



A-583-854

POR: 07/01/2016-06/30/2017

Public Document

AD/CVD OVI: CSimonovich, SHoefke

March 15, 2019

MEMORANDUM TO: Christian Marsh
Deputy 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 the
2016-2017 Administrative Review of the Antidumping Duty Order
on Certain Steel Nails from Taiwan

I. SUMMARY

The Department of Commerce (Commerce) has analyzed the comments submitted by the interested parties in the administrative review of the antidumping duty (AD) order on certain steel nails from Taiwan covering the period of review (POR) July 1, 2016 to June 30, 2017. The review covers mandatory respondents Bonuts Hardware Logistic Co., Ltd.¹ (Bonuts); PT Enterprise, Inc. (PT) and its affiliated producer Pro-Team Coil Nail Enterprise, Inc. (Pro-Team) (collectively, PT/Pro-Team); and Unicatch Industrial Co. Ltd. and its affiliated U.S. reseller, TC International, Inc. (TC) (collectively, Unicatch). Based upon our analysis of the comments received, we made changes from the *Preliminary Results*² with adjustments to the constructed value calculation and the antidumping margin programs for PT/Pro-Team and Unicatch for these final results. We recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum.

¹ Commerce initiated a review of Bonuts Hardware Logistic Co., Ltd., but has referred to the company as Bonuts Hardware Logistics Co., LLC and Bonuts Logistics LLC at different times during this segment of the proceeding in error.

² See *Certain Steel Nails from Taiwan: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Administrative Review; 2016-2017*, 83 FR 39675 (August 10, 2018) (*Preliminary Results*) and accompanying Preliminary Decision Memorandum.



II. LIST OF ISSUES

A. General Issues

Comment 1: Constructed Value (CV) Profit – Financial Statements

Comment 2: CV Profit – Calculation Adjustments

B. PT/Pro-Team Issues

Comment 3: Transactions Disregarded Adjustment for Pro-Team’s Factory Overhead

Comment 4: Tollers

C. Unicatch Issues

Comment 5: Inclusion of Verification Corrections

Comment 6: Scrap Offset

Comment 7: Cost of Production

Comment 8: Imputed Interest

Comment 9: Freight Revenue

Comment 10: Commissions

Comment 11: TC’s U.S. Commissions

Comment 12: U.S. Warehousing Expenses

Comment 13: Programming Errors

III. BACKGROUND

On August 10, 2018, Commerce published the *Preliminary Results* of this administrative review.³ In accordance with 19 CFR 351.309(c), we invited interested parties to comment on the *Preliminary Results*.⁴ On September 10, 2018, Mid Continent Steel & Wire, Inc. (the petitioner) requested a hearing.⁵ Between October 2, 2018, and October 4, 2018, we conducted a verification of the sales and cost information submitted by Unicatch for its affiliated U.S. reseller, TC International, Inc., in Whittier, California.⁶

On December 3, 2018, the petitioner and Unicatch timely filed case briefs.⁷ On December 10, 2018, the petitioner, PT/Pro-Team, and Unicatch timely filed rebuttal briefs.⁸ On December 12, 2018, the petitioner withdrew its hearing request.⁹

³ See *Preliminary Results*, 83 FR at 39675.

⁴ *Id.*, 83 FR at 39676-39677.

⁵ See Petitioner’s September 10, 2018 Request for Hearing.

⁶ See Memorandum, “CEP Verification of the Sales Response of Unicatch Industrial Co., Ltd. in the 16/17 Administrative Review of Nails from Taiwan,” dated November 26, 2018.

⁷ See Petitioner’s December 3, 2018 Case Brief (Petitioner’s Case Brief); and Unicatch’s December 3, 2018 Case Brief (Unicatch’s Case Brief).

⁸ See PT/Pro-Team’s and Unicatch’s December 10, 2018 Rebuttal Brief (Respondents’ Rebuttal Case Brief).

⁹ See Petitioner’s December 12, 2018 Withdrawal of Hearing Request.

On December 10, 2018, Commerce extended the deadline for the final results of this administrative review, until January 24, 2019.¹⁰ Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018, through the resumption of operations on January 29, 2019.¹¹ If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day. On February 28, 2019, Commerce extended the deadline for the final results of this administrative review, until March 15, 2019.¹²

Commerce conducted this administrative review in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act).

IV. SCOPE OF THE ORDER

The merchandise covered by this order are certain steel nails having a nominal shaft length not exceeding 12 inches.¹³ Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material.

Excluded from the scope of the order are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25, unless otherwise excluded based on the other exclusions below.

¹⁰ See Memorandum, "Certain Steel Nails from Taiwan: Extension of Deadline for Final Results of Antidumping Duty Administrative Review; 2016-2017," dated December 10, 2018.

¹¹ See Memorandum to the Record from 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, "Deadlines Affected by the Partial Shutdown of the Federal Government," dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days.

¹² See Memorandum, "Certain Steel Nails from Taiwan: Extension of Deadline for Final Results of Antidumping Duty Administrative Review; 2016-2017," dated February 28, 2019.

¹³ The shaft length of certain steel nails with flat heads or parallel shoulders under the head shall be measured from under the head or shoulder to the tip of the point. The shaft length of all other certain steel nails shall be measured overall.

Also, excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings: 1) builders' joinery and carpentry of wood that are classifiable as windows, French windows and their frames; 2) builders' joinery and carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture (other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (e.g., furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

Also, excluded from the scope of the order are steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).

Also, excluded from the scope of the order are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under HTSUS subheadings 7317.00.20.00 and 7317.00.30.00.

Also, excluded from the scope of the order are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.

Also, excluded from the scope of the order are corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.

Also, excluded from the scope of the order are thumb tacks, which are currently classified under HTSUS subheading 7317.00.10.00.

Certain steel nails subject to the order are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to the order also may be classified under HTSUS subheadings 7907.00.60.00, 8206.00.00.00 or other HTSUS subheadings.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

V. DUTY ABSORPTION

In the *Preliminary Results*, Commerce made a preliminary determination to not examine duty absorption for PT/Pro-Team's and Unicatch's export price (EP) sales, and preliminarily found that Unicatch absorbed antidumping duties for its constructed export price (CEP) sales during the instant POR.¹⁴ For these final results, no party filed comments on this issue and, therefore, we have made no changes to our *Preliminary Results* with respect to duty absorption.¹⁵

VI. DISCUSSION OF THE ISSUES

A. General Issues

Comment 1: Constructed Value (CV) Profit – Financial Statements

The Petitioner's Comments:¹⁶

- Commerce should not use the financial statements of Chun Yu Work and Co., Ltd. (Chun Yu) because Chun Yu is not predominantly a nail producer and its financial statements lack segment reporting (*i.e.*, the countries to which Chun Yu sales are made).
- Commerce should not use the financial statements of Chun Yu or OFCO Industrial Corp. (OFCO) because these financial statements do not appear to be fully translated due to page numbering issues.
- Commerce should also not use OFCO's financial statements because its domestic sales represent less than one percent of its total sales.
- Commerce should not use the financial statements of Sheh Fung Screws Co. Ltd. (Sheh Fung) because Sheh Fung's biggest geographical segment is the United States, and its percentage of domestic sales is minor.
- In its Preliminary Decision Memorandum, Commerce properly determined to not use the financial statements of Quintain Steel Co., Ltd. (Quintain) because its sales of products comparable to nails represented a minor percentage the company's total sales.
- Commerce should rely on the financial statements of Astrotech Steels Private Limited (Astrotech) because Astrotech is primarily a producer of steel nails and Astrotech's profitability best approximates respondents' profit experience.
- If Commerce continues to rely on Sheh Fung's financial statements, then it should also use the financial statements of Sumeeko Industries Co. Ltd. (Sumeeko) because both companies' largest segments are the U.S. market. Sumeeko is a viable source of constructed value and indirect selling expenses data.

¹⁴ See *Preliminary Results* and accompanying Preliminary Decision Memorandum at 5-7.

¹⁵ *Id.*

¹⁶ See Petitioner's Case Brief at 3-14.

Respondents' Rebuttal Comments:¹⁷

- Commerce should continue use the financial statements of Chun Yu, OFCO, and Sheh Fung for the final results because each fulfills the established criteria for surrogate constructed value financial statements, unlike Astrotech and Sumeeko.
- Chun Yu's and OFCO's financial statements are fully translated, and certain incorrect numbering of pages in the English translation are minor and not substantive.
- Commerce should continue to use Sheh Fung's financial statements because it is suitable for computing the constructed value ratio for profit.
- Commerce should not use Astrotech's financial statements because data published by Import Genius and Datamyne, and the 2016-2017 AD review of nails from Oman regarding Astrotech's 2016-2017 financial statements, confirm that it exports predominantly to the U.S. market, *i.e.*, 80 percent of value of Astrotech's revenue for 2016 is from sales of nails to the US.¹⁸ This review's record contains all of the underlying documents that formed the basis for our decision in the 2016 final results of the 2016 review of nails from Oman.
- Sumeeko's financial statement is unsuitable because it produces non-comparable merchandise and exports predominantly to the U.S. market.
- If Commerce does not choose the financial statements of Chun Yu, OFCO, Sheh Fung, Sumeeko, or Astrotech, the record contains multiple suitable nail producer's financial statements from India, Thailand, Japan, Canada, and Czechoslovakia as viable alternatives.

Commerce Position:

For the *Preliminary Results*, in calculating CV profit and selling expenses for Unicatch and PT/Pro-Team under section 773(e)(2)(B)(iii) of the Act, Commerce used the 2016 audited financial statements of Chun Yu, OFCO, and Sheh Fung.¹⁹ After considering the record evidence and the arguments in the parties' case and rebuttal briefs, for these final results, we continue to find that Chun Yu's, OFCO's, and Sheh Fung's audited financial statements constitute the best information on the record of this proceeding for calculating CV profit and selling expenses.

As noted in the *Preliminary Results*, Unicatch and PT/Pro-Team did not have viable home or third-country markets during the POR.²⁰ When home or third-country market sales are unavailable to serve as a basis for normal value, normal value must be based on constructed value.²¹ Likewise, absent a viable home or third-country market, we are unable to calculate CV profit and selling expenses using the preferred method under section 773(e)(2)(A) of the Act, *i.e.*,

¹⁷ See Respondents' Rebuttal Case Brief at 3-26.

¹⁸ *Id.* at 18-20, citing *Certain Steel Nails from the Sultanate of Oman: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review; 2016-2017*, 83 FR 22246 (May 14, 2018) and accompanying Preliminary Decision Memorandum.

¹⁹ See *Preliminary Results* and accompanying Preliminary Decision Memorandum at 15-17.

²⁰ *Id.* at 14-15.

²¹ See section 773(a)(4) of the Act.

based on the respondent's own home market or third country sales made in the ordinary course of trade.

In situations where Commerce cannot calculate CV profit under section 773(e)(2)(A) of the Act, section 773(e)(2)(B) of the Act sets forth three alternatives:

- (i) the actual amounts incurred and realized by the specific exporter or producer being examined in the investigation or review...for profits, in connection with the production and sale, for consumption in the foreign country, of merchandise that is in the same general category of products as the subject merchandise;
- (ii) the weighted average of the actual amounts incurred and realized by exporters or producers that are subject to the investigation or review (other than the exporter or producer described in clause (i))... for profits, in connection with the production and sale of a foreign like product, in the ordinary course of trade, for consumption in the foreign country; or
- (iii) the amounts incurred and realized...for profits, based on any other reasonable method, except that the amount allowed for profit may not exceed the amount normally realized by exporters or producers (other than the exporter or producer described in clause (i)) in connection with the sale, for consumption in the foreign country, of merchandise that is in the same general category of products as the subject merchandise.

The statute does not establish a hierarchy for selecting among the alternatives for calculating CV profit.²² Moreover, as noted in the Statement of Administrative Action (SAA), “the selection of an alternative will be made on a case- by-case basis, and will depend, to an extent, on available data.”²³ Thus, Commerce has discretion to select from any of the three alternative methods, depending on the information available on the record. With regard to section 773(e)(2)(B)(i) of the Act, we note that PT/Pro-Team and Unicatch sold only a very small amount of non-subject nails in the home market during the POR.²⁴ Therefore, in the *Preliminary Results* we determined that PT/Pro-Team's and Unicatch's own home market sales of the general category of merchandise do not constitute a proper basis for CV profit and selling expenses.²⁵ Further, we continue to find that we cannot calculate CV profit and selling expenses based on alternative (ii), *i.e.*, the profit for other exporters or producers subject to the investigation, because PT/Pro-Team and Unicatch are the only individually examined respondents participating in this proceeding,

²² See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol 1 (1994), *reprinted in* 1994 U.S.C.A.N. 4040 *et seq.*, at 840 (SAA) (“At the outset, it should be emphasized, consistent with the Antidumping Agreement, new section 773(e)(2)(B) does not establish a hierarchy or preference among these alternative methods. Further, no one approach is necessarily appropriate for use in all cases.”).

²³ See SAA at 840.

²⁴ See PT/Pro-Team's January 9, 2018, Section A Response, at 3 and Exhibit A-1; *see also* Unicatch's January 9, 2018 Section A Response, at 2-3 and Exhibit A-1.

²⁵ See *Preliminary Results* and accompany Preliminary Decision Memorandum at 15-16.

and neither had viable home markets.²⁶ Therefore, we are left with the available alternatives under option (iii), *i.e.*, any other reasonable method.

The record of this proceeding contains various alternative sources for CV profit and selling expenses under section 773(e)(2)(B)(iii), which were detailed in the *Preliminary Results*.²⁷ Interested parties have made arguments for these final results concerning the following financial statements on the record of this proceeding: 1) the 2016 financial statements for Chun Yu, a Taiwanese producer of screws and fasteners;²⁸ 2) the 2016 financial statements for OFCO, a Taiwanese producer of screws and fasteners;²⁹ 3) the 2016 financial statements for Sheh Fung, a Taiwanese producer of screws and fasteners;³⁰ 4) 2016 financial statements for Sumeeko, a Taiwanese producer of screws, bolts and other fasteners;³¹ and 5) the 2016-2017 financial statements of Astrotech, an Indian producer of nails and nail products.³²

In evaluating each of the available alternatives under subsection (iii), we followed the analysis established in *Pure Magnesium from Israel*.³³ In *Pure Magnesium from Israel*, Commerce set out three criteria for choosing among surrogate data under section 773(e)(2)(B)(iii) of the Act: 1) the similarity of the potential surrogate companies' business operations and products to the respondent's business operations and products; 2) the extent to which the financial data of the surrogate company reflects sales in the home market and does not reflect sales to the United States; and 3) the contemporaneity of the data to the POR.³⁴ In *CTVs from Malaysia*, Commerce added a fourth criterion, which is the extent to which the customer base of the surrogate and the respondent were similar (*e.g.*, original equipment manufacturers versus retailers).³⁵ These four criteria have been followed in subsequent cases to assess the appropriateness of using various financial statements on the record of a given case under subsection (iii).³⁶

In weighing the available information and determining which source to use under subsection (iii), we first considered which of the proposed companies produce products that are either identical or comparable to the subject merchandise. We find that all five of the companies for

²⁶ See PT/Pro-Team's January 9, 2018, Section A Response, at 3 and Exhibit A-1; *see also* Unicatch's January 9, 2018 Section A Response, at 2-3 and Exhibit A-1.

²⁷ See *Preliminary Results* and accompanying Preliminary Decision Memorandum. at 15-17.

²⁸ See Respondents' June 10, 2018 CV Profit Submission (Respondents' CV Profit Submission) at Exhibit 13.

²⁹ *Id.* at Exhibit 14.

³⁰ *Id.* at Exhibit 15.

³¹ See Petitioner's June 29, 2018 CV Profit Submission (Petitioner's CV Profit Submission) at Exhibit 2.

³² *Id.* at Exhibit 6.

³³ See *Notice of Final Determination of Sales at Less Than Fair Value: Pure Magnesium from Israel*, 66 FR 49349 (Sept. 27, 2001) (*Pure Magnesium from Israel*) and accompanying Issues and Decision Memorandum at Comment 8.

³⁴ *Id.*

³⁵ See *Notice of Final Determination of Sales at Not Less Than Fair Value: Certain Color Television Receivers from Malaysia*, 69 FR 20592 (April 16, 2004) (*CTVs from Malaysia*) and accompanying Issues and Decision Memorandum at Comment 26.

³⁶ See, *e.g.*, *Certain Oil Country Tubular Goods from the Republic of Korea: Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances*, 79 FR 41983 (July 18, 2014) (*OCTG from Korea*) and accompanying Issues and Decision Memorandum at Comment 1.

which interested parties provided arguments for the final results produced identical or comparable merchandise.

The financial statements on the record for Astrotech, a company located in India, show that the company produces nails and nail products that could be considered to be identical merchandise.³⁷ However, evidence on the record from third party export data (*i.e.*, Import Genius and Datamyne) shows that approximately 80 percent of the value Astrotech's revenue for 2016 is from sales of nails to the United States.³⁸ It is Commerce's practice to exclude financial statements that have sales predominately or exclusively to the U.S. market when useable alternatives are available.³⁹ Because Astrotech is a producer located outside of Taiwan and useable information from Taiwan is readily available on the record, and because Astrotech's sales are predominately to the U.S. market, we have excluded the Astrotech financial statements from consideration as a data source for the calculation of CV profit and selling expenses for the final results, which is consistent with Commerce's decision in *Nails from Oman*.⁴⁰

In the *Preliminary Results*, we excluded the financial statements of Sumeeko from consideration due to the fact that its sales were predominately to the United States.⁴¹ The petitioner asserts that if we continue to use the financial statements of Sheh Fung in the final results, that we should also use the financial statements of Sumeeko.⁴² We disagree because, as explained in the *Preliminary Results*, more than 50 percent of Sumeeko's sales are to the United States,⁴³ and – as discussed above – it is Commerce's practice to exclude financial statements that have sales predominately or exclusively to the U.S. market when useable alternatives are available, as we have here.⁴⁴

Conversely, we find that Sheh Fung's sales were not predominately to the United States since Sheh Fung's financial statements indicate that its U.S. sales are approximately a third of its total sales.⁴⁵ We disagree with the petitioner's argument that Sheh Fung's financial statements are unusable solely because its home market sales are a small segment of its total sales.⁴⁶ Commerce evaluates the usability of financial statements with respect to home market sales on a case

³⁷ See Petitioner's CV Profit Submission at Exhibit 1.

³⁸ See PT/Pro-Team and Unicatch July 10, 2018 Rebuttal Factual Information for CV Profit and Selling Expenses (Respondents' Rebuttal CV Information), at Exhibit 3 and 4.

³⁹ See *Pure Magnesium from Israel* and accompanying Issues and Decision Memorandum at Comment 8.

⁴⁰ See *Certain Steel Nails from the Sultanate of Oman: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review; 2016-2017*, 83 FR 22246 (May 14, 2018) and accompanying Preliminary Decision Memorandum, at 14, unchanged in *Certain Steel Nails from the Sultanate of Oman: Final Results of Antidumping Duty Administrative Review; 2016-2017*, 83 FR 58231 (November 19, 2018) (*Nails from Oman*) and accompanying Issues and Decisions Memorandum at Comment 1.

⁴¹ See *Preliminary Results* and accompanying Preliminary Decision Memorandum at 16.

⁴² See Petitioner's Case Brief.

⁴³ See *Preliminary Results* and accompanying Preliminary Decision Memorandum at 16; see also Petitioner's June 29, 2018 CV Profit Submission at Exhibit 3.

⁴⁴ See *Pure Magnesium from Israel* and accompanying Issues and Decision Memorandum at Comment 8.

⁴⁵ See Respondents' CV Profit Submission at Exhibit 13.

⁴⁶ See Petitioner's Case Brief at 8-9.

specific basis.⁴⁷ After such consideration, we continue to find that Sheh Fung's financial statements meet the selection criteria described above. Sheh Fung produces screws and other fasteners, which Commerce has previously found are comparable merchandise.⁴⁸ Accordingly, Sheh Fung's financial statements reflect production of comparable merchandise in Taiwan and, as such, are useable financial statements of a Taiwanese producer of identical or comparable merchandise available on the record for the calculation of CV profit and selling expenses.

Regarding OFCO, for similar reasons, we disagree with petitioner's argument that OFCO's financial statements are unusable solely because its home market sales are a small segment of its total sales, and we continue to find that OFCO's financial statements meet the selection criteria described above. OFCO's financial statements reflect production of comparable merchandise in Taiwan and, as such, are useable financial statements of a Taiwanese producer of identical or comparable merchandise available on the record for the calculation of CV profit and selling expenses. Regarding the petitioner's argument that OFCO's financial statements are not fully translated,⁴⁹ we disagree. We find that while OFCO's financial statement have page numbering issues and page alignment issues, after a line-by-line comparison of the untranslated and translated versions, we find no evidence of missing information or untranslated portions. Therefore, we find that, despite the pagination issues raised by the petitioner, OFCO's financial statements are complete and usable for the final results.

Regarding Chun Yu, for similar reasons, we disagree with the petitioner and find that Chun Yu's financial statements are fully translated. We find that Chun Yu's financial statements have page numbering issues and page alignment issues, but after a line-by-line comparison of the untranslated and translated versions, we find no evidence of missing information or untranslated portions. Additionally, we note that Chun Yu produces screws and other fasteners, which Commerce has previously found are comparable merchandise.⁵⁰ Accordingly, Chun Yu's financial statements reflect producers of comparable merchandise in Taiwan and, as such, represent useable financial statements of a Taiwanese producer of identical or comparable merchandise available on the record for the calculation of CV profit and selling expenses.

In summary, for these final results, after considering record evidence and the arguments raised in the parties' case and rebuttal briefs, we have continued to calculate CV profit and selling expenses using the 2016 audited financial statements of Chun Yu, OFCO, and Sheh Fung as they are the best available information on the record.

⁴⁷ See e.g., *Certain Oil Country Tubular Goods from the Republic of Korea: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2015-2016*, 83 FR 17146 (April 18, 2018) and accompanying Issues and Decisions Memorandum at Comment 7.

⁴⁸ See *Certain Steel Nails from Taiwan: Final Determination of Sales at Less Than Fair Value*, 80 FR 28959 (May 20, 2015) and accompanying Issues and Decisions Memorandum at Comment 1.

⁴⁹ See Petitioner's Case Brief at 9.

⁵⁰ See *Certain Steel Nails from Taiwan: Final Determination of Sales at Less Than Fair Value*, 80 FR 28959 (May 20, 2015) and accompanying Issues and Decisions Memorandum at Comment 1.

Comment 2: CV Profit – Calculation Adjustments

The Petitioner's Comments:⁵¹

- If Commerce continues to use Chun Yu's financial statements in the final results, it should make the following adjustments to the calculation of CV ratios:
 - "Net Profit Before Tax" should be used for calculation of profit instead of "Total Consolidated profit/loss of the current period."
 - "Unrealized evaluation profit/loss on available-for-sale financial assets" should not be included in "General and Administrative (G&A) and Interest" because it is unrelated to the actual costs and expenses of the company.
 - The "Inventory Loss" credit was excluded when it should be included in the "Change in Inventory" column.
- If Commerce continues to use Sheh Fung's financial statements in the final results, it should make the following adjustments to the calculation of CV ratios:
 - "Direct Raw Material" is double-counted in "Raw Materials" and should be excluded.
 - "Net loss on financial liability at fair value through profit and loss" should be an adjustment to profit, as it relates to investment activity.
 - "Gain on disposal of property, plant, and equipment" should be included in G&A.
 - "Profit/loss amount of the subsidiaries and the related parties using equity method" should be included as an adjustment to profit.
- If Commerce uses Quintain Steel's financial statements in the final results, then "Compensation Income" should be included in G&A expenses.
- Commerce incorrectly referenced "Page 29 of Sheh Fung's Financial Statements, Exhibit 14 of PT/Unicatch's April 13, 2017, submission" when it should have been a reference to page 31 of Exhibit 13 B of Respondents June 15, 2018 submission.

Respondents' Rebuttal Comments:⁵²

- Commerce should modify Chun Yu's "Net Profit Before Tax" ratio computation because there are itemized line items that are related to and affect the cost of goods sold. Not including these line items would result in a distorted ratio.
 - Line item "Consolidated profit/loss amount of the subsidiaries, the related parties and the joint ventures using equity method – items that will not be reclassified to profit/loss," should offset profit because losses incurred by its affiliate affect total cost of production and total cost of goods sold.
 - Line item "Consolidated profit/loss amount of the subsidiaries, the related parties and the joint ventures using equity method – items that will not be reclassified to profit/loss," should offset profit because losses incurred by its affiliate affect total cost of production and total cost of goods sold.

⁵¹ See Petitioner's Case Brief at 7-8, and 10.

⁵² See Respondents' Rebuttal Case Brief at 8-13, and 16-17.

- Line item “Exchange difference of the financial statements made by the foreign operation agency,” should offset profit because it is Commerce’s well-established practice to include losses incurred on exchange rate differences in the of exports to foreign countries in G&A, and consequently “net profit before tax.”⁵³
 - “Unrealized evaluation profit/loss on available-for-sale financial Assets,” should be excluded from the ratio calculation because record evidence shows that it is from a different line of business.⁵⁴
- The petitioner’s requested adjustments to Sheh Fung’s financial statement calculations are generally without merit:
 - “Direct Raw Material” is indeed double-counted in “Raw Materials” and should be excluded.
 - “Net loss on financial liability at fair value through profit and loss” is part of the general operations of the company, as there are other separate line items related to investment activity.
 - “Gain on disposal of property, plant, and equipment” should not be included in G&A, because it is not possible to segregate gains from property and plant & equipment.
 - “Profit/loss amount of the subsidiaries and the related parties using equity method” should be included because the financial statements are on a comprehensive basis.
- Commerce did not err in its citation to “Page 29 of Sheh Fung’s Financial Statements, Exhibit 14 of PT/Unicatch’s April 13, 2017, submission.” It relied on the best information available and should add the document that was cited to the record for completeness.

Commerce Position:

In the *Preliminary Results*, we calculated CV profit under section 773(e)(2)(B)(iii) of the Act, *i.e.*, based on any other reasonable method, using a simple average of the net profit from three financial statements that were placed on the record of this administrative review – Chun Yu, OFCO, and Sheh Fung.⁵⁵ For these final results, we have reviewed our CV profit calculation in light of the comments received, and, as a result, we have made certain adjustments to our calculations.

We agree with the petitioner that we should use “Net Profit Before Tax” for our calculation of Chun Yu’s CV profit ratios instead of “Total Consolidated profit/loss of the current period.”⁵⁶

⁵³ See Respondents’ Rebuttal Brief, at 11, citing *Diamond Sawblades and Parts Thereof from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 35723 (June 24, 2014) (*Sawblades from China 2011/2012*).

⁵⁴ See Respondents’ Rebuttal Brief, at 12, citing *Diamond Sawblades and Parts Thereof from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2009-2010*, 78 FR 11143 (February 15, 2013); *see also Pure Magnesium from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review*, 73 FR 76336 (December 16, 2008) and accompanying Issues and Decisions Memorandum, at Comment 7A.

⁵⁵ See *Preliminary Results* and accompanying Preliminary Decision Memorandum at 15-17.

⁵⁶ See Petitioner’s Case Brief at 7.

It is Commerce's practice to calculate the G&A expense ratio to include only items that relate to the general operation of the company as a whole.⁵⁷ Additionally, it is Commerce's longstanding policy to calculate tax-neutral dumping margins.⁵⁸ Further, Chun Yu's CV profit ratios reflect that of an otherwise acceptable surrogate producer and to include the consolidated incomes or losses from Chun Yu's other affiliated company's would introduce the incomes and losses of companies for which we do not have surrogate information (*e.g.*, financial statements). Therefore, consistent with these practices, we have used Chun Yu's "Net Profit Before Tax," because it relates to the general operation of the company as a whole and is tax neutral.

We disagree with the respondents that certain adjustments are appropriate, based on evidence on the record, to our use of "Net Profit Before Tax."⁵⁹ We find that line item "Consolidated profit/loss amount of the subsidiaries, the related parties and the joint ventures using equity method – items that will not be reclassified to profit/loss," line item "Exchange difference of the financial statements made by the foreign operation agency," and line item "Consolidated profit/loss amount of the subsidiaries, the related parties and the joint ventures using equity method – items that will not be reclassified to profit/loss," should not be included in the profit adjustment because losses incurred by Chun Yu's affiliate do not relate to Chun Yu's total cost of production and total cost of goods sold. These line items are not incorporated into "Net Profit Before Tax" in Chun Yu's income statements, and therefore are identified as other comprehensive income.⁶⁰ It is Commerce's practice to make adjustments when the adjustments reasonably reflect the costs associated with production of the subject merchandise.⁶¹ By not including these line item adjustments, we can rely on costs that reflect the cost of production of subject merchandise and not the comprehensive costs, as argued by the respondents. Therefore, for these final results, we have used "Net Profit Before Tax" for our calculation of Chun Yu's CV profit ratios with none of the adjustments proposed by the respondents.

Further, we have excluded Chun Yu's "Unrealized evaluation profit/loss on available-for-sale financial Assets," because it relates to investing activities of the company, rather than to the company's general operations. Specifically, on page 31 of Chun Yu's financial statements, Chun Yu details the financial assets available for sale. The items classified indicate domestic listed stock and evaluation adjustment of financial assets reserve, which indicate that the line item "Unrealized evaluation profit/loss on available-for-sale financial Assets" relates to Chun Yu's investments.⁶² Commerce has a long-established and consistent practice of excluding investment-related activities, *i.e.*, gains and losses, from calculation of costs of production (COP)

⁵⁷ See, *e.g.*, *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand*, 69 FR 76918 (December 23, 2004) and accompanying Issues and Decisions Memorandum at Comment 2. This practice of calculating the G&A expense ratio was also recently affirmed in *Mid Continent Steel & Wire, Inc. v. United States*, 273 F. Supp. 3d 1161, 1167 (Ct. Int'l Trade 2017).

⁵⁸ See, *e.g.*, *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014*, and accompanying Issues and Decisions Memorandum at Comment 3.

⁵⁹ See Respondents' Rebuttal Brief at 8-13.

⁶⁰ See Respondents' CV Profit Submission, at Exhibit 13B.

⁶¹ See, *e.g.*, *Citric Acid and Certain Citrate Sales from Canada: Final Results of Antidumping Duty Administrative Review*, 76 FR 34044 (June 10, 2011) and accompanying Issues and Decisions Memorandum at Comment 3.

⁶² See Respondents' CV Profit Submission, at Exhibit 11.

and CV.⁶³ Nothing on the record indicates that this line item is related to anything other than a separate line of business. Therefore, for these final results we have excluded “Unrealized evaluation profit/loss on available-for-sale financial Assets” from our CV ratios calculation for Chun Yu.

Additionally, we agree with the petitioner that “Inventory Loss” credit should be included in the “Change in Inventory” column.⁶⁴ Chun Yu’s financial statements clearly identify the “Inventory Loss” credit and debit in its list of operating costs.⁶⁵ By including this line item we can rely on costs that reflect the cost of production of subject merchandise. Therefore, for these final results we have included the “Inventory Loss” credit in our “Change in Inventory” calculation.

With respect to Sheh Fung’s financial statements, as an initial matter, we agree with the petitioner that we inadvertently erred in our citation to Sheh Fung’s credit expense calculation in the *Preliminary Results*. We intended to cite page 31 of Exhibit 13B of PT/Unicatch’s June 15, 2018, submission, which is the source of the information used. We have revised the citation in the CV selling expense ratio worksheet.⁶⁶

Regarding the line item “Net loss on financial liability at fair value through profit and loss” in Sheh Fung’s financial statements, we agree with the petitioner that this relates to investing activities of the company, rather than to the company’s general operations.⁶⁷ As discussed above, pursuant to our practice, we will exclude investment-related gains or losses from the calculation of CV.⁶⁸ PT/Pro-Team and Unicatch argue that line item “Gains from Disposal of investment” is an example of a line item in Sheh Fung’s financials statements that specifically relates to Sheh Fung’s investment activity, and, therefore, “Net loss on financial liability at fair value through profit and loss” does not relate to investment activity.⁶⁹ However, according to Sheh Fung’s financial statement, the footnote to line item “Net loss on financial liability at fair value through profit and loss” describes this item as being associated with financial liabilities held for trading. As such, we find that this item is related to investment activity of the company.⁷⁰ Additionally, the line item “Net loss on financial liability at fair value through profit and loss” is not incorporated into “Net Profit before Taxes.” For the reasons discussed above, we find that this indicates the line item is related to comprehensive income, not the cost of production of subject merchandise. Therefore, for these final results, we have excluded “Net loss on financial liability at fair value through profit and loss” in Sheh Fung’s financial statements from the G&A and interest expense calculation.

⁶³ See, e.g., *Stainless Steel Wire Rod from the Republic of Korea: Final Results of Antidumping Duty Administrative Review*, 69 FR 19153 (April 12, 2004) (*SS Wire Rod from Korea*) and accompanying Issues and Decision Memorandum at Comment 8.

⁶⁴ See Petitioner’s Case Brief, at 8.

⁶⁵ See Respondents’ CV Profit Submission, at Exhibit 11.

⁶⁶ See Memorandum, “Final Results Sales Calculation Analysis Memorandum for PT Enterprise Inc./ Pro-Team Coil Nail Enterprise, Inc.,” dated March 15, 2019 (PT/Pro-Team Analysis Memo) at Attachment 2.

⁶⁷ See Petitioner’s Case Brief at 10.

⁶⁸ See, e.g., *SS Wire Rod from Korea* at Comment 8.

⁶⁹ See Respondents’ Rebuttal Brief, at 16.

⁷⁰ See Respondents’ CV Profit Submission, at Exhibit 13B at 20.

Regarding the line item “Gain on disposal of property, plant, and equipment” in Sheh Fung’s financial statements, we agree with the petitioner that this line should be included in the G&A expense ratio.⁷¹ It is Commerce’s practice to include gains or losses incurred on the routine disposition of fixed assets in the G&A expense ratio calculation.⁷² Non-routine sales of fixed assets do not relate to the general operations of the company, and the resulting gains and losses from non-routine sales of fixed assets are not included in the calculation of the G&A expenses.⁷³ For example, the sale of an entire production facility or the fixed assets from a permanently closed plant is normally a non-routine disposition of fixed assets because it is a significant transaction, both in form and value, and the resulting gain or loss generates non-recurring income or losses that are not part of a company’s normal business operations, and are unrelated to the general operation of the company.⁷⁴ We find that there is no evidence in Sheh Fung’s financial statements that indicate that the value for this line item is from non-routine gains that would preclude it from its inclusion in G&A expenses.⁷⁵ Specifically, on page 30 of Sheh Fung’s financial statements, Sheh Fung details the changes in costs or recognized costs on property, plant, and equipment. Further, the note on “property, plant, and equipment” states that there was no disposal of land during fiscal year 2016.⁷⁶ There is also no change classified as disposal that would indicate a sale that is significant in both form and value such that it would be considered non-routine.⁷⁷ With respect to the respondent’s argument that it would be impossible to separate the non-routine gains on property, plant, and equipment, we find that within the financial statement in question, there are no such gains to separate. Therefore, for these final results, we have included Sheh Fung’s “Gain on disposal of property, plant, and equipment” line in the G&A expense ratio.

We agree with the petitioner that the line item “Profit/loss amount of the subsidiaries and the related parties using equity method” in Sheh Fung’s financial statements should not be included in the CV profit adjustment.⁷⁸ As explained above, it is our normal practice to exclude

⁷¹ See Petitioner’s Case Brief at 10.

⁷² See *Notice of Final Determination of Sales at Less Than Fair Value: Bottle Grade Polyethylene Terephthalate Resin from Indonesia*, 70 FR 13456 (March 21, 2005) and accompanying Issues and Decision Memorandum at Comment 13 (including the gains from the sales of the respondent’s office assets in the G&A expense ratio calculations); see also *Notice of Final Determination of Sales at Less Than Fair Value: Hot Rolled Carbon-Quality Steel Products from Japan*, 64 FR 24329, 24356 (May 6, 1999) (including losses from the sales of a respondent’s fixed assets used in the production of steel products in the G&A expense ratio calculation).

⁷³ See *Finished Carbon Steel Flanges from India: Final Determination of Sales at Less Than Fair Value*, 82 FR 29483 (June 29, 2017) and accompanying Issues and Decision Memorandum at Comment 6 (*Flanges from India*); where Commerce stated, “It is {Commerce}’s practice to include losses and gains on the routine sales of fixed assets in the G&A expense ratio calculation. {Commerce} follows this practice because it is expected that a producer will periodically replace production equipment and, in doing so, will incur miscellaneous gains or losses. Replacing or disposing of production equipment is a normal and necessary part of doing business.”

⁷⁴ See *Notice of Final Results of Antidumping Duty Administrative Review: Certain Softwood Lumber from Canada*, 69 FR 75921 (December 20, 2004) and accompanying Issues and Decision Memorandum at Comment 9.

⁷⁵ See Respondents’ CV Profit, at Exhibit 13.

⁷⁶ *Id.* at Exhibit 13B.

⁷⁷ *Id.*

⁷⁸ See Petitioner’s Case Brief at 10.

investment-related activities from calculation of COP and CV.⁷⁹ Therefore, for these final results, we have adjusted Sheh Fung's net profit before taxes by the line item "Profit/loss amount of the subsidiaries and the related parties using equity method" (*i.e.*, excluded the loss from subsidiaries).

Furthermore, we have excluded Sheh Fung's "Direct Raw Material" from our calculation of CV ratios due to double counting. It is Commerce's practice to avoid double counting expenses.⁸⁰ We find that the inclusion of "Direct Raw Material" in Sheh Fung's CV ratio calculation in the *Preliminary Results* inadvertently double counted Sheh Fung's raw material costs. Therefore, for these final results we have excluded "Direct Raw Material" from our CV ratios calculation for Sheh Fung.

Finally, because we are not using the financial statements of Quintain Steel for these final results,⁸¹ it is not necessary to address the arguments for changes in the CV profit calculation relating to Quintain Steel's financial ratios.

B. PT/Pro-Team Issues

Comment 3: Transactions Disregarded Adjustment for Pro-Team's Factory Overhead

The Petitioner's Comments:⁸²

- Commerce should apply "transactions disregarded" adjustments to certain costs related to Pro-Team's factory overhead, because certain overhead costs are conducted by an affiliated company and do not appear to be at market price.
- Despite Petitioner's request at verification that Commerce obtain Pro-Team's percentage of affiliated expenses, Pro-Team did not provide such information in its reported cost of manufacturing.

PT/Pro-Team's Rebuttal Comments:⁸³

- Commerce should not apply "transactions disregarded" adjustments to certain costs related to Pro-Team's factory overhead, because it is not supported by evidence on the record.
- PT/Pro-Team has provided evidence on the record showing that the transactions between Pro-Team and the affiliated company were at market level.
- PT/Pro-Team did provide the requested percentages of these affiliated expenses in its April 9, 2018 supplemental questionnaire response.

⁷⁹ See, e.g., *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Final Results of the Sixteenth Administrative Review*, 76 FR 15291 (March 21, 2011) and accompanying Issues and Decisions Memorandum at Comment 14.

⁸⁰ See *Drawn Stainless Steel Sinks from the People's Republic of China: Investigation, Final Determination*, 78 FR 13019 (February 26, 2013) (*Stainless Steel Sinks*) and accompanying Issues and Decision Memorandum at Comment 4.

⁸¹ See *Stainless Steel Sinks* and accompanying Issues and Decision Memorandum at Comment 1.

⁸² See Petitioner's Case Brief at 14-16.

⁸³ See Respondents' Rebuttal Case Brief at 28-29.

Commerce Position:

Section 773(f)(2) of the Act states:

A transaction directly or indirectly between affiliated persons may be disregarded if, in the case of any element of value required to be considered, the amount representing that element does not fairly reflect the amount usually reflected in sales of merchandise under consideration in the market under consideration. If a transaction is disregarded under the preceding sentence and no other transactions are available for consideration, the determination of the amount shall be based on the information available as to what the amount would have been if the transaction had occurred between persons who are not affiliated.

In this case, we disagree with the petitioner that we should apply a “transactions disregarded” adjustment to certain affiliated transactions with Pro-Team. We find that record evidence shows that Pro-Team purchased parts from its affiliate at market prices equivalent to what unaffiliated purchasers in Taiwan would pay Pro-Team’s affiliated supplier.⁸⁴ Pro-Team placed on the record evidence showing certain machinery were custom-made for Pro-Team and the prices charged were at arm’s length.⁸⁵ Additionally, PT/Pro-Team provided the percentage of these affiliated transaction expenses as part of its reported cost of manufacturing, despite the petitioner’s assertion that PT/Pro-Team failed to report these expenses.⁸⁶ Finally, Commerce officials conducted verification at PT/Pro-Team on this issue and found no discrepancies.⁸⁷ As such, we find that record evidence does not support the petitioner’s assertion that the transactions in question do not fairly reflect the amount usually reflected in sales of merchandise under consideration in Taiwan. Therefore, for these certain transactions we have not applied a “transactions disregarded” analysis for costs related to Pro-Team’s reported factory overhead.

Comment 4: Tollers

The Petitioner’s Comments:⁸⁸

- Commerce should find that Pro-Team is affiliated with its “unaffiliated” tollers through close supplier relationships, pursuant 19 CFR 351.102(b)(3).
- The tollers rely on Pro-Team for most of their sales for tolling services, and they were not able to find other work in the absence of orders from Pro-Team.

⁸⁴ See Pro-Team’s April 9, 2018 Supplemental Questionnaire Response (Pro-Team 1SQR) at Exhibit SD-3.

⁸⁵ *Id.* at Exhibit SD-4.

⁸⁶ *Id.* at 32.

⁸⁷ See Memorandum “Verification of the Sales Response of PT Enterprises, Inc and ProTeam Coil Nail Enterprises, Inc. in the 16/17 Administrative Review,” dated August 3, 2018 (PT/Pro-Team Verification Report) at 23-24.

⁸⁸ See Petitioner’s Case Brief at 16-33.

- Due to the unaffiliated tollers being unable to perform services for any parties other than Pro-Team, not finding other customers besides Pro-Team, and not marketing their services to anybody else, Commerce should consider them to be affiliated by close supplier relationship and apply its own transactions disregarded adjustment accordingly.

PT/Pro-Team's Rebuttal Comments:⁸⁹

- Pro-Team and its "unaffiliated" tollers are not affiliated by reason of a close supplier relationship, and Commerce should reject the transactions disregarded adjustments proposed by the petitioner.
- The petitioner has not presented sufficient evidence for Commerce to reverse its prior analysis of the close supplier relationship issue.

Commerce Position:

Section 771(33) of the Act requires Commerce to consider certain persons affiliated. Specifically, it provides that:

The following persons shall be considered to be "affiliated" or "affiliated persons":

- (A) Members of a family, including brothers and sisters (whether by the whole or half-blood), spouse, ancestors, and lineal descendants.
- (B) Any officer or director of an organization and such organization.
- (C) Partners.
- (D) Employer and employee.
- (E) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting stock or shares of any organization and such organization.
- (F) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person.
- (G) Any person who controls any other person and such other person.

As noted above, sections 771(33)(F) and (G) of the Act allow Commerce to find affiliation where some form of control exists. Section 771(33) of the Act further provides that for purposes of this paragraph, a person shall be considered to control another person if the person is "legally or operationally in a position to exercise restraint or direction over the other person." Commerce's regulations at 19 CFR 351.102(b)(3) state that, in finding affiliation based on

⁸⁹ See Respondent's Rebuttal Case Brief at 30-46.

control, Commerce will consider, among other factors, the existence of a close supplier relationship. Control between persons may exist in close supplier relationships in which either party “becomes reliant upon the other on another.”⁹⁰ Only if such reliance exists does Commerce then determine whether one of the parties is in a position to exercise restraint or direction over the other.⁹¹ Commerce will not, however, find affiliation on the basis of this factor unless the relationship has the potential to affect decisions concerning the production, pricing, or cost of the subject merchandise or foreign like product.⁹²

Prior to the *Preliminary Results*, we requested information from Pro-Team regarding its tollers in order to analyze Pro-Team’s relationship with these companies,⁹³ and we verified the reported information during our verification of Pro-Team following the *Preliminary Results*.⁹⁴

In analyzing the information provided by PT/Pro-Team regarding Pro-Team’s tollers, we examined several factors concerning whether Pro-Team was able to exert restraint or direction over its tollers. Among the factors we considered were: (i) the terms and provisions of supply agreements; (ii) the relative percentage that tolling services to Pro-Team represented of each of the suppliers’ total sales; (iii) the terms of any financing agreements with the suppliers; and (iv) the overall profitability of the tollers.⁹⁵ We asked PT/Pro-Team about its tollers and their operations in the supplemental questionnaire,⁹⁶ which includes questions on the tolling operations and whether the tollers owned the land/building and machinery, the years they provided tolling services to Pro-Team, and whether they share the same shareholders with Pro-Team or other tollers.⁹⁷ Pro-Team and its unaffiliated tollers have no stock ownership in each other, they do not share officers or managers, there are no employees or partnership type relationships, and there is no common familial ownership.⁹⁸ Therefore, we continue to find that affiliation between Pro-Team and its tollers cannot be established based on section 771(33)(A) through (E) of the Act.

While many of the tollers provided services exclusively to Pro-Team, as a threshold matter, consistent with Commerce’s practice, we find that affiliated party status does not necessarily arise based on the provision of services in an exclusive relationship.⁹⁹ Further, the fact that many

⁹⁰ See SAA at 838.

⁹¹ See, e.g., *Certain Oil Country Tubular Goods from the Republic of Korea: Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances*, 79 FR 41983 (July 18, 2014) and accompanying Issues and Decisions Memorandum at Comment 20.

⁹² See 19 CFR 351.102(b)(3).

⁹³ See Commerce’s March 15, 2018 PT/Pro-Team Supplemental Questionnaire (PT/Pro-Team Supplemental); see also PT/Pro-Team’s April 9, 2018 Supplemental Questionnaire Response (PT/Pro-Team SQR) at 34-38.

⁹⁴ See PT/Pro-Team Verification Report at 21-23.

⁹⁵ See PT/Pro-Team SQR at 34-48, Exhibits SD-9 – 28.

⁹⁶ See PT/Pro-Team Supplemental at 12.

⁹⁷ See PT/Pro-Team SQR at 34-48, Exhibits SD-9-28.

⁹⁸ *Id.*

⁹⁹ See *Certain Cold-Rolled and Corrosion-Resistant Carbon Steel Flat Products From Korea: Final Results of Antidumping Duty Administrative Reviews*, 62 FR 18404 (April 15, 1997); see also *TIJID, Inc. v. United States*, 366 F. Supp. 2d 1286, 1298-1299 (CIT 2005) (*TIJID*) (sustaining Commerce’s determination that affiliation through a close supplier relationship did not exist even where a party sold 100 percent of its product to another because there was no evidence of control).

of the tollers had been operating long before doing business with Pro-Team¹⁰⁰ indicates that these companies could provide their services to other clients and, in many cases, have provided services to others.¹⁰¹ There were no contracts or agreements on the record between Pro-Team and its unaffiliated tollers locking the toller into providing services for a specific period of time.¹⁰² We found nothing that prohibits the tollers from providing services to other companies.

Another factor we considered in our analysis was the relative percentage that services to Pro-Team represented of each of the supplier's total sales.¹⁰³ Based on our review of the sales and purchase data provided by PT/Pro-Team in its April 9, 2018, submission, while most of the tollers provided services exclusively to Pro-Team, there are other instances where the tollers provided services to other parties. Further, we noted that multiple tollers provided Pro-Team with the same services, indicating that the tollers had no expectation of exclusively providing a particular service to Pro-Team.¹⁰⁴ As part of our analysis, we also examined whether there were any debt financing agreements with Pro-Team's unaffiliated tollers. A review of the record reveals no debt financing agreements between Pro-Team and any of its tollers.

While Pro-Team and its unaffiliated tollers cooperate closely, we do not consider this cooperation to demonstrate "reliance" for purposes of finding affiliation through control under sections 771(33)(F) and (G) of the Act. There is no evidence on the record that Pro-Team's tollers could not look to other buyers of their services. Any appearance of closeness arising from the relationship between Pro-Team and its unaffiliated tollers does not appear to be the result of exclusive dependence on Pro-Team by its unaffiliated tollers. Rather, it continues to appear to be the result of the typical economic cooperation required under Pro-Team's decentralized business model. Moreover, affiliation through a close supplier relationship under 19 CFR 351.102(b)(3) must be evidenced by the relationship's effect on decisions concerning the subject merchandise. We find no evidence that the tollers have the ability to affect the production, pricing or cost of the subject merchandise or foreign like product.¹⁰⁵

After analyzing the evidence on the record, we continue to find that Pro-Team's unaffiliated tollers are not affiliated with Pro-Team through close supplier relationships. As noted above, a close supplier relationship is defined as one in which the buyer or the seller becomes "reliant" on the other with the potential to affect decisions on production, price or cost of the end product (*i.e.*, nails).¹⁰⁶ Therefore, we disagree with the petitioner's assertion that we find the tollers affiliated under close supplier relationship. The petitioner claims that Pro-Team's tollers could

¹⁰⁰ See PT/Pro-Team SQR at Exhibit SD-10.

¹⁰¹ See, *e.g.*, *Certain Cold-Rolled and Corrosion-Resistant Carbon Steel Flat Products From Korea: Final Results of Antidumping Duty Administrative Reviews*, 62 FR 18404, 18417 (April 15, 1997) (*Steel from Korea*). Commerce stated that only when we find a situation where seller has become reliant on a seller do we address the issues of a party being in a position to exercise restraint or direction over the other.

¹⁰² See PT/Pro-Team SQR at 34; *see also* PT/Pro-Team Verification at 22.

¹⁰³ See PT/Pro-Team SQR at Exhibit SD-9.

¹⁰⁴ See PT/Pro-Team SQR at 34-37 and Exhibit SD-10.

¹⁰⁵ See *TIJD*, 366 F. Supp. 2d at 1299 (acknowledging that, even where there was a high level of cooperation between parties, one did not have the ability to exercise restraint or direction over the other).

¹⁰⁶ See 19 CFR 351.102(b)(3); *see also* SAA at 838.

not independently find work beyond that which they conducted with Pro-Team.¹⁰⁷ This argument is speculative and merely infers the tollers lack ability to conduct business apart from Pro-Team. However, we find that this claim is not supported by any evidence on the record. Additionally, because we have reviewed the record *in toto* and find no evidence of reliance, we are not addressing the petitioner's individual company arguments since we find no difference in argument between all tollers and individual companies.

We disagree with the petitioner that we should not accept PT/Pro-Team's reported tolling charges adjusted to market rates.¹⁰⁸ We conducted a verification of PT/Pro-Team's reported costs and found no discrepancies.¹⁰⁹ Accordingly, we have continued to include the reported adjustments and find that they are supported by evidence on the record.

Therefore, we find that there has been no information or argument submitted that persuades us to change our finding that Pro-Team and its unaffiliated tollers are not affiliated within the meaning of section 771(33)(F) and (G) of the Act. For these final results we will use PT/Pro-Team's reported adjusted toller costs that reflect market rates, without considering additional tollers to be affiliated as suggested by the petitioner.

C. Unicatch- Issues

Comment 5: Inclusion of Verification Corrections

Unicatch's Comments:¹¹⁰

- Commerce should incorporate the minor corrections submitted by Unicatch at verification.¹¹¹
- Commerce should incorporate the movement expense changes noted at verification.¹¹²

No other interested party commented on this issue.

Commerce's Position:

We agree with Unicatch. We have incorporated the minor corrections submitted at verification in our final analysis.¹¹³

¹⁰⁷ See Petitioner's Case Brief at 18 and 20.

¹⁰⁸ *Id.* at 32-33.

¹⁰⁹ See PT/Pro-Team Verification Report at 20.

¹¹⁰ See Unicatch Case Brief at 2.

¹¹¹ *Id.*, citing "Verification of the Sales Response of Unicatch Industrial Co., Ltd. in the 16/17 Administrative Review of Nails from Taiwan," dated August 17, 2018, at VE-1 (Unicatch Verification Report).

¹¹² See Unicatch Verification Report at 16.

¹¹³ See Memorandum, "Antidumping Administrative Review of Certain Steel Nails from Taiwan; 2016-2017: Unicatch Final Analysis Memorandum," dated concurrently with this memorandum (Unicatch Final Analysis Memorandum).

Comment 6: Scrap Offset

The Petitioner's Comments:¹¹⁴

- Unicatch claimed a scrap offset, but failed to offer any evidence of the amount of scrap it generated during the POR. Instead, Unicatch only provided evidence in the form of sales documents, which show the amount of scrap sold during the POR, but do not demonstrate the scrap generated.
- Based on Commerce's standard established in *Nails from Oman*, the scrap offset must be based on scrap generated, not scrap sold.¹¹⁵ Therefore, Unicatch's claimed scrap offset should be denied for the final results.

Unicatch's Rebuttal Comments:¹¹⁶

- The amount of scrap generated in the POR is demonstrated by the scrap weighing slips, which were verified by Commerce officials. The quantity of scrap generated as recorded in the weighing slips is exactly the same as the sales quantity in the sales invoices, and further corresponds to the accounting voucher.
- In *Nails from Oman*, the respondent did not provide the requested documentation for the scrap offset. Here, Unicatch provided all requested documentation.
- In *Nails from Korea 2014-2016*, the respondent provided the requested documentation, as Unicatch has here, and Commerce relied on scrap revenues to calculate a scrap offset.¹¹⁷

Commerce's Position:

We disagree with the petitioner. Commerce's practice with respect to by-product offsets to normal value is to allow such offsets based on the amount of by-product generated, once the by-product has been shown to have commercial value, through evidence of sales or reintroduction into the production process.¹¹⁸

In *Nails from Oman*, Commerce found that the information on the record "fails to establish a connection between scrap revenue and the production of subject merchandise."¹¹⁹ However, the respondent in *Nails from Oman* reported only the quantity collected and sold, not the amount produced. As stated in *Nails from Oman*, "{i}n American Tubular Products, the CIT affirmed

¹¹⁴ See Petitioner's Case Brief at 33-35.

¹¹⁵ *Id.* at 33-34, citing *Certain Steel Nails from the Sultanate of Oman: Final Results of Antidumping Administrative Review: 2014-2016*, 83 FR 4030 (January 29, 2018) (*Nails from Oman*) and accompanying Issues and Decision Memorandum at Comment 11.

¹¹⁶ See Respondents' Rebuttal Case Brief at 47-48.

¹¹⁷ See *Certain Steel Nails from the Republic of Korea: Final Results of Antidumping Duty Administrative Review: 2014-2016*, 83 FR 4028 (January 29, 2018) (*Nails from Korea 2014-2016*) and accompanying Issues and Decision Memorandum at Comment 2.

¹¹⁸ See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Results of Antidumping Duty Administrative Review: 2010-2011*, 78 FR 35245 (June 12, 2013) and accompanying Issues and Decision Memorandum at Issue 10.

¹¹⁹ See *Nails from Oman* and accompanying Issues and Decision Memorandum at Comment 11.

Commerce’s denial of a steel scrap offset because the respondent did not track the production information and could not corroborate its claim that the amount of steel scrap it produced and sold were the same.”¹²⁰ Additionally, the respondent in *Nails from Oman* “provided no records whatsoever in response to Commerce’s request” for documentation linking the production quantities and sales quantities of scrap.¹²¹

In this review, Unicatch did provide documentation in response to Commerce’s request. At verification, Commerce reviewed the account balances for scrap sales.¹²² This offset was reconciled to the documentation provided by Unicatch in its response to Commerce’s requests.¹²³ As Unicatch notes, Commerce has allowed for scrap revenue to calculate the scrap offset during a POR.¹²⁴ In *Nails from Korea 2014-2016*, Commerce stated that in a scenario, “where no record evidence undermines the reliability of the data regarding scrap sales, Commerce has relied on scrap revenue figures to calculate an appropriate offset.”¹²⁵ Commerce further explained that although the respondent in *Nails from Korea 2014-2016* did not maintain a record of scrap inventory in the normal course of business during the POR, the tracking of scrap sales was “an acceptable proxy for its generated scrap,” given the frequency of scrap sales.¹²⁶ Accordingly, for this review, and consistent with our prior practice, we have accepted Unicatch’s reported scrap sales to generate a scrap offset.

Comment 7: Cost of Production

The Petitioner’s Comments:¹²⁷

- Unicatch’s trial balance of FY2016 has an account excluded that it claims “is the temporary transition account which the company used to accumulate certain overhead and allocate to different products in the normal course of business.”¹²⁸
- A review of Unicatch’s exhibits shows that this account is an integral part of the overhead and should be reported with all other overhead costs.¹²⁹
- Because this account is part of Unicatch’s normal costs, it should be included in the fixed overhead (FOH) expenses for the final results.

¹²⁰ *Id.*, citing *Am. Tubular Prods., LLC v. United States*, Slip Op. 14-116 (CIT 2014) at 17-19.

¹²¹ *Id.* at Comment 11.

¹²² See “Verification of the Sales Response of Unicatch Industrial Co., Ltd. in the 16/17 Administrative Review of Nails from Taiwan,” at 13, VE 9, and VE 10 at 10-13.

¹²³ See “Unicatch Section A, C, D Supplemental Response: Antidumping Duty Administrative Review of Certain Steel Nails from Taiwan,” dated April 16, 2018, (Unicatch Supplemental Questionnaire Response) at 28, SD-11, and SD-20.

¹²⁴ See *Nails from Korea 2014-2016* and accompanying Issues and Decision Memorandum at Comment 2.

¹²⁵ *Id.*

¹²⁶ *Id.*

¹²⁷ See Petitioner’s Case Brief at 35-38.

¹²⁸ *Id.* at 35-36, citing Unicatch Supplemental Questionnaire Response at 30.

¹²⁹ See Petitioner’s Case Brief at 36.

Unicatch's Rebuttal Comments:¹³⁰

- These accounts are overhead accounts that apply to the entire factory, not just finished product, which is why they are separate.
- Unicatch has shown in the cost reconciliation that the overhead in these accounts is already allocated in the overhead for subject merchandise during the POR.
- To add these accounts to the COP would double count these expenses; therefore, Commerce should not make any changes to these accounts for the final results.

Commerce's Position:

We disagree with the petitioner. Unicatch submitted its unit costs for all products at Exhibit SD-10 in its Supplemental Questionnaire Response.¹³¹ It also submitted its cost reconciliation at Exhibit SD-14 in its Supplemental Questionnaire Response.¹³² These exhibits show the two accounts referenced by the petitioner, Account 1 and Account 2.¹³³ Account 1 is labelled as "allocation of factory expenses," and Account 2 is labelled as "manufacturing costs in production."¹³⁴ Unicatch explains that Account 1 is a transition account, used to allocate the factory expenses specifically for each product, and Account 2 is used by Unicatch to summarize all of the overhead accounts.¹³⁵ Additionally, at Exhibit SD-13, Unicatch provides a cost list of fixed overhead (FOH).¹³⁶ In this calculation of FOH, Unicatch does not include Account 1.

As part of the cost reconciliation verified by Commerce officials, Unicatch was asked to provide supporting documentation items used to derive the total POR COP, including variable and fixed overhead.¹³⁷ As Commerce noted, "{w}e were able to tie Unicatch's values to its financial accounting system and noted no discrepancies."¹³⁸ Additionally, Commerce selected four accounts from Unicatch's chart of accounts to spot check, ranging between two and four dates for each account, for a total of ten checks of accounts throughout the POR.¹³⁹ While Account 1 and Account 2 were not selected in the verification spot check, Commerce noted no discrepancies in the accounts that were verified.¹⁴⁰

We find that Unicatch's description of Account 1 and Account 2 is consistent with what Commerce found at verification. The case record does not contradict Unicatch's explanation that the overhead costs during the POR found in Account 1 and Account 2 are allocated to subject

¹³⁰ See Respondents' Rebuttal Case Brief at 48-50.

¹³¹ See Unicatch Supplemental Questionnaire Response at SD-10.

¹³² *Id.* at SD-14.

¹³³ Because the account numbers at issue are Unicatch's business proprietary information, we refer to them here as "Account 1" and "Account 2." See Unicatch Final Analysis Memorandum for business proprietary detail.

¹³⁴ See Unicatch Supplemental Questionnaire Response at SA-19A.

¹³⁵ See Respondents' Rebuttal Case Brief at 48-49.

¹³⁶ See Unicatch Supplemental Questionnaire Response at SD-13.

¹³⁷ See "Verification of the Sales Response of Unicatch Industrial Co., Ltd. in the 16/17 Administrative Review of Nails from Taiwan," (Unicatch Verification Report) dated August 17, 2018, at 11.

¹³⁸ *Id.*

¹³⁹ *Id.* at 13.

¹⁴⁰ See Unicatch Verification Report at 12-13.

merchandise as reported. As a result, we have made no change the calculation of Unicatch's overhead for the final results.

Comment 8: Imputed Interest

The Petitioner's Comments:¹⁴¹

- Unicatch has explained that it does not pay interest on notes payable to its affiliated suppliers, noting that this is an acceptable business practice in Taiwan. There is an unavoidable cost associated with delayed payment. Therefore, Commerce should impute interest on the debt obtained by Unicatch from affiliated parties.
- Because Unicatch did not provide an applicable interest rate, Commerce should use Unicatch's average borrowing rate during the POI.

Unicatch's Rebuttal Comments:¹⁴²

- The notes in question from the raw material suppliers do not have an interest rate and no periodic interest is charged.
- This manner is "the same as cash charged" and is consistent for both affiliated and unaffiliated vendors. Commerce should not add an interest expense that did not occur.

Commerce's Position:

We agree with Unicatch. At verification, Commerce reviewed the notes in question including review of supporting documentation showing the transactions between Unicatch and its vendors.¹⁴³

As Commerce noted in the Unicatch Verification Report, Unicatch reported that terms between affiliated and unaffiliated vendors are the same.¹⁴⁴ Unicatch explained that this system of vendor notes is standard business in Taiwan and that the notes, which include the total amount owed to a vendor have the same terms of sale, regardless of affiliation.¹⁴⁵ Commerce reviewed Unicatch's vouchers, which demonstrated that a balance with a vendor is rolled to the next voucher without interest when a balance remains at the end of the voucher's terms.¹⁴⁶ Additionally, Commerce reviewed the balances for affiliated and unaffiliated vendors for each month of the POR. Every month, Unicatch's accounting showed no interest assessed for any of the vendors.¹⁴⁷

¹⁴¹ See Petitioner's Case Brief at 40.

¹⁴² See Respondents' Rebuttal Case Brief at 50-51.

¹⁴³ See Unicatch Verification Report at 25-26 and VE 27.

¹⁴⁴ *Id.* at 27.

¹⁴⁵ *Id.* at 25-26 and VE 27.

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

While Commerce has imputed interest in previous cases, it has been with the intention of matching the interest rates or terms with existing market conditions.¹⁴⁸ There is no record evidence that Unicatch's transactions with affiliated vendors are peculiar within the Taiwanese market. Therefore, there is no basis to impute interest on these transactions.

Comment 9: Freight Revenue

The Petitioner's Comments:¹⁴⁹

- Commerce incorrectly relied on Unicatch's freight revenue field FREIGHREVU in the *Preliminary Results*.
- Unicatch's freight revenues are captured completely in a second field, FREIGHREV2U, that should be used by Commerce when calculating U.S. price. FREIGHREV2U includes only the freight revenue and not the antidumping duties paid by the customer.

Unicatch's Rebuttal Comments:¹⁵⁰

- The field FREIGHREVU includes the price that TC charges its customers for freight expenses and any antidumping duty cash deposits. Commerce does not adjust for antidumping duties when calculating net prices for cost comparisons.
- The petitioner's argument would result in antidumping expenses being deducted from the price charged to unaffiliated customers.
- Commerce should continue to use FREIGHREVU for the final results.

Commerce's Position:

We disagree with the petitioner. In its questionnaire responses, Unicatch reported two freight revenue fields, FREIGHTREVU and FREIGHREV2U.¹⁵¹ Field FREIGHREVU consists of both the invoice-specific freight revenue and antidumping duties, both of which are charged to the customer.¹⁵² FREIGHREV2U includes only revenue attributable to freight revenue and does not include the antidumping duties paid by the customer.¹⁵³

Commerce has previously stated that it "does not adjust for cash deposits rates when calculating net prices in its price comparisons," and that it continues to maintain "that antidumping duties, and cash deposits of antidumping duties, are not expenses that we should deduct from U.S.

¹⁴⁸ See, e.g., *Citric Acid and Certain Citrate Salts from Thailand: Affirmative Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances in Part*, 83 FR 25998 (June 5, 2018) and accompanying Issues and Decision Memorandum at Comment 4.

¹⁴⁹ See Petitioner's Case Brief for Unicatch at 46-47.

¹⁵⁰ See Respondents' Rebuttal Case Brief at 52-53.

¹⁵¹ See Unicatch Supplemental Questionnaire Response at 17-18.

¹⁵² *Id.*

¹⁵³ *Id.*

price.”¹⁵⁴ Since it is not Commerce’s practice to adjust for antidumping duties or cash deposits of antidumping duties, we continue to find that FREIGHREVVU is the appropriate freight revenue field for adjusting Unicatch’s U.S. price for the final results.

Comment 10: Commissions

The Petitioner’s Comments:¹⁵⁵

- Unicatch has an additional commissions field, COMM3U, which reflects an invoice-specific commission that Commerce should include in its total commission calculation for the final results.

Unicatch’s Rebuttal Comments:¹⁵⁶

- The payments from Unicatch to its affiliate TC are not a payment from a seller to an unaffiliated agent for services rendered. Rather, the payments are from the manufacturer to the affiliate on certain CEP sales for which the affiliate is the importer of record. Accordingly, they should not be deducted.
- Further, these changes would affect the intercompany sales price and should not affect Unicatch’s margin.

Commerce’s Position:

We disagree with the petitioner. Under sections 772(c)(2) and (d)(1) of the Act, Commerce reduces the constructed export price incurred by an affiliated vendor that is attributable to additional costs incident to sales in the United States.

Unicatch reported commission field COMM3U to account for a fee paid by Unicatch Industrial Co. Ltd to TC for sales in which TC was the importer of record. This fee is not incidental to the sales of subject merchandise by TC in the United States.¹⁵⁷

During our verification of Unicatch, we reviewed packing slips, invoices, and accounting vouchers from the POR reported in field COMM3U.¹⁵⁸ We noted no discrepancies from Unicatch’s reporting that COMM3U reflects a payment from Unicatch as the manufacturer to its affiliated customer, TC, who acted as the importer of record.¹⁵⁹ We find no evidence on the record to indicate that Unicatch’s payment to TC, as reflected in field COMM3U, affects the

¹⁵⁴ See *Xanthan Gum from the People’s Republic of China: Rescission of 2014– 2015 Antidumping Duty New Shipper Review*, 81 FR 56586 (August 22, 2016) and accompanying Issues and Decision Memorandum at Comment 2.

¹⁵⁵ See Petitioner’s Case Brief at 43.

¹⁵⁶ See Respondents’ Rebuttal Case Brief at 51.

¹⁵⁷ See Letter, “Unicatch Sections C & D Responses: Certain Steel Nails from Taiwan Antidumping Duty Administrative Review of Certain Steel Nails from Taiwan,” dated January 29, 2018, at 32 and Exhibit C-21c.

¹⁵⁸ See Unicatch Verification Report at VE-25.

¹⁵⁹ *Id.*

U.S. sales price of subject merchandise. Therefore, we have not added this field to Unicatch's calculation of total U.S. commissions for the final results.

Comment 11: TC's U.S. Commissions

The Petitioner's Comments:¹⁶⁰

- For the commissions discovered at the CEP verification, Commerce should create a fourth commission field to include any applicable customer-specific commissions.

Unicatch's Rebuttal Comments:¹⁶¹

- Unicatch agrees that Commerce should adjust the commissions calculations paid by TC to its agent, but disagrees with the petitioner's suggested methodology, stating that it would apply to all CEP sales, rather than the CEP sales to which the commission applies. Instead, Unicatch offers programming language based on the customer's number and the type of sale.

Commerce's Position:

We agree with the petitioner that the commissions present for applicable CEP sales should be accounted for by applying the customer-specific percentages to the gross unit price of the relevant transactions. This adjustment should also specify the type of sale, EP or CEP, in question. These adjustments have been made to the programming.¹⁶²

Comment 12: U.S. Warehousing Expenses

The Petitioner's Comments:¹⁶³

- Unicatch has warehousing expenses that should be included in its movement expenses.

Unicatch's Rebuttal Comments:¹⁶⁴

- Unicatch does not rebut this argument.

Commerce's Position:

We agree with the petitioner and have made these changes in the margin calculation program.¹⁶⁵

¹⁶⁰ See Petitioner's Case Brief at 44-45.

¹⁶¹ See Respondents' Rebuttal Case Brief at 51-52.

¹⁶² See Unicatch Final Analysis Memorandum.

¹⁶³ See Petitioner's Case Brief at 44-45.

¹⁶⁴ See Respondents' Rebuttal Case Brief at 52.

¹⁶⁵ See Unicatch Final Analysis Memorandum.

Comment 13: Programming Errors

The Petitioner's Comments:¹⁶⁶

- Certain lines in Unicatch's *Preliminary Results* program do not implement exchange rates correctly.
- Commerce should correct the programming for the *Final Results*.

Unicatch's Rebuttal Comments:¹⁶⁷

- Unicatch does not rebut this argument.

Commerce's Position:

We agree with the petitioner and have made these changes in the program.¹⁶⁸

VI. RECOMMENDATION

We recommend following the above methodology for these final results.



Agree

Disagree

3/15/2019

X 

Signed by: CHRISTIAN MARSH
Christian Marsh
Deputy Assistant Secretary
for Enforcement and Compliance

¹⁶⁶ See Petitioner's Case Brief at 40-43.

¹⁶⁷ See Respondents' Rebuttal Case Brief at 51.

¹⁶⁸ See Unicatch Final Analysis Memorandum.