



A-570-016

POR: 8/1/2016-7/31/2017

E&C Office VII: TP

**Public Document**

DATE: September 4, 2018

MEMORANDUM TO: Gary Taverman  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance

FROM: James P. Maeder  
Associate Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations  
performing the duties of Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the  
Antidumping Duty Administrative Review of Certain Passenger  
Vehicle and Light Truck Tires from the People's Republic of  
China, Preliminary Determination of No Shipments; and  
Rescission, in part; 2016-2017

---

## I. SUMMARY

In response to requests from interested parties, the Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (China) covering the period of review (POR): August 1, 2016 through July 31, 2017. The mandatory respondents in this review are Zhaoqing Junhong Co., Ltd. (Junhong) and Shandong Haohua Tire Co., Ltd. (Haohua). We preliminarily determine that Junhong sold subject merchandise to the United States at less than normal value (NV) and that Haohua is part of the China-wide entity.

Commerce also preliminarily determines that 17 other companies have established their entitlement to a separate rate, while 25 companies have failed to establish their entitlement to a separate rate. We preliminarily determine that two other companies made no shipments of subject merchandise during the POR. Finally, Commerce is rescinding its review of 16 companies.

If these preliminary results are adopted in our final results of administrative review, Commerce will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries of subject merchandise during the period of review. Interested parties are



invited to comment on these preliminary results. We intend to issue final results of these reviews no later than 120 days from the date of publication of this notice pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.221, unless extended.

## II. BACKGROUND

On August 1, 2017, Commerce notified interested parties of the opportunity to request an administrative review of orders, findings, or suspended investigations with anniversaries in the month of August, including the AD order on passenger tires from China.<sup>1</sup> Between August 21 and 31, 2017, the petitioner, as well as various exporters, requested that Commerce conduct an administrative review of certain exporters covering the period August 1, 2016, through July 31, 2017.<sup>2</sup> On October 16, 2017, Commerce published a notice initiating an AD administrative review of passenger tires from China covering 59 companies for the POR.<sup>3</sup>

In the *Initiation Notice*, Commerce stated that if a producer or exporter had no exports, sales, or entries during the POR, it must notify Commerce within 30 days of publication of the notice.<sup>4</sup> Two companies or company groupings timely reported making no shipments during the POR.<sup>5</sup>

In the *Initiation Notice*, Commerce also stated that parties requesting separate rate status must do so within 30 days of publication of the notice.<sup>6</sup> Numerous companies submitted separate rate applications (SRA) and certifications (SRC) in November 2017.<sup>7</sup>

---

<sup>1</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 82 FR 35754 (August 1, 2017) (*Opportunity to Request Administrative Review*).

<sup>2</sup> See the petitioner's letter, "PVL Tires from the People's Republic of China (A-570-016), 2016-2017 Administrative Review: Petitioner's Request for Administrative Reviews," (August 31, 2017); see also Appendix 1 for a list of companies that self-requested administrative reviews.

<sup>3</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 48051, 48055 (October 16, 2017) (*Initiation Notice*); see also *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 57705, 57707 (December 7, 2017) (*Initiation Notice Correction*).

<sup>4</sup> See *Initiation Notice* at 82 FR 48051.

<sup>5</sup> See "Preliminary Determination of No Shipments" section, below.

<sup>6</sup> See *Initiation Notice* at 82 FR 48052.

<sup>7</sup> See Shandong New Continent Tire Co., Ltd.'s November 12, 2017 SRC; Shandong Shuangwang Rubber Co., Ltd.'s November 12, 2017 SRC; Shandong Zhongyi Rubber Co., Ltd.'s November 12, 2017 SRC; Shouguang Firemax Tyre Co., Ltd.'s November 12, 2017 SRA; Mayrun Tyre (Hong Kong) Limited's November 14, 2017 SRC; Cooper (Kunshan) Tire Co., Ltd.'s November 13, 2017 SRC; Kenda Rubber (China) Co., Ltd.'s November 15, 2017 SRC; Shandong Wanda Boto Tyre Co., Ltd.'s November 15, 2017 SRC; Shandong Guofeng Rubber Plastics Co., Ltd.'s November 15, 2017 SRC; Shandong Changfeng Tyres Co., Ltd.'s November 21, 2017 SRC; BC Tyre Group Limited's November 12, 2017 SRA; Qingdao Odyking Tyre Co., Ltd.'s November 12, 2017 SRA; Shengtai Group Co., Ltd.'s November 12, 2017 SRA; Shandong Anchi Tyres Co., Ltd.'s November 14, 2017 SRC; Shandong Haohua Tire Co., Ltd.'s November 14, 2017 SRC; Zhaoqing Junhong Co., Ltd.'s November 14, 2017 SRC; Shandong Longyue Rubber Co., Ltd.'s November 14, 2017 SRC; Shandong Province Sanli Tire Manufactured Co., Ltd.'s November 14, 2017 SRC; Qingdao Sentury Tire Co., Ltd.'s November 22, 2017 SRA; Tyrechamp Group Co., Limited's November 15, 2017 SRC; Jiangsu Hankook Tire Co., Ltd.'s November 15, 2017 SRC; Hongkong Tiancheng Investment & Trading Co., Limited's November 2, 2017 SRC; Winrun Tyre Co., Ltd.'s November 10, 2017 SRC; Qingdao Nama Industrial Co., Ltd.'s November 15, 2017 SRC; Shandong Linglong Tyre Co., Ltd.'s November 13, 2017 SRA; Shandong Hengyu Science & Technology Co., Ltd.'s November 12, 2017 SRC; Zhaoqing Junhong Co., Ltd.'s November 14, 2017 SRC; Sentury (Hong Kong) Trading Co., Limited's November 22, 2017 SRA; Shandong Province Sanli Tire Manufactured Co., Ltd.'s November 14, 2017 SRC; and Shandong Yongsheng Rubber Group Co., Ltd.'s November 12, 2017 SRA.

Commerce also stated in the *Initiation Notice* that parties may withdraw a request for an administrative review within 90 days of the *Initiation Notice*'s publication.<sup>8</sup> Actyon Tyre Resources Co., Limited; Cooper (Kunshan) Tire Co., Ltd.; Hangzhou Yokohama Tire Co., Ltd.; Hongtyre Goup Co.; ITG Voma Corporation; Koryo International Industrial Limited; Kumho Tire Co., Inc.; Qingdao Nama Industrial Co., Ltd.; Crown International Corporation (Crown); Shandong Wanda Boto Tyre Co., Ltd. (Boto Tyre); Shandong Changfeng Tyres Co., Ltd.; Shandong Guofeng Rubber Plastics; Shandong Guofeng Rubber Plastics Co., Ltd.; Shandong Zhongyi Rubber Co., Ltd.; Shengtai Group Co., Ltd.; The Yokohama Rubber Company, Ltd.; Tyrechamp Group Co., Limited; and the collapsed entity Sailun Group Co., Ltd. (aka Sailun Jinyu Group Co., Ltd.)/Sailun Tire International Corp./Shandong Jinyu Industrial Co., Ltd./Sailun Jinyu Group (Hong Kong) Co., Limited/Dynamic Tire Corp./Husky Tire Corp./Seatex International Inc./Seatex PTE. Ltd, timely withdrew their requests for administrative reviews.<sup>9</sup> Since the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL–CIO, CLC (the petitioner) did not request administrative reviews of these entities and each entity timely filed withdrawal requests for an administrative review of their respective companies, we are rescinding the administrative review with respect to these companies.

Commerce selected Junhong and Haohua as mandatory respondents on April 12, 2018.<sup>10</sup> Commerce issued the initial questionnaire to Junhong and Haohua on April 12, 2018.<sup>11</sup> Commerce also issued a double remedy questionnaires to Junhong and Haohua on April 14, 2017.<sup>12</sup> On April 26, 2018, Haohua withdrew its participation.<sup>13</sup> Junhong submitted responses to Commerce's AD questionnaire, the questionnaire regarding double remedies, and supplemental questionnaires from May 2018 through August 2018.<sup>14</sup>

---

<sup>8</sup> See *Initiation Notice* at 82 FR 48052.

<sup>9</sup> See API's January 5, 2018 Administrative Review Withdrawal Request on behalf of American Pacific Industries, Inc. (API) and Shandong Guofeng Rubber Plastic; Cooper Tire & Rubber Company's January 12, 2018 Administrative Review Withdrawal Request on behalf of itself and its subsidiary Cooper (Kunshan) Tire Co., Ltd.; Shandong Guofeng Rubber Plastics Co., Ltd.'s January 12, 2018 Administrative Review Withdrawal Request; ITG Voma Corporation's January 16, 2018 Administrative Review Withdrawal Request; Actyon Tyre Resources Co., Limited's, Hongtyre Group Co.'s, and Koryo International Industrial Limited's joint October 27, 2017 Administrative Review Withdrawal Request; Kumho Tire Co., Inc.'s January 16, 2018 Administrative Review Withdrawal Request; Sailun Group's October 17, 2017 Administrative Review Withdrawal Request; Shengtai Group Co., Ltd.'s January 14, 2018 Administrative Review Withdrawal Request; Hangzhou Yokohama Tire Co., Ltd.'s and The Yokohama Rubber Company, Ltd.'s joint November 13, 2017 Administrative Review Withdrawal Request; Shandong Zhongyi Rubber Co., Ltd.'s January 14, 2018 Administrative Review Withdrawal Request; Crown International Corporation's, Qingdao Nama Industrial Co., Ltd.'s, and Tyrechamp Group Co., Ltd.'s joint January 16, 2018 Administrative Review Withdrawal Request; Shandong Wanda Boto Tyre Co., Ltd.'s January 16, 2018 Administrative Review Withdrawal Request; and Shandong Changfeng Tyres Co., Ltd.'s January 12, 2018 Administrative Review Withdrawal Request.

<sup>10</sup> See Department Memorandum, "Administrative Review of the Antidumping Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Respondent Selection Memorandum (April 12, 2018) (Respondent Selection Memorandum).

<sup>11</sup> See Commerce letters re: Antidumping Duty Questionnaire for Junhong (April 12, 2018) and Antidumping Duty Questionnaire for Haohua (April 12, 2018).

<sup>12</sup> See Commerce letter re: Double Remedy Questionnaire, (April 25, 2018) (Junhong Double Remedy Questionnaire).

<sup>13</sup> See Haohua's April 26, 2018 Withdrawal Letter.

<sup>14</sup> See Junhong's May 9, 2018 Section A Questionnaire Response (Junhong May 9, 2018 SAQR); May 31, 2018 Section C Questionnaire Response (Junhong May 31, 2018 SCQR); June 1, 2018 Section D Questionnaire Response

In response to Commerce's April 12, 2018, request for comments on surrogate country selection and surrogate values (SVs),<sup>15</sup> Junhong submitted comments regarding surrogate country selection and SVs on June 5, 2018.<sup>16</sup>

Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January 20 through 22, 2018.<sup>17</sup> On May 7, 2018, and again on August 6, 2018, Commerce extended the time limit for completing the preliminary results of this review. The current extended deadline for completing the preliminary results of this review is September 4, 2018.<sup>18</sup>

### III. PARTIAL RESCISSION OF ADMINISTRATIVE REVIEW

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if the party or parties that requested a review withdraws the request within 90 days of the publication date of the notice of initiation of the requested review. As noted in the "Background" section of this memorandum, Actyon Tyre Resources Co., Limited; Cooper (Kunshan) Tire Co., Ltd.; Hangzhou Yokohama Tire Co., Ltd.; Hongtyre Goup Co.; ITG Voma Corporation; Koryo International Industrial Limited; Kumho Tire Co., Inc.; Qingdao Nama Industrial Co., Ltd.; Crown International Corporation (Crown); Shandong Wanda Boto Tyre Co., Ltd. (Boto Tyre); Shandong Changfeng Tyres Co., Ltd.; Shandong Guofeng Rubber Plastics; Shandong Guofeng Rubber Plastics Co., Ltd.; Shandong Zhongyi Rubber Co., Ltd.; Shengtai Group Co., Ltd.; The Yokohama Rubber Company, Ltd.; Tyrechamp Group Co., Limited; and the collapsed entity Sailun Group Co., Ltd. (aka Sailun Jinyu Group Co., Ltd.)/Sailun Tire International Corp./Shandong Jinyu Industrial Co., Ltd./Sailun Jinyu Group (Hong Kong) Co., Limited/Dynamic Tire Corp./Husky Tire Corp./Seatex International Inc./Seatex PTE. Ltd, withdrew their requests for an administrative review within 90 days of the publication date of the notice of initiation. No other parties requested an administrative review of the order with respect to these entities. Therefore, in accordance with 19 CFR 351.213(d)(1), Commerce is rescinding this review of the AD order on passenger tires from the PRC with respect to the aforementioned parties.

As noted above, Crown and Boto Tyre timely filed withdrawal requests for their respective administrative reviews. However, the petitioner filed administrative review requests for these entities, but did not file any subsequent withdrawal requests. Therefore, both entities are still subject to the instant administrative review.

---

(Junhong June 1, 2018 SDQR); May 14, 2018 Double Remedy Questionnaire Response (Junhong May 14, 2018 Double Remedies Questionnaire Response); and August 10, 2018 First Supplemental Questionnaire Response (Junhong August 10, 2018 1st SQR).

<sup>15</sup> See Commerce letter re: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information (April 12, 2018) (Request for SC and SV Comments).

<sup>16</sup> See Junhong's June 5, 2018 Surrogate Country Comments (Junhong June 5, 2018 SV Comments).

<sup>17</sup> See Memorandum, "Deadlines Affected by the Shutdown of the Federal Government" (Tolling Memorandum)," (January 23, 2018). All deadlines in this segment of the proceeding have been extended by three days.

<sup>18</sup> See Commerce Memorandum re: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review –2016-2017, (May 7, 2018); *see also* Commerce Memorandum re: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review – 2016-2017, (August 6, 2018).

#### **IV. SCOPE OF THE ORDER**

The scope of this order is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by this order may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.

Subject tires have, at the time of importation, the symbol “DOT” on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

Prefix designations:

P - Identifies a tire intended primarily for service on passenger cars

LT- Identifies a tire intended primarily for service on light trucks

Suffix letter designations:

LT - Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service.

All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this investigation regardless of their intended use.

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.

Specifically excluded from the scope are the following types of tires:

- (1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;
- (2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the Tire and Rim Association Year Book;
- (3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;

(4) non-pneumatic tires, such as solid rubber tires;

(5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire's sidewall are listed in Table PCT-1B ("T" Type Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Year Book,

(b) the designation "T" is molded into the tire's sidewall as part of the size designation, and,

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a "M" rating;

(6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:

(a) the size designation molded on the tire's sidewall is listed in the ST sections of the Tire and Rim Association Year Book,

(b) the designation "ST" is molded into the tire's sidewall as part of the size designation,

(c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is "For Trailer Service Only" or "For Trailer Use Only",

(d) the load index molded on the tire's sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Year Book for the relevant ST tire size, and

(e) either

(i) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed does not exceed 81 MPH or an "M" rating; or

(ii) the tire's speed rating molded on the sidewall is 87 MPH or an "N" rating, and in either case the tire's maximum pressure and maximum load limit are molded on the sidewall and either

(1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book; or

(2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;

(7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:

(a) the size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Year Book,

(b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 55 MPH or a "G" rating, and

(d) the tire features a recognizable off-road tread design.

The products covered by this order are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.45, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

## **V. DISCUSSION OF METHODOLOGY**

### *Preliminary Determination of No Shipments*

Highpoint Trading, Ltd. (Highpoint) and Federal Tire (Jiangxi), Ltd. (Federal Tire) each timely certified that they had no sales, shipments, or entries of passenger tires in the POR.<sup>19</sup> To test these claims, Commerce reviewed information obtained from a U.S. Customs and Border Protection (CBP) data query and issued a no-shipment inquiry to CBP requesting that it provide any information that contradicted the no-shipment claims of these companies.

In addition, six companies—Fleming Limited; Haohua Orient International Trade Ltd.; Qingdao Lakesea Tyre Co., Ltd.; Riversun Industry Limited; Safe & Well (HK) International Trading Limited; and Windforce Tyre Co., Limited—filed no shipment certifications even though an administrative review was not requested for or initiated on their behalf. Because these companies are not subject to this review, Commerce will not analyze their no shipment certifications.

Also, Best Choice International Trade Co., Limited (Best Choice) filed a no shipment certification. However, in the prior administrative review, we determined that BC Tyre Group

---

<sup>19</sup> See letter from Highpoint Trading, Ltd. and Federal Tire (Jiangxi), Ltd., "Certification of No Sales, Shipments, or Entries: Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China," (November 13, 2017).

Limited (BC Tyre) and Best Choice were affiliated and we collapsed them in accordance with 19 CFR 351.401(f).<sup>20</sup> Because there is no evidence on the record that contradicts our prior collapsing determination or the evidence on this record, we preliminarily continue to find that BC Tyre and Best Choice is a single entity in this administrative review. Information on the record of the instant administrative review indicates that SRA candidate BC Tyre had shipments during the POR, and information on the record also indicates that these two companies had intertwining of operations during the POR.<sup>21</sup> Therefore, we preliminarily find that Best Choice does not qualify for no shipment status because part of the entity, BC Tyre, had shipments. Because we do not have all the information necessary to determine that BC Tyre/Best Choice qualify for a separate rate, we are treating BC Tyre as part of the China-wide entity. However, we intend to seek additional information from this entity after the preliminary results.

Based on the no shipment certifications of Highpoint and Federal Tire, our analysis of the results of a CBP data query, and the fact that CBP did not identify any information that contradicted the no-shipment claims, we preliminarily determine that Highpoint and Federal Tire do not have any reviewable transactions during the POR. However, consistent with Commerce's practice in non-market economy (NME) cases, it is not appropriate to rescind the review with respect to these companies; rather, we will complete the review with respect to these companies and issue instructions to CBP based on the final results of the review.<sup>22</sup>

#### *Non-Market Economy Country*

Commerce considers China to be an NME country.<sup>23</sup> In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. Therefore, Commerce will continue to treat China as an NME country for purposes of these preliminary results of review. Commerce calculated NV using a factors of production (FOP) methodology in accordance with section 773(c) of the Act, which applies to NME countries.

#### *Separate Rates*

In all proceedings involving NME countries, Commerce maintains a rebuttable presumption that all companies within China are subject to government control and, thus, should be assessed a

---

<sup>20</sup> For a business proprietary discussion of the Best Choice and BC Tyre Group Limited relationship, please see Commerce Memorandum, "Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Separate Rate Status," (September 4, 2018) (Preliminary Separate Rate Memorandum).

<sup>21</sup> *Id.* at Attachment 1.

<sup>22</sup> See *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694 (October 24, 2011).

<sup>23</sup> See *Antidumping Duty Investigation of Certain Aluminum Foil from the People's Republic of China: Affirmative Preliminary Determination of Sales at Less-Than-Fair Value and Postponement of Final Determination*, 82 FR 50858, 50861 (November 2, 2017) (citing Memorandum to Gary Taverman, "China's Status as a Non-Market Economy," dated October 26, 2017), *unchanged in Certain Aluminum Foil From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 83 FR 9282 (March 5, 2018).

single weighted-average dumping margin.<sup>24</sup> In the *Initiation Notice*, Commerce notified parties of the application process by which exporters or exporter/producers may obtain separate rate status in NME proceedings.<sup>25</sup> It is Commerce’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, Commerce analyzes each exporting entity in an NME country under the test established in *Sparklers*,<sup>26</sup> as amplified by *Silicon Carbide*.<sup>27</sup> However, if Commerce determines that a company is wholly foreign-owned or located in a market economy (ME) country, then analysis of the *de jure* and *de facto* criteria are not necessary to determine whether the company is independent from government control and eligible for a separate rate.<sup>28</sup>

Commerce continues to evaluate its practice with regard to the separate rates analysis in light of the *Diamond Sawblades* from China AD proceeding, and Commerce’s determinations therein.<sup>29</sup> In particular, in litigation involving the *Diamond Sawblades* proceeding, the U.S. Court of International Trade found Commerce’s existing separate rate analysis deficient in the circumstances of that case, in which a government-controlled entity had significant ownership in the respondent exporter.<sup>30</sup> Based on this, we have concluded that where a government entity

---

<sup>24</sup> See *Polyethylene Terephthalate Film, Sheet, and Strip from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 55039, 55040 (September 24, 2008); *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); *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People’s Republic of China*, 71 FR 29303, 29307 (May 22, 2006).

<sup>25</sup> See *Initiation Notice*, 82 FR at 48052.

<sup>26</sup> See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588 (May 6, 1991) (*Sparklers*).

<sup>27</sup> See *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People’s Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*).

<sup>28</sup> See, e.g., *Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles from the People’s Republic of China*, 72 FR 52355, 52356 (September 13, 2007).

<sup>29</sup> See *Final Results of Redetermination Pursuant to Remand Order for Diamond Sawblades and Parts Thereof from the People’s Republic of China* (May 6, 2013) in *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 885 F. Supp. 2d 1343 (CIT 2012), affirmed in *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013). This remand redetermination is on the Enforcement and Compliance website at <http://enforcement.trade.gov/remands/12-147.pdf>. See also *Diamond Sawblades and Parts Thereof from the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 77098 (December 20, 2013) and accompanying Preliminary Decision Memorandum at 7, unchanged in *Diamond Sawblades*, 79 FR 35723 (June 24, 2014) and accompanying Issues and Decision Memorandum at Comment 1.

<sup>30</sup> See, e.g., *Advanced Technology & Materials Co., Ltd. v. United States*, 885 F. Supp. 2d 1343, 1349 (CIT 2012) (“The court remains concerned that Commerce has failed to consider important aspects of the problem and offered explanations that run counter to the evidence before it.”); *id.* at 1351 (“Further substantial evidence of record does not support the inference that SASAC’s {state-owned assets supervision and administration commission} ‘management’ of its ‘state-owned assets’ is restricted to the kind of passive-investor *de jure* ‘separation’ that Commerce concludes.”) (footnotes omitted); *id.* at 1355 (“The point here is that ‘governmental control’ in the context of the separate rate test appears to be a fuzzy concept, at least to this court, since a ‘degree’ of it can obviously be traced from the controlling shareholder, to the board, to the general manager, and so on along the chain to ‘day-today 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

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, which 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 profitability of the company. Accordingly, we have considered the level of government ownership in our separate rates analysis where necessary.

### *Separate Rates Determination*

As noted previously, Commerce initiated this review with respect to 59 companies/company groupings. Also noted previously, 15 of the entities for which a review was initiated withdrew their self-requests for administrative reviews. Of the remaining 44 companies/company groupings, Commerce preliminarily determined that two companies had no shipments while another 23 companies filed neither no shipment certifications nor separate rate applications/certifications. The separate rates status of the remaining 19 companies/company groupings is discussed below.

Commerce received a completed response to the Section A portion of the NME questionnaire from mandatory respondent Junhong, which contained information pertaining to the company's eligibility for a separate rate.<sup>31</sup> As noted in the "Background" section of this memorandum, Commerce also received SRAs and SRCs from numerous companies/company groupings.

As noted above in the "Partial Rescission of Administrative Review" section, Boto Tyre timely filed a separate rate certification prior to its withdrawal request. We reviewed Boto Tyre's separate rate certification request and preliminarily find that it qualifies for separate rate status in the instant administrative review. Crown did not file a separate application or a no shipment certificate and thus is preliminarily considered to be part of the China-wide entity.

### *Absence of De Jure Control*

Commerce considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) legislative enactments decentralizing control over export activities of the companies; and (3) other formal measures by the government decentralizing control over export activities of companies.<sup>32</sup>

---

financial statements and the power to veto nomination does not equilibrate the power of control over nomination.") (footnotes omitted).

<sup>31</sup> See Junhong May 9, 2018 SAQR at 2-18 and Exhibits A-2 through A-10.

<sup>32</sup> See *Sparklers*, 56 FR at 20589.

### *Absence of De Facto Control*

Typically, Commerce considers four factors in evaluating whether a respondent is subject to *de facto* government control of its export functions: (1) whether the export sales 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 the disposition of profits or financing of losses.<sup>33</sup> Commerce has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude Commerce from assigning them separate rates.

### *Separate Rate Recipients*

Commerce preliminarily grants separate rate status to Junhong because it has demonstrated that it exercises both *de facto* and *de jure* control of its operations.<sup>34</sup> We are also preliminarily granting separate rate status to the applicants that were able to document that they either exercised both *de facto* and *de jure* control over their operations or that they were wholly foreign-owned entities. The full list of separate recipients is attached at Appendix 1 of this memorandum.

### *Companies Not Receiving a Separate Rate*

Commerce will not grant separate-rate status to certain companies that did not file a separate rate application, which, as stated in the *Initiation Notice*,<sup>35</sup> they were required to do in order to be considered for separate-rate status. In addition, Commerce is not granting Haohua separate rate status, due to its withdrawal as a mandatory respondent in the instant administrative review.

As discussed above, Commerce continues to find that BC Tyre and Best Choice is a single entity, in accordance with 19 CFR 351.401(f), and is preliminarily not entitled to a separate rate because there is insufficient information on the record to determine the status of the complete entity.<sup>36</sup>

Commerce is treating those companies that it preliminarily finds are not eligible for separate-rate status as part of the China-wide entity. A full list of the 25 companies denied separate-rate status is attached at Appendix 2 of this memorandum.

### *Separate Rate for Companies Not Individually Examined*

Section 777A(c)(1) of the Act directs Commerce to calculate an individual weighted-average dumping margin for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Act gives Commerce discretion to limit its examination to a reasonable number of exporters or producers if it is not practicable to make individual weighted-average

---

<sup>33</sup> See *Silicon Carbide*, 59 FR at 22586-87; *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).

<sup>34</sup> See Junhong May 9, 2018 SAQR at 2-18 and Exhibits A-2 through A-10.

<sup>35</sup> See *Initiation Notice* at 82 FR 48052.

<sup>36</sup> See Preliminary Separate Rate Memorandum.

dumping margin determinations because of the large number of exporters and producers involved in the review.

In its Respondent Selection Memorandum, Commerce determined, pursuant to section 777A(c)(2) of the Act, that given the large number of producers or exporters for which a review was initiated and Commerce's current resource constraints, it would not be practicable to individually examine all known exporters/producers.<sup>37</sup> Therefore, in accordance with section 777A(c)(2)(B) of the Act, Commerce selected for individual examination the two exporters accounting for the largest volume of subject merchandise exported from China during the POR, Junhong and Haohua.<sup>38</sup> However, as noted above, Haohua withdrew as a respondent for this administrative review.

The statute and Commerce's regulations do not address the establishment of a dumping margin for respondents not selected for individual examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when determining the dumping margin for respondents which Commerce did not examine individually in an administrative review. Section 735(c)(5)(A) of the Act articulates a preference not to calculate an all-others rate using dumping margins which are zero, *de minimis* or based entirely on facts available (FA). Accordingly, Commerce's usual practice in determining the dumping margin for separate-rate respondents not selected for individual examination has been to average the weighted-average dumping margins for the individually examined respondents, excluding dumping margins that are zero, *de minimis*, or based entirely on FA.<sup>39</sup>

In the instant administrative review, Junhong is the only reviewed respondent that received a calculated weighted-average margin. Therefore, Commerce preliminarily determines that Junhong's calculated weighted-average dumping margin will be assigned to all entities that have been granted separate rate status.

### *The China-Wide Entity*

Upon initiation of the administrative review, we provided the opportunity for all companies upon which the review was initiated to complete either the separate-rate application or certification.<sup>40</sup> In NME proceedings, "rates may consist of a single dumping margin applicable to all exporters and producers."<sup>41</sup> As explained above in the "Separate Rates" section, all companies within

---

<sup>37</sup> See Commerce Memorandum, "Administrative Review of the Antidumping Duty Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Respondent Selection Memorandum," (April 12, 2018) at 5 (Respondent Selection Memorandum).

<sup>38</sup> *Id* at 7.

<sup>39</sup> See *Longkou Haimeng Mach. Co. v. United States*, 581 F. Supp. 2d 1344, 1357-60 (Ct. Int'l Trade 2008) (affirming Commerce's determination to assign a 4.22 percent dumping margin to the separate rate respondents in a segment where the three mandatory respondents received dumping margins of 4.22 percent, 0.03 percent, and zero percent, respectively); see also *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 36656, 36660 (July 24, 2009).

<sup>40</sup> The separate-rate application and certification are available at: <http://enforcement.trade.gov/nme/nme-sep-rate.html>.

<sup>41</sup> See 19 CFR 351.107(d).

China are considered to be subject to government control unless they are able to demonstrate an absence of government control with respect to their export activities. Such companies are assigned a single AD rate distinct from the separate rate(s) determined for companies that are found to be independent of government control with respect to their export activities. We consider the influence that the government has been found to have over the economy to warrant determining a rate for the entity that is distinct from the rates found for companies that provided sufficient evidence to establish that they operate freely with respect to their export activities.<sup>42</sup> In this regard, no record evidence indicates that such government influence is no longer present or that our treatment of the China-wide entity is otherwise incorrect.

Commerce's policy regarding conditional review of the China-wide entity applies to this review.<sup>43</sup> Under this policy, the China-wide entity will not be under review unless a party specifically requests, or Commerce self-initiates, a review of the entity. Because no party requested a review of the China-wide entity, the entity is not under review and the entity's rate (*i.e.*, 87.99 percent) is not subject to change.<sup>44</sup>

### *Surrogate Country Selection*

#### *Legal and Regulatory Framework*

When Commerce investigates 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 FOPs, valued in a surrogate ME country or countries considered to be appropriate by Commerce. In accordance with section 773(c)(4) of the Act, in valuing the FOP, Commerce shall utilize, to the extent possible, the prices or costs of the FOP in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.<sup>45</sup> Further, pursuant to 19 CFR 351.408(c)(2), Commerce will normally value the FOPs in a single country.

Where Commerce determines that there is more than one country at a level of economic development comparable to that of the NME country and a significant producer of comparable merchandise, it then examines the availability and quality of the surrogate value (SV) data on the record from each potential surrogate country in order to select a single primary surrogate country.

---

<sup>42</sup> See, *e.g.*, *Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China: Final Results of 2005-2006 Administrative Review and Partial Rescission of Review*, 72 FR 56724 (October 4, 2007) and accompanying Issues and Decision Memorandum at Comment 2.

<sup>43</sup> See *Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Duty Proceedings*, 78 FR 65963, 65970 (November 4, 2013).

<sup>44</sup> See *Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 FR 47902, 47906 (August 10, 2015) (*Order*).

<sup>45</sup> See Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin).

### *Interested Parties' Comments*

Junhong did not submit SC comments; however, it did submit SV data from Thailand.<sup>46</sup> The petitioner did not submit SC comments or SV data.

### *Economic Comparability*

On April 12, 2018, Commerce issued a memorandum identifying six countries as being at the level of economic development of China for the POR. The countries identified in that memorandum are Bulgaria, Brazil, Mexico, Romania, South Africa, and Thailand.<sup>47</sup>

Commerce determined economic comparability based on per capita gross national income, as reported in the most current annual issue of the World Bank Development Reports (WDR).<sup>48</sup> The countries identified above are not ranked and are considered equivalent in terms of economic comparability to China.

### *Significant Producers of Identical or Comparable Merchandise*

While the statute does not define “significant” or “comparable,” Commerce’s practice is to evaluate whether production is significant based on characteristics of world production of, and trade in, comparable merchandise (subject to the availability of data on these characteristics) and to determine whether merchandise is comparable on a case-by-case basis.<sup>49</sup> Where there is no production information, Commerce has relied upon export data from potential surrogate countries. With respect to comparability of merchandise, in all cases, if identical merchandise is produced in a country, the country qualifies as a producer of comparable merchandise. Where there is no evidence of production of identical merchandise in a potential surrogate country, Commerce has determined whether merchandise is comparable to the subject merchandise on the basis of similarities in physical form and the extent of processing or on the basis of production factors (physical and non-physical) and factor intensities. Since these characteristics are specific to the merchandise in question, the standard for ‘significant producer’ will vary from case to case.<sup>50</sup>

---

<sup>46</sup> See Junhong’s June 5, 2018 Surrogate Value Submission (Junhong’s June 5, 2018 SV Submission).

<sup>47</sup> See Request for SC and SV Comments at the Attachment.

<sup>48</sup> See Policy Bulletin at 2 (endnotes omitted); see e.g., *Utility Scale Wind Towers from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 77 FR 75992 (December 26, 2012) and the accompanying Issues and Decision Memorandum at Comment 1. Although 19 CFR 351.408(b) instructs the Department to rely on gross domestic product (GDP) data in such comparisons, it is Departmental practice to use “per capita GNI, rather than per capita GDP, because while the two measures are very similar, per capita GNI is reported across almost all countries by an authoritative source (the World Bank), and because the Department finds that the per capita GNI represents the single best measure of a country’s level of total income and thus level of economic development.” See *Antidumping Methodologies in Proceedings Involving Non-Market Economy Countries: Surrogate Country Selection and Separate Rates*, 72 FR 13246, 13246 n.2 (March 21, 2007).

<sup>49</sup> 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) and accompanying Preliminary Decision Memorandum at 4-7, unchanged in *Xanthan Gum from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33350 (June 4, 2013).

<sup>50</sup> See Policy Bulletin 04.1. See e.g., *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) and the accompanying Issues and Decision Memorandum at Comment 7.

Information on the record indicates that Thailand is a significant exporter of merchandise covered by the HTS categories identified in the scope of this order.<sup>51</sup> Moreover, the financial statement on the record shows that a significant volume of identical and comparable merchandise is produced in Thailand.<sup>52</sup> There is no information on the record regarding either production or net exports for Bulgaria, Brazil, Mexico, Romania, or South Africa. Accordingly, we preliminarily find that Thailand has met the significant producer of comparable merchandise prong of the surrogate country selection criteria.

#### *Data Availability and Quality*

When evaluating SV data, Commerce considers several factors including whether the SVs are publicly available, contemporaneous with the period under consideration, a broad-market average, from an appropriate surrogate country, tax and duty-exclusive, and specific to the input being valued.<sup>53</sup> Commerce's preference is to satisfy the breadth of these aforementioned selection factors.<sup>54</sup> There is sufficient SV data from Thailand on the record to value nearly all the FOPs reported by the respondents. Given the aforementioned factors, Commerce has selected Thailand as the primary surrogate country for this review. A detailed description of the Thai SVs selected by Commerce is provided below in the "Normal Value" section of this memorandum.

#### *Date of Sale*

Commerce's regulations at 19 CFR 351.401(i) state as follows:

In identifying the date of sale of the subject merchandise or foreign like product, the Secretary normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. However, the Secretary may use a date other than the date of invoice if the Secretary is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.<sup>55</sup>

Junhong reported that all of its sales to the United States were made pursuant to purchase orders.<sup>56</sup> Junhong stated that the price and quantity of its sales are subject to change until the

---

<sup>51</sup> See Junhong June 5, 2018 SV Comments.

<sup>52</sup> See, e.g., Goodyear (Thailand) Company Limited's financial statements in the Junhong June 5, 2018 SV Comments at Exhibit 11.

<sup>53</sup> See, e.g., *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Final Results of Antidumping Duty Administrative Review and New Shipper Reviews*; 2010-2011, 78 FR 17350 (March 21, 2013), and accompanying Issues and Decision Memorandum at Comment I(C).

<sup>54</sup> *Id.*

<sup>55</sup> See 19 CFR 351.401(i). See also *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand*, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10; *Allied Tube and Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-1092 (CIT 2001) (upholding the Department's rebuttable presumption that invoice date is the appropriate date of sale).

<sup>56</sup> See Junhong May 9, 2018 SAQR at 20.

invoice is issued.<sup>57</sup> Based on this, Junhong also states that it uses invoice date as the date of sale for all of its U.S. sales.<sup>58</sup> Our analysis of Junhong’s sales documentation indicates that there can be changes in price and quantity from the time of the purchase order until the issuance of the final invoice.<sup>59</sup> Therefore, we have preliminarily used invoice date as the date of sale for Junhong’s U.S. sales.

### *Fair Value Comparisons*

To determine whether Junhong’s U.S. sales of subject merchandise were made at less than NV, we compared net U.S. sales prices to NV, as described in the “U.S. Price” and “Normal Value” sections below.

### *Determination of Comparison Method*

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates dumping margins by comparing weighted-average NVs to weighted-average export prices (EPs) or constructed export prices (CEPs) (the average-to-average comparison method) unless Commerce determines that another method is appropriate in a particular situation. In AD investigations, Commerce examines whether to compare weighted-average NVs to the prices of individual export transactions (the average-to-transaction comparison 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 Commerce’s examination of this question in the context of administrative reviews, Commerce nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in AD investigations.<sup>60</sup> In recent investigations and reviews, Commerce applied a “differential pricing” analysis to determine whether the 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.<sup>61</sup> Commerce finds the differential pricing analysis used in those recent investigations and reviews may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review.<sup>62</sup> Commerce will continue to develop its

---

<sup>57</sup> *Id.* at 21.

<sup>58</sup> *Id.*

<sup>59</sup> *Id.* at Exhibits A-11 and A-12.

<sup>60</sup> See *Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012), and accompanying Issues and Decision Memorandum at Comment 1.

<sup>61</sup> See *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 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).

<sup>62</sup> See, e.g., *Activated Carbon from the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 26748 (May 8, 2013), unchanged in *Certain Activated Carbon from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 70533 (November 26, 2013), and accompanying Issues & Decision Memorandum at Comment 4.

approach in this area based on comments received in this and other proceedings, and on Commerce's additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average comparison method in calculating weighted-average dumping margins.

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

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen's *d* test is applied when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen's *d* coefficient is calculated to evaluate the extent to which the net prices to a particular purchaser, region or in a time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium or large. Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant, and the sales in the test group were found to have passed the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction comparison method to all sales as an alternative to the average-to-average comparison method. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction comparison method to those sales identified as passing the Cohen's *d* test as an alternative to the average-to-average comparison method, and application of the average-to-average comparison

method to those sales identified as not passing the Cohen's *d* test. If 33 percent or less of the value of total sales passes the Cohen's *d* test, then the results of the Cohen's *d* test do not support consideration of an alternative to the average-to-average comparison method.

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

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

#### *Results of the Differential Pricing Analysis*

Based on the results of the differential pricing analysis, we find that 33.30 percent of Junhong's U.S. sales pass the Cohen's *d* test, thereby confirming the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that there is no meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to those U.S. sales that passed the Cohen's *d* test and the average-to-average method to those sales that did not pass the Cohen's *d* test. Accordingly, for these preliminary results, Commerce is applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Junhong.

#### *U.S. Price*

#### *Export Price*

In accordance with section 772(a) of the Act, "the term 'export price' (EP) is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under subsection (c)." Commerce defined the U.S. price of merchandise under consideration based on the EP for Junhong's U.S. sales as reported by Junhong. Commerce calculated the EP based on the prices at which merchandise under consideration was sold to

unaffiliated purchasers in the United States. Junhong reported that all of its U.S. sales were EP sales.<sup>63</sup>

For Junhong's EP sales, Commerce made deductions, as appropriate, from the reported U.S. price for movement expenses (*i.e.*, domestic freight and domestic brokerage and handling). Commerce based movement expenses on surrogate values.

### *Normal Value*

Section 773(c)(1) of the Act provides that Commerce shall determine NV using an FOP methodology if the merchandise is exported from an NME country 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. Commerce bases NV in an NME case on FOPs because the presence of government controls on various aspects of NME countries renders price comparisons and the calculation of production costs invalid under Commerce's normal methodologies. Under section 773(c)(3) of the Act, FOPs include, but are not limited to: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. In accordance with section 773(c) of the Act and 19 CFR 351.408(c)(1), we calculated NV by multiplying the reported per-unit FOPs consumption rates by publicly available SVs.<sup>64</sup>

### *Factor Valuation Methodology*

In accordance with section 773(c) of the Act, Commerce calculated NV based on FOP data reported by Junhong. To calculate NV, Commerce multiplied the reported per-unit FOP consumption rates by publicly available SVs. When selecting SVs, Commerce considered, among other factors, whether the SV data on the record were publicly available, broad market averages, contemporaneous with the period under consideration or closest in time to the period, product-specific, and tax-exclusive.<sup>65</sup> As appropriate, Commerce adjusted FOP costs by including freight costs to make them delivered values. Specifically, Commerce 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.<sup>66</sup> An overview of the SVs used to calculate weighted-average dumping margin for Junhong is below. A detailed description of all SVs used to calculate the weighted-average dumping margins for Junhong can be found in the Preliminary Surrogate Value Memorandum.<sup>67</sup>

---

<sup>63</sup> See Junhong May 31, 2018 SCQR at 17.

<sup>64</sup> See Commerce Memorandum, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Surrogate Value Memorandum," (September 4, 2018) (Preliminary SV Memorandum).

<sup>65</sup> 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).

<sup>66</sup> See *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).

<sup>67</sup> See Preliminary SV Memorandum.

## *Direct and Packing Materials*

The record shows that Global Trade Atlas (GTA) import statistics from the primary surrogate country, Thailand, are generally contemporaneous with the POR, publicly available, product-specific, tax-exclusive, and represent a broad market average.<sup>68</sup> Thus, we based SVs for Junhong's direct materials, packing materials, and by-products on these import values and, where appropriate, valued other items, such as certain movement expenses, using other publicly available Thai data on the record.<sup>69</sup>

We disregarded certain import values when calculating SVs. We have continued to apply Commerce's long-standing practice of disregarding import prices that we have reason to believe or suspect are subsidized or dumped.<sup>70</sup> In this regard, Commerce previously found that it is appropriate to disregard prices of imports from India, Indonesia, South Korea, and Thailand because it determined that these countries maintain broadly available, non-industry specific export subsidies.<sup>71</sup> 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, Commerce finds that it is reasonable to infer that all exporters in India, Indonesia, and South Korea may have benefitted from these subsidies. Therefore, we have not used the prices of Thai imports of goods from India, Indonesia, and South Korea in calculating the import-based SVs. Additionally, in selecting import data for SVs, we disregarded prices from NME countries.<sup>72</sup> Finally, we excluded from our calculation of the average import value any imports that were labeled as originating from an "unspecified" country, because we could not be certain that they were not from either an NME country or a country with generally available export subsidies.<sup>73</sup>

Pursuant to 19 CFR 351.408(c)(1), when a respondent sources inputs produced in ME countries, from ME suppliers in meaningful quantities, and pays for the inputs in ME currencies, Commerce uses the actual price paid by the respondent to value those inputs, except when prices

---

<sup>68</sup> *Id.*

<sup>69</sup> *Id.*

<sup>70</sup> See Section 773(c)(5) of the Act permits the Department to disregard price or cost values without further investigation if it has determined that certain subsidies existed with respect to those values; see also *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793, 46795 (August 6, 2015); 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>71</sup> See, e.g., *Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order*, 75 FR 13257 (March 19, 2010), and accompanying Issues and Decision Memorandum at 4-5; *Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia: Final Results of Expedited Sunset Review*, 70 FR 45692 (August 8, 2005), and accompanying Issues and Decision Memorandum at 4; *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; *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Thailand*, 66 FR 50410 (October 3, 2001), and accompanying Issues and Decision Memorandum at 23.

<sup>72</sup> See, e.g., *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 74 FR 9591, 9600 (March 5, 2009), unchanged in *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 36656 (July 24, 2009) and *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Notice of Antidumping Duty Order*, 74 FR 46971 (September 14, 2009).

<sup>73</sup> *Id.*

may have been distorted by findings of dumping and/or subsidization.<sup>74</sup> Where Commerce finds ME purchases to be of significant quantities (*i.e.*, 85 percent or more), in accordance with the statement of policy as outlined in *Antidumping Methodologies: Market Economy Inputs*,<sup>75</sup> Commerce uses the actual purchase prices to value the inputs. Alternatively, when the volume of a NME firm's purchases of an input from ME suppliers during the period is below 85 percent of its total volume of purchases of the input during the period, but where these purchases are otherwise valid and there is no reason to disregard the purchase prices, Commerce will typically weight-average the ME purchase prices with an appropriate SV, according to their respective shares of the total volume of purchases.<sup>76</sup> When a firm's ME purchases may have been based on dumped or subsidized sales, are not *bona fide*, or are otherwise not acceptable for use in a dumping calculation, Commerce will exclude them from its calculation to determine whether there were significant quantities of ME purchases (the 85 percent threshold).<sup>77</sup>

Junhong provided evidence of ME purchases of inputs during the POR that were paid for in a ME currency.<sup>78</sup> Thus, consistent with 19 CFR 351.408(c)(1), we used Junhong's reported ME purchase prices in valuing certain FOPs, either in whole or in part, based upon purchase volume.<sup>79</sup>

Consistent with the approach taken in the previous administrative review,<sup>80</sup> we valued natural rubber using Daily Prices of Natural Rubber published by Association of Natural Rubber Producing Countries.<sup>81</sup>

#### *Utilities*

We valued water and electricity using Thai rates from the Board of Investment of Thailand. We did not inflate or deflate the rates because they were in effect during the POR.<sup>82</sup> We valued steam using the 2016 Annual Report from Glow Energy Public Company Limited, a Thai provider of industrial utilities.<sup>83</sup>

#### *Labor*

We valued labor using contemporaneous Thai data from Thailand National Statistical Office (NSO) for all manufacturing sectors.<sup>84</sup>

---

<sup>74</sup> See, e.g., *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27366 (May 19, 1997).

<sup>75</sup> See *Use of Market Economy Input Prices in Nonmarket Economy Proceedings*, 78 FR 46799 (August 2, 2013) (Market Economy Inputs).

<sup>76</sup> *Id.*

<sup>77</sup> *Id.*

<sup>78</sup> See Junhong June 1, 2018 SDQR at Exhibit D-6.

<sup>79</sup> *Id.*

<sup>80</sup> See *Passenger Tires China AR 2015-2016 Preliminary PDM* at 29, *unchanged in Passenger Tires China AR 2015-2016 Final*.

<sup>81</sup> See Preliminary Surrogate Value Memorandum; see also Junhong June 5, 2018 SV Comments at Exhibit 3.

<sup>82</sup> See Junhong June 5, 2018 SV Comments at Exhibit 5.

<sup>83</sup> *Id.* at Exhibit 4.

<sup>84</sup> *Id.* at Exhibit 8.

### *Movement Services*

We valued inland truck freight expenses using charges for domestic truck freight for transporting cargo domestically within Thailand as published in the World Bank's *Doing Business in Thailand 2017* and *2018* editions as well as information from the Board of Investment of Thailand's "Petroleum and Petrochemical Policy Bureau, Energy Policy and Planning Office 2017" report.<sup>85</sup> We did not inflate or deflate the truck rate reported in these sources because they covered a period contemporaneous with the POR.

We valued inland train freight using rates from the Board of Investment of Thailand.<sup>86</sup> There are no rates for inland water freight services on the record. Therefore, as a substitute, we valued inland water freight expenses using the inland truck freight rate identified above.

We valued brokerage and handling expenses using charges for exporting a standardized cargo of goods from Thailand as published in the World Bank's *Doing Business in Thailand 2017* and *2018* editions.<sup>87</sup> We did not inflate or deflate the brokerage and handling charge in this publication because the survey used to obtain the charge requested data from a period contemporaneous with the POR.

### *Overhead and Financial Expenses*

Pursuant to 19 CFR 351.408(c)(4), Commerce values overhead, selling, general and administrative (SG&A) expenses, and profit using publicly available information gathered from producers of identical or comparable merchandise in the surrogate country.

Junhong provided the 2017 financial statement of Goodyear (Thailand) Company Limited (Goodyear).<sup>88</sup> We note that the company manufactures comparable merchandise (*e.g.* motor vehicle tires), and its 2017 financials are contemporaneous with the POR. Therefore, we have preliminarily used the 2017 financial statements of Goodyear to value factory overhead, selling, general, and administrative expenses, and profit.<sup>89</sup>

### *Adjustments for Double Remedies*

In applying section 777A(f) of the Act, Commerce examines: (1) whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise;; (2) whether such countervailable subsidy has been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period; and (3) whether Commerce can reasonably estimate the extent to which that countervailable subsidy, in combination with the use of NV determined pursuant to section 773(c) of the Act, has increased the weighted-average dumping margin for the class or kind of merchandise.<sup>90</sup> For a subsidy meeting these criteria, the statute requires Commerce to reduce the dumping margin by

---

<sup>85</sup> *Id.* at Exhibit 7.

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> *Id.* at Exhibit 11.

<sup>89</sup> *Id.*

<sup>90</sup> *See* Section 777A(f)(1)(A)-(C) of the Act.

the estimated amount of the increase in the weighted-average dumping margin due to a countervailable subsidy, subject to a specified cap.<sup>91</sup> In conducting this analysis, Commerce has not concluded that concurrent application of NME dumping duties and countervailing duties (CVDs) necessarily and automatically results in overlapping remedies. Rather, a finding that there is an overlap in remedies, and any resulting adjustment, is based on a case-by-case analysis of the totality of facts on the administrative record for that segment of the proceeding as required by the statute.

For purposes of our analysis under sections 777A(f)(1)(A) and (f)(1)(C) of the Act, Commerce requested firm-specific information from Junhong.<sup>92</sup> The information sought included information regarding whether countervailed subsidies were received during the relevant period, information on costs, and information regarding the respondents' pricing policies and practices. Additionally, the respondent was required to provide documentary support for the information provided. Junhong submitted a response to Commerce's firm-specific double remedies questionnaire.<sup>93</sup> The response included information concerning countervailable subsidies received during the relevant period, as well as information regarding the respondent's costs and pricing policies and practices.

### *Analysis*

Even though Junhong is not a mandatory respondent in the companion CVD administrative review, it reported receiving countervailable subsidies for the provisions of carbon black, nylon cord, synthetic rubber, natural rubber, and electricity for LTAR.<sup>94</sup> Junhong also provided monthly POR costs for its purchases of carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity.<sup>95</sup>

In accordance with section 777A(f)(1)(A) of the Act, Commerce examined whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise.

Junhong provided information regarding its monthly costs for the POR associated with its purchases of carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity.<sup>96</sup> Because Commerce found the provision of carbon black, nylon cord, synthetic rubber, natural rubber, and electricity for LTAR to be countervailable with respect to the class or kind of merchandise under consideration in the most recently completed CVD administrative review, Commerce preliminarily finds that the requirement of section 777A(f)(1)(A) of the Act has been met.

Additionally, in accordance with section 777A(f)(1)(C) of the Act, Commerce examined whether

---

<sup>91</sup> See Section 777A(f)(1)-(2) of the Act.

<sup>92</sup> See Commerce letter, "Antidumping Duty Administrative Review of the Antidumping Order on Passenger Vehicle and Light Truck Tires from the People's Republic of China: Double Remedy Questionnaire," (April 25, 2018).

<sup>93</sup> See Junhong May 14, 2018 Double Remedies Questionnaire Response.

<sup>94</sup> *Id.* at 5.

<sup>95</sup> *Id.* at Exhibits DR-1 through DR-5.

<sup>96</sup> *Id.*

Junhong demonstrated: (1) a subsidies-to-cost link, *i.e.*, a subsidy effect on the cost of manufacturing (COM) the merchandise under consideration; and (2) a cost-to-price link, *i.e.*, respondent's prices were dependent on changes in the COM. With respect to the subsidies-to-cost link, in the Double Remedies Questionnaire Response, Junhong reported that it consumed carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity in the production of subject merchandise and that it received subsidies for these inputs.<sup>97</sup>

Junhong provided information indicating that the subsidy programs affected its COM. Specifically, it provided information showing its input costs and the effects of those costs on its COM in the form of internal communications among its accounting, management and sales personnel.<sup>98</sup> In addition, Junhong states that it identifies and monitors the cost fluctuations of these raw materials.<sup>99</sup> Thus, Commerce preliminarily concludes that Junhong established a subsidies-to-cost link because subsidies for the provision of carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity for LTAR impact Junhong's costs for producing subject merchandise.

For the cost-to-price link, Commerce examined whether Junhong demonstrated that changes in costs affected, or are taken into consideration when setting, prices. Junhong stated that the company will adjust the sales price of the subject tires when the raw material costs change substantially.<sup>100</sup> In addition, Junhong reports that its accounting department reports significant cost changes to the general manager.<sup>101</sup> The general manager, in turn, considers the price changes and then instructs the sales department to conduct market research and price negotiations with the U.S. customer.<sup>102</sup> Finally, Junhong provided internal communications describing how prices change in response to costs.<sup>103</sup>

Based on the above, Commerce finds that Junhong provided adequate information to establish a link between subsidies (the provision of carbon black, nylon cord, synthetic rubber and butadiene, natural rubber, and electricity for LTAR), costs, and prices. Therefore, Commerce is adjusting Junhong's U.S. price for export subsidies and a pass-through adjustment for domestic subsidies in its calculation of the dumping margin for Junhong. As noted previously, Junhong is not a mandatory respondent in the companion CVD administrative review. As a result, for these preliminary results, we will use the calculated domestic subsidy passed-through rate based on subsidy rates for the "all other's companies" from the most recently completed CVD administrative review final results for non-reviewed entities.<sup>104</sup>

---

<sup>97</sup> *Id.*

<sup>98</sup> *Id.* at 2-3 and Exhibit DR-6.

<sup>99</sup> *Id.* at 6.

<sup>100</sup> *Id.*

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> *Id.* at Exhibit DR-6.

<sup>104</sup> See Commerce Memorandum, "Placing First Administrative Review Final Results Double Remedy Calculation Memorandum on the Record of the 2016-2017 Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China" at Attachment 1 (dated concurrently with the instant memorandum) (Double Remedy Calculation Memorandum).

*Export Subsidy Adjustment*

Pursuant to section 772(c)(1)(C) of the Act, Commerce increases the U.S. price by the amount of any countervailing duty imposed to offset an export subsidy. As noted in the “Adjustment for Double Remedies” section above, we are adjusting Junhong’s U.S. net price by increasing it by the export subsidy rate calculated in the most recently completed CVD administrative review.<sup>105</sup>

*Separate Rate Companies*

For the non-individually examined companies eligible for a separate rate, their weighted-average dumping margin is based on the weighted-average dumping margin of Junhong. Therefore, the non-individually examined exporters granted separate rates status will be granted an adjustment to account for domestic subsidies based on the domestic subsidy pass-through amount determined for Junhong as described above. This adjustment is not more than the countervailing duty attributable to these countervailable subsidies for any of these exporters.

*Currency Conversion*

Where appropriate, Commerce 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.

**VI. RECOMMENDATION**

We recommend applying the above methodology for these preliminary results of review.

\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

9/4/2018

X



Signed by: GARY TAVERMAN

\_\_\_\_\_  
Gary Taverman  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance

<sup>105</sup> See Commerce Memorandum, “Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Preliminary Analysis Memorandum for Zhaoqing Junhong Co., Ltd.,” (September 4, 2018); see also Double Remedy Calculation Memorandum.

## Appendix 1

### List of Companies that Filed Self-Requests for an Administrative Review

1. American Pacific Industries, Inc.’s; Shandong Anchi Tyres Co., Ltd.’s; Shandong Guofeng Rubber Plastics’; Shandong Haolong Rubber Co., Ltd.’s; Shandong Hengyu Science & Technology Co., Ltd.’s; and Shandong Province Sanlin Tire’s letter, “American Pacific Industries, Inc, *et al* Request for 2016 Administrative Review; Case No. A-570-016; Antidumping Duty Order on Certain Passenger Vehicle and Light Truck Tires for the People’s Republic of China,” dated August 30, 2017.
2. ITG Voma Corporation’s (ITG Voma); Shandong Wanda Boto Tyre Co., Ltd.’s (Wanda Boto); and Shandong Guofeng Rubber Plastics, Co., Ltd.’s (Guofeng) letter, “Passenger Vehicle and Light Tires from the People’s Republic of China: Request for Review – 2016-2017 Review Period,” dated August 31, 2017
3. Actyon Tyre Resources Group Co., Limited’s (Acyton Tyre); Hongtyre Group Co.’s (Hongtyre Group); and Koryo International Industrial Limited’s (Koryo International) letter, “Request for Administrative Review of the Antidumping Duty Order on Passenger Vehicle and Light Truck Tires from China, A-570-016 (POR: 8/1/2016-7/31/2017),” dated August 30, 2017
4. BC Tyre Group Limited’s letter, “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China – Request for Administrative Review,” dated August 30, 2017
5. Cooper Tire & Rubber Company’s (Cooper Tire) and Cooper (Kunshan) Tire Co., Ltd.’s (Cooper Kunshan) letter, “Passenger Vehicle and Light Truck Tires from the People’s Republic of China/Request for Second Administrative Review of CKT,” dated August 31, 2017 (Cooper Tire and Cooper Kunshan August 31, 2017 Review Request)
6. Hangzhou Yokohama Tire Co., Ltd.’s (Hangzhou Yokohama) and the Yokohama Rubber Company, Ltd.’s (Yokohama Rubber) letter, “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China – Request for Administrative Review,” dated August 31, 2017
7. Highpoint Trading, Ltd.’s and Federal Tire (Jiangxi), Ltd.’s letter, “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China – Request for Administrative Review,” dated August 31, 2017
8. Hankook Tire China Co., Ltd.’s and Jiangsu Hankook Tire Co., Ltd.’s letter, “Passenger Vehicle and Light Truck Tires from the People’s Republic of China, Case No. A-570-016: Request for Administrative Review,” dated August 31, 2017
9. Kenda Rubber (China) Co., Ltd.’s; Tyrechamp Group Co., Ltd.’s (Tyrechamp Group); Qingdao Nama Industrial Co., Ltd.’s (Qingdao Nama); and Crown International

Corporation's (Crown) letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: 2<sup>nd</sup> Administrative Review," dated August 31, 2017

10. Kumho Tire Co., Inc.'s (Kumho) letter, "Administrative Review of the Antidumping Duty Order on Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Request for Review," dated August 31, 2017
11. Mayrun Tyre (Hong Kong) Limited's letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China Request for Administrative Review," dated August 21, 2017
12. Qingdao Fullrun Tyre Corp. Ltd.'s; Qingdao Fullrun Tyre Tech Corp. Ltd.'s; Shandong Duratti Rubber Corporation Co. Ltd.'s; and Shandong Hongsheng Rubber Co. Ltd.'s letter "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Request for Administrative Review," dated August 31, 2017
13. Qingdao Odyking Tyre Co., Ltd.'s letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Request for Administrative Review," dated August 30, 2017
14. Sailun Jinyu Group Co., Ltd.'s; Shandong Linglong Tyre Co., Ltd.'s; Hong Kong Tiancheng Investment & Trading Co., Limited's; and Qingdao Sentury Tire Co., Ltd.'s letter, "Request for Administrative Review of the Antidumping Duty Order on Passenger Vehicle and Light Truck Tires (PVL T) from the People's Republic of China (A-570-016)," dated August 31, 2017
15. Shandong Anchi Tyres Co., Ltd. 's (Shandong Anchi) letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China – Request for Administrative Review," dated August 30, 2017
16. Shandong Haohua Tire Co., Ltd.'s letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China, Request for Administrative Review," dated August 21, 2017
17. Shandong Hengyu Science & Technology Co., Ltd.'s letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Request for Administrative Review," dated August 30, 2017
18. Shandong Longyue Rubber Co., Ltd.'s letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China, Request for Administrative Review," dated August 21, 2017
19. Shandong New Continent Tire Co., Ltd.'s letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Request for Administrative Review," dated August 30, 2017

20. Shandong Province Sanli Tire Manufactured Co., Ltd.'s letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China – Request for Administrative Review," dated August 21, 2017
21. Wanda Boto Tyre's and Shandong Guofeng Rubber Plastics Co., Ltd.'s letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Request for Review – 2016-17 Review Period," dated August 31, 2017
22. Shandong Shuangwang Rubber Co., Ltd.'s (Shuangwang Rubber) letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Request for Administrative Review," dated August 30, 2017
23. Shandong Yongsheng Rubber Group Co., Ltd.'s letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Request for Administrative Review," dated August 30, 2017
24. Shengtai Group Co., Ltd.'s (Shengtai Group) letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Request for Administrative Review," dated August 30, 2017
25. Winrun Tyre Co., Ltd.'s letter, "Winrun's Request for AD Administrative Review Passenger Vehicle and Light Truck Tires from China," dated August 31, 2017
26. Zhaoqin Junhong Co., Ltd.'s (Zhaoqin) letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China Request for Administrative Review," dated August 21, 2017.