



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

[A-570-933]

Frontseating Service Valves from the People's Republic of China: Preliminary Results of the 2010-2011 Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: In response to requests from interested parties, the Department of Commerce ("the Department") is conducting an administrative review of the antidumping duty order on frontseating service valves ("FSVs") from the People's Republic of China ("PRC"), covering the period April 1, 2010 through March 31, 2011.

We have preliminarily determined that neither respondent in this administrative review, Zhejiang DunAn Hetian Metal Co., Ltd. ("DunAn") or Zhejiang Sanhua Co., Ltd. ("Sanhua") made sales in the United States at prices below normal value ("NV") during the period of review ("POR"). We invite interested parties to comment on these preliminary results. Parties who submit comments are requested to submit with each argument a summary of the argument. We intend to issue the final results no later than 120 days from the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended ("the Act").

EFFECTIVE DATE: [insert date of publication in the *Federal Register*]

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## Background

On April 28, 2009, the Department published in the *Federal Register* the antidumping duty order on FSVs from the PRC.<sup>1</sup> On April 1, 2011, the Department published in the *Federal Register* a notice of opportunity to request an administrative review of the antidumping duty order on FSVs from the PRC for the period April 1, 2010 through March 31, 2011.<sup>2</sup> On April 27, 2011, in accordance with 19 CFR 351.213(b)(2), Sanhua, a foreign exporter of the subject merchandise, requested the Department to review its sales of subject merchandise.<sup>3</sup> On May 2, 2011, Parker-Hannifin Corporation (“Petitioner”) requested that the Department conduct an administrative review of the exports of subject merchandise made by DunAn and Sanhua during the POR.<sup>4</sup> On the same date, DunAn, a foreign exporter of the subject merchandise, requested that the Department review its sales of subject merchandise.<sup>5</sup> On May 27, 2011, the Department initiated an administrative review of the order on FSVs from the PRC for the POR with respect to DunAn and Sanhua.<sup>6</sup>

Between June 2011 and April 2012, the Department issued its initial and supplemental antidumping duty questionnaires to DunAn and Sanhua. DunAn and Sanhua submitted their responses between September 2011 and March 2012. Petitioner did not comment on these questionnaire responses.

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<sup>1</sup> See *Antidumping Duty Order: Frontseating Service Valves from the People’s Republic of China*, 74 FR 19196 (April 28, 2009) (“Order”).

<sup>2</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 76 FR 18153, 18154 (April 1, 2011).

<sup>3</sup> See Letter from Sanhua, “Frontseating Service Valves from the People’s Republic of China; A-570-933; Request for §751 Administrative Review of Exports by Zhejiang Sanhua Co., Ltd.,” dated April 27, 2011.

<sup>4</sup> See Letter from Petitioners, “Frontseating Service Valves from the People’s Republic of China – Request for Initiation of Antidumping Administrative Review,” dated May 2, 2011.

<sup>5</sup> See Letter from DunAn, “Request for Administrative Review of the Antidumping Duty Order of Frontseating Service Valves from the People’s Republic of China (POR 4/01/2010 – 3/31/2011),” dated May 2, 2011.

<sup>6</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 76 FR 30912 (May 27, 2011) (“Initiation Notice”).

On September 2, 2011, the Department requested that Import Administration's Office of Policy provide a list of surrogate countries for this review.<sup>7</sup> On September 22, 2011, the Office of Policy issued its list of surrogate countries.<sup>8</sup> On October 11, 2011, the Department issued a letter to interested parties seeking comments on surrogate country selection and surrogate values ("SVs").<sup>9</sup> On November 1, 2011, Petitioner and DunAn provided surrogate country selection comments. On November 28, Petitioner and DunAn submitted SV comments ("Petitioner's SV Comments" and "DunAn's SV Comments," respectively). On December 12, 2011, DunAn submitted rebuttal SV comments ("DunAn's Rebuttal SV Comments").

On December 13, 2011, the Department extended the time period for completion of the preliminary results of this review by 90 days until March 30, 2012.<sup>10</sup> On March 7, 2012, the Department extended the time period for completing the preliminary results of review by an additional 30 days until April 29, 2012.<sup>11</sup> However, because April 29, 2012, falls on a weekend, the preliminary results are now due no later than April 30, 2012.<sup>12</sup>

### Period of Review

The POR is April 1, 2010, through March 31, 2011.

### Scope of the Order

The merchandise covered by this order is frontseating service valves, assembled or unassembled, complete or incomplete, and certain parts thereof. Frontseating service valves

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<sup>7</sup> See Memorandum to Carole Showers, Director, Office of Policy, "Antidumping Duty Administrative Review of Frontseating Service Valves from the People's Republic of China: Surrogate-Country Selection," dated September 2, 2011.

<sup>8</sup> See Memorandum from Carole Showers, Director, Office of Policy, "Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Frontseating Service Valves ("FSVs") from the People's Republic of China ("China").," dated September 22, 2011 ("Surrogate Country List").

<sup>9</sup> See Letter to Interested Parties, "Second Administrative Review of the Antidumping Duty Order on Front Seating Valves from the People's Republic of China: Request for Comments on the Selection of a Surrogate Country and Surrogate Values," dated October 11, 2011.

<sup>10</sup> See *Frontseating Service Valves From the People's Republic of China: Extension of Time for the Preliminary Results of the Antidumping Duty Administrative Review*, 76 FR 77479 (December 13, 2011).

<sup>11</sup> See *Frontseating Service Valves from the People's Republic of China: Notice of Second Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review*, 77 FR 13539 (March 7, 2012).

<sup>12</sup> See *id.*; see also *Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

contain a sealing surface on the front side of the valve stem that allows the indoor unit or outdoor unit to be isolated from the refrigerant stream when the air conditioning or refrigeration unit is being serviced. Frontseating service valves rely on an elastomer seal when the stem cap is removed for servicing and the stem cap metal to metal seat to create this seal to the atmosphere during normal operation.<sup>13</sup>

For purposes of the scope, the term “unassembled” frontseating service valve means a brazed subassembly requiring any one or more of the following processes: the insertion of a valve core pin, the insertion of a valve stem and/or O ring, the application or installation of a stem cap, charge port cap or tube dust cap. The term “complete” frontseating service valve means a product sold ready for installation into an air conditioning or refrigeration unit. The term “incomplete” frontseating service valve means a product that when sold is in multiple pieces, sections, subassemblies or components and is incapable of being installed into an air conditioning or refrigeration unit as a single, unified valve without further assembly.

The major parts or components of frontseating service valves intended to be covered by the scope under the term “certain parts thereof” are any brazed subassembly consisting of any two or more of the following components: a valve body, field connection tube, factory connection tube or valve charge port. The valve body is a rectangular block, or brass forging, machined to be hollow in the interior, with a generally square shaped seat (bottom of body). The field connection tube and factory connection tube consist of copper or other metallic tubing, cut to length, shaped and brazed to the valve body in order to create two ports, the factory connection tube and the field connection tube, each on opposite sides of the valve assembly

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<sup>13</sup> The frontseating service valve differs from a backseating service valve in that a backseating service valve has two sealing surfaces on the valve stem. This difference typically incorporates a valve stem on a backseating service valve to be machined of steel, where a frontseating service valve has a brass stem. The backseating service valve dual stem seal (on the back side of the stem), creates a metal to metal seal when the valve is in the open position, thus, sealing the stem from the atmosphere.

body. The valve charge port is a service port via which a hose connection can be used to charge or evacuate the refrigerant medium or to monitor the system pressure for diagnostic purposes.

The scope includes frontseating service valves of any size, configuration, material composition or connection type. Frontseating service valves are classified under subheading 8481.80.1095, and also have been classified under subheading 8415.90.80.85, of the Harmonized Tariff Schedule of the United States (“HTSUS”). It is possible for frontseating service valves to be manufactured out of primary materials other than copper and brass, in which case they would be classified under HTSUS subheadings 8481.80.3040, 8481.80.3090, or 8481.80.5090. In addition, if unassembled or incomplete frontseating service valves are imported, the various parts or components would be classified under HTSUS subheadings 8481.90.1000, 8481.90.3000, or 8481.90.5000. The HTSUS subheadings are provided for convenience and customs purposes, but the written description of the scope of this proceeding is dispositive.

#### Non-Market Economy Country Status

No interested party contested the Department’s treatment of the PRC as a non-market economy (“NME”) country in this administrative review, and the Department has treated the PRC as an NME country in all past antidumping duty investigations and administrative reviews.<sup>14</sup> Designation as an NME country remains in effect until it is revoked by the Department. *See* section 771(18)(C)(i) of the Act. As such, we continue to treat the PRC as a NME in this proceeding.

#### Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer’s factors of

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<sup>14</sup> *See, e.g., Chlorinated Isocyanurates from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review*, 73 FR 52645 (September 10, 2008); *see also Folding Metal Tables and Chairs from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review*, 74 FR 3560 (January 21, 2009).

production (“FOP”), valued in a surrogate market economy (“ME”) country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.<sup>15</sup> The sources of the surrogate factor values are discussed under the “Factor Valuations” section below and in the Factor Valuation Memorandum,<sup>16</sup> which is on file in the Central Records Unit, Room 7046 of the main Department building.

In examining which country to select as its primary surrogate country for this proceeding, the Department first determined that Colombia, Indonesia, the Philippines, South Africa, Thailand, and Ukraine are countries comparable to the PRC in terms of economic development.<sup>17</sup> Once the Department has identified countries that are economically comparable to the PRC, it identifies those countries which are significant producers of comparable merchandise.

Petitioner submitted a letter stating that Thailand is an appropriate surrogate country because: (1) Thailand is at a level of economic development comparable to the PRC; (2) of the six countries at a level of economic development to the PRC, Thailand is the most significant producer of comparable merchandise; (3) the World Trade Atlas (“WTA”) has import values for direct materials, energy and packaging inputs used to manufacture the merchandise under consideration; and, (4) the Department recently used Thailand as the surrogate country in the

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<sup>15</sup> See Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (“Policy Bulletin”).

<sup>16</sup> See Memorandum to the File, “2010-2011 Administrative Review of the Antidumping Duty Order on Frontseating Service Valves from the People’s Republic of China: Factor Valuation Memorandum for the Preliminary Results of Review,” dated April 30, 2012 (“Factor Valuation Memorandum”).

<sup>17</sup> See Surrogate Country List.

preliminary determination of the antidumping duty investigation of galvanized steel wire from the PRC.<sup>18</sup>

DunAn submitted a letter stating that the Philippines is an appropriate surrogate country because: (1) the Philippines is at a level of economic development comparable to the PRC; (2) the Philippines is a significant producer of comparable merchandise; (3) the Philippines offers the most specific, comprehensive and reliable surrogate value data of all the potential surrogate countries.<sup>19</sup>

After evaluating interested parties' comments, the Department has determined that the Philippines is the appropriate surrogate country to use in this review in accordance with section 773(c)(4) of the Act. The Department based its decision on the following facts: (1) the Philippines is at a level of economic development comparable to that of the PRC;<sup>20</sup> (2) the Philippines, in terms of total value of net exports, is a significant producer of comparable merchandise;<sup>21</sup> and, as explained below, (3) the Philippines provides the best opportunity to use quality, publicly available data to value the FOPs, including surrogate financial data.

Therefore, because the Philippines best represents the experience of producers of comparable merchandise operating in a surrogate country, we have selected the Philippines as the surrogate country and, accordingly, have calculated NV using Philippine prices to value DunAn's and Sanhua's FOPs, when available and appropriate. We have obtained and relied upon publicly available information to value all FOPs.

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<sup>18</sup> See Letter from Petitioner, "Petitioner's Comments on Surrogate Country Selection in the Second Administrative Review of Certain Frontseating Service Valves from the People's Republic of China," dated November 1, 2011 ("Petitioner's Surrogate Country Selection Letter") at 1-2.

<sup>19</sup> See Letter from DunAn, "Surrogate Country Comments in the Antidumping Duty Investigation on Frontseating Service Valves from the People's Republic of China," dated November 1, 2011 ("DunAn's Surrogate Country Selection Letter") at 1-2.

<sup>20</sup> See Surrogate Country List.

<sup>21</sup> See DunAn's Surrogate Country Selection Letter at 2-3 and Exhibit 1.

In accordance with 19 CFR 351.301(c)(3)(ii), interested parties may submit publicly available information to value the FOPs within 20 days after the date of publication of the preliminary results of review.<sup>22</sup>

### Separate Rates

A designation of a country as an NME remains in effect until it is revoked by the Department.<sup>23</sup> In proceedings involving NME countries, the Department has a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assessed a single antidumping duty rate.<sup>24</sup>

In the *Initiation Notice*, the Department notified parties of the application and certification process by which exporters may obtain separate rate status in NME proceedings.<sup>25</sup> It is the Department's policy to assign all exporters of subject merchandise in an NME country a single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. Exporters can demonstrate this independence through the absence of both *de jure* and *de facto* governmental control over export activities. The Department analyzes each entity exporting the subject merchandise under a test arising from the *Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China*, 56 FR 20588 (May 6, 1991) ("*Sparklers*"), as further developed in *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China*, 59 FR 22585

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<sup>22</sup> In accordance with 19 CFR 351.301(c)(1), for the final determination of this review, interested parties may submit factual information to rebut, clarify, or correct factual information submitted by an interested party less than ten days before, on, or after the applicable deadline for submission of such factual information. However, the Department notes that 19 CFR 351.301(c)(1) permits new information only insofar as it rebuts, clarifies, or corrects information recently placed on the record. The Department generally cannot accept the submission of additional, previously absent-from-the-record alternative SV information pursuant to 19 CFR 351.301(c)(1). See *Glycine from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Rescission*, in Part, 72 FR 58809 (October 17, 2007), and accompanying Issues and Decision Memorandum at Comment 2.

<sup>23</sup> See section 771(18)(C)(i) of the Act.

<sup>24</sup> See *Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China*, 71 FR 53079 (September 8, 2006) ("*Lined Paper from the PRC*"); see also *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof From the People's Republic of China*, 71 FR 29303 (May 22, 2006).

<sup>25</sup> See *Initiation Notice*, 76 FR at 30913.

(May 2, 1994) (“*Silicon Carbide*”). However, if the Department determines that a company is wholly foreign-owned or located in a market economy, then a separate rate analysis is not necessary to determine whether it is independent from government control.<sup>26</sup>

### Separate Rate Recipients

DunAn and Sanhua each reported that it is a wholly Chinese-owned company.<sup>27</sup>

Therefore, the Department must analyze whether these respondents can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

#### *a.* Absence of De Jure Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter’s business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) other formal measures by the government decentralizing control of companies.<sup>28</sup>

The evidence provided by DunAn and Sanhua supports a preliminary finding of *de jure* absence of governmental control based on the following: (1) an absence of restrictive stipulations associated with their businesses and export licenses; (2) applicable legislative enactments decentralizing control of companies; and (3) formal measures by the government decentralizing control of companies.<sup>29</sup>

#### *b.* Absence of De Facto Control

Typically, the Department considers four factors in evaluating whether each respondent is subject to *de facto* government control of its export functions: (1) whether the export prices are

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<sup>26</sup> See, e.g., *Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles From the People’s Republic of China*, 72 FR 52355, 52356 (September 13, 2007).

<sup>27</sup> See DunAn’s Section A Questionnaire Response, dated July 11, 2010 (“DunAn’s AQR”) at 2-19; Sanhua’s Section A Questionnaire Response, dated July 11, 2011 (“Sanhua’s AQR”) at 2.

<sup>28</sup> See *Sparklers*, 56 FR at 20589.

<sup>29</sup> See Foreign Trade Law of the People’s Republic of China, contained in Sanhua’s AQR, at Exhibit A-2. See also DunAn’s AQR at 3-4.

set by or are subject to the approval of a government agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses.<sup>30</sup> The Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of governmental control, which would preclude the Department from assigning separate rates.

The evidence provided by DunAn and Sanhua supports a preliminary finding of *de facto* absence of government control based on the following: (1) the absence of evidence that the export prices are set by or are subject to the approval of a government agency;<sup>31</sup> (2) the respondents have authority to negotiate and sign contracts and other agreements;<sup>32</sup> (3) the respondents have autonomy from the government in making decisions regarding the selection of management;<sup>33</sup> and (4) the respondents retain the proceeds of their export sales and make independent decisions regarding disposition of profits or financing of losses.<sup>34</sup>

Therefore, the evidence placed on the record of this review by DunAn and Sanhua demonstrates an absence of *de jure* and *de facto* government control with respect to DunAn's and Sanhua's exports of the merchandise under review, in accordance with the criteria identified in *Sparklers* and *Silicon Carbide*. Accordingly, we have determined that DunAn and Sanhua have demonstrated their eligibility for a separate rate.

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<sup>30</sup> See *Silicon Carbide*, 59 FR at 22587; 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).

<sup>31</sup> See DunAn's AQR, at 8-9 and Sanhua's AQR at 7-8 and Exhibit A-5.

<sup>32</sup> See DunAn's AQR, at 8-9 and Sanhua's AQR at 8-9.

<sup>33</sup> See DunAn's AQR, at 10-11 and Sanhua's AQR at 9-10.

<sup>34</sup> See DunAn's AQR, at 11-12 and Sanhua's AQR at 10-12.

### Fair Value Comparisons

To determine whether sales of FSVs to the United States by DunAn and Sanhua were made at less than NV, the Department compared constructed export price (“CEP”) to NV, as described in the “Constructed Export Price” and “Normal Value” sections of this notice. In these preliminary results, the Department applied the weighted-average dumping margin calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*.<sup>35</sup> In particular, the Department compared monthly weighted-average export prices (or constructed export prices) with monthly weighted-average normal values and granted offsets for non-dumped comparisons in the calculation of the weighted average dumping margin.

### Constructed Export Price

In accordance with section 772(b) of the Act, CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted under sections 772(c) and (d) of the Act. In accordance with section 772(b) of the Act, we used CEP for DunAn’s and Sanhua’s sales because the sales were made by U.S. affiliates in the United States.

We calculated CEP based on delivered prices to unaffiliated purchasers in the United States. We made adjustments, where applicable, to the reported gross unit prices for billing adjustments to arrive at the price at which the subject merchandise is first sold in the United States to an unaffiliated customer. We made deductions from the U.S. sales price for movement

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<sup>35</sup> See *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012) (“*Final Modification for Reviews*”).

expenses in accordance with section 772(c)(2) of the Act. These included, where applicable, foreign inland freight from plant to the port of exportation, foreign brokerage and handling, ocean freight, marine insurance, U.S. inland freight from port to the warehouse, U.S. freight from warehouse to customer, U.S. warehousing, U.S. customs duty, and U.S. brokerage and handling. In accordance with section 772(d)(1) of the Act, the Department deducted, where applicable, commissions, credit expenses, inventory carrying costs, and indirect selling expenses from the U.S. price, all of which relate to commercial activity in the United States. In accordance with section 772(d) of the Act, we calculated DunAn's and Sanhua's credit expenses and inventory carrying costs based on each company's respective short-term interest rate. In addition, we deducted CEP profit in accordance with sections 772(d)(3) and 772(f) of the Act.<sup>36</sup>

#### Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using a factors of production methodology if the merchandise is exported from an NME country and the Department finds that the available information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. When determining NV in an NME context, the Department 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. The Department's questionnaire requires that DunAn and Sanhua each provide information regarding the weighted-average FOPs across all of the company's plants and/or suppliers that

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<sup>36</sup> For a detailed description of all adjustments, *see* Memoranda titled "Frontseating Service Valves from the People's Republic of China: Analysis Memorandum for the Preliminary Results of the 2010-2011 Administrative Review: Zhejiang DunAn Hetian Metal Co. Ltd.," ("DunAn Preliminary Analysis Memorandum"), dated April 30, 2012; and, "Frontseating Service Valves ("FSVs") from the People's Republic of China ("PRC"): Analysis Memorandum for the Preliminary Results of the 2010-2011 Administrative Review: Zhejiang Sanhua Co., Ltd. ("Sanhua"), ("Sanhua Preliminary Analysis Memorandum"), dated April 30, 2012.

produce the merchandise under consideration, not just the FOPs from a single plant or supplier. This methodology ensures that the Department's calculations are as accurate as possible.<sup>37</sup>

In accordance with 19 CFR 351.408(c)(1), the Department will normally use publicly available information to find an appropriate SV to value FOPs, but when a producer sources an input from a ME and pays for it in ME currency, the Department may value the factor using the actual price paid for the input.<sup>38</sup> DunAn and Sanhua each reported that they did not purchase inputs from ME suppliers for the production of the merchandise under consideration.<sup>39</sup>

We calculated NV based on FOPs in accordance with section 773(c)(3) and (4) of the Act and 19 CFR 351.408(c). The FOPs include but are not limited to: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. The Department used FOPs reported by DunAn and Sanhua for direct materials, energy, labor, by-products, and packing materials.

DunAn used unaffiliated tollers for the production of recycled brass bar, copper tubing, brass valve caps and valve stems.<sup>40</sup> DunAn reported the FOPs of the unaffiliated tollers of brass bar, except for two tollers that would not provide full information.<sup>41</sup> We requested DunAn to report the FOPs of the unaffiliated tollers of the other components.<sup>42</sup> DunAn reported that it attempted to obtain FOP's from all of its unaffiliated tollers of copper tubing, brass valve caps and valve stems, but that the tollers were unable or unwilling to cooperate with the Department's

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<sup>37</sup> 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 Issue and Decision Memorandum at Comment 19.

<sup>38</sup> See 19 CFR 351.408(c)(1); see also *Shakeproof Assembly Components, Div. of Ill. Tool Works, Inc. v. United States*, 268 F.3d 1376, 1382-1383 (Fed. Cir. 2001) (affirming the Department's use of market-based prices to value certain FOPs).

<sup>39</sup> See DunAn's Section D Questionnaire response ("DunAn's DQR") at 6, and Sanhua's Section D Questionnaire response, dated August 3, 2011 ("Sanhua's DQR") at 7.

<sup>40</sup> See DunAn's letter, "DunAn Questionnaire Response to Question 16 of the Third Supplemental Questionnaire in the Second Administrative Review of the Antidumping Duty Order on Frontseating Service Valves from the people's Republic of China," dated February 21, 2012 ("3<sup>rd</sup> SQR (Question 16)"), at 2.

<sup>41</sup> See DunAn's DQR at Exhibit D-19; and DunAn's letter, "DunAn Third Supplemental Questionnaire Response in the Second Administrative Review of the Antidumping Duty Order on Frontseating Service Valves from the people's Republic of China," dated February 27, 2012 ("3<sup>rd</sup> SQR").

<sup>42</sup> See letter from the Department, "Front Seating Service Valves from the People's Republic of China: Zhejiang DunAn Hetian Metal Co., Ltd. ("DunAn"): Fourth Supplemental Questionnaire," dated March 1, 2012.

request for information. DunAn documented these attempts for the record.<sup>43</sup> Consequently, we do not find that DunAn failed to cooperate by not acting in the best of its abilities. Consistent with our treatment of missing tolled FOPs of an intermediate input in the first administrative review of certain steel nails,<sup>44</sup> we have preliminarily applied facts available (“FA”) in accordance with section 776(a)(1) of the Act.<sup>45</sup> The Department is using DunAn’s reported consumption of the intermediate inputs received from the tollers as FA (facts available without an adverse inference) for DunAn.

DunAn reported that it produced model SFJH-308-DG8 (“DG8”) in its entirety prior to the POR,<sup>46</sup> and that it produced the valve bodies for models SFJI-314-DG16 (“DG16”) and SFJI-314-DG20 (“DG20”) prior to the POR, but completed certain components (brass valve caps and valve stems),<sup>47</sup> final assembly, and packing during the current POR.<sup>48</sup> Consequently, DunAn explained that it reported per-unit FOPs in the section D database based on its production experience at the time when the models were produced.<sup>49</sup> Thus, DunAn explained that the FOPs for model DG8 were based entirely on consumption rates during the previous administrative review.<sup>50</sup> However, for models DG16 and DG20, DunAn explained that it based the FOPs for the valve bodies, brass scrap, and most raw material inputs on the consumption rates of the prior

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<sup>43</sup> See letter from DunAn, “Fourth Supplemental Questionnaire Response in the Second Administrative Review of the Antidumping Duty Order on Frontseating Service Valves from the People’s Republic of China,” dated March 22, 2012 (“4<sup>th</sup> SQR”), at 1-2, and Exhibit 1, with respect to the tollers of copper tubing, brass valve caps and valve stems. With respect to brass bar, see DunAn’s 3<sup>rd</sup> SQR (Question 16) at 8.

<sup>44</sup> See *Certain Steel Nails from the People’s Republic of China: Final Results of the First Antidumping Duty Administrative Review*, 76 FR 16379 (March 23, 2011) and accompanying Issues and Decision Memorandum at Comment 17.

<sup>45</sup> See the “Facts Available” section of this notice.

<sup>46</sup> See DunAn’s DQR at 2.

<sup>47</sup> See DunAn’s 3<sup>rd</sup> SQR (Question 16) at 2.

<sup>48</sup> See DunAn’s DQR at 2.

<sup>49</sup> See DunAn’s DQR at 2 and DunAn’s 3<sup>rd</sup> SQR (Question 16) at 1-2.

<sup>50</sup> See DunAn’s DQR at 2.

POR,<sup>51</sup> but that it based FOPs for brass valve caps and stems,<sup>52</sup> assembly, and packing on the consumption rates for the current POR.<sup>53</sup>

After a careful examination of its questionnaire and supplemental responses, we have determined that DunAn's reporting methodology may not be appropriate for the purposes of this antidumping duty review. Because models DG16 and DG20 were completed (*e.g.*, entered into finished goods inventory) during the current POR, we consider these models to have been produced during the current POR.<sup>54</sup> Therefore, we have requested DunAn to revise its questionnaire response to report all factors of production (including factors for all material and packing inputs, components (tolled or produced in-house), tolled round brass bar, brass scrap, labor, energy, water, ammonia and acid wash) for models DG16 and DG20 based on its production experience during the current POR.<sup>55</sup>

Because this response is not due until after the preliminary results, we have used DunAn's reported FOPs as FA in accordance with section 776(a)(1) of the Act, for the purposes of these preliminary results.<sup>56</sup> However, for the final results of review, we will make our determination based on DunAn's full set of questionnaire responses, including its response to the Department's 5<sup>th</sup> Supplemental Questionnaire, as appropriate.

DunAn and Sanhua separately reported that they each generate brass scrap during the production process of merchandise under consideration and requested an offset for this scrap.<sup>57</sup> In addition, Sanhua reported that it also generates copper scrap in the production of merchandise

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<sup>51</sup> See DunAn's DQR at 2 and 15.

<sup>52</sup> See DunAn's 3<sup>rd</sup> SQR (Question 16) at 2.

<sup>53</sup> See DunAn's DQR at 2.

<sup>54</sup> See section 751(a)(2) of the Act (directing the Department in an administrative review to determine the normal value of each entry of subject merchandise); section 773(c)(1) of the Act (requiring the Department to determine normal value based upon "the factors of production *utilized in producing* the merchandise") (emphasis added).

<sup>55</sup> See the Department's letter to DunAn, "Front Seating Service Values from the People's Republic of China: Zhejiang DunAn Hetian Metal Co., Ltd. ("DunAn"): Fifth Supplemental Questionnaire," dated April 10, 2012 ("5<sup>th</sup> Supplemental Questionnaire").

<sup>56</sup> See the "Facts Available" section of this notice.

<sup>57</sup> See DunAn's DQR at D-8 and Exhibits D-5, D-15 through 18 and Sanhua's DQR at 17-19 and Exhibit D-10a.

under consideration, and requested an additional offset for this scrap.<sup>58</sup> Sanhua established that it sold all of the brass and copper scrap that it produced during the POR. Therefore, for these preliminary results, we have granted Sanhua a by-product offset for brass and copper scrap because it demonstrated that there is commercial value to this scrap.<sup>59</sup> DunAn also established commercial value for its scrap by demonstrating that it sold a portion of the scrap that it produced during the POR, and provided the remaining scrap to unaffiliated processors for production into recycled bar. Accordingly, we have granted DunAn a by-product offset for its brass scrap generated during production during the POR.<sup>60</sup>

### Factor Valuations

In accordance with section 773(c) of the Act, the Department calculated NV based on FOPs reported by DunAn and Sanhua for the POR. To calculate NV, the Department multiplied the reported per-unit factor consumption quantities by publicly available Philippine SVs. In selecting the SVs, the Department considered the quality, specificity, and contemporaneity of the data. The Department adjusted input prices by including freight costs to make them delivered prices, as appropriate. Specifically, the Department added to Philippine import surrogate values a Philippine surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory. This adjustment is in accordance with the decision of the U.S. Court of Appeals for the Federal Circuit in *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997). A detailed description of all SVs used to value DunAn's and Sanhua's reported FOPs may be found in the Factor Valuation Memorandum.

For the preliminary results, in accordance with the Department's practice, except where noted below, we used data from the Philippine import statistics in the Global Trade Atlas

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<sup>58</sup> See *id.*

<sup>59</sup> See Sanhua's Preliminary Analysis Memorandum.

<sup>60</sup> See DunAn's Preliminary Analysis Memorandum.

(“GTA”) and other publicly available Philippine sources in order to calculate SVs for DunAn and Sanhua’s FOPs (*i.e.*, direct materials, energy, and packing materials) and certain movement expenses. In selecting the best available information for valuing FOPs in accordance with section 773(c)(1) of the Act, the Department’s practice is to select, to the extent practicable, SVs which are non-export average values, most contemporaneous with the POR, product-specific, and tax-exclusive.<sup>61</sup> The record shows that data in the Philippine import statistics, as well as those from the other Philippine sources, are contemporaneous with the POR, product-specific, and tax-exclusive.<sup>62</sup> In those instances where we could not obtain publicly available information contemporaneous to the POR with which to value factors, we adjusted the SVs using, where appropriate, the Philippine Producer Price Index (“PPI”) inflators as published in the International Monetary Fund’s *International Financial Statistics*.<sup>63</sup>

However, with respect to four inputs, arsenic alloy, crystal silicon, phosphorus, and silicon, there was no reasonably contemporaneous import data into the Philippines was available. As a result, we valued these inputs using import data into Indonesia as recorded in the GTA. In accordance with section 773(c)(4) of the Act, the Department has determined that Indonesia is at a level of economic development comparable to the PRC and is a significant producer of merchandise comparable to the subject merchandise.<sup>64</sup> In addition, in accordance with our

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<sup>61</sup> See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004), unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004).

<sup>62</sup> See Factor Valuation Memorandum.

<sup>63</sup> See Factor Valuation Memorandum. See also, e.g., *Certain Kitchen Appliance Shelving and Racks From the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 74 FR 9591, 9600 (March 5, 2009) (“*Kitchen Racks Prelim*”), unchanged in *Certain Kitchen Appliance Shelving and Racks From the People’s Republic of China: Final Determination of Sales at Less than Fair Value*, 74 FR 36656 (July 24, 2009) (“*Kitchen Racks Final*”).

<sup>64</sup> See Surrogate Country List; see also Petitioner’s Surrogate Country Selection Letter at 2, showing that Indonesia had exports of 23 million USD of comparable merchandise during the POR.

practice,<sup>65</sup> the GTA import data with respect to Indonesia represents non-export average values and is contemporaneous with the POR, product-specific, and tax-exclusive.

Furthermore, with regard to Philippine and Indonesian import-based SVs, we have disregarded prices that we have reason to believe or suspect may be subsidized, such as those from Indonesia, South Korea, India, and Thailand. We have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies and, therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized.<sup>66</sup> We are also guided by the statute's legislative history that explains that it is not necessary to conduct a formal investigation to ensure that such prices are not subsidized.<sup>67</sup> Rather, the Department was instructed by Congress to base its decision on information that is available to it at the time it is making its determination. In accordance with the foregoing, we have not used prices from these countries in calculating the Philippine import-based SVs.

In these preliminary results, the Department calculated the labor input using data on industry-specific labor cost from the primary surrogate country (*i.e.*, the Philippines), as described in *Labor Methodologies*. The Department relied on the ILO's Yearbook Chapter 6A labor cost data for the Philippines for the year 2008, because this is the most recent Chapter 6A data available for the Philippines. The Department further determined that the two-digit description under ISIC-Revision 3-D ("28-Manufacture of Fabricated Metal Products") is the best available information because it is specific to the industry being examined and, therefore, is derived from industries that produce comparable merchandise. Accordingly, relying on Chapter

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<sup>65</sup> See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004), unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004).

<sup>66</sup> See *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Preliminary Results and Preliminary Partial Rescission of Antidumping Duty Administrative Review*, 70 FR 54007, 54011 (September 13, 2005), unchanged in *Certain Frozen Fish Fillets From the Socialist Republic of Vietnam: Final Results of the First Administrative Review*, 71 FR 14170 (March 21, 2006); and *China Nat'l Mach. Import & Export Corp. v. United States*, 293 F. Supp. 2d 1334 (CIT 2003), *affirmed* 104 Fed. Appx. 183 (Fed. Cir. 2004).

<sup>67</sup> See H.R. Rep. No. 100-576 at 590 (1988).

6A of the Yearbook, the Department calculated the labor input using labor cost data reported by the Philippines to the ILO under Sub-Classification 28 of the ISIC-Revision 3-D, in accordance with section 773(c)(4) of the Act. For further information on the calculation of the wage rate, *see* Factor Valuation Memorandum.

The ILO data from Chapter 6A of the Yearbook, which was used to value labor, reflects all costs related to labor, including wages, benefits, housing, training, *etc.* Pursuant to *Labor Methodologies*, the Department's practice is to consider whether financial ratios reflect labor expenses that are included in other elements of the respondent's factors of production (*e.g.*, general and administrative expenses).<sup>68</sup> The financial statements used to calculate financial ratios in this review were sufficiently detailed to allow the Department to isolate labor expenses from other expenses such as selling, general and administrative expenses. Therefore, the Department revised its calculation of surrogate financial ratios consistent with *Labor Methodologies* to exclude items incorporated in the labor wage rate data in Chapter 6A of the ILO data. As a result, bonuses and other forms of compensation included in the ILO's calculation of wages are now excluded from our calculation of labor in our surrogate financial ratios.<sup>69</sup>

We valued electricity, diesel and kerosene using contemporaneous Philippine data from *The Cost of Doing Business in Camarines Sur* available at the Philippine government's web site for the province: <http://www.camarinessur.gov.ph>. These data pertained only to industrial consumption.<sup>70</sup>

We valued natural gas using data obtained from EnergyBiz Magazine's January/February 2006 edition, in which the American Chemistry Council's data for Indonesian natural gas prices of January 2006 are cited. We inflated this rate to be contemporaneous with the POR by

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<sup>68</sup> *See id.* at 36094.

<sup>69</sup> *See* Factor Valuation Memorandum.

<sup>70</sup> *See id.*

applying PPI inflators.<sup>71</sup>

We valued water using an average of the basic rates charged by The Philippines Maynilad for Business Group II (mostly industrial) users. These rates were in effect in 2011 and do not include taxes or surcharges. We did not inflate the rate since all data points are contemporaneous with the POR.<sup>72</sup>

We valued truck freight expenses by averaging the rates charged by the Confederation of Truckers Association of the Philippines, Inc. and the distances to 92 destinations within the Philippines. We adjusted the rates downward by 20 percent to account for price increases effective January 2011. The adjusted rates reflect prices in effect in 2010.<sup>73</sup>

We valued brokerage and handling expenses using a price list of export procedures necessary to export a standardized cargo of goods in the Philippines, as published in the World Bank's *Doing Business 2012, Economy Profile: Philippines* publication.<sup>74</sup>

We valued marine insurance using a price quote for July 2010, which we obtained from RJG Consultants. RJG Consultants is a market-economy provider of marine insurance. We did not inflate this rate since it is contemporaneous with the POR.<sup>75</sup>

19 CFR 351.408(c)(4) directs the Department to value overhead, general, and administrative expenses ("SG&A") and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country. In this administrative review, Petitioner submitted the 2010 financial statements of Halcyon Technology Public Company Limited ("Halcyon Technology"), a Thai corporation engaged in manufacturing, customized production, and distribution of polycrystalline diamond ("PCD")

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<sup>71</sup> See *id.*; see also *Certain Steel Wheels From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Partial Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 76 FR 67703, 67713 (November 2, 2011).

<sup>72</sup> See Factor Valuation Memorandum.

<sup>73</sup> See *id.*

<sup>74</sup> See *id.*

<sup>75</sup> See *id.*

cutting tools to serve the manufacturers of electronic parts and the auto parts industries, and Patkol Public Company Limited (“Patkol”), a Thai producer of machinery and equipment, and a supplier of engineering services in the ice making, commercial cool-store, and freezing industries; a producer of dairy, tuna, shrimp, and alcoholic beverage processing equipment; and a supplier of services for the on-site fabrication, transportation, and installation of tanks and/or plant and tank relocation.<sup>76</sup> Patkol is also a supplier of sanitary stainless steel machinery and equipment, including high velocity stainless steel pumps, pipes, tees, bends, valves, and fittings, which are imported from Europe and the United States. It is also a supplier of spare parts for evaporative condensers, axial fans, Luang Chi cooling towers, tube ice machines and block ice plants, equipment for refrigeration systems, refrigeration spare parts, and ammonia gas detectors, as well as a reseller of refrigeration pumps and spare parts from Germany.

DunAn provided the 2010 audited financial statements of Concord Metals, Inc. (“Concord Metals”), a Philippine producer of brass, and cast iron and galvanized iron fittings, and FVC Philippines, Inc. (“FVC Philippines”), a producer of cast iron valves serving the petroleum and chemical industry, the machinery and shipbuilding industries, the paper manufacturing and spinning industries, the electric power industry, and the gas and water service industry.<sup>77</sup>

We did not use Halcyon Technology’s and Patkol’s financial statements because there is no indication that either of these two companies produced merchandise that is identical or comparable to the subject merchandise and they are not located in our primary surrogate country. We did not use Concord Metals’ because the financial statements indicated that all of its

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<sup>76</sup> See letter from Petitioner, “Petitioner's Pre-Preliminary Results Surrogate Value Submission in the Second Administrative Review of Certain Frontseating Service Valves from the People’s Republic of China: Case No. A-570-933,” dated November 28, 2011, at Attachment 2.

<sup>77</sup> See letter from DunAn, “First Surrogate Value Submission for DunAn in the Antidumping Duty Investigation on Frontseating Service Valves from the People’s Republic of China, dated November 28, 2011, (“DunAn’s 1<sup>st</sup> SV Submission”) at Exhibit 9A (for Concord Metals) and 9B (for FVC Philippines).

merchandise consists of purchased goods,<sup>78</sup> and its website indicates that its products may have been produced in the PRC.<sup>79</sup>

As a result, we have preliminarily determined to use the contemporaneous 2010 audited financial statements of FVC Philippines as the basis for calculating the surrogate financial ratios in this review. FVC Philippines produces valves and earned a profit during the POR. There is no record evidence to indicate that it received benefits that the Department has a basis to believe or suspect to be countervailable. Further, its audited financial statements are complete and sufficiently detailed to disaggregate materials, labor, overhead, and SG&A expenses. For a complete listing of all the inputs and a detailed discussion about our SV selections, *see* Factor Valuation Memorandum.

#### Facts Available

Section 776(a)(2) of the Act provides that, if an interested party: (A) withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested subject to sections 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding under the antidumping statute; or (D) provides such information but the information cannot be verified, the Department shall, subject to section 782(d) of the Act, use facts otherwise available in reaching the applicable determination. Furthermore, section 776(b) of the Act states that if the Department “finds that an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information from the administering authority or the Commission, the administering authority or the Commission..., in reaching the applicable determination under this title, may use an inference that is adverse to the interests of that party in selecting from among the facts otherwise available.”<sup>80</sup>

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<sup>78</sup> See DunAn’s 1<sup>st</sup> SV Submission at Exhibit 9A, Notes to the Financial Statements, at note 7.

<sup>79</sup> See Factor Valuation Memorandum.

<sup>80</sup> See also Statement of Administrative Action (“SAA”) accompanying the Uruguay Round Agreements Act

In this instance, because DunAn was unable to obtain the FOPs of unaffiliated tollers for the production of the intermediate inputs of copper tubing, brass valve caps and valve stems, and two of its recycled brass bar tollers, and documented its attempts to obtain such information. We do not find that DunAn failed to cooperate by not acting in the best of its abilities. Consistent with our treatment of missing tolled FOPs of an intermediate input in the first administrative review of certain steel nails,<sup>81</sup> we have preliminarily applied facts available (“FA”) in accordance with section 776(a)(1) of the Act. The Department is using DunAn’s reported FOP consumption of the intermediate inputs received from the tollers as FA (facts available without an adverse inference) for DunAn.

In addition, while we find that DunAn may not have used an appropriate methodology to report certain FOPs from the appropriate period,<sup>82</sup> we find that DunAn cooperated to the best of its ability during the course of this proceeding to comply with the Department’s requests for information. DunAn appropriately alerted the Department of its reporting methodology in its original section D questionnaire response.<sup>83</sup> DunAn complied with all of the Department’s requests for information.<sup>84</sup> Thus, we find that DunAn was forthcoming with the information requested by the Department in its requests for information. Thus, DunAn did not impede the Department’s proceeding. Additionally, because the Department did not request that DunAn revise its FOP reporting prior to the preliminary determination, we do not find that DunAn failed to cooperate by not acting to the best of its ability to comply with a request for information.

Thus, pursuant to section 776(a)(1) of the Act, we have relied on FA with respect to DunAn’s section D response, but without an adverse inference prescribed under section 776(b)

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(“URAA”), H.R. Rep. No. 103-316 at 870 (1994).

<sup>81</sup> See *Certain Steel Nails from the People’s Republic of China: Final Results of the First Antidumping Duty Administrative Review*, 76 FR 16379 (March 23, 2011) and accompanying Issues and Decision Memorandum at Comment 17.

<sup>82</sup> See “Normal Value” section, above.

<sup>83</sup> See DunAn’s DQR at 2.

<sup>84</sup> See, e.g., DunAn’s 1<sup>st</sup> SQR, 3<sup>rd</sup> SQR (Question 16), 3<sup>rd</sup> SQR and 4<sup>th</sup> SQR.

of the Act. As FA, we relied on DunAn's FOPs as reported in its section D and supplemental questionnaire responses in our normal value calculations.

### Currency Conversion

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

### Weighted-Average Dumping Margins

The preliminary weighted-average dumping margins are as follows:

Frontseating Service Valves from the PRC	
Exporter	Weighted-Average Margin (percentage)
Zhejiang DunAn Hetian Metal Co. Ltd.	0.00%
Zhejiang Sanhua Co., Ltd.	0.00%

### Disclosure

The Department intends to disclose calculations performed for these preliminary results to the parties within 10 days of the date of the public announcement of the results of this review in accordance with 19 CFR 351.224(b).

### Comments

Interested parties may submit written comments no later than 30 days after the date of publication of these preliminary results of review.<sup>85</sup> Rebuttal comments must be limited to the issues raised in the written comments and may be filed no later than five days after the time limit for filing the case briefs.<sup>86</sup> Interested parties, who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import

<sup>85</sup> See 19 CFR 351.309(c)(1)(ii).

<sup>86</sup> See 19 CFR 351.309(d).

Administration, U.S. Department of Commerce, filed electronically using Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System ("IA ACCESS"). An electronically filed document must be received successfully in its entirety by the Department's electronic records system, IA ACCESS, by 5 p.m. Eastern Standard Time within 30 days after the date of publication of this notice.<sup>87</sup> Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, we will inform parties of the scheduled date for the hearing which will be held at the U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, at a time and location to be determined.<sup>88</sup> Parties should confirm by telephone the date, time, and location of the hearing. The Department intends to issue the final results of the administrative review, which will include the results of its analysis of issues raised in the briefs, within 120 days of publication of these preliminary results, in accordance with section 751(a)(3)(A) of the Act, unless the time limit is extended.

#### Assessment Rates

Upon issuance of the final results, the Department will determine, and CBP shall assess, antidumping duties on all appropriate entries covered by this review.<sup>89</sup> The Department intends to issue assessment instructions to CBP 15 days after the publication date of the final results of this review. For any individually examined respondent whose weighted-average dumping margin is above *de minimis* (*i.e.*, less than 0.50 percent) in the final results of this review, we will calculate an importer-specific assessment rate on the basis of the ratio of the total amount of antidumping duties calculated for the importer's examined sales and the total entered value of sales, in accordance with 19 CFR 351.212(b)(1).<sup>90</sup> Where we calculate a margin by dividing the

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<sup>87</sup> See 19 CFR 351.310(c).

<sup>88</sup> See 19 CFR 351.310.

<sup>89</sup> See 19 CFR 351.212(b).

<sup>90</sup> In these preliminary results, the Department applied the assessment rate calculation method adopted in *Final Modification for Reviews*, *i.e.*, on the basis of monthly average-to-average comparisons using only the transactions

total dumping margins for reviewed sales to that party by the total sales quantity associated with those transactions, in this and future reviews, we will direct CBP to assess importer-specific assessment rates based on the resulting per-unit (*i.e.*, per-kilogram) rates by the weight in kilograms of each entry of the subject merchandise during the POR. Where an importer (or customer)-specific per-unit rate is greater than *de minimis*, we will apply the assessment rate to the entered value of the importer's/customer's entries during the POR. *See* 19 CFR 351.212(b)(1). Where an importer (or customer)-specific per-unit rate is zero or *de minimis*, we will instruct CBP to liquidate appropriate entries without regard to antidumping duties. *See* 19 CFR 351.106(c)(2).

#### Cash Deposit Requirements

The following cash deposit requirements will be effective upon publication of the final results of this administrative review for shipments of the subject merchandise from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by sections 751(a)(2)(C) of the Act: (1) for DunAn and Sanhua, which have separate rates, the cash deposit rates will be those established in the final results of this review (except, if the rates are zero or *de minimis*, then zero cash deposit will be required); (2) for previously investigated or reviewed PRC and non-PRC exporters not listed above that received a separate rate in a prior segment of this proceeding, the cash deposit rate will continue to be the exporter-specific rate; (3) for all PRC exporters of subject merchandise that have not been found to be entitled to a separate rate, the cash deposit rate will be the PRC-wide rate of 55.62 percent; and (4) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporter that supplied that non-PRC exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

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associated with that importer with offsets being provided for non-dumped comparisons. *See Antidumping Proceeding: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8103, February 14, 2012.

Notification to Importers

This notice serves as a reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review and notice are in accordance with sections 751(a)(1) and 777(i) of the Act and 19 CFR 351.213.

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Ronald K. Lorentzen  
Acting Assistant Secretary  
for Import Administration

April 30, 2012 \_\_\_\_\_  
(Date)