



A-583-856

Administrative Review

POR: 06/02/2016 – 06/30/2017

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DATE August 3, 2018

MEMORANDUM TO: James Maeder
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

FROM: Erin Begnal
Director, Office III
Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results and Partial
Rescission of Antidumping Duty Administrative Review: Certain
Corrosion-Resistant Steel Products from Taiwan, 2016-2017

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain corrosion-resistant steel products (CORE) from Taiwan covering the period of review (POR) June 2, 2016, through June 30, 2017. The administrative review covers three producers/exporters of subject merchandise. Commerce selected two respondents for individual examination: 1) collectively, Prosperity Tieh Enterprise Co., Ltd. (Prosperity), Yieh Phui Enterprise Co., Ltd. (YP), and Synn Co., Ltd. (Synn);¹ and 2) Sheng Yu

¹ In the less-than-fair-value (LTFV) investigation of the AD order, we collapsed Prosperity, YP, and Synn and treated them as a single entity. See *Certain Corrosion-Resistant Steel Products from Taiwan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 81 FR 35313 (June 2, 2016) and accompanying Issues and Decision Memorandum (IDM) at Comment 3 (*Taiwan CORE LTFV Final*); unchanged in *Certain Corrosion-Resistant Steel Products from India, Italy, the People's Republic of China, the Republic of Korea and Taiwan: Amended Final Affirmative Antidumping Determination for India and Taiwan, and Antidumping Duty Orders*, 82 FR 48390 (July 25, 2016) (*Order*). No party challenged the underlying collapsing finding with respect to YP and Synn in the instant review and, as such, we preliminarily determine to collapse YP with its affiliate Synn and thus continue to treat YP/Synn as a single entity for the purposes of this proceeding. For a further discussion of the affiliation and collapsing determinations, see memorandum, "Administrative Review of the Antidumping Duty Order on Certain Corrosion-Resistant Steel Products from Taiwan: Preliminary Affiliation and Collapsing Memorandum for Yieh Phui Enterprise Co., Ltd. and Synn Industrial Co., Ltd.," dated concurrently with this memorandum (Affiliation-Collapsing Memo). The determination to collapse Prosperity with Synn was challenged by respondent parties in the investigation and is subject to pending litigation in that proceeding. As discussed in greater detail in the Affiliation-Collapsing Memo, we find that the

Steel Co., Ltd. (SYSCO). However, as a result of the preliminary determination to not collapse Prosperity, Synn, and YP, and instead treat YP/Synn as a single entity and to no longer collapse Prosperity with those companies, we have calculated a margin for three mandatory respondents: YP/Synn, Prosperity, and SYSCO. We preliminarily determine that companies subject to this review made sales of the subject merchandise at prices below normal value (NV) during the POR.

II. BACKGROUND

On July 25, 2016, we published in the *Federal Register* an AD order on CORE from Taiwan.² Pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act), 19 CFR 351.213(b), and the notice of opportunity to request an administrative review,³ in July 2017, Commerce received timely requests to conduct an administrative review from the petitioners,⁴ YP, Prosperity, SYSCO, Chung Hung Steel Corporation (Chung Hung), and Great Grandeul Steel Co., Ltd. (GGS).⁵

On September 13, 2017, Commerce published a notice initiating an AD administrative review of CORE from Taiwan identifying eight distinct companies for the POR (*i.e.*, not including companies previously collapsed into a single entity): Chung Hung, GGS, Meng Sin, SYSCO, Xxentria, Prosperity, YP, and Synn.⁶ On September 28, 2017, Synn submitted a certification of no shipments during the POR.⁷ On October 4, 2017, Xxentria submitted its certification of no shipments.⁸

In the *Initiation Notice*, Commerce stated that it intended to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports during the POR.⁹ On September 28,

facts on the instant record do not support a finding that Prosperity should be collapsed with Synn, and therefore we find the instant record does not support collapsing Prosperity into the Prosperity/YP/Synn entity.

² See *Order*.

³ See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 82 FR 30833 (July 3, 2017).

⁴ The petitioners, AK Steel Corporation, California Steel Industries, Inc., Steel Dynamics Inc., ArcelorMittal USA LLC, Nucor Corporation, and United Steel Corporation, are domestic producers of CORE. The petitioners requested Commerce initiate an administrative review on the following companies: Prosperity, SYSCO, YP, Synn, Meng Sin Material Co., Ltd. (Meng Sin), and Xxentria Technology Materials Co., Ltd. (Xxentria). See letter from the petitioners, “Corrosion-Resistant Steel from Taiwan / Request For Administrative Review,” dated July 31, 2017.

⁵ See letter from YP, “Corrosion-Resistant Steel Products from Taiwan; Administrative Review Request,” dated July 5, 2017; see also letter from Prosperity, “Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Request for Administrative Review,” dated July 7, 2017; see also letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: Request for Administrative Review,” dated July 17, 2017; see also letter from Chung Hung, “Corrosion-Resistant Steel Products from Taiwan,” dated July 31, 2017; see also letter from GGS, “Corrosion-Resistant Steel Products from Taiwan – Request for Administrative Review,” dated July 31, 2017.

⁶ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 42974 (September 13, 2017) (*Initiation Notice*).

⁷ See letter from Synn, “Corrosion-Resistant Steel Products from Taiwan; No Shipment Certification,” dated September 2, 2017.

⁸ See letter from Xxentria, “Corrosion-Resistant Steel Products from Taiwan: No Shipment Certification,” dated October 4, 2017.

⁹ See *Initiation Notice*, 82 FR at 42974.

2017, we released entry data obtained from CBP for comment by interested parties regarding our selection of respondents for the instant review.¹⁰ On October 4 and 5, 2017, United States Steel Corporation (U.S. Steel) and Prosperity submitted comments with respect to the CBP import data.¹¹ Based on the data and comments received, on November 3, 2017, we selected the Prosperity/YP/Synn single entity and SYSCO for individual examination in this review.¹² On December 11, 2017, GGS withdrew its request for review.¹³ On December 12, 2017, the petitioners withdrew their request for review of Meng Sin and Xxentria.¹⁴

On November 3, 2017, Commerce issued the AD questionnaire to the mandatory respondents Prosperity/YP/Synn and SYSCO.¹⁵ Both respondents timely provided responses to the relevant sections of the initial AD questionnaire.¹⁶ Between December 2017, and July 2018, Commerce

¹⁰ See letter, “Administrative Review of the Antidumping Duty Order of Certain Corrosion-Resistant Steel Products from Taiwan: CBP Data for Respondent Selection,” dated September 28, 2017.

¹¹ See letter from U.S. Steel, “Administrative Review of the Antidumping Duty Order of Certain Corrosion-Resistant Steel Products from Taiwan – Petitioner’s Comments on Respondent Selection,” dated October 4, 2017; see also letter from Prosperity, “Certain Corrosion-Resistant Steel Products from Taiwan, 6/2/2016–6/30/2017 Administrative Review, Case No. A-583-856: Comments on CBP Data and Respondent Selection,” dated October 5, 2017.

¹² See memorandum, “2016-2017 Administrative Review of the Antidumping Duty Order of Certain Corrosion-Resistant Steel Products from Taiwan: Respondent Selection,” dated November 3, 2017. Because we previously collapsed Prosperity with YP/Synn in the LTFV investigation, Commerce continued to treat all three companies as a single entity for purposes of respondent selection in this administrative review. *Id.* at 1 - 2.

¹³ See letter from GGS, “Corrosion-Resistant Steel Products from Taiwan – Withdrawal of Request for Administrative Review,” dated December 11, 2017.

¹⁴ See letter from the petitioners, “Corrosion-Resistant Steel from Taiwan/Partial Withdrawal of Petitioners’ Request for Administrative Review,” dated December 12, 2017.

¹⁵ See letters to YP/Synn/Prosperity and SYSCO, dated November 3, 2017.

¹⁶ See letter from YP/Synn/Prosperity, “Certain Corrosion-Resistant Steel Products from Taiwan, 6/2/2016-6/30/2017 Administrative Review, Case No. A-583-856: Section A Initial Questionnaire Response,” dated November 27, 2017 (Prosperity’s AQR); see also letter from YP/Synn/Prosperity, “Corrosion-Resistant Steel Products from Taiwan; Consolidated Sections B-D Response,” dated January 3, 2018, at Attachment A (Prosperity’s BQR, CQR, and DQR), and Attachment B (YP/Synn’s BQR, CQR, and DQR); see also letter from Prosperity, “Corrosion-Resistant Steel Products from Taiwan; Consolidated Supplemental Sections A-C Response,” dated March 27, 2018 (Prosperity’s SQR); see also letter from Prosperity, “Certain Corrosion-Resistant Steel Products from Taiwan, 6/2/2016-6/30/2017 Administrative Review, Case No. A-583-856: First Supplemental Section D Questionnaire Response,” dated June 13, 2018 (Prosperity’s SDQR); see also letter from Prosperity, “Certain Corrosion-Resistant Steel Products from Taiwan, 6/2/2016-6/30/2017 Administrative Review, Case No. A-583-856: Second Supplemental Section D Questionnaire Response,” dated July 16, 2018 (Prosperity’s 2nd SDQR); see also letter from Prosperity, “Certain Corrosion-Resistant Steel Products from Taiwan, 6/2/2016-6/30/2017 Administrative Review, Case No. A-583-856: Second Supplemental Sections A-D Questionnaire Response,” dated July 17, 2018 (Prosperity’s 2nd SQR); see also letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: Section A Response,” dated December 10, 2017 (SYSCO’s Section A QR); see also letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: Section B Response,” dated January 3, 2018 (SYSCO’s Section B QR); see also letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: Section C Response,” dated January 3, 2018 (SYSCO’s Section C QR); see also letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: Section D Response,” January 3, 2018; see also letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: 1st Supplemental Section ABCD Response,” dated April 11, 2018 (SYSCO’s April 11 SQR); see also letter for SYSCO, “Corrosion-Resistant Steel Products from Taiwan: 2nd Supplemental Section ABC Response,” dated June 7, 2018 (SYSCO’s June 7 SQR); see also Letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: 2nd Supplemental Section D Response,” dated July 12, 2018.

issued supplemental questionnaires to Prosperity/YP/Synn and SYSCO; both respondents provided timely responses, as requested.

On January 23, 2018, Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January 20 through 22, 2018.¹⁷ Accordingly, the revised deadline for the preliminary results of this review became April 5, 2018. On April 2, 2018, we extended the preliminary results of this review to no later than August 3, 2018.¹⁸

III. SCOPE OF THE ORDER

The products covered by this order 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:

(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 these orders 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

¹⁷ See memorandum, “Deadlines Affected by the Shutdown of the Federal Government,” dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by three days.

¹⁸ See memorandum, “Certain Corrosion-Resistant Steel Products from Taiwan: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review,” dated April 2, 2018.

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 orders 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 these orders unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of these orders:

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 order 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 orders 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 order is dispositive.

IV. PARTIAL RESCISSION OF REVIEW

As noted in the Background section above, the petitioners filed a withdrawal of their request for review for the following companies: Meng Sin and Xxentria. GGS also withdrew its request to be reviewed. As no other party requested a review of these companies, in response to the petitioners’ and GGS’ timely filed withdrawal requests and pursuant to 19 CFR 351.213(d)(1), we are rescinding the administrative review, in part, with respect to Meng Sin, Xxentria, and GGS.

V. RATES FOR RESPONDENTS NOT SELECTED FOR INDIVIDUAL EXAMINATION

Chung Hung: (1) was not selected as a mandatory respondent; (2) was not the subject of a withdrawal of request for review; (3) did not request to participate as a voluntary respondent; (4) did not submit a claim of no shipments; and (5) was not otherwise collapsed with a mandatory respondent. As such, Chung Hung remains as an unexamined respondent.

The statute and Commerce’s regulations do not address the establishment of a rate to be applied to individual respondents not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents which we did not examine in an administrative review. Section 735(c)(5)(A) of the Act establishes a preference to avoid using rates which are zero, *de minimis*, or based entirely on facts available (FA) in calculating an all others rate. Accordingly, Commerce’s practice in administrative reviews has been to average the weighted-average dumping margins for the companies selected for individual

examination in the annual review, excluding rates that are zero, *de minimis*, or based entirely on FA.¹⁹

For these preliminary results of review, we preliminarily calculated weighted-average dumping margins for YP/Synn, Prosperity, and SYSCO that are above *de minimis* and not based entirely on FA. Therefore, consistent with our practice, we preliminarily assign to Chung Hung a margin of 2.52 percent (*i.e.*, the weighted-average dumping margin calculated for YP/Synn, Prosperity, and SYSCO) as the rate for non-selected respondent in this review.²⁰

VI. DISCUSSION OF THE METHODOLOGY

We are conducting this administrative review of the order in accordance with section 751(a) of the Act and 19 CFR 351.213.

A. *Collapsing of Affiliated Companies*

We preliminarily determine that YP and Synn are affiliated, pursuant to section 771(33)(A) of the Act.²¹ In addition, based on the evidence provided in YP's questionnaire responses, we also preliminarily determine that YP and Synn should be collapsed and treated as a single entity in this review. This finding is based on the determination that the level of common ownership and management overlap between YP and Synn may result in a significant potential for manipulation of price or production of subject merchandise, pursuant to 19 CFR 351.401(f).²²

As noted above, Prosperity, YP and Synn were collapsed and treated as a single entity for the purposes of the LTFV investigation. As a result, we selected the Prosperity/YP/Synn entity as a single combined respondent and treated it as such in the pre-preliminary phase of this review. However, we preliminarily determine that the instant record no longer supports a finding that Prosperity should be collapsed with Synn, and therefore should no longer be collapsed as the Prosperity/YP/Synn entity. Specifically, as a result of various changes in investment/ownership between relevant entities applicable to the POR, in comparison to the investigation period, as well as a lack of evidence of transactions or intertwined operations between Prosperity and either Synn or YP, we preliminarily determine to treat Prosperity and YP/Synn as distinct respondents for the purposes of this administrative review.²³

B. *Comparisons to Normal Value*

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether the respondents' sales of the subject merchandise from Taiwan in the United States were made at less than normal value (NV), Commerce compared the export price (EP) and/or the

¹⁹ See *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part*, 73 FR 52823, 52824 (September 11, 2008), and accompanying IDM at Comment 16.

²⁰ *Id.*

²¹ See Affiliation-Collapsing Memo.

²² *Id.*

²³ *Id.*

constructed export price (CEP) to NV as described in the “Export Price and Constructed Export Price” and “Normal Value” sections of this memorandum.

C. *Determination of the Comparison Method*

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs or CEPs (*i.e.*, the average-to-average (A-A) method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, Commerce examines whether to compare weighted-average NVs with the EPs or CEPs of individual sales (*i.e.*, the average-to-transaction (A-T) method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern Commerce’s examination of this question in the context of administrative reviews, Commerce nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in less-than-fair-value investigations.²⁴

In recent investigations, Commerce applied a “differential pricing” analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.²⁵ Commerce finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce’s additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average method in calculating a respondent’s weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of export prices (or CEPs) for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported consolidated customer codes. Regions are defined using the reported destination code, *i.e.*, zip code, and are grouped into regions based upon standard definitions published by the U.S.

²⁴ See *Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010-2011*, 77 FR 73415 (December 10, 2012) and accompanying IDM at Comment 1; see also *JBF RAK LLC v. United States*, 790 F.3d 1358, 1363-65 (Fed. Cir. 2015) (“{t}he fact that the statute is silent with regard to administrative reviews does not preclude Commerce from filling gaps in the statute to properly calculate and assign antidumping duties.”) (citations omitted); *Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286 (CIT 2014).

²⁵ See, *e.g.*, *Xanthan Gum from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013); see also *Steel Concrete Reinforcing Bar from Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014), or *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

Census Bureau. Time periods are defined by the quarter within the POR based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region, and time period, that Commerce uses in making comparisons between EP or CEP and NV for the individual dumping margins.

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

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

If both tests in the first stage, *i.e.*, the Cohen’s *d* test and the ratio test, demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, Commerce examines whether using only the average-to-average method can appropriately account for such differences. In considering this question, Commerce tests whether using an alternative comparison method, based on the results of the Cohen’s *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, then this demonstrates that the average-to-average method cannot

account for differences such as those observed in this analysis, and, therefore, an alternative comparison method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if 1) there is a 25 percent relative change in the weighted-average dumping margins between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margins between the average-to-average method and the appropriate alternative method move across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.²⁶

D. *Results of the Differential Pricing Analysis*

Prosperity

Based on the results of the differential pricing analysis, we preliminarily find that 87.60 percent of the value of U.S. sales pass the Cohen's *d* test,²⁷ and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the A-to-A method cannot account for such differences, because the margin moves across the *de minimis* threshold between the weighted-average dumping margin calculated using the A-to-A method and the weighted-average dumping calculated using an alternative comparison method applying the A-to-T method to all U.S. sales. Thus, for these preliminary results, Commerce is applying the A-to-T method to all U.S. sales to calculate the weighted-average dumping margin for Prosperity.

YP/Synn

Based on the results of the differential pricing analysis, we preliminarily find that 68.56 percent of the value of U.S. sales pass the Cohen's *d* test,²⁸ and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the A-to-A method cannot account for such differences, because the margin moves across the *de minimis* threshold between the weighted-average dumping margin calculated using the A-to-A method and the weighted-average dumping calculated using an alternative comparison method applying the A-to-T method to all U.S. sales. Thus, for these

²⁶ The Court of Appeals for the Federal Circuit (CAFC) in *Apex Frozen Foods v. United States*, 862 F.3d 1322 (Fed. Cir. July 12, 2017) recently affirmed much of Commerce's differential pricing methodology. We ask that interested parties present only arguments on issues which have not already been decided by the CAFC.

²⁷ See memorandum, "Certain Corrosion-Resistant Steel Products from Taiwan: Prosperity Tieh Enterprise Co., Ltd.– Analysis Memorandum for the Preliminary Results of the Administrative Review, 2016-2017," dated concurrently with this memorandum (Prosperity Analysis Memorandum).

²⁸ See memorandum, "Certain Corrosion-Resistant Steel Products from Taiwan: Yieh Phui Industry Co., Ltd./Synn Industrial Co., Ltd. – Analysis Memorandum for the Preliminary Results of the Administrative Review, 2016-2017," dated concurrently with this memorandum (YP/Synn Analysis Memorandum).

preliminary results, Commerce is applying the A-to-T method to all U.S. sales to calculate the weighted-average dumping margin for YP/Synn.

SYSCO

Based on the results of the differential pricing analysis, we preliminarily find that 72.16 percent of the value of U.S. sales pass the Cohen's *d* test,²⁹ and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the A-to-A method cannot account for such differences, because the margin moves across the *de minimis* threshold between the weighted-average dumping margin calculated using the A-to-A method and the weighted-average dumping calculated using an alternative comparison method applying the A-to-T method to all U.S. sales. Thus, for these preliminary results, Commerce is applying the A-to-T method to all U.S. sales to calculate the weighted-average dumping margin for SYSCO.

VII. DATE OF SALE

Section 351.401(i) of Commerce's regulations states that, in identifying the date of sale of the merchandise under consideration or foreign like product, Commerce normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. Additionally, Commerce may use a date other than the date of invoice if it is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale. Finally, Commerce has a long-standing practice of finding that, where the shipment date precedes the invoice date, the shipment date better reflects the date on which the material terms of sale are established.

Prosperity

For its home market and U.S. sales, Prosperity reported the earlier of the date of invoice or the date of shipment as the date of sale for its home market sales.³⁰ Our examination of Prosperity's home market sales database revealed that the invoice date always matched with the shipment date. Further, we found that the date of sale reported in Prosperity's U.S. sales database comported with the reporting methodology provided in its narrative. Therefore, we preliminarily determine to use Prosperity's reported date of sale as the date of sale for Prosperity's home market and U.S. sale transactions.

YP/Synn

For its comparison market, YP/Synn reported sales invoice date as the date of sale. For U.S. sales, YP/Synn reported the prior date of sales invoice date and the date of shipment (if the subject merchandise did not enter the warehouse nearby the seaport), or the prior date of sales invoice date and the date of shipment from warehouse to seaport (if the subject merchandise

²⁹ See memorandum, "Certain Corrosion-Resistant Steel Products from Taiwan: Sheng Yu Steel Co., Ltd. – Analysis Memorandum for the Preliminary Results of the Administrative Review, 2016-2017," dated concurrently with this memorandum (SYSCO Analysis Memorandum).

³⁰ See Prosperity's BQR at B-30; see also Prosperity's CQR at C-22.

entered into the warehouse for export), as the date of sale in this field. Further, we found that the date of sale reported in YP/Synn's U.S. sales database comported with the reporting methodology provided in its narrative. Thus, for the preliminary results, we will rely on the date of sale as reported by YP/Synn in our margin calculations.

SYSCO

For its home market and U.S. sales, SYSCO reported the date when the material terms are firmly established, which it reported as the VAT invoice (home market) or commercial invoice (U.S. market) date.³¹ SYSCO demonstrated that the terms of the sale could and did alter up to the issuance of the invoices.³² SYSCO also stated that its commercial invoices were generally issued after shipment.³³ Based on this information, and consistent with prior practice,³⁴ we preliminarily determine that the invoice date is the most appropriate selection for the date of sale for sales in the home market, and that the earliest date, either the invoice date or the shipment date, is the most appropriate selection for the date of sale for sales in the U.S. market.³⁵

VIII. PRODUCT COMPARISONS

In accordance with section 771(16) of the Act, we considered all products that respondents produced and sold in Taiwan during the POR that fit the description in the "Scope of Order" section of this memorandum to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales.³⁶

In making product comparisons, we matched subject merchandise and foreign like product based on whether the products were prime or non-prime and the physical characteristics reported by Prosperity, YP/Synn, and SYSCO, in the following order of importance: type, reduction process, clad material/coating metal, metallic coating weight, metallic coating process, quality, yield strength, nominal thickness, nominal width, and form. For the respondents' sales of CORE in the United States, the reported control number (CONNUM) identifies the characteristics of CORE, as exported by Prosperity, YP/Synn, and SYSCO.

Several of SYSCO's reported home market and U.S. market sales graded as prime later received billing adjustments. SYSCO reported that it granted these billing adjustments only for minor quality issues detected in the product after production but prior to shipment.³⁷ The company

³¹ See SYSCO's Section B QR at 23, and SYSCO's Section C QR at 18.

³² See SYSCO's April 11 SQR at 9-11.

³³ See SYSCO's Section A QR at 24.

³⁴ See *Narrow Woven Ribbons with Woven Selvage from Taiwan; Preliminary Results of Antidumping Duty Administrative Review; 2013-2014*, 80 FR 60627 (October 7, 2015) and accompanying Preliminary Decision Memorandum at 9, unchanged in *Narrow Woven Ribbons with Woven Selvage from Taiwan: Final Results of Antidumping Duty Administrative Review; 2013-2014*, 81 FR 22578 (April 18, 2016).

³⁵ See SYSCO Analysis Memorandum.

³⁶ For SYSCO, this includes its sales of non-prime merchandise it deemed "inferior," and reported in a separate database. See SYSCO's April 11 SQR at 14-16, and Exhibit SB-4.

³⁷ See SYSCO's Section B QR at 29; see also SYSCO's Section C QR at 26; see also SYSCO's April 11 SQR at 19-20.

stated that, “SYSCO’s customers generally accept such merchandise regardless of such minor defects as long as SYSCO provides a deduction for the value of the defective portions from the gross value.”³⁸ Commerce has stated that non-prime merchandise is defined as “steel that suffered some defect during the production process, or at any time before delivery to the customer.”³⁹ Because the record demonstrates that SYSCO only grants billing adjustments due to defects after the production process but before delivery, we are treating all such sales as sales of non-prime merchandise.⁴⁰

IX. EXPORT PRICE AND CONSTRUCTED EXPORT PRICE

A. *Export Price*

Section 772(a) of the Act defines EP as “the price at which subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States,” as adjusted under section 772(c) of the Act.

Prosperity

We calculated EP for Prosperity based on packed prices to unaffiliated purchasers in the United States. We made deductions, where appropriate, for movement expenses, *i.e.*, inland freight to the port of exportation, domestic brokerage and handling, international freight, foreign brokerage and handling, U.S. customs duty, and marine insurance, in accordance with section 772(c)(2)(A) of the Act.

YP/Synn

We calculated EP for YP/Synn based on packed prices to unaffiliated purchasers in the United States. We made deductions, where appropriate, for movement expenses, *i.e.*, inland freight to the port of exportation and foreign inland insurance, in accordance with section 772(c)(2)(A) of the Act.

SYSCO

We calculated EP for certain of SYSCO’s U.S. sales where the subject merchandise was first sold to an unaffiliated purchaser in the United States prior to importation and the CEP methodology was not otherwise warranted based on the facts of the record. We calculated EP based on packed prices to unaffiliated purchasers in the United States. Commerce made

³⁸ See also SYSCO’s April 11 SQR at 19-20.

³⁹ See *Notice of Final Results of the Tenth Administrative Review and New Shipper Review of the Antidumping Duty Order on Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea*, 70 FR 12443 (March 14, 2005), and accompanying IDM at Comment 6 (citing *Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip Coils from Italy*, 64 FR 30750 (June 8, 1999), and accompanying IDM at 8); see also *Final Results of the Antidumping Administrative Review of Granular Polytetrafluoroethylene Resin from Italy*, 68 FR 2007 (January 8, 2003), and accompanying IDM at Comment 4.

⁴⁰ See SYSCO Analysis Memorandum.

adjustments to the starting price, where appropriate, for billing adjustments, other discounts, and warranty discounts. We made deductions, where appropriate, for movement expenses, *i.e.*, inland freight to the port of exportation, domestic brokerage and handling, international freight, and marine insurance, in accordance with section 772(c)(2)(A) of the Act.

B. *Constructed Export Price*

Pursuant to section 772(b) of the Act, the CEP is “the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter,” as adjusted under sections 772(c) and (d) of the Act. In accordance with section 772(b) of the Act, we used CEP for certain of SYSCO’s U.S. sales of subject merchandise, because the sales were made on their behalf by their sales affiliates in the United States to unaffiliated purchasers in the United States.

SYSCO

For reported CEP sales, we calculated CEP based on delivered prices to unaffiliated purchasers in the United States. We made adjustments, where appropriate, from the starting price for fees charged by the U.S. affiliate,⁴¹ and early payment discounts. We also made deductions from the U.S. sales price for movement expenses in accordance with section 772(c)(2) of the Act. These adjustments included, where applicable, inland freight from plant to port of exportation, brokerage and handling incurred in the country of manufacture, U.S. brokerage and handling, international freight, marine insurance, U.S. inland freight from port to warehouse, U.S. warehousing expense, U.S. inland freight from warehouse to the unaffiliated customer, and U.S. customs duties.

In accordance with section 772(d)(1) of the Act and 19 CFR 351.402(b), we deducted, where applicable, those selling expenses associated with economic activities occurring in the United States, including direct selling expenses, indirect selling expenses, inventory carrying costs, commissions, bank charges, survey fees, and processing expenses incurred in the U.S. In addition, we deducted CEP profit in accordance with sections 772(d)(3) and 772(f) of the Act.

X. NORMAL VALUE

A. *Home Market Viability*

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, *i.e.*, the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales, we normally compare the respondent’s volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with sections 773(a)(1)(A) and (B) of the Act. If we determine that no viable home market exists, we may, if appropriate,

⁴¹ This fee was charged for products that were processed after importation and at the time of sale by the U.S. affiliate. See SYSCO’s April 11 SQR at Attachment 3, at 1.

use a respondent's sales of the foreign like product to a third-country market as the basis for comparison market sales in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404.

In order to determine whether there was a sufficient volume of sales in the home market or in the third country to serve as a viable basis for calculating NV, we compared each of Prosperity's, YP/Synn's and SYSCO's volume of home-market sales of the foreign like product to the respective volume of U.S. sales of the subject merchandise in accordance with sections 773(a)(1)(B) and (C) of the Act. We found that Prosperity's, YP/Synn's and SYSCO's individual aggregate sales volume of foreign like product in the home market was greater than five percent of the respective company's sales of subject merchandise to the United States. Therefore, in accordance with section 773(a)(1)(C) of the Act, Taiwan constitutes a viable home market for Prosperity, YP/Synn, and SYSCO. Accordingly, Taiwan was selected for each respondent as the comparison market for purposes of analysis in this review.

B. *Affiliated-Party Transactions and Arm's-Length Test*

Commerce may calculate NV based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the exporter or producer, *i.e.*, sales were made at arm's-length prices.⁴² Under section 773(a)(5) of the Act, Commerce has considerable discretion in deciding whether to include affiliated party sales when calculating NV.⁴³ Commerce excludes home-market sales to affiliated customers that are not made at arm's-length prices from our margin analysis because Commerce considers them to be outside the ordinary course of trade. Consistent with 19 CFR 351.403(c) and (d) and our practice, "the Department may calculate normal value based on sales to affiliates if satisfied that the transactions were made at arm's length."⁴⁴

During the POR, Prosperity, YP/Synn, and SYSCO each made sales of CORE in Taiwan to affiliated parties, as defined in section 771(33) of the Act. Consequently, we tested these sales to ensure that they made such sales at arm's-length prices in accordance with 19 CFR 351.403(c). To test whether the companies made sales to affiliated parties at arm's-length prices, we compared the unit prices of sales to affiliated and unaffiliated customers net of all direct selling expenses and packing. Pursuant to 19 CFR 351.403(c) and in accordance with Commerce's practice, where the price to an affiliated party was, on average, within a range of 98 to 102 percent of the price of the same or comparable merchandise sold to the unaffiliated parties at the same level of trade (LOT), we determined that the sales made to the affiliated party were at arm's length.⁴⁵ Sales to affiliated customers in the home market that were not made at arm's-

⁴² See 19 CFR 351.403(c).

⁴³ See section 773(a)(5) of the Act. See also *NTN Corp. v. United States*, 306 F. Supp. 2d 1319, 1332 (CIT 2004) (affirming Commerce's discretion to apply the arm's-length test to determine whether to exclude certain home market sales to affiliated parties in the NV calculation.).

⁴⁴ See *China Steel Corp. v. United States*, 264 F. Supp. 2d 1339, 1365 (CIT 2003) (affirmed on remand, 306 F. Supp. 2d 1291 (CIT 2004) (citing *Light-Walled Rectangular Pipe and Tube from Mexico: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review*, 76 FR 55352, 55355 (September 7, 2011)).

⁴⁵ See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69187 (November 15, 2002).

length prices were excluded from our analysis because we consider these sales to be outside the ordinary course of trade.⁴⁶

Prosperity explained that it made sales to both unaffiliated purchasers and to its affiliated resellers during the POR.⁴⁷ The reported sales are limited to the sales of merchandise produced by Prosperity and sold by either Prosperity or its affiliated resellers to unaffiliated customers, with the exception of a minor quantity sold by Prosperity to an affiliate who consumed the material as packing material, construction material, or for a test-run of the new color coating line.⁴⁸ Because Prosperity is reporting its affiliated resellers' sales to unaffiliated customers, it did not provide a separate arm's length analysis as per Appendix VI.

C. *Level of Trade*

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, we will calculate NV based on sales of foreign like products at the same level of trade (LOT) as the EP. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).⁴⁹ Substantial differences in selling activities are necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.⁵⁰ To determine whether the comparison-market sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, chain of distribution), including selling functions, class of customer (customer category), and the level of selling expenses for each type of sale. To determine whether home market sales are at a different LOT than U.S. sales, we examined stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. When we are unable to match U.S. sales to sales of foreign like product in the comparison market at the same LOT, we may compare the U.S. sales to sales at a different LOT in the comparison market. When this occurs and the difference in LOT is demonstrated to affect price comparability based on a pattern of consistent price differences between sales at different LOTs in the market in which NV is determined, we make an LOT adjustment under section 773(a)(7)(A) of the Act.

In this review, we obtained information from Prosperity, YP/Synn, and SYSCO regarding the marketing stages involved in making their reported home market and U.S. sales, including a description of the selling activities performed by each respondent for each channel of distribution.⁵¹ None of the respondents claim LOT adjustments in either the home market or the U.S. market. Consequently, we matched all EP sales to home market sales, and no LOT adjustment was warranted.

⁴⁶ See section 771(15) of the Act; 19 CFR 351.102(b)(35).

⁴⁷ See Prosperity's AQR at A-3 through A-5; *see also* Prosperity's BQR at B-5 and B-6.

⁴⁸ *Id.*

⁴⁹ See 19 CFR 351.412(c)(2).

⁵⁰ *Id.*; *see also* Notice of Final Determination of Sales at Less Than Fair Value Certain Cut-to-Length Carbon Steel Plate from South Africa, 62 FR 61731, 61732 (November 19, 1997).

⁵¹ See Prosperity's SQR at 6 and Exhibit A-36; *see also* SYSCO's Section A QR at Exhibit A-6; *see also* YP/Synn/Prosperity's consolidated section A questionnaire response, "Corrosion-Resistant Steel Products from Taiwan; Consolidated Section A Response," dated December 8, 2017, at Attachment A, Exhibits 12 – 15.

D. *Cost of Production Analysis*

Section 773(b)(2)(A)(ii) of the Act controls all determinations in which the complete initial questionnaire has not been issued as of August 6, 2015. It requires Commerce to request constructed value and cost of production (COP) information from respondent companies in all AD proceedings.⁵² Accordingly, Commerce requested this information from each of the respondents. We examined their cost data and determined that our quarterly cost methodology is not warranted, and, therefore, we applied our standard methodology of using annual costs based on the reported data.

1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of costs of materials and fabrication for the foreign like product, plus amounts for general and administrative (G&A) expenses and interest expenses.

We examined Prosperity, YP/Synn, and SYSCO's cost data and determined that our quarterly cost methodology is not warranted. Therefore, we have applied our standard methodology of using annual average costs based on Prosperity, YP/Synn, and SYSCO's reported data.⁵³

Because SYSCO's financial data are consolidated into YSW's financial data, SYSCO revised its interest expense calculation to be based on YSW's consolidated expense.⁵⁴ This revised interest expense resulted in a negative financial expense rate for SYSCO in its COP database. Accordingly, we have not included financial expenses in SYSCO's COP for these preliminary results.⁵⁵

2. Test of Comparison Market Sales Prices

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

⁵² See *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793, 46794-95 (August 6, 2015) (*Applicability Notice*).

⁵³ See YP/Synn Analysis Memorandum.

⁵⁴ See SYSCO's April 11 SQR at Exhibit SD-9.

⁵⁵ See *Certain Hot-Rolled Steel Flat Products from Japan: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 15222 (March 22, 2016), unchanged in *Certain Hot-Rolled Steel Flat Products from Japan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 53409 (August 12, 2016); see also *Certain Hot-Rolled Steel Flat Products from Australia: Final Determination of Sales at Less Than Fair Value*, 81 FR 53406 (August 12, 2016), and accompanying IDM at Comment 6.

3. Results of the COP Test

In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether: 1) within an extended period of time, such sales were made in substantial quantities; and 2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade. In accordance with sections 773(b)(2)(B) and (C) of the Act, where less than 20 percent of the respondent's comparison market sales of a given product are at prices less than the COP, we do not disregard any below-cost sales of that product because we determine that in such instances the below-cost sales were not made within an extended period of time and in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product are at prices less than the COP, we disregard the below-cost sales because: 1) they were made within an extended period of time in "substantial quantities," in accordance with sections 773(b)(2)(B) and (C) of the Act; and, 2) based on our comparison of prices to the weighted-average COPs for the POI, they were at prices which would not permit the recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act.

Where we find that more than 20 percent of a company's home market sales for a given product were made at prices less than the COP and, in addition, such sales did not provide for the recovery of costs within a reasonable period of time, we excluded these sales and used the remaining sales, if any, as the basis for determining NV, in accordance with section 773(b)(1) of the Act.

We found that, for SYSCO and Prosperity, more than 20 percent of sales of certain comparison market products during the POR were at prices less than the COP and, in addition, such sales did not permit for the recovery of costs within a reasonable period of time. We therefore excluded these sales and used the remaining sales, if any, as the basis for determining NV, in accordance with section 773(b)(1) of the Act.⁵⁶ YP/Synn had less than 20 percent of sales of certain comparison market products during the POR that were at prices less than the COP, therefore we have not excluded any sales below cost to determine NV.⁵⁷

E. *Calculation of NV Based on Comparison-Market Prices*

We based NV for Prosperity, YP/Synn, and SYSCO on comparison market prices where there were an appropriate number of sales at prices above the COP. We calculated NV based on ex-works or delivered prices, as applicable, to unaffiliated and affiliated customers where the sale was made at arm's length. We made deductions from the starting price for billing adjustments, early payment discounts, warranty discounts, movement expenses, including inland freight from the plant to the distribution warehouse and inland freight from the plant or distribution warehouse to the unaffiliated customer in the third country under section 773(a)(6)(B)(ii) of the Act as appropriate. We made adjustments for differences in packing, in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act, and in circumstances of sale (imputed credit expenses, inventory carrying costs and warranty expense), in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. We deducted comparison-market packing

⁵⁶ See SYSCO Analysis Memorandum; Prosperity Analysis Memorandum.

⁵⁷ See YP/Synn Analysis Memorandum.

costs and added U.S. packing costs, in accordance with section 773(a)(6)(A) and (B) of the Act. We made adjustments under section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410 for differences in circumstances of sale. Specifically, we deducted direct selling expenses incurred for home market sales, *i.e.*, credit expenses, and added U.S. direct selling expenses, *i.e.*, credit expenses.⁵⁸

When comparing U.S. sales with comparison-market sales of similar, but not identical, merchandise, Commerce also made adjustments for differences in merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. Commerce based this adjustment on the difference in the variable cost of manufacturing for the foreign like products and merchandise under consideration.⁵⁹

XI. CURRENCY CONVERSION

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

XII. RECOMMENDATION

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

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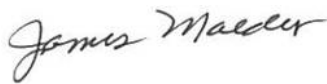
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Agree

Disagree

8/3/2018

X



Signed by: JAMES MAEDER

James Maeder
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

⁵⁸ SYSCO reported its domestic customers make lump sum payments to SYSCO covering multiple invoices prior to the shipments being sold. SYSCO reported a weight-average payment date, PAYDATEH, which Commerce has preliminarily used to calculate SYSCO's CREDITH. Additionally, we have recalculated SYSCO's CREDITH to reflect the actual interest rate on the record only. See SYSCO Analysis Memorandum.

⁵⁹ See 19 CFR 351.411(b).