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April 20, 2007

## **BY HAND DELIVERY**

The Honorable David Spooner  
Assistant Secretary for Import Administration  
U.S. Department of Commerce  
Central Records Unit, Room 1870  
U.S. Department of Commerce  
Pennsylvania Avenue and 14<sup>th</sup> Street, N.W.  
Washington, DC 20230

## **PUBLIC DOCUMENT**

**Re:   Comments Regarding The Department's Selection Of The Surrogate  
Country In Non-Market Economy Antidumping Proceedings**

Dear Mr. Spooner:

King & Spalding LLP submits these comments on behalf of the Polyethylene Retail Carrier Bag Committee and its individual members, Hilex Poly Co., LLC, Superbag Corporation, Genpak, LLC, Ampac Packaging, LLC, Roplast Industries, Inc., Command Packaging, and Unistar Plastics, LLC, in response to the Department's March 21, 2007 request for comments on surrogate country selection and separate rates in non-market economy ("NME") antidumping proceedings. Antidumping Methodologies In Proceedings Involving Non-Market Economy

Countries: Surrogate Country Selection And Separate Rates, 72 Fed. Reg. 13246 (March 21, 2007) (“Request For Comments”).

In its request for comments, the Department asked parties to comment on its process for selecting the surrogate country to value the factors of production in NME antidumping proceedings. In particular, the Department asked for comments on (1) how, given the requirement to base the determination on per capita income, the Department should determine which countries are economically comparable to a given NME country and (2) whether and on what basis the Department should disregard certain economically comparable countries as lacking data suitable for valuing the factors of production. *Id.* at 13247.

**I. THE DEPARTMENT SHOULD DETERMINE ECONOMIC COMPARABILITY IN THE CONTEXT OF THE SPECTRUM OF ECONOMIC DEVELOPMENT WORLDWIDE**

With respect to the Department’s question regarding how to determine which countries are economically comparable to the NME country, we support the Department’s reasoning in the surrogate country selection memorandum in the first administrative review of wooden bedroom furniture from China. First Administrative Review of the Antidumping Duty Order On Wooden Bedroom Furniture From The People’s Republic of China: Surrogate Country Selection - Period of Review 6/24/04-12/31/05 (Jan. 22, 2007) (**Exhibit 1**) (“Furniture Surrogate Country Selection Memorandum”). In that review, certain respondents challenged the Department’s selection of India as the surrogate country on the basis that the disparity between China’s and India’s per capita GNI has grown too large and, therefore, India is no longer economically comparable to China. *Id.* The Department stated, however, that economic comparability should be viewed “in

the context of the spectrum of economic development across the world.” Id. at 8. As the Department noted, the determination of the economic comparability of two countries cannot be based solely on an absolute comparison of the per capita GNI figures in a vacuum.

Rather, as the Department determined, it is necessary to look at economic comparability on a broader level because “the vast disparities in economic development across the world and the simplification inherent in a single figure mean that a broader group of countries can be considered to be ‘economically comparable’ to the PRC than just the countries immediately closest to it in terms of per capita GNI.” Id. The Department explained that, although a disparity in the per capita GNI figures of India and China may seem large in nominal terms, in terms of economic development, the figures indicate that they are economically comparable because they are at a fairly similar stage of development. Id. In particular, the Department determined that “while both countries have more advanced economies than the world’s least-developed countries, both countries are also quite distant from the economies of the developed world and even from many middle-income countries.” Id. (providing a comparison of the per capita GNI figures of several countries to illustrate its point). Furthermore, the statute and regulations do not require the Department to select the surrogate country that is the most comparable to the NME country. See Non-Market Economy Surrogate Country Selection Process, Import Administration Policy Bulletin 04.1 (March 1, 2004).

The Department also asked “at what point should differences in per capita GNI of a potential surrogate and the NME be ‘too large’ for the two to be considered ‘economically comparable.’” Request For Comments, 72 Fed. Reg. at 13247. The Department should not

establish a specific point at which differences in per capita income of a potential surrogate country and the NME are “too large” to consider that country economically comparable. As the Department noted, the determination of the surrogate country is case-specific. Id. at 13247. Moreover, as we explained above, the Department should assess the economic comparability of potential surrogate countries in the context of the spectrum of economic development across the world, not as a comparison in terms of the absolute data in isolation, i.e., the per capita GNI should be considered within the spectrum of economic development across the world. Thus, it is not appropriate for the Department to set a specific point at which differences in the per capita GNI become “too large” for comparison purposes.

Accordingly, in determining which countries are economically comparable to the NME country, the Department should continue to consider the per capita GNI figures in the context of the spectrum of economic development across the world.

## **II. THE DEPARTMENT SHOULD SELECT COUNTRIES WITH PER CAPITA INCOME BOTH ABOVE AND BELOW THE NME COUNTRY’S PER CAPITA INCOME**

In its request for comments, the Department asked whether it should ensure that the final list of potential surrogate countries “includes a balance of countries both above and below the NME’s per capita income.” Request For Comments, 72 Fed. Reg. at 13247. The answer to the Department’s question is affirmative. In determining which countries are economically comparable, the Department should select a balance of countries with adequate data that have per capita GNI figures that are above and below the NME country’s per capita income. In the second administrative review of polyethylene retail carrier bags, as in virtually all other

proceedings involving China, the list of potential surrogate countries provided by the Office of Policy included only countries with a per capita income below that of China. Administrative Review of Polyethylene Retail Carrier Bags (“Carrier Bags”) from the People’s Republic of China (PRC): Request for a List of Surrogate Countries, Memorandum From Ron Lorentzen to Mark Manning, at 2 (Dec. 21, 2006) (**Exhibit 2**); see also Furniture Surrogate Country Selection Memorandum (**Exhibit 1**). We attach to this submission for the Department’s reference a chart showing the countries above and below China in terms of GNI (**Exhibit 3**).

There is no basis in the statute or regulations to limit consideration of surrogate countries to countries with per capita income that is below the per capita income of the NME country. Moreover, as explained above, the determination of economic comparability should be made in the context of the spectrum of economic development across the world. The consideration of potential surrogate countries with per capita income both above and below that of the NME country is consistent with this approach.

Accordingly, in determining which countries are economically comparable to the NME country, the Department should consider potential surrogate countries with per capita income that is both above and below that of the NME country.

**III. THE DEPARTMENT SHOULD USE THE AVAILABILITY, RELIABILITY, AND ACCURACY OF IMPORT STATISTICS AS THE PRIMARY MEASURE OF A POTENTIAL SURROGATE COUNTRY’S DATA QUALITY**

In its request for comments, the Department asked whether and on what basis it should disregard certain economically comparable countries as lacking data suitable for valuing the factors of production. Request for Comments, 72 Fed. Reg. at 13247. With respect to this

question, the Department correctly noted, that it “does not consider a country’s level of economic comparability in isolation.” Request For Comments, 72 Fed. Reg. at 13247. The Department must also consider whether it can gather adequate data in the surrogate country to value the factors of production. The Department should use the availability, reliability, and accuracy of import statistics as the primary measure of a country’s data quality. This is consistent with the Department’s established preference for the use of import statistics to calculate surrogate values. See, e.g., Certain Cased Pencils from the People's Republic of China, 71 Fed. Reg. 38366, I&D Memo. Cmt. 1 (July 6, 2006); Fresh Garlic from the People's Republic of China, 71 Fed. Reg. 26329, I&D Memo. Cmt. 8 (May 4, 2006); Sebacic Acid from the People's Republic of China, 70 Fed. Reg. 16218, I&D Memo. Cmt. 5 (March 30, 2005). The use of import statistics to measure data quality is also consistent with the Department’s stated practice to use investigation or review period-wide price averages, prices specific to the input in question, prices that are contemporaneous with the period of investigation or review, and publicly available data. See Import Administration Policy Bulletin 04.1.

Furthermore, the use of import statistics as the primary measure of the adequacy of the data -- and, consequently, the suitability of the economically comparable potential surrogate countries -- promotes predictability and reliability in antidumping proceedings. It will prevent a “free-for-all” where parties attempt to offer self-serving and self-selected price quotes, domestic trade publications, and other sources that are not official government data in each proceeding.

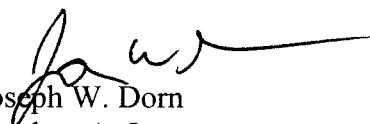
Accordingly, the Department should use the availability, reliability, and accuracy of import statistics as the primary measure of a potential surrogate country's data quality and its suitability as a surrogate.

**IV. THE DEPARTMENT SHOULD CONTINUE TO CONSIDER INDIA A PREFERRED SURROGATE COUNTRY IN INVESTIGATIONS AND REVIEWS INVOLVING IMPORTS FROM CHINA**

Contrary to the suggestions of some Chinese respondents, India remains an appropriate surrogate country to use in cases involving imports from China. First, it remains economically comparable to China. Second, it has proven to have reliable import data for numerous raw material inputs. Finally, continued selection of India where the facts are appropriate advances the goal of predictability, which benefits all parties to these investigations. Thus, where there is significant production of comparable merchandise in India, the Department should continue to consider India a preferred surrogate country. If India is not appropriate, then the Department should consider countries with per capita GNI both above and below that of China.

Please contact us if you have any questions about these comments.

Respectfully submitted,



Joseph W. Dorn  
Stephen A. Jones  
J. Michael Taylor  
Elizabeth E. Duall

# **Exhibit 1**





UNITED STATES DEPARTMENT OF COMMERCE  
International Trade Administration  
Washington, D.C. 20230

A-570-890  
POR: 6/24/04 - 12/31/05  
**Public Document**  
AD/CVD O8: PS

January 22, 2007

MEMORANDUM TO: The File

THROUGH: Wendy J. Frankel  
Director  
AD/CVD Operations, Office 8

Robert Bolling  
Program Manager  
AD/CVD Operations, Office 8

FROM: Paul Stolz  
International Trade Compliance Analyst

SUBJECT: First Administrative Review of the Antidumping Duty Order on  
Wooden Bedroom Furniture from the People's Republic of China:  
Surrogate Country Selection - Period of Review 6/24/04 -  
12/31/05.

### Background

The Department of Commerce ("Department") is conducting an administrative review of the antidumping duty order on wooden bedroom furniture from the People's Republic of China ("PRC"). On August 7, 2006, the Office of Policy issued a memorandum ("Policy Memo") identifying five countries as being at a level of economic development comparable to the PRC for the period of review ("POR"). The countries identified in that memorandum ~~are India,~~ Indonesia, Sri Lanka, the Philippines, and Egypt. We have attached the Policy Memo to this memorandum. See Attachment 2.

On September 12, 2006, the Department issued a request for parties to submit comments on surrogate country selection. On October 3, 2006, domestic interested parties, the American Furniture Manufacturers Committee for Legal Trade and Vaughan-Bassett Furniture Company, Inc. (collectively, "Petitioners") provided information regarding the selection of a surrogate country.<sup>1</sup> Also, on October 3, 2006, respondents Fujian Lianfu Forestry Co., Ltd. (a.k.a. "Fujian Wonder Pacific Inc.") Fuzhou Huan Mei Furniture Co. Ltd., and Jiangsu Dare Furniture Co., Ltd.

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<sup>1</sup> Letter dated October 3, 2006, from Joseph W. Dorn of King & Spalding to Secretary of Commerce, Re: Wooden Bedroom Furniture from the People's Republic of China.



(collectively, "Dare Group") submitted comments regarding the selection of a surrogate country.<sup>2</sup> On October 13, 2006, Petitioners submitted comments responding to the Dare Group's comments.<sup>3</sup> Also, on October 13, 2006, the Dare Group and Shanghai Starcorp Furniture Co., Ltd., Starcorp Furniture (Shanghai) Co., Ltd., Orin Furniture (Shanghai) Co., Ltd., Shanghai Star Furniture Co., Ltd. and Shanghai Xing Ding Furniture Industrial Co., Ltd. (collectively, "Starcorp") submitted comments responding to Petitioners comments.<sup>4</sup> On October 23, 2006, Petitioners submitted rebuttal comments to the Dare Group's October 13, 2006 comments.<sup>5</sup> No other party to the proceeding submitted information or comments concerning the selection of a surrogate country.

### **Interested Parties' Comments on India as a Potential Surrogate Country**

On October 3, 2006, Petitioners submitted comments, asserting that India is the appropriate surrogate country for the PRC because India is at level of economic development that is comparable to the PRC and is a significant producer of comparable merchandise. Additionally, Petitioners note that the Department selected India as the surrogate country in the original investigation.

First, Petitioners argue that the Department has determined that India is at a level of economic development comparable to the PRC in terms of per capita gross national income ("GNI"), as evidenced by the Policy Memo.

Petitioners argue that while estimates of the size of the Indian furniture industry vary, there is no doubt that India produces a significant amount of wooden bedroom furniture. Petitioners cite a 2005 CSIL Market Study, The Furniture Industry In India ("2005 CSIL India Market Study") issued by CSIL Milano, an international research firm, which estimates that the annual production value of furniture produced in India ranged from \$1.9 billion in 2003 to \$2.2 billion in 2004. Additionally, Petitioners assert that the Indian furniture industry employs approximately 220,000 people. Further, Petitioners cited The Furniture Sector In India, UEA-EIAS (June, 2002) (UEA-EIAS report), which states that approximately 65 percent of the furniture produced in India is wooden furniture, and indicated that bedroom furniture is the most popular category of furniture.

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<sup>2</sup> Letter dated October 3, 2006, from Jeffery S. Grimson of Kay Scholer to Secretary of Commerce, Re: Wooden Bedroom Furniture from the People's Republic of China.

<sup>3</sup> Letter dated October 13, 2006, from Joseph W. Dorn of King & Spalding to Secretary of Commerce, Re: Wooden Bedroom Furniture from the People's Republic of China ("Petitioners' Rebuttal Comments").

<sup>4</sup> See Letter dated October 13, 2006, from Jeffery S. Grimson of Kay Scholer to Secretary of Commerce, Re: Wooden Bedroom Furniture from the People's Republic of China ("The Dare Group's Rebuttal Comments") and Letter dated October 13, 2006, from Thomas J. Trendl of Steptoe & Johnson to Secretary of Commerce, Re: Wooden Bedroom Furniture from the People's Republic of China ("Starcorp Rebuttal Comments").

<sup>5</sup> Letter dated October 23, 2006, from Joseph W. Dorn of King & Spalding to Secretary of Commerce, Re: Wooden Bedroom Furniture from the People's Republic of China ("Second Rebuttal Comments").

Also, Petitioners note that Indian manufacturers use a variety of woods (e.g., teak, sal, oak, pine, etc.) to produce furniture, and the wooden bedroom furniture produced in India covers a broad spectrum of design and quality from simple, ready-to-assemble particleboard furniture to complex, high-end designs. Furthermore, Petitioners claim that numerous Indian manufacturers and exporters of wooden bedroom furniture have websites displaying their products. In particular, Petitioners identified Indian Furniture Products, Ltd. (“IFP”) as a large manufacturer of wooden bedroom furniture with an annual production capacity of 160,000 pieces of furniture that it sells both domestically and for export. Petitioners state that all of these facts indicate that India is a significant producer of comparable merchandise.

In the Dare Group’s Rebuttal Comments, the Dare Group argues that Petitioners have placed no evidence on the record supporting their conclusion that India is economically comparable to the PRC, as required by the statute, other than to cite to the Policy Memo. In addition, the Dare Group contends that Petitioners’ evidence purporting to demonstrate that India is a significant producer of subject merchandise, is lacking. The Dare Group asserts that Petitioners do not claim that India is a significant net exporter of subject merchandise, rather, the Dare Group argues that India is a net importer of wooden bedroom furniture. In addition, the Dare Group argues that Exhibits A and B of Petitioners’ October 3, 2006 submission are documents regarding surrogate country selection from the original investigation and are not contemporaneous with the POR. Further, the Dare Group contends that the 2005 CSIL India Market Study, Exhibit C of Petitioners’ October 3, 2006 submission, is incomplete because it consists of only 4 pages out of 100-plus pages. Furthermore, the Dare Group asserts that information submitted by Petitioners from Style SpaWorld Furniture’s (“SpaWorld”) website indicating that IFP is a large manufacturer of wooden bedroom furniture is not contemporaneous data on the record of this proceeding. Additionally, the Dare Group argues that there is no evidence on the record that IFP and SpaWorld are affiliated as claimed by Petitioners. Moreover, the Dare Group argues that exhibits E and F of Petitioners October 3, 2006 submission, purporting to enumerate a large number of India wooden furniture suppliers were taken from the internet after the POR.

In their Second Rebuttal Comments, Petitioners argue that the Department determined that India is economically comparable to the PRC and that there is no requirement in the statute or regulations that the Department must select the country that is most economically comparable to the PRC. In addition, Petitioners argue that the Dare Group’s comments regarding India’s status as a net exporter of identical or comparable merchandise are not relevant because there is no requirement in the statute, regulations, legislative history, or the Department’s policy bulletin on surrogate country selection (“Policy Bulletin”)<sup>6</sup> that the surrogate country must be a significant net exporter to qualify as a significant producer. Further, Petitioners claim that the Department declined to consider whether India is a net exporter in the investigation.<sup>7</sup> Furthermore, citing the Conference Report to the 1988 Omnibus Trade and Competitiveness Act, Petitioners claim that

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<sup>6</sup>See Import Administration Policy Bulletin 04.1, Non-Market Economy Surrogate Country Selection Process (March 1, 2004) available at the Department’s webpage <http://ia.ita.doc.gov/policy/index.html>.

<sup>7</sup>See Second Rebuttal Comments at page 2.

the term “significant producer” includes any company that is a significant exporter but does not limit significant producers to significant exporters.<sup>8</sup> Moreover, Petitioners claim that the Policy Bulletin refers to significant producers and production, not exports or exporters. Petitioners acknowledge that Exhibits A and B of its October 3, 2006 submission are from the original investigation but argue that there is no new information on the record of this proceeding indicating that the furniture industry in India has changed since the investigation. Petitioners contend that the Department considered IFP to be a producer of comparable merchandise in the preliminary results of the wooden bedroom furniture new shipper review and used its 2004 - 2005 financial statements to value factory overhead, selling, general, and administrative expenses.<sup>9</sup> Thus, Petitioners claim that since the new shipper POR overlaps the POR of this review, IFP was a producer during the POR. Petitioners contend that attachment 1 to their Second Rebuttal Comments is a printout from SpaWorld’s website dated October 21, 2006 that includes the same information as the printout from their website dated February 5, 2004. Thus, Petitioners contend that SpaWorld continued to produce wooden bedroom furniture during the POR. Further, Petitioners argue that there is evidence on the record that SpaWorld and IFP are affiliated. They argue that Exhibit A of their October 3, 2006 submission is a printout from the Website of Zuari-Chambal (Zuari) dated February 5, 2004 that lists IFP and SpaWorld as part of the Zuari corporate entity. Additionally, Petitioners claim that attachment 2 to the Second Rebuttal Comments is a printout from SpaWorld’s website dated October 21, 2006 that lists IFP and SpaWorld as part of the Zuari corporate group. While Petitioners acknowledge that they submitted only 4 of 100 pages of the 2005 CSIL India Market Study, they argue that it is common practice to submit only relevant excerpts of voluminous documents. Petitioners assert that it is a reality of internet research that it is virtually impossible to obtain print-outs of indices of Indian producers of comparable or identical merchandise that were available on the internet during the the POR, after the POR has elapsed. Finally, Petitioners argue that there is no evidence on the record of this proceeding indicating that the hundreds of producers listed in the indices came into existence after the POR.

### **Interested Parties’ Comments on the Philippines as a Potential Surrogate**

The Dare Group claims that the method by which the Department selected the five surrogate countries is arbitrary and flawed. The Dare Group claims the surrogate country list in the Policy Memo is unsupported by record evidence and is contrary to the Department’s regulations.

The Dare Group claims that the Policy Memo is incomplete because it does not include supporting documentation underlying the per capita Gross National Income (“GNI”) figures. The

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<sup>8</sup>See Final Determination of Sales at Less Than Fair Value: Certain Helical Spring Lock Washers From the People’s Republic of China, 58 FR 48833, 48842 (September 20, 1993).

<sup>9</sup>See Wooden Bedroom Furniture from the People's Republic of China: Preliminary Results of 2004-2005 Semi-Annual New Shipper Reviews and Notice of Final Rescission of One New Shipper Review, 71FR 38373, 38381(July 6, 2006).

Dare Group claims that without having the supporting documentation on the record, the Department's decision to include India on the surrogate country list is arbitrary. The Dare Group claims that upon examination of the supporting per capita GNI data for 2004 and 2005, included in its comments, it is evident that the Department excluded from the surrogate country list 16 countries that have per capita GNIs closer to that of the PRC than India. The Dare Group argues that 19 CFR 351.408(b) stipulates that in determining whether a country is at a level of economic development comparable to the nonmarket economy, "the Secretary will place primary emphasis on per capita {Gross Domestic Product} GDP as the measure of economic comparability." The Dare Group claims that the Policy Memo allows the Department to use countries not included in the Policy Memo only when the countries on the list are not significant producers of comparable merchandise. The Dare Group claims that by excluding the 16 countries from the surrogate country list without explanation means that the Department did not act in accordance with 19 CFR 351.408(b) which places primary emphasis on per capita Gross Domestic Product as the measure of economic comparability. The Dare Group argues that India's per capita GNI is less than half that of the PRC and therefore, India can not reasonably be described as economically comparable.

The Dare Group claims that the Philippines is a significant producer of comparable merchandise. Citing a publicly available 2006 CSIL market study, The Furniture Industry in the Philippines ("2006 CSIL Philippines Market Study"), in support of its argument. The Dare Group contends that the study states that the Philippines has had a vibrant furniture industry for several hundred years and that the Philippines boasts thousands of producers of furniture. Citing the 2006 CSIL Philippines Market Study at page 25, the Dare Group asserts that the furniture exported by the Philippines during 2004 and 2005 was valued at more than \$200 million. Citing the 2006 CSIL Philippines Market Study at pages 11 and 15, the Dare Group argues that Philippine manufacturers produced furniture valued at \$743 million during 2005 and that Philippine consumption of furniture was one-half billion U.S. dollars. The Dare Group claims that in the investigation, the Department relied on the fact that India had significant domestic consumption of furniture to conclude that India was a significant producer even though India was not a net exporter. The Dare Group argues that the record evidence in this POR shows that the Philippines has significant production and consumption of furniture. Furthermore, the Dare Group argues that the 2005 AsiaFurniture directory, exhibit 7 to their comments, lists 142 Philippine exporters of furniture and that the presence of numerous U.S. furniture brands indicates that the Philippine furniture industry is oriented to produce furniture of a type competitive in the U.S. market. In addition, the Dare Group claims that the Philippine furniture industry is competitive with the Chinese furniture industry. The Dare Group claims that in 2004, 67 percent of the Philippine furniture exports were destined for the United States and that this demonstrates that in accordance with the Policy Bulletin, Philippine furniture reflects characteristics of world production of and trade in the subject merchandise.

Starcorp, a mandatory respondent in this review, urges the Department "to not automatically revert to its 'default' position of selecting India as the surrogate country for this proceeding, despite the fact that it determined that India was the appropriate surrogate country in the less than

fair value (“LTFV”) investigation.”<sup>10</sup> Starcorp argues that the Department’s surrogate country determination in the LTFV investigation was made on the basis of 2001 data. Starcorp contends that the PRC’s per capita GNI growth has significantly outpaced India’s GNI growth since 2001. Starcorp states that at this stage of the review it can not rule out or endorse India or any other potential surrogate country and requests that the Department address the question anew in light of updated data placed on the record of this proceeding by the Dare Group.

In Petitioners’ Rebuttal Comments, Petitioners argue that the Department found in its Policy Memo that India is at a level of economic development comparable to the PRC in terms of per capita GNI. In addition, Petitioners argue that there is no requirement in the statute or regulations that requires the Department to consider every country that may be economically comparable to the PRC as a potential surrogate country. Further, Petitioners argue that the statute and regulations do not require the Department to choose the country that is most comparable to the PRC with respect to GNI. Furthermore, Petitioners argue that the Department has determined that India was economically comparable to the PRC in several recent investigations of imports from the PRC.<sup>11</sup> In addition, Petitioners state that it is unclear why the omission of the 16 countries mentioned by the Dare Group is significant because ultimately the five countries on the surrogate country list are economically comparable to the PRC. Moreover, Petitioners argue that several of the 16 countries, are clearly not appropriate surrogate countries. As an example, Petitioners cite Angola, which has no furniture industry. Petitioners contend that India is a significant producer of identical and comparable merchandise and claim that the Dare Group does not dispute this fact. Petitioners also argue that India is the best surrogate country due to the availability and quality of publically available surrogate value data. Finally, Petitioners claim that they, themselves, are not able to identify any antidumping duty proceeding in which the Department selected the Philippines as the primary surrogate country over India.

No other parties to the proceeding submitted information or comments concerning the selection of a surrogate country.

### **Analysis**

In accordance with Section 773(c)(4) of the Tariff Act of 1930, as amended (“the Act”), the Department must value the factors of production using “to the extent possible, the prices or costs

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<sup>10</sup>Letter dated October 13, 2006, from Thomas J. Trendl of Steptoe & Johnson LLP to Secretary of Commerce, Re: Wooden Bedroom Furniture from the People’s Republic of China-Starcorp Response to Petitioner’s Surrogate Country Comments at page 2.

<sup>11</sup>Petitioners cite 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, Polyethylene Retail Carrier Bags from the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review, 71 FR 54021, 54023 (September 13, 2006) and 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, 29306 (May 22, 2006).

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 non-market economy country; and (B) significant producers of comparable merchandise.”

On March 1, 2004, the Department issued its Policy Bulletin providing guidance regarding the Department’s selection of surrogate market economy countries in non-market economy (“NME”) cases. As discussed below, we have followed the guidance outlined in our Policy Bulletin in selecting a surrogate country in the instant proceeding.

### Economic Comparability

The Policy Bulletin outlines the procedure for identifying the countries which are at a level of economic comparability:

First, early in a proceeding, the operations team sends the Office of Policy (“OP”) a written request for a list of potential surrogate countries. In response, the OP provides a list of potential surrogate countries that are at a comparable level of economic development to the NME country. The OP determines economic comparability on the basis of per capita gross national income, as reported in the most current annual issue of World Development Report (The World Bank). The surrogate countries on the list are not ranked and should be considered equivalent in terms of economic comparability.<sup>12</sup>

As noted above, for purposes of this administrative review, the Department requested and obtained a list of potential surrogate countries from the OP. The OP determined that India, Indonesia, Sri Lanka, the Philippines, and Egypt were at a comparable level of economic development to the PRC as discussed in the Policy Memo. The Department notes that the Policy Memo states that “per capita GNI is the primary basis for determining economic comparability.” In accordance with the Policy Bulletin, the five countries identified by the OP in the Policy Memo are equally comparable in terms of economic development and, as such, are all considered potential surrogate countries.<sup>13</sup> Therefore, the Department finds that India, Indonesia, Sri Lanka, the Philippines, and Egypt are at an economic level of development comparable to that of the PRC.

The Dare Group is correct that, in accordance with its regulations, the Department bases its determination of economic comparability primarily on per capita GNI. See 19 CFR 351.408(b). The Department bases its decision on economic comparability on the per capita GNI figures reported by the World Bank’s World Development Report because per capita GNI is the single broadest indicator of economic development. As such, per capita GNI gives a reliable picture of the full continuum of development across the world. However, neither the statute nor the

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<sup>12</sup> See Policy Bulletin at 2.

<sup>13</sup> See Policy Bulletin at 2.

Department's regulations mandate the narrow approach suggested by the Dare Group in which the list of comparable countries must only contain those with per capita GNI figures that are closest to those of the NME. GNI is a broad indicator of development spanning over 130 countries and territories. An excessive focus on the exact ranking of each country on the list would only provide an illusion of precision and distort the appropriate purpose of using per capita GNI as a primary indicator, which is to give a general sense of the level of economic development of the country in question.

In the present case, respondent points to the growing disparity between the PRC's and India's per capita GNI (a difference of \$670 for the 2004 data on which this determination is based) as evidence that India is no longer economically comparable to the PRC. The Department disagrees with this interpretation of the underlying data. While the difference between the PRC's \$1290 per capita GNI and India's \$620 per capita GNI in 2004 seems large in nominal terms, seen in the context of the spectrum of economic development across the world, the two countries are at a fairly similar stage of development. For example, the World Bank's 2004 GNI data reports per capita GNI ranging from \$90 per person in Burundi to \$52,030 in Norway. In this perspective, while both countries have more advanced economies than the world's least-developed countries, both countries are also quite distant from the economies of the developed world and even from many middle-income countries. For example, the per capita GNI in 2004 in Poland was \$6,090, \$6,770 in Mexico, and \$13,980 in South Korea and in developed economies of Western Europe and North America it was largely in the \$30,000-\$40,000 range.

While the Department does not disagree that per capita GNI provides a solid basis for determining economic comparability, the vast disparities in economic development across the world and the simplification inherent in a single figure mean that a broader group of countries can be considered to be "economically comparable" to the PRC than just the countries immediately closest to it in terms of per capita GNI, and that by any reasonable measure, this group should include India. Furthermore, neither the Department's statute nor regulations direct the Department to select the *most* comparable country as its primary surrogate, only that it should to the extent possible select data from a country that is at a comparable level of economic development to that of the NME country, subject to a determination of whether each country produces comparable merchandise in significant quantities, and offers appropriate data sources.

When selecting the list of comparable countries in this case, the Department first ranked the per capita 2004 GNI figures as reported in the World Bank's World Development Report 2006 (the latest version available at that point in the proceeding), disregarding countries designated as NMEs during the period of review and non-countries, since neither would constitute appropriate surrogate countries. From among the remaining group with similar levels of economic development to the PRC, the Department selected five countries that have offered, in the Department's experience, the statistical sources and breadth of information that might make them suitable surrogate countries in the present proceeding. It is these countries that the Department first examined to see if any produced comparable merchandise in significant quantities and offered adequate data upon which to base the review.



Nevertheless, the Department has always described its list of potential surrogate countries as “non-exhaustive.” In this case, there was no obstacle to parties suggesting other potential surrogate countries not on the Department’s initial list, as long as they, too, are economically comparable market-economy countries. Any such country would be considered alongside the countries that the Department elected to consider in its Policy Memo. In the present proceeding, the Dare Group suggested the Philippines as a potential surrogate (which did appear on the Department’s initial list), the suitability of which is discussed in the next section.

#### Significant Producer of Comparable Merchandise

The Policy Bulletin further provides how the Department determines whether any of the countries which produce comparable merchandise are ‘significant’ producers of that comparable merchandise:

The extent to which a country is a *significant* producer should not be judged against the NME country’s production level or the comparative production of the five or six countries on OP’s surrogate country list. Instead, a judgement should be made consistent with the characteristics of world production of, and trade in, comparable merchandise (subject to the availability of data on these characteristics). Since these characteristics are specific to the merchandise in question, the standard for ‘significant producer’ will vary from case to case.<sup>14</sup>

Interested parties have placed publicly available information on the record of this segment of the proceeding to demonstrate that India and the Philippines are significant producers of comparable merchandise.

Record evidence shows that India is a significant producer of merchandise that is comparable to the merchandise under review. As discussed above, the 2005 CSIL India Market Study estimates that the annual production value of furniture produced in India ranged from \$1.9 billion in 2003 to \$2.2 billion in 2004 and that the Indian furniture industry would employ a workforce of more than 300,000 in 2004 - 2005. Additionally, the UEA-EIAS report states that approximately 65 percent of the furniture produced in India is wooden furniture. Also, the 2005 CSIL India market study indicates that bedroom furniture is the most popular category of furniture and that Indian manufacturers use a variety of woods (e.g., teak, sal, oak, pine, etc.) to produce wooden furniture. The 2005 CSIL India market study also indicates that wooden bedroom furniture produced in India covers a broad spectrum of design and quality from simple, ready-to-assemble particleboard furniture to complex, high-end designs. Further, a website index placed on the record by Petitioners, Exhibit E of its October 3, 2006 submission, lists hundreds of Indian furniture manufacturers. Furthermore, Petitioners identified IFP as a large manufacturer of wooden bedroom furniture with an annual production capacity of 160,000 pieces of furniture that it sells both domestically and for export. See copies of IFP’s website pages at Exhibit D of Petitioners’

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<sup>14</sup> See Policy Bulletin at 3.

October 3, 2006 submission. Thus, record evidence indicates that India is a significant producer of comparable merchandise.

Record evidence shows that the Philippines is also a significant producer of merchandise that is comparable to the merchandise under review. The 2006 CSIL Philippines Market Study states that the Philippines has had a vibrant furniture industry for several hundred years and that the Philippines boasts thousands of producers of furniture. In addition, the 2006 CSIL Philippines Market Study at page 25, indicates that the furniture exported by the Philippines during 2004 and 2005 was valued at more than \$200 million. The 2006 CSIL Philippines Market Study at pages 11 and 15, indicates that Philippine manufacturers produced furniture valued at \$743 million during 2005 and that Philippine consumption of furniture was one-half billion U.S. dollars. Further, the 2006 CSIL Philippines Market Study at page 12 indicates that there are more than 15,000 furniture manufacturers in the Philippines.

No interested party argued that any other potential surrogate country was a significant producer of comparable merchandise.

#### Data Considerations

When the Department finds there is more than one significant producer from the list of countries provided in the Policy Memo the Department considers the availability of the factors data:

Fourth, if more than one country has survived the selection process to this point, the country with the best factors data is selected as the primary surrogate country. Even if no issues arise regarding economic comparability and significant production, data quality is a critical consideration affecting surrogate country selection. After all, a country that perfectly meets the requirements of economic comparability and significant producer is not of much use as a primary surrogate if crucial factor price data from that country are inadequate or unavailable. Limited data availability sometimes is the reason why the team will “go off” the OP list in search of a viable primary surrogate country.

In assessing data and data sources, it is the Department’s stated practice to use investigation or review period-wide price averages, prices specific to the input in question, prices that are net of taxes and import duties, prices that are contemporaneous with the period of investigation or review, and publicly available data.<sup>15</sup>

The Department, using India as the primary surrogate country in the LTFV investigation, was successful in finding sufficient data to value the FOPs. Further, the United States Court of International Trade recently affirmed the Department’s selection of India as the surrogate country in the LTFV investigation leading to this order where the record demonstrated that India had the most reliable data sources. See Dorbest vs. United States, 2006 Ct. Int’l Trade Lexid 162, 32,

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<sup>15</sup> See Policy Bulletin at 4.

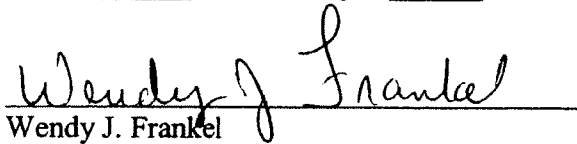
Slip. Op. 2006-160 (October 31, 2006). Substantial surrogate value data, contemporaneous with the instant POR, from both the Philippines and India are available and are on the record of this segment of the proceeding. The Department has thoroughly reviewed this data with respect to several major and minor factors of production ("FOPs"). The Department has determined based on its review of this information that contemporaneous FOP-specific Harmonized Schedule ("HS") data covering certain significant FOPs such as birch lumber and pine lumber are available in the Indian HS data, but are not available in the Philippine HS data. Moreover, although the Philippine data includes an HS-specific category for mahogany lumber, no contemporaneous data is available in the Philippine HS data whereas contemporaneous HS-specific data for mahogany lumber is available in the Indian HS data. Furthermore, the Indian Surrogate value data on the record of this segment of the proceeding appear to cover all reported FOPs, whereas the Philippine data does not. For example, there are no Philippine surrogate value data on the record of this segment of the proceeding for brokerage and handling. In addition, the Indian HS data cover 21 separate categories of lumber whereas the Philippine HS data cover only ten separate HS categories. See attachment one. Thus, the Indian data is more specific and more comprehensive. Because the Department will normally value all FOPs in a single surrogate country, ( See 19 CFR 351.408(c)(2), the Department has determined that for this proceeding, India has the best available public data for calculating an accurate normal value.

#### Recommendation

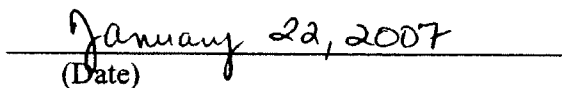
In accordance with 19 CFR 351.408(c)(2), we recommend finding India to be the most appropriate source for determining surrogate values in the instant administrative review, based on the following: 1) India is at a comparable level of economic development to the PRC; 2) India is a significant producer of comparable merchandise; and 3) India provides the best opportunity to use contemporaneous publicly-available data to value all FOPs. Therefore, the Department preliminarily determines that India is the most appropriate surrogate country for purposes of this administrative review.

As provided in 19 CFR 351.301(c)(3)(ii), for the final results, interested parties may submit additional publicly available information to value factors of production within 20 days after the date of publication of the preliminary results of review.

Agree  Disagree

  
Wendy J. Frankel

Director  
AD/CVD Enforcement, Office 8

  
(Date)

## **Attachment 1**

World Trade Atlas  
Philippines - Imports from --The World--  
Millions of US Dollars  
January - December

HS	Description	2003					2004					2005					% Change - 05/04 -
	--The World--	40470.51168	44039.21244	44051.97554	100	100	100	100	100	0.03							
4407	WOOD SAWN OR CHIPPED LENGTH, S	94.74091	81.240957	107.886589	0.23	0.18	0.25	0.25	0.25	32.8							
44079900	OTH WOODS,SWAN/CHIPPED LENGHTWISE,SI	65.265211	50.126596	91.482226	68.9	61.7	84.8	82.5	82.5								
44071000	CONIFEROUS WOOD SWAN/CHIPPED LENGHT	19.032306	19.841057	10.879595	20.1	24.42	10.1	-45.17	-45.17								
44072900	OTH TROPICAL WOODS, SAWN/CHIPPED LENG	9.988836	10.760833	4.4988	10.5	13.25	4.17	-58.19	-58.19								
44079100	OAK WOODS,SWN/CHIPPED LENGHTWISE,SLI	0.162767	0.168729	0.510142	0.17	0.21	0.47	202.34	202.34								
44072500	DARK RED MERANTI, LIGHT RED & MERANTI B.	0.257266	0.322305	0.454404	0.27	0.4	0.42	40.99	40.99								
44079200	BEECH WOODS SAWN/CHIPPED LENGHTWISE	0.034524	0.021437	0.061422	0.04	0.03	0.06	186.52	186.52								
44072600	WHITE LAUAN, WHITE MERANTI, WHITE SERA	0	0	0	0	0	0	0	0								
44072100	SAWN/CHIPPED LENGHTWISE,SLICED/PEELET	0	0	0	0	0	0	0	0								
44072300	BABOEN,MAHOGANY(SWIETENIA SPP.),IMBUJA	0	0	0	0	0	0	0	0								
44072400	VIROLA MAHOGANY (SWIETENIA SPP.), IMBUJA	0	0	0	0	0	0	0	0								

Source of data: Philippines National Statistics Office

**World Trade Atlas**  
**India - Imports from -- World --**  
**Billions of Indian Rupee**  
**January - June**

HS	Description	2004			2005			2006			% Share		% Change
		2031.00514	2933.050629	3561.34781	100	100	100	2005	2006	2006 - 06/05	-		
-- World --		0.412219	0.345564	0.323783	0.02	0.01	0.01	0.01	0.01		21.42	-6.3	
44079920	SAWN/CHIPPED WOOD OF WILLOW	0.072753	0.085204	0.092987	17.7	24.66	28.7	9.13					
44072910	SAWN/CHIPPED TEAK WOOD	0.07304	0.11364	0.067718	17.7	32.89	20.9	-40.41					
44079990	OTHERS	0.029974	0.04994	0.066464	7.27	14.45	20.5	33.09					
44079200	SAWN/CHIPPED WOOD OF BEECH	0.022999	0.065813	0.051956	5.58	19.05	16.1	-21.06					
44071090	OTHER CONIFEROUS WOOD ARTICLES	0.002374	0.003494	0.012019	0.58	1.01	3.71	243.99					
44072990	OTHR TROPICAL WOODS SAWN OR CHIPPED	0.00796	0.01413	0.010738	1.93	4.09	3.32	-24.01					
44071010	DOGLAS FIR (PSUDOTSUGA MENZIESIE)	0.000268	0.001651	0.00841	0.07	0.48	2.6	409.39					
44079100	SAWN/CHIPPED WOOD OF OAK	0.007355	0.002472	0.005217	1.78	0.72	1.61	111.04					
44071020	PINE (PINUS SPP)	0.166824	0.002768	0.004599	40.5	0.8	1.42	66.15					
44072400	VIROLA,MAHGNY(SWETENIA SPP)IMBUJA & BL:	0	1.70E-05	0.001593	0	0.01	0.49	9270.59					
44072600	WHIT(LAUAN,SERAYA),MERNTI(WHIT,YELLOW)?	0	0	0.001593	0	0	0.49	0					
44072500	MERANTI(DRK RD,LGHL RD & BAKAU)	0	0	0.000489	0	0	0.15	0					
44072901	SAWN/CHIPPED TEAK WOOD	0	0	0	0	0	0	0					
44072909	OTHER TROPICAL WOODS SAWN OR CHIPPED	0	0	0	0	0	0	0					
44071001	DOGLAS FIR (PSUDOTSUGA MENZIESIE)	0	0	0	0	0	0	0					
44071002	PINE (PINUS SPP)	0	0	0	0	0	0	0					
44071009	OTHER CONIFEROUS WOOD ARTICLES	0	0	0	0	0	0	0					
44079901	SAWN/CHIPPED WOOD OF BIRCH(BETULA SPF	0	0	0	0	0	0	0					
44079902	SAWN/CHIPPED WOOD OF WILLOW	0	0	0	0	0	0	0					
44079909	OTHERS	0	0	0	0	0	0	0					
44079910	SAWN/CHIPPED WOOD OF BIRCH(BETULA SPF	0.028672	0.006435	0	6.96	1.86	0	-100					

Source of data: DGCIS, Ministry of Commerce

## **Attachment 2**



UNITED STATES DEPARTMENT OF COMMERCE  
International Trade Administration  
Washington, D.C. 20230

A-570-890

POR:6/24/04-12/31/05  
Public Document

MEMORANDUM TO: Robert Bolling  
Program Manager  
AD/CVD Enforcement, Office 8

FOR OFFICIAL FILE

FROM: *Not* Ron Lorentzen  
Director  
Office of Policy

4137

DATE: August 7, 2006

SUBJECT:

Administrative Review of Wooden Bedroom Furniture ("Bedroom Furniture") from the People's Republic of China (PRC): Request for a List of Surrogate Countries

We have in past investigations and reviews treated the PRC as a non-market economy (NME) country. If the PRC does not contest NME country treatment in this reviews, with respect to either the PRC bedroom furniture industry or the country as a whole, its status as a NME country will remain the same.

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

With regard to the first statutory requirement, the five countries on the included (non-exhaustive) list all are at a level of economic development comparable to the PRC in terms of per capita gross national income ("GNI"). Per capita GNI is the primary basis for determining economic comparability.

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





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

If none of the five countries on the list is a significant producer of merchandise comparable to bedroom furniture, you may go off the list and use a country that is, provided that the country is at a level of economic development comparable to that of the PRC.

You may be unable to obtain the necessary factor price information in a suitable surrogate country. If that is the case, you will have to rely on the price of comparable merchandise that is produced in a surrogate country and sold in other countries, including the United States.

Note: Pursuant to section 351.408(c)(3) of the AD regulations, you must use regression-based wages to value the NME labor input. You can find a list of these wages in the Central Records Unit and on the IA INTERNET home page.

<u>Country</u>	<u>Per Capita GNI, 2004 US\$ *</u>
PRC	1290
India	620
Sri Lanka	1010
Indonesia	1140
Philippines	1170
Egypt	1310

\* World Development Report 2006, World Bank.

# **Exhibit 2**



**UNITED STATES DEPARTMENT OF COMMERCE**  
**International Trade Administration**  
Washington, D.C. 20230

A-570-886

AR: 8/01/05-7/31/06

**Public Document**

IA/Office 4: MC

March 6, 2007

Re: Administrative Review of Polyethylene Retail Carrier Bags from the People's Republic of China

**TO ALL INTERESTED PARTIES:**

This concerns the administrative review of the antidumping duty order on polyethylene retail carrier bags from the People's Republic of China covering the period August 1, 2005, through July 31, 2006. As you are aware, the Department of Commerce (Department) considers the People's Republic of China to be a non-market economy country. It is necessary for the Department to search for a surrogate market-economy country. Attached is a memorandum from the Office of Policy discussing the Department's list of surrogate countries for the People's Republic of China.

If you wish to submit (a) comments on the surrogate country selection; or (b) comments on significant production in the potential countries, please submit your comments to the Department no later than **March 20, 2007**. Furthermore, pursuant to 19 CFR 351.301(c)(3)(ii) of the Department's regulations, interested parties may submit publicly available information to value factors of production within 20 days after the date of publication of the preliminary results of review. Notwithstanding this deadline, if you wish to submit publicly available information to value factors of production for consideration for the purposes of the Department's preliminary results (May 3, 2007), please submit your comments and relevant information to the Department no later than **April 3, 2007**.

For more detailed instructions regarding the submission of filings, please refer to the cover letter and general instructions in the original questionnaire. If you have any questions, please contact Maisha Cryor at 202-482-5831.

Sincerely,

A handwritten signature in black ink that reads "Mark Manning".

Mark Manning  
Program Manager  
AD/CVD Operations, Office 4  
Import Administration



**ATTACHMENT I**



**UNITED STATES DEPARTMENT OF COMMERCE**  
International Trade Administration  
Washington, D.C. 20230

A-570-886  
NSRs:8/01/05-7/31/06  
Public Document

**MEMORANDUM TO:** Mark Manning  
Program Manager  
AD/CVD Operations, Office 4

**FROM:**  Ron Lorentzen  
Director  
Office of Policy

**DATE:** December 21, 2006

**SUBJECT:**  
Administrative Review of Polyethylene Retail Carrier Bags ("Carrier Bags") from the People's Republic of China (PRC): Request for a List of Surrogate Countries

We have in past investigations and reviews treated the PRC as a non-market economy (NME) country. If the PRC does not contest NME country treatment in this review, with respect to either the PRC carrier bag industry or the country as a whole, its status as a NME country will remain the same.

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

With regard to the first statutory requirement, the five countries on the included (non-exhaustive) list all are at a level of economic development comparable to the PRC in terms of per capita gross national income ("GNI"). Per capita GNI is the primary basis for determining economic comparability.

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



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

If none of the five countries on the list is a significant producer of merchandise comparable to carrier bags, you may go off the list and use a country that is, provided that the country is at a level of economic development comparable to that of the PRC.

You may be unable to obtain the necessary factor price information in a suitable surrogate country. If that is the case, you will have to rely on the price of comparable merchandise that is produced in a surrogate country and sold in other countries, including the United States.

Note: Pursuant to section 351.408(c)(3) of the AD regulations, you must use regression-based wages to value the NME labor input. You can find a list of these wages in the Central Records Unit and on the IA INTERNET home page.

<u>Country</u>	<u>Per Capita</u> <u>GNI, 2005</u> <u>US\$ *</u>
PRC	1740
India	720
Sri Lanka	1160
Egypt	1250
Indonesia	1280
Philippines	1300

\* World Development Report 2007, World Bank.

# **Exhibit 3**

## 2005 GNI Data Above and Below China's 2005 GNI

source: downloaded from "<http://devdata.worldbank.org/data-query/>" on 3/30/2007

<u>Country</u>	<u>2005</u>	<u>% of China</u> <u>GNI</u>	<u>% Above or</u> <u>Below China</u> <u>GNI</u>
Belarus	2,760	158.6%	58.6%
Thailand	2,750	158.0%	58.0%
Algeria	2,730	156.9%	56.9%
Ecuador	2,630	151.1%	51.1%
Peru	2,610	150.0%	50.0%
Albania	2,580	148.3%	48.3%
Suriname	2,540	146.0%	46.0%
Jordan	2,500	143.7%	43.7%
El Salvador	2,450	140.8%	40.8%
Bosnia and Herzegovina	2,440	140.2%	40.2%
Guatemala	2,400	137.9%	37.9%
Maldives	2,390	137.4%	37.4%
Dominican Republic	2,370	136.2%	36.2%
Micronesia, Fed. Sts.	2,300	132.2%	32.2%
Colombia	2,290	131.6%	31.6%
Swaziland	2,280	131.0%	31.0%
Tonga	2,190	125.9%	25.9%
Samoa	2,090	120.1%	20.1%
Cape Verde	1,870	107.5%	7.5%
<b>China</b>	<b>1,740</b>	<b>100.0%</b>	<b>0.0%</b>
Morocco	1,730	99.4%	-0.6%
Vanuatu	1,600	92.0%	-8.0%
Ukraine	1,520	87.4%	-12.6%
Armenia	1,470	84.5%	-15.5%
Kiribati	1,390	79.9%	-20.1%
Syrian Arab Republic	1,380	79.3%	-20.7%
Angola	1,350	77.6%	-22.4%
Georgia	1,350	77.6%	-22.4%
<b>Philippines</b>	<b>1,300</b>	<b>74.7%</b>	<b>-25.3%</b>
<b>Indonesia</b>	<b>1,280</b>	<b>73.6%</b>	<b>-26.4%</b>
Paraguay	1,280	73.6%	-26.4%
<b>Egypt, Arab Rep.</b>	<b>1,250</b>	<b>71.8%</b>	<b>-28.2%</b>
Azerbaijan	1,240	71.3%	-28.7%
Honduras	1,190	68.4%	-31.6%
<b>Sri Lanka</b>	<b>1,160</b>	<b>66.7%</b>	<b>-33.3%</b>
Djibouti	1,020	58.6%	-41.4%
Bolivia	1,010	58.0%	-42.0%
Cameroon	1,010	58.0%	-42.0%
Guyana	1,010	58.0%	-42.0%
Lesotho	960	55.2%	-44.8%
Congo, Rep.	950	54.6%	-45.4%
Nicaragua	910	52.3%	-47.7%
Moldova	880	50.6%	-49.4%
Bhutan	870	50.0%	-50.0%
Cote d'Ivoire	840	48.3%	-51.7%
Timor-Leste	750	43.1%	-56.9%
<b>India</b>	<b>720</b>	<b>41.4%</b>	<b>-58.6%</b>