




A-122-853
AR: 05/01/2014-04/30/2015
Public Document
AD/CVDOps/II/KJ/RT

February 5, 2016

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Christian Marsh 
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for Preliminary Results of Antidumping
Duty Administrative Review: Citric Acid and Certain Citrate
Salts from Canada; 2014-2015

I. SUMMARY

The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty (AD) order on citric acid and certain citrate salts (citric acid) from Canada. The review covers one producer/exporter of the subject merchandise, Jungbunzlauer Canada Inc. (JBL Canada). The period of review (POR) is May 1, 2014, through April 30, 2015. We preliminarily determine that JBL Canada did not make sales below normal value (NV) during this POR.

II. BACKGROUND

In response to the Department's notice of opportunity to request an administrative review on citric acid from Canada,¹ on May 26, 2015, JBL Canada timely requested an administrative review of the AD order on citric acid from Canada with respect to its exports of subject merchandise to the United States during the POR. On June 1, 2015, Archer Daniels Midland Company; Cargill, Incorporated; and Tate & Lyle Ingredients Americas LLC (collectively, the petitioners), domestic producers of the subject merchandise, requested an administrative review with respect to JBL Canada.² Accordingly, on July 1, 2015, in accordance with 19 CFR

¹ See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation: Opportunity To Request Administrative Review, 80 FR 24898 (May 1, 2015).

² See JBL Canada's and the petitioners' letters to the Department dated May 26, 2015, and June 1, 2015, respectively.

351.221(c)(1)(i), we published a notice of initiation of an administrative review of the AD order on citric acid from Canada.³

On August 7, 2015, we issued the AD questionnaire to JBL Canada. On September 14 and September 21, 2015, JBL Canada timely submitted its responses to our questionnaire.

On November 6, 2015, we issued a supplemental questionnaire to JBL Canada to which it timely responded on December 4, 2015.

As explained in the memorandum from the Acting Assistant Secretary for Enforcement & Compliance, the Department has exercised its discretion to toll all administrative deadlines due to the recent closure of the Federal Government. All deadlines in this segment of the proceeding have been extended by four business days. The revised deadline for the preliminary results of this review is now February 5, 2016.⁴

III. SCOPE OF THE ORDER

The scope of this order includes all grades and granulation sizes of citric acid, sodium citrate, and potassium citrate in their unblended forms, whether dry or in solution, and regardless of packaging type. The scope also includes blends of citric acid, sodium citrate, and potassium citrate; as well as blends with other ingredients, such as sugar, where the unblended form(s) of citric acid, sodium citrate, and potassium citrate constitute 40 percent or more, by weight, of the blend. The scope of this order also includes all forms of crude calcium citrate, including dicalcium citrate monohydrate, and tricalcium citrate tetrahydrate, which are intermediate products in the production of citric acid, sodium citrate, and potassium citrate. The scope of this order does not include calcium citrate that satisfies the standards set forth in the United States Pharmacopeia and has been mixed with a functional excipient, such as dextrose or starch, where the excipient constitutes at least 2 percent, by weight, of the product. The scope of this order includes the hydrous and anhydrous forms of citric acid, the dihydrate and anhydrous forms of sodium citrate, otherwise known as citric acid sodium salt, and the monohydrate and monopotassium forms of potassium citrate. Sodium citrate also includes both trisodium citrate and monosodium citrate, which are also known as citric acid trisodium salt and citric acid monosodium salt, respectively. Citric acid and sodium citrate are classifiable under 2918.14.0000 and 2918.15.1000 of the Harmonized Tariff Schedule of the United States (HTSUS), respectively. Potassium citrate and crude calcium citrate are classifiable under 2918.15.5000 and 3824.90.9290 of the HTSUS, respectively. Blends that include citric acid, sodium citrate, and potassium citrate are classifiable under 3824.90.9290 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this order is dispositive.

³ See Initiation of Antidumping and Countervailing Duty Administrative Reviews, 80 FR 37588 (July 1, 2015) (Initiation Notice).

⁴ See Memorandum to the Record from Ron Lorentzen, Acting A/S for Enforcement & Compliance, regarding “Tolling of Administrative Deadlines As a Result of the Government Closure During Snowstorm Jonas,” dated January 27, 2016.

IV. DISCUSSION OF THE METHODOLOGY

We are conducting this administrative review of the order in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.213.

A. Fair Value Comparisons

Pursuant to 19 CFR 351.414(c)(1), to determine whether JBL Canada's sales of citric acid from Canada were made in the United States at less than normal value (NV), we compared the constructed export price (CEP) to the NV, as described in the "Constructed Export Price" and "Normal Value" sections of this memorandum, below.

1. **Determination of Comparison Method**

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average CEPs (or export prices (EPs)) (the average-to-average (A-A) method), unless the Secretary determines that another method is appropriate in a particular situation. In AD investigations, the Department examines whether to use the average-to-transaction (A-T) method as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is analogous to the issue in AD investigations.⁵ In recent investigations, pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act, the Department has applied a "differential pricing" analysis to determine whether application of A-T comparisons is appropriate in a particular situation. The Department finds that the differential pricing analysis used in those recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review.⁶ The Department will continue to develop its approach in this area based on comments received in this and other proceedings, as well as the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the A-A method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of CEPs (or EPs) for comparable merchandise that differ significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the A-A method to calculate the weighted-average dumping margin. The differential pricing analysis used here

⁵ See Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011, 77 FR 73415 (December 10, 2012), and accompanying Issues and Decision Memorandum at Comment 1; see also CP Kelco Oy v. United States, 978 F. Supp. 2d 1315, 1324 (CIT 2014).

⁶ See, e.g., Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 33351 (June 4, 2013), and accompanying Issues and Decision Memorandum at Comment 3; see also Certain Activated Carbon From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012–2013, 79 FR 70163 (November 25, 2014), and accompanying Issues and Decision Memorandum at Comment 2.

evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported consolidated customer codes. Regions are defined using the reported destination code (i.e., state) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region, and time period, that the Department uses in making comparisons between CEP (or EP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen’s *d* coefficient is calculated when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen’s *d* coefficient is used to evaluate the extent to which the net prices to a particular purchaser, region or time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen’s *d* test: small, medium, or large. Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant, and the sales in the test group were found to pass the Cohen’s *d* test, if the calculated Cohen’s *d* coefficient is equal to or exceeds the large (i.e., 0.8) threshold.

Next, the “ratio test” assesses the extent of the significance of the price differences for all sales as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test accounts for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the A-T method to all sales as an alternative to the A-A method. If the value of sales to purchasers, regions, and time periods that passes the Cohen’s *d* test accounts for more than 33 percent but less than 66 percent of the value of total sales, then the results support consideration of the application of an A-T method to those sales identified as passing the Cohen’s *d* test as an alternative to the A-A method, and application of the A-A method to those sales identified as not passing the Cohen’s *d* test. If 33 percent or less of the value of total sales passes the Cohen’s *d* test, then the results of the Cohen’s *d* test do not support consideration of an alternative to the A-A method.

If both tests in the first stage (i.e., the Cohen’s *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, the Department examines whether using only the A-A method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative method, based on the results of the Cohen’s *d* and ratio tests described above, yields a meaningful difference in the

weighted-average dumping margin as compared to that resulting from the use of the A-A method only. If the difference between the two calculations is meaningful, this demonstrates that the A-A method cannot account for differences such as those observed in this analysis and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if (1) there is a 25 percent or greater relative change in the weighted-average dumping margin between the A-A method and the appropriate alternative method where both rates are above the de minimis threshold, or (2) the resulting weighted-average dumping margin moves across the de minimis threshold.

Interested parties may present arguments in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.

2. Results of the Differential Pricing Analysis

Based on the results of the differential pricing analysis, the Department finds that 31.17 percent of JBL Canada's U.S. sales pass the Cohen's *d* test. Therefore, the results of the Cohen's *d* test do not support consideration of an alternative to the A-A method. Accordingly, the Department preliminarily determines to use the A-A method for all U.S. sales to calculate the weighted-average dumping margin for JBL Canada.⁷

B. Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by JBL Canada that meet the description in the "Scope of the Order" section, above, to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. Pursuant to 19 CFR 351.414(f), we compared JBL Canada's U.S. sales of citric acid made during a particular month to its sales of citric acid made in the home market in the same month. Where there were no contemporaneous sales within the same month, pursuant to 19 CFR 351.414(f)(2), we compared JBL Canada's U.S. sales of citric acid to its sales of citric acid made in the home market in the most recent of the three months prior to the month of the U.S. sales. Finally, if JBL Canada did not make home market sales of citric acid during any of these months, pursuant to 19 CFR 351.414(f)(3), we compared JBL Canada's U.S. sales of citric acid to JBL Canada's home market sales of citric acid in the earlier of the two months following the month of the U.S. sales in which JBL Canada made a home market sale of citric acid.

In making the product comparisons, we matched foreign like products based on the physical characteristics reported by JBL Canada in the following order of importance: type, form, grade, and particle size. JBL Canada reported that, within the meaning of section 771(16)(A) of the Act, all of its U.S. sales during the POR were identical based on the product matching criteria (i.e., type, form, grade, and particle size) to contemporaneous sales in the home market. Accordingly, in calculating JBL Canada's NV, we made product comparisons without having to

⁷ See Memorandum to the File entitled "Preliminary Results Margin Calculation for Jungbunzlauer Canada Inc.," dated February 5, 2016 (Preliminary Results Calculation Memo).

account for cost differences associated with differences in the physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act.

C. Constructed Export Price

In accordance with section 772(b) of the Act, we calculated CEP for those sales where the subject merchandise was 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 or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter. We based CEP on packed prices to unaffiliated purchasers in the United States. In accordance with 19 CFR 351.401(c), we adjusted the starting prices for billing adjustments and rebates, where appropriate. We made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act, which included, where appropriate, inland freight, insurance, U. S. brokerage, and warehousing expenses. In accordance with section 772(d)(1) of the Act and 19 CFR 351.402(b), we deducted selling expenses associated with economic activities occurring in the United States, including direct selling expenses (i.e., imputed credit expenses) and indirect selling expenses (including inventory carrying costs). We also deducted from CEP an amount for profit in accordance with section 772(d)(3) of the Act. In accordance with section 772(f) of the Act, we calculated the CEP profit rate using the expenses incurred by JBL, Inc. (JBL Canada's U.S. affiliate) on its sales of the subject merchandise in the United States and the profit associated with those sales.

Consistent with our normal practice, we recalculated indirect selling expenses incurred on U.S. sales by adding the administrative and financial expenses incurred by JBL, Inc. to the total indirect selling expense figure because these expenses support the selling functions of JBL, Inc.⁸

D. Normal Value

1. Home Market Viability and Selection of Comparison Market

To determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared the volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404. Based on this comparison, we determine that, pursuant to 19 CFR 351.404(b), JBL Canada had a viable home market during the POR because the volume of JBL Canada's home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales of the subject merchandise. Consequently, pursuant to section 773(a)(1)(B)(i) of the Act and 19 CFR 351.404(c)(1)(i), we based NV on home market sales.

⁸ See Citric Acid and Certain Citrate Salts from Canada: Final Results of Antidumping Duty Administrative Review, 2012-2013, 79 FR 37286 (July 1, 2014), and accompanying Issues and Decision Memorandum at Comment 3; see also Certain Frozen Warmwater Shrimp from Ecuador: Final Results of Antidumping Duty Administrative Review, 72 FR 52070 (September 12, 2007); First Administrative Review of Certain Activated Carbon from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 74 FR 57995 (November 10, 2009), and accompanying Issues and Decision Memorandum at Comment 5b; and the Preliminary Results Calculation Memo.

2. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, the Department will calculate NV based on sales of the foreign like product at the same level of trade (LOT) as U.S. sales. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).⁹ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.¹⁰ To determine whether the comparison-market sales were at different stages in the marketing process than the U.S. sales, we review the distribution system in each market (*i.e.*, the chain of distribution), including selling functions, class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying LOTs for EP and comparison market sales (*i.e.*, where NV is based on either home market or third country prices),¹¹ we consider the starting prices before any adjustments. For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.¹²

When the Department is unable to match sales of the foreign like product in the comparison market at the same LOT as the EP or CEP sale, the Department may compare the U.S. sales to sales at a different LOT in the comparison market. In comparing EP or CEP sales at a different LOT in the comparison market, where available data make it possible, we make an LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if the NV LOT is at a more advanced stage of distribution than the LOT of the CEP sale and there is no basis for determining whether the difference in LOTs between NV and CEP affects price comparability (*i.e.*, no LOT adjustment is possible), the Department shall grant a CEP offset, as provided in section 773(a)(7)(B) of the Act and 19 CFR 351.412(f).¹³

In this administrative review, we obtained information from JBL Canada regarding the marketing stages involved in making its reported home market and U.S. sales, including a description of the selling activities performed by the respondent and its affiliates for each channel of distribution.

During the POR, JBL Canada reported that it sold citric acid to end-users and distributors through two channels of distribution in both the U.S. and home markets. JBL Canada stated that its selling process was essentially the same for both channels of distribution. Because the details

⁹ See 19 CFR 351.412(c)(2).

¹⁰ *Id.*; see also Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From South Africa, 62 FR 61731, 61732 (November 19, 1997) (*Plate from South Africa*).

¹¹ Where NV is based on constructed value (CV), we determine the NV LOT based on the LOT of the sales from which we derive selling expenses, general and administrative expenses, and profit for CV, where possible. See, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp from Brazil, 69 FR 47081, 47086 (August 4, 2004), unchanged in Notice of Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from Brazil, 69 FR 76910 (December 23, 2004).

¹² See Micron Technology, Inc. v. United States, 243 F.3d 1301, 1314 (Fed. Cir. 2001).

¹³ See Plate from South Africa, 62 FR at 61732-33.

of JBL Canada's reported selling functions for each channel of distribution are business proprietary, our analysis of these selling functions for purposes of determining whether different LOTs exist is contained in a separate memorandum entitled "Level-of-Trade Analysis for the Preliminary Results."¹⁴

Based on our analysis, we found that the selling functions JBL Canada performed for each of its channels of distribution in the U.S. market were essentially the same, with the exception of one selling function which we determine is not sufficient to warrant an LOT distinction between these channels. Therefore, we preliminarily determine that there is only one LOT in the U.S. market. Similarly, we found that the selling functions that JBL Canada (and its affiliates) performed for each of the channels of distribution in the home market were essentially the same, with the exception of certain selling activities which we determine are not sufficient to warrant an LOT distinction between these channels.¹⁵ Therefore, we preliminarily determine that there is only one LOT in the home market.

In comparing the home market LOT to the U.S. LOT, we found that the selling activities performed by JBL Canada (and its affiliates) for its home market customers are at a more advanced stage of distribution than those performed for its U.S. customers. That is, there are significantly more selling activities performed for home market sales than for U.S. sales. Therefore, based on the totality of the facts and circumstances, we preliminarily determine that home market sales during the POR were made at a different LOT than U.S. sales.

Therefore, we could not match U.S. CEP sales to sales at the same LOT in the home market, nor could we determine an LOT adjustment based on JBL Canada's home market sales because there is only one LOT in the home market, and it is not possible to determine if there is a pattern of consistent price differences between the sales on which NV is based and the home market sales at the LOT of the export transaction.¹⁶ Furthermore, we have no other information that provides an appropriate basis for determining a LOT adjustment. Consequently, because the available data do not form an appropriate basis for making an LOT adjustment but the home market LOT is at a more advanced stage of distribution than the U.S. LOT, we find it is appropriate to make a CEP offset to NV in accordance with section 773(a)(7)(B) of the Act and 19 CFR 351.412. The CEP offset is calculated as the lesser of: (1) the indirect selling expenses incurred on the home market sales, or (2) the indirect selling expenses deducted from the starting price in calculating CEP.

E. Cost of Production (COP) Analysis

On June 29, 2015, the President of the United States signed into law the Trade Preferences Extension Act of 2015 (TPEA), which made numerous amendments to the AD and countervailing duty (CVD) law, including amendments to section 773(b)(2) of the Act, regarding the Department's requests for information on sales at less than cost of production.¹⁷ The 2015

¹⁴ See Memorandum from The Team to Irene Darzenta Tzafolias, "Level-of-Trade Analysis for the Preliminary Results," dated contemporaneously with this memorandum.

¹⁵ Id.

¹⁶ See section 773(a)(7)(A) of the Act.

¹⁷ See Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. (2015).

law does not specify dates of application for those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced the applicability dates for each amendment of the Act, except for amendments contained to section 771(7) of the Act, which relate to determinations of material injury by the International Trade Commission (ITC).¹⁸ Section 773 (b)(2)(A)(ii) of the Act controls all determinations in which the complete initial questionnaire has not been issued as of August 6, 2015. It requires the Department to request constructed value and cost of production information from respondent companies in all AD proceedings.¹⁹ Accordingly, the Department requested this information from JBL Canada.²⁰ We examined JBL Canada's cost data and determine that our quarterly cost methodology is not warranted, and, therefore, we are applying our standard methodology of using annual costs based on the reported data.

1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated the respondent's COP based on the sum of its costs of materials and fabrication for the foreign like product, plus amounts for general and administrative (G&A) expenses and interest expenses (see "Test of Comparison Market Sales Prices" section, below, for treatment of home market selling expenses).

2. Test of Comparison Market Sales Prices

On a product-specific basis, pursuant to section 773(a)(1)(B)(i) of the Act, we compared the adjusted weighted-average COP to the home market sales prices of the foreign like product, in order to determine whether the sales prices were below the COP. For purposes of this comparison, we used COP exclusive of selling and packing expenses. The prices (inclusive of billing adjustments, where appropriate) were exclusive of any applicable movement charges, direct and indirect selling expenses, and packing expenses.

3. Results of the COP Test

In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act whether: 1) within an extended period of time, such sales were made in substantial quantities; and 2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade. In accordance with sections 773(b)(2)(B) and (C) of the Act, where less than 20 percent of the respondent's comparison market sales of a given product are at prices less than the COP, we do not disregard any below-cost sales of that product because we determine that in such instances the below-cost sales were not made within an extended period of time and in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product are at prices less than the COP, we disregard the below-cost sales when: 1) they were made within an extended period of time in substantial quantities, in accordance with sections 773(b)(2)(B) and (C) of the Act, and 2) based on our comparison of prices to the weighted-

¹⁸ See Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015, 80 FR 46793 (August 6, 2015) (Applicability Notice).

¹⁹ Id., 80 FR at 46794-95.

²⁰ The 2015 amendments may be found at <https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl>.

average COPs for the POR, they were at prices which would not permit the recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act.

In this case, we found that less than 20 percent of JBL Canada's sales were at prices less than the COP. Therefore, we used all of JBL Canada's home-market sales as the basis for determining NV.

F. Calculation of NV Based on Comparison Market Prices

We based NV for JBL Canada on packed prices to unaffiliated customers in the home market. We adjusted, where appropriate, the starting price for billing adjustments, in accordance with 19 CFR 351.401(c). We made deductions, where appropriate, from the starting price for movement expenses, including inland freight and inland insurance, under section 773(a)(6)(B)(ii) of the Act. Pursuant to section 773(a)(6)(C) of the Act and 19 CFR 351.410, we made deductions for direct selling expenses (i.e., imputed credit).

We also deducted home market packing costs and added U.S. packing costs, in accordance with sections 773(a)(6)(A) and (B) of the Act. Finally, as discussed in the "Level of Trade" section above, we made a CEP offset pursuant to section 773(a)(7)(B) of the Act and 19 CFR 351.412(f). We calculated the CEP offset as the lesser of the indirect selling expenses incurred on the home market sales or the indirect selling expenses deducted from the starting price in calculating CEP, revised as described under the "Constructed Export Price" section of this memorandum.

G. Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A of the Act and 19 CFR 351.415, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.


V. **RECOMMENDATION**

We recommend applying the above methodology for these preliminary results.



Agree

Disagree



Paul Piquado
Assistant Secretary
for Enforcement and Compliance

5 FEBRUARY 2016

(Date)