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July 22, 2015

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for Preliminary Results of Antidumping
Duty Administrative Review and Preliminary Determination of No
Shipments: Polyethylene Terephthalate Film, Sheet, and Strip from
Taiwan; 2013-2014

Summary

The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on polyethylene terephthalate film, sheet, and strip from Taiwan (PET Film). This review covers Nan Ya Plastics Corporation (Nan Ya) and Shinkong Materials Technology Corporation (SMTC). The period of review (POR) is July 1, 2013, through June 30, 2014. We preliminarily find that Nan Ya did not sell PET Film in the United States below normal value (NV). We also preliminarily find that SMTC had no reviewable sales during the POR.

Background

Pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act), and in accordance with 19 CFR 351.213(b)(2), Nan Ya requested an administrative review of its shipments on July 30, 2014. On July 31, 2014, Petitioners¹ requested reviews of Nan Ya and SMTC, in accordance with 19 CFR 351.213(b)(1).² On August 29, 2014, the Department published a

¹ DuPont Teijin Films, Mitsubishi Polyester Film, Inc., and SKC, Inc. (Petitioners).



notice of initiation of administrative review of the antidumping duty order on PET Film from Taiwan.³ Subsequently, Petitioners untimely withdrew their review request for SMTC⁴ which the Department denied.⁵

On February 27, 2015, in accordance with section 751(a)(3)(A) of the Act, the Department extended the due date for the preliminary results by an additional 120 days to July 31, 2015.⁶

Scope of the Order

The products covered by the antidumping duty order are all gauges of raw, pretreated, or primed PET film, whether extruded or coextruded. Excluded are metalized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer of more than 0.00001 inches thick. Imports of polyethylene terephthalate film, sheet, and strip are currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under item number 3920.62.00.90. HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of the antidumping duty order is dispositive.

Preliminary Finding of No Shipments for SMTC

On September 16, 2014 SMTC submitted a letter stating that it did not make any sales or shipments of subject merchandise during the POR.⁷ On November 21, 2014, the Department placed CBP data on the record; on December 17, 2014, the Department issued its standard questionnaire to SMTC.⁸ On December 31, 2014, SMTC submitted a second letter stating that it did not have any sales or shipments of subject merchandise during the POR, and requested that the Department excuse SMTC from responding to the standard questionnaire.⁹ Based on SMTC's claim of no shipments, the Department withdrew its questionnaire stating:

We will continue to examine Shinkong's no shipment claims and will issue preliminary findings with respect to those claims concurrent with the preliminary results of the 2013-2014 Administrative Review of PET Film from Taiwan.¹⁰

² See the July 31, 2013 letter from Petitioners "Polyethylene Terephthalate (PET) Film, Sheet, and Strip from Taiwan: Request for Antidumping Duty Administrative Review."

³ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 79 FR 51548 (August 29, 2014).

⁴ See Letter to the Department from Petitioners "Polyethylene Terephthalate (PET) Film, Sheet, and Strip from Taiwan: Withdrawal of Request for Antidumping Duty Administrative Review" (November 30, 2014).

⁵ See Memorandum to Edward Yang, Director, Enforcement & Compliance, Office VII, dated December 17, 2014, regarding "Reconsideration of Petitioners' Request for Withdrawal."

⁶ See the April 1, 2014 memorandum to the File "Polyethylene Terephthalate Film from Taiwan: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review – 2013-2014."

⁷ See Letter to the Department from SMTC, "Polyethylene Terephthalate Film from Taiwan; No Shipment Certification," dated September 16, 2015.

⁸ See Memorandum to All Interested Parties, dated November 21, 2014, regarding "Antidumping Duty Administrative Review of Polyethylene Terephthalate Film, Sheet and Strip from Taiwan: U.S. Customs Entries."

⁹ See Letter to the Department from SMTC, "Polyethylene Terephthalate Film from Taiwan; Confirmation of No Shipments and Request for Clarification," dated December 31, 2014.

¹⁰ See Letter from the Department to SMTC, "PET Film From Taiwan: 2013-2014 Administrative Review, dated

On March 18, 2015, the Department released the relevant entry packages from CBP to interested parties. On March 19, 2015, we issued a memorandum providing interested parties an opportunity to comment on the relevant entry packages. On March 26, 2015, SMTC submitted comments stating that “the products listed in the CBP entry packages all fall outside of the scope of this proceeding,” and that “the Department should rescind its review by reason of no shipments.”¹¹

On May 20, 2015, we issued a letter requesting information from SMTC to clarify potential discrepancies between information contained in entry packages and no shipment claims made by SMTC.¹² SMTC responded:

Neither SMTC nor {its parent} SSFC had any sales of coated PET film during the POR that were sold to a third country and were destined for the U.S. market or that were sold to the U.S. market. SMTC did have sales of coated PET film sold in the domestic and third countries, but none of them were known to SMTC to be destined for the U.S. market.¹³

We did not receive any comments from Petitioners in response to any of SMTC’s submissions.

In summary, the Department finds that SMTC’s claim of no shipments or entries of subject merchandise for consumption is substantiated. Based upon the certifications and the evidence on the record, we are satisfied that SMTC had no shipments of subject merchandise to the United States during the POR and, as such, we preliminarily determine that SMTC had no reviewable transactions during the POR.

In our May 6, 2003, “automatic assessment” clarification, we explained that, where respondents in an administrative review demonstrate that they had no knowledge of sales through resellers to the United States, we would instruct CBP to liquidate such entries at the “all-others” rate applicable to the proceeding.¹⁴

Based on SMTC’s assertion of no shipments, we preliminarily determine that SMTC had no sales or shipments to the United States during the POR. Because “as entered” liquidation instructions do not alleviate the concerns which the May 2003 clarification was intended to address, we find it appropriate in this case to instruct CBP to liquidate any existing entries of merchandise that may have been produced by SMTC and exported by other affiliated parties at the “all others” rate should we continue to find at the time of our final results that SMTC had no sales or shipments of subject merchandise from Taiwan.¹⁵ In addition, the Department finds that

January 28, 2015.

¹¹ See Letter from SMTC to the Department, “Polyethylene Terephthalate Film from Taiwan; Comments on CBP Entry Packages, dated March 26, 2015.

¹² See Letter from the Department to SMTC, “2013-2014 Administrative Review of PET Film from Taiwan,” dated May 20, 2015.

¹³ See Letter from SMTC to the Department, “Polyethylene Terephthalate Film from Taiwan: Response to May 14, 2015 Request for Information,” dated June 2, 2015.

¹⁴ See *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003).

¹⁵ See, e.g., *Certain Frozen Warmwater Shrimp from India: Partial Rescission of Antidumping Duty Administrative*

it is more consistent with the May 2003 clarification not to rescind the review, in part, in these circumstances, but, rather, to complete the review with respect to SMTC and issue appropriate liquidation instructions to CBP based on the final results of this review.¹⁶

Comparisons to Normal Value

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

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(b) and (c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or constructed export prices (CEP)) (the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, the Department examines whether to compare weighted-average NVs to the EP or CEP of individual U.S. sales (the average-to-transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping duty investigations.¹⁷ In recent proceedings, the Department applied a "differential pricing" analysis for determining whether 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. The Department finds that the differential pricing analysis used in those recent proceedings may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review.¹⁸ The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of 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

Review, 73 FR 77610, 77612 (December 19, 2008).

¹⁶ See the "Assessment Rates" section of the accompanying *Federal Register* notice for additional detail.

¹⁷ See *Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012) and accompanying Issues and Decision Memorandum at Comment 1; see also *CP Kelco Oy v. United States*, 978 F. Supp. 2d 1315, 1324 (CIT 2014).

¹⁸ See, e.g., *Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013), and accompanying Issues and Decision Memorandum at Comment 3; see also *Certain Activated Carbon From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012–2013*, 79 FR 70163 (November 25, 2014), and accompanying Issues and Decision Memorandum at Comment 2.

evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. For the respondent, purchasers are based on the reported customer codes. Regions are defined using the reported destination code (*i.e.*, zip code) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the 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 the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* 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, the Cohen’s *d* coefficient is calculated 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, the Cohen’s *d* coefficient is used to evaluate the extent to which the net prices to a particular purchaser, region or 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, the difference was considered 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, the “ratio test” assesses the extent of the significant price differences for all sales as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that passes the Cohen’s *d* test accounts for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that passes the Cohen’s *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen’s *d* test. If 33 percent or less of the value of total sales passes the Cohen’s *d* test, then the results of the Cohen’s *d* test do not support consideration of an alternative to the average-to-average method.

If both tests in the first stage (*i.e.*, the Cohen’s *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should

be considered, then in the second stage of the differential pricing analysis, we examine whether using only the average-to-average method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, this demonstrates that the average-to-average 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 method and the appropriate alternative method when both results 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, including arguments for modifying the group definitions used in this proceeding.

B. Results of the Differential Pricing Analysis

For Nan Ya, based on the results of the differential pricing analysis, the Department preliminarily finds that 28.47 percent of the value of Nan Ya's total U.S. sales pass the Cohen's *d* test, and the results of the test do not support consideration of the application of an alternative comparison methodology.¹⁹ Accordingly, the Department preliminarily determines to use the average-to-average method for all U.S. sales to calculate the weighted-average margin of dumping for Nan Ya.²⁰

Product Comparisons

In accordance with section 771(16) of the Act, we compared prices for products sold in the U.S. market with prices for products sold in the home market which were either identical or most similar in terms of the physical characteristics. In the order of importance, these physical characteristics are grade, specification, thickness, thickness category, and surface treatment. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the most similar foreign like product based on the characteristics listed above.

Date of Sale

The Department's regulations at 19 CFR 351.401(i) state that the Department normally will use the date of invoice, as recorded in the producer's or exporter's records kept in the ordinary

¹⁹ See "Nan Ya Analysis Memorandum for Preliminary Results for 2013-2014 Administrative Review of the Antidumping Duty Order on PET Film from Taiwan," dated concurrently with this memorandum.

²⁰ In these preliminary results, the Department applied the assessment rate calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012).

course of business, as the date of sale. The regulation provides further that the Department may use a date other than the date of the invoice if the Secretary is satisfied that a different date better reflects the date on which the material terms of sale are established.

In the instant review, Nan Ya reported date of invoice as the date of sale for the home market.²¹ Therefore, we preliminarily determine that invoice date is the appropriate date of sale for Nan Ya's home market sales, consistent with our regulatory preference in 19 CFR 351.401(i). For the U.S. market, Nan Ya reported that invoices are issued after shipment of merchandise from the factory, and thus reported shipment date as the date of sale for its U.S. sales. The Department's long-standing practice is to rely on shipment date where it precedes invoice date as the date of sale.²² In light of this practice, and after analyzing the information on the record which supports that the material terms of sale are established on shipment date for these sales,²³ and consistent with 19 CFR 351.401(i), we preliminarily determine that the reported shipment dates are the appropriate dates of sale for Nan Ya's U.S. sales under review.

Export Price

For sales to the United States, the Department calculated EP in accordance with section 772(a) of the Act because the merchandise was sold prior to importation by the exporter or producer outside the United States to the first unaffiliated purchaser in the United States. We calculated EP based on packed prices to customers in the United States. We made deductions from U.S. price for domestic inland freight from plant to port of exportation as well as brokerage and handling charges incurred in the country of manufacture in accordance with section 772(c)(2)(A) of the Act.

Normal Value

A. Home Market Viability as Comparison Market

To determine whether there was a sufficient volume of sales of PET Film in the home market to serve as a viable basis for calculating NV, the Department compared the volume of the respondent's home market sales of the foreign like product to their volume of U.S. sales of the subject merchandise in accordance with section 773(a) of the Act. Pursuant to section 773(a)(1)(B) of the Act, because its aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales of the subject merchandise, we determined that the home market was viable for comparison purposes for Nan Ya.

²¹ See Nan Ya's Section B response of February 10, 2015 at 15.

²² See, e.g., *Seamless Refined Copper Pipe and Tube From Mexico: Final Results of Antidumping Duty Administrative Review; 2012-2013*, 80 FR 33482 (June 12, 2015), and accompanying Issues and Decision Memorandum at Comment 1; *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand*, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10.

²³ See Nan Ya's Supplemental Questionnaire Response of April 24, 2015 at 3.

B. Level of Trade

In accordance with section 773(a)(1)(B) of the Act and the Statement of Administrative Action accompanying the Uruguay Round Agreements Act,²⁴ to the extent practicable, the Department determines NV based on sales in the comparison market at the same level of trade (LOT) as the EP. Pursuant to 19 CFR 351.412(c)(1), the NV LOT is based on the starting price of the sales in the comparison market or, when NV is based on constructed value (CV), the starting price of the sales from which we derive the adjustments to CV for selling expenses and profit. For EP sales, the U.S. LOT is based on the starting price of the sales in the U.S. market, which is usually from the exporter to the importer.

To determine whether comparison market sales are at a different LOT than EP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer.²⁵ If the comparison market sales are at a different LOT and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and the comparison market sales at the LOT of the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Act.

Nan Ya reported that it sold to end-users and distributors in its home market, and that most of its selling functions were performed at the same or similar levels of intensity in both channels of distribution.²⁶ Because the selling activities to Nan Ya's customers did not vary for sales in the home market through its two channels of distribution, we preliminarily determine that there is one LOT in the home market. Nan Ya only reported one channel of distribution in the U.S. market, as such, we therefore preliminarily determine that there is one LOT in the U.S. market.²⁷

Nan Ya also provided the Department with information on its selling activities in the home and U.S. markets.²⁸ We find that Nan Ya provided the same or similar level of customer support services on their U.S. sales (all of which were EP) as they did on their home market sales, and that the minor differences that do exist do not establish a distinct and separate LOT.

Consequently, the record evidence supports a finding that in both markets Nan Ya performed essentially the same level of services. While we found minor differences between the home and U.S. markets, we determine that for Nan Ya the EP and the starting price of home market sales represent the same stage in the marketing process, and are, thus, at the same LOT. For this reason, we preliminarily find that a LOT adjustment for Nan Ya is not warranted. As there are no CEP sales, no CEP offset is appropriate.

C. Cost of Production Analysis

In the last administrative review of the order completed prior to the initiation of this review, the Department disregarded certain home market sales made by Nan Ya at prices below the cost of

²⁴ See H.R. Doc. No. 316, 103d Cong., 2d Sess. 829-831 (1994).

²⁵ See 19 CFR 351.412(c)(2).

²⁶ See Nan Ya's Section A response of January 27, 2015 at A-10, Exhibit A-3.a, and Exhibit A-3.c.

²⁷ *Id.* at Exhibit A-3.a.

²⁸ *Id.* at Exhibit A-3.c.

production (COP).²⁹ Thus, in accordance with section 773(b)(2)(A)(ii) of the Act, there are reasonable grounds to believe or suspect that Nan Ya made sales of the foreign like product in the comparison market at prices below the COP in the current review period. Pursuant to section 773(b)(1) of the Act, we initiated a COP investigation of home market sales by Nan Ya. We examined the cost data reported by Nan Ya and determined that our quarterly cost methodology is not warranted. Therefore, we applied our standard methodology of using annual costs based on the reported data from Nan Ya and have made no adjustments to Nan Ya's reported COP.

1. Calculation of Cost of Production

We calculated the COP on a product-specific basis, based on the sum of the respondent's costs of materials and fabrication for the foreign like product plus amounts for general and administrative expenses, interest expenses, and the costs of all expenses incidental to preparing the foreign like product for shipment in accordance with section 773(b)(3) of the Act.

We relied on Nan Ya's COP data submitted in its April 24, 2015 response to the Department's supplemental questionnaire.³⁰

2. Test of Comparison Market Sales Prices

On a product-specific basis, we compared the adjusted weighted-average COP for the POR to the per-unit price of the comparison market sales of the foreign like product to determine whether these sales by Nan Ya had been made at prices below the COP. In particular, in determining whether to disregard home market sales made at prices below their COP, we examined whether such sales were made within an extended period of time in substantial quantities and at prices which permitted the recovery of all costs within a reasonable period of time, in accordance with section 773(b) of the Act. We determined the net comparison market prices for the below-cost test by adjusting the gross unit price for all applicable movement charges, discounts, rebates, billing adjustments, direct and indirect selling expenses, and packing expenses excluding all adjustments for imputed expenses.

3. Results of the Cost of Production Test

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

²⁹ See *Polyethylene Terephthalate Film, Sheet, and Strip From Taiwan: Preliminary Results of Antidumping Duty Administrative Review*, 77 FR 46704, 46708-09 (August 6, 2012), unchanged in *Polyethylene Terephthalate Film, Sheet, and Strip From Taiwan: Final Results of Antidumping Administrative Review; 2010-2011*, 78 FR 9668 (February 11, 2013), and accompanying Issues and Decision Memorandum, as corrected by *Polyethylene Terephthalate Film, Sheet, and Strip From Taiwan: Notice of Correction to the Final Results of the 2010-2011 Antidumping Duty Administrative Review*, 78 FR 14266 (March 5, 2013).

³⁰ See Nan Ya's Supplemental Questionnaire Response of April 24, 2015 for the revised COP dataset.

they were at prices which would not permit the recovery of all costs within a reasonable period of time in accordance with section 773(b)(2)(D) of the Act. Because we are applying our standard annual weighted-average cost methodology in these preliminary results, we also applied our standard cost-recovery test with no adjustments.

Our cost test for Nan Ya indicated that for home market sales of certain products, more than 20 percent were sold at prices below the COP within an extended period of time, and were at prices which would not permit the recovery of all costs within a reasonable period of time. Thus, in accordance with section 773(b)(1) of the Act, we disregarded these below-cost sales in our analysis as outside of the ordinary course of trade and used the remaining sales to determine NV.

D. Calculation of Normal Value Based on Comparison Market Prices

We calculated NV based on the prices Nan Ya reported for home market sales to unaffiliated customers that we determined were within the ordinary course of trade. In accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(c), we made, where indicated, circumstance-of-sale adjustments for home market direct selling expenses, including imputed credit expenses as well as for discounts and rebates. We then made adjustments in accordance with 19 CFR 351.410(e) for indirect selling expenses incurred on comparison market or U.S. sales. In addition, we made deductions from NV, consistent with section 773(a)(6)(B)(ii) of the Act, for movement expenses. We also made adjustments for differences in domestic and export packing expenses in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act.³¹

When comparing U.S. sale prices with NVs based on comparison market sale prices of similar, but not identical, merchandise, we also made adjustments for physical differences in merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like products and the subject merchandise.³²

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A of the Act and 19 CFR 351.415, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank. The exchange rates are available on the Enforcement and Compliance web site at <http://enforcement.trade.gov/exchange/index.html>.³³

³¹ See Nan Ya Preliminary Analysis Memorandum for further details.

³² See 19 CFR 351.411(b).

³³ See also Nan Ya Preliminary Analysis Memorandum at Attachment "Nan Ya's U.S. Market Sales and Margin Program Output and Log.," dated concurrently with this memorandum.

Recommendation

We recommend applying the above methodology for these preliminary results.

Agree

Disagree

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

(Date)