



A-570-133
Investigation
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February 4, 2021

MEMORANDUM TO: James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

THROUGH: Erin Begnal
Director, Office III
Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Determination in the
Less-Than-Fair-Value Investigation of Certain Metal Lockers and
Parts Thereof from the People’s Republic of China

I. SUMMARY

The Department of Commerce (Commerce) preliminarily determines that certain metal lockers and parts thereof (metal lockers) from the People’s Republic of China (China) are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Tariff Act of 1930, as amended (the Act).

II. BACKGROUND

On July 9, 2020, we received an antidumping duty (AD) petition concerning imports of metal lockers from China,¹ which was filed in proper form by List Industries, Inc., Lyon LLC, Penco Products, Inc., and Tenssco LLC (collectively, the petitioners). On July 16, 2020,² prior to Commerce’s decision to formally initiate these investigations, the petitioners responded to Commerce’s request³ for supplemental information related to aspects of product coverage. On

¹ See Petitioners’ Letter, “Petition for the Imposition of Antidumping and Countervailing Duties on Certain Metal Lockers and Parts Thereof from the People’s Republic of China,” dated July 9, 2020 (the Petition).

² See Petitioners’ Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China – Petitioners’ Response to Supplemental Questionnaire Regarding Volume I: General Issues,” dated July 16, 2020; see also Petitioners’ Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China – Petitioners’ Response to Supplemental Questionnaire Regarding Volume II: Antidumping Duty Petition,” dated July 16, 2020.

³ See Commerce’s Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China – Petitions for the Imposition of Antidumping and Countervailing Duties: Supplemental Questions,” dated July 13, 2020; see also Commerce’s Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China – Petition for the Imposition of Antidumping Duties: Supplemental Questions,” dated July 13, 2020.

July 22, 2020, Commerce discussed aspects of the scope over the phone with the petitioners.⁴ Commerce initiated this investigation on July 29, 2020.⁵

In the *Initiation Notice*, Commerce notified parties of the application process by which exporters and producers may obtain separate rate status in non-market economy (NME) investigations.⁶ The process requires exporters and producers to submit a separate rate application (SRA)⁷ that demonstrates an absence of both *de jure* and *de facto* government control over their export activities. In the *Initiation Notice*, Commerce stated that SRAs would be due 30 days after publication of the notice, specifically, September 4, 2020.⁸ On August 28, 2020, Commerce extended this deadline to September 11, 2020.⁹ Commerce received timely SRAs from thirteen applicants, including both mandatory respondents, as discussed in the “Separate Rates” section, below.

In the *Initiation Notice*, Commerce notified parties of an opportunity to comment on the scope of the investigation, as well as the appropriate physical characteristics of metal lockers to be reported in response to Commerce’s AD questionnaire.¹⁰ On August 21, 2020, the petitioners and Zhejiang Xingyi Metal Products Co., Ltd. (Zhejiang Xingyi) submitted comments to Commerce regarding the physical characteristics of the subject merchandise to be used for reporting purposes.¹¹ On August 31, 2020, the petitioners submitted rebuttal comments on Zhejiang Xingyi’s proposed product characteristics.¹² On August 19, 2020, Commerce received timely scope comments from Ameziel, Inc. (Ameziel).¹³ On August 25, 2020, Commerce received timely scope comments from Central Purchasing, LLC (Harbor Freight), Home Depot USA Inc. (Home Depot), NewAge Products, Inc. (NewAge), George O’Days, Inc. (O’Days), WEC Manufacturing, LLC (WEC), and Whirlpool Corporation (Whirlpool).¹⁴ Trinity

⁴ See Memorandum, “Telephone Conversation with the Petitioners Regarding Antidumping and Countervailing Duty Petitions Covering Certain Metal Lockers and Parts Thereof from the People’s Republic of China,” dated July 22, 2020.

⁵ See *Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 85 FR 47343, (August 5, 2020) (*Initiation Notice*).

⁶ *Id.*, 85 FR at 47347.

⁷ See Policy Bulletin 05.1: Separate Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries (April 5, 2005) (Policy Bulletin 05.1), available at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

⁸ See *Initiation Notice*, 85 FR at 47347.

⁹ See Memorandum, “Antidumping and Countervailing Duty Investigations for Certain Metal Lockers and Parts Thereof from China – Extension of Deadline to Submit Separate Rate Applications,” dated August 28, 2020.

¹⁰ See *Initiation Notice*, 85 FR at 47344.

¹¹ See Petitioners’ Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China – Petitioners’ Comments on Product Characteristics,” dated August 21, 2020; see also Zhejiang Xingyi’s Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China, Case No. A-570-133: Comments on Product Characteristics,” dated August 21, 2020.

¹² See Petitioners’ Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China – Petitioners’ Product Characteristic Rebuttal Comments,” dated August 31, 2020.

¹³ See Ameziel’s Letter, “Less-Than-Fair-Value Investigation of Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Respondent Selection,” dated August 19, 2020.

¹⁴ See Harbor Freight’s Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China, Case Nos. A-570-133 and C-570-134: Scope Comments,” dated August 25, 2020; see also Home Depot’s Letter, “Certain Metal Lockers and Parts Thereof from China: Scope Comments,” dated August 25, 2020; NewAge’s Letter, “Metal Lockers from the People’s Republic of China: NewAge Product Inc.’s Scope Comments,” dated

International Industries LLC (Trinity) submitted rebuttal scope comments on September 4, 2020. However, Commerce rejected this submission because it contained untimely new factual information filed after the deadline for submitting scope comments.¹⁵ The petitioners and Harbor Freight submitted rebuttal scope comments on September 11, 2020.¹⁶

On September 14, 2020, Harbor Freight requested an additional period for interested parties to file rebuttal scope comments.¹⁷ Commerce granted this request¹⁸ and received rebuttal scope comments from WEC and NewAge, as well as additional rebuttal scope comments from Harbor Freight on September 24, 2020.¹⁹

On September 17, 2020, Trinity requested permission to file scope comments and new factual information.²⁰ Commerce granted this request on September 18, 2020.²¹ On September 25, 2020, Trinity submitted its scope comments.²² On October 2, 2020, the petitioners submitted additional rebuttal scope comments.²³

In the *Initiation Notice*, Commerce stated its intent to base the selection of respondents for individual examination on responses to quantity and value (Q&V) questionnaires. On August 4,

August 25, 2020; O'Days' Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China; Submission of Scope Comments," dated August 25, 2020; WEC's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Comments on Scope," dated August 25, 2020; and Whirlpool's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Scope Comments," dated August 25, 2020.

¹⁵ See Trinity's Letter, "Trinity International Industries LLC: Rebuttal Scope Comments on the Proposed Scope of Antidumping and Countervailing Duty Investigations on Certain Metal Lockers and Parts Thereof from the People's Republic of China," dated September 4, 2020; see also Commerce's Letter "Antidumping and Countervailing Duty Investigations of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Reject and Remove Trinity International Industries LLC's Rebuttal Scope Comments from the Record," dated September 15, 2020.

¹⁶ See Petitioners' Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Petitioners' Rebuttal Scope Comments," dated September 11, 2020; see also Harbor Freight's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China, Case Nos. A-570-133 and C-570-134: Rebuttal Scope Comments," dated September 11, 2020.

¹⁷ See Harbor Freight's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China, Case Nos. A-570-133 and C-570-134: Request for Additional Rebuttal Comments," dated September 14, 2020.

¹⁸ See Memorandum, "Antidumping and Countervailing Duty Investigations for Certain Metal Lockers and Parts Thereof from China: Request for Additional Rebuttal Comments," dated September 17, 2020.

¹⁹ See WEC's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Additional Rebuttal Comments," dated September 24, 2020; see also NewAge's Letter, "Metal Lockers from the People's Republic of China: NewAge Product Inc.'s Rebuttal Scope Comments," dated September 24, 2020; and Harbor Freight's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China, Case Nos. A-570-133 and C-570-134: Additional Rebuttal Scope Comments," dated September 24, 2020.

²⁰ See Trinity's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China, Case Nos. A-570-133, C-570-134; Request to File Scope Comments," dated September 17, 2020.

²¹ See Commerce's Letter, "Antidumping and Countervailing Duty Investigations of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Request to Submit Scope Comments," dated September 18, 2020.

²² See Trinity's Letter, "Trinity International Industries LLC: Scope Comments on the Proposed Scope of Antidumping and Countervailing Duty Investigations on Certain Metal Cabinets and Parts Thereof from the People's Republic of China," dated September 25, 2020.

²³ See Petitioners' Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Petitioners' Rebuttal Scope Comments," dated October 2, 2020.

2020, Commerce initiated the shipment of the Q&V questionnaires, via FedEx, to nine of the 76 producers/exporters of metal lockers from China identified in Exhibit GEN-6 of the petition.²⁴ Additionally, Commerce uploaded an electronic copy of the Q&V questionnaire to the Antidumping and Countervailing Duty Centralized Electronic Service System website, inviting parties that did not receive a Q&V questionnaire by mail to file a Q&V response.

On August 24, 2020, the U.S. International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain metal lockers from China.²⁵

On August 19, 2020, based on responses to Q&V questionnaires, Commerce selected two exporters accounting for the largest value of certain metal lockers during the period of investigation (POI) for individual examination: Hangzhou Xline Machinery & Equipment Co., Ltd. (Hangzhou Xline) and Zhejiang Xingyi Metal Products Co., Ltd. (Zhejiang Xingyi).²⁶ On August 24, 2020, Commerce issued the AD questionnaire to Hangzhou Xline and Zhejiang Xingyi.²⁷ On September 4, 2020, after analyzing the comments and rebuttals from the interested parties regarding physical characteristics of the merchandise, Commerce determined the physical characteristics to use in the investigation.²⁸

On September 16, 2020, Commerce placed on the record a list of countries at the same level of economic development and invited interested parties to comment on the selection of the primary surrogate country and to provide surrogate value (SV) information.²⁹ On September 30, 2020, Commerce received comments from the petitioners and one mandatory respondent, Zhejiang Xingyi, on the level of economic development of the countries included on the list of potential surrogate countries.³⁰ On November 16, 2020, Commerce received preliminary SV information from Hangzhou Xline and Zhejiang Xingyi.³¹ On November 17, 2020, the petitioners submitted

²⁴ See Commerce's Letter, "Issuance of Quantity and Value Questionnaire," dated August 4, 2020; *see also* Memorandum, "Antidumping Duty Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Quantity and Value Questionnaire Delivery; Proof of Delivery of Initial Questionnaire; Undeliverable Q&V Addresses," dated August 18, 2020.

²⁵ See *Certain Metal Lockers and Parts Thereof from China; Determinations*, 85 FR 53399 (August 28, 2020) (*ITC Preliminary Determination*).

²⁶ See Memorandum, "Less-Than-Fair-Value Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Respondent Selection," dated August 19, 2020 (Respondent Selection Memorandum).

²⁷ See Commerce's Letters, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Initial Antidumping Duty Questionnaire," dated August 24, 2020 (Initial AD Questionnaire).

²⁸ See Commerce's Letters, "Physical Characteristics for the Antidumping Duty Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China," dated September 4, 2020.

²⁹ See Memorandum, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information," dated September 16, 2020 (Request for Surrogate Country and Surrogate Value Comments).

³⁰ See Petitioners' Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China – Petitioners' Comments on List of Surrogate Countries," dated September 30, 2020; *see also* Zhejiang Xingyi's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China, Case No. A-570-133: Comments on Economic Comparability of Surrogate Countries," dated September 30, 2020.

³¹ See Hangzhou Xline's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Submission of Hangzhou Xline's Surrogate Country Comments and Initial Surrogate Value Submission," dated November 16, 2020 (Hangzhou Xline's SV Submission); *see also* Zhejiang Xingyi's Letter, "Antidumping Duty

SV data.³² On November 25, 2020, Zhejiang Xingyi requested permission to revise and resubmit its factors of production (FOP); Commerce granted this request on November 30, 2020.³³ Zhejiang Xingyi submitted revised FOP data on December 11, 2020.³⁴ In addition, Zhejiang Xingyi submitted information to value surrogate financial ratios on December 18, 2020,³⁵ and Hangzhou Xline submitted information to value surrogate financial ratios on January 5, 2021.³⁶

As noted above, Commerce issued the initial AD questionnaire to Hangzhou Xline and Zhejiang Xingyi on August 24, 2020.³⁷ Hangzhou Xline and Zhejiang Xingyi submitted timely responses to the Initial AD Questionnaire (sections A, C, and D) from September 25, 2020 through October 28, 2020.³⁸ We issued supplemental questionnaires to each company and received timely responses to these supplemental questionnaires on December 15 and 16, 2020.³⁹

Investigation for Certain Metal Lockers and Parts Thereof from China, Case No. A-570-133: Surrogate Value and Surrogate Country Comments,” dated November 16, 2020 (Zhejiang Xingyi’s SV Submission).

³² See Petitioners’ Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China – Petitioners’ Comments on Surrogate Country Selection and Submission of Surrogate Values,” dated November 17, 2020 (Petitioners’ SV Submission).

³³ See Zhejiang Xingyi’s Letter, “Certain Metal Lockers and Parts Thereof from China, Case Nos. A-570-133: Zhejiang Xingyi Request for Permission to Consolidate Factors of Production,” dated November 25, 2020; *see also* Commerce’s Letter, “Less-Than-Fair-Value Investigation into Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Request Simplified Factors of Production,” dated November 30, 2020.

³⁴ See Zhejiang Xingyi’s Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China, Case No. A-570-133: Rebuttal Surrogate Value and Surrogate Country Comments,” dated December 11, 2020.

³⁵ See Zhejiang Xingyi’s Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China, Case No. A-570-133: Submission of Surrogate Financial Ratios,” dated December 18, 2020 (Zhejiang Xingyi’s Surrogate Financial Ratios Submission).

³⁶ See Hangzhou Xline’s Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Hangzhou Xline’s Submission of Surrogate Financial Ratios,” dated January 5, 2021.

³⁷ See Initial AD Questionnaire.

³⁸ See Hangzhou Xline’s Letters, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Submission of Hangzhou Xline’s Section A Response,” dated September 25, 2020 (Hangzhou Xline’s AQR); “Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Submission of Hangzhou Xline’s Section C Response,” dated October 20, 2020 (Hangzhou Xline’s CQR); and “Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Submission of Hangzhou Xline’s Section D Response,” dated October 28, 2020 (Hangzhou Xline’s DQR); *see also* Zhejiang Xingyi’s Letters, “Certain Metal Lockers and Parts Thereof from China, Case Nos. A-570-133: Zhejiang Xingyi’s Section A Questionnaire Response,” dated September 25, 2020 (Zhejiang Xingyi’s AQR); “Certain Metal Lockers and Parts Thereof from China, Case Nos. A-570-133: Zhejiang Xingyi’s Section C Questionnaire Response,” dated October 19, 2020 (Zhejiang Xingyi’s CQR); and “Certain Metal Lockers and Parts Thereof from China, Case Nos. A-570-133: Zhejiang Xingyi’s Section D Questionnaire Response,” dated October 23, 2020 (Zhejiang Xingyi’s DQR).

³⁹ See Commerce’s Letter, “Less-Than-Fair-Value Investigation into Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Supplemental Section ACD Questionnaire for Zhejiang Xingyi Metal Products Co., Ltd.,” dated November 13, 2020; *see also* Zhejiang Xingyi’s Letter, “Certain Metal Lockers and Parts Thereof from China, Case Nos. A-570-133: Zhejiang Xingyi Supplemental Sections ACD Questionnaire Response,” dated December 15, 2020 (Zhejiang Xingyi’s Supplemental Response). Zhejiang Xingyi’s Supplemental Response also included complete Sections A, C and D responses of its affiliate, Xingyi Metalworking Technology (Zhejiang) Co., Ltd. (Xingyi Metalworking); Commerce’s Letter, “Less-Than-Fair-Value Investigation into Certain Metal Lockers and Parts Thereof from the People’s Republic of China – Sections A, C, and D Supplemental Questionnaire,” dated November 16, 2020; and Hangzhou Xline’s Letter, “Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Submission of Hangzhou Xline’s Supplemental Response,” dated December 16, 2020.

On October 15, 2020, the petitioners notified Commerce that Lyon LLC withdrew as a petitioner in the investigation.⁴⁰ On November 6, 2020, DeBourgh Manufacturing Co. filed an entry of appearance as a manufacturer, producer, or wholesaler in the United States of a domestic like product, establishing the petitioners in this investigation as DeBourgh Manufacturing Co., List Industries, Inc., Penco Products, Inc., and Tensco LLC.⁴¹

We issued a double remedies questionnaire to Hangzhou Xline and Zhejiang Xingyi on November 12, 2020.⁴² Hangzhou Xline and Zhejiang Xingyi provided double remedy responses on November 30 and December 7, 2020, respectively.⁴³

On November 20, 2020, the petitioners submitted a timely request to postpone the preliminary determination in this investigation.⁴⁴ On December 1, 2020, Commerce published in the *Federal Register* the notice of postponement of the deadline for the preliminary determination, in accordance with section 733(c)(1)(A) of the Act and 19 CFR 351.205(e), until no later than 190 days after the initiation of the investigation, *i.e.*, February 4, 2021.⁴⁵

On January 15, 2021, Zhejiang Xingyi submitted pre-preliminary comments in advance of Commerce's preliminary determination.⁴⁶ Hangzhou Xline provided comments on January 21, 2021.⁴⁷ The petitioners also provided pre-preliminary comments on January 21, 2021.⁴⁸

On January 19 and 20, 2021, Zhejiang Xingyi and Hangzhou Xline requested Commerce to postpone the final determination and extend the provisional measures by the corresponding period of time, in the event of a preliminary determination.⁴⁹ On January 22, 2021, the

⁴⁰ See Petitioners' Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China – Withdrawal of Lyon LLC," dated October 15, 2020.

⁴¹ See Amended Entry of Appearance: A-570-133; Metal Lockers and Parts Thereof from People's Republic of China; INV, barcode 4050443-01.

⁴² See Commerce's Letters, "Less-Than-Fair-Value Investigation into Certain Metal Lockers and Parts Thereof from the People's Republic of China – Double Remedies Questionnaire," dated November 12, 2020 (Double Remedy Questionnaire).

⁴³ See Hangzhou Xline's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Submission of Hangzhou Xline's Double Remedies Response," dated November 30, 2020 (Hangzhou Xline's Double Remedies Response); *see also* Zhejiang Xingyi's Letter, "Certain Metal Lockers and Parts Thereof from Chia, Case Nos. A-570-133: ZXM Double Remedies Questionnaire Response," dated December 7, 2020 (Zhejiang Xingyi's Double Remedies Response).

⁴⁴ See Petitioners' Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China – Petitioners' Request to Postpone Preliminary Determination," dated November 20, 2020.

⁴⁵ See *Certain Metal Lockers and Parts Thereof from the People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*, 85 FR 77157 (December 1, 2020).

⁴⁶ See Zhejiang Xingyi's Letter, "Certain Metal Lockers and Parts Thereof from China, Case Nos. A-570-133: ZXM Pre-Preliminary Determination Comments," dated January 15, 2021.

⁴⁷ See Hangzhou Xline's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Hangzhou Xline's Submission of Pre-Preliminary Comments," dated January 21, 2021.

⁴⁸ See Petitioners' Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China – Petitioners' Pre-Preliminary Determination Comments," dated January 21, 2021.

⁴⁹ See Zhejiang Xingyi's Letter, "Certain Metal Lockers and Parts Thereof from China, Case Nos. A-570-133: Request to Postpone Final Determination," dated January 19, 2021 (Zhejiang Xingyi's Final Determination Postponement Request); *see also* Hangzhou Xline's Letter, "Metal Lockers and Parts Thereof from the People's Republic of China: Request to Postpone the Final Determination," dated January 20, 2021 (Hangzhou Xline's Final Determination Postponement Request).

petitioners provided their support for the respondents' request to extend the final determination of this investigation.⁵⁰

We are conducting this investigation in accordance with section 733(b) of the Act.

III. PERIOD OF INVESTIGATION

The POI is January 1, 2020, through June 30, 2020. This period corresponds to the two most recently completed fiscal quarters prior to the month of the filing of the Petition, which was July 2020.⁵¹

IV. POSTPONEMENT OF FINAL DETERMINATION AND EXTENSION OF PROVISIONAL MEASURES

On January 19 and 20, 2021, in accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii) and (e)(2), the respondents requested that, if the preliminary determination in the above-referenced investigation is affirmative, Commerce postpone the final determination and the provisional measures by the corresponding period of extension (*e.g.*, by an additional 60 days), which represents a period not to exceed six months, in accordance with 19 CFR 351.210(b)(2)(ii).⁵² On January 22, 2021, the petitioners provided their support for the respondents' request to extend the final determination of this investigation.⁵³

In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii) and (e)(2), because: (1) our preliminary determination is affirmative; (2) the requesting exporters account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, we are granting the respondents' request. Thus, we are postponing the final determination until no later than 135 days after the publication of the preliminary determination notice in the *Federal Register*, and we are extending provisional measures from four months to a period not to exceed six months.

V. SCOPE OF INVESTIGATION

The products covered by this investigation are metal lockers from China. For a full description of the scope of the investigation, *see* the accompanying *Federal Register* notice at Appendix I.

⁵⁰ See Petitioners' Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China -- Petitioners' Request to Postpone Final Determination," dated January 22, 2021 (Petitioners' Final Postponement Request).

⁵¹ See 19 CFR 351.204(b)(1).

⁵² See Zhejiang Xingyi's Final Determination Postponement Request and Hangzhou Xline's Final Determination Postponement Request.

⁵³ See Petitioners' Final Postponement Request at 1.

VI. SCOPE COMMENTS

In accordance with the *Preamble* to Commerce’s regulations,⁵⁴ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁵⁵ For a summary of the product coverage comments submitted to the record for this preliminary determination and analysis of all comments timely received, *see* the Preliminary Scope Decision Memorandum.⁵⁶

VII. SINGLE ENTITY ANALYSIS

Section 771(33) of the Act identifies that the following persons that shall be considered “affiliated” or “affiliated persons”: (A) members of a family, including brothers and sisters (whether by the whole or half-blood), spouse, ancestors, and lineal descendants; (B) any officer or director of an organization and such organization; (C) partners; (D) employer and employee; (E) any person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting stock or shares of any organization and such organization; (F) two or more persons directly or indirectly controlling, controlled by, or under common control with, any person; and (G) any person who controls any other person and such other person. Section 771(33) of the Act further states that a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person. Commerce’s regulations at 19 CFR 351.102(b)(3) state that in determining whether control over another person exists within the meaning of section 771(33) of the Act, Commerce will not find that control exists unless the relationship has the potential to impact decisions concerning the production, pricing, or cost of the subject merchandise or foreign like product.⁵⁷

Section 351.401(f) of Commerce’s regulations outlines the criteria for treating affiliated producers as a single entity for purposes of antidumping proceedings:

- (1) In general. In an antidumping proceeding under this part, the Secretary will treat two or more affiliated producers as a single entity where those producers have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities and the Secretary concludes that there is a significant potential for the manipulation of price or production.
- (2) Significant potential for manipulation. In identifying a significant potential for the manipulation of price or production, the factors the Secretary may consider include:
 - (i) The level of common ownership;
 - (ii) The extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and,

⁵⁴ See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).

⁵⁵ See *Initiation Notice*, 85 FR at 47344.

⁵⁶ See Memorandum, “Antidumping and Countervailing Duty Investigations on Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Preliminary Scope Decision Memorandum,” dated February 2, 2021 (Preliminary Scope Decision Memorandum).

⁵⁷ See also *Preamble*, 62 FR at 27298.

- (iii) Whether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers.⁵⁸

Commerce has long recognized that it is appropriate to treat certain groups of companies as a single entity and to determine a single weighted-average margin for that entity to determine margins accurately and to prevent manipulation that would undermine the effectiveness of the antidumping law.⁵⁹ While section 19 CFR 351.401(f) explicitly applies to producers, Commerce has found it to be instructive in determining whether non-producers should be collapsed and has used the criteria outlined in the regulation in its analysis. In a number of past cases, Commerce has treated exporting companies as a single entity,⁶⁰ as well as producers and exporters as a single entity.⁶¹

Furthermore, the Court of International Trade (CIT) has upheld Commerce's practice of collapsing two entities that were sufficiently related to prevent the possibility of price manipulation, even when those entities were not both producers.⁶²

Zhejiang Xingyi / Xingyi Metalworking Technology (Zhejiang) Co., Ltd. (Xingyi Metalworking) (collectively, Zhejiang Xingyi/Xingyi Metalworking)

We preliminarily determine that Zhejiang Xingyi and Xingyi Metalworking are affiliated pursuant to section 771(33)(F) of the Act because the record demonstrates that Zhejiang Xingyi and Xingyi Metalworking represent two or more persons directly or indirectly controlling, controlled by, or under common control with any person.⁶³ Further, we preliminarily determine that Zhejiang Xingyi and Xingyi Metalworking should be treated as a single entity for AD purposes pursuant to 19 CFR 351.401(f). Specifically, we find, in accordance with our practice, that the criterion in 19 CFR 351.401(f)(1) is met because Zhejiang Xingyi and Xingyi Metalworking share the same production facilities and business office.⁶⁴ We also find that the criterion in 19 CFR 351.401(f)(2), significant potential for manipulation, is met due to common ownership, as well as because Zhejiang Xingyi and Xingyi Metalworking share a common executive director.⁶⁵ Moreover, Zhejiang Xingyi states explicitly that Zhejiang Xingyi's and Xingyi Metalworking's operations are intertwined through the sharing of sales information,

⁵⁸ See 19 CFR 351.401(f).

⁵⁹ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from Brazil*, 69 FR 76910 (December 23, 2004), and accompanying Issues and Decision Memorandum (IDM) at Comment 5.

⁶⁰ *Id.*

⁶¹ See *Certain Welded Carbon Steel Standard Pipes and Tubes from India: Preliminary Results of Antidumping Duty Administrative Review*, 75 FR 33578, 33580-33581 (June 14, 2010), unchanged in *Certain Welded Carbon Steel Standard Pipes and Tubes from India: Final Results of Antidumping Duty Administrative Review*, 75 FR 69626 (November 15, 2010).

⁶² See *United States Steel Corp. v. United States*, 179 F. Supp 3d 1114, 1135 (CIT 2016) ("Although Commerce's collapsing regulation speaks of treating two or more affiliated producers as a single entity, Commerce has developed a practice of collapsing exporters with affiliated producers of subject merchandise under certain circumstances.")

⁶³ See Zhejiang Xingyi's AQR at Exhibit 11, "Legal and Affiliation Structure."

⁶⁴ *Id.*

⁶⁵ See Zhejiang Xingyi's Supplemental Response (ACD) at 8.

involvement in production and pricing decisions, and the sharing of employees.⁶⁶ Therefore, we are preliminarily treating the two companies as a single entity for purposes of our preliminary determination.

VIII. DISCUSSION OF THE METHODOLOGY

A) *Non-Market Economy Country*

Commerce considers China to be an NME country.⁶⁷ 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 Commerce. Further, as part of this investigation, Commerce has received no request to reconsider its determination that China is an NME country. Therefore, we continue to treat China as an NME country for purposes of this preliminary determination.

B) *Surrogate Country Selection*

Generally, when Commerce investigates imports from an NME country, section 773(c)(1) of the Act directs it to base normal value (NV), in most circumstances, on the NME producer's FOPs, valued using a surrogate market economy (ME) country or countries considered to be appropriate by Commerce. Specifically, section 773(c)(4) of the Act states that Commerce shall utilize, to the extent possible, in valuing the FOPs "the prices, or costs of factors of production in one or more market economy countries that are: (1) at a level of economic development comparable to that of the nonmarket economy country, and (2) significant producers of comparable merchandise."⁶⁸

As a general rule, Commerce selects a surrogate country that is at the same level of economic development as the NME country, unless it is determined that none of the potential surrogate countries are viable options because they either: (a) are not significant producers of comparable merchandise, (b) do not provide sufficient reliable sources of publicly-available SV data, or (c) are not suitable for use based on other reasons. Surrogate countries that are not at the same level of economic development as the NME country, but are 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.⁶⁹ To determine which countries are at the same level of economic development as the NME, Commerce generally relies on per capita gross national income (GNI) data from the World Bank's *World Development Report*.⁷⁰

⁶⁶ *Id.*

⁶⁷ 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), and accompanying Preliminary Decision Memorandum (PDM) (citing Memorandum, "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)).

⁶⁸ For a description of our practice, see Policy Bulletin No. 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin 04.1), available on Commerce's website at <http://enforcement.trade.gov/policy/bull04-1.html>.

⁶⁹ *Id.*

⁷⁰ *Id.*

Further, Commerce normally values all FOPs in a single surrogate country.⁷¹ If more than one country satisfies the two criteria noted above, Commerce narrows the field of potential surrogate countries to a single country (pursuant to 19 CFR 351.408(c)(2), Commerce will normally value FOPs in a single surrogate country) based on data availability and quality.

1. *Economic Comparability*

On September 16, 2020, consistent with our practice, and section 773(c)(4) of the Act, and as stated above, Commerce identified Brazil, Malaysia, Mexico, Romania, the Russian Federation, and the Republic of Turkey (Turkey) as countries at the same level of economic development as China based on the per capita GNI data from the World Bank's *World Development Report*.⁷² Therefore, we consider all six countries as having met this prong of the surrogate country selection criteria. The countries identified are not ranked and are considered equivalent in terms of economic comparability.

2. *Significant Producer of Comparable Merchandise*

Section 773(c)(4)(B) of the Act requires Commerce, to the extent possible, to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor Commerce's regulations provide further guidance on what may be considered comparable merchandise. In order to determine whether the above-referenced countries are significant producers of comparable merchandise, Commerce has in other proceedings examined which countries on the surrogate country list exported merchandise comparable to the subject merchandise. The Policy Bulletin 04.1 states that "in all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise."⁷³ Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.⁷⁴ Further, when selecting a surrogate country, the statute requires Commerce to consider the comparability of the merchandise, not the comparability of the industry.⁷⁵ "In cases where the identical merchandise is not produced, Commerce must determine if other merchandise that is comparable is produced. How Commerce does this depends on the subject merchandise."⁷⁶ In this regard, Commerce recognizes that any analysis of comparable merchandise must be done on a case-by-case basis:

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,

⁷¹ See 19 CFR 351.408(c)(2).

⁷² See Request for Surrogate Country and Surrogate Value Comments.

⁷³ See Policy Bulletin 04.1 at 2.

⁷⁴ *Id.* ("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.")

⁷⁵ 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) ("To 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.")

⁷⁶ See Policy Bulletin 04.1 at 2.

comparable merchandise should be identified narrowly, on the basis of a comparison of the major inputs, including energy, where appropriate.⁷⁷

Further, the statute grants Commerce discretion to examine various data sources for determining the best available information.⁷⁸ Moreover, while the legislative history provides that the term “significant producer” includes any country that is a significant “net exporter,”⁷⁹ it does not preclude reliance on additional or alternative metrics. It is Commerce’s practice 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).⁸⁰

In this investigation, because production data of comparable merchandise are not available, we analyzed exports of comparable merchandise from the six countries, as a proxy for production data.⁸¹ The record contains export data showing that Brazil, Mexico, Romania and Turkey are producers of comparable merchandise.⁸² Accordingly, we preliminarily find Brazil, Mexico, Romania and Turkey meet the “significant producer” requirement of section 773(c)(4) of the Act.⁸³

3. *Data Availability*

When evaluating SV data, Commerce considers several factors including whether the SV data is publicly available, contemporaneous with the POI, representative of broad-market averages, tax and duty-exclusive, and specific to the input.⁸⁴ There is no hierarchy among these criteria. Commerce carefully considers the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.⁸⁵ Commerce 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.⁸⁶

⁷⁷ *Id.* at 3.

⁷⁸ See section 773(c) of the Act; see also *Nation Ford Chem. Co. v. United States*, 166 F. 3d 1373, 1377 (Fed. Cir. 1990).

⁷⁹ See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576 at 590 (1988).

⁸⁰ 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 PDM 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).

⁸¹ See Zhejiang Xingyi’s SV Submission at Exhibit 1.

⁸² *Id.*

⁸³ *Id.*

⁸⁴ See, e.g., *Certain Activated Carbon from the People’s Republic of China; 2010-2011; Final Results of Antidumping Duty Administrative Review*, 77 FR 67337 (November 9, 2012), and accompanying IDM at 8.

⁸⁵ See Policy Bulletin 04.1.

⁸⁶ *Id.*

C) *Surrogate Country and Surrogate Value Comments*

Parties placed the following SV and surrogate country selections information on the record: SVs for raw materials, packing materials and scrap for Romania,⁸⁷ Turkey,⁸⁸ Mexico,⁸⁹ and Montenegro;⁹⁰ labor, utilities and freight information from Romania,⁹¹ Mexico,⁹² Montenegro,⁹³ and Turkey;⁹⁴ and information to value surrogate financial ratios from Romania,⁹⁵ Turkey,⁹⁶ Mexico,⁹⁷ and Montenegro.⁹⁸ However, the information that parties placed on the record to value surrogate financial ratios did not consist of complete audited financial statements with the exception of Grupo Carso S.A.B. de C.V. (Grupo Carso),⁹⁹ for Mexico, and Ayes Celikhasir VE CT (Ayes),¹⁰⁰ for Turkey. An examination of Grupo Carso's audited financial statements reveals that Grupo Carso is a diversified conglomerate with commercial, industrial, infrastructure, construction, and energy sectors, which do not produce comparable merchandise.¹⁰¹ Ayes produces mesh fences, steel mesh, ribbed iron, and certain machines (drawing machine, cutting machines butt welding machines, wire mesh bending machines).¹⁰² As a result, because Ayes produces merchandise comparable to the subject merchandise, its audited financial statements constitute the only information on the record suitable for the determination of surrogate financial ratios.

Consequently, we have complete SV information on the record only for Turkey, a significant exporter of comparable merchandise.¹⁰³ Therefore, given the completeness and contemporaneity of the SV data, including contemporaneous financial statements from a producer of comparable merchandise, we find that Turkey best meets our criteria for a surrogate country. Therefore, we preliminarily determine that, pursuant to section 773(c)(4) of the Act, it is appropriate to use Turkey as the primary surrogate country. Turkey is: (1) at the same level of economic development of China; (2) a significant producer of merchandise comparable to the subject merchandise; and (3) offers the best available data for valuing FOPs. An explanation of the SVs

⁸⁷ See Hangzhou Xline's SV Submission, barcode 4053934-02 (Exhibit not identified).

⁸⁸ See Hangzhou Xline's SV Submission at Exhibit 9; see also Zhejiang Xingyi's SV Submission at Exhibit 2; and Zhejiang Xingyi's Rebuttal SV Submission at Exhibit 1.

⁸⁹ See Petitioner's SV Submission at Exhibits Mexico-1A and Mexico-1B.

⁹⁰ *Id.* at Exhibits Montenegro-1A and Montenegro-1B.

⁹¹ See Hangzhou Xline's SV Submission at Exhibits 3 through 6.

⁹² See Petitioners SV Submission at Exhibits Mexico-4 through 7.

⁹³ *Id.* at Exhibits Montenegro-4 through 7.

⁹⁴ See Zhejiang Xingyi's SV Submission at Exhibits 5 through 9; see also Zhejiang Xingyi's Rebuttal SV Submission at Exhibit 4.

⁹⁵ See Hangzhou Xline's SV Submission at Exhibit 8; see also Hangzhou Xline's Financial Ratios Submission at Exhibit 2.

⁹⁶ See Zhejiang Xingyi's Financial Ratios Submission at Exhibit 2.

⁹⁷ See Petitioners' SV Submission at Exhibit Mexico-8.

⁹⁸ *Id.* at Exhibit Montenegro-8.

⁹⁹ See Petitioners' SV Submission at Exhibit Mexico-9.

¹⁰⁰ See Zhejiang Xingyi's Surrogate Financial Ratios Submission at Exhibit 2.

¹⁰¹ See Petitioners' SV Submission At Exhibit Mexico-9. Grupo Carso's financial statements describe its products as: metallic structures for bridges, buildings and mining branches; heat exchanges; pressure vessels; distillation towers; air coolers; surface capacitors; high pressure feed water heaters; and manufacture of large containers. *Id.*

¹⁰² See Zhejiang Xingyi's Surrogate Financial Ratios Submission.

¹⁰³ See, e.g., Zhejiang Xingyi's SV Submission at Exhibit 1.

upon which Commerce is preliminarily relying can be found in the “Normal Value” section of this memorandum.

D) *Separate Rates*

In proceedings involving NME countries, Commerce maintains a rebuttable presumption that all companies within the country are subject to government control and, therefore, should be assessed a single weighted-average dumping margin.¹⁰⁴ Commerce’s policy is to assign all exporters of subject merchandise that are in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.¹⁰⁵ Commerce analyzes whether each entity exporting the subject merchandise is sufficiently independent under a test established in *Sparklers*¹⁰⁶ and further developed in *Silicon Carbide*.¹⁰⁷ According to this separate rate test, Commerce will assign a separate rate in NME proceedings if a respondent can demonstrate the absence of both *de jure* and *de facto* government control over its export activities. If Commerce determines that a company is wholly foreign-owned, the separate rate analysis is not necessary to determine whether that company is independent from government control and therefore eligible for a separate rate.

Commerce continues to evaluate its practice with regard to the separate rates analysis in light of the *Diamond Sawblades from the China* AD proceeding, and its determinations therein.¹⁰⁸ In particular, in litigation involving the *Diamond Sawblades from China* proceeding, the CIT found Commerce’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.¹⁰⁹ Following the Court’s reasoning, in recent proceedings, we have concluded that

¹⁰⁴ See, e.g., *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).

¹⁰⁵ See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588, 20589 (May 6, 1991) (*Sparklers*).

¹⁰⁶ *Id.*

¹⁰⁷ 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*).

¹⁰⁸ 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) (*Advanced Technology I*), affirmed in *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013), *aff’d* Case No. 2014-1154 (Fed. Cir. 2014). 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 PDM 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 IDM at Comment 1.

¹⁰⁹ See, e.g., *Advanced Technology I*, 885 F. Supp. 2d at 1349 (“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.”); and 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); and at 1355 (“The point here is that ‘governmental control’ in the context of the separate rate test appears to be a fuzzy concept at least to this court, since a ‘degree’ of it can obviously be traced from the controlling shareholder, to the board, to the general manager, and so on along the chain to ‘day-to-day decisions of export operations,’ including terms, financing, and

where a government holds a majority ownership share, directly or indirectly, in the respondent exporter, the majority holding *per se* means that the government exercises, or has the potential to exercise, control over the company's operations generally.¹¹⁰ 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 profitability of the company. Accordingly, we have considered the level of government ownership, where necessary.

I. Separate Rate Applicants

In the *Initiation Notice*, Commerce notified all interested parties that SRAs would be due 30 days after publication of the *Initiation Notice* in the *Federal Register*.¹¹¹ Hangzhou Xline and Zhejiang Xingyi submitted information pertaining to their eligibility for a separate rate in their responses to section A of the AD questionnaire.¹¹² Furthermore, we received timely filed SRAs from the following applicants: (1) Hangzhou Evernew Machinery & Equipment Company Limited (Hangzhou Evernew);¹¹³ (2) Hangzhou Zhuoxu Trading Co., Ltd. (Hangzhou Zhuoxu);¹¹⁴ (3) Jiaxing Haihong Mechanical and Electrical Technology Co. Ltd. (Jiaxing Haihong);¹¹⁵ (4) Kunshan Dongchu Precision Machinery Co., Ltd. (Kunshan Dongchu);¹¹⁶ (5) Luoyang Hynow Import and Export Co., Ltd. (Luoyang Hynow);¹¹⁷ (6) Luoyang Shidiu Import and Export Co., Ltd. (Luoyang Shidiu);¹¹⁸ (7) Luoyang Steelart Office Furniture Co., Ltd. (Luoyang Steelart);¹¹⁹ (8) Pinghu Chenda Storage Office Co., Ltd. (Pinghu Chenda);¹²⁰ (9)

inputs into finished product for export.”); and 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).

¹¹⁰ 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 PDM at 5-9; unchanged in *Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 79 FR 68860 (November 19, 2014).

¹¹¹ See *Initiation Notice*, 85 FR at 47346.

¹¹² See Hangzhou Xline's AQR at 2-18; see also Zhejiang Xingyi's AQR at 2-21.

¹¹³ See Hangzhou Evernew's Letter, “Certain Metal Lockers and Parts Thereof from China: Separate Rate Application,” dated September 8, 2020 (Hangzhou Evernew's SRA).

¹¹⁴ See Hangzhou Zhuoxu's Letter, “Certain Metal Lockers and Parts Thereof from China, Case Nos. A-570-133: HZT's Separate Rate Application,” dated September 11, 2020 (Hangzhou Zhuoxu's SRA).

¹¹⁵ See Jiaxing Haihong's Letter, “Antidumping Duty Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Separate Rate Application,” dated September 11, 2020 (Jiaxing Haihong's SRA).

¹¹⁶ See Kunshan Dongchu's Letter, “Certain Metal Lockers and Parts Thereof from China: Submission of Separate Rate Application,” dated September 11, 2020 (Kunshan Dongchu's SRA).

¹¹⁷ See Luoyang Hynow's Letter, “Certain Metal Lockers and Parts Thereof from China: Separate Rate Application,” dated September 9, 2020 (Luoyang Hynow's SRA).

¹¹⁸ See Luoyang Shidiu's Letter, “Certain Metal Lockers and Parts Thereof from China: Submission of Separate Rate Application,” dated September 9, 2020 (Shidiu's SRA).

¹¹⁹ See Luoyang Steelart's Letter, “Certain Metal Lockers and Parts Thereof from China, A-570-133; Separate Rate Application – Certification,” dated September 11, 2020 (Luoyang Hynow's SRA).

¹²⁰ See Pinghu Chenda's Letter, “Chenda Separate Rate Application: Antidumping Duty Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China (A-570-133),” dated September 9, 2020 (Chenda's SRA).

Tianjin Jia Mei Metal Furniture Ltd. (Tianjin Jia Mei);¹²¹ (10) Xingyi Metalworking;¹²² and (11) Zhongshan Geelong Manufacturing Company Limited, Geelong Sales (Macao Commercial Offshore) Limited (a.k.a. Geelong Sales (MCO) Limited, Geelong Sales (Macao Commercial) Limited, and Geelong Sales (MC) Limited (collectively, Geelong Sales).¹²³

2. *Separate Rate Analysis*

a. *Absence of De Jure Control*

Commerce considers the following *de jure* criteria when determining whether an individual company will receive 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.¹²⁴

The record information (*e.g.*, business licenses, export certificates, and relevant forms and legislative documentation) provided by Geelong Sales, Hangzhou Evernew, Hangzhou Xline, Hangzhou Zhuoxu, Jiaxing Haihong, Kunshan Dongchu, Luoyang Hynow, Luoyang Shidiu, Luoyang Steelart, Pinghu Chenda, Tianjin Jia Mei, Xingyi Metalworking, and Zhejiang Xingyi supports a preliminary finding of an absence of *de jure* government control for these companies based on the following: (1) an absence of restrictive stipulations associated with the individual exporters' 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.¹²⁵

b. *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 prices (EPs) 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.¹²⁶ Commerce has determined that an

¹²¹ See Tianjin Jia Mei's Letter, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Submission of Separate Rate Application," dated September 10, 2020 (Tianjin Jai Mei's SRA).

¹²² See Xingyi Metalworking's Letter, "Certain Metal Lockers and Parts Thereof from China, Case Nos. A-570-133: XMT's Separate Rate Application," dated September 11, 2020 (Xingyi Metalworking's SRA).

¹²³ See Geelong Sales' Letter, "Antidumping Duty Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Separate Rate Application," dated September 11, 2020. (Geelong Sales' SRA).

¹²⁴ See *Sparklers*, 56 FR at 20589.

¹²⁵ See Geelong Sales' SRA at 8-12; Hangzhou Evernew's SRA at 9-13; Hangzhou Xline's AQR at 8-12; Hangzhou Zhuoxu's SRA at 6-10; Jiaxing Haihong's SRA at 5-9; Kunshan Dongchu's SRA at 9-13; Luoyang Hynow's SRA at 10-14; Luoyang Shidiu's SRA at 10-13; Luoyang Steelart's SRA at 7-11; Pinghu Chenda's SRA at 8-11; Tianjin Jai Mei's SRA at 9-13; Xingyi Metalworking's SRA at 6-10; and Zhejiang Xingyi's AQR at 8-13.

¹²⁶ See *Silicon Carbide*, 59 FR at 22586-87; see also *Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from the People's Republic of China*, 60 FR 22544, 22545 (May 8, 1995).

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 separate rates.

The evidence provided by Geelong Sales, Hangzhou Evernew, Hangzhou Xline, Hangzhou Zhuoxu, Jiaxing Haihong, Kunshan Dongchu, Luoyang Hynow, Luoyang Shidiu, Luoyang Steelart, Pinghu Chenda, Tianjin Jia Mei, Xingyi Metalworking, and Zhejiang Xingyi supports a preliminary finding of an absence of *de facto* government control based on record statements and supporting documentation showing that the companies: (1) set their own EPs independent of the government and without the approval of a government authority; (2) have the authority to negotiate and sign contracts and other agreements; (3) maintain autonomy from the government in making decisions regarding the selection of management; and (4) retain the proceeds of their respective export sales and make independent decisions regarding disposition of profits or financing of losses.¹²⁷

Therefore, the evidence placed on the record of this investigation by Geelong Sales, Hangzhou Evernew, Hangzhou Xline, Hangzhou Zhuoxu, Jiaxing Haihong, Kunshan Dongchu, Luoyang Hynow, Luoyang Shidiu, Luoyang Steelart, Pinghu Chenda, Tianjin Jia Mei, Xingyi Metalworking, and Zhejiang Xingyi demonstrates an absence of *de jure* and *de facto* government control under the criteria identified in *Sparklers* and *Silicon Carbide*.¹²⁸ Accordingly, Commerce preliminarily grants separate rates to each of these companies.

3. *Margin for the Separate Rate Companies*

Normally, Commerce's practice is to assign to separate rate entities that were not individually examined a rate equal to the average of the rates calculated for the individually examined respondents, excluding any rates that are zero, *de minimis*, or based entirely on adverse facts available (AFA).¹²⁹ Because we calculated rates for the two individually investigated respondents in this investigation that are not zero, *de minimis*, or based entirely on facts available, we cannot apply the weighted-average margin using the actual net U.S. sales values and AD amounts of Hangzhou Xline and Zhejiang Xingyi/Xingyi Metalworking to the separate-rate company because doing so would indirectly disclose business-proprietary information of these companies. Alternatively, we have previously applied the simple average of the margins we determined for the selected companies.¹³⁰ In order to strike a balance between our duty to safeguard parties' business proprietary information and our attempt to adhere to the guidance set

¹²⁷ See Geelong Sales' SRA at 12-21; Hangzhou Evernew's SRA at 13-21; Hangzhou Xline's AQR at 12-18; Hangzhou Zhuoxu's SRA at 10-19; Jiaxing Haihong's SRA at 9-17; Kunshan Dongchu's SRA at 13-21; Luoyang Hynow's SRA at 14-21; Luoyang Shidiu's SRA at 13-21; Luoyang Steelart's SRA at 11-20; Pinghu Chenda's SRA at 11-18; Tianjin Jai Mei's SRA at 13-21; Xingyi Metalworking's SRA at 10-22; and Zhejiang Xingyi's AQR at 13-21.

¹²⁸ See *Sparklers*, 56 FR at 20589; see also *Silicon Carbide*, 59 FR at 22586-89.

¹²⁹ This practice is guided by section 735(c)(5)(A) of the Act, which describes how to calculate the "all others" rate in an investigation. See, e.g., *Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 71 FR 77373, 77377 (December 26, 2006), unchanged in *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007).

¹³⁰ See e.g., *Ball Bearings and Parts Thereof from France, et al.: Final Results of Antidumping Duty Administrative Reviews and Recission of Reviews in Part*, 73 FR 52823 (September 11, 2008).

forth in section 735(c)(5)(A) of the Act, we calculated a weighted-average margin for non-selected separate rate respondents using publicly available, ranged total U.S. sales values of the selected respondents, compared the resulting public, weighted-average margin to the simple average of the dumping margins, and used the amount which is closer to the actual weighted average margin of the selected respondents as the margin for the non-selected respondents.¹³¹ Therefore, we preliminarily assign Geelong Sales, Hangzhou Evernew, Hangzhou Zhuoxu, Jiaxing Haihong, Kunshan Dongchu, Luoyang Hynow, Luoyang Shidiu, Luoyang Steelart, Pinghu Chenda, and Tianjin Jia Mei a rate of 26.87 percent, which is equal to the weighted average of the dumping margins calculated for the mandatory respondents based on their publicly available, ranged U.S. sales values and dumping margins.¹³²

E) Combination Rates

In the *Initiation Notice*, Commerce stated that it would calculate combination rates for respondents that are eligible for a separate rate in this investigation.¹³³ This practice is described in Policy Bulletin 05.1.¹³⁴

F) The China-Wide Entity

The record indicates that there were other Chinese exporters and/or producers of the subject merchandise during the POI that did not respond to Commerce's requests for information. Specifically, Commerce did not receive timely responses to its Q&V questionnaire from five Chinese exporters and/or producers of subject merchandise that were named in the Petition and to whom Commerce issued Q&V questionnaires.¹³⁵ Because non-responsive Chinese companies have not demonstrated that they are eligible for separate rate status, Commerce finds that they have not rebutted the presumption of government control and, thus, Commerce considers them to be part of the China-wide entity. Furthermore, as explained below, we are preliminarily determining the China-wide rate on the basis of AFA. We have preliminarily assigned the China-wide entity a dumping margin of 322.25 percent.¹³⁶

G) Application of Facts Available and Adverse Inferences

Section 776(a)(1) and (2) of the Act provides that, if necessary information is missing from the record, or if an interested party: (A) withholds information that has been requested by Commerce, (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act, (C) significantly impedes a

¹³¹ See e.g., *Ball Bearings and Parts Thereof from France, et al.: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53662 (September 1, 2010), and accompanying IDM at Comment 1.

¹³² See Memorandum, "Certain Metal Lockers and Parts Thereof from the People's Republic of China: Calculation of Preliminary Dumping Margin for Separate Rate Recipients," dated concurrently with this memorandum.

¹³³ See *Initiation Notice*, 85 FR at 47346.

¹³⁴ See Policy Bulletin 05.1.

¹³⁵ Commerce did not receive a response from the following exporter/producers: Hangzhou Dongcheng Electronic Co., Ltd.; Luoyang Orpheus Industrial Limited Co.; Luoyang Steelite Cabinet Co., Ltd.; Winnen Indsutry Co., Ltd.; and Xiamen Headleader Technology Co., Ltd. See Respondent Selection Memorandum.

¹³⁶ See "Selection of the AFA Rate" section, below.

proceeding under the statute, or (D) provides such information but the information cannot be verified, Commerce shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Where Commerce determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that Commerce will so inform the party submitting the response and will, to the extent practicable, provide that party an opportunity to remedy or explain the deficiency. If the party fails to remedy or satisfactorily explain the deficiency within the applicable time limits, subject to section 782(e) of the Act, Commerce may disregard all or part of the original and subsequent responses, as appropriate.

Section 776(b) of the Act provides that Commerce may use an adverse inference in applying the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. In doing so, Commerce is not required to determine, or make any adjustments to, a weighted-average dumping margin based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information. Further, section 776(b)(2) of the Act states that an adverse inference may include reliance on information derived from the Petition, the final determination from the LTFV investigation, a previous administrative review, or other information placed on the record.

1. Use of Facts Available

Commerce preliminarily finds that the use of facts available is appropriate for the China-wide entity, which includes certain Chinese exporters and/or producers that did not respond to Commerce's requests for information, failed to provide necessary information, withheld information requested by Commerce, failed to provide information in a timely manner, and significantly impeded this proceeding by not submitting the requested information. Accordingly, Commerce preliminarily determines that the use of facts available is warranted in determining the rate of the China-wide entity, pursuant to sections 776(a)(1) and (a)(2)(A)-(C) of the Act.¹³⁷

2. Application of Facts Available with an Adverse Inference

Section 776(b) of the Act provides that in selecting from among the facts otherwise available, Commerce may use an inference that is adverse to the interests of a party if that party has failed to cooperate by not acting to the best of its ability to comply with a request for information. Commerce finds that the China-wide entity's lack of participation, including the failure of certain parts of the China-wide entity to submit Q&V information, constitutes circumstances under which it is reasonable to conclude that the China-wide entity as a whole failed to cooperate to the best of its ability to comply with Commerce's request for information.¹³⁸

¹³⁷ See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 4986, 4991 (January 31, 2003), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003).

¹³⁸ See *Nippon Steel Corporation v. United States*, 337 F. 3d 1373, 1383 (Fed. Cir. 2003) (noting that Commerce need not show intentional conduct existed on the part of the respondent, but merely that a "failure to cooperate to the

With respect to the missing information, no documents were filed indicating any difficulty providing the information, nor was there a request to allow the information to be submitted in an alternate form. Therefore, we preliminarily find that an adverse inference is warranted in selecting from among the facts otherwise available with respect to the China-wide entity in accordance with section 776(b) of the Act and 19 CFR 351.308(a).¹³⁹

3. Selection and Corroboration of the AFA rate

In applying an adverse inference, Commerce may rely on information derived from the petition, the final determination in the investigation, any previous review, or any other information placed on the record.¹⁴⁰ In selecting an AFA rate, Commerce selects a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated.¹⁴¹ In an investigation, Commerce's practice with respect to the assignment of an AFA rate is to select the higher of: (1) the highest dumping margin alleged in the petition; or (2) the highest calculated dumping margin of any respondent in the investigation.¹⁴²

When using facts otherwise available, section 776(c) of the Act provides that, where Commerce relies on secondary information rather than information obtained in the course of an investigation, it must corroborate, to the extent practicable, information from independent sources that are reasonably at its disposal. Secondary information is defined as "information derived from the Petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise."¹⁴³ The SAA clarifies that "corroborate" means that Commerce will satisfy itself that the secondary information to be used has probative value.¹⁴⁴

To corroborate secondary information, Commerce will, to the extent practicable, examine the reliability and relevance of the information to be used, although Commerce is not required to estimate what the dumping margin would have been if the interested party failing to cooperate had cooperated or to demonstrate that the dumping margin reflects an "alleged commercial reality" of the interested party.¹⁴⁵ Under section 776(d) of the Act, Commerce may use any dumping margin from any segment of a proceeding under an AD order when applying an adverse inference, including the highest of such margins.

With respect to the AFA rate applied to the China-wide entity, we find it is most appropriate to apply the highest dumping margin alleged in the petition, and published in the *Initiation Notice*,

best of a respondent's ability" existed (*i.e.*, information was not provided "under circumstances where it is reasonable to conclude that less than full cooperation has been shown)).

¹³⁹ *Id.*, 337 F. 3d 1373, 1382-83.

¹⁴⁰ See section 776(b) of the Act.

¹⁴¹ See the Statement of Administrative Action, H.R. Rep. No. 103-316, vol. 1 (1994) (SAA) at 870.

¹⁴² See, *e.g.*, *Certain Uncoated Paper from Indonesia: Final Determination of Sales at Less Than Fair Value*, 81 FR 3101 (January 20, 2016).

¹⁴³ See SAA at 870.

¹⁴⁴ *Id.*; see also 19 CFR 351.308(d).

¹⁴⁵ See section 776(d)(3) of the Act.

for the preliminary determination.¹⁴⁶ We corroborated the highest petition margin by comparing the highest petition margin to the mandatory respondents' transaction-specific margins and found the petition margin to be within the range of the highest calculated transaction-specific dumping margins.

Therefore, we corroborated the highest petition margin of 322.25 percent to the extent practicable within the meaning of section 776(c) of the Act.¹⁴⁷ Thus, we preliminarily assigned this AFA rate to the China-wide entity.

H) Date of Sale

In identifying the date of sale of the subject merchandise, Commerce will normally, in accordance with 19 CFR 351.401(i), "use the date of invoice, as recorded in the exporter or producer's records kept in the normal course of business." The date of sale is generally the date on which the parties agree upon all substantive terms of the sale. This normally includes the price, quantity, delivery terms and payment terms.¹⁴⁸ Additionally, Commerce may use a date other than the date of invoice if Commerce is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.¹⁴⁹

In this investigation, Hangzhou Xline reported the invoice date as the date of sale, while Zhejiang Xingyi reported the earlier of the invoice date or shipping date as the date of sale.¹⁵⁰ Commerce's normal practice is to rely on the earlier of shipment or invoice date as the date of sale.¹⁵¹ Therefore, we preliminarily determined to use the earlier of invoice date or shipment date as the date of sale for Hangzhou Xline and Zhejiang Xingyi.

I) Comparisons to Fair Value

Pursuant to section 773(a)(1)(B) of the Act and 19 CFR 351.414(c)(1) and (d), to determine whether Hangzhou Xline and Zhejiang Xingyi's sales of the subject merchandise to the United

¹⁴⁶ See *Initiation Notice* and accompanying Initiation Checklist, dated July 29, 2020 at 9.

¹⁴⁷ See Memorandum, "Antidumping Duty Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Corroboration of the Margin Based on Adverse Facts Available for the Preliminary Determination," dated concurrently with this memorandum (Corroboration Memorandum for the Preliminary Determination).

¹⁴⁸ See, e.g., *Carbon and Alloy Steel Wire Rod from Trinidad and Tobago: Final Results of Antidumping Duty Administrative Review*, 72 FR 62824 (November 7, 2007), and accompanying IDM at Comment 1; *Notice of Final Determinations of Sales at Less Than Fair Value; Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products from Turkey*, 65 FR 15123 (March 21, 2000), and accompanying IDM at Comment 1.

¹⁴⁹ See 19 CFR 351.401(i); see also *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090 (CIT 2001) (quoting 19 CFR 351.401(i)).

¹⁵⁰ See Hangzhou Xline's CQR at 16; see also Zhejiang Xingyi's CQR at 16.

¹⁵¹ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from Brazil*, 67 FR 62134 (October 3, 2002); see also *Lightweight Thermal Paper from Germany: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 34719 (June 18, 2014), and accompanying IDM at Comment 2; and *Certain Frozen Warmwater Shrimp from Thailand: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 72 FR 52065 (September 12, 2007), and accompanying IDM at Comment 11.

States were made at less than NV, Commerce compared the EP, where appropriate, to the NVs, as described in the “Export Price” and “Normal Value” sections of this memorandum.

I. Determination of the Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs or constructed export prices (CEPs) (*i.e.*, the average-to-average (A-A) method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, Commerce examines 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.¹⁵²

In recent investigations, Commerce applied a “differential pricing” analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.¹⁵³ Commerce finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this investigation. Commerce will continue to develop its 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 method in calculating a respondent’s weighted-average dumping margin.

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

¹⁵² 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 IDM at Comment 1; see also *Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286 (CIT 2014).

¹⁵³ See, e.g., *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 *Steel Concrete Reinforcing Bar from Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014), or *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* coefficient is a generally recognized statistical measure of the extent of the difference between the mean, *i.e.*, weighted-average price, of a test group and the mean, *i.e.*, weighted-average price, of a comparison group. First, for comparable merchandise, the Cohen’s *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser, region, or time period each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen’s *d* coefficient is used to evaluate the extent to which the prices to the particular purchaser, region, or time period differ significantly from the prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen’s *d* test: small, medium or large (0.2, 0.5 and 0.8, respectively). Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass the Cohen’s *d* test, if the calculated Cohen’s *d* coefficient is equal to or exceeds the large, *i.e.*, 0.8, threshold.

Next, the “ratio test” assesses the extent of the significant price differences for all sales as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average 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 method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen’s *d* test under the “mixed method.” 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 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 method can appropriately account for such differences. In considering this question, Commerce tests whether using an alternative comparison method, based on the results of the Cohen’s *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, then this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative comparison method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if: (1) there is a 25 percent relative change in the weighted-average dumping margins between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold, or (2) the resulting

weighted-average dumping margins between the average-to-average method and the appropriate alternative method move across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in this preliminary determination, including arguments for modifying the group definitions used in this segment of the proceeding.¹⁵⁴

2. *Results of the Differential Pricing Analysis*

a. *Hangzhou Xline*

For Hangzhou Xline, based on the results of the differential pricing analysis, we preliminarily find that 34.30 percent of the value of U.S. sales pass the Cohen's *d* test,¹⁵⁵ and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, we preliminarily determine 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 which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test. Thus, for this preliminary determination, we are applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Hangzhou Xline.

b. *Zhejiang Xingyi/Xingyi Metalworking*

For Zhejiang Xingyi/Xingyi Metalworking, based on the results of the differential pricing analysis, Commerce preliminarily finds that 52.4 percent of the value of U.S. sales pass the Cohen's *d* test,¹⁵⁶ and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, we preliminarily determine 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 which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test. Thus, for this preliminary determination, we are applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Zhejiang Xingyi/Xingyi Metalworking.

¹⁵⁴ The Court of Appeals for the Federal Circuit (CAFC) in *Apex Frozen Foods v. United States*, 862 F.3d 1322 (Fed. Cir. July 12, 2017) affirmed much of Commerce's differential pricing methodology. We ask that interested parties present only arguments on issues which have not already been decided by the CAFC.

¹⁵⁵ See Memorandum, "Antidumping Duty Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Analysis Memorandum for the Preliminary Determination: Hangzhou Xline Machinery & Equipment Co., Ltd.," dated concurrently with this memorandum (Hangzhou Xline Analysis Memo) at 3.

¹⁵⁶ See Memorandum, "Antidumping Duty Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Analysis Memorandum for the Preliminary Determination: Zhejiang Xingyi Metal Products Co., Ltd. (Zhejiang Xingyi)," dated concurrently with this memorandum (Zhejiang Xingyi's Preliminary Analysis Memorandum) at 3.

J) Export Price

In accordance with section 772(a) of the Act, Commerce defined the U.S. price of subject merchandise based on the EP of all the sales reported by Hangzhou Xline and Zhejiang Xingyi/Xingyi Metalworking. Commerce calculated the EP based on the prices at which subject merchandise was sold to unaffiliated purchasers in the United States.

We calculated EP based on packed prices to unaffiliated customers in the United States for Hangzhou Xline and Zhejiang Xingyi/Xingyi Metalworking. We deducted discounts, where appropriate, from the reported starting prices. We made deductions, as appropriate, from the reported U.S. price for movement expenses (*i.e.*, international freight, domestic, and foreign inland freight, domestic brokerage, and handling), in accordance with section 772(c)(2)(A) of the Act.¹⁵⁷ We based movement expenses on SVs where the service was purchased from a Chinese company.¹⁵⁸

K) Value-Added Tax

In 2012, Commerce announced a change of methodology with respect to the calculation of EP and CEP to include an adjustment of any un-refunded (herein “irrecoverable”) value-added tax (VAT) in certain NME countries in accordance with section 772(c)(2)(B) of the Act.¹⁵⁹ Commerce 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, Commerce will reduce the respondent’s EP and CEP prices accordingly, by the amount of the tax, duty or charge paid, but not rebated.¹⁶⁰ Where the irrecoverable VAT is a fixed percentage of EP or CEP, Commerce 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.¹⁶¹

Commerce’s methodology, as explained above and applied in this investigation, incorporates two basic steps: (1) determine the amount of irrecoverable VAT on subject merchandise; and (2) reduce EP or CEP by the amount determined in step one. Information placed on the record of this investigation by Hangzhou Xline and Zhejiang Xingyi/Xingyi Metalworking indicates that according to the Chinese VAT schedule, the standard VAT levy applicable to the subject merchandise is 13 percent and the applicable rebate rate is 13 percent.¹⁶² Therefore, because the record indicates that there was no difference between the standard VAT rates and the refund rates during the POI, and thus no irrevocable VAT, no reduction of export sales value is necessary.

¹⁵⁷ See section 772(c)(2)(A) of the Act.

¹⁵⁸ See “Factor Valuation Methodology” section below.

¹⁵⁹ See *Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings*, 77 FR 36481 (June 19, 2012).

¹⁶⁰ *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 IDM at Comment 5.A.

¹⁶¹ *Id.*

¹⁶² See Hangzhou Xline’s CQR at 37-38; see also Zhejiang Xingyi’s CQR at 37-39.

L) Normal Value

Section 773(c)(1) of the Act provides that Commerce shall determine NV using an FOP methodology if: (1) the merchandise is exported from an NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(e) of the Act. When determining NV in an NME context, Commerce will base NV on FOPs because the presence of government controls on various aspects of these economies renders price comparisons and the calculation of production costs invalid under our normal methodologies. Commerce's questionnaire requires that the respondents provide information regarding the weighted-average FOPs on a CONNUM-specific basis, using actual quantities, or develop a reasonable methodology, across all of the companies' plants and suppliers that produce the subject merchandise, not just the FOPs from a single plant or supplier.¹⁶³ This methodology ensures that Commerce's calculations are as accurate as possible.¹⁶⁴

Commerce calculated NV based on FOPs in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c). Under section 773(c)(3) of the Act, FOPs used by the respondents in the production of certain metal lockers 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. Commerce based NV on the respondents' reported FOPs for materials, energy, and labor.

M) Factor Valuation Methodology

In accordance with section 773(c) of the Act, we calculated NV based on FOP data reported by Hangzhou Xline and Zhejiang Xingyi/Xingyi Metalworking. To calculate NV, we multiplied the reported per-unit FOP consumption rates by publicly available SVs. When selecting SVs, we considered, among other factors, the quality, specificity, and contemporaneity of the SV data.¹⁶⁵ As appropriate, we adjusted FOP costs by including freight costs to make them delivered values. Specifically, we 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.¹⁶⁶ A detailed description of the SVs used can be found in the Preliminary SV Memorandum.¹⁶⁷ Generally, we valued the respondents' direct materials and packing material inputs using import information sourced from Commerce's preferred data source, the Global Trade Atlas, as provided to the record by Zhejiang

¹⁶³ See Commerce's AD Questionnaire at D-2.

¹⁶⁴ See, e.g., *Final Determination of Sales at Less Than Fair Value and Critical Circumstances: Certain Malleable Iron Pipe Fittings from the People's Republic of China*, 68 FR 61395 (October 28, 2003), and accompanying IDM at Comment 19.

¹⁶⁵ 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 IDM at Comment 9.

¹⁶⁶ See *Sigma Corp. v. United States*, 117 F. 3d 1401, 1407-08 (Fed. Cir. 1997).

¹⁶⁷ See Memorandum, "Less-Than-Fair-Value Investigation of Certain Metal Lockers and Parts Thereof from the People's Republic of China: Preliminary Surrogate Value Memorandum," dated concurrently with this memorandum (Preliminary SV Memorandum).

Xingyi/Xingyi Metalworking.¹⁶⁸ However, as Hangzhou Xline utilized a different source for Turkish import data, the International Trade Centre's TradeMap Database,¹⁶⁹ for certain HTS numbers specific to Hangzhou Xline's inputs, we used the TradeMap data to value said inputs, as this was the only source available on the record from which to derive SVs for certain inputs reported exclusively by Hangzhou Xline.¹⁷⁰

1. *Direct Materials and Packing Materials*

For this preliminary determination, we are using Turkish import data covering the POI to calculate SVs for direct materials and packing materials.¹⁷¹ In accordance with section 773(c)(1) of the Act, we used the best available information for valuing FOPs by selecting, to the extent practicable, SVs which are: (1) broad market averages; (2) product-specific; (3) tax-exclusive, non-export average values; and (4) contemporaneous with, or closest in time to, the POI.¹⁷² As appropriate, Commerce adjusted input prices by including freight costs to render them delivered prices. In accordance with section 773(c) of the Act, for subject merchandise produced by the respondents, Commerce calculated NV based on the FOPs they reported for the POI.

Pursuant to section 773(c)(5) of the Act and Commerce's long-standing practice, we have disregarded import prices that we have reason to believe or suspect may be subsidized.¹⁷³ We have reason to believe or suspect that prices of inputs from India, Indonesia, Thailand, 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.¹⁷⁴ Based on the existence of the subsidy programs that were generally available to all exporters and producers in these countries at the time of the POI, Commerce finds that it is reasonable to infer that all exporters from India, Indonesia, South Korea, and Thailand may have benefitted from these subsidies. Additionally, consistent with our practice, we disregarded prices from NME countries and excluded imports labeled as originating from an "unspecified" country from the average

¹⁶⁸ *Id.*

¹⁶⁹ See Preliminary SV Memorandum at 3.

¹⁷⁰ See Hangzhou Xline Analysis Memo at 3.

¹⁷¹ Hangzhou Xline based its SVs for direct materials and packing materials using Turkish import statistics derived from the International Trade Centre's compilation of Turkish import statistics for the POI. See Hangzhou Xline's SV Submission at 4 and Exhibit 9. Zhejiang Xingyi based its reported SVs from import statistics derived from the Trade Data Monitor. See Zhejiang Xingyi's SV Submission at 3 and Exhibit 4. Zhejiang Xingyi provided revised SVs based on GTA import statistics in its Rebuttal SV Submission. See Zhejiang Xingyi's Rebuttal SV Submission at Exhibits 1, Revised Surrogate Value Worksheet," and Exhibit 2, "GTA Data."

¹⁷² See, e.g., *Electrolytic Manganese Dioxide from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 48195 (August 18, 2008), and accompanying IDM at Comment 2.

¹⁷³ See section 773(c)(5) of the Act, as amended in section 505 of the TPEA to permit Commerce 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).

¹⁷⁴ 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 IDM at 4-5; see also *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 IDM at 17, 19-20; *Certain Lined Paper Products from Indonesia: Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 76 FR 73592 (November 29, 2011), and accompanying IDM at 1; and *Certain Frozen Warmwater Shrimp from Thailand: Final Negative Countervailing Duty Determination*, 78 FR 50379 (August 19, 2013), and accompanying IDM at IV.

value because Commerce could not be certain that they were not from either an NME country or a country with general export subsidies.¹⁷⁵ Therefore, we have not used prices from these countries either in calculating the Turkish import-based SVs or in calculating ME input values.

Pursuant to 19 CFR 351.408(c)(1), when a respondent sources inputs from an ME supplier in meaningful quantities, that are produced in an ME and pays in an ME currency, Commerce uses the actual price paid by the respondent to value those inputs, if substantially all of the input, by total volume, is purchased from the market economy supplier.¹⁷⁶ However, in this investigation, both Hangzhou Xline and Zhejiang Xingyi/Xingyi Metalworking reported that all input purchases were sourced from NME sources.¹⁷⁷

2. Labor

We preliminarily valued labor on a calculated hourly labor rate using inflated price data from the TurkStat, Structure of Earnings Survey, 2018.¹⁷⁸

3. Utilities and Energy

We preliminarily valued electricity and natural gas based on inflated price data from the International Energy Agency, Energy Prices and Taxes for OECD Countries: 2019.¹⁷⁹ We valued coal gas using the inflated price data for natural gas from Turkey.¹⁸⁰ We preliminarily valued water based on inflated data for the cost of water from Istanbul Water (ISKI) for “workplace hamsu” exclusive of tax.¹⁸¹

4. Movement Expenses

We preliminarily added an inflated SV for truck freight costs to the import values used to value Hangzhou Xline’s and Zhejiang Xingyi/Xingyi Metalworking’s raw material and packing material inputs.¹⁸² We calculated freight SVs using the shorter of the reported distance from the domestic supplier to the factory that produced the subject merchandise or the distance from the

¹⁷⁵ 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).

¹⁷⁶ See *Use of Market Economy Input Prices in Nonmarket Economy Proceedings*, 78 FR 46799 (August 2, 2013).

¹⁷⁷ See Hangzhou Xline’s DQR and Zhejiang Xingyi’s DQR.

¹⁷⁸ See Zhejiang Xingyi’s SV Submission at 4 and Exhibit 5.

¹⁷⁹ *Id.* at 4 and Exhibit 6.

¹⁸⁰ *Id.* The petitioners provided SVs for coal gas from Mexico using a surrogate value for coal and a surrogate value for natural gas. See Petitioners’ SV Submission at Exhibit 5B, “Natural Gas,” and, Exhibit 5C, “Coal.” Because there are no surrogate values for coal gas from Turkey on the record of this investigation, for the purposes of this preliminary determination, we have valued Hangzhou Xline’s coal gas exclusively with the surrogate value for natural gas. See Zhejiang Xingyi’s SV Submission at 4 and Exhibit 6, “Natural Gas,” citing *International Energy Agency, Energy Prices and Taxes for OECD Countries: 2019*, p. 293, and, *International Gas Union, Natural Gas Conversion Pocketbook*, p. 18.

¹⁸¹ See Zhejiang Xingyi’s Rebuttal SV Submission at Exhibit 4, “Water,” citing Istanbul Water.

¹⁸² See Zhejiang Xingyi’s SV Submission at Exhibit 7, “Truck Freight,” citing *Doing Business 2020: Turkey*.

nearest port that accommodates ocean-going transport to the factory that produced the subject merchandise, where appropriate.¹⁸³

We preliminarily valued foreign brokerage and handling expenses using data from the World Bank's *Doing Business with Turkey 2020*.¹⁸⁴

For respondents reporting non-market international freight costs during the POI, we used publicly-available international freight values based on available MAERSK freight quotes for: (1) China to West Coast USA routings; and (2) China to East Coast USA routings, and allocated over a standard 40-foot container, as provided by the petitioners.¹⁸⁵

5. *Financial Ratios*

According to 19 CFR 351.408(c)(4), Commerce is directed to value overhead, selling, general and administrative (SG&A) expenses, and profit using non-proprietary information gathered from producers of merchandise that is identical or comparable to the merchandise under consideration in the surrogate country. Commerce's preference is to derive surrogate overhead expenses, SG&A expenses, and profit using financial statements covering a period that is contemporaneous with the POI, that show a profit, from companies with a production experience similar to the respondents' production experience, and that are not distorted or otherwise unreliable, such as financial statements that indicate the company received subsidies.¹⁸⁶

To value factory overhead, selling, general, and administrative expenses (SG&A), and profit, we preliminarily used information provided in the audited financial statements of Ayes Celikhasir VE CIT, a Turkish producer of comparable merchandise.¹⁸⁷

IX. CURRENCY CONVERSION

We made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

X. ADJUSTMENT FOR COUNTERAVAILABLE EXPORT SUBSIDIES

In AD investigations where there is a concurrent countervailing duty (CVD) investigation, it is Commerce's normal practice to calculate the cash deposit rate for each respondent by adjusting the respondent's weighted-average dumping margin to account for export subsidies found for

¹⁸³ See *Sigma Corp.*, 117 F. 3d at 1407-08.

¹⁸⁴ See Zhejiang Xingyi's SV Submission at Exhibit 7.

¹⁸⁵ See Zhejiang Xingyi's SV Submission at Exhibit 9.

¹⁸⁶ See *Hand Trucks and Certain Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2010-2011*, 78 FR 28801 (May 16, 2013), and accompanying IDM at Comment 2; see also *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China; 2010-2011; Final Results of Antidumping Duty Administrative Review*, 78 FR 5414 (January 25, 2013), and accompanying IDM at Comment 1.

¹⁸⁷ See Preliminary SV Memorandum. In addition, see Zhejiang Xingyi's Surrogate Financial Ratio Submission at Exhibit 2.

each respective respondent in the concurrent countervailing duty investigation. Doing so is in accordance with section 772(c)(1)(C) of the Act, which states that U.S. price “shall be increased by the amount of any countervailing duty imposed on the subject merchandise ... to offset an export subsidy.”¹⁸⁸

Commerce determined in the preliminary determination of the companion CVD investigation that Zhejiang Xingyi benefitted from certain subsidy programs contingent on exports totaling 10.54 percent.¹⁸⁹ With respect to Hangzhou Xline (which was not selected as a mandatory respondent in the companion proceeding) and the separate rate companies (*i.e.*, Geelong Sales, Hangzhou Evernew, Hangzhou Zhuoxu, Jiaying Haihong, Kunshan Dongchu, Luoyang Hynow, Luoyang Shidiu, Luoyang Steelart, Pinghu Chenda, and Tianjin Jia Mei), we find that the same export subsidy adjustment of 10.54 percent is warranted because this is the export subsidy rate included in the CVD all-others rate, to which Hangzhou Xline and the separate rate companies are subject in the companion CVD proceeding.¹⁹⁰ For the China-wide entity, which preliminarily received an AFA margin, as an extension of the adverse inference found necessary pursuant to section 776(b) of the Act, Commerce has adjusted the China-wide entity’s AD cash deposit rate by the lowest export subsidy rate determined for any party in the companion CVD proceeding,¹⁹¹ which is the 10.54 percent rate applicable to all companies previously discussed.

XI. ADJUSTMENT UNDER SECTION 777A(f) OF THE ACT

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.¹⁹² For a subsidy meeting these criteria, the statute requires Commerce to reduce the dumping margin by the estimated amount of the increase in the weighted-average dumping margin due to a countervailable subsidy, subject to a specified cap.¹⁹³ In conducting this analysis, Commerce has not concluded that concurrent application of NME dumping duties and countervailing duties necessarily and automatically results in overlapping remedies. Rather, a finding that there is an

¹⁸⁸ See *Carbazole Violet Pigment 23 from India: Final Results of Antidumping Duty Administrative Review*, 75 FR 38076, 38077 (July 1, 2010), and accompanying IDM at Comment 1.

¹⁸⁹ See *Certain Metal Lockers and Parts Thereof from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 80771 (December 14, 2020) (*Lockers from China CVD Prelim*), and accompanying PDM.

¹⁹⁰ *Id.* For a full explanation of the calculation of the export contingent subsidies, see Zhejiang Xingyi’s Preliminary Analysis Memorandum.

¹⁹¹ See, e.g., *Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value; Preliminary Affirmative Determination of Critical Circumstances; in Part and Postponement of Final Determination*, 80 FR 4250 (January 27, 2015), and accompanying PDM at 35, unchanged in *Antidumping Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, In Part*, 80 FR 34893 (June 18, 2015).

¹⁹² See section 777A(f)(1)(A)-(C) of the Act.

¹⁹³ See section 777A(f)(1)-(2) of the Act.

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.¹⁹⁴

For purposes of our analysis under sections 777A(f)(1)(A) and (f)(1)(C) of the Act, Commerce requested firm-specific information from the mandatory respondents.¹⁹⁵ The information sought included information regarding whether countervailable subsidies were received during the relevant period, information on costs, and information regarding the respondents' pricing policies and practices. Additionally, the respondents were required to provide documentary support for the information provided. Hangzhou Xline and Zhejiang Xingyi submitted responses to Commerce's firm-specific double remedies questionnaire.¹⁹⁶ The responses received from Hangzhou Xline and Zhejiang Xingyi included information concerning countervailable subsidies received during the relevant period, as well as information regarding their costs and pricing policies and practices.

Even though Hangzhou Xline is not a mandatory respondent in the companion CVD investigation, it reported receiving countervailable subsidies for the provision of electricity, stainless steel coil, galvanized steel, and cold-rolled steel.¹⁹⁷ Hangzhou Xline also provided monthly POI costs for its purchases of electricity, stainless steel coil, galvanized steel, and cold-rolled steel.¹⁹⁸ Zhejiang Xingyi is a mandatory respondent in the companion CVD investigation.¹⁹⁹ Zhejiang Xingyi reported receiving countervailable subsidies for the provision of electricity, stainless steel coil, galvanized steel, hot-rolled steel, and cold-rolled steel.²⁰⁰

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. Because Commerce found the provision of electricity, stainless steel coil, galvanized steel, hot-rolled steel, and cold-rolled steel for less than adequate remuneration (LTAR) to be countervailable with respect to the class or kind of merchandise in the companion CVD investigation,²⁰¹ Commerce preliminarily finds that the requirement of section 777A(f)(1)(A) of the Act has been met.

Our analysis shows that while countervailable subsidies have been provided with respect to metal lockers, we have not found a general decrease in the U.S. average import price during the relevant period. Section 777A(f) of the Act requires Commerce to determine whether such countervailable subsidies have been demonstrated to have reduced the average price of imports

¹⁹⁴ See, e.g., *PVLT from China* PDM at section "Adjustment Under Section 777A(f) of the Act," unchanged in *Antidumping Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, In Part*, 80 FR 34893 (June 18, 2015).

¹⁹⁵ See Double Remedy Questionnaire.

¹⁹⁶ See Hangzhou Xline's Double Remedies Response; see also Zhejiang Xingyi's Zhejiang Xingyi's Double Remedies Response.

¹⁹⁷ See Hangzhou Xline's Double Remedies Response at 5 and Exhibit DR-2.

¹⁹⁸ *Id.* at Exhibits DR-2-4.

¹⁹⁹ See *Lockers from China CVD Prelim PDM*.

²⁰⁰ *Id.* at 5.

²⁰¹ See *Lockers from China CVD Prelim PDM*.

of the class or kind of merchandise during the relevant period. To make this determination, we normally examine the preliminary report issued by the ITC.²⁰² In that report the ITC concluded that “{p}rices for metal lockers imported from China increased” during the period of January 2017 to March 2020.²⁰³ In particular, the ITC preliminary report shows an upward movement in prices during this period.²⁰⁴ Based on this information, we preliminary find that import prices of the class or kind of merchandise at issue during the relevant period increased. Based on these data, we do not find a general decrease in the U.S. average import price during the relevant period. Thus, we preliminarily find that the requirement under section 777A(f)(1)(B) of the Act has not been met; and hence, we did not make an adjustment under section 777A(f) of the Act to Hangzhou Xline or Zhejiang Xingyi’s AD cash deposit rate or to the AD cash deposit rate of the companies that are not being individually examined but that preliminarily are being granted separate-rate status.

XII. RECOMMENDATION

We recommend applying the above methodology for this preliminary determination.

Agree Disagree

2/4/2021

X 

Signed by: JAMES MAEDER
James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

²⁰² See, e.g., *Forged Steel Fittings from the People’s Republic of China: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination and Extension of Provisional Measures*, 83 FR 22948 (May 17, 2018), and accompanying PDM at section “IX. Adjustment Under Section 777A(f) of the Act,” unchanged in *Forged Steel Fittings from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 83 FR 50339 (October 5, 2018).

²⁰³ See *ITC Preliminary Determination* at V-13 and Figure V-7.

²⁰⁴ *Id.*