



A-583-856

Administrative Review

POR: 06/02/2016 – 06/30/2017

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DATE: December 10, 2018

MEMORANDUM TO: Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

FROM: 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

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

I. Summary

We analyzed the comments filed in the administrative review of the antidumping duty order on certain corrosion-resistant steel products (CORE) from Taiwan for the period of review (POR) June 2, 2016, through June 30, 2017. As a result of our analysis, we made changes to the margin calculations. We recommend that you approve the position described in the “Discussion of the Issues” section of this memorandum. Below is the complete list of issues in this administrative review for which we received comments from the interested parties.

- Comment 1: Whether to Use Quarterly Costs for Yieh Phui/Synn and Prosperity
- Comment 2: Minor Corrections to Prosperity’s *Preliminary Results*
- Comment 3: Whether to Adjust Prosperity’s Material Cost for Scrap
- Comment 4: Whether to Grant Certain Post-Sale Price Adjustments to SYSCO
- Comment 5: Company-Specific Assessment Rate
- Comment 6: Whether to Apply Partial Facts Available to Calculate the Indirect Selling Expenses of SYSCO’s Affiliated Reseller
- Comment 7: Correct Conversion of SYSCO’s Commission
- Comment 8: Corrections to Yieh Phui/Synn’s *Preliminary Results*
- Comment 9: Yieh Phui/Synn’s Correct Date of Sale

II. Background

On August 10, 2018, the Department of Commerce (Commerce) published the preliminary results of this review.¹ This review covers four producers/exporters: Chung Hung Steel Corporation, Prosperity Tieh Enterprise Co., Ltd. (Prosperity), Sheng Yu Steel Co., Ltd. (SYSCO), and Yieh Phui Enterprise Co., Ltd. (Yieh Phui) and Synn Co., Ltd. (Synn) (collectively, Yieh Phui/Synn).

We invited interested parties to comment on the *Preliminary Results*. We received case briefs from AK Steel Corporation, California Steel Industries, Inc., Steel Dynamics Inc., ArcelorMittal USA LLC, Nucor Corporation, and United States Steel Corporation (collectively, petitioners), Prosperity, SYSCO, Toyota Tsusho America, Inc. (TAI), United States Steel Corporation (U.S. Steel), and Yieh Phui/Synn.² We received rebuttal briefs from the petitioners, SYSCO, and U.S. Steel.³ After analyzing the comments received, we changed the weighted-average margins from those found in the *Preliminary Results*.

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

¹ See *Certain Corrosion-Resistant Steel Products from Taiwan: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review; 2016-2017*, 83 FR 39679 (August 10, 2018) (*Preliminary Results*).

² See letter from the petitioners, “Certain Corrosion-Resistant Steel Products From Taiwan: Petitioners’ Case Brief Regarding Yieh Phui and Synn,” dated September 12, 2018; see also “Corrosion-Resistant Steel Products from Taiwan: Case Brief of United States Steel Corporation, ArcelorMittal USA, Nucor Corporation, California Steel Industries, Steel Dynamics, Inc., and AK Steel Corporation,” dated September 12, 2018; see also letter from Prosperity, “Certain Corrosion-Resistant Steel Products from Taiwan, Case No. A-583-856: Prosperity Case Brief,” dated September 12, 2018; see also letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: Case Brief,” dated September 12, 2018 (SYSCO Case Brief); see also letter from Toyota Tsusho America, “Certain Corrosion-Resistant Steel Products from Taiwan: Case Brief for Toyota Tsusho America, Inc.” dated September 12, 2018 (TAI Case Brief); see also letter from Yieh Phui/Synn, “Corrosion-Resistant Steel Products from Taiwan; Case Brief,” dated September 12, 2018.

³ See letters from the petitioners, “Certain Corrosion-Resistant Steel Products From Taiwan: Petitioners’ Rebuttal Brief Regarding Prosperity Tieh, Yieh Phui, and Synn,” dated September 19, 2018; “Corrosion-Resistant Steel Products from Taiwan: Petitioners’ Rebuttal Brief Regarding SYSCO,” dated September 19, 2018; see also letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: Rebuttal Case Brief,” dated September 19, 2018 (SYSCO’s Rebuttal Brief).

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
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. Margin Calculations

We calculated export price (EP), constructed export price (CEP), and normal value (NV) for Chung Hung Steel Corporation, Prosperity, SYSCO, and Yieh Phui/Synn using the same methodology stated in the *Preliminary Results*, except as follows:

*Prosperity*⁴

- We used Prosperity's combined cost database provided in its supplemental questionnaire.⁵
- We adjusted the window period of home market sales to include sales from December 1, 2015, through July 31, 2017.
- We revised Prosperity's margin program by including warranty expenses incurred in the United States (WARRU) as a U.S. direct selling expense.

*SYSCO*⁶

- We revised SYSCO's home market calculation to update SYSCO's home market credit expense to incorporate an additional interest rate that excludes fees.
- We revised SYSCO's margin calculation to use CREDIT1U and CREDIT2U as its reported credit expenses, and to properly convert SYSCO's reported commissions expense into USD.
- We revised the indirect selling expense ratio for SYSCO's affiliated reseller to include selling, general and administrative expenses from the reseller's parent company.

*Yieh Phui/Synn*⁷

- We converted values for the variable cost of manufacture (VCOMCOP), total cost of manufacture (TCOMCOP), general and administrative expenses (GNACOP), interest expenses (INTEXCOP), and total cost of production (TOTALCOP) from a kilogram basis to a metric ton basis in the comparison market program.
- We adjusted the window period specified in the comparison market program to begin on December 1, 2015, and to end on August 31, 2017. We adjusted the window period in the margin calculation program to begin on December 1, 2015.
- We revised the date of sale variable used in the margin calculation program from SALINDTU to SALEDATU.

⁴ See Memorandum, "Certain Corrosion-Resistant Steel Products from Taiwan: Prosperity Tieh Enterprise Co., Ltd. – Analysis Memorandum for the Final Results of the Administrative Review, 2016 – 2017," dated concurrently with this memorandum (Prosperity's Final Analysis Memorandum).

⁵ See 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 at Exhibit D-27.

⁶ For further discussion of these changes and proprietary changes, see Memorandum, "Certain Corrosion-Resistant Steel Products from Taiwan: Sheng Yu Steel Co., Ltd.: Analysis Memorandum for the Final Results of the Administrative Review, 2016-2017," dated concurrently with this memorandum (SYSCO's Final Analysis Memorandum).

⁷ For further discussion of these changes, see Memorandum, "Certain Corrosion-Resistant Steel Products from Taiwan: Yieh Phui Industry Co., Ltd./Synn Industrial Co., Ltd.: Analysis Memorandum for the Final Results of the Administrative Review, 2016-2017," dated concurrently with this memorandum (Yieh Phui/Synn's Final Analysis Memorandum).

V. Discussion of the Issues

Comment 1: Whether to Use Quarterly Costs for Yieh Phui/Synn and Prosperity

Prosperity's Comments

- Commerce should have analyzed the significance of cost changes based on its established threshold of 25 percent, without inflating it, as it has done in the past, even for reviews longer than a year.⁸
- This analysis demonstrates that the cost of manufacturing for the majority of the CONNUMs with the largest sales volumes deviated by more than 25 percent between the high and low quarters during the POI, and Commerce should therefore use quarterly averaging periods.
- In its quarterly cost analysis, Commerce does not compare only the first quarter to the last quarter. Rather, any deviation between any of the quarters in an annual period that is more than 25 percent is sufficient. Given this methodology, it is inconsistent and distortive to require an annual deviation based on a higher threshold simply because the POR is longer than a year.
- Commerce must limit the application of the threshold to instances where the low and high cost of manufacturing are more than a year apart.
- Even if Commerce determines it appropriate to inflate the threshold, 31.25 percent is overstated because it is annualized for 5 full quarters. The correct inflated threshold in this case would be 27.1 percent (*i.e.*, 25 percent plus 2.1 percent for 1/12th of the yearly threshold).
- Where POR-average costs are used, Commerce's practice is to rely on pre-POR costs for purposes of the cost test for window period sales when the information provided shows that the difference in costs between the periods is of a sufficient magnitude.⁹ If Commerce declines to use quarterly costs in this review, the reported pre-POR costs should be used when conducting the cost test for pre-POR home market window sales because Prosperity has shown that the difference in costs between the pre-POR and POR periods is of a sufficient magnitude.

Yieh Phui/Synn's Comments

- The analysis of whether cost changes were significant during the POR should be based on the quarterly cost databases submitted with the July 10, 2018 supplemental response, rather than on the July 16, 2018 cost databases using the quarters defined by Commerce.
- The July 10, 2018 quarterly cost data and the supporting documents demonstrate that Commerce's two-part test (*i.e.*, significant cost change and linkage) is met.
- Using Yieh Phui/Synn's quarterly cost file as originally submitted to analyze significance is more appropriate because the averaging periods align with the calendar year quarters and are consistent with the price quotation cycle of the major material supplier.

⁸ See, e.g., *Certain Steel Nails from the Republic of Korea: Final Results of Antidumping Administrative Review*, 83 FR 4028 (January 29, 2018) and accompanying Issues and Decision Memorandum (IDM) at comment 5 (*Nails from Korea*).

⁹ See *Welded Carbon Steel Standard Pipe and Tube Products from Turkey: Final Results of Antidumping Duty Review*, 78 FR 79665 (December 31, 2013) and accompanying IDM at Comment 1 (*Welded Pipe from Turkey*).

Petitioners' Rebuttal Comments

- Yieh Phui/Synn defined the POR quarters simply to maximize the volatility of cost changes. Such an approach is results oriented.
- There is no evidence to support the assertion that the price quotation cycle of Yieh Phui/Synn's major supplier is aligned with its own redefined quarters, and further, it has no relevance for the quarterly cost analysis.
- Commerce's application of a 25 percent threshold in the recent *Nails from Korea* review which spanned 18 months appears to have been an oversight.
- Where the issue has been addressed, Commerce's practice has been to annualize the 25 percent significance threshold.¹⁰ Commerce should continue to rely on the 31.25 percent threshold for this review, which covers five quarters.
- Even if the threshold were lowered to 27.1 percent, the majority of the top ten CONNUMs still do not meet that threshold.
- Prosperity's argument that Commerce segregate pre-POR costs from POR costs in the event quarterly costs are not used should be rejected. It is impossible to determine the magnitude of the difference between pre-POR and POR costs because the company did not report costs covering the entire pre-POR period.
- While Prosperity assumes that Commerce has established in such cases that the magnitude of the cost difference between the pre-POR and POR periods should be at least 25 percent, there is no basis for that assumption.

Commerce's Position: We disagree with Prosperity and Yieh Phui/Synn that the use of quarterly cost averaging periods is warranted in this review. Our normal practice is to calculate weighted-average costs for the POI or POR.¹¹ However, Commerce recognizes that possible distortions may result if our normal POR or POI-average cost methodology is used during a period of significant cost changes. In determining whether it is appropriate to deviate from our normal methodology and rely on shorter cost averaging periods, Commerce has established two criteria that must be met, *i.e.*, significance of cost changes and linkage between the costs and sales prices during the shorter averaging periods.¹² A significant change in cost for this purpose is defined as a greater than 25 percent change in the cost of manufacturing (COM) between the high and low quarters during a 12-month POI or POR.¹³ Where a review period exceeds one year, our significance analysis must consider the equivalent changes relative to the extended cost reporting period (*i.e.*, 25 percent for one year, plus 6.25 percent for every quarter within the POR). This approach is in line with International Accounting Standard 29 (defining inflation of

¹⁰ See *Welded Pipe from Turkey*. See also *Certain Corrosion-Resistant Steel Products from India: Preliminary Results of Antidumping Duty Administrative Review*, 83 FR 39683 (August 10, 2018); unchanged in *Certain Corrosion-Resistant Steel Products from India: Final Results of Antidumping Duty Administrative Review*; 2016-2017, signed December 10, 2018 (*CORE from India*).

¹¹ See, *e.g.*, *Notice of Final Results of Antidumping Duty Administrative Review of Carbon and Certain Alloy Steel Wire Rod from Canada*, 71 FR 3822 (January 24, 2006) and accompanying IDM at Comment 5 (explaining Commerce's practice of computing a single weighted-average cost for the entire period). See also *Circular Welded Non-Alloy Steel Pipe from the Republic of Korea: Final Results of Antidumping Duty Administrative Review*, 78 FR 35248 (June 12, 2013) and accompanying IDM at Comment 6.

¹² See, *e.g.*, *Steel Concrete Reinforcing Bar from Taiwan: Final Determination of Sales at Less Than Fair Value*, 82 FR 34925 (July 27, 2017) and accompanying IDM at Comment 2.

¹³ *Id.*

100 percent over a three-year period as approximately 25 percent inflation per year) from which Commerce drew guidance in establishing its 25 percent significance threshold for cost changes within a 12-month period.¹⁴ The threshold established by Commerce considers the change in costs over the entire POI or POR, regardless of the number of quarters between the quarter with the highest average cost and the quarter with the lowest average cost.

For the *Preliminary Results* in this case, we accordingly evaluated what constitutes significant cost change based on an inflated threshold of 31.25 percent (*i.e.*, 25 percent for one year, plus 6.25 percent for the fifth quarter containing the 13th POR month). Prosperity points out that, in *Nails from Korea*, which involved an 18-month review period, Commerce still applied the same 25 percent test. In reviewing the analysis upon which Commerce relied in that case, we have found that we incorrectly applied the annual 25 percent threshold to determine whether cost changes were significant. The benchmark for significance, given the 18-month POR, should have been 37.5 percent, which equates to the annual threshold plus 12.5 percent for the additional two quarters.¹⁵ We have continued to evaluate the significance of cost changes using the inflated threshold, consistent with the *Preliminary Results* and in accordance with our normal practice.¹⁶ In so doing, we find that neither Prosperity's nor Yieh Phui/Synn's cost changes were significant during the POR and have relied on the POR-average costs in our margin calculations. Regarding Prosperity's argument as to whether the 27.1 percent or 31.25 percent threshold is more appropriate should Commerce continue to inflate it, it is our practice to inflate the 25 percent threshold based on the number of POR quarters involved.¹⁷ Here, the POR extends into a fifth quarter, so we followed our practice by inflating the threshold based on five quarters. We do not typically adjust the amount of inflation proportionally to account for the fact that the additional period covered is less than a full quarter. Therefore, we continue to find that applying a 31.25 percent threshold is appropriate. Nevertheless, the record demonstrates that the majority of Prosperity's and Yieh Phui's top ten sales CONNUMs would not show significant cost change even under the lower, 27.1 percent threshold.¹⁸

Prosperity argues that, should Commerce continue to use POR-average costs, the costs that are on the record for the quarter immediately preceding the POR (*i.e.*, March 2016 through May 2016) should be used when conducting the cost test for pre-POR home market window sales. Under Commerce's normal practice, we calculate costs for all comparison market sales using only costs which were incurred during the POR.¹⁹ Absent persuasive evidence to the contrary,

¹⁴ See *CORE from India*.

¹⁵ In *Nails from Korea*, we found that quarterly costs were not warranted when significance was measured against the incorrect threshold for the review period of 25 percent. Thus, Commerce's finding in that case would have been the same regardless of whether the correct (37.5 percent) or incorrect (25 percent) threshold was used.

¹⁶ See *CORE from India*.

¹⁷ See *e.g.*, *CORE from India*; *Stainless Steel Sheet and Strip in Coils from Mexico: Final Results of Antidumping Duty Administrative Review*, 75 FR 6627 (February 10, 2010) (*SSSSC Mexico Final*) and accompanying IDM at Comment 6 and *Stainless-Steel Plate in Coils from Belgium: Final Results of Antidumping Duty Administrative Review*, 73 FR 75398 (December 11, 2008) (*SSPC Belgium Final*) and accompanying IDM at Comment 4.

¹⁸ 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 August 3, 2018, at Attachment 2.

¹⁹ See, *e.g.*, *Notice of Final Results of Antidumping Duty Administrative Review: Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products from Brazil*, 70 FR 58683 (October 7, 2005) and accompanying IDM at comment 4.

we make the reasonable assumption that POR costs are representative and can be used for all reported sales, including those made during the window periods (*i.e.*, three months prior to the first reported U.S. sale, and two months after the last U.S. sale).

According to Prosperity, Commerce will rely on pre-POR costs for purposes of the cost test for window period sales when information on the record establishes that the difference between the POR weighted-average costs and the pre-POR weighted-average costs is of a sufficient magnitude, as it did in *Welded Pipe from Turkey*. We disagree that it is appropriate in this case to segregate POR costs from pre-POR costs and effectively establish two cost reporting periods because the information necessary to analyze the appropriateness of such treatment and to make such a comparison is not on the record. Prosperity's reported pre-POR home market sales span six months, from December 2015 through May 2016.²⁰ However, the pre-POR costs that are on the record cover only the quarter which immediately precedes the POR,²¹ and as such we are unable to assess the difference in costs when comparing the entire pre-POR period with the POR. Further, under our normal practice of calculating weighted-average costs for the POI or POR, we have concerns that cost data covering a period of less than six months may not provide an accurate measure for testing whether pre-POR home market sales prices were above cost, given that those costs could reflect erratic production levels and improperly result in the exclusion of certain expenses that are only recorded sporadically during the year. These factors tend to smooth out over an extended period of time, thereby resulting in an average cost that reasonably reflects the cost of production for sales made throughout the period. The use of costs for a period which covers at least six months of data helps to mitigate our concerns regarding such fluctuations.^{22,23} Therefore, consistent with our normal practice, we continue to rely on Prosperity's reported POR-average costs in the sales-below-cost and cost recovery tests for all home market sales, including those in the window periods.

Yieh Phui/Synn takes issue with how Commerce has defined the POR quarters in its analysis of whether cost changes were significant during the June 2, 2016 through June 30, 2017 POR. According to Yieh Phui/Synn, a review of the cost databases that are constructed using the company's proposed POR quarters demonstrates that quarterly cost averaging periods are warranted in this review. In its January 2, 2018 section D response, Yieh Phui/Synn voluntarily submitted quarterly cost databases for Commerce's consideration in which the first quarter covered June 1, 2016 through June 30, 2016. Those quarterly cost files were subsequently updated in a July 10, 2018 supplemental response. Yieh Phui/Synn later submitted revised quarterly files on July 16, 2018, in response to our request that the quarters be structured so that the first quarter is comprised of the first three months (*i.e.*, June 1, 2016, through August 31,

²⁰ See letter from Prosperity, "Corrosion-Resistant Steel Products from Taiwan; Consolidated Supplemental Sections A-C Response," dated March 27, 2018 at Exhibit B-35.

²¹ See 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 at Exhibit D-50.

²² Section 773(b) of the Act states that Commerce will disregard sales made at less than the cost of production if such sales were made within an extended period of time in substantial quantities. The Act defines "extended period of time" as normally one year but not less than six months.

²³ In the *Welded Pipe from Turkey* case Prosperity cites, the respondent's cost data for the pre-POR period covered a full six months.

2016) of the POR as opposed to the first month only. For the *Preliminary Results*, Commerce relied on Yieh Phui/Synn's July 16, 2018 quarterly cost databases and determined that the cost changes during the POR did not meet our significance threshold for this review of 31.25 percent.²⁴

In determining whether a respondent experienced significant cost change, Commerce evaluates for the top sales CONNUMs the magnitude of change between the POI or POR quarters with the highest and lowest total cost of manufacturing. Where an administrative review period exceeds one year, Commerce defines the POR quarters in the same way it does for a 12-month reporting period (*i.e.*, where the first three months comprise the first quarter), regardless of whether the POR quarters conform to the calendar year quarters or to the respondent's fiscal year quarters. Defining the quarters in this manner provides a predictable and consistent approach for evaluating whether it is appropriate to depart from the normal methodology of relying on annual average costs. Further, it discourages parties from carving out the POR quarters in a manner that is most beneficial to them. In accordance with our past practice, we have analyzed significance based on the quarters as we normally would define them (*i.e.*, where the first three months of the POR comprise the first quarter). Consistent with the *Preliminary Results*, we do not find the cost changes during the POR to be significant when analyzing the July 16, 2018 cost data that conforms to Commerce's quarters. As such, the application of a quarterly costing methodology is not warranted with respect to Yieh Phui/Synn in this review. Additionally, it is worth noting that even were Commerce to evaluate significance using the July 10, 2018 cost files, which are based on Yieh Phui/Synn's proposed quarters, the top ten sales CONNUMs still do not exhibit significant cost change when measured against our threshold in this review.

In summary, we have evaluated what constitutes a significant cost change for Prosperity and for Yieh Phui/Synn based on an inflated threshold, in accordance with our normal practice in reviews which exceed one year. In determining whether cost changes during the POR were significant, we continue to rely on the quarters as we would normally define them, where the first three months comprise the first quarter. Based on our analysis, we find that our quarterly costing methodology is not warranted for either respondent in this review, and we have continued to use POR-average costs for purposes of the sales-below-cost and cost recovery tests.

Comment 2: Minor Corrections to Prosperity's *Preliminary Results*

Prosperity's Comments

- Commerce incorrectly merged two cost databases provided for Prosperity's main mill and service center. In so doing, Commerce omitted programming language needed to properly match the submitted cost of production with the corresponding cost element. This resulted in significant errors in the cost test where constructed value was selected as normal value. Commerce should either use the combined file provided by Prosperity, or properly combine the two databases by revising the programming language in the margin program.
- Commerce improperly excluded certain home market sales that were made during the window period. Prosperity explained that it reported U.S. sales whose entry dates fell during the POR; the first date of sale for these entries was March 2016. Commerce should

²⁴ See Memorandum, "Preliminary Results Margin Calculation for Yieh Phui Enterprise Co. Ltd./Synn Industrial Co., Ltd.," dated August 3, 2018, at Attachment 3.

therefore include home market sales that were made during the window period that begins in December 2015 and ends in August 2017.

- Commerce double-counted U.S. warranty expense (WARRU) as both a discount and a direct selling expense. Commerce should revise Prosperity's margin program to remove reference to WARRU when calculating either a discount or a direct selling expense to the U.S. price.

Commerce's Position: We have reviewed clerical error allegations made by Prosperity and made certain changes to Prosperity's home market and margin programs. Specifically, we agree with Prosperity that we made a clerical error in the margin program by double-counting warranty expenses incurred during the POR. Accordingly, we revised Prosperity's margin program by including warranty expenses as a direct selling expense.²⁵ With regard to assigning the correct window period for home market sales, our regulations provide that when applying the average-to-transaction method in a review, we define the window period as three months before the first, and two months after the last U.S. sale date.²⁶ Accordingly, we revised Prosperity's home market program to include home market sales whose date of sale fell between the window period that begins in December 2015 and ends in July 2017.²⁷ We also agree with Prosperity that we incorrectly merged the two cost databases provided for Prosperity's main mill and service center. Accordingly, we used Prosperity's merged database for the final determination.²⁸ Lastly, due to our decision to not apply the cost adjustment for scrap,²⁹ we did not make any adjustment to our calculation of the cost of production (COP).³⁰

Comment 3: Whether to Adjust Prosperity's Material Cost for Scrap

Prosperity's Comments

- In the *Preliminary Results*, Commerce adjusted the cost of manufacturing upward to account for the difference in the quantity of scrap produced and the quantity of scrap sold. Commerce based its adjustment on the value of the quantity of scrap sold by the service center, whereas the basis of the offset was calculated by Prosperity on the basis of scrap generated at the main mill.
- The quantity and value of scrap generated at the main mill and that sold by the service center differ as the service center purchased additional scrap from unaffiliated suppliers for resale. The exhibit relied upon by Commerce was used by Prosperity to tie the total value of scrap to the trial balance. Prosperity reported the quantity and value of scrap generated at the main mill as an offset to its cost of production. Because Prosperity reported a scrap offset based on scrap generated, Commerce's adjustment at the *Preliminary Results* was unwarranted and should be excluded in the final results.

No other parties commented on this issue.

²⁵ See Prosperity's Final Analysis Memorandum at Attachment 3.

²⁶ See 19 CFR 351.414(e) and (f).

²⁷ See Prosperity's Final Analysis Memorandum at Attachment 1.

²⁸ *Id.* at Attachment 1.

²⁹ See Comment 3; *see also* Prosperity's Final Analysis Memorandum at Attachment 1.

³⁰ See Prosperity's Final Analysis Memorandum at Attachment 1.

Commerce’s Position: We have reviewed the exhibits cited by Prosperity including both the cost reconciliation and the cost of goods sold (COGS) calculation. We find that Prosperity’s methodology appears reasonable and that Prosperity’s reported scrap offset is based on the quantity of scrap generated as opposed to the quantity of scrap sold. Thus, for these final results, we are reversing the scrap adjustment applied at the *Preliminary Results*.³¹

Comment 4: Whether to Grant Certain Post-Sale Price Adjustments to SYSCO

SYSCO’s Comments

- In the *Preliminary Results*, Commerce denied SYSCO’s rebates stating that SYSCO did not demonstrate that its terms and conditions were known to the customer at the time of the sale, as required by 19 CFR 351.401(c). SYSCO disagrees with this finding, arguing that Commerce should accept its rebates for these final results.
- SYSCO provided extensive explanations, with supporting documentation, of its various rebate programs to warrant the inclusion of its rebates in the margin calculations. If Commerce continues to find SYSCO’s rebates “insufficient,” then Commerce should articulate the factual basis for why SYSCO’s rebates were insufficient.
- SYSCO claims there is no strict legal requirement that Commerce only grant post-sale adjustments known to the customer at the time of sale. According to SYSCO, such a standard is contrary to numerous CIT cases, which rejected this standard as being inconsistent to the regulatory provisions that unambiguously required that rebates and other post-sale downward adjustments in home market prices that are reflected in the purchaser’s net outlay be reflected in Commerce’s calculation of normal value.³²
- Commerce’s amended regulations disregard these CIT cases that rejected Commerce’s practice of disallowing rebates. However, these amended regulations do not require Commerce to reject all rebates if the terms and conditions of those rebates were not known at or before the time of sale. Commerce specifically modified 19 CFR 351.401(c) to ensure that it maintained its discretion to accept certain post-sale price adjustments provided that the interested party can demonstrate its entitlement to such an adjustment.

U.S. Steel Comments

- Commerce should continue to deny SYSCO’s rebate adjustments.
- SYSCO ignores Commerce’s recent *Final Modifications* on price adjustments.³³ The CIT decisions cited by SYSCO have all been superseded by the *Final Modifications*. SYSCO has incorrectly applied an outdated legal framework to the facts of this record.
- Commerce’s rulemaking stated that it was “modifying 19 CFR 351.401(c) to clarify that the Department generally will not accept a price adjustment that is made after the time of

³¹ *Id.*

³² See e.g., *Prosperity Tieh Enterprise Co., Ltd. v. United States*, 284 F. Supp. 3d 1364 (CIT 2018). (*Prosperity Tieh*); *Papierfabrik August Koehler AG v. United States*, 971 F. Supp. 2d 1246 (CIT 2014) (*Koehler*); *Tension Steel Industries Co., Ltd. v. United States*, 179 F. Supp. 3d 1185 (CIT 2016) (*Tension Steel 2016*); *Tension Steel Industries Co., Ltd. v. United States*, 236 F. Supp. 3d 1361 (CIT 2017) (*Tension Steel 2017*).

³³ See *Modification of Regulations Regarding Price Adjustments in Antidumping Duty Proceedings*, 81 FR 15641 (March 24, 2018) (*Final Modifications*).

sale unless the interested party demonstrates, to the satisfaction of {Commerce}, its entitlement to such an adjustment.”³⁴ As the *Final Modifications* makes clear, Commerce exercised its discretion and expressed a preference for only granting price adjustments that were agreed to prior to a sale.

- Commerce’s practice under the *Final Modifications* has consistently supported on a case-by-case basis its preference for respondents to demonstrate that the rebate’s terms and conditions are established prior to the sale.
- SYSCO provided inadequate documentation supporting its rebates as required by the *Final Modifications*.

Commerce’s Position: For these final results, Commerce continues to exclude SYSCO’s rebate adjustments. Commerce’s regulations, at 19 CFR 351.401(c), direct it to “use a price that is net of any price adjustment, as defined in section 351.102(b), that is reasonably attributable to the subject merchandise or the foreign like product...” Under 19 CFR 351.102(b), the term “price adjustments” is defined to include rebates. Further, pursuant to 19 CFR 351.401(c), Commerce will deduct rebates from the starting price, where those rebates are known to the customer prior to the sale and are customer-specific.

SYSCO provided documentation that it alleges supports its rebate claims. SYSCO states that it offers four types of rebates: quantity rebate (REBATE1H); delivery rebate (REBATE2H); performance rebate (REBATE3H); and market fluctuation rebate (REBATE4H).

SYSCO stated that it “generally calculates and grants the quantity rebate (REBATE1H) and the delivery rebate (REBATE2H) on a monthly basis to those customers who accept the prices offered by SYSCO” and if “1) {the customer} makes payment before shipment of the ordered products and, 2) {the customer} takes shipment of the ordered products by the end of production month.”³⁵ To support its calculation of these rebates, SYSCO provided the following documents: voucher, list of quantity rebate by coil number, customer discount notice, discount/rebate certificate, and general ledger for the selected rebate.³⁶ SYSCO explained how it determined these rebates as follows:

SYSCO, normally holds an internal price planning meeting within the last week of each month to discuss pricing that SYSCO will offer to its customers for products sold in the next month. In addition to determining the base price of its products, SYSCO also determines the unit amount of each type of rebate that it is going to calculate for customers based on the purchase quantity of the next month by this customer. SYSCO also considers other market pricing trends in determining the unit amount of rebate of each type.³⁷

³⁴ *Id.*, 81 FR at 15644.

³⁵ See letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: 1st Supplemental Section ABCD Response,” dated April 11, 2018 (SYSCO’s April 11 SQR), at 30.

³⁶ See letter from SYSCO, “Corrosion-Resistant Steel Products from Taiwan: Section B Response,” dated January 3, 2018 (SYSCO’s January 3 IQR), at Exhibit B-15(2) and Exhibit B-16(2).

³⁷ See SYSCO’s April 11 SQR at 30.

SYSCO provided a “Request for Approval” for May 2017, that showed the monthly base prices and the determined rebates for that month.³⁸ Additionally, in its supplemental questionnaire response, SYSCO noted it:

does not provide formal written notification to its customers in advance for any type of rebate that SYSCO calculates internally for the amount of rebate that it might grant. Once SYSCO decides the amount of a rebate that it is going to grant to its customer, SYSCO issues the ‘certificate of discount/rebate’ indicating the amount of rebate to its customer for its review. After the customer stamps its company seal on the certificate, the sealed certificate is in turn sent back to SYSCO. SYSCO then makes the payment to such customer.³⁹

SYSCO states that its customers

were all long-standing customers for many years. Based on their long-standing commercial relationships and their consistent transactional history with SYSCO, SYSCO’s customers knew that they would receive some rebate amount if their purchase quantity was big enough. Although these customers are not provided a specific calculation formula by which SYSCO calculated the quantity rebate amounts actually granted in any particular month, SYSCO’s customers do have a general knowledge of the terms and conditions of this quantity rebate.⁴⁰

SYSCO cites to no record evidence that its customers knew they would receive rebates. While the record supports SYSCO’s claim that its customers did not know how their rebates were calculated, SYSCO provided no evidence that customers had a general knowledge of the terms and conditions of these rebates. Indeed, the record indicates that customers did not have such knowledge.⁴¹

SYSCO explained that it determined the performance rebate as follows: “{a}t the end of December, SYSCO’s salesperson in charge measures the total quantity of merchandise under review purchased by each domestic customer for the period of January through November in the same year to estimate the rebate payment that might be paid to the customer who achieves the quantity goal set up by SYSCO internally.”⁴² SYSCO provided similar documentation as it did for the other rebates, as well as government tax invoices, delivery lists, and bank statements.⁴³ SYSCO did not provide any documentation explaining the criteria it uses to determine whether a customer is eligible for this rebate, nor any formula explaining how it calculated this rebate, but again noted that “{n}ormally, SYSCO does not notify its customers of any type of rebate that it calculates internally or the amount that it might grant.”⁴⁴

³⁸ *Id.* at Exhibit SB-18.

³⁹ *Id.* at 31.

⁴⁰ *See* SYSCO Case Brief at 3.

⁴¹ *See* SYSCO’s April 11 SQR at 31.

⁴² *See* SYSCO’s January 3 IQR at 36.

⁴³ *Id.* at Exhibit B-17(2).

⁴⁴ *See* SYSCO’s April 11 SQR at 32.

The market fluctuation rebate granted by SYSCO was designed to provide additional support to SYSCO's domestic customers affected by adverse market fluctuations. This rebate is not regularly granted, "but instead is granted by SYSCO to certain customers that are confronted with special difficult circumstances that make it difficult for them to sell out the products purchased from SYSCO."⁴⁵ SYSCO provided documentation similar to the documentation provided for the other rebates.⁴⁶ SYSCO indicated the factors it considers when determining whether to grant this rebate, and provided a sample document indicating the base price and market fluctuation rebate for the sample month.⁴⁷ Consistent with its other rebates, SYSCO stated that it "normally does not notify its customers of any type of rebate that SYSCO calculates internally for the amount that it might grant."⁴⁸

As noted above, while SYSCO did provide explanation and documentation for each rebate supporting its claim that it does grant these rebates, SYSCO was unable to provide any evidence that demonstrates that its customers knew the specific terms and conditions of the rebate programs prior to receiving the rebate. Indeed, record evidence provided by SYSCO clearly indicates that, for each rebate, customers were not informed prior to receiving the rebates of any terms and conditions, or that they were even eligible for such rebates. Despite being asked to provide such information, SYSCO provided no documentation that its customers were aware of the terms and conditions for any of these rebates, which is consistent with SYSCO's statement that the rebates are either internally decided on a monthly basis, or are done on an *ad hoc* basis, and that customers are not provided with any specific details beyond "general knowledge." SYSCO did not provide any contracts or communication with its customers indicating that customers had knowledge of the terms and conditions of the rebates prior to the sale. As a result of the record stating that SYSCO's customers did not know the terms and conditions of the rebates, we have continued to disallow SYSCO's rebates for the final results, in accordance with our practice and 19 CFR 351.401(c).

U.S. Steel correctly argues that, while SYSCO's legal framework to establish that the price used for normal value under the statute will be a price that is "net of any price adjustment" as the phrase is defined in section 19 CFR 351.102(b), SYSCO completely ignores Commerce's *Final Modifications*. SYSCO disagrees that in order to grant a rebate offset, it must show that customers knew the terms and conditions of the rebates before the time of the sale. To bolster its arguments, SYSCO references several CIT cases that it argues "rejected such a standard as being inconsistent with the regulatory provisions that unambiguously required that rebates and other post-sale downward adjustments in home market prices that are reflected in the purchaser's net outlay be reflected in the Department's calculation of normal value."⁴⁹ SYSCO specifically noted that "{t}hese rebate terms and conditions identified in *Prosperity Tieh* are similar if not identical to those related to SYSCO's quantity rebate, delivery rebate, performance rebate."⁵⁰

⁴⁵ See SYSCO's January 3 IQR 36-37.

⁴⁶ *Id.* at Exhibit 18(2).

⁴⁷ See SYSCO's April 11 SQR at 32-33.

⁴⁸ *Id.* at 33.

⁴⁹ See SYSCO Case Brief at 6, referring to the following cases: *Prosperity Tieh*; *Koehler*; *Tension Steel 2016*; and *Tension Steel 2017*.

⁵⁰ *Id.*

However, what SYSCO fails to note, is that the decisions in these CIT cases related to proceedings prior to the issuance of the *Final Modifications* and are therefore not applicable to the legal framework underlying this proceeding.⁵¹ We disagree with SYSCO that the CIT cases cited apply to this administrative review. The referenced CIT cases cover the investigation of CORE from India, Italy, China, Korea and Taiwan, with a POI from April 1, 2014 through March 31, 2015. Thus, the period for which these decisions were made predates the establishment of the *Final Modifications* on March 24, 2016. Therefore, the regulatory language at issue in the CIT cases differs from the language at issue here. Indeed, as SYSCO notes, in *Prosperity Tieh*, the applicable regulation, 19 CFR 351.401(c), at that time “left no room for interpretation in requiring downward adjustments to the starting price for normal value for any ‘price adjustment’ made to the home market price of the foreign like product.”⁵² The *Final Modifications* specifically state they are “modifying 19 CFR 351.401(c) to clarify that {Commerce} generally will not accept a price adjustment that is made after the time of sale unless the interested party demonstrates, to the satisfaction of {Commerce}, its entitlement to such an adjustment.”⁵³ Commerce is exercising its discretion in this administrative review under the *Final Modifications* to scrutinize the rebates that are made after the time of the sale. There is no discrepancy on the record, and SYSCO has pointed to no evidence that customers were aware of the types of rebates offered, that they were eligible for such rebates, and the amount of the rebates granted.

Commerce’s rebate practice is discussed in the *Final Modifications*, which states that, since enacting the 1997 regulations:

{Commerce}t has consistently applied its practice of not granting price adjustments where the terms and conditions were not established and known to the customer at the time of sale (sometimes referred to as determining the “legitimacy” of a price adjustment) because of the potential for manipulation of the dumping margins through so-called “after-the-fact”, or post-sale, adjustments.⁵⁴

The *Final Modifications* clarified Commerce’s pre-existing practice concerning price adjustments, such as rebates. In the *Final Modifications*, we state that, in determining whether a party has demonstrated its entitlement to a rebate adjustment, Commerce may consider a number of factors including, among other things, whether the terms and conditions of the adjustment were established and/or known to the customer at the time of sale, and whether this can be demonstrated through documentation.

Although SYSCO argues that there is no strict legal requirement that Commerce grant only post-sale adjustments known to the customer at the time of sale, we do not find that this would prevent Commerce from disallowing post-sale price adjustments that are not known to the customer at the time of sale. To the contrary, the *Final Modifications* was aimed at preserving

⁵¹ SYSCO appears to acknowledge this concern, stating that, “{w}e note that the amended regulations allow the Department to disregard the CIT cases that rejected the Department’s practice of disallowing such rebates.” See SYSCO Case Brief at 8.

⁵² *Id.* at 7.

⁵³ *Id.*, referencing *Final Modifications*, 81 FR at 15644.

⁵⁴ See *Final Modifications*, 81 FR 15642.

Commerce's discretion to disallow exactly such adjustments. The *Final Modifications* states the following:

in determining whether a party has demonstrated its entitlement to such an adjustment, the Department may consider: (1) {w}hether the terms and conditions of the adjustment were *established and/or known to the customer at the time of the sale*, and *whether this can be demonstrated through documentation* (emphasis added).

Thus, this is one of several factors that Commerce considers in making a determination regarding whether “the interested party demonstrates, to the satisfaction of the Secretary, its entitlement to such an adjustment.” As noted above, SYSCO failed to demonstrate through documentation in its responses that its customers knew the terms and conditions of the rebates. In interpreting and applying the *Final Modifications*, Commerce has disallowed rebates when the terms and conditions were not set prior to the sale. For example, in *PET Film from India*, we stated that we were “not granting SRF’s REBATE3H as this post-sale price adjustment because no terms and conditions were set prior to sale and there were no other factors tending to reflect on the legitimacy of the claimed adjustment.”⁵⁵ In the same proceeding, we decided to grant a rebate to the other respondent because, in part, the company demonstrated that the terms of the rebate were “set prior to the sales.”⁵⁶

SYSCO has failed to provide any valid agreements or schedules of proposed rebates between SYSCO and its customers, as well as any record evidence that the customers were notified, or even aware, that such rebates would be issued to them based on their purchases. Therefore, Commerce is continuing to disallow SYSCO’s rebate adjustments because, based on the criteria in the *Final Modifications*, SYSCO has not demonstrated its entitlement to such adjustments.

Comment 5: Company-Specific Assessment Rate

TAI Comments

- Commerce should revise the draft liquidation instructions to provide a specific assessment rate for TAI because it is an importer of record during the POR.
- Commerce has the information on the record to calculate a rate for TAI’s entries.

No other parties commented on this issue.

⁵⁵ See *Polyethylene Terephthalate Film, Sheet, and Strip from India: Final Results of Antidumping Duty Administrative Review; 2015-2016*, 83 FR 6162 (February 13, 2018) and accompanying IDM at Comment 2; see also *Certain Tapered Roller Bearings from the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 83 FR 29092 (June 22, 2018) and accompanying IDM at Comment 11; and *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico: Final Determination of Sales at Less Than Fair Value*, 81 FR 47352 (July 21, 2016) and accompanying IDM at Comment 2.

⁵⁶ *Id.* See also *Certain Carbon and Alloy Steel Cut-To-Length Plate from Taiwan: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances*, 82 FR 16372 (April 4, 2017), and accompanying IDM at Comment 8 (where we did not grant a post-sale adjustment because “{r}ecord evidence also indicates that neither the actual rebates, nor the prices on which the actual rebates are based, are set or known by the customer until after the end of the quarter in which the sales occur.”).

Commerce's Position: Commerce has revised the liquidation instructions to provide a specific assessment rate for TAI. The record evidence, which is proprietary in nature, clearly supports TAI's claim that it is an importer of record with entries of subject merchandise.⁵⁷

Comment 6: Whether to Apply Partial Facts Available to Calculate the Indirect Selling Expenses of SYSCO's Affiliated Reseller

U.S. Steel Comments

- Commerce's practice dictates the inclusion of all general and administrative (G&A) expenses incurred by an affiliated reseller as part of selling expenses.
- SYSCO's affiliated reseller only provided a portion of its financial statements, despite Commerce's request for complete financial statements. This excerpt does not allow Commerce to identify all line items that are properly listed as part of G&A, as full financial statements would.
- Due to this gap in the record, Commerce should apply partial facts available to calculate the indirect selling expense ratio of SYSCO's affiliated reseller.

SYSCO's Comments

- SYSCO's affiliated reseller provided the only unconsolidated financial statements that exist in the normal course of business, *i.e.*, the income statement.
- SYSCO fully answered Commerce's questions and provided all requested information such that the use of facts otherwise available is unnecessary and unwarranted.
- Applying partial facts available would double-count selling and administrative expenses, interest expenses, and other expenses.

Commerce's Position: We are not applying facts available to SYSCO's indirect selling expense (INDIRSU) and are continuing to use record information to calculate INDIRSU. We have revised the indirect selling expense ratio for SYSCO's affiliated reseller, Company X, to incorporate an amount that was not included in the *Preliminary Results*.⁵⁸

Company X provided complete consolidated financial statements, which includes its own financial information, as well as financial information of certain affiliates and subsidiaries. After the *Preliminary Results*, as requested by Commerce, Company X provided its unconsolidated financial statements. In its response, Company X stated that it considered its income statement to be its unconsolidated financial statements that it maintains in its normal course of business.⁵⁹

The record indicates that the only unconsolidated financial statements that Company X maintains in the normal course of business is its income statement. The petitioners have not provided any record evidence that Company X, in its normal course of business, maintains other financial statements (*i.e.*, balance sheet, shareholder's equity, and cash flow) or notes to its unconsolidated

⁵⁷ See TAI Case Brief at 2, citing to the record where this proprietary information is submitted.

⁵⁸ The name of SYSCO's affiliated reseller is proprietary. Commerce will refer to this company as "Company X." For detailed calculations of this revision, see SYSCO's Final Analysis Memorandum.

⁵⁹ See Letter from SYSCO, "Corrosion-Resistant Steel Products from Taiwan: August 6, 2018 Supplemental Section ABCD Response," dated August 24, 2018, at Attachment A at 3.

financial statements. Additionally, Commerce did not request unconsolidated financial statements from Company X's affiliates or subsidiaries. As SYSCO notes, Company X provided only its unconsolidated financial statements as requested by Commerce.⁶⁰ Company X therefore acted to the best of its ability in providing information to Commerce. Thus, we find that facts available are not warranted.

Lastly, as noted by SYSCO, there is a line item at Company X's sales office level income statement that could be incorporated into the office's INDIRSU ratio.⁶¹ The nature of this line item is proprietary, but Commerce finds it appropriate to adjust the INDIRSU ratio for Company X's sales office to include this line item amount.⁶²

Comment 7: Correct Conversion of SYSCO's Commission

U.S. Steel Comments

- Commerce improperly converted SYSCO's reported commissions variable (COMMU) in the margin calculations and should correct the margin program.
- SYSCO's commission expense was reported in mixed currency. Commerce incorrectly treated this variable's currency as New Taiwan dollar (NTD) only.

No other parties commented on this issue.

Commerce's Position: We have revised SYSCO's U.S. commissions to correct for the fact that this variable was reported in multiple currencies, U.S. dollar (USD) and NTD, and not only NTD, as was done in the *Preliminary Results*. In its April 11, 2018 supplemental questionnaire response, SYSCO stated that it had two selling agents, and that it paid those agents in USD and NTD.⁶³ SYSCO reported the commissions it paid in the COMMU variable, and added a variable, "Commission Currency" or "CURRCOM" to identify the currency in which the commission was incurred. Thus, we have converted COMMU to USD where the reported commissions expense is in NTD, as indicated by the CURRCOM variable.⁶⁴

Comment 8: Corrections to Yieh Phui/Synn's Preliminary Results

Petitioners' Comments

- Yieh Phui reported costs on a per kilogram basis, but it reported sales on a per metric ton basis. Therefore, Commerce should convert reported costs to a per metric ton basis.
- The window period for home market sales should include three calendar months prior to the date of the first U.S. sale and two calendar months after the last U.S. sale, in accordance with 19 CFR 351.414(f).

No other parties commented on this issue.

⁶⁰ See SYSCO's Rebuttal Brief at 7.

⁶¹ *Id.* at 10.

⁶² For a discussion of the basis for this adjustment, see SYSCO's Final Analysis Memorandum.

⁶³ See SYSCO's April 11 SQR at 44.

⁶⁴ See SYSCO's Final Analysis Memorandum.

Commerce's Position: We agree that we made these errors in the margin calculations for the *Preliminary Results* and have corrected them as described above for these final results.⁶⁵

Comment 9: Yieh Phui/Synn's Correct Date of Sale

Yieh Phui/Synn's Comments

- Commerce should correct a ministerial error made with respect to Yieh Phui's U.S. date of sale. Commerce should use the reported variable "SALEDATU" as the date of sale in its margin calculations rather than "SALINDTU."

No other parties commented on this issue.

Commerce's Position: We agree with Yieh Phui/Synn, that in the *Preliminary Results* margin calculations, we inadvertently used the variable "SALINDTU" rather than the correct variable, SALEDATU, for the date of sale. We have revised our margin calculations for these final results accordingly, as described above.

VI. Recommendation

Based on our analysis of the comments received, we recommend adopting the above position. If this recommendation is accepted, we will publish the final results of this review and the final dumping margins for all the reviewed companies in the *Federal Register*.



Agree



Disagree

12/10/2018

X



Signed by: GARY TAVERMAN

Gary Taverman

Deputy Assistant Secretary

for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

⁶⁵ See Yieh Phui/Synn Final Analysis Memorandum.