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May 20, 2021

**MEMORANDUM TO:** Ryan Majerus  
Deputy Assistant Secretary  
for Policy and Negotiations

**FROM:** James Maeder  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

**SUBJECT:** Decision Memorandum for Preliminary Results of the 2019  
Antidumping Duty Administrative Review of Certain Softwood  
Lumber Products from Canada

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## I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order softwood lumber products (softwood lumber) from Canada, in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act). The period of review (POR) is January 1, 2019, to December 31, 2019. The administrative review covers 273 companies.<sup>1</sup> We preliminarily find that mandatory respondents, Canfor Corporation, which we have preliminarily continued to treat as a single entity with two additional affiliated companies identified below (collectively, Canfor) and West Fraser Mills Ltd., which we have preliminarily continued to treat as a single entity with three additional affiliated companies identified below (collectively, West Fraser), made sales of the subject merchandise in the United States at prices below normal value (NV). Interested parties are invited to comment on these preliminary results.

## II. BACKGROUND

On January 3, 2018, Commerce published in the *Federal Register* an AD order on softwood lumber from Canada.<sup>2</sup> On January 2, 2020, Commerce published a notice of opportunity to

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<sup>1</sup> See *Certain Softwood Lumber Products from Canada: Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 13860 (March 10, 2020) (*Initiation Notice*). While we stated that we initiated on North American Forest Products Ltd., this reference contained two companies: North American Forest Products Ltd. (located in Abbotsford, British Columbia) and North American Forest Products Ltd. located in Saint-Quentin, New Brunswick). Similarly, our reference to Serpentine Cedar Ltd. was a reference two companies: Serpentine Cedar Ltd. and Serpentine Cedar Roofing Ltd. See Attachment II of the *Federal Register* notice for these preliminary results.

<sup>2</sup> See *Certain Softwood Lumber Products from Canada: Antidumping Duty Order and Partial Amended Final Determination*, 83 FR 350 (January 3, 2018) (*Order*).



request an administrative review of the *Order*.<sup>3</sup> On March 10, 2020, based on timely requests for administrative reviews submitted by the Committee Overseeing Action for Lumber International Trade Investigations or Negotiations (COALITION or petitioner),<sup>4</sup> as well as numerous exporters, Commerce initiated an AD administrative review.<sup>5</sup> In the *Initiation Notice*, Commerce indicated that, in the event that we would limit the respondents selected for individual examination in accordance with section 777A(c)(2) of the Act, we would select mandatory respondents based on U.S. Customers and Border Protection (CBP) entry data.<sup>6</sup>

On April 3, 2020, we released the results of a CBP data query showing the import volumes and values for the POR to all interested parties under an administrative protective order and invited parties to submit comments regarding the entry data and our respondent selection methodology.<sup>7</sup> On May 20, 2020, Commerce selected Canfor and West Fraser as mandatory respondents (collectively, the respondents),<sup>8</sup> and on May 20, 2020, Commerce issued each party an AD questionnaire.<sup>9</sup>

From June 2020 to May 2021, Commerce issued supplemental questionnaires to the two mandatory respondents. Commerce received timely responses from the two mandatory respondents from June 2020 to May 2021.

On August 3, 2020, the petitioner filed an allegation of a particular market situation (PMS) regarding the respondents' cost of production (COP).<sup>10</sup> On August 12, 2020, Commerce extended the deadline for all interested parties to comment on petitioner's PMS allegation.<sup>11</sup> On August 24, 2020, the Canadian Parties<sup>12</sup> filed a joint response to petitioner's PMS allegation.<sup>13</sup> Resolute FP Canada Inc. (Resolute) also filed a response to petitioner's PMS allegation.<sup>14</sup> The

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<sup>3</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 85 FR 64 (January 2, 2020).

<sup>4</sup> The petitioner is the Coalition, an *ad hoc* association whose member are: U.S. Lumber Coalition Inc.; Collum's Lumber Products, L.L.C.; Hankins, Inc.; Potlatch Corporation; Rex Lumber Company; Seneca Sawmill Company; Stimson Lumber Company; Swanson Group; Weyerhaeuser Company; Carpenters Industrial Council; Giustina Land and Timber Company; and Sullivan Forestry, Consultants, Inc.

<sup>5</sup> See *Initiation Notice*.

<sup>6</sup> *Id.*

<sup>7</sup> See Memorandum, "Release of Customs and Border Protection Data" dated April 3, 2020.

<sup>8</sup> See Memorandum, "Respondent Selection," dated May 20, 2020.

<sup>9</sup> See Commerce's Letters, dated May 20, 2020.

<sup>10</sup> See Petitioner's Letter, "Allegation of a Particular Market Situation Regarding Respondents' Cost of Production," dated August 3, 2020 (PMS Allegation).

<sup>11</sup> See Memorandum "Supplemental Questionnaire Response from the Less-Than-Fair-Value Investigation," dated November 12, 2019.

<sup>12</sup> The GOC, the Governments of Alberta, British Columbia, Ontario, and Québec, the Canfor Corporation (and its affiliates), Tolko Marketing and Sales Ltd., Tolko Industries Ltd., and Gilbert Smith Forest Products Ltd., West Fraser Mills Ltd., British Columbia Lumber Trade Council, Conseil de l'industrie forestière du Québec, and the Ontario Forest Industries Association (collectively, the Canadian Parties).

<sup>13</sup> See Canadian Parties' Letter, "Response to Petitioner's August 3, 2020 Particular Market Situation ('PMS') Allegation," dated August 24, 2020.

<sup>14</sup> See Resolute's Letter, "Resolute Canada's Response to Petitioner's Allegation of Particular Market Situation," dated August 24, 2020.

petitioner and the respondents reiterated their arguments concerning a potential PMS in their respective pre-preliminary results comments.<sup>15</sup>

On April 24, 2020, and July 21, 2020, Commerce tolled all deadlines in administrative reviews by 50 days and 60 days respectively, thereby extending the deadline for issuing the preliminary results of this review.<sup>16</sup> On January 8, 2021, we extended the deadline by 120 days. The preliminary results are due May 20, 2021.<sup>17</sup>

### **III. SCOPE OF THE ORDER**

The merchandise covered by the order is softwood lumber, siding, flooring and certain other coniferous wood (softwood lumber products). The scope includes:

- Coniferous wood, sawn, or chipped lengthwise, sliced or peeled, whether or not planed, whether or not sanded, or whether or not finger-jointed, of an actual thickness exceeding six millimeters.
- Coniferous wood siding, flooring, and other coniferous wood (other than moldings and dowel rods), including strips and friezes for parquet flooring, that is continuously shaped (including, but not limited to, tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded) along any of its edges, ends, or faces, whether or not planed, whether or not sanded, or whether or not end-jointed.
- Coniferous drilled and notched lumber and angle cut lumber.
- Coniferous lumber stacked on edge and fastened together with nails, whether or not with plywood sheathing.
- Components or parts of semi-finished or unassembled finished products made from subject merchandise that would otherwise meet the definition of the scope above.

Finished products are not covered by the scope of this order. For the purposes of this scope, finished products contain, or are comprised of, subject merchandise and have undergone sufficient processing such that they can no longer be considered intermediate products, and such products can be readily differentiated from merchandise subject to this order at the time of importation. Such differentiation may, for example, be shown through marks of special adaptation as a particular product. The following products are illustrative of the type of merchandise that is considered “finished” for the purpose of this scope: I-joists; assembled pallets; cutting boards; assembled picture frames; garage doors.

The following items are excluded from the scope of this order:

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<sup>15</sup> See Petitioner’s letter, “Pre-Preliminary Comments,” dated December 22, 2020; Canadian Parties’ Letter, “Response to Petitioner’s December 22, 2020 Pre-Preliminary Comments as They Relate to the Particular Market Situation (‘PMS’) Allegation,” dated January 7, 2021.

<sup>16</sup> See Memorandum, “Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews in Response to Operational Adjustments Due to COVID-19,” dated April 24, 2020; and Memorandum, “Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews,” dated July 21, 2020.

<sup>17</sup> See Memorandum “Extension of Deadline for Preliminary Results of Second Antidumping Duty Administrative Review,” dated January 8, 2021.

- Softwood lumber products certified by the Atlantic Lumber Board as being first produced in the Provinces of Newfoundland and Labrador, Nova Scotia, or Prince Edward Island from logs harvested in Newfoundland and Labrador, Nova Scotia, or Prince Edward Island.
- U.S.-origin lumber shipped to Canada for processing and imported into the United States if the processing occurring in Canada is limited to one or more of the following: (1) Kiln drying; (2) planing to create smooth-to-size board; or (3) sanding.
- Box-spring frame kits if they contain the following wooden pieces--two side rails, two end (or top) rails and varying numbers of slats. The side rails and the end rails must be radius-cut at both ends. The kits must be individually packaged and must contain the exact number of wooden components needed to make a particular box-spring frame, with no further processing required. None of the components exceeds 1'' in actual thickness or 83'' in length.
- Radius-cut box-spring-frame components, not exceeding 1'' in actual thickness or 83'' in length, ready for assembly without further processing. The radius cuts must be present on both ends of the boards and must be substantially cut so as to completely round one corner.

Softwood lumber product imports are generally entered under Chapter 44 of the Harmonized Tariff Schedule of the United States (HTSUS). This chapter of the HTSUS covers "Wood and articles of wood." Softwood lumber products that are subject to this order are currently classifiable under the following ten-digit HTSUS subheadings in Chapter 44:

4406.11.0000; 4406.91.0000; 4407.10.01.01; 4407.10.01.02; 4407.10.01.15; 4407.10.01.16; 4407.10.01.17; 4407.10.01.18; 4407.10.01.19; 4407.10.01.20; 4407.10.01.42; 4407.10.01.43; 4407.10.01.44; 4407.10.01.45; 4407.10.01.46; 4407.10.01.47; 4407.10.01.48; 4407.10.01.49; 4407.10.01.52; 4407.10.01.53; 4407.10.01.54; 4407.10.01.55; 4407.10.01.56; 4407.10.01.57; 4407.10.01.58; 4407.10.01.59; 4407.10.01.64; 4407.10.01.65; 4407.10.01.66; 4407.10.01.67; 4407.10.01.68; 4407.10.01.69; 4407.10.01.74; 4407.10.01.75; 4407.10.01.76; 4407.10.01.77; 4407.10.01.82; 4407.10.01.83; 4407.10.01.92; 4407.10.01.93; 4407.11.00.01; 4407.11.00.02; 4407.11.00.42; 4407.11.00.43; 4407.11.00.44; 4407.11.00.45; 4407.11.00.46; 4407.11.00.47; 4407.11.00.48; 4407.11.00.49; 4407.11.00.52; 4407.11.00.53; 4407.12.00.01; 4407.12.00.02; 4407.12.00.17; 4407.12.00.18; 4407.12.00.19; 4407.12.00.20; 4407.12.00.58; 4407.12.00.59; 4407.19.05.00; 4407.19.06.00; 4407.19.10.01; 4407.19.10.02; 4407.19.10.54; 4407.19.10.55; 4407.19.10.56; 4407.19.10.57; 4407.19.10.64; 4407.19.10.65; 4407.19.10.66; 4407.19.10.67; 4407.19.10.68; 4407.19.10.69; 4407.19.10.74; 4407.19.10.75; 4407.19.10.76; 4407.19.10.77; 4407.19.10.82; 4407.19.10.83; 4407.19.10.92; 4407.19.10.93; 4409.10.05.00; 4409.10.10.20; 4409.10.10.40; 4409.10.10.60; 4409.10.10.80; 4409.10.20.00; 4409.10.90.20; 4409.10.90.40; 4418.50.0010; 4418.50.0030; 4418.50.0050 and 4418.99.10.00.

Subject merchandise as described above might be identified on entry documentation as stringers, square cut box-spring-frame components, fence pickets, truss components, pallet components, flooring, and door and window frame parts. Items so identified might be entered under the following ten-digit HTSUS subheadings in Chapter 44:

4415.20.40.00; 4415.20.80.00; 4418.99.90.05; 4418.99.90.20; 4418.99.90.40; 4418.99.90.95; 4421.99.70.40; and 4421.99.97.80.

Although these HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

#### IV. AFFILIATION AND COLLAPSING OF AFFILIATES

We preliminarily determine that the following companies are affiliated, pursuant to section 771(33)(E) of the Act:

##### A. Canfor

In the underlying investigation and prior administrative review, Commerce found that Canfor Corporation (Canfor Corp.), Canadian Forest Products Ltd. (CFP), and Canfor Wood Products Marketing Ltd. (CWPM Ltd.) were affiliated pursuant to section 771(33)(E) of the Act, and should be treated as a single entity for AD purposes, pursuant to 19 CFR 351.401(f)(1)-(2).<sup>18</sup> In the *Initiation Notice* of this review, we initiated on Canfor Corp, CFP, and CWPM Ltd. as a single entity and noted that for “any company subject to the review, if Commerce determined, or continued to treat, that company as collapsed with others, Commerce will assume that such companies continue to operate in the same manner and will collapse them for respondent selection purposes.”<sup>19</sup> Information provided by Canfor confirms that none of the facts that we relied on to support our prior determination to treat these parties as a single entity have changed during the POR.<sup>20</sup> Because there is no evidence on the record that contradicts our prior collapsing determination, we have preliminarily continued to find Canfor Corp., CFP, and CWPM Ltd. (collectively, Canfor) to be a single entity in this administrative review.

##### B. West Fraser

In the underlying investigation and first administrative review, Commerce found that West Fraser Mills Ltd., Blue Ridge Lumber Inc. (Blue Ridge), Manning Forest Products Ltd. (Manning), and Sundre Forest Products Inc. (Sundre) were affiliated pursuant to section 771(33)(E) of the Act, and should be treated as a single entity for AD purposes, pursuant to 19 CFR 351.401(f)(1)-(2).<sup>21</sup> In the *Initiation Notice* of this review we initiated on West Fraser, Mills Ltd., Blue Ridge, Manning, and Sundre as a single entity and noted that for “any company subject to the review, if Commerce determined, or continued to treat, that company as collapsed with others, Commerce will assume that such companies continue to operate in the same manner and will collapse them for respondent selection purposes.”<sup>22</sup> Further, information provided by West Fraser confirms that none of the facts that we relied on to support our prior determination

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<sup>18</sup> See *Certain Softwood Lumber Products from Canada: Final Affirmative Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances*, 82 FR 51806 (November 8, 2017) (*Softwood Lumber Final Determination*); and *Certain Softwood Lumber Products from Canada: Final Results of Antidumping Duty Administrative Review; 2017-2018*, 85 FR 76519 (November 30, 2020) (*ARI Final Results*).

<sup>19</sup> See *Initiation Notice*.

<sup>20</sup> See Canfor’s Letter, “Supplemental Section A Questionnaire Response,” dated August 7, 2020 at 7-9.

<sup>21</sup> See *Softwood Lumber Final Determination* and *ARI Final Results*.

<sup>22</sup> See *Initiation Notice*.

to treat these parties as a single entity have changed during the POR.<sup>23</sup> Because there is no evidence on the record that contradicts our prior collapsing determination, we have preliminarily continued to find West Fraser Mills Ltd., Blue Ridge, Manning, and Sundre (collectively, West Fraser) to be a single entity in this administrative review.

## V. PARTICULAR MARKET SITUATION ALLEGATION

On August 3, 2020, the petitioner alleged that a PMS distorts production costs in the Canadian softwood lumber industry and provided certain information as part of its allegation.<sup>24</sup> Commerce determined that the factual information accompanying petitioner's PMS allegation was timely submitted. However, we preliminarily determine that there is insufficient evidence to warrant further investigation into whether a PMS exists in the instant administrative review. For further information, *see* the PMS Preliminary Decision Memorandum.<sup>25</sup>

## VI. UNEXAMINED RESPONDENTS

As stated above, all respondents identified in Appendix II of the preliminary results *Federal Register* notice remain subject to this administrative review.<sup>26</sup> Aside from the mandatory respondents, none of the companies listed in Appendix II: (1) were the subject of a withdrawal of request for review; or (2) submitted a claim of no shipments. As such, these companies remain unexamined respondents.

We received comments from Fornebu Lumber Co. Inc. (Fornebu) stating that it had mistakenly referred to itself as Fornebu Lumber Co. Ltd. in its request for a review,<sup>27</sup> resulting in the *Initiation Notice* announcing a review of Fornebu Lumber Co. Inc. rather than Fornebu Lumber Co. Ltd.<sup>28</sup> Fornebu submitted U.S. entry documents in support of its claim.<sup>29</sup> Based on Fornebu's statements and the entry documents it has submitted, we have changed the name of the company under review from Fornebu Lumber Co. Ltd. to Fornebu Lumber Co. Inc.<sup>30</sup>

We also received comments from Olympic Industries, Inc. and Olympic Industries ULC (referred to collectively as Olympic) noting that, while we initiated reviews on Olympic Industries, Inc. and Olympic Industries ULC, our initiation excluded the following companies: Olympic Industries Inc-Reman Code, Olympic Industries ULC-Remand Code, Olympic Industries ULC-Reman, which were named in Olympic's review request.<sup>31</sup> Olympic asserts that

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<sup>23</sup> See West Fraser's Letter, "Certain Softwood Lumber Products from Canada, Case No. A-122-857: Section A Initial Questionnaire Response" dated June 18, 2020 (West Fraser's June 18, 2020 AQR) at A-1, A20-A21.

<sup>24</sup> See PMS Allegation.

<sup>25</sup> See Memorandum, "Second Antidumping Duty Administrative Review of Certain Softwood Lumber Products from Canada: Decision on Particular Market Situation Allegation," dated concurrently with this memorandum (PMS Preliminary Decision Memorandum).

<sup>26</sup> We made minor changes to certain companies for consistency per period and comma usage and referring to "Limited," "Company," and "also known as," identically for all companies.

<sup>27</sup> See Fornebu's Letter, "Clarification of Company Name of Fornebu Lumber Company Inc.," dated February 11, 2021 (Fornebu Letter).

<sup>28</sup> See *Initiation Notice*.

<sup>29</sup> See *Initiation Notice*; *see also* Fornebu Letter at Attachment.

<sup>30</sup> See the accompanying *Federal Register* notice.

<sup>31</sup> See Olympic's Letter, "Comments on Initiation Notice," dated March 12, 2020.

we should specify and include in the customs instructions the latter three names. However, we disagree that the latter three designations are necessary. While Inc. and ULC refer to different companies, the suffixes “Reman Code,” “Remand Code,” and “Reman” appear to be shipment designations that, when appended to the two Olympic companies, do not refer to companies different from Olympic Industries, Inc. and Olympic Industries ULC. Therefore, for the preliminary results we have not amended any of these suffixes to either Olympic Industries, Inc. and Olympic Industries ULC.<sup>32</sup> For consistency of presentation of names to CBP, we also made minor changes to names stated in the initiation.<sup>33</sup>

The Act and the Commerce’s regulations do not address the establishment of a rate to be applied to respondents not selected for individual examination when Commerce limits its examination of companies subject to an administrative review pursuant to section 777A(c)(2)(B) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents not individually examined in an administrative review. Section 735(c)(5)(A) of the Act articulates a preference for not calculating an all-others rate using rates which are zero, *de minimis*, or based entirely on facts available.<sup>34</sup> Accordingly, Commerce’s usual practice has been to determine the dumping margin for companies not individually examined by averaging the weighted-average dumping margins for the individually examined respondents, excluding rates that are zero, *de minimis*, or based entirely on facts available.<sup>35</sup>

We have preliminarily calculated weighted-average dumping margins for Canfor and West Fraser that are above *de minimis* and not based entirely on facts available. Therefore, we preliminarily assign the non-individually examined companies a rate of 12.05 percent, which is equal to the weighted average of the rates calculated for Canfor and West Fraser.<sup>36</sup>

Accordingly, we have applied a rate of 12.05 percent to the non-selected companies.<sup>37</sup>

## VII. DISCUSSION OF THE METHODOLOGY

### Normal Value Comparisons

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether Canfor and West Fraser’s sales of the subject merchandise from Canada to the United States were made at less than NV, Commerce compared the export price (EP) and constructed

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<sup>32</sup> We will instruct CBP to liquidate any entries made under the case number corresponding to “Olympic Inc.-Reman Code,” to liquidate at the rate we assign Olympic Inc. and to liquidate entries made under the case numbers corresponding to “Olympic Industries ULC-Remand Code,” and “Olympic Industries ULC-Reman” to liquidate at the rate we assign Olympic ULC.

<sup>33</sup> See Appendix II of the accompanying *Federal Register* notice.

<sup>34</sup> See *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part*, 73 FR 52823, 52824 (September 11, 2008), and accompanying Issues and Decision Memorandum (IDM) at Comment 16.

<sup>35</sup> *Id.*

<sup>36</sup> See Memorandum “Calculation of the Rate for Non-Selected Respondents,” dated concurrent with this memorandum.

<sup>37</sup> *Id.*

export price (CEP) to the NV as described in the “Export Price and Constructed Export Price” and “Normal Value” sections of this memorandum.

#### A. Determination of the Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs or CEPs (*i.e.*, the average-to-average method) unless Commerce determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, Commerce examines whether to compare weighted-average NVs with the EPs or CEPs of individual sales (*i.e.*, the average-to-transaction 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 strictly govern Commerce’s examination of this question in the context of administrative reviews, Commerce nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in less-than-fair-value investigations.<sup>38</sup>

In recent investigations, Commerce has applied a “differential pricing” analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.<sup>39</sup> Commerce finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce’s additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average method in calculating a respondent’s weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of EPs or CEPs for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all U.S. sales by purchaser, region, and time period to determine whether a pattern of prices that differ significantly exists. If such a pattern is

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<sup>38</sup> 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 IDM at Comment 1; and *JBF RAK LLC v. United States*, 790 F. 3d 1358, 1363-65 (Fed. Cir. 2015) (“{t}he fact that the statute is silent with regard to administrative reviews does not preclude Commerce from filling gaps in the statute to properly calculate and assign antidumping duties”) (citations omitted).

<sup>39</sup> See, e.g., *Polyethylene Terephthalate Resin from Taiwan: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures*, 83 FR 19696 (May 4, 2018), unchanged in *Polyethylene Terephthalate Resin from Taiwan: Final Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances, in Part*, 83 FR 48287 (September 24, 2018); *Large Diameter Welded Pipe from Canada: Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures*, 83 FR 43649 (August 27, 2018), unchanged in *Large Diameter Welded Pipe from Canada: Final Affirmative Determination of Sales at Less Than Fair Value*, 84 FR 6378 (February 27, 2019); and *Cast Iron Soil Pipe from the People’s Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 83 FR 44567 (August 31, 2018), unchanged in *Cast Iron Soil Pipe from the People’s Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 84 FR 6767 (February 28, 2019).



found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the consolidated customer codes reported by the respondent. Regions are defined using the reported destination code (*i.e.*, ZIP code) 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 based upon the U.S. date of sale. For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region, and time period, that Commerce uses in making comparisons between EP or CEP 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* coefficient is a generally recognized statistical measure of the extent of the difference between the mean (*i.e.*, weighted-average price) of a test group and the mean (*i.e.*, weighted-average price) of a comparison group. First, for comparable merchandise, the Cohen’s *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser, region, or time period 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 prices to the particular purchaser, region, or time period differ significantly from the 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 (0.2, 0.5, and 0.8, respectively). Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are 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 significant 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 account 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 average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average method, and application of the average-to-average 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 average-to-average 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, Commerce examines

whether using only the average-to-average method can appropriately account for such differences. In considering this question, Commerce tests whether using an alternative comparison 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 average-to-average method only. If the difference between the two calculations is meaningful, then this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative comparison method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if: (1) there is a 25 percent relative change in the weighted-average dumping margins between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold; or (2) the resulting weighted-average dumping margins between the average-to-average method and the appropriate alternative method move across the *de minimis* threshold.

Interested parties may present arguments and justifications 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.

#### B. Results of the Differential Pricing Analysis

For Canfor, based on the results of the differential pricing analysis, Commerce preliminarily finds that 55.82 percent of the value of U.S. sales pass the Cohen's *d* test, and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. However, Commerce finds that there is not a meaningful difference in the weighted-average dumping margins calculated using the average-to-average comparison method and the average-to-transaction comparison method when both methods are applied to all sales. Accordingly, Commerce has preliminarily determined to use the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Canfor.

For West Fraser, based on the results of the differential pricing analysis, Commerce preliminarily finds that 51.70 percent of the value of U.S. sales pass the Cohen's *d* test, and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce determines that the average-to-average method cannot account for such differences, because there is a 25 percent relative change between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to all U.S. sales, i.e., there is a meaningful difference. Thus, Commerce has preliminarily determined to use the average-to-transaction method for all U.S. sales to calculate the weighted-average dumping margin for West Fraser.

#### Date of Sale

Section 351.401(i) of Commerce's regulations states that, in identifying the date of sale of the merchandise under consideration or foreign like product, Commerce normally will use the date of invoice, as recorded in the exporters' or producers' records kept in the ordinary course of business. However, the regulations permit Commerce to use a date other than the date of invoice

if it is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.<sup>40</sup> Commerce has a long-standing practice of finding that, where shipment date precedes invoice date, shipment date better reflects the date on which the material terms of sale are established.<sup>41</sup>

For both its comparison-market and U.S. sales, Canfor reported the earlier of commercial invoice date or shipment date as the date of sale.<sup>42</sup> Canfor explained that the commercial invoice date is the date on which the terms of sale are finalized, and submitted documentation supporting this assertion.<sup>43</sup> Based on record evidence, we are preliminarily using the earlier of the commercial invoice date or shipment date for the date of sale for Canfor's sales in both the comparison and U.S. markets.

For both its comparison-market and U.S. sales, West Fraser reported the invoice date as the date of sale.<sup>44</sup> West Fraser explained that the invoice date is the date on which the merchandise is shipped,<sup>45</sup> and submitted documentation supporting this assertion.<sup>46</sup> Based on record evidence, we are preliminarily using the invoice date for the date of sale for West Fraser's sales in both the comparison and U.S. markets.

#### Export Price and Constructed Export Price

According to section 772(a) of the Act, EP is the price at which the merchandise under consideration is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under section 772(c) of the Act. Pursuant to section 772(b) of the Act, CEP is the price at which the merchandise under consideration is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted under sections 772(c) and (d) of the Act.

For EP sales reported by the respondents, we used the EP methodology, in accordance with section 772(a) of the Act, when the subject merchandise was first sold by the producer/exporter outside of the United States directly to the first unaffiliated purchaser in the United States prior to importation and because use of the CEP methodology was not otherwise warranted. For each of the

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<sup>40</sup> See 19 CFR 351.401(i); *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090 (CIT 2001) (quoting 19 CFR 351.401(i)).

<sup>41</sup> See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand*, 69 FR 76918 (December 23, 2004), and accompanying IDM at Comment 10; *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams from Germany*, 67 FR 35497 (May 20, 2002), and accompanying IDM at Comment 2.

<sup>42</sup> See Canfor's Letter, "Section A Initial Questionnaire Response," dated June 18, 2020 (Canfor's AQR) at A-28.

<sup>43</sup> *Id.* at A-35.

<sup>44</sup> See West Fraser's June 18, 2020 AQR at A-26.

<sup>45</sup> See West Fraser's Letter, "Certain Softwood Lumber Products from Canada, Case No. A-122-857: Response to Sections B, C, and D of the Initial Antidumping Duty Questionnaire," dated July 14, 2020 at B-30 – B-31 and at C-24.

<sup>46</sup> See, e.g., West Fraser's June 18, 2020 AQR at Exhibits WF-AR2-A-9 and WF-AR2-A-14.

respondent's vendor-managed inventory (VMI) sales, where the subject merchandise is sold after the date of importation from inventory located within the United States, we used the CEP methodology, consistent with section 772(b) of the Act.

We calculated EP based on packed prices to unaffiliated purchasers in the United States. We made billing adjustments and made deductions from the starting price, where applicable, for rebates and discounts, futures contracts gains or losses, and for movement expenses, *i.e.*, inland freight, fuel surcharges, brokerage and handling, and warehousing, in accordance with section 772(c)(2)(A) of the Act. We added U.S. direct selling expenses, *i.e.*, imputed credit expenses, bank charges, and warranty expenses to NV.

We calculated CEP in accordance with section 772(c)(2)(A) of the Act. We made billing adjustments and made deductions from the starting price, where applicable, for rebates and discounts, futures contracts gains or losses, and for movement expenses, *i.e.*, inland freight, fuel surcharges, brokerage and handling, and warehousing. We also deducted expenses associated with economic activities occurring in the United States, including direct selling expenses (*i.e.*, imputed credit expenses, bank charges, and warranty expenses) and indirect selling expenses (including inventory carrying costs). For further details regarding the calculation of EP and CEP for the respondents, *see* the preliminary analysis memorandum for each company.<sup>47</sup>

## Normal Value

### A. Comparison Market Viability

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, *i.e.*, the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales, we normally compare the respondent's volume of home-market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with sections 773(a)(1)(A) and (B) of the Act. If we determine that no viable home market exists, we may, if appropriate, use a respondent's sales of the foreign like product to a third-country market as the basis for comparison market sales in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404.

In this review, we preliminarily determine that the aggregate volume of each of the respondents' home market (*i.e.*, Canadian) sales of the foreign like product was greater than five percent of the aggregate volume of its U.S. sales of the subject merchandise.<sup>48</sup> Therefore, for all of the respondents, we used home market sales as the basis for determining NV, in accordance with section 773(a)(1)(B) of the Act and 19 CFR 351.404.<sup>49</sup>

### B. Affiliated Party Transactions and the Arm's-Length Test

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<sup>47</sup> See Memoranda "Canfor Preliminary Sales Analysis Memo"; and "West Fraser Preliminary Sales Analysis Memo;" both dated concurrently with this memorandum (collectively, Respondents' Preliminary Analysis Memoranda).

<sup>48</sup> See Canfor's AQR at Exhibit A-1 and West Fraser's June 18, 2020 AQR at Exhibit WF-AR2-A-1.

<sup>49</sup> See Respondents' Preliminary Analysis Memoranda.

Commerce may calculate NV based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the exporter or producer, *i.e.*, sales were made at arm's-length prices.<sup>50</sup> Under section 773(a)(5) of the Act, Commerce has considerable discretion in deciding whether to include affiliated party sales when calculating NV.<sup>51</sup> Commerce excludes comparison market sales to affiliated customers that are not made at arm's-length prices from our margin analysis because we consider them to be outside of the ordinary course of trade.<sup>52</sup> Consistent with 19 CFR 351.403(c) and (d) and in accordance with its practice, Commerce “may calculate normal value based on sales to affiliates if satisfied that the transactions were made at arm's length.”<sup>53</sup> To test if sales to affiliates were made at arm's-length prices, we compare, on a model-specific basis, the starting prices of sales to affiliated and unaffiliated customers, net of all direct selling expenses, billing adjustments, discounts, rebates, movement charges, and packing (arm's-length test). Where prices to the affiliated party are, on average, within a range of 98-to-102 percent of the price of identical or comparable merchandise to the unaffiliated parties, we determine that the sales made to the affiliated party are at arm's length.<sup>54</sup>

### C. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, Commerce will calculate NV based on sales at the same level of trade (LOT) as the U.S. sales. Sales are made at different levels of trade if they are made at different marketing stages (or their equivalent).<sup>55</sup> Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.<sup>56</sup> In order to determine whether the comparison market sales are at different stages in the marketing process than the U.S. sales, we examine the distribution system in each market, *i.e.*, the chain of distribution, including selling functions and 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.*, NV based on either home-market or third-country prices,<sup>57</sup> 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.<sup>58</sup>

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<sup>50</sup> See 19 CFR 351.403(c).

<sup>51</sup> See section 773(a)(5) of the Act; and *NTN Corp. v. United States*, 306 F. Supp. 2d 1319, 1332 (CIT 2004) (affirming Commerce's discretion to apply the arm's-length test to determine whether to exclude certain home market sales to affiliated parties in the normal value calculation.).

<sup>52</sup> See 19 CFR 351.403(c).

<sup>53</sup> See *China Steel Corp. v. United States*, 264 F. Supp. 2d 1339, 1367 (CIT 2003).

<sup>54</sup> See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69194 (November 15, 2002).

<sup>55</sup> See 19 CFR 351.412(c)(2).

<sup>56</sup> *Id.*; and *Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administrative Review and Notice of Intent Not To Revoke Antidumping Duty Order in Part*, 75 FR 50999 (August 18, 2010) (*OJ from Brazil*), and accompanying IDM at Comment 7.

<sup>57</sup> Where NV is based on constructed value (CV), we determine the NV level of trade based on the level of trade of the sales from which we derive selling, general and administrative expenses, and profit for CV, where possible. See 19 CFR 351.412(c)(1).

<sup>58</sup> See *Micron Tech., Inc. v. United States*, 243 F. 3d 1301, 1314-16 (Fed. Cir. 2001).

When Commerce is unable to match U.S. sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, Commerce may compare the U.S. sale 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 a 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 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, Commerce will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.<sup>59</sup>

In this review, we obtained information from the respondents regarding the marketing stages involved in making their reported comparison market and U.S. sales, including a description of the selling activities performed by each respondent for each channel of distribution.

Canfor reported that it had five channels of distribution in its comparison market and U.S. markets, and that it had five customer categories in both its comparison and U.S. markets.<sup>60</sup> Canfor reported making mill direct sales, reload sales (reload sales consist of warehouses where inventory is held for sale or for purposes of consolidating orders for shipment via rail or truck), and sales made from remanufacturing facilities all at the same LOT, but that while it was not requesting a LOT adjustment,<sup>61</sup> Canfor claimed that VMI sales were made at a different LOT.<sup>62</sup> However, for 10 of the 15 sales activities Canfor listed, it stated that it did them on all sales channels (aside from local and employee sales), including VMI sales.<sup>63</sup> While Canfor claimed that it performed a small number of these 10 sales activities at a higher level of intensity for VMI sales, Canfor was not the party performing the sales functions for the sale to the ultimate customer of VMI sales; rather, Canfor's customer made the ultimate sale, after which it informed Canfor of the withdrawal and then Canfor merely invoiced the customer based on the withdrawal slips and based on agreed upon sales prices.<sup>64</sup> Thus, while Canfor claimed that its VMI sales involved greater sales activity than other sales, it appears that the sales functions, whether they are to VMI customers or non-VMI customers, are largely the same. Meanwhile, the other sales activities claimed to be only done for VMI sales involved packing, barcoding, inventory maintenance, distributor training and supporting the customer with sales support.<sup>65</sup> These five activities appear both minor and, as we noted above, the customer would have performed most of the distribution and sales to the ultimate customer and informed Canfor of what the inventory levels were.

Canfor also reported that it had a small amount of mill local and employee sales in the home market. Canfor stated that such sales required far less sales activities relative to all other types of sales, noting that the "customer places the order directly with the mill and picks up the merchandise at the mill. Other than order processing and preparing the merchandise for pickup,

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<sup>59</sup> See *OJ from Brazil* IDM at Comment 7.

<sup>60</sup> See Canfor's AQR at 15-28.

<sup>61</sup> *Id.* at 17.

<sup>62</sup> *Id.* at 28.

<sup>63</sup> *Id.* at Exhibit A-10.

<sup>64</sup> *Id.* at 17.

<sup>65</sup> *Id.* at Exhibit A-10.

there are essentially no other sales activities conducted by Canfor on these sales.”<sup>66</sup> Thus, Commerce has treated mill local and employee sales at one LOT and all other sales at another LOT and has applied a LOT adjustment accordingly. Moreover, because these facts do not establish CEP sales as a separate LOT to comparison market sales, we also determined that a CEP offset is not warranted. Accordingly, we have not granted a CEP offset, pursuant to 773(a)(7)(B) of the Act.

West Fraser did not claim a LOT adjustment and all information it provided detailing the selling activities and intensity of each selling activity supported finding that all of its sales were made at the same LOT.<sup>67</sup> Therefore, we preliminarily determine that only one LOT exists in the comparison and U.S. markets for West Fraser. For this reason, we preliminarily determine that a LOT adjustment is not warranted for West Fraser. Moreover, because these facts do not establish CEP sales as a separate LOT to comparison market sales, we also determined that a CEP offset is not warranted. Accordingly, we have not granted a CEP offset, pursuant to 773(a)(7)(B) of the Act.

#### D. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of costs of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses and interest expenses. We relied on the COP data submitted by Canfor and West Fraser, with adjustments as discussed in the COP and CV calculation memoranda for each company.<sup>68</sup>

Section 773(b)(2)(A)(ii) of the Act requires Commerce to request CV and COP information from respondent companies in all AD proceedings.<sup>69</sup> Accordingly, Commerce requested this information from Canfor and West Fraser, in this review.

##### a. Calculation of COP

We calculated the COP for Canfor and West Fraser based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for selling, general, and administrative expenses and packing, in accordance with section 773(b)(3) of the Act. We relied on the COP data provided by the respondents in their most recently submitted cost database for the COP calculation except as detailed in each respondent’s cost analysis memorandum.<sup>70</sup>

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<sup>66</sup> *Id.* at 18.

<sup>67</sup> See West Fraser’s June 18, 2020 AQR at A-23-A-32 and Exhibits WF-AR2-A-8, WF-AR2-A-9, and WF-AR2-A-10.

<sup>68</sup> See Memoranda, “Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results – Canfor”; “Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results – Resolute”; and “Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results – West Fraser,” all dated concurrently with this memorandum (collectively, Respondents’ Cost Calculation Memoranda).

<sup>69</sup> 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, 46794-95 (August 6, 2015).

<sup>70</sup> See Respondents’ Cost Calculation Memoranda.

b. Test of Comparison Market Sales Prices

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

c. 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-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.

We found that, for certain specific products, more than 20 percent of the two mandatory respondents' respective home market sales during the POR were at prices less than the COP and, in addition, such sales did not provide for the recovery of costs within a reasonable period of time. We therefore excluded these sales and used the remaining sales, if any, as the basis for determining NV, in accordance with section 773(b)(1) of the Act.<sup>71</sup>

E. Calculation of Normal Value Based on Comparison Market Prices

For those comparison products for which there were an appropriate number of sales at prices above the COP, we based NV on comparison market prices. We calculated NV based on packed, ex-factory, or delivered prices to unaffiliated customers in Canada.

When comparing U.S. sales with comparison market sales of similar, but not identical, merchandise, Commerce also made adjustments for physical differences in the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. Commerce based this adjustment on the difference in the variable cost of manufacturing for the foreign like products and the merchandise under consideration.<sup>72</sup>

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<sup>71</sup> *Id.*

<sup>72</sup> See 19 CFR 351.411(b); and Respondents' Preliminary Analysis Memoranda.



Commerce calculated the NV based on prices to unaffiliated customers. Commerce increased, where appropriate, the starting price to account for billing adjustments, in accordance with 19 CFR 351.401(c).<sup>73</sup> Commerce also made a deduction from the starting price for discounts and rebates, pursuant to 19 CFR 351.401(c).

Commerce then, pursuant to section 773(a)(6)(B) of the Act, adjusted the starting price for expenses such as inland freight from plant to distribution warehouse, warehousing expenses, inland freight from plant/distribution warehouse to customer, and inland insurance. Next, Commerce made deductions pursuant to section 773(a)(6)(C) of the Act and 19 CFR 351.410 for differences in circumstances of sale for home market credit expenses. In accordance with 19 CFR 351.410(e), Commerce also made adjustments to the respondents' NV for indirect selling expenses and inventory carrying costs incurred in the comparison market. In accordance with sections 773(a)(6)(A) and (B) of the Act, Commerce also deducted home market packing costs, and added U.S. packing costs.

#### F. 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.

### VIII. RECOMMENDATION

We recommend applying the above methodology for these preliminary results of review.

\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

5/20/2021

X



Signed by: RYAN MAJERUS

Ryan Majerus  
Deputy Assistant Secretary  
for Policy and Negotiations

<sup>73</sup> See Respondents' Preliminary Analysis Memoranda.