



A-533-843  
Administrative Review  
9/1/2016 - 8/31/2017  
**Public Document**  
AD/CVD Ops: III: CR/JZ

**DATE:** October 2, 2018

**MEMORANDUM TO:** Gary Taverman  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance

**FROM:** James Maeder  
Associate Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations  
performing the duties of 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; 2016-2017

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## **I. SUMMARY**

In response to requests from interested parties, the Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain lined paper products (CLPP) from India. This review covers two mandatory respondents, Navneet Education Ltd. (Navneet) and Kokuyo Riddhi Paper Products Pvt. Ltd. (Kokuyo), as well as three firms not subject to individual examination. The period of review (POR) is September 1, 2016, through August 31, 2017. We preliminarily determine that neither Navneet nor Kokuyo sold subject merchandise at less than normal value (NV) during the POR.

If these preliminary results are adopted in the final results of this review, 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 invite interested parties to comment on these preliminary results. Unless the deadline is extended pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act), we will issue the final results no later than 120 days after the publication of these preliminary results.

## II. BACKGROUND

On September 28, 2006, Commerce published the *CLPP from India Order* in the *Federal Register*.<sup>1</sup> On September 1, 2017, Commerce published a notice of opportunity to request an administrative review of the *CLPP from India Order*.<sup>2</sup> Pursuant to timely requests from interested parties and in accordance with section 751(a)(1) of the Act, on November 13, 2017, Commerce published the *Initiation Notice* in the *Federal Register*.<sup>3</sup> Commerce initiated the administrative review covering the following companies: Goldenpalm Manufacturers PVT Limited (Goldenpalm), Kokuyo, Lodha Offset Limited (Lodha), Lotus Global Private Limited (Lotus Global), Magic International Pvt. Ltd. (Magic), Marisa International (Marisa), Navneet, Pioneer Stationery Pvt. Ltd. (Pioneer), PP Bafna Ventures Private Limited (PP Bafna), SAB International, SGM Paper Products, and Super Impex.<sup>4</sup> On January 9, 2018, we selected Navneet and Super Impex as mandatory respondents, and issued initial questionnaires to both companies.<sup>5</sup>

On December 18, 2017, Goldenpalm timely withdrew its request for review.<sup>6</sup> On January 25 and 26, 2018, the Association of American School Paper Suppliers and its individual members (AASPS or the petitioners) timely withdrew their request for review of SAB International and Super Impex, respectively.<sup>7</sup> On January 29, 2018, SAB International and Super Impex also timely withdrew their respective requests for review.<sup>8</sup> On February 5 and 9, 2018, Lotus Global and PP Bafna timely withdrew their respective requests for review.<sup>9</sup> No other party requested an administrative review of these particular companies.

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<sup>1</sup> 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) (*CLPP from India Order*).

<sup>2</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 82 FR 41595 (September 1, 2017).

<sup>3</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 52268 (November 13, 2017) (*Initiation Notice*).

<sup>4</sup> *Id.* at 52269.

<sup>5</sup> See Memorandum, "Selection of Respondents for Individual Examination," dated January 9, 2018; see also Commerce Letter re: Sections A-D Questionnaire, dated January 10, 2017.

<sup>6</sup> See Goldenpalm's Letter, "Lined Paper Products from India: A-533-843; Withdrawal of Request for Review by Goldenpalm Manufacturers PVT Limited," dated December 18, 2017.

<sup>7</sup> See the Petitioners' Letter, "Certain Lined Paper Products from India: Withdrawal of Request for Administrative Review of SAB International," dated January 25, 2018. See also the Petitioners' Letter, "Certain Lined Paper Products from India: Withdrawal of Request for Administrative Review of Super Impex," dated January 26, 2018.

<sup>8</sup> See SAB International's Letter, "Certain Lined Paper Products from India: Withdrawal of Request for Administrative Review of Anti-Dumping Duty of SAB International," dated January 29, 2018. See also Super Impex's Letter, "Certain Lined Paper Products from India: Withdrawal of Request for Administrative Review of Anti-Dumping Duty of Super Impex," dated January 29, 2018.

<sup>9</sup> See Lotus Global's Letter, "Certain Lined Paper Products from India: Withdrawal of Request for Administrative Review of Anti-Dumping Duty of Lotus Global Private Limited," dated February 5, 2018. See also PP Bafna's Letter, "Certain Lined Paper Products from India: Withdrawal of Request for Administrative Review of Anti-Dumping Duty of PP Bafna Ventures Private Limited," dated February 9, 2018.

On February 1, 2018, because all requests for review of Super Impex were timely withdrawn, we selected PP Bafna as an additional mandatory respondent and issued an initial questionnaire to PP Bafna on the same date.<sup>10</sup> On March 6, 2018, because all requests for review of PP Bafna were timely withdrawn, we selected Kokuyo as an additional mandatory respondent and issued an initial questionnaire to Kokuyo on the same date.<sup>11</sup> On May 10, 2018, we extended the deadline for the preliminary results to October 3, 2018.<sup>12</sup>

On August 16, 2018, we rescinded the administrative review with respect to Goldenpalm, Super Impex, SAB International, Lotus Global, and PP Bafna because all review requests for these companies were timely withdrawn.<sup>13</sup> Thus, in this administrative review, we are conducting individual examinations of Navneet and Kokuyo. Lodha, Magic, Marisa, Pioneer, and SGM Paper Products remain as firms covered by this administrative review that were not selected for individual examination.

### *Navneet*

In response to Commerce's initial questionnaire, Navneet submitted its section A response on February 12, 2018.<sup>14</sup> Navneet submitted its response to sections B through D of Commerce's initial questionnaire on March 9, 2018.<sup>15</sup>

On April 25, 2018, the petitioners submitted comments on Navneet's response to sections B, C, and D of Commerce's initial questionnaire.<sup>16</sup>

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<sup>10</sup> See Memorandum, "Selection of Additional Respondent for Individual Review," dated February 1, 2018; *see also* Commerce Letter re: Sections A-D Questionnaire, dated February 1, 2018.

<sup>11</sup> See Memorandum, "Selection of Additional Respondent for Individual Examination," dated March 6, 2018; *see also* Commerce Letter re: Sections A-D Questionnaire, dated March 6, 2018. Although Kokuyo withdrew its request for review on February 9, 2018, the petitioners did not withdraw their request for review of Kokuyo. *See* the Petitioners' Letter, "Certain Lined Paper Products from India: Request for Administrative Review," dated September 29, 2017; Kokuyo's Letter, "Certain Lined Paper Products from India: Withdrawal of Request for Administrative Review of Anti-Dumping Duty of Kokuyo Riddhi Private Limited," dated February 9, 2018.

<sup>12</sup> See Memorandum, "Certain Lined Paper Products from India: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review; 2016-2017," dated May 10, 2018.

<sup>13</sup> See *Certain Lined Paper Products from India: Notice of Partial Rescission of Antidumping Duty Administrative Review; 2016-2017*, 83 FR 40750 (August 16, 2018).

<sup>14</sup> See Navneet's Letter, "Certain Lined Paper Products from India: Response of Navneet Education Limited to Antidumping Questionnaire, Section A," dated February 12, 2018, (Navneet February 12, 2018 AQR).

<sup>15</sup> See Navneet's Letter, "Certain Lined Paper Products from India: Response of Navneet Education Limited to Antidumping Questionnaire, Sections B, C, and D," dated March 9, 2018, (Navneet March 9, 2018 BCDQR).

<sup>16</sup> See the Petitioners' Letter, "Certain Lined Paper Products from India: Comments on Sections B&C Responses of Navneet Education Ltd.," dated April 25, 2018 (Petitioners' April 25, 2018 BCQR Comments); and the Petitioners' Letter "Certain Lined Paper Products from India: Comments on Section D Response of Navneet Education Ltd.," dated April 25, 2018 (Petitioners' April 25, 2018 DQR Comments).

On May 25, 2018, Commerce issued its first sections A-D supplemental questionnaire to Navneet.<sup>17</sup> Navneet provided its responses on June 22, 2018.<sup>18</sup> On July 2, 2018, Commerce issued its second sections A-D supplemental questionnaire to Navneet,<sup>19</sup> which submitted its response on July 6, 2018.<sup>20</sup>

On July 9, 2018, the petitioners submitted comments on Navneet's response to sections A-D of Commerce's first supplemental questionnaire.<sup>21</sup>

On August 29, 2018, Commerce issued its third sections A-D supplemental questionnaire to Navneet.<sup>22</sup> Navneet submitted its response on September 17, 2018.<sup>23</sup> On September 28, 2018, the petitioners submitted comments on the Navneet September 17, 2018 A-D SQR3.<sup>24</sup>

### *Kokuyo*

In response to Commerce's initial questionnaire, Kokuyo submitted its section A response on April 10, 2018.<sup>25</sup> Kokuyo submitted its response to sections B through D of Commerce's initial questionnaire on April 30, 2018.<sup>26</sup> On June 5, 2018, we issued a sections A through D supplemental questionnaire to Kokuyo<sup>27</sup> to which Kokuyo responded on July 10, 2018.<sup>28</sup>

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<sup>17</sup> See Commerce's Letter to Navneet, "Antidumping Duty Administrative Review of Certain Lined Paper Products from India (AR11) - Sections A-D Supplemental Questionnaire," dated May 25, 2018 (Navneet First SQ).

<sup>18</sup> See Navneet's Letter, "Certain Lined Paper Products from India: Response of Navneet Education Limited to Supplemental Antidumping Questionnaire," dated June 22, 2018, (Navneet June 22, 2018 A-D SQR1).

<sup>19</sup> See Commerce's Letter to Navneet, "Antidumping Duty Administrative Review of Certain Lined Paper Products from India (AR11) - Sections A-D 2<sup>nd</sup> Supplemental Questionnaire," dated July 2, 2018 (Navneet Second SQ).

<sup>20</sup> See Navneet's Letter, "Certain Lined Paper Products from India: Response of Navneet Education Limited to Second Supplemental Antidumping Questionnaire," dated July 6, 2018, (Navneet July 6, 2018 A-D SQR2).

<sup>21</sup> See the Petitioners' Letter, "Certain Lined Paper Products from India: Comments on Supplemental Sections A-D Responses of Navneet Education Ltd.," dated July 9, 2018 (Petitioners' July 9, 2018 A-D Comments).

<sup>22</sup> See Commerce's Letter to Navneet, "Antidumping Duty Administrative Review of Certain Lined Paper Products from India (AR11) - Sections A-D 3<sup>rd</sup> Supplemental Questionnaire," dated August 29, 2018 (Navneet Third SQ).

<sup>23</sup> See Navneet's Letter, "Certain Lined Paper Products from India: Response of Navneet Education Limited to Third Supplemental Antidumping Questionnaire," dated September 17, 2018, (Navneet September 17, 2018 A-D SQR3).

<sup>24</sup> See the Petitioners' Letter, "Certain Lined Paper Products from India: Petitioner's Additional Pre-Preliminary Comments as to Navneet," dated September 27, 2018 (Petitioners' Pre-Preliminary Results Comments on Navneet).

<sup>25</sup> See Kokuyo's Letter, "Certain Lined Paper Products from India: Kokuyo Riddhi Paper Products Private Limited (Kokuyo)'s Response to Section A of the Original Antidumping Questionnaire," dated April 10, 2018. (Kokuyo April 10, 2018 AQR).

<sup>26</sup> See Kokuyo's Letter, "Certain Lined Paper Products from India: Kokuyo Riddhi Paper Products Private Limited (Kokuyo)'s Response to Section BCD of the Original Antidumping Questionnaire," dated April 30, 2018 (Kokuyo April 30, 2018 BQR, CQR, DQR).

<sup>27</sup> See Commerce Letter to Kokuyo, "Antidumping Duty Administrative Review of Certain Lined Paper Products from India (AR11) – Sections A-D Supplemental Questionnaire," dated June 5, 2018 (Kokuyo June 7, 2018 A-D SQ).

<sup>28</sup> See Kokuyo's Letter, "Certain Lined Paper Products from India: Kokuyo Riddhi Paper Products Private Limited (Kokuyo)'s Response to 1<sup>st</sup> Supplemental Section ABCD of the Original Antidumping Questionnaire," dated July 10, 2018 (Kokuyo July 10, 2018 SQR).

### III. 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.*, 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 Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS headings are provided for convenience and customs purposes; however, the written description of the scope of this order is dispositive.

#### **IV. PRELIMINARY DETERMINATION OF NO SHIPMENTS**

In order to select mandatory respondents in this review, on December 7, 2017, Commerce issued “Quantity and Value” (Q&V) questionnaires to all initiated producers/exporters of subject merchandise in India, including Lodha and Marisa.<sup>29</sup> The due date for the Q&V questionnaire response was December 18, 2017. On December 11 and December 18, 2017, Lodha and Marisa timely submitted their respective Q&V responses to Commerce.<sup>30</sup> In their respective Q&V responses, Lodha and Marisa reported that they had no exports or sales of subject merchandise into the United States during the POR.<sup>31</sup> In response to the non-shipment claims of Lodha and Marisa, on September 12, 2018, Commerce issued a no-shipment inquiry to U.S. Customs and Border Protection (CBP) requesting that it review Lodha’s and Marisa’s no-shipment claims.<sup>32</sup>

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<sup>29</sup> See Commerce’s Letter to Lodha and Marisa, respectively, with an attachment, “Office of AD/CVD Enforcement, Quantity and Value Questionnaire,” dated December 4, 2017.

<sup>30</sup> See Lodha’s Letter, “Re: Response to Quantity & Value Questionnaire,” dated December 11, 2017; Marisa’s Letter, “Re: Certain Lined Paper Products from India: No export or sales of subject merchandise,” dated December 18, 2017.

<sup>31</sup> *Id.*

<sup>32</sup> See Commerce’s no shipments inquiry, “Re: No shipments inquiry for certain lined paper products from India produced and/or exported by various companies (A-533-843),” dated September 12, 2018.

CBP did not report that it had any information to contradict these claims of no shipments during the POR.

Given that Lodha and Marisa reported that they made no shipments of subject merchandise to the United States during the POR, and there is no information calling their claims into question, we preliminarily determine that Lodha and Marisa did not have any shipments of subject merchandise during the POR. Consistent with Commerce's practice, we will not rescind the review with respect to Lodha and Marisa but, rather, will complete the review and issue instructions to CBP based on the final results.<sup>33</sup>

## **V. DISCUSSION OF THE METHODOLOGY**

### **A. Comparisons to Normal Value**

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), we compared export price (EP) to normal value (NV), as described in the "Export Price" and "Normal Value" sections of this memorandum, to determine whether sales of subject merchandise to the United States were made at less than NV.<sup>34</sup>

#### **1. Determination of Comparison Method**

Pursuant to 19 CFR 351.414(c)(1), Commerce 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 Commerce determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, Commerce 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 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>35</sup>

In recent investigations, Commerce applied a "differential pricing" analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation

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<sup>33</sup> See, *e.g.*, *Certain Frozen Warmwater Shrimp from Thailand: Preliminary Results of Antidumping Duty Administrative Review, Partial Rescission of Review, Preliminary Determination of No Shipments; 2012-2013*, 79 FR 15951, 15952 (March 24, 2014), unchanged in *Certain Frozen Warmwater Shrimp from Thailand: Final Results of Antidumping Duty Administrative Review, Final Determination of No Shipments, and Partial Rescission of Review; 2012-2013*, 79 FR 51306, 51307 (August 28, 2014).

<sup>34</sup> Navneet and Kokuyo did not report constructed export (CEP) prices.

<sup>35</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 Issues and Decision Memorandum at comment 1; see also *Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286 (CIT 2014), *aff'd* 862 F.3d 1323 (Fed. Cir. 2017).



pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.<sup>36</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 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 Navneet and Kokuyo. Regions are defined using the reported destination codes (*i.e.*, zip codes for Navneet and states for Kokuyo) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau.<sup>37</sup> 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 considered using the product control number and any characteristics of the U.S. sales, other than purchaser, region and time period, that Commerce 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

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<sup>36</sup> See, *e.g.*, *Xanthan Gum from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013) and accompanying Issues and Decision Memorandum at Comment 3; *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 Preliminary Decision Memorandum at 17-19, unchanged in *Steel Concrete Reinforcing Bar from Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 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 Preliminary Decision Memorandum at 10-12, unchanged in *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015); see also *Differential Pricing Analysis; Request for Comments*, 79 FR 26720 (May 9, 2014).

<sup>37</sup> See Navneet March 9, 2018 CQR at 39. See also Kokuyo April 10, 2018 AQR at Exhibit A-1.

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 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 margin 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 margin using the average-to-average method is *de minimis* and the resulting weighted-average dumping margin using the appropriate alternative method moves 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.

## 2. Results of the Differential Pricing Analysis

For Navneet, based on the results of the differential pricing analysis, we preliminarily find that 16.23 percent of the value of U.S. sales pass the Cohen's *d* test,<sup>38</sup> 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, we are applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Navneet.

For Kokuyo, based on the results of the differential pricing analysis, we preliminarily find that 77.34 percent of the value of U.S. sales pass the Cohen's *d* test,<sup>39</sup> which confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, we preliminarily determine that there is no meaningful difference 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. 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 Kokuyo.<sup>40</sup>

### B. Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by Navneet and Kokuyo sold in the U.S. and comparison markets on the basis of the comparison product., which was either identical or most similar in terms of the physical characteristics to the product sold in the United States. When making this comparison, we considered all products sold in the home market as described in the "Scope of the Order" section of this notice, above (*i.e.*, the foreign like product), that were in the ordinary course of trade for purposes of determining an appropriate normal value for comparison to the U.S. export price. In order to define products sold in the home and U.S. markets, we relied on the following eight 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. If contemporaneous home market sales were reported of merchandise that were identical to subject merchandise sold in the U.S. market, then we calculated NV based on the monthly weighted-average home market prices of all such sales. If there were no contemporaneous home market sales of identical merchandise, then we identified home market sales of the most similar merchandise that were contemporaneous with

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<sup>38</sup> See Memorandum to the File, "Preliminary Results of Antidumping Duty Administrative Review of Certain Lined Paper Products from India (2016-2017): Calculation Analysis of Sales and Cost of Production for Navneet Education Ltd. (Navneet)," dated concurrently with this memorandum (Preliminary Calculation Memorandum for Navneet) for further details.

<sup>39</sup> See Memorandum to the File, "Preliminary Results of Antidumping Duty Administrative Review of Certain Lined Paper Products from India (2016-2017): Calculation Analysis of Sales and Cost of Production for Kokuyo Riddhi Paper Products Pvt. Ltd. (Kokuyo)," dated concurrently with this memorandum (Preliminary Calculation Memorandum for Kokuyo) for further details.

<sup>40</sup> In these preliminary results, Commerce 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 Navneet and Kokuyo, Commerce compared monthly weighted-average EPs with monthly weighted-average NVs.

the U.S. sales in accordance with 19 CFR 351.414(d)(3), and calculated NV based on the monthly weighted-average home market prices of all such sales. Where there were no sales of identical or similar merchandise made in the ordinary course of trade in the comparison market, we calculated NV based on constructed value (CV).

### **C. Date of Sale**

Under 19 CFR 351.401(i), we 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 we may use a date other than the date of the invoice if Commerce is satisfied that a different date better reflects the date on which the material terms of sale are established. We have 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>

Navneet reported the commercial invoice date as the date of sale in the home market.<sup>42</sup> For U.S. sales, Navneet reported the purchase order date as the date of sale because the quantity, price, and product specifications are set in the purchase order and are not subsequently changed.<sup>43</sup> 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 reported the commercial invoice date as the date of sale in the third-country and U.S. markets.<sup>44</sup> We found nothing on the record to suggest that a different date better reflects the date on which the material terms of sale are established. Thus, in these preliminary results we have used the dates of sale reported by the respondents in our margin calculations.

### **D. Export Price**

According to section 772(a) of the Act, EP is the price at which the subject merchandise 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 subject merchandise 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}."

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<sup>41</sup> See *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 Issues and Decision Memorandum at Comment 10; see also *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams from Germany*, 67 FR 35497 (May 20, 2002) and accompanying Issues and Decision Memorandum at Comment 2.

<sup>42</sup> See Navneet February 12, 2018 AQR at A-33, see also Navneet March 9, 2018 BQR at B-24.

<sup>43</sup> See Navneet February 12, 2018 AQR at A-33 and A-34; see also Navneet March 9, 2018 CQR at C-23.

<sup>44</sup> See Kokuyo July 10, 2018 SQR at 8.

In accordance with section 772(a) of the Act, for Navneet's and Kokuyo's U.S. sales we used the EP methodology because both firms sold 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. Where appropriate, we adjusted the EP prices to reflect discounts, rebates, and billing adjustments.

For Navneet and Kokuyo, 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, where 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.

## **E. Normal Value**

### **1. 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 Navneet's volume of home market sales of the foreign like product to the volume of its U.S. sales of the subject merchandise. Pursuant to section 773(a)(1)(B) of the Act and 19 CFR 351.404(b), we determined that Navneet's home market sales are a viable basis for calculating NV because Navneet's aggregate volume of home market sales of the foreign like product was greater than five percent of Navneet's aggregate volume of U.S. sales of the subject merchandise.<sup>45</sup> Moreover, there is no evidence on the record supporting a particular market situation in the country that would not permit a proper comparison of home market and U.S. prices.

With respect to Kokuyo, it reported no sales of foreign like product in the home market.<sup>46</sup> 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) Commerce does not determine that a particular market situation in the third-country market prevents a proper comparison with the U.S. price. Therefore, in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404(b), we have used Kokuyo's sales of the foreign like product to a third-country market, Panama, as the basis for comparison market sales.

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<sup>45</sup> See Navneet February 12, 2018 AQR at A-3 – A-4 and Exhibit A.1.

<sup>46</sup> See Kokuyo April 10, 2018 AQR at Exhibit A-1.

## 2. Cost of Production (COP) Analysis

Section 773(b)(2)(A)(ii) of the Act requires Commerce to request cost information from respondent companies in all antidumping proceedings.<sup>47</sup> Accordingly, we requested this information from Navneet and Kokuyo.

### a. 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 amounts for general and administrative expenses (G&A) and interest expenses. For Navneet, we have made no adjustments to its reported costs for these preliminary results.<sup>48</sup> For Kokuyo, we have adjusted its reported scrap offset and G&A expenses.<sup>49</sup> In addition, based on the review of record evidence, we find that both Navneet and Kokuyo did not appear to experience significant changes in the cost of manufacturing during the POR such that we might consider using shorter averaging periods. Therefore, for both Navneet and Kokuyo, we followed our normal methodology of calculating a weighted-average cost for the POR. For Navneet and Kokuyo, we relied on the reported annual data.

### b. Test of Comparison Market Prices and COP

As required under section 773(b) of the Act, for Navneet and Kokuyo, we compared the company-specific weighted-average COP 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 Navneet's and Kokuyo's COP to the comparison market prices, less any applicable movement charges, discounts, rebates, and direct and indirect selling expenses.

### c. Results of COP Test

Pursuant to sections 773(b)(1)(A) and (b)(2)(C)(i) of the Act, where less than 20 percent of sales of a given product were at prices less than the COP, we did not disregard below-cost sales of that product because we determined that the below-cost sales were not made in substantial quantities. Where 20 percent or more of a respondent's home market sales of a given model were at prices less than the COP, we disregarded the below-cost sales because (1) they were made within an extended period of time in substantial quantities in accordance with sections 773(b)(2)(B) and (b)(2)(C) of the Act, and (2) based on our comparison of prices to the weighted average of the COPs, 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.

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<sup>47</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 (August 6, 2015) (explaining the amendments to section 773(b)(2) of the Act made by section 504 of the Trade Preferences Extension Act of 2015).

<sup>48</sup> See Preliminary Calculation Memorandum for Navneet for further details.

<sup>49</sup> See Preliminary Calculation Memorandum for Kokuyo for further details.

Our cost test indicates that Navneet and Kokuyo had certain comparison market sales that were sold at prices below the COP within an extended period of time in substantial quantities and were at prices which would not permit the recovery of all costs within a reasonable period of time.<sup>50</sup> Thus, in accordance with section 773(b)(1) of the Act, we disregarded certain below-cost sales and used the remaining above-cost sales to determine NV.

As noted above, the petitioners submitted comments regarding the Navneet September 17, 2018 A-D SQR3.<sup>51</sup> We will continue to examine the issues raised in the petitioners' comments between the time of the preliminary results and final results.

## **F. 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 EP or CEP. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).<sup>52</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>53</sup> 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.<sup>54</sup> 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.<sup>55</sup>

When we are unable to match U.S. sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, we 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

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<sup>50</sup> See Preliminary Calculation Memorandum for Navneet; *see also* Preliminary Calculation Memorandum for Kokuyo.

<sup>51</sup> See Petitioner's Pre-Preliminary Results Comments on Navneet.

<sup>52</sup> See 19 CFR 351.412(c)(2).

<sup>53</sup> 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*).

<sup>54</sup> See *Micron Technology Inc. v. United States*, 243 F.3d 1301, 1314-15 (Fed. Cir. 2001).

<sup>55</sup> See 19 CFR 351.412(c)(1).

was practicable), Commerce shall grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.<sup>56</sup>

We obtained information from the respondents, Navneet and Kokuyo, 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.

#### *Navneet*

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.<sup>57</sup> Specifically, Navneet reported the following seven channels of distribution in the home market: (channel one) full service sales of Navneet/Youva/HQ-brand channel products made through distributors; (channel two) sales of limited service Boss-branded products; (channel three) a key account channel aimed at chain stores (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.<sup>58</sup> 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 clearing and forwarding (C&F) 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.<sup>59</sup> 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 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.<sup>60</sup> In both channels one and seven, Navneet states that it employs a large number of advertising personnel, called canvassers, to assist retailers with setting up advertising materials and introducing products at the retail and consumer levels.<sup>61</sup> Navneet also provides printed advertising materials for retail displays to support the sales of products in channels one and seven.<sup>62</sup> Finally, Navneet hires marketing consultancy services who provide advice on product trends and advertising, primarily focused on the products sold through channels one and seven.<sup>63</sup>

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<sup>56</sup> See *Plate from South Africa*, 62 FR at 61732-33.

<sup>57</sup> See Navneet February 12, 2018 AQR at 12-24, Exhibit A.5, and Exhibit A.6.

<sup>58</sup> *Id.*

<sup>59</sup> *Id.* at A-14-A-16.

<sup>60</sup> *Id.* at A-17-A-18

<sup>61</sup> See Navneet February 12, 2018 AQR at A-14, A-17.

<sup>62</sup> See Navneet February 12, 2018 AQR at A-14 and A-15, A-17.

<sup>63</sup> *Id.*, see also Exhibit A.6.



In channels three, four, and five (the Chain Store, Institutional, and School Channels), Navneet reported providing a medium-level of selling activities.<sup>64</sup> In channels one, three, four, five, and seven, Navneet reported providing advertising for its Navneet/Youva/HQ brands.<sup>65</sup> In channel two, the Limited-Service Channel, Navneet reported performing no downstream selling or promotional activities and no brand advertising for its generic Boss-branded products.<sup>66</sup> In channel three, Navneet reported providing a moderate level of downstream selling activities in the form of general brand advertising materials which indirectly supports sales to retail chains through channel three, and by sending Navneet representatives to participate in their customers' promotional events.<sup>67</sup> For all home market channels, Navneet produces for its own account, and for all home market channels with the exception of channel seven, Navneet holds sales inventory in its own warehouses before shipping products to its customers' warehouse.<sup>68</sup> In all cases, Navneet accepts and processes orders, issues invoices and shipping documents, and collects payment.<sup>69</sup>

We preliminarily determine that 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. Therefore, we find that the home-market channels of distribution constitute two LOTs: (1) LOT1, which consists of channels one and seven; and (2) LOT2, which consists of channels two, three, four, and five, as reported by Navneet in its database.

In the U.S. market, Navneet made only EP sales of subject merchandise.<sup>70</sup> There was a single channel of distribution for U.S. sales, sales to importers/distributors who distribute the products to retailers (channel six). 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.<sup>71</sup> After shipment, Navneet has no further involvement in the sale. Therefore, the U.S. Export/Distribution Channel has a 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.<sup>72</sup>

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.<sup>73</sup>

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<sup>64</sup> *Id.* at A-18-21, A-28-29. *See also* Exhibit A.6.

<sup>65</sup> *Id.* at A-14, A-17, and A-21 -24.

<sup>66</sup> *Id.* at A-19; *See also* Exhibit A.6.

<sup>67</sup> *Id.* at A-21 and A-28.

<sup>68</sup> *Id.* at A-17, A-25 and A-28-29.

<sup>69</sup> *Id.* at A-29.

<sup>70</sup> *Id.* at A-25, and A-30.

<sup>71</sup> *Id.* at A-25.

<sup>72</sup> *Id.* at A-25, A-30; *see also* Exhibit A.6.

<sup>73</sup> *See* Preliminary Calculation Memorandum for Navneet for further details.

## *Kokuyo*

Based on our analysis of the selling activities in the third-country market and in the U.S. market reported by Kokuyo, there is one level of trade for all sales in both the third-country market (Panama) and the U.S. market.<sup>74</sup> We further find that the third-country market LOT is not at a more advanced stage than the U.S. LOT for Kokuyo. Therefore, we did not make a LOT adjustment for Kokuyo under section 773(a)(7)(A) of the Act and 19 CFR 351.412(b) 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).

### **G. Calculation of Normal Value Based on Comparison Market Prices**

We calculated NV for Navneet and Kokuyo based on the reported packed, ex-factory, or delivered prices to comparison market customers. We made deductions from the starting price, where appropriate, for billing adjustments, discounts, rebates, and inland freight, pursuant to 19 CFR 351.401(c) and section 773(a)(6)(B)(ii) of the Act.<sup>75</sup>

Pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(b), we made, where appropriate, circumstance-of-sale adjustments (*i.e.*, credit and commissions). Consistent with our practice in the previous administrative review (2015-2016),<sup>76</sup> we made no adjustment to Navneet's reported home market price (GRSUPRH) for the excise tax, nor did we adjust for Navneet's reported cost of manufacturing (COM) for the excise tax. Rather, we utilized Navneet's reported GRSUPRH and COM, both of which are reported net of the excise tax, in these preliminary results.<sup>77</sup> We added U.S. packing costs and deducted comparison market packing costs, in accordance with sections 773(a)(6)(A) and (B)(i) of the Act.

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 manufacturing for the foreign like product and subject merchandise.<sup>78</sup> For detailed information on the calculation of NV, *see* the Preliminary Calculation Memorandum for Navneet and the Preliminary Calculation Memorandum for Kokuyo.

### **H. Margin for Companies Not Selected for Individual Examination**

In this review, there are five companies not selected for individual examination. The statute and Commerce's regulations do not directly address the establishment of a rate to be applied to

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<sup>74</sup> *See* Kokuyo's AQR response at pages A-17 – A-22, and Exhibit A-8.

<sup>75</sup> *See* Preliminary Calculation Memorandum for Navneet and Kokuyo.

<sup>76</sup> *See Certain Lined Paper Products from India: Final Results of Antidumping Duty Administrative Review; 2015–2016*, 83 FR 16054 (April 13, 2018) at 16-19, and the accompanying issues and decision memorandum at comment 4.

<sup>77</sup> *See* Preliminary Calculation Memorandum for Navneet at Appendix I (Navneet's preliminary SAS HM program at Part 4-B-ii) for details.

<sup>78</sup> *See* 19 CFR 351.411(b).

individual companies not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, when calculating the margin for non-selected respondents, Commerce looks to section 735(c)(5) of the Act for guidance, which provides instructions for calculating the all-others margin in an investigation. Section 735(c)(5)(A) of the Act provides that the all-others rate shall be an amount equal to the weighted average of the dumping margins established for the individually-examined respondents, excluding any zero and *de minimis* weighted-average dumping margins, as well as any weighted-average dumping margins based on total facts available. Accordingly, Commerce's usual practice for calculating the margin for non-selected respondents in administrative reviews has been to average the margins for selected respondents, excluding margins that are zero, *de minimis*, or based entirely on facts available.<sup>79</sup>

Consistent with the Court of Appeals for the Federal Circuit's decision in *Albemarle Corp. v. United States*, in this review, we have preliminarily determined that a reasonable method for determining the margin for the non-selected companies is to use the margins applied to the mandatory respondents (*i.e.*, Navneet and Kokuyo) in this administrative review.<sup>80</sup> The *de minimis* margins calculated for Navneet and Kokuyo are the only margins calculated in this review for individual respondents and, thus, have been applied to the three non-selected companies under section 735(c)(5)(B) of the Act. Accordingly, we preliminarily assign to the non-selected companies a dumping margin of zero percent.

## **I. 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.<sup>81</sup>

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<sup>79</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 at Comment 16.

<sup>80</sup> See *Albemarle Corp. v. United States*, 821 F.3d 1345 (Fed. Cir. 2016).

<sup>81</sup> The exchange rates are available on the Enforcement and Compliance website at <http://enforcement.trade.gov/exchange/index.html>.

## VI. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.




Agree



Disagree

10/2/2018

X 

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Signed by: GARY TAVERMAN

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Gary Taverman  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance