



A-583-867

Investigation

POI: 1/1/2019-12/31/2019

Public Document

E&C/OVII: CM

March 1, 2021

MEMORANDUM TO: Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance

FROM: James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Affirmative
Determination in the Less-Than-Fair-Value Investigation of
Common Alloy Aluminum Sheet from Taiwan, and Final
Negative Determination of Critical Circumstances

I. SUMMARY

The Department of Commerce (Commerce) finds that common alloy aluminum sheet (aluminum sheet) from Taiwan is being, or is likely to be, sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The period of investigation (POI) is January 1, 2019 through December 31, 2019.

After analyzing the comments submitted by interested parties, we have made certain changes to the *Preliminary Determination* with respect to the margin calculation for C.S. Aluminium Corporation (CSAC), the sole mandatory respondent in this proceeding. We recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum. Below is the complete list of the issues for which we received comments from interested parties:

- Comment 1: CSAC’s Reported On-Schedule Delivery Discounts
- Comment 2: Scrap Offset Adjustment

II. BACKGROUND

On October 15, 2020, Commerce published in the *Federal Register* its *Preliminary Determination*.¹ Following the *Preliminary Determination*, Commerce issued two post-

¹ See *Common Alloy Aluminum Sheet from Taiwan: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Negative Determination of Critical Circumstances, Postponement of Final Determination, and Extension of Provisional Measures*, 85 FR 65361 (October 15, 2020) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).



preliminary supplemental questionnaires to CSAC, regarding affiliation and cost issues.² We received timely-filed responses to these questionnaires from CSAC between October 29, 2020 and November 2, 2020.³

Commerce was unable to conduct on-site verification of the information relied upon in making the final determination in this investigation.⁴ However, we took additional steps in lieu of an on-site verification to verify the information relied upon in making this final determination, in accordance with section 782(i) of the Act. Specifically, we issued a questionnaire in lieu of performing an on-site verification,⁵ to which CSAC timely responded.⁶

On December 15, 2020, we invited parties to comment on the *Preliminary Determination*.⁷ On January 4, 2021, CSAC submitted a case brief for consideration in this final determination.⁸ On February 12, 2021, the petitioners⁹ submitted a rebuttal brief.¹⁰

III. CHANGES FROM THE PRELIMINARY DETERMINATION

For this final determination, we calculated export price, normal value (NV), and cost of production (COP) for CSAC using the methodology stated in the *Preliminary Determination*,¹¹ except as follows:

² See Commerce's Letter, "Antidumping Duty Less Than Fair Value Investigation of Certain Aluminum Alloy Sheet Products from Taiwan," dated October 15, 2020; see also Commerce's Letter, "Less-Than-Fair-Value Investigation of Aluminum Sheet from Taiwan: Affiliation Supplemental Questionnaire," dated October 19, 2020.

³ See CSAC's Letter, "Response of C.S. Aluminium Corporation to the Department's October 15 Section D Supplemental Questionnaire," dated October 29, 2020 (CSAC October 29, 2020 SQR); see also CSAC's Letter, "Response of C.S. Aluminium Corporation to the Department's October 19 Supplemental Affiliation Questionnaire," dated November 2, 2020.

⁴ See *Preliminary Determination*, 85 FR 65362.

⁵ *Id.*; see also Commerce's Letter, "In Lieu of Verification Questionnaire," dated December 3, 2020 (Commerce December 3, 2020 ILOVQ).

⁶ See CSAC's Letter, "Response of C.S. Aluminium Corporation to the Department's December 3 In Lieu of Verification Questionnaire," dated December 14, 2020 (CSAC December 14, 2020 ILOVQR); see also CSAC's Letter, "Antidumping Duty Less-Than-Fair-Value Investigation of Common Alloy Aluminum Sheet from Taiwan – Redacted In-Lieu of Verification Questionnaire Response of C.S. Aluminium Corporation," dated February 12, 2021 (CSAC February 12, 2021 ILOVQR).

⁷ See Memorandum, "Briefing Schedule," dated December 15, 2020; see also Memorandum, "Extension of Briefing Schedule," dated December 18, 2020; Commerce's Letter, "Antidumping Duty Investigation of Common Alloy Aluminum Sheet from Taiwan: Rejecting Unsolicited New Factual Information and CSAC's Opportunity for Resubmission," dated February 11, 2021 (Commerce's Letter Rejecting CSAC's NFI); and Commerce's Letter, "Antidumping Duty Investigation of Common Alloy Aluminum Sheet from Taiwan: Rejecting Unsolicited New Factual Information and Petitioners' Opportunity for Resubmission," dated February 11, 2021.

⁸ See CSAC's Letter, "Antidumping Duty Less-Than-Fair-Value Investigation of Common Alloy Aluminum Sheet from Taiwan – Redacted Case Brief of C.S. Aluminium Corporation," dated February 12, 2021 (CSAC Case Brief).

⁹ The petitioners in this investigation are the Aluminum Association Common Alloy Aluminum Sheet Trade Enforcement Working Group and its individual members: Aleris Rolled Products, Inc.; Arconic, Inc.; Constellium Rolled Products Ravenswood, LLC; JW Aluminum Company; Novelis Corporation; and Texarkana Aluminum, Inc. (collectively, the petitioners).

¹⁰ See Petitioners' Letter, "Common Alloy Aluminum Sheet from Taiwan – Petitioners' Re-Submission of Rebuttal Brief," dated February 12, 2021 (Petitioners Rebuttal Brief).

¹¹ See *Preliminary Determination PDM*; see also Memorandum, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination – C.S. Aluminium Corporation," dated October 6, 2020 (CSAC Preliminary Cost Memorandum).

- We revised the scrap offset adjustment from the *Preliminary Determination* and allowed CSAC's claimed scrap offset as reported in CSAC's COP database.

IV. FINAL NEGATIVE DETERMINATION OF CRITICAL CIRCUMSTANCES

In the *Preliminary Determination*, we found that imports of subject merchandise by CSAC were not massive,¹² and thus, that critical circumstances did not exist with respect to imports of aluminum sheet shipped by CSAC.¹³ Likewise, for all other producers and exporters of subject merchandise, we also found that there was not a massive increase in imports of subject merchandise, and as such, that critical circumstances did not exist for the all other companies.¹⁴

Since the *Preliminary Determination*, we have updated our critical circumstances analysis to incorporate CSAC's updated monthly shipment information as well as updated import data from Global Trade Atlas, which allow us to expand the base and comparison periods.¹⁵ The updated information continues to indicate that imports of aluminum sheet from CSAC or from all other producers and exporters were not massive. Thus, for this final determination, we continue to find that critical circumstances do not exist for CSAC and all other producers and exporters within the meaning of section 735(a)(3) of the Act and 19 CFR 351.206(h).

V. DISCUSSION OF THE ISSUES

Comment 1: CSAC's Reported On-Schedule Delivery Discounts

CSAC's Case Brief:

- Commerce improperly disregarded CSAC's on-schedule delivery discounts, and should deduct CSAC's claimed delivery discounts from the gross unit prices for home market sales in the calculation of NV for CSAC.¹⁶
- Record evidence demonstrates that CSAC's claimed delivery discounts were properly calculated. The sample calculation underlying the delivery discount that Commerce identified as incorrect involved a return, and no amount of on-schedule delivery discount was claimed for that transaction.¹⁷ After the transaction was re-issued, it was included under a different invoice and reported in CSAC's revised home market database.¹⁸ For returns, CSAC calculated the value of the returned goods by rounding the per-kilogram discount amount to the nearest New Taiwan dollar (NTD). This resulted in a difference

¹² See 19 CFR 351.206 (h)(i). In determining whether imports of subject merchandise have been massive under section 705(a)(2)(B) of the Act, Commerce normally compares the import volumes of the subject merchandise for at least three months immediately preceding the filing of the petition (*i.e.*, the "base period") to a comparable period of at least three months following the filing of the petition (*i.e.*, the "comparison period"). Imports normally will be considered massive when imports during the comparison period increased by 15 percent or more compared to the base period.

¹³ See *Preliminary Determination* PDM at 9.

¹⁴ *Id.*

¹⁵ See Memorandum, "Final Critical Circumstances Analysis," dated concurrently with this memorandum.

¹⁶ See CSAC Case Brief at 2-3.

¹⁷ *Id.* at 2.

¹⁸ See CSAC Case Brief at Cover Letter, page 2.

between the discount amount assigned to the return and the actual discount on the initial sale.¹⁹

- The negative adjustment to the performance-deposit refund was incorrectly reported in the on-schedule delivery discount field instead of in the rebate field. Commerce could correct the issue of negative values reported under the on-schedule delivery discount field by reassigning them to the rebate field.²⁰

Petitioners' Rebuttal Brief:

- Commerce should continue to disregard the on-schedule delivery discounts for CSAC's home market sales because the on-schedule discounts reported by CSAC are highly flawed.²¹
- The calculations submitted by CSAC are prone to errors, and the allocations proposed by CSAC are not supported by record evidence.²²
- Regarding the invoice Commerce cited as not supporting CSAC's claimed on-schedule delivery discounts, CSAC argues that the total quantity of the merchandise for a specific transaction under the invoice was fully returned by the customer; and, as a result, the transaction was not included in CSAC's revised home market sales database, and that no on-schedule delivery discount was claimed for that transaction. However, the record does not support these claims because there is no breakdown by the specific transaction identifier number.²³ Further, there is no record evidence indicating that the returns of the claimed quantities were even credited back to the customer.²⁴
- Even if CSAC's reported allocation for this invoice is correct, CSAC did not allocate the correct on-schedule delivery discount to the new invoice.²⁵ As demonstrated in its supplemental response, CSAC received full payment for the invoice at issue for the original sold quantities before returns. Given that there is no record evidence demonstrating that returns of the claimed quantities were actually credited, it appears that CSAC did not credit back the customer.²⁶ Thus, CSAC failed to correctly report the per-unit on-schedule discount for this shipment.²⁷
- Additionally, CSAC asserts that it calculated the value of the returned merchandise by rounding the per-kilogram discount amounts to the nearest NTD per kilogram. As a result, CSAC changed the discount amount assigned to the return from the actual discount on the initial sale.²⁸
- The revenue discrepancy due to CSAC's "rounding difference" is not insignificant. When applied to the entire home market for the POI, the difference from CSAC's rounding creates a significant discrepancy that is not accounted for in CSAC's books and records.²⁹ CSAC's revised home market sales reconciliation ties to the discount field

¹⁹ See CSAC Case Brief at 3.

²⁰ *Id.* at 3.

²¹ See Petitioners Rebuttal Brief at 1.

²² *Id.* at 1-2.

²³ *Id.* at 3.

²⁴ *Id.* at 4.

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.* at 5.

²⁸ *Id.*

²⁹ *Id.*

multiplied by quantity, and thus, does not reflect the additional revenue loss due to the rounding discrepancy.³⁰

- Finally, CSAC was provided an opportunity to correct the negative adjustments that it erroneously reported as on-schedule discounts, but failed to do so. Because CSAC did not comply with Commerce’s instruction to correct this error, it failed to cooperate with Commerce’s instructions.³¹

Commerce’s Position: We disagree with CSAC that its claimed “on-schedule delivery discounts” are supported by record evidence. In the *Preliminary Determination*, we found that CSAC failed to establish entitlement to its claimed adjustments, and consequently, disregarded CSAC’s reported on-schedule delivery discounts.³² No new information has been presented since the *Preliminary Determination* that would warrant a change from our preliminary finding with respect to this issue. Accordingly, we continue to find that CSAC has failed to demonstrate entitlement to its claimed on-schedule delivery discounts.

In calculating NV, Commerce’s practice is to use a price that is net of price adjustments.³³ In particular, 19 CFR section 351.401(c) states that Commerce “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.”³⁴ Furthermore, pursuant to 19 CFR 351.401(b)(1), when a party claims an adjustment, the burden lies with the party to establish to Commerce’s satisfaction the amount and nature of the adjustment.

As an initial matter, it is still unclear what is included within CSAC’s claimed on-schedule delivery discounts (reported in field “OTHDIS1H” of its home market sales database). CSAC reported that it provided on-schedule delivery discounts to certain home market customers that accepted delivery of goods in accordance with the schedule set forth in the sales order as an incentive to prevent the accumulation of inventory at CSAC’s facilities.³⁵ However, CSAC, admittedly, incorrectly commingled *refunds* of “performance deposit” (an alternative incentive offered to customers to prevent the accumulation of inventory at CSAC’s facilities) with its claimed on-schedule delivery discounts.³⁶ CSAC explained that it requires certain home market customers to make performance deposits prior to purchasing specific products, and “if the customer takes delivery within a certain period of time such that inventory did not accumulate at CSAC, the performance deposit was refunded to the customer.”³⁷ CSAC stated that it separately reported performance deposit refunds in a rebate field of its home market sales database (*i.e.*, REBATE1H),³⁸ but evidently also included refunds of the separate performance deposits in at

³⁰ *Id.*

³¹ *Id.* at 6.

³² See *Preliminary Determination* PDM at 17.

³³ See 19 CFR 351.401(c).

³⁴ *Id.*

³⁵ See CSAC’s Letter, “Response of C.S. Aluminium Corporation to the Department’s April 23 Questionnaire,” dated June 22, 2020, at 24-25.

³⁶ See CSAC Case Brief at 3.

³⁷ See CSAC’s Letter, “Response of C.S. Aluminium Corporation to the Department’s August 5 Section ABC Supplemental Questionnaire,” dated August 24, 2020 (CSAC August 24, 2020 SQR), at 13-14.

³⁸ *Id.*

least some of its on-schedule delivery discount calculations, and, consequently, in the field OTHDIS1H of its home market sales database.

The improper inclusion of performance deposit refunds in the calculation of CSAC's claimed on-schedule delivery discounts apparently resulted in several negative values reported in the on-schedule delivery discount field, implying that the customer was required to pay more instead of receiving a discount on the merchandise. In a supplemental questionnaire, Commerce highlighted the negative values (along with examples of other apparently incorrect values under this field) and provided CSAC with an opportunity to rectify the issue.³⁹ In response, CSAC stated that if a customer returned a portion of the shipped merchandise, it was ineligible to receive a performance deposit refund on the returned quantity.⁴⁰ As such, CSAC explained that "the amount of the performance deposit refund retained by CSAC for returned merchandise was allocated to the non-returned ordered quantity and reported as a negative amount in the OTHDIS1H field that was supposed to reduce the total refund reported in the REBATE1H field."⁴¹ However, "CSAC incorrectly reported this negative adjustment to the performance-deposit refund in the {on-schedule delivery discount} field due to an inadvertent error."⁴² Although CSAC acknowledged its mistake and stated it would revise its reported adjustments accordingly, it failed to do so.⁴³ CSAC also provided no documentation or worksheets demonstrating examples of how this error resulted in negative values in the OTHDIS1H field, nor did it identify the observations affected. The commingling of refunds within the on-schedule delivery discount field, and CSAC's failure to fix the problem in response to the supplemental questionnaire, calls into question the accuracy of CSAC's reporting for this claimed adjustment and the diligence it applied in compiling this field. Moreover, for certain observations with negative values reported under the OTHDIS1H field, there is no amount reported under REBATE1H.⁴⁴ Thus, if Commerce understands CSAC's explanation correctly, that means the negative values reported under OTHDIS1H cannot be the result of a refund of the performance deposit (because apparently there was no performance deposit associated with such observations), or, it means that the entire shipment was returned for such observations (implying no performance deposit refund), which calls into question why the observations are included in the database with positive sales quantities.

In its case brief, CSAC attempts to trivialize the issue and suggests that Commerce fix the mistake on its behalf, stating in a footnote that "the home-market database may be corrected by reassigning all the negative amounts reported under the 'OTHDIS1H' field to the 'REBATE1H.'"⁴⁵ Commerce, however, does not view the issue as a simple clerical error that it can remedy on its own. Furthermore, it is not Commerce's responsibility to remedy or justify a

³⁹ See Commerce's Letter, "Second Section A Supplemental Questionnaire and First Section B and C Supplemental Questionnaires in the Antidumping Duty Investigation of Aluminum Sheet from Taiwan," dated August 5, 2020 (Commerce August 5, 2020 SQ).

⁴⁰ *Id.* at 14.

⁴¹ *Id.*

⁴² *Id.*

⁴³ See CSAC August 24, 2020 SQR at 14-15; see also CSAC's Letter, "LTFV Investigation of Common Alloy Aluminum Sheet from Taiwan – Response to August 5 Supplemental Questionnaire," dated August 27, 2020 at SB-1.

⁴⁴ See CSAC Final Analysis Memorandum.

⁴⁵ See CSAC Case Brief at 3.

claimed adjustment on CSAC's behalf.⁴⁶ As stated in Commerce's regulations, and upheld by the courts, the burden to establish entitlement to an adjustment is on the party seeking the adjustment, which has access to the necessary information.⁴⁷ CSAC was offered the opportunity to correct its response, said it had done so but, in fact, failed to do so, and now tries to characterize the issue as so minor that Commerce could fix the error on its behalf.

In addition to the significant issue noted above, there are other discrepancies between the per-unit on-schedule discount amounts reported in CSAC's narrative response and the amounts claimed by CSAC in its home market sales database,⁴⁸ which involve sales with returned quantities.⁴⁹ In such situations, CSAC claims that it does not refund the exact payment associated with the returned items, but, instead, refunds more than was originally paid. This is a result of CSAC supposedly using a smaller on-schedule discount rate in determining the amount of the sales refund than it used in determining the original sales amount; the rate used in determining the refund amount is slightly over 5 percent less than the rate used in determining the original sales amount, which CSAC describes as "rounding."⁵⁰ CSAC claims the amount of this "over refund" is then allocated to the unreturned portion of the sale and is thus reported under OTHDIS1H.⁵¹ As noted in the *Preliminary Determination*, however, one example CSAC provided of this allocation methodology (Appendix SB-4-A-2) is not borne out by the supporting documentation.⁵² In particular, nothing is included in the associated supporting documentation that allows returned sales quantities to be tied to particular sales (the returned quantity can be tied to an invoice number, but there are multiple sales on the invoice), and thus, there is no way to tie the "over refunded" amount to particular sales. Moreover, there is nothing included in the supporting documentation that demonstrates repayment was actually made to the customer in the amount claimed (*i.e.*, the "over refunded" amount),⁵³ and thus the documentation provides no evidence that there actually was an "over refund." Finally, as the petitioners note, while the amount at issue appears small at first glance, multiplied by the value of all returns it would likely be large enough to require some type of adjustment or note in CSAC's financial statements or in the sales reconciliation CSAC compiled as part of its questionnaire response. However, there is

⁴⁶ See 19 CFR 351.401(b)(1).

⁴⁷ See, *e.g.*, *Timken Co. v. United States*, 673 F. Supp. 2d 495, 513 (CIT 1987); *SKF USA Inc. v. United States*, 180 F.3d 1370, 1377 (Fed. Cir. 1999) ("the party seeking a direct price adjustment bears the burden of proving entitlement to such an adjustment."); *Am. Tubular Prods., LLC v. United States*, 847 F.3d 1354, 1361 (Fed. Cir. 2017); and *NSK Ltd. v. United States*, 510 F.3d 1375, 1382 (Fed. Cir. 2007).

⁴⁸ See, *e.g.*, Commerce August 5, 2020 SQ at 14.

⁴⁹ See CSAC August 24, 2020 SQR at 12-13.

⁵⁰ While the exact rates are BPI, for the sake of comparison, if the original discount were \$10.50/widget, the discount used in determining the refund would be \$10/widget – 5 percent less. Thus, if the sales value was originally \$100, and was then discounted to \$89.5 (\$100 - \$10.50), the refund amount would be \$90 (\$100 - \$10).

⁵¹ Commerce notes that this methodology could only increase the amount reported under OTHDIS1H for the unreturned portion of the sale, and thus cannot explain the negative values reported under OTHDIS1H discussed above.

⁵² As noted, there are multiple sales on an invoice. Commerce correctly identified the invoice at issue in the *Preliminary Determination*, but incorrectly identified the sale at issue. Commerce has identified the correct sales in the analysis memorandum accompanying this decision, see CSAC Final Analysis Memorandum.

⁵³ The supporting documentation includes a document translated as "Certificate of Sales/Purchases Returns or Allowances on Merchandise Sold/Purchased by a Business Entity." There is no documentation, however, tracing the refunded amount through CSAC's accounting system or showing an outgoing payment in its bank account, even though CSAC includes such documentation for the original incoming payment from the customer and the original invoice amount.

no mention of it. Thus, the absence of any mention of the aggregate over refund amount casts further doubt on the accuracy of CSAC's reporting under OTHDIS1H.

CSAC simply has not provided the evidence necessary to corroborate its reported on-schedule delivery discounts. Therefore, CSAC has not met its burden to establish entitlement to the adjustment. As a result, we are continuing to deny CSAC's claimed on-schedule delivery discounts and are continuing to disregard *all* values CSAC reported in its on-schedule delivery discount field (OTHDIS1H) in the calculation of the NV.⁵⁴

Finally, Commerce identified untimely and unsolicited new factual information (NFI) in CSAC's in-lieu-of verification questionnaire response and case brief related to its claimed on-schedule delivery discounts, and consequently requested that CSAC redact and refile the relevant submissions.⁵⁵ In the cover letter to CSAC's refiled in-lieu-of on-site verification questionnaire response, CSAC states that Commerce's in-lieu-of on-site verification questionnaire requested sales traces and supporting documentation for certain transactions, one of which included an on-schedule delivery discount.⁵⁶ CSAC argues that the information it included, which was unrelated to any sales trace requested by Commerce, "was necessary to provide a complete answer to {Commerce's} question of how the discount was calculated, and to permit a true verification of the previously reported information."⁵⁷

We disagree. In the in-lieu-of on-site verification questionnaire, Commerce requested specific information regarding specific transactions clearly identified by their sequence numbers.⁵⁸ Commerce also notified CSAC that the questionnaire was "not a request for new information" and that CSAC's response "should be limited to the information that is requested in the enclosure."⁵⁹ Commerce also informed CSAC that "unsolicited new factual information (*i.e.*, information beyond that which we are requesting) or revisions of previously requested information, may be rejected, pursuant to 19 CFR 351.302(d)."⁶⁰ Contrary to CSAC's assertions, the information Commerce identified as unsolicited and untimely NFI pertained to a transaction for which additional supporting information was not requested by Commerce. CSAC included the unsolicited and untimely NFI in a footnote to its in-lieu-of on-site verification questionnaire response in which it acknowledged that the unsolicited information it was providing did not pertain to the sales traces requested by Commerce, but rather was provided "in addition" to the requested information.⁶¹ CSAC also included NFI presented in exhibits to further support the unsolicited information, which was not previously mentioned by CSAC on the investigation record.

⁵⁴ Consistent with the *Preliminary Determination*, we are also continuing to disregard the negative values CSAC incorrectly reported in the on-schedule delivery discount field of its home market database, which it claims are related to performance deposit refunds.

⁵⁵ See Commerce's Letter Rejecting CSAC's NFI.

⁵⁶ See CSAC February 12, 2021 ILOVQR.

⁵⁷ *Id.*

⁵⁸ See Commerce December 3, 2020 ILOVQ.

⁵⁹ *Id.* at 1.

⁶⁰ *Id.*

⁶¹ See CSAC December 14, 2020 ILOVQR at Cover Letter (although this document has been rejected from the record of this investigation and consequently the NFI contained therein has not been taken into account for this final determination, a copy of the document has been retained for the sole purpose of documenting the reason for its rejection).

In the cover letter to CSAC's redacted case brief, CSAC argues that some of the information Commerce requested it redact from its original case brief because it cited to NFI that was rejected from the record of this investigation, could be supported by other, timely information on the record.⁶² As a result, CSAC requested an opportunity to revise its case brief, rather than redact the information which it claims could be supported by other record evidence.⁶³ We note that CSAC did revise portions of its original case brief in the cover letter to its redacted case brief. Specifically, the cover letter to CSAC's redacted case brief includes certain information from its original case brief that referenced the untimely NFI, with a citation to other, timely information on the record.⁶⁴ All timely record information, including the arguments presented in the cover letter to CSAC's redacted case brief, have been fully considered in reaching our final determination in this investigation.

Comment 2: Scrap Offset Adjustment

CSAC's Case Brief:

- Commerce improperly adjusted CSAC's reported scrap offset based on an average yield loss rate that included non-subject merchandise.⁶⁵
- Record evidence provided in response to the post-preliminary section D questionnaire demonstrates that Commerce's adjustment in the *Preliminary Determination* included a scrap offset that included both subject and non-subject merchandise.⁶⁶
- Commerce's practice is to allow an offset for scrap generated and collected from the production of subject merchandise and re-entered into production of the subject merchandise, or sold. In accordance with that practice, Commerce should calculate the scrap offset for CSAC's production of aluminum sheet based on the scrap recovery rate for aluminum sheet, as reported in CSAC's COP database.⁶⁷

Petitioners' Rebuttal Brief:

- CSAC's response does not clearly breakdown the scrap offset between subject and non-subject merchandise. Commerce properly adjusted CSAC's claimed scrap offset rate to the overall scrap offset rate and should continue to do so for the final determination.⁶⁸

Commerce's Position: We agree with CSAC. Commerce's practice with respect to scrap offsets is to allow an offset for scrap generated and collected from the production of subject merchandise and re-entered into production of the subject merchandise or sold.⁶⁹ The record evidence provided clearly distinguished between scrap related to subject merchandise and scrap

⁶² See CSAC Case Brief at Cover Letter.

⁶³ *Id.* at 3.

⁶⁴ *Id.* at 2-3.

⁶⁵ See CSAC Case Brief at 3.

⁶⁶ *Id.* at 3-4; see also CSAC Preliminary Cost Memorandum.

⁶⁷ See CSAC Case Brief at 4-5.

⁶⁸ See Petitioners Rebuttal Brief at 6-8.

⁶⁹ See, e.g., *Frontseating Service Valves from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances*, 74 FR 10886 (March 13, 2009), and accompanying Issues and Decision Memorandum at Comment 10; see also *Ames True Temper v. United States*, 700 F. Supp. 2d 1303, 1307 (CIT 2007).

related to non-subject merchandise and demonstrated that Commerce's adjustment in the *Preliminary Determination* included an offset for scrap related to both subject and non-subject merchandise, while the scrap offset claimed in the cost database as reported by CSAC is related solely to the subject merchandise.⁷⁰ Thus, for the final determination, in accordance with our practice, we revised our scrap offset adjustment reflected in the *Preliminary Determination* and allowed CSAC's claimed scrap offset as reported in CSAC's COP database.⁷¹

VI. RECOMMENDATION

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

☒

Agree

☐

Disagree

3/1/2021

X



Signed by: CHRISTIAN MARSH

Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance

⁷⁰ See CSAC October 29, 2020 SQR.

⁷¹ See Memorandum, "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination – C.S. Aluminium Corporation," dated concurrently with this memorandum.