

November 28, 2007

**Final Results of Redetermination Pursuant to *Ames True Temper v. United States*,  
Consol. Court No. 05-00581, Slip Op. 07-133 (August 31, 2007)**

**I. SUMMARY**

The U.S. Department of Commerce (the “Department”) has prepared this result of redetermination pursuant to the remand order of the U.S. Court of International Trade (“CIT” or the “Court”) in *Ames True Temper v. United States*, Consol. Court No. 05-00581, Slip Op. 07-133 (August 31, 2007) (“*Ames*”). On remand, the Court directed the Department to reopen the record and obtain additional evidence regarding Shandong Huarong Machinery Co., Ltd.’s (“Huarong”) production of metal pallets.” *See Ames* at 23. This remand addresses one issue in the thirteenth administrative review of the antidumping duty orders on heavy forged hand tools (“HFHTs”) from the People’s Republic of China (“PRC”), specifically the order on axes/adzes. *See Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People’s Republic of China: Final Results of Antidumping Duty Administrative Reviews and Final Rescission and Partial Rescission of Antidumping Duty Administrative Reviews*, 70 FR 54897 (September 19, 2005) (“*Final Results*”).

In accordance with the Court's instructions,<sup>1</sup> the Department reopened the record to obtain additional evidence regarding Huarong's factors of production ("FOPs") in producing steel pallets used in packing heavy forged hand tools. Specifically, the Department has included welding wire as a FOP in the calculation of Huarong's normal value ("NV"). As a result of this redetermination, the Department has revised the dumping margin from 174.58 to 175.04% for Huarong's sales of axes/adzes during the February 1, 2003 - January 30, 2004 period of review ("POR"). On November 16, 2007, the Department released the draft final results of redetermination for comment. No party submitted comments by the November 21, 2007 deadline.

## II. ANALYSIS

### Background

On September 19, 2005, the Department published the final results of the thirteenth administrative review of HFHTs from the PRC. *See Final Results*. On May 1, 2006, the Petitioner (Ames True Temper) filed a complaint with the CIT in which they identified the aspects of the *Final Results* they are challenging. On August 31, 2007, the CIT issued its decision on all issues and remanded one issue to the Department and instructed the Department to reopen the record and obtain additional evidence regarding Huarong's production of metal pallets. *See Ames* at 23. Pursuant to the Court's remand instructions, we issued supplemental questionnaires on September 19, 2007 and October 19, 2007.

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<sup>1</sup> The Court ordered the Department to report its results on remand by December 3, 2007. *See Ames* at 32.

Huarong responded to the questionnaires on October 17, 2007 and October 26, 2007, respectively. In the supplemental questionnaires the Department requested: (a) consumption ratios for all FOPs associated with the production of pallets used in packing and shipping heavy forged hand tools; (b) information to select surrogate values for any unreported pallet making FOPs; and, (c) supplier distances for any unreported pallet making FOPs.

#### Record Evidence

In response to the Department's supplemental remand questionnaires, Huarong reported that it used welding wire in producing pallets, a previously unreported FOP. *See* Huarong's October 17, 2007 supplemental remand questionnaire response at Exhibit 1. Huarong reported the amount of welding wire used per kilogram of subject merchandise. *Id.* Huarong explained that it did not report welding wire as an FOP during the administrative review because it treated welding wire as an overhead expense because it is mainly used for factory repairs and only a small amount of the overall POR consumption of welding wire is used for pallet making. *Id.* at 3; *see also* Huarong's October 26, 2007 supplemental remand questionnaire response at 3.

It is the Department's normal practice to apply a weighted-average freight distance, capped by the distance to the nearest port, for FOPs used in the calculation of NV. *See, e.g., 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) at Comment 2. In this case, Huarong provided its freight distances from Huarong's factory and not from its suppliers. *See* Huarong's October 17, 2007 supplemental remand questionnaire response at 3-4. Huarong explained that it was unable to provide a weighted-average supplier distance because it did not maintain the records to do so, though Huarong attempted to collect purchase documents from its suppliers of welding wire. *See* Huarong's October 26, 2007, supplemental remand questionnaire response at 3.

#### Determination

We determine on remand that because welding wire was consumed in Huarong's pallet making process, welding wire should have been reported by Huarong as a FOP during the thirteenth review. Pursuant to the Court's instructions we have included welding wire in our recalculation of Huarong's NV. The Department valued welding wire using publicly available Indian import statistics for February 2003 - January 2004 from the *World Trade Atlas* ("WTA").<sup>2</sup> We note that this is the same source used by the Department for all other material inputs in the underlying review. Thus, the Department included the cost of welding wire in Huarong's NV. Because Huarong demonstrated that it attempted to, but could not, provide a weighted average supplier distance, the Department used a

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<sup>2</sup> WTA is published by Global Trade Information Services, Inc., which is a secondary electronic SOURCE based upon the publication, *Monthly Statistics of the Foreign Trade of India, Volume II: Imports*. *See* <http://www.gtis.com/wta.htm>.

single average of the suppliers' distances to account for the freight costs associated with purchasing welding wire. Therefore, the antidumping duty margin for Huarong's sales of axes/adzes is 175.04%.

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for Import Administration

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Date