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Administrative Review
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October 5, 2016

MEMORANDUM TO: Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for the Preliminary Results of
Antidumping Duty Administrative Review: Certain Lined Paper
Products from India; 2014-2015

SUMMARY

In response to requests from interested parties, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty (AD) order on certain lined paper products (CLPP) from India for the period of review (POR), September 1, 2014, through August 31, 2015. The Department preliminarily determines that Navneet Education Ltd. (Navneet) made sales of subject merchandise at less than normal value (NV) during the POR and Kokuyo Riddhi Paper Products Private Limited (Kokuyo Riddhi) did not. We have used the margin assigned to Navneet as the basis for the margin assigned to the firms that were not subject to individual review.¹

We intend to issue the final results no later than 120 days from the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act). Once we issue the final results, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries of subject merchandise during the POR.

We initiated this review with respect to ten Indian producers/exporters of subject merchandise.² We subsequently rescinded the review with respect to two companies for which all review requests were timely withdrawn, SAB International (SAB) and Super Impex.³ We preliminarily determine that Lodha Offset Limited (Lodha Offset) had no sales of subject merchandise during

¹ See section titled, "Margins for Companies Not Selected for Individual Examination," for additional details.

² See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 80 FR 69193 (November 9, 2015) (*Initiation Notice*).

³ See *Certain Lined Paper from India: Partial Rescission of Antidumping Duty Administrative Review: 2014-2015*, 81 FR 5707 (February 3, 2016) (*Partial Rescission Notice*).



the POR. Accordingly, this review covers two mandatory respondents, Kokuyo Riddhi and Navneet, as well as five non-selected companies, as discussed below.

BACKGROUND

On September 28, 2006, the Department published in the *Federal Register* the *AD Order* on CLPP from India.⁴ On September 1, 2015, the Department published a notice of opportunity to request an administrative review of the *AD Order* on CLPP from India.⁵

Pursuant to requests from interested parties, on November 9, 2015, the Department published in the *Federal Register* the *Initiation Notice*.⁶ The Department initiated this administrative review covering the following ten companies: Goldenpalm Manufacturers PVT Limited (Goldenpalm), Kokuyo Riddhi, Lodha Offset, Magic International Pvt. Ltd. (Magic), Marisa International (Marisa), Navneet, Pioneer Stationery Pvt Ltd. (Pioneer), SAB, SGM Paper Products, and Super Impex.

On November 9, 2015, the Department issued quantity and value questionnaires to all of the companies requested for review. On November 11, 2015, Lodha Offset reported that it made no sales of subject merchandise during the POR. On November 19, 2015, we issued a non-shipment inquiry instruction to U.S. Customs and Border Protection (CBP) to confirm Lodha Offset's claim of non-shipment. We did not receive any contradictory information from CBP. Based on Lodha Offset's claim of no shipments, and because no information to the contrary was received by the Department from CBP within the 10-day period stated in the Department's instruction, we preliminarily determine that Lodha Offset had no shipments of the subject merchandise, and, therefore, no reviewable transactions, during the POR.

Pursuant to 19 CFR 351.213(d)(1), the deadline to timely file withdrawal of review requests was February 8, 2016. Super Impex and SAB timely withdrew their requests for administrative review on November 16 and 17, 2015, respectively.⁷

On December 4, 2015, the Department selected Kokuyo Riddhi and Navneet as mandatory respondents, and issued initial questionnaires to both companies.⁸

On February 3, 2016, the Department rescinded the administrative review with respect to SAB and Super Impex, pursuant to the aforementioned timely withdrawal requests submitted by the

⁴ See *Notice of Amended Final Determination of Sales at Less Than Fair Value: Certain Lined Paper Products from the People's Republic of China; Notice of Antidumping Duty Orders: Certain Lined Paper Products from India, Indonesia and the People's Republic of China; and Notice of Countervailing Duty Orders: Certain Lined Paper Products from India and Indonesia*, 71 FR 56949 (September 28, 2006) (*AD Order*).

⁵ See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 80 FR 52741 (September 1, 2015).

⁶ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 80 FR 69193 (November 9, 2015) (*Initiation Notice*).

⁷ See the letters from Super Impex and SAB, dated November 16, 2015.

⁸ See Memorandum titled, "Selection of Respondents for Individual Examination," dated December 4, 2015 (Respondent Selection Memo); see also the Department's initial Section A-E questionnaire, dated December 4, 2015.

respective parties.⁹ Thus, we are conducting individual examinations of Kokuyo Riddhi and Navneet. For the remaining firms covered by this administrative review which were not selected for individual examination, we have assigned to them the calculated weighted-average percentage margin, 2.54 percent, based on the dumping margin of Navneet.¹⁰ The firms receiving this non-selected rate are: Goldenpalm, Magic, Marisa, Pioneer, and SGM.

On September 6, 2016, Petitioners¹¹ submitted new factual information (*e.g.* Indian export data and PIERS data) regarding Navneet's U.S. sales data, which the Department accepted on the record. We invited interested parties to submit comments and factual information to rebut, clarify or correct this new factual information no later than October 24, 2016.¹² Due to time constraints, the Department will examine Petitioners' September 6, 2016 submission after the release of these preliminary results.¹³

Kokuyo Riddhi

In response to the Department's initial questionnaire dated December 4, 2015, Kokuyo Riddhi submitted its section A response on January 8, 2016.¹⁴ Kokuyo Riddhi submitted its questionnaire response to sections B and C of the Department's initial questionnaire on January 25, 2016.¹⁵ Kokuyo Riddhi submitted its response to section D of the Department's initial questionnaire on January 29, 2016.¹⁶ On March 3, 2016, Petitioners submitted comments on Kokuyo Riddhi's response to sections A through D of the Department's initial questionnaire. The Department issued a section A-D supplemental questionnaire to which Kokuyo Riddhi provided its response on July 21, 2016.

Navneet

In response to the Department's initial questionnaire dated December 4, 2015, Navneet submitted its section A response on January 5, 2016.¹⁷ Navneet submitted its response to sections B through D of the Department's initial questionnaire on January 31, 2016.¹⁸

The Department issued section A-D supplemental questionnaires to which Navneet provided its responses on April 15 and June 16, 2016, respectively.¹⁹

⁹ See *Partial Rescission Notice*.

¹⁰ See "Margins for Companies Not Selected for Individual Examination" section for further discussion of the derivation of the "non-selected rate."

¹¹ Petitioners are the Association of American School Paper Suppliers.

¹² See Petitioner's letter, "Certain Lined Paper Products from India: General New Factual Information Submission," dated September 6, 2016.

¹³ See Letter titled, "New Factual Information Filed by the Association of American School Paper Suppliers (Petitioner) and Extension of Deadline to Submit Factual Information Pertaining to Navneet Education Ltd.'s (Navneet) Sales Reporting," dated September 27, 2016.

¹⁴ See Kokuyo Riddhi's Initial Questionnaire Response (IQR) section A, dated January 8, 2016 (Kokuyo Riddhi's AQR).

¹⁵ See Kokuyo Riddhi's IQR at sections B and C (BQR and CQR), dated January 25, 2016.

¹⁶ See Kokuyo Riddhi's IQR at section D (DQR), dated January 29, 2016.

¹⁷ See Navneet's IQR section A, dated January 5, 2016 (Navneet's AQR).

¹⁸ See Navneet's IQR at sections B through D (BQR, CQR and DQR), dated January 31, 2016.

On March 10, 2016, Petitioners submitted comments on Navneet's response to sections A through D of the Department's initial questionnaire.²⁰ On May 11, 2016, Petitioners submitted an additional comment letter on Navneet's response to the Department's first supplemental questionnaire.²¹ On June 23, Petitioners submitted pre-verification comments.²²

From June 28, 2016, through July 8, 2016, we conducted cost and sales verifications of Navneet. On August 16, 2016, we issued both the sales and cost verification reports.²³

Extension of Preliminary Results

As explained in the memorandum from the Acting Assistant Secretary for Enforcement and Compliance, the Department exercised its discretion to toll all administrative deadlines due to a closure of the Federal Government. As a result, the revised deadline for the preliminary results of this review was June 7, 2016.²⁴ On May 5, 2016, the Department issued a memorandum extending the time period for issuing the preliminary results of the instant administrative review from June 7, 2016, to October 5, 2016.²⁵

SCOPE OF THE ORDER

The scope of this order includes certain lined paper products, typically school supplies (for purposes of this scope definition, the actual use of or labeling these products as school supplies or non-school supplies is not a defining characteristic) composed of or including paper that incorporates straight horizontal and/or vertical lines on ten or more paper sheets (there shall be no minimum page requirement for looseleaf filler paper) including but not limited to such products as single- and multi-subject notebooks, composition books, wireless notebooks, looseleaf or glued filler paper, graph paper, and laboratory notebooks, and with the smaller dimension of the paper measuring 6 inches to 15 inches (inclusive) and the larger dimension of the paper measuring 8-3/4 inches to 15 inches (inclusive). Page dimensions are measured size (not advertised, stated, or "tear-out" size), and are measured as they appear in the product (i.e.,

¹⁹ See Navneet's first supplemental questionnaire response (1st SQR), dated April 14, 2016; *see also* Navneet's second supplemental questionnaire response (2nd SQR), dated June 16, 2016.

²⁰ See Petitioners' letter titled, "*Certain Lined Paper Products from India: Deficiency Comments on Navneet's Original Questionnaire Responses*," dated March 9, 2016.

²¹ See Petitioners' letter titled, "*Certain Lined Paper Products from India: Deficiency Comments on Navneet's Supplemental Questionnaire Responses*," dated May 10, 2016.

²² See Petitioners' letter titled, "*Certain Lined Paper Products from India: Pre-Verification Comments on Navneet*," dated June 22, 2016.

²³ See Memorandum to the File titled, "Verification of the Sales Response of Navneet Education Ltd. (Navneet) in the Antidumping Administrative Review of Certain Lined Paper Products from India," dated August 16, 2016; *see also* Memorandum titled, "Verification of the Cost Response of Navneet Education Ltd. (Navneet) in the Antidumping Administrative Review of Certain Lined Paper Products from India," dated August 16, 2016.

²⁴ See Memorandum to the Record from Ron Lorentzen, Acting Assistant Secretary for Enforcement & Compliance, regarding "Tolling of Administrative Deadlines As a Result of the Government Closure During Snowstorm 'Jonas,'" dated January 27, 2016. If the new deadline falls on a non-business day, in accordance with the Department's practice, the deadline will become the next business day.

²⁵ See Memorandum, titled "Certain Lined Paper Products from India: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review," dated May 3, 2016.

stitched and folded pages in a notebook are measured by the size of the page as it appears in the notebook page, not the size of the unfolded paper). However, for measurement purposes, pages with tapered or rounded edges shall be measured at their longest and widest points. Subject lined paper products may be loose, packaged or bound using any binding method (other than case bound through the inclusion of binders board, a spine strip, and cover wrap). Subject merchandise may or may not contain any combination of a front cover, a rear cover, and/or backing of any composition, regardless of the inclusion of images or graphics on the cover, backing, or paper. Subject merchandise is within the scope of this order whether or not the lined paper and/or cover are hole punched, drilled, perforated, and/or reinforced. Subject merchandise may contain accessory or informational items including but not limited to pockets, tabs, dividers, closure devices, index cards, stencils, protractors, writing implements, reference materials such as mathematical tables, or printed items such as sticker sheets or miniature calendars, if such items are physically incorporated, included with, or attached to the product, cover and/or backing thereto.

Specifically excluded from the scope of this order are:

- unlined copy machine paper;
- writing pads with a backing (including but not limited to products commonly known as “tablets,” “note pads,” “legal pads,” and “quadrille pads”), provided that they do not have a front cover (whether permanent or removable). This exclusion does not apply to such writing pads if they consist of hole-punched or drilled filler paper;
- three-ring or multiple-ring binders, or notebook organizers incorporating such a ring binder provided that they do not include subject paper;
- index cards;
- printed books and other books that are case bound through the inclusion of binders board, a spine strip, and cover wrap;
- newspapers;
- pictures and photographs;
- desk and wall calendars and organizers (including but not limited to such products generally known as “office planners,” “time books,” and “appointment books”);
- telephone logs;
- address books;
- columnar pads & tablets, with or without covers, primarily suited for the recording of written numerical business data;
- lined business or office forms, including but not limited to: pre-printed business forms, lined invoice pads and paper, mailing and address labels, manifests, and shipping log books;
- lined continuous computer paper;
- boxed or packaged writing stationery (including but not limited to products commonly known as “fine business paper,” “parchment paper”, and “letterhead”), whether or not containing a lined header or decorative lines;
- Stenographic pads (“steno pads”), Gregg ruled (“Gregg ruling” consists of a single- or double-margin vertical ruling line down the center of the page. For a six-inch by nine-inch stenographic pad, the ruling would be located approximately three inches from the left of the book.), measuring 6 inches by 9 inches.

Also excluded from the scope of this order are the following trademarked products:

- Fly™ lined paper products: A notebook, notebook organizer, loose or glued note paper, with papers that are printed with infrared reflective inks and readable only by a Fly™ pen-top computer. The product must bear the valid trademark Fly™ (products found to be bearing an invalidly licensed or used trademark are not excluded from the scope).
- Zwipes™: A notebook or notebook organizer made with a blended polyolefin writing surface as the cover and pocket surfaces of the notebook, suitable for writing using a specially-developed permanent marker and erase system (known as a Zwipes™ pen). This system allows the marker portion to mark the writing surface with a permanent ink. The eraser portion of the marker dispenses a solvent capable of solubilizing the permanent ink allowing the ink to be removed. The product must bear the valid trademark Zwipes™ (products found to be bearing an invalidly licensed or used trademark are not excluded from the scope).
- FiveStar®Advance™: A notebook or notebook organizer bound by a continuous spiral, or helical, wire and with plastic front and rear covers made of a blended polyolefin plastic material joined by 300 denier polyester, coated on the backside with PVC (poly vinyl chloride) coating, and extending the entire length of the spiral or helical wire. The polyolefin plastic covers are of specific thickness; front cover is 0.019 inches (within normal manufacturing tolerances) and rear cover is 0.028 inches (within normal manufacturing tolerances). Integral with the stitching that attaches the polyester spine covering, is captured both ends of a 1" wide elastic fabric band. This band is located 2-3/8" from the top of the front plastic cover and provides pen or pencil storage. Both ends of the spiral wire are cut and then bent backwards to overlap with the previous coil but specifically outside the coil diameter but inside the polyester covering. During construction, the polyester covering is sewn to the front and rear covers face to face (outside to outside) so that when the book is closed, the stitching is concealed from the outside. Both free ends (the ends not sewn to the cover and back) are stitched with a turned edge construction. The flexible polyester material forms a covering over the spiral wire to protect it and provide a comfortable grip on the product. The product must bear the valid trademarks FiveStar®Advance™ (products found to be bearing an invalidly licensed or used trademark are not excluded from the scope).
- FiveStar Flex™: A notebook, a notebook organizer, or binder with plastic polyolefin front and rear covers joined by 300 denier polyester spine cover extending the entire length of the spine and bound by a 3-ring plastic fixture. The polyolefin plastic covers are of a specific thickness; front cover is 0.019 inches (within normal manufacturing tolerances) and rear cover is 0.028 inches (within normal manufacturing tolerances). During construction, the polyester covering is sewn to the front cover face to face (outside to outside) so that when the book is closed, the stitching is concealed from the outside. During construction, the polyester cover is sewn to the back cover with the outside of the polyester spine cover to the inside back cover. Both free ends (the ends not sewn to the cover and back) are stitched with a turned edge construction. Each ring

within the fixture is comprised of a flexible strap portion that snaps into a stationary post which forms a closed binding ring. The ring fixture is riveted with six metal rivets and sewn to the back plastic cover and is specifically positioned on the outside back cover. The product must bear the valid trademark FiveStar Flex™ (products found to be bearing an invalidly licensed or used trademark are not excluded from the scope).

Merchandise subject to this order is typically imported under headings 4811.90.9035, 4811.90.9080, 4820.30.0040, 4810.22.5044, 4811.90.9050, 4811.90.9090, 4820.10.2010, 4820.10.2020, 4820.10.2030, 4820.10.2040, 4820.10.2050, 4820.10.2060, and 4820.10.4000 of the HTSUS. The HTSUS headings are provided for convenience and customs purposes; however, the written description of the scope of this order is dispositive.

DISCUSSION OF THE METHODOLOGY

Date of Sale

Section 351.401(i) of the Department's regulations states that the Department normally will use the date of invoice, as recorded in the producer's or exporter's records kept in the ordinary course of business, as the date of sale. The regulation provides further that the Department may use a date other than the date of the invoice if the Secretary is satisfied that a different date better reflects the date on which the material terms of sale (such as price and quantity) are established.

Navneet reported the commercial invoice date as the date of sale in the home market. For U.S. sales, Navneet reported the purchase order date as the date of sale because orders were not modified after being placed, so the date of the purchase order invariably recorded the quantity, price, and specifications of each sale.²⁶ Nothing on the record suggests that a different date better reflects the date on which the material terms of sale are established. Thus, for Navneet, we are basing the date of sale on the commercial invoice date for home market sales, and the purchase order date for U.S. sales.

Kokuyo Riddhi reported the commercial invoice date as the date of sale in both the U.S. market and comparison market, and nothing on the record suggests that a different date better reflects the date on which the material terms of sale are established.²⁷ Thus, for Kokuyo Riddhi, we are basing the date of sale on the commercial invoice date.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by the respondents that are covered by the description contained in the "Scope of the Order" section above and were sold in the home market during the POR, to be foreign like product for purposes of determining appropriate product on which to base NVs for comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to sales of the most similar foreign like product on the basis of the hierarchy

²⁶ See Navneet's AQR at A-29 and A-30. See also Navneet's BQR at B-24, and CQR at C-23.

²⁷ See Kokuyo Riddhi's AQR at 23. See also Kokuyo Riddhi's BQR at 26.

of reported physical characteristics: (1) form, (2) paper volume, (3) brightness, (4) binding type, (5) cover material, (6) back material, (7) number of inserts, and (8) insert material.

Comparisons to Normal Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether Kokuyo Riddhi's and Navneet's sales of the subject merchandise from India to the United States were made at less than NV, we compared the export price (EP) to the NV as described in the "Export Price," and "Normal Value" sections of this memorandum.

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates weighted-average dumping margins by comparing weighted-average normal values to weighted-average export prices (or constructed export prices) (*i.e.*, the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, the Department examines whether to compare weighted-average normal values with the export prices (or constructed export prices) 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 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, in fact, analogous to the issue in less-than-fair-value investigations.²⁸

In recent investigations, the Department 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.²⁹ The Department 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. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating a respondent's weighted-average dumping margin.

²⁸ 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 the accompanying Issues and Decision Memorandum at comment 1; see also *Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286 (Ct. Int'l Trade 2014).

²⁹ See, e.g., *Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair*, 78 FR 33351 (June 4, 2013) and accompanying Issues and Decision Memorandum at Comment 3; *Steel Concrete Reinforcing Bar From Mexico: Preliminary Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, and Postponement of Final Determination*, 79 FR 22802 (April 24, 2014), and accompanying Issues and Decision Memorandum at 17-19, unchanged in Final Determination, 79 FR 54967 (September 15, 2014); and *Welded Line Pipe from the Republic of Turkey: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 80 FR 29617 (May 22, 2015) and accompanying Issues and Decision Memorandum at 10-12, unchanged in Final Determination, 80 FR 61362, (October 13, 2015); see also *Differential Pricing Analysis; Request for Comments*, 79 FR 26720 (May 9, 2014).

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of export prices (or constructed export prices) for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchaser, region and time period to determine whether a pattern of prices that differ significantly exists. If such a pattern is 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 reported customer codes for Kokuyo Riddhi and Navneet. Regions are defined using the reported destination codes (*i.e.*, zip codes for both Kokuyo Riddhi and Navneet) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau.³⁰ Time periods are defined by the quarter within the POR based upon the reported 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 the Department uses in making comparisons between 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* 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 passes 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 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 A-to-A method, and application of the average-to-average method to those sales identified as not passing the Cohen’s

³⁰ See Kokuyo Riddhi’s first supplemental questionnaire response (1st SQR), dated July 21, 2016, at 10. See also Navneet’s BQR at 102.

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, the Department examines whether using only the average-to-average 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 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 Kokuyo Riddhi, based on the results of the differential pricing analysis, the Department finds that 37.32 percent of the value of Kokuyo Riddhi's U.S. sales pass the Cohen's *d* test,³¹ which confirms the existence of a pattern of prices for comparable merchandise that differ significantly among purchasers, regions or time periods. However, the Department determines that the A-to-A method can appropriately account for such differences because there is a less than 25 percent relative change in the weighted-average dumping margins when calculated using the A-to-A method and an alternative method based on the A-to-T method applied to the U.S. sales which pass the Cohen's *d* test. Thus, the results of the Cohen's *d* and ratio tests do not support consideration of an alternative to the average-to-average method. Accordingly, the Department preliminarily determines to apply the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Kokuyo Riddhi.³²

³¹ See Memorandum to the File, "Preliminary Sales and Cost of Production Calculation Memorandum for Kokuyo Riddhi Paper Products Private Limited (Kokuyo Riddhi)," dated concurrently with this memorandum (Preliminary Calculation Memorandum for Kokuyo Riddhi) for further details.

³² In these preliminary results, the Department applied the weighted-average dumping margin calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8101 (February 14, 2012). In particular, for Kokuyo Riddhi and Navneet, the Department compared monthly weighted-average EPs with monthly weighted-average NVs and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.

For Navneet, based on the results of the differential pricing analysis, the Department finds that 14.63 percent of the value of Navneet's U.S. sales pass the Cohen's *d* test,³³ which does not confirm the existence of a pattern of prices for comparable merchandise that differ significantly among purchasers, regions or time periods. Thus, for these preliminary results, the Department is applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Navneet.

Export Price

For Kokuyo Riddhi's and Navneet's U.S. sales, we used the EP methodology, in accordance with section 772(a) of the Act, because the subject merchandise was sold by the producer or exporter of subject merchandise outside of the United States directly to the first unaffiliated purchaser in the United States prior to importation. We based EP on packed prices to the first unaffiliated purchaser in the United States. When appropriate, we adjusted the EP prices to reflect discounts, rebates, and billing adjustments.

For Kokuyo Riddhi and Navneet, in accordance with section 772(c)(2)(A) of the Act, we made deductions, where appropriate, for movement expenses, inland freight, brokerage and handling, international freight, freight rebate revenue, and U.S. customs duties in accordance with section 772(c)(2)(A) of the Act. In addition, when appropriate, we increased EP by an amount equal to the countervailing duty (CVD) rate attributed to export subsidies in the most recently completed CVD administrative review, in accordance with section 772(c)(1)(C) of the Act.

Normal Value

A. Home Market Viability

In accordance with section 773(a)(1)(C) of the Act, to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared Kokuyo Riddhi's and Navneet's volumes of home market sales of the foreign like product to the volumes of U.S. sales of the subject merchandise. Pursuant to section 773(a)(1)(B) of the Act and 19 CFR 351.404(b), because Navneet's aggregate volume of 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,³⁴ we determined that the home market was viable. Moreover, there is no evidence on the record supporting a particular market situation in the exporting companies' country that would not permit a proper comparison of home market and U.S. prices.

Kokuyo Riddhi did not have viable home market sales during the POR. Accordingly, for Kokuyo Riddhi we cannot calculate NV based upon the methodology set forth in section 773(a)(1)(B)(i) of the Act.³⁵

³³ See Memorandum to the File, "Preliminary Sales and Cost of Production Calculation Memorandum for Navneet Education Ltd. (Navneet)," dated concurrently with this memorandum (Preliminary Calculation Memorandum for Navneet) for further details.

³⁴ See Navneet's AQR at page A-3 and Exhibit A-1.

³⁵ See Kokuyo Riddhi's AQR at 8 and Exhibit A-1.

Section 773(a)(1)(C)(i) of the Act applies to the Department's determination of NV if the foreign like product is not sold (or offered for sale) for consumption in the exporting country. When sales in the home market are not viable, section 773(a)(1)(B)(ii) of the Act provides that sales to a particular third-country market may be utilized if: (1) the prices in such market are representative; (2) the aggregate quantity of the foreign like product sold by the producer or exporter in the third-country market is five percent or more of the aggregate quantity of the subject merchandise sold in or to the United States; and (3) the Department does not determine that a particular market situation in the third-country market prevents a proper comparison with the U.S. price.

Kokuyo Riddhi reported its quantity and value of sales of foreign like product made to its three largest third-country markets: Liberia, Nicaragua, and Panama.³⁶ Sales to these three third-country markets were at volumes greater than five percent of its aggregate U.S. sales during the POR.³⁷ However, of these viable third-country markets, we find that Panama is the largest third-country market during the POR.³⁸ Accordingly, we have selected Panama as the third-country market.³⁹

B. 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 at the same level of trade (LOT) as the EP or CEP. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).⁴⁰ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.⁴¹ In order to determine whether the comparison sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, the chain of distribution), including selling functions, class of customer (*i.e.*, customer category), and the level of selling expenses for each type of sale.

Pursuant to 19 CFR 351.412(c)(1), in identifying LOTs for EP and comparison market sales (*i.e.*, NV based on either home market or third-country prices), 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 CEP profit under section 772(d) of the Act.⁴² 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, general, and administrative (SG&A) expenses, and profit for CV, where possible.⁴³

³⁶ See Kokuyo Riddhi AQR, at page A-3 and Exhibit A-1.

³⁷ See 19 CFR 351.404(b)(2).

³⁸ See 19 CFR 351.404(e)(2).

³⁹ *Id.*

⁴⁰ See 19 CFR 351.412(c)(2).

⁴¹ See *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*).

⁴² See *Micron Technology Inc. v. United States*, 243 F.3d 1301, 1314-1315 (Fed. Cir. 2001).

⁴³ See 19 CFR 351.412(c)(1).

When the Department 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, 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 practicable, 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 was practicable), the Department shall grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.⁴⁴

We obtained information from the respondents, Kokuyo Riddhi and Navneet, regarding the marketing stages involved in making the reported comparison market and U.S. sales, including a description of the selling activities performed by each respondent for each channel of distribution.

Based on our analysis of the selling activities in the third-country market and in the U.S. market reported by Kokuyo Riddhi, there is one single level of trade for all sales in both the third-country market (Panama) and the U.S. market.⁴⁵ We further find that the third-country market LOT is not at a more advanced stage than the U.S. LOT for Kokuyo Riddhi. Therefore, we did not make a LOT adjustment for Kokuyo Riddhi under 19 CFR 351.412(e) because there was only one third-country market LOT for Kokuyo, and we were unable to identify a pattern of consistent price differences attributable to differences in LOTs. *See* 19 CFR 351.412(d).

Navneet reported six channels of distribution for sales in the comparison market and one channel of distribution in the U.S. market in which all sales were EP sales.⁴⁶ Specifically, Navneet reported the following six channels of distribution in the home market: (channel one) full service sales of Navneet-branded products to distributors, (channel two) sales of limited service Boss-branded products, (channel three) sales to retail chains with their own distribution networks, (channel four) sales to institutional end-users who purchase materials for their own use; (channel five) sales to schools for end use and for resale to students; and (channel seven) full service sales of Navneet-branded products to super-stockists who in turn sell to distributors.⁴⁷ Navneet stated that there is only one channel of distribution for the U.S. market (channel six).

In its home market, only two of Navneet's distribution channels are full service channels. In channel one (distributors with full-service merchandising) Navneet states that it designs and produces products on its own account; maintains the products in regional and C&F (*i.e.*, clearing and forwarding) warehouses nationwide; delivers products to distributors from local warehouses and issues invoices to distributors; and actively participates in advertising at the retail and consumer levels.⁴⁸ In channel seven (full service sales of Navneet-branded products to super-stockists who then sell to distributors), Navneet states that it designs and produces products on its

⁴⁴ *See Plate from South Africa*, 62 FR at 61732-33.

⁴⁵ *See* Kokuyo Riddhi's AQR response at pages A-17 – A-22, and Exhibit A-8.

⁴⁶ *See* Navneet's AQR at pages A-10 – A-23, Exhibit A-5, and Exhibit A-6.

⁴⁷ *See* Navneet's AQR at A-10 to A-13 and BQR at B-23.

⁴⁸ *See* Navneet's AQR at pages A-11 and A-12.

own account; sells to super-stockists, who maintain the products in their own warehouses; and actively participates in advertising at the retail and consumer levels.⁴⁹

In channels three, four, and five (the Chain Store, Institutional, and School Channels), Navneet provides a medium-level of selling activities, including some general brand advertising, but no downstream advertising activities. In channel two, the Limited-Service Channel, Navneet performs no downstream selling or promotional activities and no brand advertising. For all home market channels, Navneet produces for its own account, and holds sales inventory in its own warehouses. In all cases Navneet accepts and processes orders, issues invoices and shipping documents, and collects payment. As a result, the levels of selling activities for channels one and seven (full service sales to distributors and full service sales to super-stockists, respectively) in the home market are at a higher level of intensity than the levels of selling activities in the other channels of distribution in the home market. Thus, we find that the home-market channels of distribution constitute two LOTs: (1) LOT1, which consists of channels one and seven; and (2) a combined LOT2, which consists of channels two, three, four, and five, as reported by Navneet in its database.⁵⁰

In the U.S. market, Navneet made only EP sales of subject merchandise. There was a single channel of distribution for U.S. sales, sales to importers/distributors who distribute the products to retailers. Navneet manufactures products for the U.S. market to order, and ships them directly from the factory to the port for export, without holding them in an intermediate warehouse. After shipment, Navneet has no further involvement in the sale. Therefore, the U.S. Export/Distribution Channel has a very low level of selling activities, with no downstream selling or promotional activities. All marketing, selling, and distribution activities are carried out by the importers/ distributors for the U.S. market.⁵¹

Based on our analysis of the selling activities in the home market and in the U.S market, we find that Navneet's home market sales in LOT2 are at the same level of trade as the U.S. sales.

Therefore, we have compared U.S. sales to Navneet's reported LOT2 sales in its home market sales database. For more details, *see* Preliminary Calculation Memorandum for Navneet.⁵²

C. Sales to Affiliated Customers

We exclude 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 the ordinary course of trade.⁵³ Consistent with 19 CFR 351.403(c) and (d) and our practice, "the Department may calculate normal value based on sales to affiliates if satisfied that the transactions were made at arm's length."⁵⁴ 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

⁴⁹ *Id.*, at page A-14.

⁵⁰ *See* AQR at pages A-15-A21, and *see* Exhibit A.6.

⁵¹ *See* AQR at A-23 through A-24, and Exhibit A.6.

⁵² *See* Preliminary Calculation Memorandum for Navneet.

⁵³ *See* 19 CFR 351.403(c).

⁵⁴ *See China Steel Corp. v. United States*, 264 F. Supp. 2d 1339, 1365 (CIT 2003).

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.⁵⁵

Kokuyo Riddhi reported that it made certain sales in the home market to its affiliate, Kokuyo Camlin.⁵⁶ We preliminarily find that its affiliated home market sales are not used in our price comparisons in this review because we are relying on Kokuyo Riddhi's third-country sales to Panama as the basis for NV. Further, Kokuyo Riddhi reported that all of its sales to Panama during the POR were made to unaffiliated customers.⁵⁷ Accordingly, we did not apply the arm's-length test for these preliminary results.

During the POR, Navneet reported that it sold a small quantity of merchandise under review to an affiliated company, K-12 Technology Services Pvt. Ltd. (K-12),⁵⁸ as defined in section 771(33) of the Act. Consequently, Navneet's sales were tested to ensure that they were made at arm's-length prices, in accordance with 19 CFR 351.403(c).

D. Cost of Production Analysis

On June 29, 2015, the President of the United States signed into law the Trade Preferences Extension Act of 2015 (TPEA), Public Law No. 114-27, which made numerous amendments to the antidumping and countervailing law, including amendments to section 773(b)(2)(A) of the Act, regarding the Department's requests for information on sales at less than cost of production.⁵⁹ The 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 to the Act, except for amendments to section 771(7) of the act, which relate to determinations of material injury by the International Trade Commission.⁶⁰ 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 CV and cost of production (COP) information from respondent companies in all antidumping proceedings.⁶¹ Because these amendments apply to this review, the Department requested this information from Kokuyo Riddhi and Navneet.

1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated a weighted-average COP by model based on the sum of the cost of materials and fabrication for the foreign like product, plus

⁵⁵ See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69194 (November 15, 2002).

⁵⁶ See Kokuyo Riddhi's AQR response at pages A-7 and Exhibit A-1; see also Kokuyo Riddhi's 1st SQR at page 3.

⁵⁷ See Kokuyo Riddhi's AQR response at Exhibit A-1.

⁵⁸ See Navneet's 1st SQR at page 15.

⁵⁹ See Trade Preferences Extension Act of 2015, Pub. L. 114-27, 129 Stat. 362 (2015) (TPEA). The 2015 amendments may be found at <https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl>.

⁶⁰ 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*).

⁶¹ *Id.*, at 46794-95.

amounts for general and administrative expenses (G&A) and interest expenses. We have made no adjustments to Kokuyo Riddhi's reported costs for these preliminary results. Based on our sales and cost verification findings, we have made certain adjustments to Navneet's reported costs for these preliminary results. *See* Preliminary Calculation Memorandum for Navneet for details.⁶²

In addition, based on the review of record evidence, we find that both Kokuyo Riddhi and Navneet did not appear to experience significant changes in cost of manufacturing during the POR such that we might consider using shorter averaging periods. Therefore, for both Kokuyo Riddhi and Navneet, we followed our normal methodology of calculating a weighted-average cost for the POR. For Kokuyo Riddhi, we relied on the reported annual data. For Navneet, we relied on the revised annual data based on our verification findings as noted in Section D.1 "Calculation of COP" above.

2. Test of Comparison Market Prices and COP

As required under section 773(b) of the Act, we compared the company-specific weighted-average COP for Kokuyo Riddhi and Navneet to the company-specific comparison market sales prices of the foreign like product to determine whether these sales had been made at prices below the COP within an extended period of time (*i.e.*, normally a period of one year) in substantial quantities and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. On a model-specific basis, we compared the COP to the comparison market prices, less any applicable movement charges, discounts, rebates, and direct and indirect selling expenses.

3. Results of COP Test

Section 773(b)(1) of the Act permits us to disregard below-cost sales where: (1) 20 percent or more of the respondent's sales of a given product during the POR were made at prices below the COP;⁶³ and (2) based on comparisons of prices to weighted-average COPs for the POR, below-cost sales of the product were at prices that would not permit recovery of all costs within a reasonable time period.⁶⁴

As discussed in further detail in the preliminary calculation memoranda, we found that Kokuyo Riddhi and Navneet made sales below cost, and we disregarded such sales where appropriate. *See* Preliminary Calculation Memorandum for Navneet and Preliminary Calculation Memorandum for Kokuyo Riddhi.

⁶² *See* Preliminary Calculation Memorandum for Navneet.

⁶³ *See* sections 773(b)(2)(B) and (C) of the Act (defining "extended period of time" and "substantial quantities").

⁶⁴ *See* section 773(b)(2)(D) (defining "recovery of costs").

4. Calculation of Normal Value Based on Comparison Market Prices

For those comparison products for which there were sales at prices above the COP for Kokuyo Riddhi and Navneet, we based NV on comparison market prices. In these preliminary results, we were able to match all U.S. sales to contemporaneous sales, made in the ordinary course of trade, of either an identical or a similar foreign like product, based on the matching characteristics identified in Appendix V of the original questionnaire. For Kokuyo Riddhi, we based comparison market prices on packed prices to unaffiliated customers in Kokuyo Riddhi's third-country market, Panama. For Navneet, we based comparison market prices on packed prices to unaffiliated customers, or prices to an affiliated customer which were determined to be at arm's length (*see* discussion above in Section C "Sales to Affiliated Customers" regarding these arm's-length sales). Where appropriate, in accordance with section 773(a)(6)(B) of the Act, we deducted inland freight expenses from the starting price. Pursuant to 19 CFR 351.401(c), we made deductions from the starting price, when appropriate, for discounts and rebates. In accordance with sections 773(a)(6)(A) and (B) of the Act, we added U.S. packing costs and deducted comparison market packing, respectively. We also deducted comparison market movement expenses pursuant to section 773(a)(6)(B) of the Act. In addition, for comparisons made to EP sales, we made adjustments for differences in circumstances of sale (COS) pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(b). Specifically, we made adjustments to NV for comparison to Kokuyo Riddhi and Navneet's EP transactions by deducting direct selling expenses incurred for comparison market sales (*i.e.*, credit expenses) and adding U.S. direct selling expenses (*i.e.*, credit expenses) and U.S. commissions. *See* section 773(a)(6)(C)(iii) of the Act, and 19 CFR 351.410(c).

When comparing U.S. sales with comparison market sales of similar, but not identical, merchandise, we 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. We based this adjustment on the difference in the variable cost of manufacture for the foreign like product and subject merchandise, using period-wide, weighted-average costs.

I. Margin for Company Not Selected for Individual Examination

Generally, when calculating margins for non-selected respondents in AD administrative reviews, the Department looks to section 735(c)(5) of the Act for guidance, which provides instructions for calculating the all-others margin in a less-than-fair-value investigation. Section 735(c)(5)(A) of the Act provides that when calculating the all-others margin, the Department will exclude any zero and *de minimis* weighted-average dumping margins, as well as any weighted-average dumping margins based entirely on facts available. Accordingly, the Department's usual practice has been to weight average the margins for individually examined respondents, excluding margins that are zero, *de minimis*, or based entirely on facts available.⁶⁵

In this review, we calculated a *de minimis* margin for Kokuyo Riddhi and a weighted-average dumping margin of 2.54 percent for Navneet. Therefore, in accordance with section

⁶⁵ *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 at Comment 16.


735(c)(5)(A) of the Act, the Department assigned the weighted-average dumping margin of 2.54 percent calculated for Navneet to the five non-selected companies in these preliminary results, as referenced above.

J. Currency Conversion

We made currency conversions in accordance with section 773A(a) of the Act and 19 CFR 351.415, based on the official exchange rates published by the Federal Reserve Bank.⁶⁶

V. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

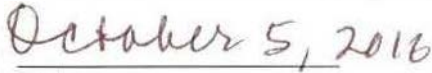


Agree

Disagree



Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance



Date

⁶⁶ The exchange rates are available on the Enforcement and Compliance website at <http://enforcement.trade.gov/exchange/index.html>.