



August 25, 2020

MEMORANDUM TO: James Maeder
Deputy Assistant Secretary
AD/CVD Operations
Enforcement and Compliance

FROM: Carole Showers *ABH*
Executive Director
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SUBJECT: List of Surrogate Countries for Antidumping Investigations and
Reviews from the People's Republic of China ("China")

If you base normal value on surrogate country factor prices, then section 773(c)(4) of the statute requires, to the extent possible, that you use a surrogate country that (1) is at a level of economic development comparable to that of China and (2) is a significant producer of merchandise comparable to the subject merchandise.

With regard to the first statutory requirement, the six countries on the non-exhaustive list below are at the same level of economic development as China in terms of per capita gross national income (GNI). Per capita GNI is the primary indicator of a country's level of economic development.

For purposes of selecting a surrogate country, you should, following *Magnesium from China* (59 FR 55424) and *Saccharin from China* (59 FR 58818), treat the six countries listed below as being at the same level of economic development as China. Next, determine which, if any, is a significant producer of comparable merchandise. The statute does not define "significant" or "comparable," although "comparable" encompasses a larger set of products than "like product." We have in past cases identified comparable merchandise on the basis of similarities in production factors (physical and non-physical) and factor intensities (*see, e.g., Magnesium*). *See* Import Administration Policy Bulletin 04.1 for further guidance.



If you find that more than one of the six countries satisfies both statutory requirements then you should, if possible, narrow the field to a single country on the basis of data availability and quality. *See Pencils from China* (59 FR 55625). Following the practice specified in *Certain Butt-Weld Carbon Steel Pipe Fittings from China* (57 FR 21062), all else being equal and to the extent possible, you should use broad, publicly available price measures. You should use, to the extent possible, factor prices reported on a duty- and tax-exclusive basis, giving due consideration, of course, to aggregation, small-quantity, contemporaneity, and data-source concerns.

This list provides you countries that are at the same level of economic development as China. In general, the countries listed below are likely to have good data availability and quality, *i.e.*, the specificity of these countries' data are more likely to assist the team in its valuation of inputs. However, you may also consider other countries on the case record that are significant producers of comparable merchandise if the record provides you adequate information to evaluate them. Countries on the case record that are at the same level of economic development as China should be given equal consideration for the purposes of selecting a surrogate country. Countries that are not at the same level of economic development as China's, but still at a level of economic development comparable to China, should be selected only to the extent that data considerations outweigh the difference in levels of economic development. As noted above, per capita GNI is the primary indicator of a country's level of economic development.

In exceptional cases, you may not be able to find an appropriate market economy country or countries that provide adequate factor data for the determination of normal value. If that is the case, you will have to rely on the price of comparable merchandise that is produced in a surrogate country and sold in other countries, including the United States. *See* section 773(c)(2) of the statute and Import Administration Policy Bulletin 04.1 for further guidance.

<u>Country</u>	<u>Per Capita GNI, 2019 (\$USD)¹</u>
China	10,410
Romania	12,630
Russia	11,260
Malaysia	11,200
Turkey	9,610
Mexico	9,430
Brazil	9,130

¹ World Bank, *World Bank Development Indicators*, <http://data.worldbank.org/indicator/NY.GNP.PCAP.CD> (accessed August 21, 2020).