



A-533-843

Administrative Review
POR: 9/1/2017-8/31/2018

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November 7, 2019

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

FROM: James Maeder
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; 2017-2018

I. Summary

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain lined paper products (CLPP) from India, in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act). The review covers 13 producers or exporters of the subject merchandise, and we selected Navneet Education Ltd. (Navneet) and SAB International (SAB) as the mandatory respondents. The period of review (POR) is September 1, 2017 through August 31, 2018. We preliminarily determine that Navneet sold subject merchandise at less than normal value (NV) during the POR and that SAB did not.

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) 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 AD Order* in the *Federal Register*.¹ On September 11, 2018, we published in the *Federal Register* a notice of opportunity to request an administrative review of the *CLPP from India AD Order* for the POR.²

Several interested parties submitted timely requests for an administrative review of the *CLPP from India AD Order*, pursuant to section 751(a)(1) of the Act, and 19 CFR 351.213(b). On September 28 and September 30, 2018, respectively, Pioneer Stationery Private Limited (Pioneer) and Navneet each filed requests for an administrative review of themselves.³ On October 1, 2018, Cellpage Ventures Private Limited (Cellpage), Kokuyo Riddhi Paper Products Private Limited (Kokuyo), Lotus Global Private Limited (Lotus), PP Bafna Ventures Private Limited (PP Bafna), SGM Paper Products (SGM), and Super Impex each filed requests for an administrative review of themselves.⁴ On October 1, 2018, the Association of American School Paper Suppliers and its individual members (the petitioners), filed a request for review of the following ten producers/exporters of CLPP from India: Goldenpalm Manufacturers PVT Limited (Goldenpalm), Kokuyo, Lodha Offset Limited (Lodha), Magic International Pvt. Ltd. (Magic), Marisa International (Marisa), Navneet, Pioneer, SAB, SGM, and Super Impex.⁵

On November 15, 2018, in accordance with 19 CFR 351.221(c)(1)(i), we published in the *Federal Register* a notice of initiation for this administrative review covering the thirteen companies for which we received a request for review.⁶ On December 21, 2018, pursuant to section 777A(c)(2)(B) of the Act, we selected Navneet and SAB, the producers and exporters accounting for the largest volume of the subject merchandise that could reasonably be examined,

¹ 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 AD Order*).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 83 FR 45888 (September 11, 2018).

³ See Pioneer's Letter, "Certain Lined Paper Products from India: Request for Administrative Review of Anti-Dumping Duty of Pioneer Stationery Private Limited," dated September 28, 2018; see also Navneet's Letter, "Certain Lined Paper Products from India: Request for Antidumping Administrative Review of Navneet Education Ltd.," dated September 30, 2018.

⁴ See Cellpage's Letter, "Certain Lined Paper Products from India: Request for Administrative Review of Anti-Dumping Duty," dated October 1, 2018; see also Kokuyo's Letter, "Certain Lined Paper Products from India: Request for Administrative Review of Anti-Dumping Duty of Kokuyo Riddhi Paper Products Private Limited," dated October 1, 2018; Lotus's Letter, "Certain Lined Paper Products from India: Request for Administrative Review of Anti-Dumping Duty of Lotus Global Private Limited," dated October 1, 2018; PP Bafna's Letter, "Certain Lined Paper Products from India: Request for Administrative Review of Anti-Dumping Duty of PP Bafna Ventures Private Limited," dated October 1, 2018; SGM's Letter, "Certain Lined Paper Products from India: Request for Administrative Review of Anti-Dumping Duty of SGM Paper Products," dated October 1, 2018; and Super Impex's Letter, "Certain Lined Paper Products from India: Request for Administrative Review of Anti-Dumping Duty of Super Impex," dated October 1, 2018.

⁵ See Petitioners' Letter, "Certain Lined Paper Products from India: Request for Administrative Review," dated October 1, 2018.

⁶ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 57411 (November 15, 2018) (*Initiation Notice*).

as mandatory respondents.⁷ On January 29, 2019, Commerce issued the standard antidumping questionnaire to Navneet and SAB.⁸

Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018 through the resumption of operations on January 28, 2019.⁹ On June 19, 2019, Commerce further extended the time limit for completion of the preliminary results of the review to no later than November 8, 2019.¹⁰

Navneet

Navneet submitted its response to section A of Commerce's initial questionnaire on February 26, 2019,¹¹ and its response to sections B, C, and D of the initial questionnaire on March 28, 2019.¹² On April 4, 2019, the petitioners submitted a letter requesting that Commerce verify Navneet's responses in this administrative review.¹³ On April 11 and April 16, 2019, the petitioners submitted comments on Navneet's response to Commerce's initial questionnaire.¹⁴

Commerce issued a supplemental questionnaire to Navneet on July 1, 2019,¹⁵ to which the company responded on July 31, 2019.¹⁶ On August 19, 2019, the petitioners submitted comments on Navneet's response to Commerce's supplemental questionnaire.¹⁷

⁷ See Memorandum, "Antidumping Duty Administrative Review of Certain Lined Paper: Products from India: Respondent Selection," dated December 21, 2018 (Respondent Selection Memo).

⁸ See Commerce's Letter to Navneet, dated January 29, 2019 (Navneet Initial Questionnaire); *see also* Commerce's Letter to SAB, dated January 29, 2019 (SAB Initial Questionnaire).

⁹ See Memorandum to the Record from 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, "Deadlines Affected by the Partial Shutdown of the Federal Government," dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days. If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day.

¹⁰ See Memorandum, "Certain Lined Paper Products from India: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review; 2017-2018," dated June 19, 2019.

¹¹ See Navneet's Letter, "Certain Lined Paper Products from India: Response of Navneet Education Limited to Antidumping Questionnaire, Section A," dated February 26, 2019 (Navneet AQR).

¹² 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 28, 2019 (Navneet BCDQR).

¹³ See Petitioners' Letter, "Lined Paper Products from India: Request for Verification of Navneet," dated April 4, 2019.

¹⁴ See Petitioners' Letters, "Lined Paper Products from India: Comments on Navneet Section D Questionnaire Response," dated April 11, 2019; and "Lined Paper Products from India: Comments on Navneet Section B and C Questionnaire Response," dated April 16, 2019.

¹⁵ See Commerce's Letter to Navneet, "Antidumping Duty Administrative Review of Certain Lined Paper Products from India (AR11) – Sections A-D Supplemental Questionnaire," dated July 1, 2019.

¹⁶ See Navneet's Letter, "Certain Lined Paper Products from India: Response of Navneet Education Limited to First Supplemental Antidumping Questionnaire," dated July 31, 2019 (Navneet SQR).

¹⁷ See Petitioners' Letter, "Lined Paper Products from India: Comments on Navneet's First Supplemental Questionnaire Response," dated August 19, 2019.

On September 5, 2019, the petitioners filed pre-verification comments concerning Navneet.¹⁸ We verified the cost and sales responses of Navneet from September 13 through 25, 2019, in Mumbai, India.¹⁹

SAB

SAB submitted its response to section A of Commerce's initial questionnaire on March 7, 2019,²⁰ and its response to sections B, C, and D of the initial questionnaire on March 28, 2019.²¹ On April 5 and April 12, 2019, the petitioners submitted comments on SAB's response to Commerce's initial questionnaire.²²

Commerce issued supplemental questionnaires to SAB on July 9 and September 12, 2019,²³ to which the company responded on August 14 and October 7, 2019, respectively.²⁴ On August 30, 2019, the petitioners submitted comments on SAB's response to Commerce's first supplemental questionnaire.²⁵

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

¹⁸ See Petitioners' Letter, "Lined Paper Products from India: Pre-Verification Comments on Navneet," dated September 5, 2019.

¹⁹ See Memorandum, "Verification of the Sales Response of Navneet Education Ltd. (Navneet) in the Antidumping Administrative Review of Certain Lined Paper Products from India," dated November 8, 2019; *see also* Memorandum, "Verification of the Cost Response of Navneet Education Ltd. (Navneet) in the Antidumping Administrative Review of Certain Lined Paper Products from India," dated November 8, 2019.

²⁰ See SAB's Letter, "SAB International's Response to Section A of the Original Antidumping Questionnaire," dated March 7, 2019 (SAB AQR).

²¹ See SAB's letter, "SAB International's Response to Section BCD of the Original Antidumping Questionnaire," dated March 28, 2019 (SAB BCDQR).

²² See Petitioners' Letters, "Lined Paper Products from India: Comments on SAB Section A Questionnaire Response," dated April 5, 2019; and "Lined Paper Products from India: Comments on SAB Section BCD Initial Questionnaire Response," dated April 12, 2019.

²³ See Commerce's Letter to SAB, "Antidumping Duty Administrative Review of Certain Lined Paper Products from India (AR12) - Sections A-D Supplemental Questionnaire," dated July 9, 2019; *see also* Commerce's Letter to SAB, "Antidumping Duty Administrative Review of Certain Lined Paper Products from India (AR12) - Sections A-D 2nd Supplemental Questionnaire," dated September 12, 2019.

²⁴ See SAB's Letters, "SAB International's Response to Section ABCD of the 1st Supplemental Antidumping Questionnaire," dated August 14, 2019 (SAB SQR1); and "SAB International's Response to 2nd Supplemental Section ABCD of the Original Antidumping Questionnaire," dated October 7, 2019 (SAB SQR2).

²⁵ See Petitioners' Letter, "Lined Paper Products from India: Comments on SAB's First Supplemental Questionnaire Response," dated August 30, 2019.

(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 November 21, 2018, Commerce issued quantity and value (Q&V) questionnaires to all initiated producers/exporters of subject merchandise.²⁶ On November 22 and December 6, 2018, Lodha and Pioneer timely submitted their respective Q&V responses to Commerce, in which they reported that they had no exports or sales of subject merchandise into the United States during the POR.²⁷ On December 10, 2018, Marisa timely submitted a no-shipment claim to Commerce.²⁸ In response to the non-shipment claims of Lodha, Pioneer, and Marisa, we issued a no shipment inquiry to CBP requesting that it review Lodha's, Pioneer's, and Marisa's no-shipment claims.²⁹ CBP did not report that it had any information to contradict these claims of no shipments during the POR.

Given that Lodha, Pioneer, and Marisa reported that they made no shipments of subject merchandise to the United States during the POR, and there is no information calling the companies' claims into question, we preliminarily determine that Lodha, Pioneer, 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, Pioneer, or Marisa but, rather, will complete the review and issue instructions to CBP based on the final results.³⁰

V. Companies Not Selected for Individual Examination

Commerce did not select Cellpage, Goldenpalm, Kokuyo, Lotus, Magic, PP Bafna, SGM, or Super Impex (collectively, the Non-Selected Companies) for individual examination. None of these companies: (1) were selected as a mandatory respondent; (2) were the subject of a

²⁶ See, e.g., Commerce's Letter to Navneet, "Office of AD/CVD Enforcement, Quantity and Value Questionnaire," dated November 21, 2018. See also Respondent Selection Memo at 3.

²⁷ See Lodha's Letter, "Response to Quantity & Value Questionnaire," dated November 22, 2018; see also Pioneer's Letter, "Certain Lined Paper Products from India: Pioneer's Response to Quantity & Value Questionnaire," dated December 6, 2018.

²⁸ See Marisa's Letter, "Certain Lined Paper Products from India: Marisa International ("Marisa") No export or sales of subject merchandise," dated December 10, 2018.

²⁹ See Memorandum, "Certain Lined paper products from India (A-533-843)," dated December 19, 2018 (No Shipment Inquiry Response).

³⁰ 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).

withdrawal of request for review; (3) requested to participate and were accepted as a voluntary respondent; or (4) submitted a claim of no shipments. As such, these companies remain non-selected respondents for which Commerce must determine an antidumping duty rate, pursuant to section 777A(c)(1) of the Act.

The Act and Commerce's regulations do not address the establishment of a rate to be applied to companies not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in a market economy investigation, for guidance when calculating the rate for companies which were not selected for individual review in an administrative review. Under section 735(c)(5)(A) of the Act, the all-others rate is normally "an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero or *de minimis* margins, and any margins determined entirely {on the basis of facts available}."

In this review, we have preliminarily calculated a weighted-average dumping margin for these eight companies using the calculated rates of the mandatory respondents, excluding any margins that are zero, *de minimis*, or determined entirely on the basis of facts available. We preliminarily calculated a weighted-average dumping margin of 2.30 percent for Navneet and 0.00 percent for SAB for the POR. Therefore, based on the guidance provided in section 735(c)(5)(A) of the Act, we assigned the weighted-average dumping margin calculated for Navneet, 2.30 percent, to the Non-Selected Companies in these preliminary results.

VI. Discussion of the Methodology

A. 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 invoice if Commerce is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.³¹ 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.³²

Navneet reported the commercial invoice date as the date of sale in the home market.³³ We reviewed the sales and shipment documentation submitted by Navneet (*e.g.*, purchase order,

³¹ See 19 CFR 351.401(i); *see also* *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090 (CIT 2001) (*Allied Tube*) (quoting 19 CFR 351.401(i)).

³² See, *e.g.*, *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand*, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum (IDM) 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 IDM at Comment 2.

³³ See Navneet BCDQR at B-24.

sales order, order acknowledgement, commercial invoice, packing list, and tax invoice), and we preliminarily determine that the material terms of sale are set at the invoice date.³⁴ For U.S. sales, Navneet reported the purchase order date as the date of sale because the material terms are set in the purchase order and are not subsequently changed.³⁵ We reviewed sales and shipment documentation for U.S. sales (*e.g.*, purchase order, pro forma invoice, sales order, commercial invoice, tax invoice, packing list, bill of lading, domestic freight invoice, customs broker's invoice, and bank payment note), and we preliminarily determine that the material terms of sale are set at the purchase order date.³⁶ Based on this information, in accordance with 19 CFR 351.401(i), we preliminarily determine to base the date of sale on the commercial invoice date for Navneet's home market sales and the purchase order date for Navneet's U.S. sales.

SAB reported commercial invoice date or shipment date (*i.e.*, tax invoice date), whichever is earlier, as the date of sale for all of its U.S. market and third country market (Canada) sales.³⁷ We reviewed sales and shipment documentation for SAB's U.S. market sales and its third country market sales and have confirmed that the material terms of sale are set at the earlier of commercial invoice date or the shipment date.³⁸ Thus, in accordance with 19 CFR 351.401(i), we preliminarily determined to base the date of sale on the earlier of commercial invoice date of the shipment date for SAB's home market and U.S. sales.

B. 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 Navneet's and SAB's sales of the subject merchandise from India to the United States were made at less than normal value, we compared the export price (EP) to the normal value as described in the "Export Price" and "Normal Value" sections of this memorandum.

1. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates a weighted-average dumping margin by comparing weighted-average NVs to weighted-average EPs or constructed export prices (CEPs) (*i.e.*, the average-to-average (A-A) method) unless Commerce determines that another method is appropriate. In a less-than-fair-value (LTFV) investigation, Commerce examines whether to compare weighted-average NVs with the EPs (or CEPs) of individual sales (*i.e.*, the average-to-transaction (A-T) method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern Commerce's examination of this question in the context of an administrative review, 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 a LTFV investigation.³⁹

³⁴ See Navneet AQR at Exhibit A-7.

³⁵ See Navneet BCDQR at C-23; *see also* Navneet SQR1 at 17.

³⁶ See Navneet AQR at Exhibit A-8; *see also* Navneet Sales Verification Report at Section V.

³⁷ See SAB AQR at 24; *see also* SAB BCDQR at B-24 and C-21. As explained in Section VI.E.1. "Home Market Viability and Comparison Market Selection" *infra*, SAB reported no sales of the foreign like product in the home market.

³⁸ See SAB AQR at Exhibits A-4 (a) and A-4(B).

³⁹ See *Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty*

In numerous investigations, Commerce has applied a “differential pricing” analysis for determining whether application of the A-T method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.⁴⁰ Commerce finds that the differential pricing analysis used in certain 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 A-A method in calculating a respondent’s weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of EPs or CEPs for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all 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 A-A 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 consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, zip code) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the period of review 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 Commerce uses in making comparisons between EP or CEP and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* coefficient is a generally recognized statistical measure of the extent of the difference between the mean (*i.e.*, weighted-average price) of a test group and the mean (*i.e.*, weighted-average price) of a comparison group. First, for comparable merchandise, the Cohen’s *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser, region or time period each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen’s *d* coefficient is used to evaluate the extent to which the prices to the particular purchaser, region or time period differ significantly from the prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen’s *d* test: small, medium or large (0.2, 0.5 and 0.8, respectively). Of these thresholds, the large threshold provides the

Administrative Reviews; 2010–2011, 77 FR 73415 (December 10, 2012) and accompanying IDM 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 1322 (Fed. Cir. 2017).

⁴⁰ 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); see also *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: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

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

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, Commerce examines whether using only the A-A 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 A-A method only. If the difference between the two calculations is meaningful, then this demonstrates that the A-A 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 A-A 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 A-A 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.⁴¹

⁴¹ The Court of Appeals for the Federal Circuit (CAFC) in *Apex Frozen Foods v. United States*, 862 F. 3d 1322 (Fed. Cir. July 12, 2017) affirmed much of Commerce's differential pricing methodology. We ask that interested parties present only arguments on issues which have not already been decided by the CAFC.

2. Results of the Differential Pricing Analysis

For Navneet, based on the results of the differential pricing analysis, Commerce preliminarily finds that 85.29 percent of the value of U.S. sales pass the Cohen's *d* test,⁴² and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the A-A method cannot account for such differences because the weighted-average dumping margin crosses the *de minimis* threshold when calculated using the A-A method and when calculated using an alternative comparison method based on applying the A-T method to all U.S. sales. Thus, for these preliminary results, Commerce is applying the A-T method to all U.S. sales to calculate the weighted-average dumping margin for Navneet.

For SAB, based on the results of the differential pricing analysis, Commerce preliminarily finds that 12.18 percent of the value of U.S. sales pass the Cohen's *d* test,⁴³ which does not confirm the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Thus, for these preliminary results, the Commerce is applying the A-A method to all U.S. sales to calculate the weighted-average dumping margin for SAB.

C. Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by Navneet and SAB 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 memorandum above (*i.e.*, the foreign like product) that were in the ordinary course of trade for purposes of determining an appropriate NV for comparison to the U.S. EP. 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 comparison 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 comparison market sales of identical merchandise, then we identified comparison market sales of the most similar merchandise that were contemporaneous with the U.S. sales in accordance with 19 CFR 351.414(d)(3), and calculated NV based on the monthly weighted-average comparison 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).

⁴² See Memorandum, "Preliminary Results of Antidumping Duty Administrative Review of Certain Lined Paper Products from India (2017-2018): Calculation Analysis of Sales and Cost of Production for Navneet Education Ltd. (Navneet)," dated concurrently with this memorandum (Preliminary Calculation Memorandum for Navneet) at "Differential Pricing Analysis."

⁴³ See Memorandum, "Preliminary Results of Antidumping Duty Administrative Review of Certain Lined Paper Products from India (2017-2018): Calculation Analysis of Sales and Cost of Production for SAB International (SAB)," dated concurrently with this memorandum (Preliminary Calculation Memorandum for SAB) at Section III for details.

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}.”

In accordance with section 772(a) of the Act, for Navneet’s and SAB’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 SAB, 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 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.

E. Normal Value

1. Home Market Viability and Comparison Market Selection

In accordance with section 773(a)(1)(C) of the Act, to determine whether there was a sufficient volume of sales of CLLP in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home-market sales of the foreign like product is five percent or more of the aggregate volume of U.S. sales), we compared the volume of Navneet’s and SAB’s respective home-market sales of the foreign like product to the volume their respective U.S. sales of the subject merchandise. Based on this comparison, we determine that Navneet had a viable home market during the period of review but SAB did not.⁴⁴ Consequently, for Navneet, we based NV on home-market sales to unaffiliated purchasers made in the usual quantities in the ordinary course of trade, described in detail below.

With respect to SAB, it reported no sales of foreign like product in the home market.⁴⁵ 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

⁴⁴ See Navneet AQR at Exhibit A-1; SAB AQR at 6 and Exhibit A-1.

⁴⁵ See SAB AQR at 6 and Exhibit A-1.

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 SAB's sales of the foreign like product to a third-country market, Canada, as the basis for comparison market sales.

2. Level of Trade

In accordance with section 773(a)(1)(B) of the Act, and to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade as the EP or CEP.⁴⁶ Pursuant to 19 CFR 351.412(c)(1)(iii), the level of trade for NV is based on the starting price of the sales in the comparison market or, when NV is based on constructed value, the starting price of the sales from which we derive selling, general and administrative expenses (SG&A), and profit.

To determine if NV sales are at a different level of trade than EP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer.⁴⁷ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.⁴⁸ If the comparison-market sales are at a different level of trade and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the level of trade of the export transaction, we make a level-of-trade adjustment to NV under section 773(a)(7)(A) of the Act.

Navneet

Navneet identified seven channels of distribution in the home market: (1) full service sales of Navneet/Youva/HQ-brand channel products to distributors (channel one); (2) sales of limited service Boss-branded products to distributors (channel two); (3) sales to retail chains with their own distribution networks (channel three); (4) sales to institutional end-users who purchase materials for their own use (channel four); (5) sales to schools for end-use and for resale to students (channel five); (6) full service sales of Navneet-branded products to super-stockists (*i.e.*, regional warehouse distributors) who in turn sell to smaller distributors (channel seven); and (7) sales made directly to end-users through an e-commerce website (channel eight).⁴⁹ With respect to the U.S. market, Navneet reported that it made sales through one channel of distribution, *i.e.*, sales to U.S. importers and distributors (channel 6), which were all EP sales.⁵⁰

⁴⁶ See section 773(a)(7) of the Act.

⁴⁷ See 19 CFR 351.412(c)(2).

⁴⁸ 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).

⁴⁹ See Navneet AQR at A-12 to A-26.

⁵⁰ *Id.* at A-17.

Among its seven home market marketing channels, channels one and seven are full service channels to wholesale customers. 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.⁵¹ In channel seven (full service sales of Navneet-branded products to super-stockists who then sell to distributors), Navneet also 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.⁵² In both channels one and seven, Navneet states that it is actively involved with direct advertising aimed at the retailers and end-users.⁵³ Navneet provides printed advertising materials for retail displays to support the sales of products in channels one and seven.⁵⁴

In channels three, four, and five (sales to chain stores, institutions, and schools), Navneet engages in a lower level of selling activities.⁵⁵ In channels one, three, five, and seven, Navneet reported providing advertising for its Navneet/Youva/HQ brands.⁵⁶ In channel two, limited service sales of Boss-branded products, Navneet reported performing no downstream selling or promotional activities and no brand advertising for its generic Boss-branded products.⁵⁷ 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.⁵⁸

In channel eight, Navneet sells small quantities of product directly to end users through an e-commerce website.⁵⁹ Since channel eight involves direct sales to the end-user and there is no reselling, Navneet provides only a low level of downstream selling activities and does not provide advertising canvassers or other promotional activities or retail assistance.⁶⁰ However, this channel involves retail sales to consumers, so Navneet engages in additional activities that it does not perform in its other sales channels, such as creating and maintaining an online retail portal, employing customer service agents to assist customers with placing orders, warehouse order fulfillment, delivery by mail or courier to the customer, and creating a consumer payment processing system to receive and process payments from consumers via bank transfer or credit card.⁶¹

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. In all cases, Navneet accepts and processes orders, issues invoices and shipping documents, and collects payment.

⁵¹ *Id.* at A-13 to A-16.

⁵² *Id.* at A-16 to A-18.

⁵³ *Id.* at A-13 to A-18, A-29 and Exhibit A-6.

⁵⁴ *Id.*

⁵⁵ *Id.* at A-20 to A-24 and Exhibit A-6.

⁵⁶ *Id.* at A-13 to A-24 and Exhibit A-6.

⁵⁷ *Id.* at A-18 to A-19.

⁵⁸ *Id.* at A-20 to A-21.

⁵⁹ *Id.* at A-24 to A-26.

⁶⁰ *Id.* at A-25.

⁶¹ *Id.* at A-25 and Exhibit A-6.

Based on the sales process and selling function information provided by Navneet, we preliminarily determine that the levels of selling activities for channel eight (e-commerce sales directly to end-users) are at a higher level of intensity than the levels of selling activities in the other distribution channels in the home market. In addition, consistent with prior reviews, we find that channels two, three, four, and five in the home market are at a lower level of intensity than the level of selling activities in distribution channels one and seven (full-service sales to distributors and full-service sales to super-stockists, respectively) in the home market. Therefore, we find that the home-market channels of distribution constitute three LOTs: (1) LOT1, which consists of channel eight, (2) LOT2, which consists of channels one and seven; and (3) LOT3, 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.⁶² There was a single channel of distribution for U.S. sales – sales to importers/distributors who distribute the products to retailers (channel six).⁶³ 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.⁶⁴ After shipment, Navneet has no further involvement in the sale. Therefore, the U.S. sales 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.⁶⁵

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 LOT3 are at the same level of trade as the U.S. sales. Therefore, we have compared U.S. sales to Navneet's reported LOT3 sales in its home market sales database.

SAB

During the POR, SAB's sales to both the United States market and Canadian market were all made through one channel of distribution and to one category of customer – *i.e.*, U.S. trading companies (for the U.S. market), and Canadian trading companies (for the Canadian market).⁶⁶ Our analysis of the selling activities in the U.S. and Canadian markets supports that there is only one level of trade for all sales in the U.S. market and the Canadian market.⁶⁷

F. Sales to Affiliates

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

⁶² *Id.* at A-2.

⁶³ *Id.* at A-26 to A-27.

⁶⁴ *Id.*

⁶⁵ *Id.* at A-27 and Exhibit A-6.

⁶⁶ See SAB AQR at 7, 22, 25, and 26; see also SAB BCDQR at B-22 and C-19 for further details.

⁶⁷ See SAB AQR at 19 and Exhibit A-3.

trade.⁶⁸ To test whether the respondents' comparison market sales are made at arm's-length prices, we compare the prices of sales of comparable merchandise to affiliated and unaffiliated customers, net of all rebates, movement charges, and direct selling expenses. Pursuant to 19 CFR 351.403(c) and in accordance with our practice, when the prices charged to an affiliated party are, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for merchandise comparable to that sold to the affiliated party, we determine that the sales to the affiliated party are at arm's-length prices.⁶⁹ Navneet reported that all sales in the home market during the POR were made to unaffiliated customers.⁷⁰ SAB reported that all its sales during the POR were made to unaffiliated trading companies.⁷¹ Therefore, we did not perform the arm's length test.

G. Cost of Production Analysis

Pursuant to section 773(b)(2)(A)(ii) of the Act, Commerce required that both mandatory respondents provide CV and cost of production (COP) information to determine if there were reasonable grounds to believe or suspect that sales of foreign like product had been made at prices that represented less than the COP of the product.

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 amounts for general and administrative expenses (G&A) and interest expenses. For Navneet, we have adjusted its reported scrap offset and G&A expenses for these preliminary results.⁷² For SAB, we have not made any adjustments to SAB's COP for these preliminary results. In addition, based on the review of record evidence, we find that both Navneet and SAB 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 SAB, we followed our normal methodology of calculating a weighted-average cost for the POR. For Navneet and SAB, we relied on the reported annual data.

2. Test of Comparison Market Prices and COP

As required under section 773(b) of the Act, for Navneet and SAB, 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 SAB's COP to the

⁶⁸ See 19 CFR 351.403(c).

⁶⁹ See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186 (November 15, 2002).

⁷⁰ See Navneet AQR at A-2.

⁷¹ See SAB AQR at 7, 22, 25, and 26.

⁷² See Preliminary Calculation Memorandum for Navneet at "Scrap Offset" and "G&A Expense Ratio."

comparison market prices, less any applicable movement charges, discounts, rebates, and direct and indirect selling expenses.

3. Results of the 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.

Our cost test indicates that Navneet and SAB 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.⁷³ 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.

H. Calculation of Normal Value Based on Comparison Market Prices

We calculated NV for Navneet and SAB based on the reported packed, ex-factory, or delivered prices to comparison-market customers.

With respect to Navneet, we made adjustments, where appropriate, to NV for certain billing adjustments, early payment discounts, and late payment fees. We also made deductions from the starting price, where appropriate, for certain movement expenses (*i.e.*, inland freight and warehousing expenses) and for certain direct selling expenses (*e.g.*, commissions and credit expenses), pursuant to section 773(a)(6)(B)(ii) of the Act.⁷⁴

For SAB, we made deductions from the starting price, where appropriate, for certain movement expenses (*i.e.*, inland freight, brokerage and loading charges, marine insurance) and for certain direct selling expenses (*i.e.*, foreign and domestic bank charges, and credit expenses), pursuant to section 773(a)(6)(B)(ii) of the Act.⁷⁵

For both companies, we added U.S. packing costs and deducted home-market packing costs, in accordance with sections 773(a)(6)(A) and (B)(i) of the Act.

⁷³ See the SAS results of SAB's prelim comparison market program (SAB Prelim CM Program_AR 12) at page 13 for details.

⁷⁴ See Preliminary Calculation Memorandum for Navneet at Attachment 1 at "4-B-i: CALCULATION OF AGGREGATE VARIABLES" and "4-B-ii: CALCULATION OF NET PRICES."

⁷⁵ See SAB's prelim comparison market program (SAB Prelim CM Program_AR 12) at Part 4-B-1, and SAB's prelim margin program (SAB Prelim Margin Program_AR 12) at Part 4-A for details.

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 of the foreign-like product and that of the subject merchandise.⁷⁶

VII. Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A of the Act and 19 CFR 351.415, based on the exchange rates in effect on the date of the U.S. sales as certified by the Federal Reserve Bank.⁷⁷

VIII. Recommendation

We recommend applying the above methodology for these preliminary results.



Agree



Disagree

11/7/2019

X 

Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

⁷⁶ See 19 CFR 351.411(b).

⁷⁷ The exchange rates are available on the Enforcement and Compliance website at <http://enforcement.trade.gov/exchange/index.html>.