

## Import Administration Policy Bulletin

Number: 10.2

Topic: Inclusion of International Freight Costs When Import Prices Constitute Normal Value

Approved:

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### SUMMARY

This policy bulletin affirms the existing practice of the Department of Commerce (“the Department”) in non-market economy antidumping proceedings with regard to the inclusion of international freight costs in import statistics used as surrogate values in the calculation of antidumping margins. The Department clarifies and reiterates its existing practice that in situations where the surrogate country import statistics do not include international freight costs, the Department will add international freight and foreign brokerage and handling charges to the import value.

### Background

In non-market economy antidumping duty cases, the Department determines normal value by valuing the factors of production using the prices and costs in a surrogate market economy country, in accordance with section 773(c) of the Tariff Act of 1930, as amended (“the Act”). In selecting the best available information for valuing factors, the Department selects, to the extent practicable, publicly available surrogate values which are non-export average values, most contemporaneous with the period of investigation or review, product-specific, and tax-exclusive.<sup>1</sup> The Department has utilized a number of sources for these values, always selecting the source that best meets the above criteria, including, *inter alia*, domestic surrogate country prices and surrogate country import statistics. When relying on surrogate country import statistics to value inputs, the Department normally obtains import prices that include the international freight costs of shipping the product to the port of the importing country. The import statistics provided by countries commonly relied on for surrogate values, such as India

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<sup>1</sup> See, e.g., Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part, 75 FR 57499 (September 21, 2010) and accompanying Issues and Decision Memorandum at Comment 8.

and Indonesia, are inclusive of international freight costs.<sup>2</sup> However, when the import statistics of the surrogate country do not include such costs, the Department has added surrogate values for international freight and foreign brokerage and handling charges to the calculation of normal value.<sup>3</sup>

### Statement of Policy

Based upon available information, the Department will include international freight costs when import prices from a market economy country are relied upon to determine normal value under the factors of production methodology specified by section 773(c)(1)(B) of the Act.

### Implementation

This statement of policy may be referenced in proceedings initiated on or after the effective date of this Policy Bulletin.

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<sup>2</sup> See Wooden Bedroom Furniture From the People's Republic of China: Final Results and Final Rescission in Part, 75 FR 50992 (August 18, 2010) ("Wooden Bedroom Furniture") and accompanying Issues and Decision Memorandum at Comment 16.

<sup>3</sup> See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of 1998-1999 Administrative Review, Partial Rescission of Review, and Determination Not To Revoke Order in Part, 66 FR 1953 (January 10, 2001) and accompanying Issues and Decision Memorandum at Comment 13; Wooden Bedroom Furniture at Comment 16.