



A-570-073
Administrative Review
06/22/2018 – 01/31/2020
Public Document
E&C/OVI: FB, FS

June 21, 2021

MEMORANDUM TO: James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

FROM: Dana Mermelstein
Director, Office VII
Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the 2018-
2020 Antidumping Duty Administrative Review of Common Alloy
Aluminum Sheet from the People's Republic of China

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping (AD) order on common alloy aluminum sheet (aluminum sheet) from the People's Republic of China (China). The period of review (POR) is June 22, 2018 through January 31, 2020. The review covers three mandatory respondents: (1) Henan Mingtai Aluminum Industrial/Zhengzhou Mingtai Industry Co., Ltd. (collectively, Mingtai), (2) Jiangyin New Alumax Composite Material (Jiangyin New Alumax), and (3) Jiangsu Alcha Aluminum Co., Ltd. (Jiangsu Alcha). We preliminarily find that sales of aluminum sheet have been made at prices below normal value (NV).

Additionally, we are preliminarily granting separate rate status to two companies/company groupings, including one of the mandatory respondents. We are also preliminarily finding that certain companies failed to establish their entitlement to a separate rate, and that two companies had no shipments of subject merchandise to the United States during the POR. We are also rescinding this review with respect to twenty companies.

If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection (CBP) to assess AD duties on all appropriate entries of subject merchandise during the POR.¹ The rates assigned to each of these companies can be found in the "Preliminary Results of Review" section of the accompanying *Federal Register* notice.

¹ See 19 CFR 351.106(c)(2).



Interested parties are invited to comment on these preliminary results. Unless otherwise extended, we intend to issue final results no later than 120 days from the date of publication of the accompanying *Federal Register* notice of preliminary results of review, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act).

II. BACKGROUND

On February 8, 2019, Commerce published the AD order on aluminum sheet from China.² On February 3, 2020, we notified interested parties of the opportunity to request an administrative review of the *Order*.³ We received requests for review from the Aluminum Association Common Alloy Aluminum Sheet Trade Enforcement Working Group (the petitioner), Texarkana Aluminum, Inc. (TKA), and Valeo North America, Inc. (Valeo).⁴ On April 8, 2020, we initiated an administrative review of the *Order* covering 31 companies/company groupings.⁵ On April 9, 2020, TKA withdrew its request for a review of one company.⁶ On August 19, 2020, the petitioner withdrew its request for review for certain companies for which it had requested a review.⁷ As a result, 11 companies remain under review.

From April through June 2020, multiple companies submitted either separate rate applications, separate rate certifications, or no shipment letters.

On June 10, 2020, we selected Mingtai and Jiangyin New Alumas as mandatory respondents in this administrative review.⁸ We issued questionnaires to these companies on June 29, 2020.⁹ We received no response from either Jiangyin New Alumas or Mingtai. Additionally, on August 18, 2020, Mingtai notified Commerce that it did not intend to participate in this administrative review.¹⁰

On July 17, 2020, Jiangsu Aluma Aluminium Co., Ltd. (Jiangsu Aluma) and Aluma International Holdings Limited (Aluma International) (collectively, Aluma Group) submitted a request for

² See *Common Alloy Aluminum Sheet from the People's Republic of China: Antidumping Duty Order*, 84 FR 2813 (February 8, 2019) (the *Order*).

³ See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 85 FR 5938 (February 3, 2020).

⁴ See Petitioner's Letter, "1st Administrative Review of the Antidumping Order on Common Alloy Aluminum Sheet From the People's Republic of China," dated March 2, 2020; see also TKA's Letter, "Common Aluminum Alloys Sheet from China, Request For Antidumping & Countervailing Duty Administrative Reviews," dated February 1, 2020; TKA's Letter, "Common Aluminum Alloys Sheet (CAAS), Request for Antidumping (AD) & Countervailing Duty (CVD) Administrative Reviews," dated February 28, 2020; and Valeo's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Request for Administrative Review," dated February 28, 2020.

⁵ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 19730 (April 8, 2020) (*Initiation Notice*).

⁶ See TKA's Letter, "Common Aluminum Alloys Sheet (CAAS) from China Antidumping (AD) & Countervailing Duty (CVD) Administrative Reviews," dated April 9, 2020.

⁷ See Petitioner's Letter, "1st Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Withdrawal of Certain Requests for Administrative Reviews," dated August 19, 2020.

⁸ See Memorandum, "Antidumping Duty Administrative Review of Common Alloy Aluminum Sheet from the People's Republic of China: Respondent Selection," dated June 10, 2020.

⁹ See Commerce's Letters, Initial AD Questionnaire, dated June 29, 2020.

¹⁰ See Mingtai's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Mingtai Notice of Intent Not to Participate," dated August 18, 2020.

voluntary respondent treatment.¹¹ Between July and August 2020, Alcha Group submitted timely voluntary responses to sections A, C, and D of the standard questionnaire.¹² On September 28, 2020, we selected Jiangsu Alcha as an additional mandatory respondent.¹³ From February through April 2021, we issued supplemental questionnaires¹⁴ to Alcha Group, to which Alcha Group submitted timely responses.¹⁵ Between October 2020 and April 2021, the petitioner submitted comments on Alcha Group's questionnaire and supplemental questionnaire responses.¹⁶

On January 27, 2021, we placed on the record a list of potential surrogate countries and invited interested parties to comment on the selection of the primary surrogate country and provide surrogate value (SV) information.¹⁷ Between February 3, 2021, and May 17, 2021, we received

¹¹ See Alcha's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Request for Voluntary Respondent Treatment," dated July 17, 2020.

¹² See Alcha Group's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Alcha Group's Section A Questionnaire Response," dated July 21, 2020; *see also* Alcha Group's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Alcha Group's Section C and D Questionnaire Responses," dated August 5, 2020 (Alcha Group August 5, 2020 CQR, Alcha Group August 5, 2020 DQR).

¹³ See Memorandum, "Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China: Selection of Additional Respondent for Individual Examination," dated September 28, 2020.

¹⁴ See Commerce's Letters, "Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China: Section D Supplemental Questionnaire," dated February 23, 2021; "Common Alloy Aluminum Sheet from the People's Republic of China: Separate Rate Application and Section A Supplemental Questionnaire," dated March 3, 2021; "Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China: Supplemental Sections A-C Questionnaire," dated March 12, 2021; "Common Alloy Aluminum Sheet from the People's Republic of China: Section D Second Supplemental Questionnaire," dated March 30, 2020; and "Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China: Supplemental Questionnaire," dated April 30, 2021.

¹⁵ See Alcha Group's Letters, "Common Alloy Aluminum Sheet from the People's Republic of China: Alcha's Supplemental Section D Questionnaire Response," dated March 9, 2021; "Common Alloy Aluminum Sheet from the People's Republic of China: Alcha's Separate Rate Application and Section A Supplemental Questionnaire Response," dated March 17, 2021; "Common Alloy Aluminum Sheet from the People's Republic of China: Alcha's Supplemental Section A and C Questionnaire Response," dated March 24, 2021; "Common Alloy Aluminum Sheet from the People's Republic of China: Alcha's Second Supplemental Section D Questionnaire Response," dated April 19, 2021; and "Common Alloy Aluminum Sheet from the People's Republic of China: Alcha's Supplemental Questionnaire Response," dated May 11, 2021.

¹⁶ See Petitioner Letters, "Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Comments on Deficiencies in Alcha's Section A, C, and D Questionnaire Responses," dated October 30, 2020; and "1st Administrative Review of the Antidumping Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Comments on Continuing Deficiencies in Alcha's Section A and C Supplemental Questionnaire Responses," dated April 14, 2021.

¹⁷ See Memorandum, "Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information," dated January 27, 2021 (Surrogate Country and Surrogate Value Comments Invitation Letter).

comments on the selection of the primary surrogate country and SV information from the petitioner¹⁸ and Alcha Group.¹⁹

On April 24, 2020, Commerce tolled all deadlines in administrative reviews by 50 days.²⁰ On July 21, 2020, Commerce tolled all deadlines in administrative reviews by an additional 60 days.²¹ On January 27, 2021 and June 2, 2021, we extended the deadline for these preliminary results, in accordance with section 751(a)(3)(A) of the Act, and 19 CFR 351.213(h)(2), thereby extending the deadline for these preliminary results until June 18, 2021.²² Accordingly, the deadline for these preliminary results is now June 21, 2021.²³

We are conducting this review in accordance with sections 751(a)(1), 751(a)(3), and 777(i)(1) of the Act, and 19 CFR 351.213.

¹⁸ See Petitioner's Letters, "1st Administrative Review of the Antidumping Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's OP List Comments," dated February 3, 2021 (Petitioner February 3, 2021 Surrogate Country Comments); "1st Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Surrogate Country Comments," dated February 22, 2021 (Petitioner February 22, 2021 Surrogate Country Comments); "1st Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Surrogate Country Rebuttal Comments," dated March 4, 2021 (Petitioner March 4, 2021 Surrogate Country Rebuttal Comments); "1st Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from China – Domestic Industry's Preliminary Surrogate Value Comments," dated March 25, 2021 (Petitioner March 25, 2021 SV Submission); Petitioner's Letter, "1st Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from China – Domestic Industry's Preliminary Surrogate Value Rebuttal Comments," dated April 5, 2021 (Petitioner April 5, 2021 SV Rebuttal Submission); "1st Administrative Review of the Antidumping Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Final Submission of Surrogate Value Information," dated May 7, 2021 (Petitioner May 7, 2021 Final SV Submission); and "1st Administrative Review of the Antidumping Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Final Submission of Surrogate Value Rebuttal Information," dated May 17, 2021 (Petitioner May 17, 2021 Final SV Rebuttal Submission).

¹⁹ See Alcha Group's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Comments on Surrogate Country Selection," dated February 22, 2021 (Alcha Group February 22, 2021 Surrogate Country Comments); *see also* Alcha Group's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Submission of Surrogate Values," dated March 25, 2021 (Alcha Group March 25, 2021 SV Submission); and Alcha Group's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Second Submission of Surrogate Values," dated May 7, 2021 (Alcha Group May 7, 2021 Second SV Submission).

²⁰ See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews in Response to Operational Adjustments Due to COVID-19," dated April 24, 2020.

²¹ See Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews," dated July 21, 2020.

²² See Memorandum, "Common Alloy Aluminum Sheet from China, 2018-2020: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review," dated January 27, 2021; *see also* Memorandum, "Common Alloy Aluminum Sheet from China, 2018-2020: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review," dated June 2, 2021.

²³ On June 17, 2021, the President signed into law the Juneteenth National Independence Day Act, making June a Federal holiday. *See* Juneteenth National Independence Day Act, S. 475, Pub. L. No. 117-17 (2021). Because the Federal holiday fell on a Saturday, it was observed on Friday, June 18, 2021. Where a deadline falls on a weekend or Federal holiday, the appropriate deadline is the next business day. *See Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005). Accordingly, the deadline for these preliminary results is on June 21, 2021.

III. SCOPE OF THE *ORDER*

The merchandise covered by the *Order* is aluminum common alloy sheet (common alloy sheet), which is a flat-rolled aluminum product having a thickness of 6.3 mm or less, but greater than 0.2 mm, in coils or cut-to-length, regardless of width. Common alloy sheet within the scope of the *Order* includes both not clad aluminum sheet, as well as multi-alloy, clad aluminum sheet. With respect to not clad aluminum sheet, common alloy sheet is manufactured from a 1XXX-, 3XXX-, or 5XXX-series alloy as designated by the Aluminum Association. With respect to multi-alloy, clad aluminum sheet, common alloy sheet is produced from a 3XXX-series core, to which cladding layers are applied to either one or both sides of the core.

Common alloy sheet may be made to ASTM specification B209-14, but can also be made to other specifications. Regardless of specification, however, all common alloy sheet meeting the scope description is included in the scope. Subject merchandise includes common alloy sheet that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the *Order* if performed in the country of manufacture of the common alloy sheet.

Excluded from the scope of the *Order* is aluminum can stock, which is suitable for use in the manufacture of aluminum beverage cans, lids of such cans, or tabs used to open such cans. Aluminum can stock is produced to gauges that range from 0.200 mm to 0.292 mm, and has an H-19, H-41, H-48, or H-391 temper. In addition, aluminum can stock has a lubricant applied to the flat surfaces of the can stock to facilitate its movement through machines used in the manufacture of beverage cans. Aluminum can stock is properly classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7606.12.3045 and 7606.12.3055.

Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set for the above.

Common alloy sheet is currently classifiable under HTSUS subheadings 7606.11.3060, 7606.11.6000, 7606.12.3090, 7606.12.6000, 7606.91.3090, 7606.91.6080, 7606.92.3090, and 7606.92.6080. Further, merchandise that falls within the scope of the *Order* may also be entered into the United States under HTSUS subheadings 7606.11.3030, 7606.12.3030, 7606.91.3060, 7606.91.6040, 7606.92.3060, 7606.92.6040, 7607.11.9090. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the *Order* is dispositive.

IV. PARTIAL RESCISSION OF ADMINISTRATIVE REVIEW

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if a party who requested the review withdraws the request within 90 days of the date of publication of notice of initiation of the requested review. We received timely withdrawal-of-review requests for the following companies: (1) Alumax Composite Material (Jiangyin) Co., Ltd.; (2) Chalco Ruimin Co., Ltd.; (3) Granges Aluminum (Shanghai) Co., Ltd.; (4) Henan Founder Beyond Industry Co., Ltd.; (5) Henan Jinyang Luyue Co., Ltd.; (6) Henan Xintai

Aluminum Industry Co., Ltd.; (7) Henan Zhongyuan Aluminum Co., Ltd.; (8) Huafoan Nikkei Aluminium Corporation; (9) Jiangsu Lidao New Material Co., Ltd.; (10) Jiangsu Zhong He Aluminum Co., Ltd.; (11) Jiangyin Litai Ornamental Materials Co., Ltd.; (12) Luoyang Xinlong Aluminum Co., Ltd.; (13) Multipanel UK Ltd.; (14) Shandong Fuhai Industrial Co., Ltd.; (15) Shandong Nanshan Aluminium Co., Ltd.; (16) Shanghai Dongshuo Metal Trade Co., Ltd.; (17) Tianjin Zhongwang Aluminium Co., Ltd.; (18) Xiamen Xiashun Aluminum Foil Co., Ltd.; (19) Yantai Jintai International Trade Co., Ltd.; and (20) Zhengzhou Silverstone Limited.²⁴ We are rescinding this review with respect to these companies in accordance with 19 CFR 351.213(d)(1).

V. PRELIMINARY DETERMINATION OF NO SHIPMENTS

Companhia Brasileira de Aluminio (CBA) and Teknik Aluminyum Sanayi A.S. (Teknik Aluminyum) filed certifications reporting that they had no exports, sales or entries of aluminum sheet from China into the United States during the POR.²⁵ We issued a no-shipment inquiry to CBP asking for any entry activity regarding CBA or Teknik Aluminyum.²⁶ CBP responded that it found no shipments during the POR for either company.²⁷ Based on CBA's and Teknik Aluminyum's certifications, and our review of CBP information currently on the record²⁸ that does not contradict their claims, we preliminarily determine that CBA and Teknik Aluminyum had no shipments of subject merchandise to the United States during the POR.

Consistent with Commerce's practice in non-market economy (NME) cases, we have not rescinded the review with respect to these companies but will continue the review of these companies and issue instructions to CBP based on the final results of the review.²⁹

²⁴ See TKA's Letter, "Common Aluminum Alloys Sheet (CAAS) from China, Antidumping (AD) & Countervailing Duty (CVD) Administrative Reviews," dated April 9, 2020; *see also* Petitioner's Letter, "1st Administrative Review of the Antidumping Order on Common Alloy Aluminum Sheet from the People's Republic of China – Domestic Industry's Withdrawal of Certain Requests for Administrative Reviews," dated August 19, 2020; and Memorandum, "Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews in Response to Operational Adjustments Due to COVID-19," dated April 24, 2020 (tolling all deadlines for submissions in administrative reviews by 50 days).

²⁵ See Teknik Aluminyum's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Teknik Aluminyum Sanayi A.S.'s Notice of No Sales," dated June 24, 2020; *see also* CBA's Letter, "Administrative Review of Common Alloy Aluminum Sheet from the People's Republic of China: Notice of No Shipments," dated June 26, 2020.

²⁶ See Memorandum, "Common alloy aluminum sheet from the People's Republic of China produced and/or exported by Teknik Aluminyum Sanayi A.S. (also known as Teknik Aluminyum) and Companhia Brasileira de Aluminio during the period 06/22/2018 through 01/31/2020," dated June 3, 2021 (citing message number 1148401, dated May 28, 2021, barcode 4126072-01 and to message number 1148402, dated May 28, 2021, barcode 4126077-01).

²⁷ *Id.*

²⁸ See Memorandum, "Common Alloy Aluminum Sheet from the People's Republic of China – Placing CBP Data on the Record," dated April 27, 2020 at Attachment (posted on ACCESS on May 4, 2020).

²⁹ See *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694 (October 24, 2011).

VI. PRELIMINARY SUCCESSOR-IN-INTEREST DETERMINATION

In the *Initiation Notice*, Commerce initiated an administrative review of Jiangsu Alcha under the name “Jiangsu Alcha Aluminum Co., Ltd.”³⁰ However, Alcha Group subsequently informed Commerce that during the POR, Jiangsu Alcha’s full name was changed to “Jiangsu Alcha Aluminum Group Co., Ltd.”³¹

Pursuant to section 751(b)(1) of the Act and 19 CFR 351.216(d), when Commerce receives information concerning, or a request from an interested party for a review of, an order which shows changed circumstances sufficient to warrant a review of such order after publishing notice of the review in the *Federal Register*, Commerce shall conduct a review of the determination based on those changed circumstances.

In the past, Commerce has used changed circumstance reviews (CCRs) to consider the applicability of cash deposit rates after there have been changes in the name or the structure of a respondent, such as a merger or spinoff (successor-in-interest, or successorship, determinations). While successor-in-interest determinations are often made in the context of CCRs in accordance with 19 CFR 351.216, Commerce has also made successor-in-interest determinations in the context of administrative reviews and investigations.³² Thus, for this administrative review, and consistent with Commerce’s practice, we have considered the information submitted by Alcha Group to evaluate whether “Jiangsu Alcha Aluminum Group Co., Ltd.” is the successor-in-interest to Jiangsu Alcha Aluminum Co., Ltd.

In determining whether one company is the successor to another for purposes of the AD law, Commerce examines several factors including, but not limited to, changes in: (1) management; (2) production facilities; (3) supplier relationships; and (4) customer base.³³ Although no single or combination of these factors will necessarily provide a dispositive indication of successorship, generally Commerce will consider one company to be a successor to another company if its resulting operation is not materially dissimilar to that of its predecessor.³⁴ Thus, if the totality of circumstances demonstrates that, with respect to the production and sale of the subject merchandise, the new company operates as the same business entity as the prior company, Commerce will assign the new company the cash-deposit rate of its predecessor.³⁵

³⁰ See *Initiation Notice*.

³¹ See Jiangsu Alcha’s Letter, “Common Alloy Aluminum Sheet from the People’s Republic of China: Separate Rate Application for Jiangsu Alcha Aluminum Co. Ltd.,” dated June 29, 2020, at 9.

³² See, e.g., *Certain Frozen Warmwater Shrimp from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2018-2019*, 85 FR 83891 (December 23, 2020), and accompanying IDM at Comment 3; and *Ball Bearings and Parts Thereof from France: Final Results of Changed-Circumstances Review*, 75 FR 34688 (June 18, 2010), and accompanying IDM at Comment 1.

³³ See, e.g., *Stainless Steel Bar from Spain: Preliminary Results of Antidumping Duty Administrative Review; 2012-2013*, 79 FR 22622 (April 23, 2014), and accompanying PDM at 2-3.

³⁴ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Certain Orange Juice from Brazil*, 71 FR 2183 (January 13, 2006).

³⁵ See, e.g., *Certain Pasta from Italy: Final Results of Changed Circumstances Review*, 86 FR 24845 (May 10, 2021).

In accordance with our normal analysis, we requested information from Alcha Group regarding its business operations before and after the name change. Based on its responses,³⁶ we preliminarily find that the resulting operation is not materially dissimilar to that of the company before the name change. Specifically, we find that its management, production facilities, supplier relationships, and customer base after the name change all remained substantially the same as before the name change, and that the resulting operation is not materially dissimilar to that of the company prior to the name change. Therefore, based on the totality of circumstances, we preliminarily determine that Jiangsu Alcha Aluminum Group Co., Ltd., is the successor-in-interest to Jiangsu Alcha Aluminum Co., Ltd.

VII. AFFILIATION

Section 771(33) of the Act identifies that the following persons that shall be considered “affiliated” or “affiliated persons”: (A) members of a family, including brothers and sisters (whether by the whole or half-blood), spouse, ancestors, and lineal descendants; (B) any officer or director of an organization and such organization; (C) partners; (D) employer and employee; (E) any person directly or indirectly owning, controlling, or holding with power to vote, five percent or more of the outstanding voting stock or shares of any organization and such organization; (F) two or more persons directly or indirectly controlling, controlled by, or under common control with, any person; and (G) any person who controls any other person and such other person. Section 771(33) of the Act further states that a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person. Commerce’s regulations at 19 CFR 351.102(b)(3) state that in determining whether control over another person exists within the meaning of section 771(33) of the Act, Commerce will not find that control exists unless the relationship has the potential to impact decisions concerning the production, pricing, or cost of the subject merchandise or foreign like product.³⁷

We preliminarily determine that Jiangsu Alcha, Alcha International and Baotou Alcha Aluminum Co., Ltd. (Baotou Alcha) are all affiliated companies. We find that information on the record establishes affiliation with these companies through ownership and/or control, pursuant to sections 771(33)(E)-(G) of the Act.³⁸ Furthermore, we also find that Jiangsu Alcha and Baotou Alcha Aluminum Co., Ltd., should be treated as a single entity pursuant to 19 CFR 351.401(f)(1)-(2). For additional information, *see* the Affiliation and Collapsing Memorandum.³⁹

³⁶ See Alcha Group’s Letter, “Common Alloy Aluminum Sheet from the People’s Republic of China: Alcha’s Supplemental Section A and C Questionnaire Response,” dated March 24, 2021 at 1-4.

³⁷ See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27298 (May 19, 1997).

³⁸ See Memorandum, “Preliminary Affiliation and Collapsing Memorandum: Common Alloy Aluminum Sheet from China,” dated concurrently with this notice.

³⁹ See Memorandum, “Preliminary Affiliation and Collapsing Memorandum: Common Alloy Aluminum Sheet from China,” dated concurrently with this notice (Affiliation and Collapsing Memorandum).

VIII. DISCUSSION OF THE METHODOLOGY

Non-Market Economy (NME) Country

Commerce considers China to be an NME country.⁴⁰ In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority. Further, as part of this administrative review, we have received no request to reconsider Commerce's determination that China is an NME country. Therefore, we will continue to treat China as an NME country for purposes of these preliminary results of review. We calculated normal value (NV) using a factors of production (FOP) methodology in accordance with section 773(c) of the Act, which applies to NME countries.

Surrogate Country

When Commerce is reviewing imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production (FOPs), valued in a surrogate market economy (ME) country or countries that Commerce considers to be appropriate. Specifically, in accordance with section 773(c)(4) of the Act, in valuing the FOPs, Commerce shall utilize, "to the extent possible, the prices or costs of {FOPs} in one or more ME countries that are: (A) at a level of economic development comparable to that of the {NME} country; and (B) significant producers of comparable merchandise."⁴¹

As a general rule, Commerce selects a surrogate country that is at the same level of economic development as the NME country, unless it is determined that none of the countries are viable options because they: (a) are not significant producers of comparable merchandise, (b) do not provide sufficient reliable sources of publicly available SV data, or (c) are not suitable for use based on other reasons.⁴² Surrogate countries that are not at the same level of economic development as the NME country, but still at a level of economic development comparable to the NME country, are selected only to the extent that data considerations outweigh the difference in levels of economic development.⁴³ To determine which countries are at the same level of economic development as the NME country, Commerce generally relies on per capita gross national income (GNI) data from the World Bank's *World Development Report*.⁴⁴ Further, Commerce normally values all FOPs in a single surrogate country.⁴⁵ If more than one country satisfies the two criteria noted above, Commerce narrows the field of potential surrogate countries to a single country based on data availability and quality.

⁴⁰ See *Antidumping Duty Investigation of Certain Aluminum Foil from the People's Republic of China: Affirmative Preliminary Determination of Sales at Less-Than-Fair Value and Postponement of Final Determination*, 82 FR 50858, 50861 (November 2, 2017) (citing Memorandum, "China's Status as a Non-Market Economy," dated October 26, 2017 (China NME Status Memo)), unchanged in *Certain Aluminum Foil from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 83 FR 9282 (March 5, 2018).

⁴¹ For a description of our practice, see Policy Bulletin No. 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin 04.1) available on Commerce's website at <http://enforcement.trade.gov/policy/bull04-1.html>.

⁴² *Id.*

⁴³ See Surrogate Country and Surrogate Value Comments Invitation Letter.

⁴⁴ See Policy Bulletin 04.1.

⁴⁵ See 19 CFR 351.408(c)(2).

On January 27, 2021, we placed on the record a list of potential surrogate countries and invited interested parties to comment on the selection of the primary surrogate country and provide SV information.⁴⁶ Between February 3, 2021, and May 17, 2021, we received comments on the selection of the primary surrogate country and SV information from the petitioner⁴⁷ and Alcha Group.⁴⁸

1. Economic Comparability

Section 773(c)(4)(A) of the Act states that Commerce “shall utilize, to the extent possible, the prices or costs of {FOPs} in one or more market economy countries that are ... at a level of economic development comparable to that of the {NME} country.” The applicable statute does not expressly define the phrase “level of economic development comparable” or what methodology Commerce must use in evaluating this criterion. The U.S. Court of International Trade (CIT) has found the use of per capita GNI to be a “consistent, transparent, and objective metric to identify and compare a country’s level of economic development” and “a reasonable interpretation of the statute.”⁴⁹

On January 27, 2021, consistent with our practice, and section 773(c)(4) of the Act, we identified Brazil, Malaysia, Mexico, Romania, Russia, and Turkey as countries at the same level of economic development to that of China based on the per capita GNI data from the World Bank’s *World Development Report*.⁵⁰ Therefore, we consider all six countries as having met the economic comparability prong of the surrogate country selection criteria. The countries identified are not ranked and are considered equivalent in terms of economic comparability.

2. Significant Producer of Comparable Merchandise

Section 773(c)(4)(B) of the Act requires Commerce, to the extent possible, to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor Commerce’s regulations provide further guidance on what may be considered “a significant producer” or “comparable merchandise.” To determine whether the above-referenced countries are significant producers of comparable merchandise, Commerce’s practice is to examine which countries on the potential surrogate country list exported merchandise comparable to the merchandise under consideration.

Following our practice, we analyzed exports of comparable merchandise, as defined by the Harmonized Tariff Schedule (HTS) subheadings listed in the scope of the *Order*, from the

⁴⁶ See Surrogate Country and Surrogate Value Comments Invitation Letter.

⁴⁷ See Petitioner February 3, 2021 Surrogate Country Comments; *see also* Petitioner February 22, 2021 Surrogate Country Comments; Petitioner March 4, 2021 Surrogate Country Rebuttal Comments; Petitioner March 25, 2021 SV Submission; Petitioner April 5, 2021 SV Rebuttal Submission; Petitioner May 7, 2021 Final SV Submission; and Petitioner May 17, 2021 Final SV Rebuttal Submission.

⁴⁸ See Alcha Group February 22, 2021 Surrogate Country Comments; *see also* Alcha Group March 25, 2021 SV Submission; and Alcha Group May 7, 2021 Second SV Submission.

⁴⁹ See *Jiaxing Brother Fastener Co. v. United States*, 961 F. Supp. 2d 1323, 1329 (CIT 2014), *aff’d* *Jiaxing Brother Fastener Co. v. United States*, 822 F.3d 1289 (Fed. Cir. 2016).

⁵⁰ See Surrogate Country and Surrogate Value Comments Invitation Letter

economically comparable countries during the POR as a proxy for production data.⁵¹ The petitioners submitted Global Trade Atlas (GTA) data for exports from Brazil, Malaysia, Mexico, Romania, Russia, and Turkey under HTS subheadings 7606.11, 7606.12, 7606.91, and 7606.92.⁵² Alcha Group submitted GTA data for exports from Brazil, Malaysia, Mexico, Romania, Russia, and Turkey made under the HTS subheadings 7606.11, 7606.12, 7606.91, and 7606.92, HTS subheadings which include subject merchandise, during the POR.⁵³ It also submitted GTA data for exports from Bulgaria. Based on this data, we preliminarily find that Brazil, Bulgaria, Malaysia, Mexico, Romania, Russia, and Turkey reported export volumes of identical or comparable merchandise in the POR. Therefore, we preliminarily find that Brazil, Bulgaria, Mexico, Malaysia, Romania, Russia, and Turkey meet the “significant producer of comparable” requirement of section 773(c)(4) of the Act.

3. Data Availability

Commerce’s regulatory preference is to select a single surrogate country.⁵⁴ If more than one potential surrogate country satisfies the statutory threshold requirements for selection as an surrogate country, Commerce selects the primary surrogate country based on data availability and reliability.⁵⁵ When evaluating SV data, Commerce considers several factors, including whether the SVs are publicly available, contemporaneous with the POR, representative of a broad-market average, tax and duty-exclusive, and specific to the inputs being valued.⁵⁶ There is no hierarchy among these criteria.⁵⁷ Commerce’s preference is to satisfy the breadth of these selection criteria.⁵⁸ Moreover, it is Commerce’s practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.⁵⁹ Commerce must weigh the available information with respect to each input value and make a product-specific and case-specific decision as to what constitutes the “best” available SV for each input.⁶⁰

On March 25, 2021, and May 7, 2021, the petitioner⁶¹ and Alcha Group⁶² placed SV data on the record with which to value FOPs. The petitioner placed Bulgarian and Russian SV data on the record, and Alcha Group place Bulgarian SV data on the record.

⁵¹ See *Certain Uncoated Paper from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 81 FR 3112 (January 20, 2016), and accompanying Issues and Decision Memorandum (IDM) at Comment 1.

⁵² See Petitioner February 22, 2021 Surrogate Country Comments at Exhibit 1.

⁵³ See Alcha Group February 22, 2021 Surrogate Country Comments at 3.

⁵⁴ 19 CFR 351.408(c)(2) (“{Commerce} normally will value all factors in a single surrogate country.”).

⁵⁵ See Policy Bulletin 04.1.

⁵⁶ *Id.*

⁵⁷ See, e.g., *Certain Preserved Mushrooms from the People’s Republic of China: Final Results and Final Partial Rescission of the Sixth Administrative Review*, 71 FR 40477 (July 17, 2006) (*Mushrooms China Final*), and accompanying IDM at Comment 1.

⁵⁸ See, e.g., *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Final Results of Antidumping Duty Administrative Review and New Shipper Reviews*, 2010-2011, 78 FR 17350 (March 21, 2013), and accompanying IDM at Comment I(C).

⁵⁹ See *Mushrooms China Final* IDM at Comment 1.

⁶⁰ *Id.*

⁶¹ See Petitioner March 25, 2021 SV Submission; see also Petitioner May 7, 2021 Final SV Submission.

⁶² See Alcha Group March 25, 2021 SV Submission; see also Alcha Group May 7, 2021 Second SV Submission.

We preliminarily find that the Russian SV data are the best information available on the record for valuing FOPs because the record contains complete, publicly available, and contemporaneous Russian data that represent a broad market average, and that are tax and duty-exclusive, and specific to the inputs used by the respondent to produce subject merchandise during the POR. We preliminarily find that the Russian financial statements are the best information available on the record with which to calculate surrogate financial ratios because they are complete, fully translated, and contemporaneous with the POR. Further, the Russian financial statements are specific to the respondent's financial and market experience because they are from a producer of aluminum sheet. We preliminarily find that the Bulgarian financial statements on the record are less specific than the Russian financial statements because the line item "hired services" in the Bulgarian financial statements is not broken out to the level of detail necessary for an accurate calculation of labor costs.

Further, Russia was among the countries identified on the list of potential surrogate countries that are at the same level of economic development as China, while Bulgaria was not on the list.⁶³ While the omission of Bulgaria from the list of potential surrogate countries in the Surrogate Country and Surrogate Value Comments Invitation Letter does not preclude the use of Bulgaria as a surrogate country, Commerce did not select Bulgaria as the primary surrogate country because the necessary data was available from a surrogate country identified on the surrogate country list and at the same level of economic development as China. As explained in *Shrimp from China* and *Aluminum Foil from China*, absent any compelling arguments, there is no reason for us to select a surrogate country that is not on the surrogate country list, unless the countries on the list are not suitable for use based on other reasons.⁶⁴ While the respondent has submitted arguments that Russia is not a suitable surrogate country, we preliminarily find that these arguments are not compelling.

Alcha Group argues that the Russian financial statement on the record is not suitable because it is a financial statement that is consolidated with global subsidiaries.⁶⁵ It states that Commerce's practice is not to use consolidated financial statements. We disagree. In *Fish Fillets from Vietnam*, Commerce noted, "Commerce has relied on consolidated financial statements of multinational corporations with world-wide operations that produce an array of products including comparable merchandise for surrogate financial valuation in other cases."⁶⁶

⁶³ See Surrogate Country and Surrogate Value Comments Invitation Letter.

⁶⁴ See *Certain Frozen Warmwater Shrimp from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Determination of No Shipments; 2018–2019*, 85 FR 12894 (March 5, 2020) (*Shrimp from China*), and accompanying PDM at 15, unchanged in *Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2018–2019*, 85 FR 83891 (December 23, 2020); *Certain Aluminum Foil from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, Preliminary Determination of No Shipments, and Partial Rescission; 2017–2019*, 85 FR 37829 (June 24, 2020) (*Foil from China*), and accompanying PDM at 13, unchanged in *Certain Aluminum Foil from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; Final Determination of No Shipments; 2017–2019*, 86 FR 11499 (February 25, 2021).

⁶⁵ See Alcha Group's Letter, "Common Alloy Aluminum Sheet from the People's Republic of China: Rebuttal to Domestic Industry's Pre-Preliminary Surrogate Country and Value Comments," dated May 25, 2021 at 3.

⁶⁶ See *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Final Results, and Final Results of No Shipments of the Antidumping Duty Administrative Review; 2016–2017*, 84 FR 18007 (April 29, 2019) (*Fish Fillets from Vietnam*), and accompanying IDM at Comment 6 (citing *Certain Oil Country Tubular Goods from the*

Alcha Group argues that the Russian financial statement on the record is disqualified because of subsidies Commerce has found countervailable.⁶⁷ However, upon review of the financial statement, we do not find that the company received subsidies under any specific program Commerce has found countervailable.

Alcha Group argues that Russia's import values of raw materials are distorted.⁶⁸ Alcha Group cites to a Russian "import substitution policy" in effect since 2015.⁶⁹ However, Alcha Group acknowledges that the import substitution policy "lacks transparency,"⁷⁰ and concludes that there are "reasons to suspect" that Russian import values for raw materials are distorted.⁷¹ Because of the lack of information about this import program and any definite conclusions that can be drawn from it, we do not find it a compelling reason to disqualify Russia as the surrogate country.

Alcha Group argues that there are non-industry specific subsidies available to the aluminum industry in Russia.⁷² However, Alcha Group has not cited any evidence demonstrating the effect of these subsidies on the domestic price of aluminum production in Russia. In addition, Alcha Group has not placed any evidence on the record to demonstrate that these subsidies have been passed on to the consumers of Russian aluminum through lowered prices, a distinction that is necessary to show price distortion.⁷³ Moreover, Commerce's practice is to exclude data from consideration only when the record evidence demonstrates that the alleged subsidy programs constituted countervailable subsidies.⁷⁴ Here, Alcha Group has made no such showing. Furthermore, in the past, when a party has raised similar arguments involving subsidies in Russia, and the above-noted deficiencies were present, Commerce has continued to find that Russia constitutes a suitable surrogate country.⁷⁵

People's Republic of China: Final Determination of Sales at Less Than Fair Value, Affirmative Final Determination of Critical Circumstances and Final Determination of Targeted Dumping, 75 FR 20335 (April 19, 2010), and accompanying IDM at Comment 13); *Hydrofluorocarbon Blends and Components Thereof from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 42314 (June 29, 2016) (*HFC Blends*), and accompanying IDM at Comment 30; *1,1,1,2 Tetrafluoroethane (R-134a) from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Affirmative Determination of Critical Circumstances, in Part*, 82 FR 12192 (March 1, 2017) (*Tetra*), and accompanying IDM at Comment 6).

⁶⁷ See Alcha Group's Pre-Preliminary Comments at 4-7.

⁶⁸ *Id.* at 7-9.

⁶⁹ *Id.* at 7.

⁷⁰ *Id.* at 8.

⁷¹ *Id.* at 7.

⁷² *Id.* at 9-12.

⁷³ See *Certain New Pneumatic Off-The-Road Tires from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 40485 (July 15, 2008) at Comment 2 ("while subsidies unquestionably benefit their recipients, it is by no means certain that those recipients automatically respond to subsidies by lowering their prices, *pro rata*, as opposed to investing in capital improvements, retiring debt, or any number of uses.").

⁷⁴ See, e.g., *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Final Results of the New Shipper Review*, 77 FR 27435 (May 10, 2012), and accompanying IDM at Comment I.

⁷⁵ See *Certain Fabricated Structural Steel from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 85 FR 5376 (January 30, 2020), and accompanying IDM at Comment 2.

Therefore, our preliminary selection of Russia as the surrogate country is consistent with our practice.

Based on the analysis above, pursuant to section 773(c)(4) of the Act, we preliminarily find that Russia best meets our criteria for selection as the primary surrogate country because Russia is: (1) at the level of economic development comparable to that of China; (2) a significant producer of merchandise comparable to the merchandise under consideration; and (3) the source of the best available data for valuing FOPs. An explanation of the SVs upon which Commerce is preliminarily relying can be found in the “Normal Value” section of this memorandum.

Separate Rates

In proceedings involving NME countries, Commerce maintains a rebuttable presumption that all companies within the NME country are subject to government control and, thus, should be assigned a single AD margin unless the company can affirmatively demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*), with respect to exports.⁷⁶ In the *Initiation Notice*, we notified parties of the process by which exporters may obtain separate rate status in NME proceedings.⁷⁷ To establish whether a company is sufficiently independent to be entitled to a separate, company-specific dumping margin, Commerce analyzes each exporting entity in an NME country under the test established in *Sparklers*,⁷⁸ as amplified by *Silicon Carbide*.⁷⁹ However, if Commerce determines that a company is wholly foreign-owned or located in a market economy (ME) country, then analysis of the *de jure* and *de facto* criteria are not necessary to determine whether the company is independent from government control and eligible for a separate AD margin.⁸⁰

Commerce continues to evaluate its separate rates analysis practice in light of the diamond sawblades from China AD proceeding, and Commerce’s determinations therein.⁸¹ In particular,

⁷⁶ See *Polyethylene Terephthalate Film, Sheet, and Strip from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 55039, 55040 (September 24, 2008); see also *Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products from the People’s Republic of China*, 71 FR 53079, 53082 (September 8, 2006) (*Certain Lined Paper Products*); and *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People’s Republic of China*, 71 FR 29303, 29307 (May 22, 2006).

⁷⁷ See *Initiation Notice*.

⁷⁸ See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588, 20589 (May 6, 1991) (*Sparklers*).

⁷⁹ See *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People’s Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*).

⁸⁰ See, e.g., *Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles from the People’s Republic of China*, 72 FR 52355, 52356 (September 13, 2007).

⁸¹ See *Final Results of Redetermination Pursuant to Remand Order for Diamond Sawblades and Parts Thereof from the People’s Republic of China* (May 6, 2013) in *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 885 F. Supp. 2d 1343 (CIT 2012) (*Advanced Technology I*), *aff’d* *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013), *aff’d* *Advanced Technology & Materials Co., Ltd., et al. v. United States*, Case No. 2014-1154 (Fed. Cir. 2014); see also *Diamond Sawblades and Parts Thereof from the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 77098 (December 20, 2013), and accompanying PDM at 7, unchanged in *Diamond Sawblades and Parts Thereof from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 35723 (June 24, 2014), and accompanying IDM at Comment 1.

in litigation involving the *Diamond Sawblades from China* proceeding, the U.S. Court of International Trade (CIT) found Commerce’s existing separate rates analysis deficient in the circumstances of that case where a government-controlled entity had significant ownership in the respondent exporter.⁸² Following the CIT’s reasoning, we have concluded that where a government entity holds a majority equity ownership, either directly or indirectly, in the respondent exporter, this interest, in and of itself, means that the government exercises, or has the potential to exercise, control over the company’s operations generally.⁸³ This may include control over, for example, the selection of board members and management, a key factor in determining whether a company has sufficient independence in its export activities to merit a separate dumping margin.⁸⁴ Consistent with normal business practices, we would expect any majority shareholder, including a government, to have the ability to control, and possess an interest in controlling, the operations of the company that it owns, including the selection of board members, management, and the profitability of the company.

In order to demonstrate eligibility for separate-rate status, Commerce normally requires entities for which a review was requested, and which were assigned a separate rate in a previous segment of this proceeding, to submit a separate-rate certification (SRC) stating that they continue to meet the criteria for obtaining a separate rate.⁸⁵ For entities that were not assigned a separate rate in the previous segment of this proceeding, to demonstrate eligibility, Commerce requires a separate-rate application (SRA).⁸⁶ Companies that submit an SRA or SRC which are

⁸² See, e.g., *Advanced Technology I*, 885 F. Supp. 2d at 1349 (“The court remains concerned that Commerce has failed to consider important aspects of the problem and offered explanations that run counter to the evidence before it.”); *Id.* at 1351 (“Further substantial evidence of record does not support the inference that SASAC’s {state-owned assets supervision and administration commission} ‘management’ of its ‘state-owned assets’ is restricted to the kind of passive-investor *de jure* ‘separation’ that Commerce concludes.”) (footnotes omitted); *Id.* at 1355 (“The point here is that ‘governmental control’ in the context of the separate rate test appears to be a fuzzy concept at least to this court, since a ‘degree’ of it can obviously be traced from the controlling shareholder, to the board, to the general manager, and so on along the chain to ‘day-to-day decisions of export operations,’ including terms, financing, and inputs into finished product for export.”); *Id.* at 1357 (“AT&M itself identifies its ‘controlling shareholder’ as CISRI {owned by SASAC} in its financial statements and the power to veto nomination does not equilibrate the power of control over nomination.”) (footnotes omitted).

⁸³ See *Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Preliminary Affirmative Determination of Critical Circumstances, in Part*, 79 FR 53169 (September 8, 2014), and accompanying PDM at 5-9, unchanged in *Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 79 FR 68860 (November 19, 2014), and accompanying IDM.

⁸⁴ See, e.g., *Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Preliminary Affirmative Determination of Critical Circumstances, in Part*, 79 FR 53169 (September 8, 2014), and accompanying PDM at 5-9, unchanged in *Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 79 FR 68860 (November 19, 2014), *Truck and Bus Tires from the People's Republic of China: Final Affirmative Determinations of Sales at Less Than Fair Value and Critical Circumstances*, 82 FR 8559 (January 27, 2017), and accompanying IDM at Comment 2; *Diamond Sawblades Manufacturers Coalition v. United States*, 866 F.3d 1304 (Fed. Cir. 2017), and *Diamond Sawblades Manufacturers Coalition v. United States*, Court Nos. 2016-1254, 1255, 2017 WL 3381909, 2017 U.S. App. LEXIS 14472 (Fed. Cir. 2017).

⁸⁵ See *Initiation Notice*, 85 FR at 19731.

⁸⁶ *Id.*

subsequently selected as mandatory respondents must respond to all parts of Commerce's questionnaire in order to be eligible for separate-rate status.⁸⁷

Between June 24, 2020, and June 29, 2020, Commerce received timely-filed SRCs or SRAs from Jiangsu Alcha, Alcha International, and Yinbang Clad.

Separate-Rate Recipients

We conducted separate-rate analyses for Jiangsu Alcha, Alcha International, and Yinbang Clad Material Co., Ltd. (Yinbang Clad), each of which submitted a timely separate-rate application.⁸⁸

1. Wholly Chinese-Owned Companies

Jiangsu Alcha, Alcha International, and Yinbang Clad indicated that they are wholly Chinese owned.⁸⁹ In accordance with our practice, we analyzed whether these companies demonstrated the absence of both *de jure* and *de facto* governmental control over export activities.⁹⁰ Based on the analysis below, we preliminarily determine that Alcha Group and Yinbang Clad are eligible for a separate rate.

a. Absence of *De Jure* Control

Commerce considers the following *de jure* criteria in determining whether to grant a company a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) legislative enactments decentralizing control over export activities of companies; and (3) other formal measures by the government decentralizing control over export activities of companies.⁹¹

Record evidence regarding the wholly Chinese-owned companies supports preliminarily finding an absence of *de jure* government control for each of these companies based on the following: (1) an absence of restrictive stipulations associated with the individual exporters' business and export licenses; (2) the existence of applicable legislative enactments decentralizing control of companies; and (3) the implementation of formal measures by the government decentralizing control of Chinese companies.⁹²

⁸⁷ *Id.*

⁸⁸ See Jiangsu Alcha's June 29, 2020 Separate Rate Application (Jiangsu Alcha SRA); see also Alcha International's June 29, 2020 Separate Rate Application (Alcha International SRA); and Yinbang Clad's June 29, 2020 Separate Rate Application (Yinbang Clad SRA).

⁸⁹ See Jiangsu Alcha SRA at 19; Alcha International SRA at 27; Yinbang Clad SRA at 18-19.

⁹⁰ See, e.g., *Antidumping Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China: Affirmative Preliminary Determination of Sales at Less-Than-Fair Value, Preliminary Affirmative Determination of Critical Circumstances, and Postponement of Final Determination*, 83 FR 29088 (June 22, 2018), and accompanying PDM at 12, *unchanged in Antidumping Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China: Affirmative Final Determination of Sales at Less-Than-Fair Value*, 83 FR 57421 (November 15, 2018).

⁹¹ See *Sparklers*, 56 FR at 20589.

⁹² See Jiangsu Alcha SRA; see also Alcha International SRA; and Yinbang Clad SRA.

b. Absence of *De Facto* Control

Typically, Commerce considers four factors in evaluating whether a company is subject to *de facto* government control of its export activities: (1) whether the company's export sales prices are set by, or are subject to the approval of, a government agency; (2) whether the company has the authority to negotiate and sign contracts and other agreements; (3) whether the company has autonomy from the government in making decisions regarding selection of management; and (4) whether the company retains the proceeds of its export sales and makes independent decisions regarding the disposition of profits or financing of losses.⁹³ Commerce has determined that an analysis of *de facto* control is critical in determining whether a company is, in fact, subject to a degree of government control which would preclude Commerce from assigning the company a separate rate.

Record evidence regarding the wholly Chinese-owned companies supports preliminarily finding an absence of *de facto* government control based on evidence that the companies: (1) set their own export sales prices independent of the government and without the approval of a government authority; (2) have the authority to negotiate and sign contracts and other agreements; (3) maintain autonomy from the government in making decisions regarding the selection of management; and (4) retain the proceeds of their respective export sales and make independent decisions regarding the disposition of profits or financing of losses.⁹⁴

Based on the foregoing, Commerce has preliminarily granted separate rate status to Jiangsu Alcha, Alcha International, and Yinbang Clad.

2. Separate Rate for Eligible Non-Selected Respondents

The statute and Commerce's regulations do not identify the rate to be applied to respondents not selected for individual 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 an investigation, for guidance when calculating the rate for respondents that were not individually examined in an administrative review. Under section 735(c)(5)(A) of the Act, the all-others rate is normally "equal to the weighted average of the estimated weighted average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* dumping margins, and any dumping margins determined entirely {on the basis of facts available}." When the weighted-average dumping margins established for all individually examined respondents are zero, *de minimis*, or based entirely on facts available, section 735(c)(5)(B) of the Act permits Commerce to "use any reasonable method to establish the estimated all-others rate for exporters and producers not individually investigated, including averaging the estimated weighted average dumping margins determined for the exporters and producers individually investigated."

In these preliminary results, we calculated a rate for the mandatory respondent Alcha Group that is not zero, *de minimis*, or based entirely on facts available. Therefore, in accordance with

⁹³ See *Silicon Carbide*, 59 FR at 22586-87; see also *Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from the People's Republic of China*, 60 FR 22544, 22545 (May 8, 1995).

⁹⁴ See *Jiangsu Alcha SRA*; see also *Alcha International SRA*; and *Yinbang Clad SRA*.

section 735(c)(5)(A) of the Act, we have preliminarily assigned Alcha Group's calculated rate (*i.e.*, 143.30 percent) as the separate rate for non-examined separate rate exporters.

3. China-Wide Entity

Because Jiangyin New Alumax and Mingtai did not file separate-rate applications or certifications, and did not respond to Commerce's AD questionnaire, as required, we preliminarily find that they are not eligible for a separate rate. Furthermore, Choil Aluminum Co., Ltd.; PMS Metal Profil Aluminyum San. Ve Tic. A.S. Demirtas Organize Sanayi Bolgesi; and United Metal Coating LLC also did not submit separate-rate applications, and are therefore ineligible for a separate rate. Accordingly, we preliminarily consider these companies to be part of the China-wide entity. Under Commerce's policy regarding conditional review of the China-wide entity,⁹⁵ the China-wide entity will not be under review unless a party specifically requests, or Commerce self-initiates, a review of the entity. Because no party requested a review of the China-wide entity in this review, the entity is not under review, and the entity's rate of 59.72 percent is not subject to change.⁹⁶

Date of Sale

In accordance with 19 CFR 351.401(i), Commerce normally uses the date of sales invoices as the date of sale unless another date better reflects the date on which the material terms of sale are established.⁹⁷ Additionally, if Commerce bases the date of sale on the invoice date, Commerce has a long-standing practice of finding that, where the shipment date precedes the invoice date, the shipment date better reflects the date on which the material terms of sale are established.⁹⁸

Alcha Group reported the commercial invoice date as the date of sale for export price (EP) sales, and the date of shipment from the U.S. warehouse as the date of sale for constructed export price (CEP) sales.⁹⁹ We have preliminarily accepted this reporting and in accordance with Commerce's regulations and practice, we have preliminarily used the earlier of the commercial invoice date or the shipment date as the date of sale.

⁹⁵ See *Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Duty Proceedings*, 78 FR 65963, 65970 (November 4, 2013).

⁹⁶ See the Order.

⁹⁷ See 19 CFR 351.401(i); see also *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090 (CIT 2001) (quoting 19 CFR 351.401(i)).

⁹⁸ See, e.g., *Certain Frozen Warmwater Shrimp from Thailand: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 72 FR 52065 (September 12, 2007), and accompanying IDM at Comment 11; *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; and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Preliminary Results and Preliminary Rescission of New Shipper Review; 2015-2016*, 82 FR 31301 (July 6, 2017).

⁹⁹ See Alcha's Group's August 5, 2020 CQR at 16.

Fair Value Comparisons

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), to determine whether Alcha Group sold subject merchandise to the United States at less than NV, we compared net U.S. sales prices to NV, as described in the “U.S. Price” and “Normal Value” sections below.

1. Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates dumping margins by comparing weighted-average NVs to weighted-average EPs or CEPs (the average-to-average comparison method) unless Commerce determines that another method is appropriate in a particular situation. In AD investigations, Commerce examines whether to compare weighted-average NVs to the prices of individual export transactions (the average-to-transaction comparison 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 AD investigations.¹⁰⁰

In recent investigations and reviews, Commerce applied a “differential pricing” analysis to determine whether the application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.¹⁰¹ Commerce finds the differential pricing analysis used in those recent investigations and reviews may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review.¹⁰² 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 comparison method in calculating weighted-average dumping margins.

¹⁰⁰ See *Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012), and accompanying IDM at Comment 1; see also *JBF RAK LLC v. United States*, 790 F.3d 1358, 1363-65 (Fed. Cir. 2015) (“the fact that the statute is silent with regard to administrative reviews does not preclude Commerce from filling gaps in the statute to properly calculate and assign antidumping duties”) (citations omitted).

¹⁰¹ See *Hardwood and Decorative Plywood from the People’s Republic of China: Antidumping Duty Investigation*, 78 FR 25946 (May 3, 2013), unchanged in *Hardwood and Decorative Plywood*; see also *Certain Steel Threaded Rod from the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011–2012*, 78 FR 21101 (April 9, 2013), unchanged in *Certain Steel Threaded Rod from the People’s Republic of China: Final Results of Third Antidumping Duty Administrative Review; 2011–2012*, 78 FR 66330 (November 5, 2013); see also *Certain Lined Paper Products from the People’s Republic of China: Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review; 2011–2012*, 78 FR 34640 (June 10, 2013), unchanged in *Certain Lined Paper Products from the People’s Republic of China: Notice of Final Results and Partial Rescission of Antidumping Duty Administrative Review; 2011–2012*, 78 FR 65274 (October 31, 2013).

¹⁰² See, e.g., *Activated Carbon from the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011–2012*, 78 FR 26748 (May 8, 2013), unchanged in *Certain Activated Carbon from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2011–2012*, 78 FR 70533 (November 26, 2013), and accompanying IDM at Comment 4.

The differential pricing analysis that we used in these preliminary results of review requires a finding of a pattern of prices (*i.e.*, EPs or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluated whether such differences can be taken into account when using the average-to-average comparison method to calculate the weighted-average dumping margin. In the differential pricing analysis used here, we evaluated all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. In our analysis, we incorporated default group definitions for purchasers, regions, time periods, and comparable merchandise. We based purchasers on the reported customer names. We defined regions using the reported destination code (*i.e.*, city name, zip code, *etc.*) and they were grouped based upon standard definitions published by the U.S. Census Bureau. We defined time periods by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region, and time period, that 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, we applied the “Cohen’s *d* test.” The Cohen’s *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, we applied the Cohen’s *d* test when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, we calculated the Cohen’s *d* coefficient to evaluate the extent to which the net prices to a particular purchaser, region, or in a time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen’s *d* test: small, medium, or large. Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, we considered the difference significant, and the sales in the test group were found to have passed 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, we used the “ratio test” to assess the extent of the significant price differences for all sales, as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction comparison method to all sales as an alternative to the average-to-average comparison 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 comparison method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average comparison method, and application of the average-to-average comparison 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 comparison 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, we examined whether using only the average-to-average comparison method can appropriately account for such differences. In considering this question, we tested whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average comparison method only. If the difference between the two calculations is meaningful, this demonstrates that the average-to-average comparison method cannot account for differences such as those observed in this analysis, and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if: (1) there is a 25 percent relative change in the weighted-average dumping margin between the average-to-average comparison method and the appropriate alternative method where both rates are above the *de minimis* threshold, or (2) the resulting weighted-average dumping margin moves across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results of review, including arguments for modifying the group definitions used in this review.¹⁰³

2. Results of the Differential Pricing Analysis

For Alcha Group, based on the results of the differential pricing analysis, we preliminarily find that 50.7 percent of the value of U.S. sales pass the Cohen's *d* test,¹⁰⁴ 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 those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test. Thus, for these preliminary results, Commerce is preliminarily applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Alcha Group.

U.S. Price

Section 772(a) of the Act defines EP as “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 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 subsection (c).” Section 772(b) of the Act, defines CEP as “the price at which the subject merchandise is first sold (or agreed to be

¹⁰³ The U.S. Court of Appeals for the Federal Circuit (CAFC) has affirmed much of Commerce's differential pricing methodology. See *Apex Frozen Foods Private Ltd. v. United States*, 862 F. 3d 1322 (Fed. Cir. 2017). We ask that interested parties present only arguments on issues which have not already been decided by the CAFC.

¹⁰⁴ See Memorandum, “Analysis of Jiangsu Alcha Aluminum Co., Ltd., and Alcha International Holdings, Ltd., for the Preliminary Results of the Antidumping Administrative Review of Common Alloy Aluminum Sheet from China, 2018-2020,” dated concurrently with this memorandum (Preliminary Analysis Memorandum).

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 subsections (c) and (d).”

1. Export Price

In accordance with section 772(a) of the Act, where Alcha Group sold subject merchandise to a U.S. customer before the merchandise was imported into the United States, we calculated an EP for the sale. We calculated EPs by subtracting movement expenses (e.g., foreign inland freight from the plant to the port of exportation, domestic brokerage, international freight to the port of importation, marine insurance), from gross packed prices that Alcha Group charged to U.S. customers, in accordance with section 772(c)(2)(A) of the Act. Where applicable, we also adjusted gross U.S. prices for billing adjustments. If Chinese companies provided foreign inland freight or foreign brokerage and handling for a sale, or these services were paid for in renminbi, we based the expenses on SVs.

2. Constructed Export Price

In accordance with section 772(b) of the Act, where Alcha Group sold subject merchandise to a U.S. customer after the merchandise was imported into the United States, we calculated a CEP for the sale. We calculated CEPs by subtracting from the reported gross unit U.S. sales price: (1) movement expenses, in accordance with section 772(c)(2)(A) of the Act; (2) indirect selling expenses, credit expenses, and inventory carrying costs, all of which relate to commercial activity in the United States, in accordance with section 772(d)(1) of the Act; and (3) CEP profit, in accordance with sections 772(d)(3) and 772(f) of the Act. Where applicable, we adjusted U.S. price for billing adjustments.

3. Value-Added Tax (VAT)

Commerce’s practice, in calculating EP and CEP in NME cases, is to subtract from the gross U.S. sales price the amount of any un-refunded (irrecoverable) VAT, in accordance with section 772(c)(2)(B) of the Act.¹⁰⁵ Where the irrecoverable VAT is a fixed percentage of the U.S. price, Commerce performs a tax-neutral dumping calculation by reducing the U.S. price by this percentage.¹⁰⁶ Thus, Commerce’s methodology essentially amounts to performing two basic steps: (1) determining the amount (or rate) of the irrecoverable VAT tax on subject merchandise; and (2) reducing U.S. price by the amount (or rate) determined in step one.

Record information indicates that beginning on April 1, 2019 through the end of the POR, the VAT rate and the rate for rebating VAT on subject merchandise upon exportation were the same.¹⁰⁷ Thus, the record indicates that there is no irrecoverable VAT associated with the exportation of subject merchandise during this time period. However, the record also indicates that during the period prior to April 1, 2019, the VAT rate for inputs consumed to produce the

¹⁰⁵ See *Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings*, 77 FR 36481, 36483-84 (June 19, 2012).

¹⁰⁶ *Id.*

¹⁰⁷ See Alcha Group August 5, 2020 CQR at 41.

subject merchandise was 16 percent, whereas the VAT refund rate for exports of subject merchandise was 13 percent.¹⁰⁸ Therefore, in accordance with our practice, we reduced U.S. price by the irrevocable VAT for U.S. sales made prior to April 1, 2019.

Normal Value

Section 773(c)(1) of the Act provides that Commerce shall determine NV using a factors of production (FOP) methodology if the merchandise is exported from an NME country and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. Commerce bases NV in an NME case on FOPs because the presence of government controls on various aspects of NME countries renders price comparisons and the calculation of production costs invalid under Commerce's normal methodologies.¹⁰⁹ Under section 773(c)(3) of the Act, FOPs include, but are not limited to: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs.¹¹⁰

1. Factor Valuation Methodology

We used the FOPs reported by Alcha Group for materials, energy, labor, by-products, packing and freight. In accordance with section 773(c) of the Act and 19 CFR 351.408(c)(1), we calculated NV by multiplying the reported per-unit FOPs consumption rates by publicly available SVs.¹¹¹ When selecting SVs, we considered, among other criteria, whether the SVs are publicly available, broad market averages, contemporaneous with the period under consideration or closest in time to that period, product-specific, and tax-exclusive.¹¹² As appropriate, we adjusted FOP costs by including freight costs to make them delivered values. Specifically, we added a surrogate freight cost, where appropriate, to surrogate input values using the shorter of the reported distance from the domestic supplier to the respondent's factory or the distance from the nearest seaport to the respondent's factory.¹¹³ In those instances where we could not value FOPs using SVs that are contemporaneous with the POR, we adjusted the SVs using inflation indices. An overview of the SVs used to calculate the weighted-average dumping margin for Alcha Group is below. A detailed description of all SVs used to calculate the weighted-average dumping margins for Alcha Group is in the Preliminary SV Memorandum.¹¹⁴

¹⁰⁸ *Id.*

¹⁰⁹ See, e.g., *Preliminary Determination of Sales at Less Than Fair Value, Affirmative Critical Circumstances, In Part, and Postponement of Final Determination: Certain Lined Paper Products from the People's Republic of China*, 71 FR 19695, 19703 (April 17, 2006), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products from the People's Republic of China*, 71 FR 53079 (September 8, 2006).

¹¹⁰ See section 773(c)(3)(A)-(D) of the Act.

¹¹¹ See Memorandum "2018-2020 Antidumping Duty Administrative Review of Common Alloy Aluminum Sheet from the People's Republic of China: Factor Valuation Memorandum," dated concurrently with this memorandum (Preliminary SV Memorandum).

¹¹² See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004), unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004).

¹¹³ See *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).

¹¹⁴ See Preliminary SV Memorandum

Direct Materials, Packing Materials, and By-Products

Except as noted below, we based SVs for direct materials, packing materials, and by-products on import values from the Global Trade Atlas (GTA) for Russia, the primary surrogate country selected for this review. These values are generally contemporaneous with the POR, publicly available, product-specific, tax-exclusive, and represent broad market average prices.¹¹⁵

We disregarded certain import values when calculating SVs. We have continued to apply Commerce's long-standing practice of disregarding import prices that we have reason to believe or suspect are for subsidized or dumped merchandise.¹¹⁶ In this regard, Commerce previously found that it is appropriate to disregard prices of imports from India, Indonesia, South Korea, and Thailand because Commerce has determined that these countries maintain broadly available, non-industry specific export subsidies.¹¹⁷ Based on the existence of these subsidy programs that were generally available to all exporters and producers in these countries at the time of the POR, it is reasonable to infer that all exporters in India, Indonesia, South Korea, and Thailand may have benefitted from these subsidies. Therefore, we have not used the prices of goods imported into Russia from India, Indonesia, South Korea, and Thailand to calculate import-based SVs. Additionally, we did not use the prices of goods imported into Russia from NME and "unspecified" countries to calculate import-based SVs.¹¹⁸ We excluded imports from "unspecified" countries from our calculations because we could not be certain that these are not either NME countries or countries with generally available export subsidies.¹¹⁹

Energy

We valued electricity using average annual purchase prices for electricity as reported by the Russian Federal State Statistics Service (Rosstat)'s 2020 *Russian Statistical Yearbook*.¹²⁰ We valued water using Russian water rates as reported by the International Benchmarking Network for Water & Sanitation Utilities.¹²¹ We valued all other energy inputs using GTA data.

¹¹⁵ *Id.* at Attachment I.

¹¹⁶ See section 773(c)(5) of the Act permits Commerce to disregard price or cost values without further investigation if it has determined that certain subsidies existed with respect to those values; *see also Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793, 46795 (August 6, 2015); Omnibus Trade and Competitiveness Act of 1988, Conf. Report to Accompany H.R. 3, H.R. Rep. No. 576, 100th Cong., 2nd Sess. (1988) at 590.

¹¹⁷ *See, e.g., Certain Frozen Warmwater Shrimp from India: Final Results of Antidumping Duty Administrative Review and Final No Shipment Determination; 2011-2012*, 78 FR 42492 (July 16, 2013), and accompanying IDM at 7-19; *Certain Lined Paper Products from Indonesia: Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 76 FR 73592 (November 29, 2011), and accompanying IDM at 1; *Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 46770 (August 11, 2014), and accompanying IDM at 4; and *Certain Frozen Warmwater Shrimp from Thailand: Final Negative Countervailing Duty Determination*, 78 FR 50379 (August 19, 2013), and accompanying IDM at IV.

¹¹⁸ See Preliminary SV Memorandum at Attachment I.

¹¹⁹ *Id.*

¹²⁰ See Petitioner March 25, 2021 SV Submission at Exhibit RU-4.

¹²¹ *Id.*

Labor

In NME AD proceedings, Commerce prefers to value labor solely based on data from the primary surrogate country.¹²² We valued direct labor, indirect labor, and packing labor using data from Rosstat's 2020 *Russian Statistical Yearbook*.¹²³

Movement Services

We valued foreign inland truck freight and foreign brokerage and handling using the World Bank publication *Doing Business Russia: 2020*.¹²⁴ We valued U.S. inland truck freight¹²⁵ using the World Bank publication *Doing Business 2020: United States*. We valued U.S. inland intermodal freight¹²⁶ using the World Bank publication *Doing Business 2020: United States* and the U.S. Intermodal Savings Index published by IHS Markit. We did not inflate or deflate the rates because the publications cover a period contemporaneous with the POR.

We valued ocean freight services using rates from Maersk.¹²⁷ We did not inflate or deflate the Maersk rates because they are contemporaneous with the POR. We valued U.S. inland insurance,¹²⁸ foreign inland insurance,¹²⁹ and marine insurance¹³⁰ using a rate from PAF Insurance Services LLC, a ME provider of insurance. The insurance rates are a percentage of the value of the shipment; thus, we did not inflate or deflate the rates. We valued air freight using DHL rates.¹³¹ Because the air freight rate was not contemporaneous with the POR, we used the consumer price index to inflate the price.

Financial Ratios

Commerce's criteria for choosing surrogate financial statements from which we derive the financial ratios are the availability of contemporaneous financial statements, their comparability to the respondent's experience, and whether they are publicly available.¹³² Moreover, to value factory overhead, selling, general and administrative (SG&A) expenses, and profit, Commerce normally will use non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country pursuant to 19 CFR 351.408(c)(4).¹³³

¹²² See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) (*Labor Methodologies*).

¹²³ See Petitioner March 25, 2021 SV Submission at Exhibit RU-3.

¹²⁴ *Id.* at Exhibit RU-6.

¹²⁵ *Id.*

¹²⁶ See Petitioner's May 7, 2021 Final SV Submission at Exhibit SV2-RU-3.

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ See Petitioner's March 25, 2021 SV Submission at Exhibit RU-6.

¹³⁰ *Id.*

¹³¹ See Alcha Group's March 25, 2021 SV Submission at Exhibit SV-10.

¹³² See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates from the People's Republic of China*, 70 FR 24502 (May 10, 2005), and accompanying IDM at Comment 3.

¹³³ See, e.g., *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China*, 71 FR 29303 (May 22, 2006), and accompanying IDM at Comment 2; and section 773(c)(4) of the Act; 19 CFR 351.408(c)(4).

Additionally, the CIT has held that in the selection of surrogate producers, Commerce may consider how closely the surrogate producers approximate the NME producer's experience.¹³⁴

We valued overhead, SG&A expenses, and profit using the 2019 financial statements of United Company Rusal Plc, a Russian manufacturer of aluminum sheet.¹³⁵ The financial statements are contemporaneous with the POR, publicly available, and reflect Alcha Group's experience because they are from a producer of aluminum sheet.

IX. ADJUSTMENT UNDER SECTION 777A OF THE ACT

In applying section 777A(f)(1) of the Act, Commerce examines: (A) whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise; (B) whether such countervailable subsidy has been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period; and (C) whether Commerce can reasonably estimate the extent to which that countervailable subsidy, in combination with the use of NV determined pursuant to section 773(c) of the Act, has increased the weighted-average dumping margin for the class or kind of merchandise.¹³⁶ For a subsidy meeting these criteria, the statute requires Commerce to reduce the AD cash deposit rate by the estimated amount of the increase in the weighted-average dumping margin subject to a specified cap.¹³⁷

To perform this analysis, we issued to Alcha Group a double remedies questionnaire, in which we requested information with respect to subsidies relevant to its eligibility for an adjustment to the calculated estimated weighted-average dumping margin.¹³⁸ We intend to address Alcha Group's response in a post-preliminary analysis memorandum.

X. CURRENCY CONVERSION

Where appropriate, we made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

¹³⁴ See *Rhodia, Inc. v. United States*, 240 F. Supp. 2d 1247, 1253-54 (CIT 2002); see also *Persulfates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 70 FR 6836 (February 9, 2005), and accompanying IDM at Comment 1.

¹³⁵ See Petitioner's March 25, 2021 SV Submission at Exhibit RU-7.

¹³⁶ See section 777A(f)(1)(A)-(C) of the Act.

¹³⁷ See section 777A(f)(1)-(2) of the Act.

¹³⁸ See Letter, "Administrative Review of the Antidumping Duty Order on Common Alloy Aluminum Sheet from the People's Republic of China: Double Remedies Questionnaire," dated June 3, 2021.

XI. RECOMMENDATION

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



Agree



Disagree

6/21/2021

X

James Maeder

Signed by: JAMES MAEDER

James Maeder

Deputy Assistant Secretary

for Antidumping and Countervailing Duty Operations