



A-583-844


AR4: 9/1/2013 – 8/31/2014

Public Document

AD/CVD/OII: DC

DATE: September 30, 2015

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

FROM: Gary Taverman 
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the
Administrative Review of the Antidumping Duty Order on Narrow
Woven Ribbons with Woven Selvedge from Taiwan

SUMMARY

The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty (AD) order on narrow woven ribbons with woven selvedge (NWR) from Taiwan. The review covers two producers/exporters of the subject merchandise (*i.e.*, one mandatory respondent, Rong Shu Industry Corporation (Rong Shu), and one non-selected company, A-Madeus Textile Ltd. (A-Madeus)). The period of review (POR) is September 1, 2013, through August 31, 2014. We preliminarily find that sales of the subject merchandise have been made at prices below normal value (NV).

BACKGROUND

In September 2010, the Department published in the Federal Register an antidumping duty order on NWR from Taiwan.¹ Subsequently, on September 2, 2014, the Department published in the Federal Register a notice of opportunity to request an administrative review of the AD order on NWR from Taiwan for the period September 1, 2013, through August 31, 2014.²

¹ See Narrow Woven Ribbons with Woven Selvedge from Taiwan and the People's Republic of China: Antidumping Duty Orders, 75 FR 53632 (Sept. 1, 2010), as amended in Narrow Woven Ribbons With Woven Selvedge From Taiwan and the People's Republic of China: Amended Antidumping Duty Orders, 75 FR 56982 (September 17, 2010).

² See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review, 79 FR 51958 (September 2, 2014).



Pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.213(b)(1), in September 2014, the Department received requests to conduct an administrative review from Berwick Offray LLC and its wholly-owned subsidiary Lion Ribbon Company, Inc., (the petitioner), for 14 Taiwanese producers/exporters.³ However, the petitioner then withdrew its requests for an administrative review for the following companies: Antonio Proietti Int; Bon-Mar; Imprimerie Mikan; L'Emballage Tout; and Rubans. Therefore, in October 2014, in accordance with 19 CFR 351.221(c)(1)(i), we published a notice of initiation of administrative review for the nine remaining companies.⁴ In the Initiation Notice, the Department indicated that, in the event that we would limit the respondents selected for individual examination in accordance with section 777A(c)(2) of the Act, we would select mandatory respondents for individual examination based upon U.S. Customs and Border Protection (CBP) entry data.⁵

In December 2014, using CBP entry data, we selected King Young and Rong Shu as mandatory respondents and issued the AD questionnaires to both companies. In January 2015, the petitioner timely withdrew its request for an administrative review for King Young, as well as the following non-selected respondents: 1) Cheng Hsing; 2) Fujian Rongshu; 3) Guangzhou Complacent; 4) Hen Hao; 5) Xiamen Especial; and 6) Xiamen Yi He. Therefore, the Department rescinded this administrative review with respect to these companies.⁶ As a result, this review continues with respect to Rhong Shu and A-Madeus.

In February 2015 and March 2015, we received Rong Shu's responses to Sections A,B,C and D (i.e., the sections related to general information, home market sales, U.S. sales, and cost of production data, respectively).

In May 2015, the Department extended the preliminary results deadline to September 30, 2015, in accordance with 751(a)(3)(A) of the Act.⁷

³ See Petitioner submission entitled "Narrow Woven Ribbons With Woven Selvedge From Taiwan/Request For Fourth Review," dated September 30, 2014. The companies for which a review was initially requested are listed as follows: A-Madeus; Antonio Proietti Int Inc (Antonio Proietti Int); Bon-Mar Textiles (Bon-Mar); Cheng Hsing Ribbon Factory (Cheng Hsing); Fujian Rongshu Industry Co., Ltd. (Fujian Rongshu); Guangzhou Complacent Weaving Co., Ltd. (Guangzhou Complacent); Hen Hao Trading Co. Ltd. a.k.a. Taiwan Tulip Ribbons and Braids Co. Ltd. (Hen Hao); Imprimerie Mikan Inc. (Imprimerie Mikan); King Young Enterprise Co., Ltd. (King Young); L'Emballage Tout; Rong Shu; Rubans G A R Inc (Les) (Rubans); Xiamen Especial Industrial Co., Ltd. (Xiamen Especial); and Xiamen Yi He Textile Co., Ltd. (Xiamen Yi He).

⁴ See Initiation of Antidumping Duty Administrative Reviews and Request for Revocation in Part, 79 FR 64565 (Oct. 30, 2014) (Initiation Notice) at 64567.

⁵ Id., at 64565.

⁶ See Narrow Woven Ribbons With Woven Selvedge From Taiwan: Rescission, in Part, of Antidumping Duty Administrative Review; 2013-2014, 80 FR 19965 (April 14, 2015) (Partial Rescission Notice).

⁷ See Memorandum to Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from David Crespo, Senior International Trade Compliance Analyst, Office II, Antidumping and Countervailing Duty Operations, entitled, "Narrow Woven Ribbons with Woven Selvedge from Taiwan: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review," dated May 19, 2015.

From May 2015 through July 2015, the Department issued several supplemental questionnaires to Roung Shu. From June 2015 through August 2015, we received responses to these supplemental questionnaires.

SCOPE OF THE ORDER

The scope of this order covers narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof. Narrow woven ribbons subject to the order may:

- also include natural or other non-man-made fibers;
- be of any color, style, pattern, or weave construction, including but not limited to single faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;
- have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;
- have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;
- have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;
- have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;
- have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;
- consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an “ornamental trimming;”
- be wound on spools; attached to a card; hanked (i.e., coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or
- be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.

Narrow woven ribbons subject to the order include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of this antidumping duty order.

Excluded from the scope of the order are the following:

- (1) formed bows composed of narrow woven ribbons with woven selvedge;
- (2) “pull-bows” (i.e., an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;
- (3) narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (i.e., filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the United States (HTSUS), Section XI, Note 13) or rubber thread;
- (4) narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;
- (5) narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding eight centimeters;
- (6) narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag;
- (7) cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sono-bonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;
- (8) narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;
- (9) narrow woven ribbons constructed from pile fabrics (i.e., fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric);
- (10) narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise;
- (11) narrow woven ribbon that is (a) affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to non-subject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or

labeling to such non-subject merchandise, such as a “belly band” around a pair of pajamas, a pair of socks or a blanket;

- (12) narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel; and
- (13) narrow woven ribbon(s) included with non-subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches, none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit.

The merchandise subject to this order is classifiable under the HTSUS statistical categories 5806.32.1020; 5806.32.1030; 5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS statistical categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise covered by this order is dispositive.

DISCUSSION OF THE METHODOLOGY

Normal Value Comparisons

Pursuant to section 773(a)(1)(B) of the Act and 19 CFR 351.414(c)(1) and (d), to determine whether Rong Shu’s sales of NWR from Taiwan were made in the United States at less than NV, we compared the export price (EP) to the NV as described in the “Export Price” and “Normal Value” sections of this memorandum, below.

When making these comparisons for purposes of determining an appropriate product comparison to the U.S. sale, in accordance with section 771(16) of the Act, we considered all products sold in the home market as described in the “Scope of the Order” section of this memorandum, above. If contemporaneous sales of identical home market merchandise were reported, as described below, we made comparisons to the monthly weighted-average home market prices that were based on all such sales. If there were no contemporaneous sales of identical merchandise in the home market, then we identified sales of the most similar merchandise that were contemporaneous with the U.S. sales, in accordance with 19 CFR 351.414(e). Where there were no sales of identical or similar merchandise, we made product comparisons using constructed value (CV), as discussed in the “Product Comparisons” and “Calculation of Normal Value Based on Constructed Value” sections, below.⁸

⁸ See section 773(a)(4) of the Act.

Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or constructed export prices (CEPs)) (the average-to-average method), unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value (LTFV) investigations, the Department examines whether to use 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 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 analogous to the issue in antidumping duty investigations.⁹ In recent investigations, pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act, the Department has applied a "differential pricing" analysis to determine whether application of average-to-transaction comparisons is appropriate in a particular situation.¹⁰ The Department finds that the differential pricing analysis used in those recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review.¹¹ The Department will continue to develop its approach in this area based on comments received in this and other proceedings, as well as 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 for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the estimated weighted-average dumping margin. The differential pricing analysis used in these preliminary results evaluates all purchasers, regions, and time periods to determine whether a pattern of significant price differences exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the customer codes reported by Rong Shu. 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 POI being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser,

⁹ 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.

¹⁰ See, e.g., Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 33350 (June 4, 2013), and accompanying Issues and Decision Memorandum at Comment 3; and Hardwood and Decorative Plywood From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 58273 (September 23, 2013), and accompanying Issues and Decision Memorandum at Comment 3.

¹¹ See, e.g., 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 Issues and Decision Memorandum at Comment 2.

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 and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* coefficient is a generally recognized statistical measure of the extent of the difference between the mean 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 will have been found to pass the Cohen’s *d* test, if the calculated Cohen’s *d* coefficient is equal to or exceeds the large (i.e., 0.8) threshold.

Next, the “ratio test” assesses the extent of the significant price differences for all sales as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average method and application of the average-to-average method to those sales identified as not passing the Cohen’s *d* test (i.e., the “mixed alternative” method). 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 estimated weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, then this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis and, therefore, an alternative method would be appropriate. A

difference in the estimated weighted-average dumping margins is considered meaningful if 1) there is a 25 percent relative change in the estimated weighted-average dumping margin between the average-to-average method and the appropriate alternative method where both rates are above the de minimis threshold, or 2) the resulting estimated 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.

Results of the Differential Pricing Analysis

For Rong Shu, based on the results of the differential pricing analysis, the Department preliminarily finds that between 33 percent and 66 percent of Rong Shu's export sales pass the Cohen's *d* test, which confirms the existence of a pattern of EPs for comparable merchandise that differ significantly among purchasers, regions or time periods. Further, the Department preliminarily determines that the average-to-average transaction method can appropriately account for such differences because there is not a meaningful difference in the weighted-average dumping margins when calculated using the average-to-average transaction method and the relevant alternative comparison method.¹² Accordingly, the Department preliminarily determines that it is appropriate to use the average-to-average transaction method for all U.S. sales in making comparisons of EP and NV for Rong Shu.

Product Comparisons

In accordance with section 771(16)(A) of the Act, we considered all products produced by Rong Shu covered by the description in the "Scope of the Order" section, above, and sold in the home market during the POR to be foreign like products for purposes of determining NV for the merchandise sold in the United States. Pursuant to 19 CFR 351.414(f), we compared Rong Shu's U.S. sales of NWR to its sales of NWR made in the home market within the contemporaneous window period, which extends from three months prior to the month of the first U.S. sale until two months after the month of the last U.S. sale.

Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, according to section 771(16)(B) of the Act, we compared U.S. sales to sales of the most similar foreign-like product, or CV. In making the product comparisons, we matched foreign like products based on the physical characteristics to the product sold in the United States. In the order of importance, these physical characteristics are as follows: width, type, number of ends in the warp, number of weft picks, spool capacity, yarn composition, metal percentage, selvedge construction, dye process, surface finish, embellishments, dyed color, pattern type, selvedge contour, product unit packaging, and treatments.

¹² See Memorandum to the File, from David Crespo, Analyst, Office II, AD/CVD Operations, entitled, "Calculations for Rong Shu Industry Corporation for the Preliminary Results," dated September 30, 2015.

Date of Sale

Section 351.401(i) of the Department's regulations states that, normally, the Department will use the date of invoice, as recorded in the producer or exporter's records kept in the ordinary course of business, as the date of sale. However, the regulations permit the Department to use a different date if it better reflects the date on which the exporter or producer establishes the material terms of sale.

Roung Shu reported the earlier of the invoice date or the shipment date as the date of sale for sales made to the home market and the United States.¹³ We preliminarily find that this date of sale methodology is appropriate because the quantity is fixed at the time of shipment. Accordingly, consistent with the Department's practice,¹⁴ we have accepted it for the purposes of these preliminary results.

Export Price

For all U.S. sales made by Roung Shu, we used EP methodology, in accordance with section 772(a) of the Act, because the subject merchandise was sold by the producer/exporter outside of the United States directly to the first unaffiliated purchaser in the United States prior to importation and CEP methodology was not otherwise warranted based on the facts of record.

We calculated EP based on the packed prices to the first unaffiliated purchaser in the United States. Where appropriate, we made adjustments for billing adjustments and discounts. We also made deductions from the starting price for foreign inland freight, foreign brokerage and handling expenses, and foreign port charges, where appropriate, in accordance with section 772(c)(2)(A) of the Act. Although Roung Shu reported foreign port charges as a direct selling expense, we reclassified them as movement expenses because they relate to the shipment of the merchandise.

Normal Value

A. Home Market Viability

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is five percent or more of the aggregate volume of U.S. sales), we compared the volume of Roung Shu's home market sales of the foreign like product to the volume of its U.S. sales of subject merchandise, in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404. Based on this comparison, we preliminarily determined that, pursuant to 19 CFR

¹³ See Roung Shu's February 19, 2015, submission at B-18-B-19 and C-19.

¹⁴ See Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review, 71 FR 18074, 18079-80 (April 10, 2006), unchanged in Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Final Results and Rescission of Antidumping Duty Administrative Review in Part, 72 FR 4486 (January 31, 2007), and the accompanying Issues and Decision Memorandum at Comments 4 and 5.

351.404(b), the aggregate volume of home market sales of the foreign like product for Rong Shu was sufficient to permit a proper comparison with U.S. sales of the subject merchandise.

B. *Level of Trade*

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, the Department will calculate NV based on sales at the same level of trade (LOT) as the U.S. sales. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).¹⁵ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.¹⁶ In order to determine whether the comparison market sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, the chain of distribution), including selling functions and class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying LOTs for EP and comparison market sales (*i.e.*, NV based on either home market or third country prices),¹⁷ we consider the starting prices before any adjustments. For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.¹⁸

When the Department is unable to match U.S. sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, the Department may compare the U.S. sale to sales at a different LOT in the comparison market. In comparing EP or CEP sales at a different LOT in the comparison market, where available data make it possible, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if the NV LOT is at a more advanced stage of distribution than the LOT of the CEP and there is no basis for determining whether the difference in LOTs between NV and CEP affects price comparability (*i.e.*, no LOT adjustment is possible), the Department will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.¹⁹

In this administrative review, we obtained information from Rong Shu regarding the marketing stages involved in making the reported home market and U.S. sales. In the U.S. market, Rong Shu reported sales to distributors/retailers through one channel of distribution (*i.e.*, direct sales to unaffiliated U.S. customers).²⁰ We examined the selling activities performed for these sales and found that Rong Shu performed the following selling functions: packing, order/input

¹⁵ See 19 CFR 351.412(c)(2).

¹⁶ *Id.*; see also Certain Orange Juice From Brazil: Final Results of Antidumping Duty Administrative Review and Notice of Intent Not To Revoke Antidumping Duty Order in Part, 75 FR 50999 (August 18, 2010), and accompanying Issues and Decision Memorandum at Comment 7 (OJ from Brazil).

¹⁷ Where NV is based on CV, we determine the NV LOT based on the LOT of the sales from which we derive selling, general and administrative (SG&A) expenses, and profit for CV, where possible. See 19 CFR 351.412(c)(1).

¹⁸ See Micron Tech., Inc. v. United States, 243 F.3d 1301, 1314-16 (Fed. Cir. 2001).

¹⁹ See, *e.g.*, OJ from Brazil at Comment 7.

²⁰ See Rong Shu's Feb. 19, 2015, response at page C-17-C-18.

processing, market research, color trend advice, sampling, idea development, and providing freight and delivery.²¹ Selling activities can be generally grouped into four selling function categories for analysis: 1) sales and marketing; 2) freight and delivery services; 3) inventory maintenance and warehousing; and 4) warranty and technical support. Accordingly, based on the selling function categories, we find that Rong Shu performed sales and marketing and freight and delivery services for its EP sales. Because all sales in the United States are made through a single distribution channel and the selling activities to Rong Shu's customers did not vary within this channel, we preliminarily determine that there is one LOT in the U.S. market.

With respect to the home market, Rong Shu reported sales to distributors/retailers through one channel of distribution (*i.e.*, direct sales to unaffiliated home market customers).²² We examined the selling activities performed for these sales and found that Rong Shu performed the following selling functions: packing, order/input processing, market research, color trend advice, idea development, and providing freight and delivery.²³ Therefore, based on the four selling function categories listed above, we find that Rong Shu performed sales and marketing and freight and delivery for its home market sales. Because all sales in the home market are made through a single distribution channel and the selling activities to Rong Shu's customers did not vary within this channel, we preliminarily determine that there is one LOT in the home market.

Finally, we compared the U.S. LOT to the home market LOT and found that the selling functions performed for U.S. and home market customers are virtually identical. Therefore, we determine that sales to the U.S. and home markets during the POR were made at the same LOT and, as a result, no LOT adjustment is warranted.

C. *Cost of Production Analysis*

We found that Rong Shu made sales below the cost of production (COP) in the most recently-completed segment of this proceeding for the company, and such sales were disregarded.²⁴ Thus, in accordance with section 773(b)(2)(A)(ii) of the Act,²⁵ there are reasonable grounds to

²¹ See Rong Shu's February 2, 2015, response at page A-15-A-16, and Exhibit A-6.

²² See Rong Shu's February 19, 2015, response at page B-17-B-18.

²³ See Rong Shu's February 2, 2015, response at page A-15-A-16, and Exhibit A-6.

²⁴ See Notice of Final Determination of Sales at Less Than Fair Value: Narrow Woven Ribbons with Woven Selvedge from Taiwan, 75 FR 41804, 41806-41807 (July 19, 2010) (Ribbons from Taiwan Final Determination).

²⁵ On June 29, 2015, the President of the United States signed into law the Trade Preferences Extension Act of 2015 (TPEA), which made numerous amendments to the AD and countervailing duty law, including amendments to section 773(b)(2) of the Act, regarding the Department's requests for information on sales at less than cost of production. See Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (2015) (TPEA). The 2015 law does not specify dates of application for those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced the applicability dates for each amendment to the Act, except for amendments contained to section 771(7) of the Act, which relate to determinations of material injury by the ITC. See Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015, 80 FR 46793 (August 6, 2015). The amendments to section 773(b)(2) of the Act are applicable to determinations in which the complete initial questionnaire has not been issued as of August 6, 2015. *Id.*, 80 FR at 46795. Because in this review questionnaires had been issued prior to the applicability date,

believe or suspect that Rong Shu made home market sales at prices below the cost of producing the merchandise in the current POR.

1. Calculation of Cost of Production

In accordance with section 773(b)(3) of the Act, we calculated Rong Shu's COPs based on the sum of materials and conversion for the foreign like product, plus amounts for G&A expenses and interest expenses (see "Test of Comparison Market Sales Prices" section, below, for treatment of home market selling expenses). We examined the reported cost data and determined that our quarterly cost methodology is not warranted. Therefore, we followed our normal methodology of calculating an annual weighted-average cost.

We relied on the weighted-average cost database submitted on July 2, 2015, in calculating the COP for Rong Shu. We made no changes to Rong Shu's reported costs.

2. Test of Comparison Market Sales Prices

On a product-specific basis, pursuant to section 773(a)(1)(B)(i) of the Act, we compared the adjusted weighted-average COP to the home market sales prices of the foreign like product in order to determine whether the sale prices were below the COP. For purposes of this comparison, we used the COP exclusive of selling and packing expenses. The prices were exclusive of any applicable movement charges, discounts and rebates, billing adjustments, direct and indirect selling expenses, and packing expenses.

3. Results of the COP Test

In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether: 1) within an extended period of time, such sales were made in substantial quantities; and 2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade. In accordance with sections 773(b)(2)(B) and (C) of the Act, where less than 20 percent of a respondent's home market sales of a given product are at prices less than the COP, we disregard none of the below-cost sales of that product because we determine that in such instances the below-cost sales were not made within an extended period of time and in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product are at prices less than the COP, we disregard the below-cost sales when: 1) the sales 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 COPs for the POR, the sales 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.

these specific amendments do not apply to this review. *Id.*, 80 FR at 46794-95. The 2015 amendments may be found at <https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl>.

We preliminarily found that Rong Shu did not make any below-cost sales during the POR. Therefore, we did not disregard any of Rong Shu's home market sales, and used all sales as the basis for determining NV.

D. Calculation of Normal Value Based on Comparison Market Prices

We based NV for Rong Shu on the reported ex-factory prices to unaffiliated customers in the home market. We made adjustments under section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410 for differences in circumstances of sale for direct selling expenses (including bank charges and imputed credit expenses).

We added U.S. packing costs and deducted home market packing costs, in accordance with sections 773(a)(6)(A) and (B)(i) of the Act. When comparing U.S. sales with home market sales of similar, but not identical, merchandise, we also made adjustments for physical differences in the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like product and subject merchandise.²⁶

E. Calculation of Normal Value Based on Constructed Value

Section 773(a)(4) of the Act provides that, where NV cannot be based on comparison market sales, NV may be based on CV. Accordingly, for those NWR models for which we could not determine the NV based on home market sales, we based NV on CV.

Section 773(e) of the Act provides that CV shall be based on the sum of the cost of materials and fabrication for the imported merchandise, plus amounts for SG&A expenses, profit, and U.S. packing costs. We based SG&A and profit on the actual amounts incurred and realized by Rong Shu in connection with the production and sale of the foreign like product, in the ordinary course of trade, for consumption in the home market, in accordance with section 773(e)(2)(A) of the Act.

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.

Rate for Non-Selected Companies

The statute and the Department's regulations do not address the establishment of a rate to be applied to individual respondents not selected for examination when the Department limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, the Department 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 non-selected

²⁶ See 19 CFR 351.411(b).

respondents which we did not examine individually in an administrative review. Section 735(c)(5)(A) of the Act articulates a preference that we not calculate an all-others rate using rates for individually-examined respondents which are zero, de minimis, or based entirely on facts available. Accordingly, the Department's practice in determining the rate for respondents not selected for individual examination has been to average the weighted-average dumping margins for the selected companies, excluding rates that are zero, de minimis, or based entirely on facts available.²⁷ Section 735(c)(5)(B) of the Act provides that, where all rates of the individually-examined respondents are zero, de minimis, or based entirely on facts available, we may use "any reasonable method" for assigning the all-others rate, including "averaging the estimated weighted-average dumping margins determined for the exporters and producers individually investigated."

In previous cases, the Department has determined that a "reasonable method" to use when the rates for the respondents selected for individual examination are zero, de minimis, or based entirely on facts available, is to assign non-examined respondents the average of the most recently-determined weighted-average dumping margins that are not zero, de minimis, or based entirely on facts available.²⁸ These rates may be from the investigation, a prior administrative review, or a new shipper review.

For these preliminary results, we calculated a zero margin for Rong Shu. We find that using a calculated rate from a prior segment more reasonably reflects the potential dumping margins of non-selected companies than does a de minimis or zero rate from the ongoing segment given the consistent history of dumping in this case since the imposition of the AD order.²⁹ Therefore, we preliminarily determine to apply the rate assigned to the individually-examined respondent in the immediately-preceding administrative review of the AD order on NWR from Taiwan (i.e., the 2012-2013 administrative review), which is based on the most recently-determined weighted-average dumping margins that are not zero, de minimis, or based entirely on facts available, to the non-selected respondent in the instant review. This determination is consistent with our practice as discussed above, and the most reasonable method to determine the rate. Usage of the calculated rate from the prior segment is also a reasonable reflection of the potential dumping margin of the non-selected companies since it derives from the immediately preceding administrative review. Pursuant to this method, we are assigning the margin of 30.64 percent,

²⁷ See, e.g., Certain Frozen Warmwater Shrimp From the People's Republic of China: Preliminary Results and Preliminary Partial Rescission of Fifth Antidumping Duty Administrative Review, 76 FR 8338, 8342 (February 14, 2011), unchanged in Administrative Review of Certain Frozen Warmwater Shrimp From the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review, 76 FR 51940 (August 19, 2011); Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 74 FR 36656, 36660 (July 24, 2009) (Kitchen Racks Final).

²⁸ See Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part, 73 FR 52823, 52824 (September 11, 2008), and accompanying Issues and Decision Memorandum at Comment 16.

²⁹ See Ribbons from Taiwan Final Determination, at 41804; Narrow Woven Ribbons With Woven Selvage From Taiwan: Final Results of Antidumping Duty Administrative Review; 2010-2011, 77 FR 72825 (December 6, 2012); Narrow Woven Ribbons With Woven Selvage From Taiwan: Final Results of Antidumping Duty Administrative Review; 2011-2012, 78 FR 50377 (August 19, 2013); and Narrow Woven Ribbons With Woven Selvage From Taiwan: Final Results of Antidumping Duty Administrative Review; 2012-2013, 80 FR 19635 (April 13, 2015) (Ribbons From Taiwan 2012-2013 Final Results).

the most recent margin calculated for an individually-examined respondent,³⁰ to the non-selected respondent in the instant review.

RECOMMENDATION

Based on our analysis, we recommend adopting the above positions in these preliminary results. If this recommendation is accepted, we will publish the preliminary results of the review and the preliminary dumping margins for Rong Shu and A-Madeus in the Federal Register.

✓

Agree

Disagree

Ronald K. Lorentzen

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

September 30, 2015

(Date)

³⁰ This margin is from the 2012-2013 administrative review. See Ribbons From Taiwan 2012-2013 Final Results, at 19636.