UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

A-583-856
POI: 04/01/2014–03/31/2015
E&C AD/CVD OIII: AM, PS, SL
Public Document

DATE: May 24, 2016

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Issues and Decision Memorandum for the Final Determination in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Taiwan

I. SUMMARY

We analyzed the case and rebuttal briefs submitted by interested parties in the antidumping duty ("AD") investigation of certain corrosion-resistant steel products ("corrosion-resistant steel") from Taiwan. As a result of our analysis, we made changes to the *Preliminary Determination*.[1] We recommend that you approve the positions described in the "Discussion of the Issues" section of this memorandum.

II. BACKGROUND

On January 4, 2016, the Department of Commerce ("Department") published its *Preliminary Determination* in the less-than-fair-value ("LTFV") investigation of certain corrosion-resistant steel products from Taiwan.

Between January 4 and April 8, 2016, the Department conducted export price ("EP"), cost, and home-market sales verifications of Yieh Phui Enterprise Co., Ltd. ("YP"), Synn Industrial Co., Ltd. ("Synn"), and Prosperity Tieh Enterprise Co., Ltd. ("PT").[2] We followed standard

[1] *See Certain Corrosion-Resistant Steel Products from Taiwan: Negative Preliminary Determination of Sales at Less Than Fair Value*, 81 FR 72 (January 4, 2016) ("*Preliminary Determination*") and accompanying Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Decision Memorandum for the Preliminary Determination in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Taiwan," dated December 21, 2016 ("PDM"). *See also Antidumping Duty Investigations of Corrosion-Resistant Steel Products from India, Italy, the People's Republic of China, the Republic of Korea, and Taiwan: Notice of Correction to Preliminary Antidumping Determinations*, 81 FR 6236 (February 5, 2016).

[2] We collapsed YP and Synn into a single entity for the purposes of this investigation in the *Preliminary Determination*, and sustain that finding in the instant final determination. Furthermore, we now find PT to also be

verification procedures, including an examination of relevant accounting and production records, and original source documents provided by respondents. We issued the Cost Verification Reports of PT and YP on April 12, 2016, and for Synn on April 14, 2016.[3] Similarly, we released the Sales Verification Reports of PT, YP, and Synn on April 13, 2016.[4]

On February 2, 2016, Petitioner[5] timely requested a hearing.[6] On April 21, 2016, AK Steel (on behalf of Petitioners), PT, and YP submitted case briefs.[7] On April 26, 2016, AK Steel (on behalf of Petitioners), PT, and YP submitted rebuttal case briefs.[8] On April 29, 2016, Petitioner withdrew their request for a hearing and the Department placed a memorandum to the file explaining that the Department would not be holding a hearing for the final determination.[9] Also on April 29, 2016, the Department offered each interested party (*i.e.*, Petitioner/AK Steel, PT, and YP) an opportunity to present, through an *ex parte* meeting with the relevant Department

---

collapsed with the YP/Synn entity for this final determination. Thus, for this final determination, there is a single collapsed respondent, referred to as PT/YP/Synn. However, because the collapsing of the two respondents was not made at the *Preliminary Determination*, both PT and YP submitted briefs and PT, YP, and Synn were verified as separate companies, the companies are referred throughout this memorandum by their individual names. However, regardless of nomenclature, there is only a single combined respondent at issue for the final determination. *See* Comment 3 below and the Department's memorandum, "Less Than Fair Value Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Final Affiliation and Collapsing Memorandum," dated concurrently with this memorandum ("Final Affiliation and Collapsing Memo").

[3] *See* Memorandum to the File, "Verification of the Cost Response of Prosperity Tieh Enterprise Co., Ltd. in the Investigation of Certain Corrosion-Resistant Steel Flat Products from Taiwan," dated April 12, 2016 ("Cost Verification Report of PT"); Memorandum to the File, "Verification of the Cost Response of Yieh Phui," dated April 12, 2016 ("Cost Verification Report of YP"); Memorandum to the File, "Less Than Fair Value Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Verification of the Cost Response of Synn Industrial Co., Ltd.," dated April 13, 2016 ("Cost Verification Report of Synn").

[4] *See* Memorandum to the File, "Less Than Fair Value Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Verification of the Sales Responses of Prosperity Tieh Enterprise Co., Ltd.," dated April 13, 2016 ("Sales Verification Report of PT"); Memorandum to the File, "Verification of the Sales Response of Yieh Phui Enterprise Co., Ltd. in the Antidumping Investigation of Corrosion-Resistant Steel Products from Taiwan," dated April 13, 2016 ("Sales Verification Report of YP"); Memorandum to the File, "Less Than Fair Value Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Verification of the Sales Responses of Synn Industrial Co., Ltd.," dated April 13, 2016 ("Sales Verification Report of Synn").

[5] Petitioners are the United States Steel Corporation, Nucor Corporation, Steel Dynamics Inc. ("SDI"), California Steel Industries ("CSI"), ArcelorMittal USA LLC, and AK Steel Corporation ("AK Steel"). AK Steel was the only petitioner to file comments in this case. Accordingly, we refer to the singular "Petitioner" (*i.e.*, AK Steel) throughout this document.

[6] *See* Letter from Petitioner, "Certain Corrosion-Resistant Steel Products From Taiwan: Petitioner's Request For A Hearing And For A Closed Session Of The Hearing," dated February 2, 2016.

[7] *See* Letter from Petitioner, "Certain Corrosion-Resistant Steel Products From Taiwan/Petitioner's Case Brief," dated April 21, 2016 ("Petitioner's Case Brief"); Letter from PT, "Certain Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Prosperity Tieh's Case Brief," dated April 21, 2016 ("PT's Case Brief"); Letter from YP, "Corrosion-Resistant Steel Products from Taiwan; Case Brief," dated April 21, 2016 ("YP's Case Brief").

[8] *See* Letter from PT, "Certain Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Prosperity Tieh's Rebuttal Brief," dated April 26, 2016 ("PT's Rebuttal Brief"); Letter from YP, "Corrosion-Resistant Steel Products from Taiwan; Rebuttal Brief," dated April 26, 2016 ("YP's Rebuttal Brief"); Letter from Petitioner, "Certain Corrosion-Resistant Steel Products From Taiwan/ Petitioner's Rebuttal Brief," dated April 26, 2016 ("Petitioner's Rebuttal Brief").

[9] *See* Memorandum to the File, "Withdrawal of Requests for a Hearing," dated April 29, 2016.

officials, the arguments made in their case and rebuttal briefs.[10] On May 4, 2016, the Department held an *ex parte* meeting with counsel for PT, and PT presented the issues contained in its case and rebuttal briefs.[11] On May 9, 2016, the Department held an *ex parte* meeting with counsel for AK Steel, during which counsel presented the issues contained in AK Steel's case and rebuttal briefs.[12] On May 11, 2016, YP filed a letter commenting on the Department's *ex parte* meetings.[13] On May 16, 2016, the Department responded to YP's letter, explaining that YP did not request a hearing and declined an opportunity to meet with Department officials to present its arguments, preferring to rest on its written briefs.[14]

On April 26, 2016, CSI and SDI submitted a rebuttal brief. On April 27, 2016, the Department rejected their rebuttal brief, explaining that pursuant to 19 CFR 351.309(d), a "rebuttal brief may respond only to arguments raised in case briefs and should identify the arguments to which it is responding," but that portions of CSI and SDI's rebuttal brief purporting to rebut AK Steel's April 21, 2016, brief, were, in fact, not a rebuttal to AK Steel's affirmative case brief, but were further affirmative argument of the same issue.[15] Accordingly, we rejected CSI and SDI's rebuttal brief from the administrative record, and requested that CSI and SDI refile its rebuttal brief with the new arguments redacted.[16] CSI and SDI did not refile their rebuttal brief; rather, on April 29, 2016, CSI and SDI filed a letter requesting that the Department reconsider rejection of its rebuttal brief.[17] Pursuant to 19 CFR 351.309(b) through (d), the Department will consider timely filed written arguments in making its final determination. Should CSI and SDI have desired to fully brief any issues, CSI and SDI should have timely filed an affirmative case brief on April 21, 2016; simply adding 'rebuttal' arguments furthering AK Steel's affirmative brief was inappropriate and not in keeping with briefing procedures for a final determination. Thus, for the reasons explained above and in our Rejection Letter to CSI and SDI, we have not rescinded our rejection of CSI and SDI's untimely arguments. Furthermore, as CSI and SDI's 'rebuttal' brief is not on this case record, we have not addressed their arguments for this final determination.

[10] *See* Memorandum to the File, "Scheduling of Ex Parte Meetings for the Final Determination," dated May 16, 2016.
[11] *See* Memorandum to the File, "Ex Parte Meeting with Counsel for Prosperity Tieh Enterprise Co., Ltd.," dated May 5, 2016.
[12] *See* Memorandum to the File, "Ex Parte Meeting with Counsel for AK Steel Corporation," dated May 10, 2016.
[13] *See* Letter from YP, "Corrosion-Resistant Steel Products from Taiwan; Comments on Ex-Parte Meetings," dated May 11, 2016.
[14] *See* Letter to YP, "Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Response to Comments on Ex Parte Meetings," dated May 16, 2016.
[15] *See* Letter to CSI and SDI, "Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Request to Strike New Affirmative Arguments and Resubmit Rebuttal Brief," dated April 27, 2016 ("Rejection Letter to CSI and SDI") at 1; Letter to CSI and SDI, "Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Amendment to Request to Strike New Affirmative Arguments and Resubmit Rebuttal Brief," dated April 27, 2016 ("Amendment to Rejection Letter to CSI and SDI"). *See also* Letter from PT, "Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Request Rejection of CSI and SDI's Rebuttal Brief," April 27, 2016, requesting that Department reject CSI and SDI's rebuttal brief.
[16] *Id.* at 1-2 and Amendment to Rejection Letter to CSI and SDI at 1.
[17] *See* Letter from CSI and SDI, "Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Request to Reconsider Rejection Of Rebuttal Briefs," dated April 29, 2016.

Subsequent to the *Preliminary Determination*, the Department received comments regarding the scope of the investigation. On February 9, 2016, Baoshan Iron & Steel Co., Ltd and Baosteel America, Inc. (collectively "Baosteel") submitted scope comments on the Department's preliminary scope determination regarding its prior requested scope exclusion for certain hot dipped galvanized steel products.[18] On February 16, 2016, Petitioners submitted their scope rebuttal in support of the Department's preliminary scope decision.[19] On March 29, 2016, the Department rejected an improper filing of scope exclusion request by a Wisconsin-based importer, AmeriLux International Co., Ltd. ("AmeriLux International") and filed our rejection letter and e-mail correspondence memo on the record of this investigation.[20] Based on the reasons provided in the rejection letter, the Department is not considering the AmeriLux International's comments for the final determination. For a summary of the product coverage comments and rebuttal responses submitted to the record of this final determination, and accompanying discussion and analysis of all comments timely received, *see* the Final Scope Decision Memorandum, which is incorporated by and hereby adopted by this final determination.[21]

III. SCOPE OF THE INVESTIGATION

The products covered by this investigation are certain flat-rolled steel products, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished, laminated, or coated with plastics or other non-metallic substances in addition to the metallic coating. The products covered include coils that have a width of 12.7 mm or greater, regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, *etc.*). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been "worked after rolling" (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

---

[18] *See* Letter from Baosteel, "Certain Corrosion-Resistant Steel Products from the People's Republic of China: Post Preliminary Comments on Scope," dated February 9, 2016. *See also Scope Correction Notice*.

[19] *See* Letter from Petitioners, entitled, "Corrosion-Resistant Steel Products from the People's Republic of China, India, Italy, the Republic of Korea, and Taiwan: Petitioners' Scope Rebuttal Brief," dated February 16, 2016 ("Petitioners' Scope Rebuttal").

[20] *See* Letter to AmeriLux International, "Antidumping and Countervailing Duty Investigations of Certain Corrosion-Resistant Steel Products from the People's Republic of China, India, Italy, the Republic of Korea and Taiwan: Rejection of AmeriLux International's November 30, 2015, Scope Exclusion Request," dated March 29, 2016. *See also* Memorandum to the File, "Email Correspondence Regarding Scope Exclusion," filed concurrently with the rejection letter.

[21] *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Scope Comments Decision Memorandum for the Final Determinations," dated concurrently with this notice ("Final Scope Decision Memorandum").

(1) 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 forth above, and

(2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this investigation are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten (also called wolfram), or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free ("IF")) steels and high strength low alloy ("HSLA") steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum.

Furthermore, this scope also includes Advanced High Strength Steels ("AHSS") and Ultra High Strength Steels ("UHSS"), both of which are considered high tensile strength and high elongation steels.

Subject merchandise also includes corrosion-resistant steel 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 investigation if performed in the country of manufacture of the in-scope corrosion resistant steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this investigation:

- Flat-rolled steel products either plated or coated with tin, lead, chromium, chromium oxides, both tin and lead ("terne plate"), or both chromium and chromium oxides ("tin free steel"), whether or not painted, varnished or coated with plastics or other non-metallic substances in addition to the metallic coating;

- Clad products in straight lengths of 4.7625 mm or more in composite thickness and of a width which exceeds 150 mm and measures at least twice the thickness; and

- Certain clad stainless flat-rolled products, which are three-layered corrosion-resistant flat-rolled steel products less than 4.75 mm in composite thickness that consist of a flat-rolled steel product clad on both sides with stainless steel in a 20%-60%-20% ratio.

The products subject to the investigation are currently classified in the Harmonized Tariff Schedule of the United States ("HTSUS") under item numbers: 7210.30.0030, 7210.30.0060, 7210.41.0000, 7210.49.0030, 7210.49.0091, 7210.49.0095, 7210.61.0000, 7210.69.0000, 7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, and 7212.60.0000.

The products subject to the investigation may also enter under the following HTSUS item numbers: 7210.90.1000, 7215.90.1000, 7215.90.3000, 7215.90.5000, 7217.20.1500, 7217.30.1530, 7217.30.1560, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.91.0000, 7225.92.0000, 7225.99.0090, 7226.99.0110, 7226.99.0130, 7226.99.0180, 7228.60.6000, 7228.60.8000, and 7229.90.1000.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the investigation is dispositive.

III. FINAL DETERMINATION OF CRITICAL CIRCUMSTANCES, IN PART

On October 29, 2015, the Department issued its preliminary critical circumstances determination.[22] The Department preliminarily found that importers, exporters, and producers had reason to believe, at some time prior to the filing of the petition, that a proceeding was

[22] *See Antidumping and Countervailing Duty Investigations of Corrosion-Resistant Steel Products from India, Italy, the People's Republic of China, the Republic of Korea, and Taiwan: Preliminary Determinations of Critical Circumstances*, 80 FR 68504 (November 5, 2015) ("*Preliminary Determination of Critical Circumstances*").

likely.[23] Specifically, the Department concluded that the factual information provided by Petitioners indicates that by March 2015, importers, exporters, or producers had reason to believe that proceedings were likely.[24] Accordingly, based on trade data submitted through September 2015, the Department preliminarily determined that critical circumstances existed for all other Taiwanese producers or exporters, but not for PT and YP.[25] However, because the Department found in the *Preliminary Determination* that corrosion-resistant steel from Taiwan is not being, or is not likely to be, sold in the United States at LTFV (and, thus, we issued a preliminary negative AD determination), we subsequently altered the prior preliminarily critical circumstances determination and found that critical circumstances do not exist with regard to imports of corrosion-resistant steel from Taiwan.[26] No party raised the issue of critical circumstances for this final determination; however, because critical circumstances were alleged in this case and because we made a preliminary determination, pursuant to section 735(a)(3) of the Tariff Act of 1930, as amended ("the Act"), and 19 CFR 351.210(c), we hereby make a final determination on the issue of critical circumstances.

In order to determine whether there is a history of dumping pursuant to section 735(a)(3)(A)(i) of the Act, the Department generally considers current or previous AD orders on subject merchandise from the country in question in the United States and current orders imposed by other countries with regard to imports of the same merchandise. The Department has previously issued an AD order from Korea,[27] based on nearly identical HTS categories, as well as AD orders on carbon steel flat products from the PRC.[28] Moreover, there are current AD orders imposed by other World Trade Organization members against certain coated steel products (*i.e.*, carbon steel flat products either clad, plated or coated with zinc, aluminum, or nickel) from Korea, the PRC, and Taiwan.[29] Certain HTS numbers subject to these orders overlap with HTS numbers listed under our current scope for corrosion-resistant steel. Therefore, we find that there is a history of dumping of corrosion-resistant steel, including subject merchandise exported from Taiwan. Because the criteria of a history of dumping has been satisfied pursuant to section

---

[23] *Id.* at 68506-68507.
[24] *Id.*
[25] *Id.* at 68507.
[26] *See* PDM at 3.
[27] *See Notice of Amendment of Final Determinations of Sales at Less Than Fair Value and Antidumping Duty Orders: Certain Cut-To-Length Carbon-Quality Steel Plate Products From France, India, Indonesia, Italy, Japan and the Republic of Korea*, 65 FR 6585 (February 10, 2000).
[28] *See Suspension Agreement on Certain Cut-to-Length Carbon Steel Plate From the People's Republic of China; Termination of Suspension Agreement and Notice of Antidumping Duty Order*, 68 FR 60081 (October 21, 2003) and *Notice of the Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products From the People's Republic of China*, 66 FR 59561 (November 29, 2001).
[29] *See Australia – AD/CVD Order on Zinc Coated (Galvanised) Steel and Aluminum Zinc Coated Steel from the PRC, Korea, and Taiwan*, Commonwealth of Australia Gazette, Anti-Dumping Duty Notice No. 2013/66 (August 5, 2013); *Thailand – AD Order on Painted Hot Dip Galvanized Cold Rolled Steel and Painted Hot Dip Cold Rolled Steel Plated or Coated with Aluminum Zinc Alloys and Certain Hot Dip Cold Rolled Steel Plated or Coated with Aluminum Zinc Alloys from the PRC, Korea, and Taiwan:* Royal Thai Gazette, Vol. 130, Special Section 3 (October 1, 2013) (updated re unpainted products, Royal Thai Gazette, Vol. 132, Special Section 32 (September 2, 2015)); *Colombia – AD Order on Galvanized Smooth Sheet from the PRC:* Diario Oficial, No. 49.084 (March 6, 2014); and *Russia – AD Order on Cold-Rolled Flat Steel Products with Polymer Coating from the PRC:* Eurasian Economic Commission, Decision No. 49 (May 24, 2012).

735(a)(3)(A)(i) of the Act, the Department is not required to examine the additional criteria enumerated under section 735(a)(3)(A)(ii) of the Act.

In determining whether there are "massive imports" over a "relative short period," pursuant to section 735(a)(3)(B) of the Act and 19 CFR 351.206(h), the Department normally compares the import volumes of the subject merchandise for at least three months immediately preceding the filing of the petition (*i.e.*, the "base period") to a comparable period of at least three months following the filing of the petition (*i.e.*, the "comparison period"). Imports normally will be considered massive when imports during the comparison period have increased by 15 percent or more compared to imports during the base period.

Based on evidence provided by Petitioners, the Department finds that pursuant to 19 CFR 351.206(i), importers, exporters or producers had reason to believe, at some time prior to the filing of the petition, that a proceeding was likely. Specifically, the Department concludes that the factual information provided by Petitioners indicates that by March 2015, importers, exporters, or producers had reason to believe that proceedings were likely. Among the several documents Petitioners provided to support their claim of so-called "early knowledge," the Department finds the following particularly relevant.

- On March 10, 2015, Steel Market Update acknowledged and responded to an influx of "recent" inquiries from importers of cold-rolled steel and CORE steel products "asking questions about the potential for a trade case or anti-dumping filing by the domestic mills against foreign steel imports."[30]
- On March 26, 2015, American Metal Market issued a press release stating that nearly 70 percent of industry participants expected cold-rolled and CORE steel cases to be filed in 2015.[31]
- On March 27, 2015, the *Pittsburgh Tribune* published an article stating that "domestic steel makers are beginning to take their case to Washington." One expert quoted in the article concluded that a trade case appeared "inevitable."[32]
- On March 30, 2015, Barron's published analysis by Credit Suisse concluding U.S. steel industry officials had "no intention of delay" and would pursue trade remedies as soon as possible. The article states that the U.S. industry would not pursue safeguard actions, but instead would pursue AD/CVD remedies focused on hot-rolled coil, cold-rolled coil, and CORE steel products.[33]

While additional information presented in Petitioner's exhibits indicate rumors of trade cases had been circulating as far back as 2014,[34] the above statements indicate that by March 2015, these

[30] *See* Corrosion-Resistant Steel Products from India, Italy, the People's Republic of China, the Republic of Korea, and Taiwan: Critical Circumstances Allegations, July 23, 2015 at Exhibit 7.
[31] *Id*. at Exhibit 11.
[32] *Id.* at Exhibit 8.
[33] *Id.* at Exhibit 10.
[34] This fact is noted in PT's August 3, 2015, response, "Corrosion-Resistant Steel Products from Taiwan, Case Nos. A-583-856 and C-583-857: Response to Petitioners' Critical Circumstances Allegation." PT's submission also claims Petitioner had not demonstrated the need for expedited action, but there is no requirement that such a need be demonstrated. Sections 703(e)(1) and 733(e)(1) of the Act call for prompt action by the Department. The

rumors had turned to expectations among steel importers, exporters, and producers that forthcoming petitions were inevitable. Since the *Preliminary Determination of Critical Circumstances*, no party in this investigation has argued that the Department should use a different date to delineate the start of the comparison period. Thus, we find no reason to change our preliminary determination with regards to March 2015 knowledge date.

On August 3, 2015, the Department requested PT and YP to report their respective monthly "quantity and value data for subject merchandise shipped to the United States beginning with May 2014, through the last day of the month of the publication of the preliminary determination of this investigation" (*i.e.*, January 2016).[35] As such, respondents reported all relevant shipment data available at the time, and necessarily updated with more recent monthly totals as they became available during the proceeding.[36]

Accordingly, for the *Preliminary Determination of Critical Circumstances*, the Department had compared the total volume of shipments from March 2015 through the most recent month for which relevant shipment data were available to shipment data corresponding to the same time frame prior to the March 2015 date.[37] For respondents YP and PT, this resulted in a comparison of shipments in the seven-month comparison period of March 2015 through September 2015 (*i.e.*, the latest month for which shipment data were available at the time) to the seven-month base period immediately prior (*i.e.*, August 2014 through February 2015). For "all others", Global Trade Atlas ("GTA") data were only available through August 2015, so the Department had preliminarily compared the six-month period of March 2015-August 2015 to the prior base period of September 2014-February 2015.[38]

In evaluating import levels for "all others" in this final determination, we note that no party submitted updated data or comments on the six-month base and comparison period, so, because we lack additional data on the record, we continue to compare GTA data for the period March through August 2015 with the preceding six-month period of September 2014 through February

---

submission also argues that we cannot reach a preliminary critical circumstances determination when the ITC finds "threat of injury." While it is correct that final measures cannot be applied before an order when the ITC finds "threat of injury," the ITC has not yet issued a final determination. Moreover, as discussed above, the Department has previously issued preliminary affirmative critical circumstances determinations when the ITC has found "threat of injury." Finally, the submission also claims there is a seasonal increase in shipments at the beginning of the year in anticipation of spring and summer months. It is unclear, however, how such a seasonal increase would affect our calculations (given that our comparison period starts in March, after this seasonal increase would, apparently, have been long underway), and PT provided no suggestions for adjusting the shipment data on the record to account for the alleged seasonal increase.

[35] *See* Letters to PT and YP, "Antidumping Duty Investigation of certain corrosion-resistant steel products from Taiwan: Request for Monthly Quantity and Value Shipment Data," dated August 3, 2015 ("Data Request Letters") at 1.

[36] *See Preliminary Determination of Critical Circumstances*, 80 FR at 68507, and accompanying memorandum to Mark Hoadley, Program Manager, "Calculations for Preliminary Determination of Critical Circumstances in the Antidumping Duty and Countervailing Duty Investigations of Corrosion-Resistant Steel Products from Taiwan," dated October 29, 2015.

[37] *Id*.

[38] *Id*.

2015, adjusted to remove shipments made by the mandatory respondents.[39] We gathered this data by subtracting shipments reported by PT and YP from the GTA data. For "all other" producers and exporters, our critical circumstances determination continues to demonstrate massive imports (*i.e.*, an increase greater than or equal to 15 percent between the base and comparison periods).[40] As such, and as a result of the affirmative finding that corrosion-resistant steel is, or is likely to be, sold in the United States at LTFV, the Department finds that critical circumstances exist for "all other" producers and exporters.

With respect to the analysis of import levels for the mandatory respondent(s), as an initial matter, we note that the Department now finds that PT, YP, and Synn are affiliated and collapsed and, therefore, we consider those companies as a single entity and combined PT's and YP's shipment data for purposes of this analysis.[41] With respect to the specific analysis, pursuant to our prior request for parties to report shipment data from May 2014 through the last day of the month of the publication of the preliminary determination of this investigation (*i.e.*, January 2016), we note that the appropriate analysis now considers the ten-month comparison period of March 2015 through December 2016 to the ten-month base period of May 2014 through February 2015.[42]

PT submitted updated shipment data, through January 2016, as requested.[43] However, YP failed to update its shipment data subsequent to the *Preliminary Determination* and, as a result, the record contains shipment data for YP only through November 2015; thus, lacking requisite data for the last month of the comparison period, as requested.[44] Indeed, the Department explicitly requested that "monthly quantity and value data for each month through the last day of the month of publication of the preliminary determination should be submitted no later than fifteen calendar days after the last day of the given reporting month (*e.g.*, May 15 is the deadline for April data, June 15 is the deadline for May data, etc.)" and that the Department would "not issue further separate requests for this data."[45] As such, because YP failed to provide requested information, we find that necessary information is missing from the record pursuant to section 776(a)(1), and that YP withheld information requested by the Department, failed to provide information by the deadlines for submission of that information, and significantly impeded this proceeding, pursuant to sections 776(a)(2)(B)-(D) of the Act, respectively. Consequently, we have resorted to the facts available for YP's December 2015 shipment data. Furthermore, because YP failed to provide this shipment information, we find that an adverse inference is warranted in selecting

[39] *See* Memorandum to the File, "Calculations for Final Determination of Critical Circumstances in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Taiwan," dated May 24, 2016 ("Final Critical Circumstances Data Memo").
[40] *Id*.
[41] *See* Comment 3 of this memorandum and accompanying Final Affiliation and Collapsing Memo.
[42] Though the *Preliminary Determination*'s publication date of January 4, 2016, resulted in the Department's prior request for information including shipment data through January 2016, the maximum base and comparison periods were effectively capped at 10 months as a result of the Department's specification of May 2014 as the start date for reporting March 2015 as the cut-off date for the comparison and base periods. Therefore, though requested, January 2016 shipment data is not utilized in the instant final critical circumstances analysis.
[43] *See* Letter from PT, "Certain Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Quantity and Value Shipment Data for May 2014 – January 2016," dated February 16, 2016.
[44] *See* Letter from YP, "Corrosion-Resistant Steel Products from Taiwan; Fifth Shipment Data Response," dated December 14, 2016.
[45] *See* Data Request Letters at 1.

from among the facts available under section 776(b) of the Act because YP failed to cooperate by not acting to the best of its ability.

In selecting an appropriate adverse facts available ("AFA) plug, we have used data for the month with the highest shipment volume (for PT and YP, combined) as a substitute for YP's December 2015 shipments, in accordance with section 776(b)(1)(A) and (b)(2)(D) of the Act.[46] Nevertheless, even with this partial AFA plug used for YP's December shipments, our analysis demonstrates that imports by PT/YP/Synn were not massive (*i.e.*, there was not a surge of imports of at least 15 percent).[47] As such, the Department continues to find that critical circumstances do not exist with respect to the single collapsed respondent in this proceeding.

IV. LIST OF COMMENTS

Comment 1: Whether to Apply AFA to PT's and Synn's Misclassified Sales
Comment 2: Whether to Disregard YP/Synn's Home-Market Rebates
Comment 3: Whether to Continue to Collapse YP and Synn for the Final Determination and Whether to Also Collapse YP/Synn with PT
Comment 4: Whether to Adjust YP's Coil Costs
Comment 5: Whether to Offset YP's G&A Expenses for Insurance Proceeds
Comment 6: Whether to Offset PT's G&A Expense Ratio by Including Additional Non-Operating Income Items

V. DISCUSSION OF THE ISSUES

Comment 1: Whether to Apply AFA to PT's and Synn's Misclassified Sales

At verification, the Department identified PT's misreporting of certain U.S. and home market sales with incorrect yield strength, specifically noting that PT erroneously coded certain sales with a minimum yield strength of "7" which should have been coded as "6".[48]

Petitioner's Comments:[49]

- Although the relevant sales can be reclassified, PT has not reported costs for all of the control numbers ("CONNUMs") as reconstructed. As a result, a significant number of both U.S. and home market sales were misreported, and the Department lacks accurate cost information to calculate the necessary adjustments. The Department cannot simply rely on reported costs for CONNUMs with a yield strength of "7" because those costs correspond to other products, such that information to perform the sales below cost test and DIFMER (*i.e.*, physical differences in merchandise) adjustments is missing from the record. The Department should apply facts otherwise available for the missing costs for the affected sales.
- PT was given clear instructions about how to code yield strength, and PT had the necessary records to comply with those instructions. PT's failure to report the correct yield strength is,

[46] *See* Final Critical Circumstances Data Memo.
[47] *Id*.
[48] *See* Sales Verification Report of PT at 9.
[49] *See* Petitioner's Case Brief, at 12-17.

at a minimum, the result of inattentiveness or carelessness. Therefore, Petitioner argues that, consistent with previous determinations where a respondent was found to have misreported model match characteristics (*e.g., Hot-Rolled Steel from Thailand* and *Xanthan Gum from Austria*),[50] the Department should apply an adverse inference to the costs for PT's misclassified sales. Petitioner adds that PT had multiple opportunities to correct the record but failed to do so.

- Petitioner contends that, for all sales of reclassified CONNUMs for which variable cost of manufacture ("VCOM") and total cost of manufacture ("TCOM") are missing, as AFA, the Department should, similar to what it did in *Hot-Rolled Steel from Thailand*, apply the highest VCOM and TCOM reported for any CONNUM.

PT's Rebuttal:[51]

- The products in question, with a specified minimum yield strength of 80,000 psi, are properly coded as a "7" because such products must always be produced with a yield strength higher than 80,000 psi considering that PT cannot exactly meet this yield strength in production and must produce these products to have an actual yield strength above 80,000 psi. Thus, products that have a specified minimum yield strength of 80,000 psi are reasonably reported at their actual and practical minimum yield strength. Moreover, coding these products as a "6" would result in inaccurate comparisons because the products are produced with yield strengths that are actually much higher than 80,000 psi, and the result would be a price mismatch, whereas coding these products as "7"s results in more accurate price comparisons and thus, the Department should not alter PT's reporting in this field for the final determination.
- PT also asserts that the Department verified that the actual yield strength of PT's sales coded as "7" was significantly higher than 80,000 psi.
- PT further asserts that it uses the same input coils for all products produced with a minimum yield strength of 80,000 psi or greater. Moreover, PT asserts that neither the Department nor Petitioner raised the issue of yield strength in response to PT's questionnaire responses.

Department's Position: We agree with Petitioner that, pursuant to sections 776(a) and (b) of the Act, application of partial facts available with adverse inferences is warranted for PT's misreporting of these CONNUMs. As AFA, we will assign to certain miscoded sales the costs for the CONNUM with the highest TOTCOM in the group of miscoded sales. Those sales that pass the cost test will then be used in the margin analysis.[52]

Section 776(a)(2)(D) of the Act provides that, if an interested party or any other person provides such information but the information cannot be verified, the Department shall, subject to section

---

[50] *See Certain Hot-Rolled Carbon Steel Flat Products From Thailand: Final Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review*, 73 FR 33396 (June 12, 2008) ("*Hot-Rolled Steel from Thailand*") and accompanying Issues and Decision Memorandum at Comment 1. *See also Xanthan Gum From Austria: Final Determination of Sales at Less Than Fair Value*, 78 FR 33354 (June 4, 2013) ("*Xanthan Gum from Austria*") and accompanying Issues and Decision Memorandum at Comment 1.

[51] *See* PT's Rebuttal Brief, at 17-25.

[52] *See* Memorandum to the File, "Analysis for the Final Determination in the Less-Than-Fair Value Investigation of Certain Corrosion-Resistant Steel Products from Taiwan," dated concurrently with this memorandum ("Final Analysis Memorandum").

782(d) of the Act, use the facts otherwise available in reaching the applicable determination under this title. Section 782(d) of the Act provides that if the Department determines that a response to a request for information does not comply with the request, the Department shall promptly inform the party submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that party with an opportunity to remedy or explain the deficiency in light of the time limits established for the completion of the review.

In sections B and C of the Department's initial antidumping duty questionnaire, we requested that PT report the yield strengths (CSTRENH/U) in its U.S. and home market databases based on the minimum specified yield strength for the particular specification/grade.[53] Furthermore, we requested that, for sales of a particular specification/grade in which there is no minimum specified yield strength, PT classify the product in an appropriate yield strength category based on some reasonable methodology, and for PT to explain the methodology it used. In its section B and C responses, PT stated that it reported yield strength "in accordance with the above methodology."[54]

However, at verification, we noted that in contravention of the Department's instructions, PT coded products with a minimum yield strength specification of 80,000 psi (*i.e.*, ASTM and AS standards) as a "7" or a "Minimum specified yield strength over 80,000 psi," and not as a "6" or "Minimum specified yield strength of >=65,000 psi but <= 80,000 psi."[55] As such, the Department was unable to verify PT's yield strength information. This misreporting occurred at the cusp of the CONNUM cutoff; that is, these sales were reported as a "7" when the yield strength was really at the very end of the "6" category. Nevertheless, the Department's instructions were clear that, in reporting yield strength, as steel products are commonly (if not virtually exclusively) manufactured to various standards, PT was required to code yield strength pursuant to the minimum yield strength required of the standard to which the product was produced and not the actual yield strength of the product itself. Thus, in reporting yield strength for any product where the, *e.g.*, ASTM standard for that product specifies a minimum yield strength between 65,000 and 80,000 psi (and including 65,000 and 80,000 psi), the CSTRENH/U variable is to be reported as a "6", regardless of the fact that, in setting a minimum of 80,000 psi, virtually all products produced to that standard will exceed that bare minimum. At no point in this proceeding did PT question, challenge, or seek clarification of this coding requirement and grouping with respect to minimum yield strength.

PT's rebuttal brief states that they coded their products in this manner because it "results in more accurate price comparisons."[56] However, PT's supplied reason that it creates a better price

[53] *See* Letter to PT containing the Initial Questionnaire, dated August 7, 2015 ("Initial Questionnaire") at B-11 and C-9 – C-10. *See also* Memo to the File from Alexis Polovina, "Product Characteristics on Antidumping Duty Investigations of Certain Corrosion-Resistant Steel Products from the People's Republic of China, India, Italy, the Republic of Korea, and Taiwan," dated August 14, 2015 ("CONNUM Correction Memo for Yield Strength").
[54] *See* Letter from PT, "Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Sections B-D Initial Questionnaire Response," dated October 13, 2015 ("PT Sections B-D Initial Response") at Section B, 17-18 and Section C, 13-14. We also note that PT's questionnaire response correctly captured the updated yield strength CONNUM characteristics, as requested in the Department's CONNUM Correction Memo for Yield Strength.
[55] *See* Sales Verification Report of PT at 9.
[56] *See* PT's Rebuttal Brief at 20.

match clearly defies the specified CONNUM, which parties were instructed to follow and to which PT did not object, request clarification, or provide an alternative thereto when provided an opportunity to do so when comments on product characteristics were requested early in the proceeding. Furthermore, this claim is belied by the fact that PT did, indeed, follow the CONNUM instructions for other specified minimum yield strengths, even where the minimum standard was at the high end of the CONNUM range such that the actual yield strength would almost certainly exceed the limit of the CONNUM; in which case PT continued to code the product in accordance with standard and not actual.[57] Additionally, PT correctly identified the minimum specified ASTM yield strengths in exhibits submitted as part of its initial sales response.[58] Nevertheless, if PT thought that its reporting which was not consistent with the Department's instructions was a better manner in which to report these products, PT was obligated to plainly identify and offer a full explanation of this choice in its questionnaire response.[59] Rather, PT's initial questionnaire response indicated erroneously that it was following the requested reporting methodology. Thus, we note that PT did not explain, upfront, that it was not following the Department's proscribed CONNUM; only a detailed examination of PT's response, at verification, uncovered the fact that they had deviated from the Department's CONNUM characteristics for yield strength.

Furthermore, we are not persuaded by PT's argument that it uses the same input coils for other products which it coded with a yield strength of "7". PT provided a list of "product codes" for its products and the "mechanical property code" and corresponding "steel grade" for the substrate.[60] However, the provided list does not show a one-to-one correspondence between PT's input materials and the designation which PT used to code its products' yield strength.[61] Furthermore, PT explained that, in addition to the cold-rolling process, the input coils, on all of its galvanizing lines, pass through an annealing furnace.[62] The cold rolling and annealing processes can impart physical characteristics to the coils making the starting substrate less important than PT implies in its rebuttal brief and meaning other parts of the production process are more important to the end-result yield strength than simply what input coil was used.[63]

---

[57] *E.g.*, PT correctly classified yield strength for U.S. Pre-Select Sale #5 (*see* Sales Verification Exhibit 26) based upon the minimum specified yield strength, while the actual yield strength on the mill certificate would have suggested a different yield strength category.
[58] *See* PT Sections B-D Initial Response at Exhibit C-5.
[59] *See* Initial Questionnaire at B-11 and C-9 – C-10. *See also* CONNUM Correction Memo for Yield Strength ("If no such requirements or guidance on minimum specified yield strength is identified in the specification for the product in question, explain in detail your rationale for using one of the above reporting codes to report this field for the product.").
[60] *See* PT Sections B-D Initial Response at Exhibit B-6.
[61] *See* PT's Sales Verification Exhibit 7.
[62] *See* PT Sections B-D Initial Response at D-6 – D-7.
[63] *See* Letter from JSW Steel Ltd. and JSW Steel Coated Products Limited, "Certain Corrosion-Resistant Steel Products from India, Italy, the People's Republic of China, the Republic of Korea, and Taiwan – Rebuttal Comments on Product Characteristics," dated July 27, 2015, at Exhibit 2 ("Cold rolling can be performed for a variety of reasons, including a desired reduction in product thickness, a need to impart specific mechanical properties, or to impart a specific surface texture."). *See also* Letter from Dongkuk Steel Mill Co., Ltd., "Certain Corrosion-Resistant Steel Products from the People's Republic of China, India, Italy, Republic of Korea, and Taiwan: Rebuttal Comments on Product Characteristics," dated July 27, 2015, at Attachment 1, "Production Methods Hot-Dip Process" ("The cleaned sheet then goes through a continuous-annealing furnace where it is given either a high temperature or pre-heat anneal to prepare it for coating. When a significant change in mechanical

Sections 776(a)(1) and 776(a)(2)(A)-(D) of the Act provide that if necessary information is not available on the record or if an interested party: (A) withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested subject to section 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding under the antidumping statute; or (D) provides such information but the information cannot be verified as provided for in section 782(i) of the Act, the Department shall, subject to section 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Section 782(c)(1) of the Act provides that, if an interested party, "promptly after receiving a request from {the Department} for information, notifies {the Department} that such party is unable to submit the information requested in the requested form and manner," then the Department shall consider the ability of the interested party and may modify the requirements to avoid imposing an unreasonable burden on that party.

In accordance with section 782(d) of the Act, if we determine that a response to a request for information does not comply with the request, the Department shall promptly inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person an opportunity to remedy or explain the deficiency. If that person submits further information that continues to be unsatisfactory or this information is not submitted within the applicable time limits, the Department may, subject to section 782(e) of the Act, disregard all or part of the original and subsequent responses, as appropriate.

Section 782(e) of the Act states that the Department shall not decline to consider submitted information if all of the following requirements are met: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

On June 29, 2015, the President of the United States signed into law the Trade Preferences Extension Act ("TPEA"), which made numerous amendments to the AD and CVD law, including amendments to section 776(b) and 776(c) of the Act and the addition of section 776(d) of the Act.[64] The amendments to the Act are applicable to all determinations made on or after August 6, 2015, and, therefore, apply to this investigation.[65]

---

properties is desired, a high-temperature cycle is used. In this cycle, the steel is heat-treated in a precision-controlled, oxygen-free atmosphere to provide the different strength and formability levels required by customer applications. The furnace is divided into zones to allow exact control of temperatures for heating, holding and cooling the sheet to attain the desired mechanical properties. When either minimal or no changes in mechanical properties are desired, the steel is subjected to only a pre-heating cycle.").

[64] *See* Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (June 29, 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 International Trade Commission. *See Dates of Application of Amendments to the Antidumping and Countervailing*

Section 776(b) of the Act provides that the Department may use an adverse inference in applying the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. In doing so, and under new section 776(d)(3) of the Act, as added by the TPEA, the Department is not required to determine, or make any adjustments to, a weighted average dumping margin based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information. Section 776(b)(2) states that an adverse inference may include reliance on information derived from the petition, the final determination from the investigation, a previous administrative review, or other information placed on the record. In addition, the SAA explains that the Department may employ an adverse inference "to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."[66] Further, affirmative evidence of bad faith on the part of a respondent is not required before the Department may make an adverse inference.[67] It is the Department's practice to consider, in employing adverse inferences, the extent to which a party may benefit from its own lack of cooperation.[68]

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as information derived from the petition that gave rise to the investigation, the final determination concerning the subject merchandise, or any previous review conducted under section 751 of the Act concerning the subject merchandise. Further, under the TPEA's addition of new section 776(c)(2) of the Act, the Department is not required to corroborate any dumping margin applied in a separate segment of the same proceeding. Finally, the TPEA also makes clear that when selecting an adverse facts available margin, the Department is not required to estimate what the dumping margin would have been if the interested party failing to cooperate had cooperated or to demonstrate that the dumping margin reflects an "alleged commercial reality" of the interested party.

In *Nippon Steel*, the U.S. Court of Appeals for the Federal Circuit ("CAFC") noted that while the statute does not provide an express definition of the "failure to act to the best of its ability"

Duty Laws Made by the Trade Preferences Extension Act of 2015, 80 FR 46793 (August 6, 2015) ("*Applicability Notice*").

[65] *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.

[66] *See Statement of Administrative Action accompanying the Uruguay Round Agreements Act*, H.R. Rep. 103-316, Vol. 1, 103d Cong. at 870 (1994) ("SAA").

[67] *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Circular Seamless Stainless Steel Hollow Products From Japan*, 65 FR 42985 (July 12, 2000); *Antidumping Duties, Countervailing Duties*, 62 FR 27296, 27340 (May 19, 1997) ("*Preamble*"); and *Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382-83 (CAFC 2003) ("*Nippon Steel"*).

[68] *See*, *e.g.*, *Steel Threaded Rod From Thailand: Preliminary Determination of Sales at Less Than Fair Value and Affirmative Preliminary Determination of Critical Circumstances*, 78 FR 79670 (December 31, 2013), and accompanying Preliminary Decision Memorandum at page 4, *unchanged in Steel Threaded Rod From Thailand: Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances*, 79 FR 14476 (March 14, 2014).

standard, the ordinary meaning of "best" is "ones maximum effort," as in "do your best."[69] Thus, according to the CAFC, the statutory mandate that a respondent act to the "best of its ability" requires the respondent to "do the maximum it is able to do."[70] The CAFC indicated that inadequate responses to an agency's inquiries would suffice to find that a respondent did not act to the best of its ability.[71] While the CAFC noted that the "best of its ability" standard "does not require perfection and recognizes that mistakes sometimes occur, it does not condone inattentiveness, carelessness, or inadequate record keeping."[72] The "best of its ability" standard requires a respondent to, among other things, "have familiarity with all of the records it maintains," and "conduct prompt, careful, and comprehensive investigations of all relevant records that refer or relate to the imports in question to the full extent of" its ability to do so.[73]

PT argues that the Petitioner should have raised this issue earlier, if they were concerned with the yield strength, or that the Department should have provided PT with an opportunity to make the change. However, the Department's practice is such that, if such an extensive discovery is made at verification, we cannot provide an opportunity for correction, or else the incentive to fully cooperate and properly report the requested information would be greatly diminished.[74] Further, as upheld by the courts, given the complexity of the issues, the burden is on PT to maintain control over its records and put forward the maximum effort possible to correctly report the requested information.[75]

The antidumping duty questionnaire issued in this investigation required respondents to report the CONNUM characteristic for yield strength based upon the minimum specified yield strength for both their home market and U.S. sales. PT had multiple opportunities to provide a correct yield strength or, at the very least, identify its divergence from the requested methodology, given that the Department issued multiple supplemental questionnaires to PT regarding its relevant sales in accordance with section 782(d) of the Act,[76] and PT purported to make adjustments to

---

[69] *See Nippon Steel*, 337 F.3d at 1382-83.
[70] *Id.* at 1382.
[71] *Id.*
[72] *Id*.
[73] *Id.*
[74] *See, e.g., Hot-Rolled Steel from Thailand* and accompanying Issues and Decision Memorandum at Comment 1; *Xanthan Gum from Austria* and accompanying Issues and Decision Memorandum at Comment 1; and *Notice of Final Determinations of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, Certain Corrosion-Resistant Carbon Steel Flat Products, and Certain Cut-to-Length Carbon Steel Plate From France*, 58 FR 37125 (July 9, 1993) ("*Carbon Steel From France*") at Comment 17 ("With regard to the product coding errors in both the home market and the U.S. market in the hot-rolled steel investigation, we have reason to conclude, based on our findings at verification, that Usinor incorrectly assigned product codes for an entire grade of steel in each market. Therefore, because these errors were not limited in nature, we are assigning, as BIA, to the product control numbers for all the U.S. products of the miscoded grade of steel the higher of the average margin in the petition, or the highest non-aberrant calculated margin in the appropriate investigation. In the case of the miscoded grade of steel in the home market, for the same reasons described above, we are assigning all U.S. sales matched to those home market sales the higher of the average margin in the petition or the highest non-aberrant calculated margin in the investigation").
[75] *See*, *e.g.*, *Nippon Steel*, 337 F.3d at 1382-83.
[76] *See* Letter to PT, "Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Supplemental Section A, B, C Questionnaire," dated November 5, 2015; Letter to PT, "Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Second Supplemental Section A, B, C Questionnaire," dated November 20,

reported sales in its responses to the supplemental questionnaires.[77] Thus, we determine, based on our findings at the sales verification, that PT failed to submit the requested information within the applicable time limits, and failed to provide information that could be verified. Specifically, based on our discussion with company officials at verification, it is apparent that PT did not provide the Department with correct minimum yield strengths for a significant number of its U.S. and home market sales.[78] The Department has previously found such failings in coding of CONNUMs, first discovered at verification, to be a deficiency, and has relied upon AFA as appropriate.[79]

Although PT argues that there is no basis for application of AFA, even if the Department were to determine that minimum yield strength was miscoded, PT does not suggest a viable alternative. PT continues to argue that its method of coding is better,[80] despite the fact that it was clearly in contravention of the CONNUM creation guidelines (the accuracy and appropriateness of which were never called into question prior to the briefing stage of this proceeding). Further, although PT argues that Petitioner could have objected to the yield strength coding at any earlier time in the investigation, the Department notes that this was a complex issue that only came to light under great scrutiny at verification. The purpose of verification is to confirm the accuracy of the record to ascertain that the requested information has been correctly reported. Although PT is correct that the misreported information was on the record from its initial submission, discovering the mismatch required examining multiple exhibits and records, including the sales databases, specification exhibits submitted by PT, and the product standard sheets submitted by PT.

In this case, we find that the application of facts available is appropriate under section 776(a)(2)(B) and (D) of the Act because, as evidenced by its ability to identify the correct minimum specified yield strength (*i.e.*, specified by the relevant standard), it is clear that PT possessed the necessary records to provide correct sales and cost databases but did not properly construct the CONNUMs with regards to minimum yield strength. If, as PT argues in its rebuttal brief, it indeed believed that coding the products at issue as minimum yield strength "6" "would lead to a mismatch in price comparisons," then – as discussed above – PT should have raised this issue in their initial questionnaire response, rather than replying that it had coded the specification per the Department's instructions with no indication of deviation.[81] It is incumbent

---

2015; and Letter to PT, "Antidumping Duty Less Than Fair Value Investigation of Certain Corrosion-Resistant Steel Products from Taiwan," dated November 16, 2015.

[77] *See* Letter from PT, "Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Supplemental Sections A-C Questionnaire Response," dated November 18, 2015; Letter from PT, "Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Supplemental Sections A-C Questionnaire Response," dated November 24, 2015; Letter from PT, "Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Second Supplemental Sections A-C Questionnaire Response," dated December 7, 2015; and Letter from PT, "Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Supplemental Section D Questionnaire Response," dated December 7, 2015.

[78] *See* Sales Verification Report of PT at 8-9 and PT's Sales Verification Exhibits 7 and 17-32.

[79] *See, e.g., Hot-Rolled Steel from Thailand* and accompanying Issues and Decision Memorandum at Comment 1 and *Xanthan Gum from Austria* and accompanying Issues and Decision Memorandum at Comment 1. *See also*, *Carbon Steel From France* at Comment 17.

[80] *See* PT's Rebuttal Brief at 24-25.

[81] *Id.* at 19.

on the respondent to notify the Department regarding any deviation from the reporting requirements so that the Department can, for example, determine whether an alternative reporting methodology is more accurate. Further, we note that PT submitted comments with regards to the CONNUM characteristics, yet did not raise this issue of yield strength in those comments.[82]

While we are able to recode PT's miscoded CONNUMs in the U.S. and home market sales databases, because the costs for the CONNUMs with "6" and "7" minimum specified yield strengths are incorrectly comingled, we lack the information necessary to recode the costs for the miscoded group of CONNUMs. Thus, under section 776(a)(1) of the Act, the necessary cost information for the miscoded CONNUMs is missing from the record. Therefore, we must make a determination, in this proceeding, with regards to the costs of the miscoded costs, on the basis of facts available, under section 776 of the Act.

In addition, we find that PT's failure to correctly report the yield strength for all of its in-scope sales/products during the period of investigation ("POI"), using the information over which it maintained control at all times, indicates that PT did not act to the best of its ability to comply with our requests for information. Hence, we find that the application of partial AFA is appropriate under section 776(b) of the Act for these unreported costs. As AFA, we assigned, in the cost database, the costs associated with the highest TOTCOM for certain sales in the group of incorrectly coded sales and corrected the CONNUM in the sales databases.[83] Because we are relying on PT's own information obtained during the course of this investigation, it is not secondary information and there is no need to corroborate this information pursuant to section 776(c) of the Act.

Finally, at the Department's sales verification of Synn, we noted that Synn made similar errors in reporting its yield strength for certain of its home market sales.[84] Although no party commented on Synn's nearly identical miscoding in the briefing stage of this investigation, for the reasons specified above with respect to PT's miscoding, we are also applying AFA to Synn's miscoded CONNUMs in the same manner which we did for PT.[85] That is, Synn stated it was following the Department's reporting methodology when, in fact it did not.[86] As AFA we assigned to Synn, in the cost database, the costs associated with the highest TOTCOM for certain sales in the group of incorrectly coded sales and corrected the CONNUM in the sales databases.[87]

---

[82] *See* Letter from PT, "Antidumping Investigations of Certain Corrosion-Resistant Steel Products from China, India, Italy, Korea, and Taiwan: Comments on Product Characteristics," dated July 17, 2015, and Letter from PT, "Antidumping Investigations of Certain Corrosion-Resistant Steel Products from China, India, Italy, Korea, and Taiwan: Rebuttal Comments on Product Characteristics," dated July 27, 2015.
[83] *See* Final Analysis Memorandum. *See also* Memorandum to Neal M. Halper, Director, Office of Accounting, from Milton Koch, Senior Accountant, "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination – Prosperity Tieh Enterprise Co., Ltd," ("PT Final Cost Calculation Memorandum").
[84] *See* Sales Verification Report of Synn at 2 and 9 and Synn's Sales Verification Exhibit 5.
[85] *See* Final Analysis Memorandum.
[86] *See* Letter from Synn, "Corrosion-Resistant Steel Products from Taiwan: Sections B-D Response," dated February 5, 2016 at B-13 – B-14 and Exhibit B-6. *See also* Sales Verification Report of Synn at 9 and Synn's home market sales database.
[87] *See* Final Analysis Memorandum.

Comment 2: Whether to Disregard YP/Synn's Home-Market Rebates

As stated in their questionnaire responses,[88] YP and Synn provided customers rebates whose terms and conditions were not established at the time of sale. At verification, the Department confirmed that the companies had not established standards or policies on rebates; rather, these rebates were determined at the companies' discretion, in the month after sales were made.[89]

Petitioner's Comments:[90]

- The Department's practice is to reduce selling price by the amount of rebate whose terms and conditions are established *at or before* the time of sale.
- YP and Synn provide home market rebates that were not subject to any terms or conditions that were known to their customers at the time of sale. Rather, the rebates were determined at YP and Synn's discretion, month by month, after the sales were made. YP and Synn failed to submit evidence that demonstrates the legitimacy of the claimed adjustment. As such, YP/Synn's "*post hoc*" home market rebates should be disallowed.
- The CIT's decision in *Koehler*[91] was an outlier, and that the Department disagreed with the decision and has continued to disallow, in other cases, rebates whose terms were not set in advance. The Department's promulgation of the *Proposed Modification*[92] sought to amend the Department's regulations to provide clarity on this matter.
- Though the *Final Modification*[93] only applies to proceedings initiated on or after April 25, 2016, and, non-withstanding the CIT's decision in *Koehler*, the Department should continue to apply its longstanding practice and interpretation of the *Preamble*[94], as described in the *Proposed Modification*. As such, YP and Synn should not be allowed to eliminate dumping margins by providing rebates "after the fact."

YP's Rebuttal:[95]

- Petitioner references language from the *Proposed Modification*; however, there was a significant change with adoption of the *Final Modification*. Specifically, the language in the *Final Modification* confers upon the Department discretion to accept adjustments made after the time of sale, on a case-by-case basis. Furthermore, the *Final Modification* does not apply to this case, which was initiated in June 2015.
- A plain reading of the *Preamble* indicates that the Department is obligated to accept all price adjustments which are reasonably attributed to the subject merchandise or the foreign like product, including YP and Synn's reported rebates. Furthermore, the regulatory language does not require YP/Synn to prove customer knowledge of an adjustment at any particular

[88] *See* YP's Sections A-C Supplemental Questionnaire Response, dated November 25, 2015, at 13. *See also* Synn's Supplemental Questionnaire Response, dated March 21, 2016, at 16.
[89] *See* Sales Verification Report of YP at 10; *see also* Sales Verification Report of Synn at 11.
[90] *See* Petitioner's Case Brief, at 17-23.
[91] *See Koehler AG v. United States*, 971 F. Supp. 2d 1246 (CIT 2014) ("*Koehler*").
[92] *See Modification of Regulations Regarding Price Adjustments in Antidumping Duty Proceedings*, 79 FR 78742 (December 31, 2014) ("*Proposed Modification*").
[93] *See Modification of Regulations Regarding Price Adjustments in Antidumping Duty Proceedings*, 81 FR 15641, 15645 (March 24, 2016) ("*Final Modification*").
[94] *See Preamble*, 62 FR at 27344.
[95] *See* YP's Rebuttal Brief, at 7-17.

period of time. YP/Synn thus satisfied the requirements of the price adjustment regulations applicable to this proceeding.

- The record shows that YP and Synn demonstrated that their rebates were attributable to home market sales of CORE, were actually paid, and were reflected in the customers' net outlays to the companies. This information was verified by the Department.
- The *Koehler* determination should be determinative, wherein the CIT concluded that the Department lacked the discretion not to recognize a reduction that satisfied the definition of a 'price adjustment'. The cases cited by Petitioner in support of the Department's continuing practice are irrelevant as they are either (1) being challenged before the CIT or (2) involve administrative reviews (*not* investigations) under regulations predating the *1997 Final Rules*. YP and Synn issued all of their rebates prior to the antidumping petition even being filed, and thus YP and Synn had no knowledge that the petition would be filed.

Department's Position: For this final determination, consistent with our practice, we have disallowed home market rebates, the terms of which were not fixed at or before the date of sale, as reported by YP and Synn.

Section 773(a)(1)(B)(i) of the Act directs that the Department, in calculating NV, shall use "the price at which the foreign like product is first sold… for consumption in the exporting country." Section 772(a) of the Act defines "export price" as "the price at which the merchandise is first sold…". The Department's regulations at 19 CFR 351.401(c) explain that the price used for NV or EP will be "a price that is net of any price adjustment, as defined in §351.102(b), that is reasonably attributable to the subject merchandise or the foreign like product." A price adjustment, in turn, is defined in 19 CFR 351.102(b) as "any change in the price charged for subject merchandise or the foreign like product, such as discounts, rebates, and post-sale price adjustments that are reflected in the purchaser's net outlay." Further, the Department's regulations make clear that the party seeking an adjustment, such as a rebate, has the burden of proving that it is entitled to that adjustment. The regulations at 19 CFR 351.401(b)(1) state that "{t}he interested party that is in possession of the relevant information has the burden of establishing to the satisfaction of the Secretary the amount and nature of a particular adjustment."

Although the term "rebate" is not specifically defined in regulations, the Department developed a practice to only adjust normal value to account for rebates when the terms and conditions of the rebate are known to the customer prior to the sale and the claimed rebates are customer-specific.[96] While the Department's regulations provide for post-sale price adjustments that are reasonably attributable to the subject merchandise, the *Preamble* indicates that exporters or producers should not be allowed "to eliminate dumping margins by providing price adjustments

[96] *See Canned Pineapple Fruit from Thailand: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 71 FR 70948 (December 7, 2006) ("*Pineapple from Thailand*"), and accompanying Issues and Decision Memorandum at Comment 1; *see also* 19 CFR 351.401(b)(1); *see also Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results Of Antidumping Duty Administrative Reviews*, 71 FR 40064 (July 14, 2006) (*AFBs 16)* and accompanying Issues and Decision Memorandum at Comment 19 (explaining that "{i}t is the Department's practice to adjust normal value to account for rebates when the terms and conditions are known to the customer prior to the sale and the claimed rebates are customer-specific").

'after the fact.'"[97] Thus, the Department stated "where a price adjustment made after the fact lowers a respondent's dumping margin, the Department will closely examine the circumstances surrounding the adjustment to determine whether it was a legitimate adjustment that was made in the ordinary course of business."[98] Further, the CIT upheld the Department's authority to reject price adjustments "that present the potential for price manipulation…"[99]

We recognize that the CIT's decision in *Koehler* stated that the Department is required under its regulations to accept "any price adjustment" that is reasonably attributable to the foreign like product, without judging whether the adjustment is a legitimate one or not.[100] Further, we note that *Koehler* conflicts with other CIT decisions that affirmed the Department's positions to reject claims for price adjustments.[101] In fact, the Department regularly examines the legitimacy or commercial reasonableness of transactions and claimed adjustments during its proceedings. For example, in new shipper reviews, the Department examines whether the sale forming the basis for the new shipper request is a *bona fide* commercial transaction, and this practice has been affirmed by the courts.[102] Even in administrative reviews, whether the statute clearly states that the Department "shall determine" the dumping margin for "each" entry, the CIT stated: "{a}lthough the term 'each entry' seems all-inclusive, this court has recognized that it does not 'compel inclusion of all sales, no matter how distorting or unrepresentative.'"[103] Likewise, the phrase in our regulations – "will use a price that is net of any price adjustment" – does not compel inclusion of all price adjustments, including those that are not known at the time of sale and therefore not legitimate.

We agree with YP that the *Final Modification* does not apply to this case; however, we agree with Petitioner that the *Proposed Modification* signaled the Department's need to further clarify its practice and interpretation of the *Preamble*. Specifically, Petitioner cited cases that were largely published well after the *Preamble* was adopted where we identified our practice with regard to rebates; therefore, it is evident that the Department has been consistent with its practice and interpretation of the regulations, regardless of the type of proceedings.[104] Thus, we continue

---

[97] *See Preamble*, 62 FR at 27344.

[98] *See Pineapple from Thailand*, and accompanying Issues and Decision Memorandum at Comment 1; *see also Certain Corrosion-Resistant Carbon Steel Flat Products and Certain Cut-to-Length Carbon Steel Plate From Canada: Final Results of Antidumping Duty Administrative Reviews*, 61 FR 13815, 13823 (March 28, 1996) (noting, with respect to price adjustments by way of rebates, that the "purpose of requiring respondent to prove that the buyer was aware of the conditions to be fulfilled and the approximate amount of the rebates at the time of sale is to protect against manipulation of the dumping margins by a respondent once it learns that certain sales will be subject to review").

[99] *See Koenig & Bauer-Albert AG v. United States*, 15 F. Supp 2d 834, 840 (CIT 1998) ("*Koenig & Bauer-Albert*").

[100] *See Koehler*, 971 F. Supp. 2d at 1256-1257.

[101] *Id. See also Nachi-Fujikoshi Corp. v. United States*, 890 F. Supp. 2d 1106 (CIT 1995).

[102] *See Hebei New Donghua Amino Acid Co. v. United States*, 374 F. Supp. 2d 1333 (CIT 2005).

[103] *Id*. at 1337 (citing *American Permac v. United States*, 783 F. Supp. 1421, 1424 (CIT 1992)).

[104] *See, e.g., Certain Hot-Rolled Carbon Steel Flat Products from India*, 73 FR 31961 (June 5, 2008) and accompanying Issues and Decision Memorandum at Comment 27 (deducting rebates for respondent where respondent's customers had prior knowledge of respondent's rebate program); *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea*, 73 FR 14220 (March 17, 2008) and accompanying Issues and Decision Memorandum at Comment 4 (similar); and *Pineapple from Thailand* and accompanying Issues and Decision Memorandum at Comment 1.

to require respondents to provide the documentation that the terms and conditions of the adjustment were established and known to the customer at the time of sale.

Likewise, the CIT decision affirmed the Department's continued practice of disallowing certain price adjustments.[105] We note that unlike the instant case, *Koenig & Bauer-Albert* was concerned with adjustments granted after the petition was filed. Specifically, YP and Synn issued rebates before the antidumping petition was filed.[106] Therefore, the facts are in this sense different from all of the other referenced cases, including *Koehler*, which involved administrative reviews. YP does not deny that fact that their home market rebates were post-sale activities; they simply acknowledge it.[107] Although the Department has sometimes denied adjustments for rebates granted "after the fact" to "protect against margin manipulation by a respondent after it learns that its sales will be subject to review,"[108] we are denying YP's and Synn's post-sale rebates here because our critical circumstances analysis clearly demonstrates that importers, exporters, or producers, including YP and Synn, had reason to believe, at some time prior to the filing of the petition, that a proceeding was likely.[109] Further, the sheer number of past and current AD orders on corrosion-resistant steel and other steel products from Taiwan[110] indicates that the instant investigation is not the first proceeding on which Taiwanese steel products were brought in front of the Department. Moreover, YP is not a first time respondent; the company has participated in the Department's past proceedings involving steel products.[111] Thus, we find YP's argument of "having no knowledge that the petition would be filed" dubious and, given such an involvement, the Department finds it difficult to accept that YP was not cognizant of antidumping rules in general. Hence, the above-provided reasons are satisfactory to conclude that the company could not have issued these post-sale rebates without AD liability in mind.

With respect to YP and Synn's rebates, the Department noted that they were not subject to any terms or conditions that were known to its customers at the time of sale. Rather, the rebates were determined at the companies' discretion, month by month after sales.[112] At verification, the Department confirmed that YP and Synn had not established standards or policies, written or

---

[105] *See Koenig & Bauer-Albert*, 15 F. Supp. 2d at 840.
[106] *See* YP's Rebuttal Brief, at 17.
[107] *Id*. *See also* YP's Sections A-C Supplemental Questionnaire Response, dated November 25, 2015, at 13; and Synn's Supplemental Questionnaire Response, dated March 21, 2016, at 16. *See also* Sales Verification Report of YP at 10; and Sales Verification Report of Synn at 11.
[108] *See* YP's Rebuttal Brief at 16-17. *See also Certain Corrosion-Resistant Carbon Steel Flat Products and Certain Cut-to-Length Carbon Steel Plate From Canada; Final Results of Antidumping Duty Administrative Reviews,* 61 FR 13815, 13822 (March 28, 1996) ("*Plate from Canada*"), at Comment 12.
[109] *See* Section III of this memorandum, at 7.
[110] Nearly two-thirds (15 out of 25) of Taiwanese imports that are currently subject to antidumping and countervailing duty orders are steel products. *See e.g., Notice of Antidumping Duty Order; Certain Hot-Rolled Carbon Steel Flat Products from Taiwan*, 66 FR 59563 (November 29, 2001)*; see also Notice of Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From United Kingdom, Taiwan and South Korea*, 64 FR 40555 (July 27, 1999); *see also Notice of Amendment of Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Stainless Steel Wire Rod from Taiwan,* 63 FR 49332 (September 15, 1998).
[111] *See e.g*., C*ircular Welded Carbon Steel Pipes and Tubes From Taiwan: Final Results of Antidumping Duty Administrative Review*, 75 FR 62366 (October 8, 2010); *see also Yieh Phui Enterprise Co. v. United States*, 791 F. Supp. 2d 1319 (CIT 2011).
[112] *See* YP's Sections A-C Supplemental Questionnaire Response, dated November 25, 2015, at 13. *See also* Synn's Supplemental Questionnaire Response, dated March 21, 2016, at 16.

unwritten, that specify the amount and the possibility of providing rebates.[113] Furthermore, it was evident that terms and conditions of rebates were not established prior to shipment and invoicing, and YP does not refute any of these basic facts. Therefore, consistent with our practice, we have disallowed YP and Synn's home market rebates whose terms were not fixed at time of sale.

Comment 3: Whether to Continue to Collapse YP and Synn for the Final Determination and Whether to Also Collapse YP/Synn with PT

YP's Comments:[114]

- YP and Synn should not be collapsed in the final determination. The Department's preliminary decision to collapse YP and Synn is not supported by substantial record evidence. Information on the record of this investigation makes clear that there are no intertwined operations between the YP and Synn, and there is no significant potential for manipulation by of price or production. YP has minor ownership of Synn, it can appoint only one of three of Synn's board members, and – although YP assigns three employees to Synn – record evidence shows that YP is not obligated to do so and does not show that YP is able to control Synn's operations through these managers and there is no direct or indirect communication between YP and Synn routinely made through these managers.
- Furthermore, record evidence does not demonstrate that YP's and Synn's production, sales, and management operations are intertwined. Although the companies' production facilities are located close in proximity, YP and Synn do not share production facilities with each other. YP refused to assist Synn by providing processing services to Synn when it conducted a major revamping of its production facilities. Both companies target different products and market segments, and they do not coordinate in this respect. The record makes clear that YP's and Synn's relationship does not go beyond that of investor and investee.
- The Department on numerous occasions has decided not to collapse affiliated producers when their operations are not intertwined, such as in *CORE from Korea*.[115]

Petitioner's Comments:[116]

- The Department should continue to collapse YP and Synn because there is a significant potential for manipulation of price or production. There was a significant level of common ownership and common management between YP and Synn during the POI because YP is the single largest shareholder of Synn. Although YP pays the salaries of the three Synn managers, and Synn repays the employment costs, this reimbursement does not alter the fact that these Synn managers have an employment relationship with YP and thus they have all the duties and responsibilities associated with that relationship; they are paid by, and accountable to, YP. The companies also share sales information, and the nature of their shared employees and directors show that general corporate managerial operations are

[113] *See* Sales Verification Report of YP at 10; *see also* Sales Verification Report of Synn at 11.
[114] *See* YP's Case Brief at 1–7; YP's Rebuttal Brief at 3-4.
[115] *See Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Final Results of the Fourteenth Administrative Review and Partial Rescission*, 74 FR 11082 (Mar. 16, 2009) and accompanying Issues and Decisions Memorandum at Comment 8.
[116] *See* Petitioner's Case Brief at 2-12; Petitioner's Rebuttal Brief at 1-6.

intertwined. Even if YP and Synn do not presently share production facilities, a finding of "intertwined operations" is appropriate.

- Further, the Department should collapse PT with the YP/Synn respondent and treat all three as a single entity. [117] YP, PT, and Synn are affiliated companies based on ownership, shared board members, and familial relationships. Because YP and Synn were treated as a single entity at the *Preliminary Determination*, PT is considered affiliated with that collapsed entity if the Department finds affiliation on any basis with either YP or Synn.[118] Because PT is affiliated with both Synn and YP individually on multiple bases, it is affiliated with the collapsed YP/Synn entity.
- The fact that PT divested itself of its ownership in Synn subsequent to the POI is irrelevant for purposes of the Department's collapsing analysis with respect to the POI.[119] Even if it were relevant, PT did not disclose this transaction in its questionnaire responses and made no attempt to notify the Department until verification. The Department did not have an opportunity to develop the record on this issue including the *bona fides* of this sale. The Department should defer consideration of this sale until the first administrative review.
- PT, YP, and Synn each have production facilities for the production of similar or identical merchandise.
- There is a significant potential for manipulation of price or production. Not all of the factors in 19 CFR 351.401(f) need be present for an affirmative collapsing determination; the Department considers the totality of the circumstances.[120] PT's and Synn's facilities are geographically close together and production is intertwined. PT preforms galvanizing services for Synn under a tolling arrangement, the nature of which demonstrates a high degree of intertwined operations. Synn also performed cold-rolling services for PT during the POI, and had a tolling arrangement prior to the POI. Certain evidence suggests that PT, YP, and Synn coordinate their home market sales.

YP's Rebuttal:[121]

- YP argues in its rebuttal brief that the Department should not collapse YP with PT and Synn in the final determination, that the Department should analyze the relationships between each of the three companies, and consider the totality of circumstances in deciding whether to

[117] *See China Steel Corp. v. United States*, 264 F. Supp. 2d 1339, 1350(Ct. Int'l Trade 2003) and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products from Taiwan,* 66 FR 49618 (September 28, 2001) and accompanying Issues and Decision Memorandum at Comment 2.
[118] *See Saccharin From the People's Republic of China: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review*, 70 FR 45657, 45660 (Aug. 8, 2005), unchanged in *Saccharin from the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 71 FR 7515 (February 13, 2006).
[119] *See, e.g.*, *Notice of Final Determination of Sales at Less Than Fair Value: Steel Concrete Reinforcing Bars from the Republic of Korea,* 66 FR 33526 (June 22, 2001) and accompanying Issues and Decision Memorandum at Comment 1; S*tainless Steel Bar From India: Preliminary Results of Antidumping Duty Administrative Review,* 75 FR 12199 (March 15, 2010); *Steel Wire Garment Hangers from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 47587 (August 14, 2008) and accompanying Issues and Decision Memorandum at Comment 8F.
[120] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of the Antidumping Duty Administrative Review; 2013-2014*, 81 FR 1396 (January 12, 2016) and accompanying Issues and Decision Memorandum at Comment 1.
[121] *See* YP's Rebuttal Brief at 1-7.

collapse them. Petitioner's suggestion to analyze the business relationships between PT and the collapsed YP/Synn entity is speculative because it presumes YP and Synn will continue to be collapsed. The Department's regulations also do not allow shortcuts in the collapsing analysis by connecting one affiliate with another through an intermediate entity. The Department should focus its collapsing analysis on the business relationship between YP and PT because these two companies were the exporters of the subject merchandise exported to the United States during the POI.

- The Department should not collapse YP and Synn. Even if the Department continues to collapse YP and Synn, the Department should not collapse the YP/Synn entity with PT because: 1) there is no cross-ownership between YP and PT, 2) YP and PT have no directors or managers in common, 3) there were no significant business transactions between YP and PT during the POI; and, thus, the business operations of YP and PT are not intertwined.
- There is no significant potential for manipulation of price and production between PT and the YP/Synn entity. PT's ownership in Synn does not raise such a concern, and PT has not been a shareholder of Synn since December 2015 so there is no possibility for it to manipulate Synn's pricing or production in the future. PT did not have any common employees during the POI. Although PT and Synn did perform processing services for each other during the POI, they accounted for a very minor portion of Synn's production.

PT's Rebuttal:[122]

- The CIT has held that "the potential for manipulation must be significant."[123] Collapsing entities upon finding any potential for manipulation would lead to collapsing in almost all circumstances in which the Department finds producers to be affiliated.[124] The Department's practice is to look for relatively unusual situations.[125]
- The Department should not collapse PT with the YP/Synn entity on the basis of its relationship with Synn. PT was affiliated with Synn during the POI and both have production facilities to produce subject merchandise; however, there is no significant potential for the manipulation of price or production due to common ownership, the existence of managerial employees or board members of one firm on the board of directors of the other, or the intertwining of operations. During the POI, PT had a level of ownership in Synn that did not allow it to control its production or pricing. Furthermore, PT divested its ownership of Synn in December 2015 such that there would be no lawful basis for finding them collapsed in the first administrative review. Furthermore, there are no other managerial employees or board members of PT that also serve as managerial employees or board members of Synn, or vice versa. In addition, tolling services and purchase and sales

[122] *See* PT's Rebuttal Brief at 2-16. We note that PT's initial briefing bracketed a considerable amount of information relating to the relationships between PT, YP, and Synn as proprietary, including basic references to Synn and YP as the entities to which PT was referring in its rebuttal brief. However, on May 19, 2016, PT withdrew its request for proprietary treatment of the names of the other entities (*i.e.*, YP and Synn) with respect to comments regarding affiliation and collapsing. Accordingly, we have considered this information public for the purposes of the final determination and the instant document. *See* Letter from PT, "Corrosion-Resistant Steel Products from Taiwan. Case No. A-583-856: Proprietary Treatment in Prosperity Tieh's Rebuttal Brief," dated May 19, 2016.
[123] *See Hontex Enterprises, Inc. v. United States*, 248 F. Supp. 2d. 1323, 1344 (CIT 2003); *Preamble*, 62 FR at 27345.
[124] *See Preamble*, 62 FR at 27345.
[125] *See Koyo Seiko Co., Ltd. v. United States*, 516 F. Supp. 2d 1323, 1346 (CIT 2007).

agreements that occurred during the POI between PT and Synn, were not significant transactions.

- The Department should not collapse PT with the YP/Synn entity on the basis of PT's relationship with YP. The Department has not determined that PT and YP are affiliated. Petitioner's citation to *China Steel Corp.* is misplaced. Even presuming that PT and YP are considered affiliates under section 771(33) of the Act, there is no significant potential for the manipulation of price or production between these two companies because there is no common ownership interest between PT and YP, none of PT's managers or directors serves as managers or directors of YP, and the operations of PT and YP are not intertwined in any way, as required under 19 CFR 351.401(f).

Department's Position: In the *Preliminary Determination* we found that YP and Synn were affiliated, pursuant to section 771(33)(E) of the Act.[126] In addition, based on the evidence provided in YP's questionnaire responses, we also found that YP and Synn should be collapsed and treated as a single entity for purposes of this investigation based on the level of common ownership and management overlap between YP and Synn which created a significant potential for manipulation of price or production of subject merchandise, pursuant to 19 CFR 351.401(f).[127] On December 16, 2015, we issued a full antidumping duty questionnaire to Synn. On March 4, 2016 we issued a supplemental questionnaire to Synn. Subsequent to our preliminary determination, we received Synn's questionnaire and supplemental questionnaire responses.[128] In addition, we conducted verification of Synn from April 6, 2016, through April 8, 2016, in Kaohsiung, Taiwan.[129]

Upon review and analysis of the record of this investigation, including Synn's questionnaire/supplemental questionnaire responses and the results of the verifications of Synn and YP, we continue to treat YP and Synn as a single entity based on the facts and analysis described in our *Preliminary Determination*.[130] Due to the degree of Business Proprietary Information necessarily discussed in evaluating parties' comments on this issue, please *see* the Final Affiliation and Collapsing Memo for a complete analysis regarding the Department's determination to continue to collapse YP and Synn.[131] Thus, for the final determination we continue to determine that YP and Synn are affiliated, pursuant to section 771(33)(E) of the Act and should be collapsed and treated as a single entity for purposes of this investigation, pursuant to 19 CFR 351.401(f) of the Department's regulations.

---

[126] *See* the Department's memorandum, "Less Than Fair Value Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Preliminary Affiliation and Collapsing Memorandum for Yieh Phui Enterprise Co., Ltd," dated December 21, 2016 ("Preliminary Affiliation and Collapsing Memo").
[127] *Id*.
[128] Synn submitted its section A questionnaire response on January 13, 2016 and its sections B and D responses on February 5, 2016. Synn submitted its supplemental questionnaire response on March 21, 2016.
[129] We conducted verification of YP in Kaohsiung, Taiwan from January 4, 2016 through January 8, 2016.
[130] *See* the memorandum, "Less Than Fair Value Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Preliminary Affiliation and Collapsing Memorandum for Yieh Phui Enterprise Co., Ltd.," dated December 21, 2015.
[131] *See* Final Affiliation and Collapsing Memo.

Furthermore, we stated in the *Preliminary Determination* that " . . . while we have evaluated the record and preliminarily determine not to collapse {YP} and {PT}, we will continue to consider whether {YP} and {PT} should be collapsed for the final determination."[132] Upon verification of PT, YP, and Synn, and upon review and analysis of the totality of the circumstances applicable with respect to affiliation/collapsing during the POI, for the final determination we find that PT, YP, and Synn are affiliated pursuant to section 771(33) of the Act, specifically: YP and PT are each affiliated with Synn on the basis of ownership pursuant to section 771(33)(E) of the Act, YP and PT are affiliated pursuant to section 771(33)(F) of the Act because together they are in a position to control Synn, and YP and PT are affiliated under section 771(33)(A) of the Act based on a familial relationship.[133]

Moreover, we find that PT should be collapsed with the YP/Synn entity, and thereby the PT/YP/Synn entity should be treated as a single entity for purposes of the final determination of this investigation, pursuant to 19 CFR 351.401(f) of the Department's regulations, because there exists a significant potential for manipulation of price or production based on the level of common ownership, overlapping managers, and a significant potential for intertwined operations between PT and the YP/Synn entity. As an initial matter, the Act and the Department's regulations do not "prescribe how {the Department} should determine whether a party is affiliated with a collapsed entity."[134] Here, we find it appropriate to consider PT's relationship with Synn in determining whether PT should be collapsed with the YP/Synn single entity. We note that the Department has collapsed respondents together based on their relationship with a collapsed entity in other proceedings.[135] We find that PT's ownership interest and POI transactions with Synn are indicative of a potential for the manipulation of production activities between PT and Synn and is sufficient to collapse PT and the YP/Synn entity. Nevertheless, we note that the collapsing of YP, PT, and Synn is further supported by the totality of circumstances suggesting a potential for manipulation of production, including family relationship, joint venture ownership, shared management/transactions, and production of subject merchandise by all three exporting companies. However, due to the degree of Business Proprietary Information necessarily discussed in evaluating parties' comments on this issue, please see the Final Affiliation and Collapsing Memo for a complete analysis regarding the Department's determination to collapse YP, PT, and Synn.

Comment 4: Whether to Adjust YP's Coil Costs

YP reported the same per-unit material cost for all products made with hot-rolled coils and the same per-unit material cost for all products made with cold-rolled coils. For the *Preliminary Determination*, we found that YP's reported coil costs did not reasonably reflect the differences in costs among CONNUMs related to the "quality" product characteristic (*i.e.*, commercial,

[132] *See* PDM at 4.
[133] *See* the Final Affiliation and Collapsing Memo for a complete analysis regarding the Department's determination that YP and PT are affiliated under section 771(33)(A) of the Act based on a familial relationship.
[134] *See China Steel*, 264 F. Supp. 2d at 1351.
[135] *Id. See also China Steel Corp. v. United States*, 306 F. Supp. 2d 1291, 1295 (Ct. Int'l Trade 2004).

drawing, *etc*.). We therefore made an adjustment to the company's reported direct material costs to account for these differences.[136]

YP's Comments:[137]

- The preliminary adjustment to YP's raw material costs was based on information that covered only one quarter of the POI.
- The Department should revise this adjustment to reflect the full data for the POI that was obtained at verification.
- Additionally, the Department inappropriately increased the material costs for deep drawing and drawing quality products for the *Preliminary Determination*, while neglecting to make a corresponding downward cost adjustment for other grades (*i.e*., commercial and structural quality).
- This approach results in an unintended distortion of YP's reported cost of production and, as such, should be corrected.
- The Department noted in its Cost Verification Report of YP that it may be appropriate to incorporate the POI data for the final determination and also to make a downward adjustment to commercial and structural quality products to ensure that the total material consumption value is not overstated.

Petitioner's Rebuttal:[138]

- If the Department makes a downward adjustment to material costs for structural and commercial grades as proposed in its Cost Verification Report of YP, then it should also make the upward adjustment to drawing and deep drawing grades.

Department's Position: We agree with both YP and Petitioner. The adjustment made to YP's reported direct material costs for the *Preliminary Determination* was based on the data available on the record at that time (*i.e.*, for the second quarter of 2014). During the cost verification, the Department requested and verified information related to cost differences for the POI as a whole among input coils used to make finished products of different qualities. In its Cost Verification Report of YP, the Department noted that it may be appropriate for the final determination to revise the adjustment to incorporate the POI data.[139] Further, the Department also noted in its report that a corresponding downward adjustment to the material costs of commercial and structural quality merchandise may be appropriate to avoid overstating coil consumption costs.[140] Therefore, for this final determination we have revised the adjustment to YP's hot-rolled and cold-rolled coil costs accordingly (*i.e.*, by making an upward adjustment to certain grades based on the revised POI data, and using that data to also make a downward adjustment to other grades).[141]

---

[136] *See* Memorandum to Neal Halper, Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination – Yieh Phui Enterprise Co., Ltd. ("YP Prelim Cost Memorandum"), dated December 21, 2015, at 1.
[137] *See* YP's Case Brief, at 7-10.
[138] *See* Petitioner's Rebuttal, at 7.
[139] *See* Cost Verification Report of YP at 15.
[140] *Id.*
[141] *See* Memorandum to Neal Halper, "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination," dated concurrently with this memorandum ("YP Final Cost Memorandum").

Comment 5: Whether to Offset YP's G&A Expenses for Insurance Proceeds

During the POI, YP received insurance proceeds related to a fire at one of its cold-rolling lines in 2012. For the *Preliminary Determination*, the Department revised YP's general and administrative ("G&A") expenses rate to allow a claimed offset for those proceeds only to the extent that the related expenses were included in the reported costs (*i.e.*, limited to the various maintenance costs for the line charged during the POI as G&A expenses).[142]

YP's Comments:[143]

- The Department should accept the entire amount of insurance proceeds as an offset to G&A expenses.
- As requested, YP provided a list of all costs incurred during the POI for the line that had been shut down. These costs include maintenance costs booked as G&A expenses and others related to repair and construction that were booked in several balance sheet accounts. YP also pays annual insurance premiums for a policy which covers its production facilities.
- It is the Department's practice to allow an income offset to G&A if the claimed offset is related to the company's general operations and as long as it is not extraordinary.[144]
- The proceeds are related to the general operations of the company because the damaged cold-rolling line is used for the production of steel coils. Further, the proceeds should not be considered extraordinary for the steel industry.
- The Department normally allows an offset for insurance reimbursements up to the amount of the related losses incurred during the same period.[145] Here, the amount of proceeds claimed as an offset to G&A expenses is insignificant when compared with the insurance premiums paid by YP plus the other related losses incurred during the POI.
- The annual insurance premiums paid by YP are booked as part of the cost of production and should also be considered related losses when determining the amount of proceeds that are eligible for the offset.
- Even though certain expenditures for repairing the damaged line were recorded in balance sheet accounts during the POI, these items also qualify as related losses because allocating resources, including money and manpower, is itself a cost.
- Accordingly, the Department should accept the offset to G&A expenses in full for the final determination.

[142] *See* YP Prelim Cost Memorandum at 2.
[143] *See* YP's Case Brief, at 10-14.
[144] *See Notice of Final Determination of Sales at Less Than Fair Value and Final Negative Critical Circumstances Determination Silicomanganese from India*, 67 FR 15531 (April 2, 2002) and accompanying Issues and Decision Memorandum at Comment 14.
[145] *See*, *e.g.*, *Final Affirmative Countervailing Duty Determinations: Certain Durum Wheat and Hard Red Spring Wheat from Canada*, 68 FR 52741 (September 5, 2003) ("*Wheat from Canada"*) and accompanying Issues and Decision Memorandum at Comment 19.

Petitioner's Rebuttal:[146]

- The Department's practice precludes an offset for insurance proceeds arising from losses incurred in prior years. An exception has been made if the proceeds: i) relate to small losses of the nature typically experienced by a business, ii) do not relate to a significant event such as a fire, and iii) closely approximate losses during the year.[147] YP's insurance proceeds do not meet any of these conditions.
- Insurance proceeds may only offset related expenses or losses included in the reported cost of production for the current period. The expenses that YP charged to the balance sheet accounts do not qualify because they are not included in the reported costs.
- In *Melamine from Trinidad from Tobago*, the Department noted that it only allows insurance proceeds to offset premiums that are related to the policy on which the premiums were paid. Here, it is unclear from the record whether the insurance premiums supposedly paid by YP relate to the policy under which the company received these proceeds.
- The Department should, as it did for the *Preliminary Determination*, allow the offset only to the extent that the miscellaneous G&A charges related to the maintenance of the damaged line were included in YP's reported cots.

Department's Position: For the *Preliminary Determination* the Department revised the calculation of YP's G&A expense ratio and only allowed a portion of the insurance proceeds at issue as an offset (*i.e.*, we limited the claimed offset so that it was equal to the miscellaneous G&A expenses that YP incurred during the POI that were related to maintaining the line as it was repaired).[148] As YP notes, the Department normally will allow a respondent to offset its reported costs for insurance proceeds to the extent that it has included any "related losses" during the same period in its reported costs.[149] According to YP, for the final determination the Department should also take into account the annual premiums paid for insurance coverage as well as the construction and repair expenses that were recorded on the balance sheet when determining what qualifies as a related loss in this case, rather than just the above-noted miscellaneous G&A expenses.

With regard to the insurance premiums, we agree with YP that these expenses should likewise be considered as related losses for purposes of determining how much of the insurance proceeds received during the POI should be allowed as an offset. YP maintains a fire insurance policy that covers damage to its production facilities as well as any lost income related to a disaster.[150] The premium to maintain this policy is a recurring expense that is booked annually by the company initially as a prepaid asset, and a portion is recognized each month as part of the company's manufacturing costs.[151] Contrary to Petitioner's assertions, the insurance premiums paid by YP

[146] *See* Petitioner's Rebuttal, at 7-10.
[147] *See*, *e.g.*, *Melamine from Trinidad and Tobago: Final Determination of Sales at Less Than Fair Value*, 80 FR 68846 (November 6, 2015) and accompanying Issues and Decision Memorandum at Comment 3 ("*Melamine from Trinidad and Tobago*").
[148] *See* YP Prelim Cost Memorandum at 2.
[149] *See, e.g., Steel Concrete Reinforcing Bar From Turkey: Final Negative Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances*, 79 FR 54965 (September 15, 2014) and accompanying Issues and Decision Memorandum at Comment 17.
[150] *See* YP Cost Verification Exhibit 10 at 62.
[151] *See* YP Cost Verification Exhibit 7 at 1 and 2.

are clearly related to the fire policy coverage under which the insurance settlement was received.[152] Further, these expenses were included by YP as a production cost in its normal books and records and are fully reflected in the company's reported costs.[153] As such, consistent with our practice, we have allowed the offset for insurance proceeds up to an amount equal to the sum of i) the premiums paid during the POI to maintain coverage and ii) the miscellaneous G&A expenses incurred for maintenance of the damaged line.[154]

However, we do not agree that the expenditures YP recorded on the balance sheet during the POI also qualify as related losses. While the expenses at issue will eventually be capitalized in the future as a fixed asset when the repair to the damaged cold-rolling line is completed, they were not recognized as production costs by the company during the POI in its normal books and records, and were not included in the costs reported to the Department.[155] We therefore find it unreasonable to allow the respondent to further reduce its costs by the remaining insurance proceeds (*i.e.*, by the amount in excess of the related G&A expenses and insurance premiums paid during the POI).

We note that YP offers two possible arguments in support of its claimed offset. The first is that the offset should be allowed because the proceeds were to cover damage to a cold-rolling line that is related to its general operations of producing steel, and further that the proceeds are not extraordinary. Their second argument is that insurance reimbursements are normally allowed as an offset up to the amount of related losses incurred during the same period. While we agree with YP that the damaged cold-rolling line is used for the production of steel coils and that insurance proceeds of this nature generally are not considered extraordinary, we view this particular issue more as a question of timing. In other words, when determining whether and to what extent the offset is appropriate in this particular case, our concern is whether the company has incurred (and reported to the Department) losses or expenses during the POI which relate to the covered event under which the proceeds were received. Here, as discussed above, we find that maintenance costs charged to various G&A accounts and insurance premiums paid for YP's fire policy qualify as related expenses and that the proceeds at issue may appropriately offset these costs.

Comment 6: Whether to Offset PT's G&A Expense Ratio by Including Additional Non-operating Income Items

In the *Preliminary Determination*, the Department adjusted PT's reported G&A expense ratio by disallowing certain non-operating income offsets whose descriptions did not indicate they were related to the general operations of the company.[156]

[152] *Id.*
[153] *Id.*
[154] *See Melamine from Trinidad and Tobago* at Comment 3 and *Wheat from Canada* at Comment 19.
[155] *See* YP's December 7, 2015, Supplemental Section D Response at 3, stating that these expenses "are not costs incurred for production," and "are not reflected in the reported COP database."
[156] The non-operating income offsets are business proprietary information. *See* PT Final Cost Memorandum for further information.

PT's Comments:[157]

- At verification, PT asserts that it corrected translation errors as part of their minor corrections and provided supporting documents indicating that the non-operating income items related to the general operations of the company. Therefore, PT argues that the Department should revise the G&A expense ratio calculation to include the non-operating income offsets.

Petitioner did not comment on this issue.

Department's Position: We agree with PT that the non-operating income items in question should be used as offsets to the G&A expenses. For the *Preliminary Determination*, we adjusted PT's G&A ratio to disallow certain non-operating income items that appeared to be unrelated to the general operations of the company. During verification, PT provided revised translations of the non-operating income line items in the minor corrections and further supporting documentation indicating these line items are related to PT's general operations. For this final determination, we have revised the G&A expense ratio calculation to include these non-operating income line items as offsets to the G&A expenses.[158]

VI. RECOMMENDATION

Based on our analysis of the comments received, we recommend adopting the above positions. If this recommendation is accepted, we will publish the final determination in the investigation and the final weighted-average dumping margin in the *Federal Register*.

✓
Agree

Disagree

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

24 MAY 2016
Date

[157] *See* PT's Case Brief, at 1-4.
[158] *See* PT Final Cost Calculation Memorandum for full analysis and further discussion.