine 2006-2007* and accompanying Issues and Decision Memorandum at Comment 4.

VII. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

Agree

Disagree

3/31/2017

X *Ronald K. Lorentzen*

Signed by: RONALD LORENTZEN

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance