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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-601]

Tapered Roller Bearings and Parts Thereof, Finished and Unfinished from the People's Republic of China: Preliminary Results of Antidumping Duty New Shipper Review

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

EFFECTIVE DATE: (Insert date of publication in the *Federal Register*.)

SUMMARY: On August 1, 2011, the Department of Commerce (the "Department") initiated a new shipper review of the antidumping duty order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished ("TRBs") from the People's Republic of China ("PRC") covering sale(s) of subject merchandise produced and exported by GGB Bearing Technology (Suzhou) Co., Ltd. ("GGB") during the period of review ("POR") of June 1, 2010, through May 31, 2011.¹

The Department preliminary determines that GGB has not made sales at less than normal value ("NV"). If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection ("CBP") to liquidate all appropriate entries without assessing antidumping duties on those entries of subject merchandise during the POR.

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¹ See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished From the People's Republic of China: Initiation of Antidumping Duty New Shipper Review*, 76 FR 45777 (August 1, 2011) ("Initiation Notice").

SUPPLEMENTARY INFORMATION:

On June 15, 1987, the Department published in the *Federal Register* the antidumping duty order on TRBs from the PRC.² On June 30, 2011, the Department received a timely request for a new shipper review from GGB. On August 1, 2011, the Department initiated this new shipper review. *See Initiation Notice*. On September 7, 2011, the Department issued an antidumping duty questionnaire to GGB. Subsequently, the Department issued supplemental questionnaires to GGB. From October 2011 through February 2012, the Department received timely questionnaire and supplemental questionnaire responses from GGB.

On September 28, 2011, Import Administration's Office of Policy issued a memorandum identifying six countries as being at a level of economic development comparable to the PRC for the instant POR. The countries identified in that memorandum are Colombia, Indonesia, the Philippines, South Africa, Thailand, and Ukraine.³ On November 14, 2011, the Department released the Policy Memorandum to interested parties and provided parties with an opportunity to submit comments regarding the selection of a surrogate country in the instant review.⁴ On November 28, 2011, the Petitioner in this proceeding, the Timken Company ("Petitioner") provided comments on surrogate country selection and publicly-available information to value factors of production ("FOP").⁵ No other party provided comments on surrogate country

² *See Notice of Antidumping Duty Order: Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the People's Republic of China*, 52 FR 22667 (June 15, 1987) ("TRBs Notice of Antidumping Duty Order").

³ *See* Memorandum regarding Request for a List of Surrogate Countries for New Shipper Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished ("TRBs") from the People's Republic of China ("China"), dated September 28, 2011 ("Policy Memorandum").

⁴ *See* Letter from Howard Smith, Program Manager, Office 4, to All Interested Parties regarding Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China, New Shipper Review: Request for Surrogate Country and Surrogate Value Comments and Information, dated November 14, 2011.

⁵ *See* Letter from Petitioner regarding, New Shipper Review: Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: The Timken Company's Surrogate Country Comments, dated November 28, 2011 ("Petitioner's Surrogate Value Submission").

selection. On December 5, 2011, GGB provided publicly-available data to value its FOP and also submitted rebuttal comments concerning Petitioner's surrogate value comments.⁶

On March 26, 2012, the Department issued a memorandum providing interested parties with an opportunity to submit comments regarding the information already on the record for the Department to consider in the preliminary results.⁷ On April 2, 2012, Petitioner provided comments regarding the information already on the record, and on April 12, 2012, GGB submitted rebuttal comments concerning Petitioner's submission.⁸

Period of Review

The POR is June 1, 2010, through May 31, 2011.

Scope of the Order

Imports covered by the order are shipments of tapered roller bearings and parts thereof, finished and unfinished, from the PRC; flange, take up cartridge, and hanger units incorporating tapered roller bearings; and tapered roller housings (except pillow blocks) incorporating tapered rollers, with or without spindles, whether or not for automotive use. These products are currently classifiable under Harmonized Tariff Schedule of the United States ("HTSUS") item numbers 8482.20.00, 8482.91.00.50, 8482.99.15, 8482.99.45, 8483.20.40, 8483.20.80, 8483.30.80,

⁶ See Submission from GGB regarding, GGB Bearing Technology Submission of Pre-Prelim Surrogate Values: Tapered Roller Bearings from the People's Republic of China (New Shipper Review: 6/1/2010-5/31/2011), dated December 5, 2011 ("GGB's Surrogate Value Submission") and submission from GGB regarding, GGB Bearing Technology Submission of Pre-Prelim Rebuttal Surrogate Values, dated December 5, 2011 ("GGB's Rebuttal SV Submission").

⁷ See Memorandum regarding Antidumping Duty New Shipper Review of Tapered Roller Bearings from the People's Republic of China- Deadline to submit comments on information, dated March 26, 2012.

⁸ Letter from Petitioner regarding, New Shipper Review of the Antidumping Duty Order Covering Tapered Roller Bearings ("TRBs") and Parts Thereof, Finished or Unfinished, From The People's Republic of China ("PRC") (06/01/2010- 05/31/2011); The Timken Company's Comments on the Department's Preliminary Determination, dated April 2, 2012 ("Petitioner's Preliminary Results Comments") and letter from GGB regarding, GGB Response to The Timken Company's Comments on the Upcoming Preliminary Results of Review in Tapered Roller Bearings from the People's Republic of China (New Shipper Review: 6/1/2010-5/31/2011), dated April 12, 2012 (GGB's Rebuttal of Preliminary Results Comments").

8483.90.20, 8483.90.30, 8483.90.80, 8708.99.80.15⁹ and 8708.99.80.80.¹⁰ Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

Bona Fides Sale Analysis

For this review, consistent with the Department's practice, the Department investigated the *bona fide* nature of the sales made by GGB during the POR. In evaluating whether or not a sale in a new shipper review is commercially reasonable, and therefore *bona fide*, the Department considers, *inter alia*, such factors as: (1) the timing of the sale; (2) the price and quantity; (3) the expenses arising from the transaction; (4) whether the goods were resold at a profit; and (5) whether the transaction was made on an arm's-length basis. *See, e.g., Tianjin Tiancheng Pharmaceutical Co., Ltd. v. United States*, 366 F. Supp. 2d 1246, 1250 (CIT 2005). Accordingly, the Department considers a number of factors in its *bona fides* analysis, "all of which may speak to the commercial realities surrounding an alleged sale of subject merchandise." *See Hebei New Donghua Amino Acid Co., Ltd. v. United States*, 374 F. Supp. 2d 1333, 1342 (CIT 2005) (citing *Fresh Garlic From the People's Republic of China: Final Results of Antidumping Administrative Review and Rescission of New Shipper Review*, 67 FR 11283 (March 13, 2002)).

The Department preliminarily finds that the sales of subject merchandise made by GGB were made on a *bona fide* basis. Specifically, the Department preliminarily finds that: (1) while the sales under review were made late in the POR, the timing of the sales by itself does not

⁹ Effective January 1, 2007, the HTSUS subheading 8708.99.8015 is renumbered as 8708.99.8115. *See* United States International Trade Commission ("USITC") publication entitled, "Modifications to the Harmonized Tariff Schedule of the United States Under Section 1206 of the Omnibus Trade and Competitiveness Act of 1988," USITC Publication 3898 (December 2006) found at www.usitc.gov.

¹⁰ Effective January 1, 2007, the HTSUS subheading 8708.99.8080 is renumbered as 8708.99.8180; *see Id.*

indicate that the sales might not be *bona fide*; (2) record evidence indicates that overall the price and quantity of the sales are commercially reasonable and not atypical of normal business practices of TRBs exporters; (3) GGB and its customers did not incur any extraordinary expenses arising from the transactions; and (4) the new shipper sales were made between unaffiliated parties at arm's length. While GGB was not able to obtain information from unaffiliated customers demonstrating that the subject merchandise was resold by those customers at a profit,¹¹ the Department does not find that this failure overcomes the totality of evidence described above demonstrating GGB's sales were *bona fide*. Therefore, the Department has preliminarily found that GGB's sales of subject merchandise to the United States were *bona fide* for purposes of this new shipper review.

Non-Market Economy Country Status

In every antidumping case conducted by the Department involving the PRC, the PRC has been treated as a non-market economy ("NME") country.¹² In accordance with section 771(18)(C)(i) of the Tariff Act of 1930, as amended ("the Act"), any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. None of the parties to this proceeding has contested such treatment. Accordingly, the Department calculated NV in accordance with section 773(c) of the Act, which applies to NME countries.

¹¹ See Memorandum regarding, "Antidumping Duty New Shipper Review of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished from the People's Republic of China: *Bona Fide* Sales Analysis for GGB Bearing Technology (Suzhou) Co., Ltd.," dated concurrently with this notice.

¹² See, e.g., *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Preliminary Results of 2001-2002 Administrative Review and Partial Rescission of Review*, 68 FR 7500 (February 14, 2003) (unchanged in the final results, *Tapered Rolling Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of 2001-2002 Administrative Review and Partial Rescission of Review*, 68 FR 70488 (December 18, 2003)).

Separate Rate

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. It is the Department's policy to assign all exporters of subject merchandise 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. Exporters can demonstrate this independence through the absence of both *de jure* and *de facto* government 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, 22586-7 (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. See *Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate From the People's Republic of China*, 64 FR 71104, 71104-05 (December 20, 1999) (where the respondent was wholly foreign-owned and, thus, qualified for a separate rate).

Separate Rate Recipient

GGB reported that it is wholly owned by a market-economy entity. Therefore, consistent with the Department's practice, a separate-rates analysis is not necessary to determine whether GGB's export activities are independent from government control. We have preliminarily granted a separate rate to GGB.

Surrogate Country

When the Department conducts an antidumping duty new shipper review of imports from an NME country, section 773(c)(1) of the Act directs the Department to base NV, in most circumstances, on the NME producer's FOP valued in a surrogate market-economy country or countries considered appropriate by the Department. In accordance with section 773(c)(4) of the Act, the Department will value FOP using "to the extent possible, the prices or costs of factors of production in one or more market economy countries that are – (A) at a level of economic development comparable to that of the NME country, and (B) significant producers of comparable merchandise." Further, pursuant to 19 CFR 351.408(c)(2), the Department will normally value all FOP in a single country.

As stated previously, the Department identified Colombia, Indonesia, the Philippines, South Africa, Thailand, and Ukraine as being at a level of economic development comparable to the PRC.¹³ Petitioner argued that Thailand is a significant producer of comparable merchandise, and provided data from the United Nations Commodity Trade Database ("UN COMTRADE"). No other parties commented on the selection of a surrogate country. Based on the above, we have determined that Thailand is a significant producer of merchandise that is comparable to the merchandise under review.

With respect to data considerations in selecting a surrogate country, both Petitioner and GGB have submitted publicly-available Thai data for valuing FOP.¹⁴ The parties did not place data from other potential surrogate countries on the record. Therefore, the Department finds that Thailand has publicly-available data for valuing the FOP.

¹³ See Policy Memorandum. The Department notes that these six countries are part of a non-exhaustive list of countries that are at a level of economic development comparable to the PRC.

¹⁴ See Petitioner's Surrogate Value Submission and GGB's Surrogate Value Submission.

Thus, the Department has preliminarily selected Thailand as the primary surrogate country because the record shows that Thailand is at a level of economic development comparable to that of the PRC and is a significant producer of merchandise comparable to subject merchandise. Moreover, the record indicates that sufficient, contemporaneous, public Thai data are readily-available.¹⁵ Accordingly, we have calculated NV using Thai prices to value GGB's FOP.¹⁶ In accordance with 19 CFR 351.301(c)(3)(ii), interested parties may submit publicly-available information to value the FOP until 20 days after the date of publication of the preliminary results.¹⁷

Fair Value Comparisons

In accordance with 19 CFR 351.414(c)(1) and (d) of the Department's regulations, to determine whether GGB sold TRBs to the United States at less than NV, the Department compared the constructed export price ("CEP") of U.S. sales to NV, as described in the "U.S. Price" and "Normal Value" sections of this notice.¹⁸

¹⁵ *Id.*

¹⁶ See Memorandum regarding, "New Shipper Review of the Antidumping Duty Order on Tapered Roller Bearings and Parts Thereof, Finished and Unfinished from the People's Republic of China: Surrogate Value Memorandum for the Preliminary Results, dated concurrently with this notice ("Surrogate Value Memorandum").

¹⁷ In accordance with 19 CFR 351.301(c)(1), for the final results of this new shipper 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 placed on the record. The Department generally will not accept the submission of additional, previously absent-from-the-record alternative surrogate value 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. Additionally, for each piece of factual information submitted with surrogate value rebuttal comments, the interested party must provide a written explanation of what information that is already on the record of the ongoing proceeding that the factual information is rebutting, clarifying, or correcting.

¹⁸ 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*, 77 FR 8101 (February 14, 2012) ("Final Modification for Reviews").

In Petitioner’s Preliminary Results Comments, Petitioner states that the Department “intends to compare average export prices and average normal values and will grant offsets” in administrative reviews, citing the *Final Modification for Reviews*.¹⁹ Petitioner states that, in the *Final Modification for Reviews*, the Department indicated that there may be cases in which the application of a different comparison method is more appropriate. Petitioner states that, in this case, evidence of price differentiation supports using average-to-transaction comparisons without permitting offsets for all sales of the respondent during the POR. Specifically, Petitioner notes that it conducted its own targeted dumping analysis of GGB’s U.S. sales using the Department’s targeted dumping methodology as applied in *Steel Nails* and modified in *Wood Flooring*.²⁰ Based on its analysis, Petitioner argues, the Department should conduct a targeted dumping analysis and employ average-to-transaction comparisons without offsets should the Department find that the record supports it.

In GGB’s Rebuttal of Preliminary Results Comments, GGB argues that the Department does not have the statutory authority to apply a targeted dumping analysis in an administrative review. Moreover, GGB argues that Petitioner’s targeting analysis is flawed. Thus, GGB contends the Department should use an average-to-average comparison methodology or, if it does use an average-to-transaction comparison methodology, it should not apply zeroing but should grant offsets for non-dumped comparisons.

¹⁹ See Petitioner’s Preliminary Results Comments at 4.

²⁰ See Petitioner’s Preliminary Results Comments at 5, citing *Certain Steel Nails from the United Arab Emirates: Preliminary Determination of Sales at Less than Fair Value and Postponement of Final Determination*, 76 FR 68129 (Nov. 3, 2011) and *Multilayered Wood Flooring from the People’s Republic of China: Final Determination of Sales at Less than Fair Value*, 76 FR 64318 (Oct. 18, 2011).

For purposes of these preliminary results, the Department did not conduct a targeted dumping analysis. In calculating the preliminary weighted-average dumping margin the Department applied the calculation methodology adopted in *Final Modification for Reviews*. 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. Application of this methodology in these preliminary results affords parties an opportunity to meaningfully comment on the Department's implementation of this recently adopted methodology in the context of this administrative review. The Department intends to continue to consider, pursuant to 19 CFR 351.414(3)(c), whether another method is appropriate in this administrative review in light of both parties' pre-preliminary comments and any comments on the issue that parties may include in their case briefs.

U.S. Price

In accordance with section 772(b) of the Act, we based the U.S. price for GGB's sales on CEP. Section 772(b) of the Act defines CEP as 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 subsections (c) and (d) of section 772 of the Act. Pursuant to section 772(b) of the Act, we used CEP for GGB's U.S. sales because the first sale to an unaffiliated customer was made by GGB's U.S. affiliate.

We calculated CEP for GGB based on sales invoice prices to unaffiliated purchasers in the United States.²¹ We made deductions from the U.S. sales price, where applicable, for movement expenses in accordance with section 772(c)(2)(A) of the Act. In accordance with section 772(d)(1) of the Act, the Department deducted 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 addition, pursuant to section 772(d)(3) of the Act, we made an adjustment to the starting price for CEP profit. We based movement expenses on either surrogate values (“SVs”) if the expense was paid to an NME company in RMB, or on actual expenses.²²

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the 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, the Department will base NV on FOP, 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. Under section 773(c)(3) of the Act, FOP 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 based NV on FOP reported by GGB for materials, energy, labor and packing.

²¹ See GGB’s submission regarding, GGB Bearing Technology (Suzhou) Co., Ltd. and Stemco LP Section C Questionnaire Response, dated October 14, 2011, at 3.

²² For details regarding our CEP calculations, see Analysis Memorandum. See also Surrogate Value Memorandum.

Factor Valuation

In accordance with section 773(c) of the Act, we calculated NV based on FOP reported by GGB for the POR. To calculate NV, the Department multiplied the reported per-unit factor quantities by publicly-available Thai SVs. In selecting the SVs, the Department considered the quality, specificity, and contemporaneity of the data. As appropriate, the Department adjusted input prices by including freight costs to make them delivered prices. Specifically, the Department added to SVs based on Thai import statistics a surrogate freight cost 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, where appropriate. This adjustment is in accordance with the decision of the Court of Appeals for the Federal Circuit ("CAFC") in *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997). For a detailed description of all SVs used to value GGB's reported FOP, see Surrogate Value Memorandum.

For the preliminary results, except where noted below, we used Thai import statistics as provided by the Global Trade Atlas ("GTA") and other publicly available Thai sources in order to calculate SVs for GGB'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, contemporaneous with, or closest in time to, the POR, product-specific, and tax-exclusive.²³ The record shows that Thai import statistics from the GTA are contemporaneous with the POR, product-specific, and tax-exclusive.²⁴ For packing

²³ 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).

²⁴ See Surrogate Value Memorandum at 2-3.

materials, we used the per-kilogram or per-cubic-meter values obtained from the GTA and made adjustments to account for freight costs incurred between the PRC suppliers and GGB and its intermediate product producers' plants.²⁵

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 Thai Wholesale Price Index ("WPI") as published in the IMF's *International Financial Statistics*.²⁶

On June 21, 2011, the Department revised its methodology for valuing the labor input in NME antidumping proceedings.²⁷ In *Labor Methodologies*, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization (ILO) Yearbook of Labor Statistics ("Yearbook").

In these preliminary results, the Department has calculated the labor input using the wage method described in *Labor Methodologies*. To value the respondent's labor input, the Department relied on data reported by Thailand to the ILO in Chapter 6A of the Yearbook. Although the Department further finds the two-digit description under ISIC-Revision 3.1 ("Manufacture of Machinery and Equipment NEC") to be the best available information on the record because it is specific to the industry being examined, and is therefore derived from

²⁵ See Surrogate Value Memorandum at 3.

²⁶ See, e.g., *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 74 FR 9591, 9600 (March 5, 2009), unchanged in *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Determination of Sales at Less than Fair Value*, 74 FR 36656 (July 24, 2009).

²⁷ See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) ("*Labor Methodologies*").

industries that produce comparable merchandise, Thailand has not reported data specific to the two-digit description since 2000. However, Thailand did report total manufacturing wage data in 2005. Accordingly, relying on Chapter 6A of the Yearbook, the Department calculated the labor input using total labor data reported by Thailand to the ILO in 2005, in accordance with section 773(c)(4) of the Act. For these preliminary results, the calculated wage rate is 136.85 baht/hour. A more detailed description of the wage rate calculation methodology is provided in the Surrogate Value Memorandum.

We used Thai transport information in order to value the freight-in cost of the raw materials. To value inland truck freight, we obtained data from: 1) Consulting and Business Development in Southeast Asia (2005),²⁸ and 2) distances from Google Maps, at <http://maps.google.com>. We calculated the per-kilometer price to transport one kilogram (“kg”) of merchandise from Bangkok to five cities in Thailand. We inflated this value to a POR value.²⁹

For factory overhead, selling, general, and administrative (“SG&A”) expenses, and profit, we used the financial statements of NSK Bearing Manufacturing (Thailand) Co., Ltd. (“NSK”), JTEKT (Thailand) Co. Ltd. (“JTEKT”), and Koyo Joint (Thailand) Co. Ltd. (“Koyo”). We find that NSK, JTEKT and Koyo are the best available information with which to determine factory overhead as a percentage of the total raw materials, labor and energy (“ML&E”) costs; SG&A expenses as a percentage of ML&E plus overhead (*i.e.*, cost of manufacture); and the profit rate as a percentage of the cost of manufacture plus SG&A. All three financial statements cover a period overlapping the POR and are thus contemporaneous with the POR.³⁰

²⁸ See Petitioner’s Surrogate Value Comments at Attachment 9.

²⁹ See Surrogate Value Memorandum.

³⁰ See Surrogate Value 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.* The financial statements used to calculate the surrogate financial ratios do not include itemized details regarding the indirect labor costs incurred. Therefore, the Department has not made adjustments to the surrogate financial ratios.

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.

Preliminary Results of Review

The Department preliminarily determines that the following weighted-average dumping margin exists for the period June 1, 2010, through May 31, 2011:

Exporter/Producer	Weighted-Average Dumping Margin (percent)
GGB Bearing Technology (Suzhou) Co., Ltd. (producer and exporter)	0.00

Disclosure

The Department will disclose calculations performed for these preliminary results to the parties within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Public Comment

Interested parties may submit written comments no later than 30 days after the date of publication of these preliminary results of review. *See* 19 CFR 351.309(c). Rebuttals to written comments must be limited to the issues raised in the written comments and may be filed no later than five days after the deadline for filing case briefs. *See* 19 CFR 351.309(d). Further, parties submitting written comments and rebuttal comments are requested to provide the Department with an additional copy of those comments on a compact disk. Any interested party may request a hearing within 30 days of publication of these preliminary results. *See* 19 CFR 351.310(c). If requested, a hearing normally will be held two days after the scheduled date for submission of rebuttal comments. *See* 19 CFR 351.310(d). Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

The Department will issue the final results of this new shipper review, which will include the results of its analysis of any issues raised in written comments, within 90 days of the date on which these preliminary results are issued, in accordance with 19 CFR 351.214(i)(1), unless the time limit is extended. *See* 19 CFR 351.214(i)(2).

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. The Department intends to issue assessment instructions to CBP 15 days after the publication date of the final results of this review. If the weighted-average dumping margin is above *de minimis*, we will calculate importer- (or customer-) specific assessment rates for the merchandise subject to this review.³¹

Given that the respondent has reported entered values, we will calculate importer- (or customer-)

³¹ 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 associated with that importer with offsets being provided for non-dumped comparisons.

specific *ad valorem* rates by aggregating the dumping margins calculated for all U.S. sales to each importer (or customer) and dividing this amount by the total entered value of the sales to each importer (or customer). Where an importer- (or customer-) specific *ad valorem* rate is greater than *de minimis*, we will apply the assessment rate to the entered value of the importers'/customers' entries during the POR, pursuant to 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, pursuant to 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 new shipper review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(2)(C) of the Act: (1) for the exporter listed above, the cash deposit rate will be the rate established in the final results of this review (except, if the rate is zero or *de minimis*, *i.e.*, less than 0.5 percent, a zero cash deposit rate will be required for that company); (2) for previously investigated or reviewed PRC and non-PRC exporters not listed above that have separate rates, the cash deposit rate will continue to be the exporter-specific rate published for the most recent period; (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 92.84 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(s) that supplied that non-PRC exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Interested Parties

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 POR. 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.

The Department is issuing and publishing this determination in accordance with sections 751(a)(2)(B) and 777(i) of the Act, and 19 CFR 351.214(h) and 351.221(b)(4).

Paul Piquado
Assistant Secretary
for Import Administration

May 22, 2012
(Date)

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