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International Trade Administration
Washington, D.C. 20230

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Administrative Review
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AD/CVD: Office III: JL, CR

June 18, 2014

MEMORANDUM TO: Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

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

RE: Stainless Steel Plate in Coils from Belgium: Decision
Memorandum for the Preliminary Results of Antidumping Duty
Administrative Review; 2012-2013

Summary

In response to requests from interested parties, the Department of Commerce (Department) is conducting an administrative review of the antidumping duty order on stainless steel plate in coils (steel plate) from Belgium for the period of review (POR) of May 1, 2012, through April 30, 2013. The Department preliminarily determines that Aperam Stainless Belgium N.V. (ASB) made sales of the subject merchandise at prices below normal value (NV).

If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. We intend to issue final results no later than 120 days from the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act) and 19 CFR 351.213(h)(1).



Background

On April 24, 2003, the Department published in the *Federal Register* an antidumping duty order on steel plate from Belgium.¹ On May 1, 2013, the Department published in the *Federal Register* a notice of opportunity to request an administrative review of the antidumping duty order on steel plate from Belgium for the POR May 1, 2012, through April 30, 2013.² Pursuant to section 751(a)(1) of the Act and 19 CFR 351.213(b)(1) and (2), on May 31, 2013, the Department received timely requests for an administrative review of this antidumping duty order from respondent ASB, and Petitioners whose review request was limited to ASB.³ On June 28, 2013, in accordance with 19 CFR 351.221(c)(1)(i), the Department published in the *Federal Register* a notice of initiation of the administrative review of the antidumping duty order on steel plate from Belgium covering one respondent, ASB.⁴

On June 28, 2013, the Department sent the initial questionnaire covering sections A through D to ASB. We received ASB's response to section A of the Department's questionnaire on August 5, 2013, and its responses to sections B, C and D on September 9, 2013. On October 30, 2013, the Department sent ASB the first supplemental questionnaire for sections A-C. We received ASB's response to sections A-C on December 4, 2013. On December 10, 2013, the Department sent ASB the first supplemental questionnaire for section D and received ASB's response on January 9, 2014. On January 30, 2014, the Department issued the second supplemental section A-C questionnaire. We received ASB's response on February 13, 2014. On February 12, 2014, the Department sent ASB the second supplemental questionnaire for section D and received ASB's response on February 25, 2014. On February 14, 2014, the Department issued the third Section C supplemental questionnaire response and received ASB's response on February 21, 2014.

On September 20, 2013, Petitioners submitted a letter requesting that the Department conduct verification of ASB's home market and U.S. market sales databases in accordance with 19 CFR 351.307(b)(1)(v).

¹ See *Antidumping Duty Orders; Certain Stainless Steel Plate in Coils From Belgium, Canada, Italy, the Republic of Korea, South Africa, and Taiwan*, 64 FR 27756 (May 21, 1999); *Notice of Amended Antidumping Duty Orders; Certain Stainless Steel Plate in Coils From Belgium, Canada, Italy, the Republic of Korea, South Africa, and Taiwan*, 68 FR 11520 (March 11, 2003); *Notice of Amended Antidumping Duty Orders; Certain Stainless Steel Plate in Coils From Belgium, Canada, Italy, the Republic of Korea, South Africa, and Taiwan*, 68 FR 16117 (April 2, 2003); *Notice of Correction to the Amended Antidumping Duty Orders; Certain Stainless Steel Plate in Coils From Belgium, Canada, Italy, the Republic of Korea, South Africa, and Taiwan*, 68 FR 20114 (April 24, 2003).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 78 FR 25420 (May 1, 2013).

³ Petitioners are Allegheny Ludlum Corporation, North American Stainless, United Auto Workers Local 3303, Zanesville Armco Independent Organization, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (AFL-CIO/CLC).

⁴ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 77 FR 40565 (July 10, 2012).

On January 2, 2014, the Department postponed the deadline for the preliminary results of this administrative review until June 18, 2014.⁵

On January 15, 2014, Petitioners submitted deficiency comments regarding ASB's Section A questionnaire response dated August 5, 2013, and sections A-C first supplemental questionnaire response dated December 4, 2013. On March 6, 2014, Petitioners submitted their comments concerning verification.⁶

From March 12, through March 15, 2014, the Department conducted the sales verification of the questionnaire responses submitted by ASB. From March 18, through March 21, 2014, the Department conducted the cost verification of the questionnaire responses submitted by ASB. From March 31, through April 1, 2014, the Department conducted the constructed export price (CEP) verification.⁷

Scope of the Order

The product covered by this order is certain stainless steel plate in coils. Stainless steel is alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject plate products are flat-rolled products, 254 mm or over in width and 4.75 mm or more in thickness, in coils, and annealed or otherwise heat treated and pickled or otherwise descaled. The subject plate may also be further processed (e.g., cold-rolled, polished; *etc.*) provided that it maintains the specified dimensions of plate following such processing. Excluded from the scope of this order are the following: (1) plate not in coils, (2) plate that is not annealed or otherwise heat treated and pickled or otherwise descaled, (3) sheet and strip, and (4) flat bars.

The merchandise subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 7219.11.00.30, 7219.11.00.60, 7219.12.00.02, 7219.12.00.05, 7219.12.00.06, 7219.12.00.20, 7219.12.00.21, 7219.12.00.25, 7219.12.00.26, 7219.12.00.50, 7219.12.00.51, 7219.12.00.55, 7219.12.00.56, 7219.12.00.65, 7219.12.00.66, 7219.12.00.70, 7219.12.00.71, 7219.12.00.80, 7219.12.00.81, 7219.31.00.10, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.11.00.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.90.00.10, 7220.90.00.15, and 7220.90.00.60.

⁵ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations through Melissa G. Skinner, Director, Office III, Antidumping and Countervailing Duty Operations from Jolanta Lawska International Trade Compliance Analyst, Office III, Antidumping and Countervailing Duty Operations, regarding Stainless Steel Plate in Coils from Belgium: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review; 2012-2013, dated January 2, 2014.

⁶ See Petitioner's Comments on Verification (March 6, 2014).

⁷ See Memorandum to Melissa G. Skinner, Director, AD/CVD Operations, Office III, through Eric B. Greynolds, Program Manager, AD/CVD Operations, Office III, from Jolanta Lawska and Cindy Robinson, International Trade Compliance Analysts regarding "Verification of the Sales Response of Aperam Stainless Belgium N.V. (ASB) in the Administrative Review of Stainless Steel Plate in Coils from Belgium" (ASB's Sales Verification Report) (May 8, 2014), and Memorandum to the File through Eric Greynolds, Program Manager, Office III, AD/CVD Operations, from Cindy Robinson and Jolanta Lawska, Senior International Trade Analysts, Office III, AD/CVD Operations regarding "Verification of the Cost of Production Responses of Aperam Stainless Belgium N.V." (ASB's Cost Verification) (May 8, 2014).

Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise subject to this order is dispositive.

DISCUSSION OF METHODOLOGY

Comparisons to Normal Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1), in order to determine whether sales of subject merchandise to the United States were made at less than NV, we compared CEP to NV, as described in the “Constructed Export Price” and “Normal Value” sections of this decision memorandum.

Product Comparisons

When making comparisons for purposes of determining an appropriate product comparison to U.S. sales, in accordance with section 771(16) of the Act, we considered all products produced by the respondent that are covered by the description contained in the “Scope of the Order” section above and were sold in the home market during the POR, that were in the ordinary course of trade to be the foreign like product. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the most similar foreign like product on the basis of the characteristics listed in Appendix V of the initial antidumping questionnaire we provided to ASB.⁸

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(b) and (c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average export prices (EPs) or CEPs (the average-to-average, or A-to-A, method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping investigations, the Department examines whether to use the average-to-transaction (A-to-T) method as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department’s examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping investigations.⁹ In recent investigations, pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act, the Department applied a “differential pricing” analysis for determining whether application of A-to-T comparisons is appropriate in a particular

⁸ See the Department’s June 28, 2013, initial Antidumping Duty Questionnaire.

⁹ See *Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Review; 2010-2011*, 77 FR 73415 (December 10, 2012), and accompanying Issues and Decision Memorandum at Comment 1.

situation.¹⁰ The Department finds the differential pricing analysis used in those recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department intends to continue to develop its approach in this area based on comments received in this and other proceedings, as well as the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the A-to-A method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of EPs (or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods.¹¹ If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the A-to-A method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer names. Regions are defined using the reported destination code (*i.e.*, zip codes) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the "Cohen's *d*" test is applied. The Cohen's *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen's *d* test is applied when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the

¹⁰ See *Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33350 (June 4, 2013), and the accompanying Issues and Decision Memorandum at Comment 3; see also Memoranda to Paul Piquado, Assistant Secretary for Import Administration, from Abdelali Elouaradia, Director of AD/CVD Operations Office 4, entitled "Less Than Fair Value Investigation of Xanthan Gum from Austria: Post-Preliminary Analysis and Calculation Memorandum," "Less than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., Ltd) and Shandong Fufeng Fermentation Co., Ltd.," and "Less than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Deosen Biochemical Ltd.," all dated March 4, 2013.

¹¹ As noted above, differential pricing has been utilized in recent investigations to determine the appropriate comparison methodology. It has also been used in several recent antidumping duty administrative reviews. See, e.g., *Certain Steel Threaded Rod From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 21101 (April 9, 2013); *Circular Welded Carbon Steel Pipes and Tubes From Thailand: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 21105 (April 9, 2013); *Polyvinyl Alcohol From Taiwan: Preliminary Results of Antidumping Duty Administrative Review; 2010-2012*, 78 FR 20890 (April 8, 2013); and *Polyester Staple Fiber from Taiwan: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 17637 (March 22, 2013).

Cohen's *d* coefficient is calculated to evaluate the extent to which the net prices to a particular purchaser, region or time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium or large. Of these thresholds, the large threshold (*i.e.*, 0.8) provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant if the calculated Cohen's *d* coefficient is equal to or exceeds the large threshold.

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

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of CEPs that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the A-to-A method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the A-to-A method only. If the difference between the two calculations is meaningful, this demonstrates that the A-to-A method cannot account for differences such as those observed in this analysis, and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if: 1) there is a 25 percent relative change in the weighted-average dumping margin between the A-to-A method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margin moves across the *de minimis* threshold.

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

B. Results of the Differential Pricing Analysis

Based on the results of our differential pricing analysis, if the value of sales of purchasers, regions, and time periods that passes the Cohen's *d* test accounts for 66 percent or more of the value of total sales, then the identified pattern of CEPs that differ significantly supports the

consideration of the application of the A-to-T method as an alternative to the A-to-A method. For ASB, the Department finds that 83.12 percent of ASB's CEP sales confirm the existence of a pattern of CEPs for comparable merchandise that differ significantly among purchasers, regions, or time periods. Moreover, our analysis of the application of the A-to-T alternative method to ASB's CEP sales, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the A-to-A method only. Accordingly, the Department preliminarily determines to use the A-to-T alternative method in making comparisons of CEP and NV for ASB.

Date of Sale

As stated at 19 CFR 351.401(i), the Department normally will use the respondent's date of invoice, as recorded in the producer or exporter's records kept in the ordinary course of business, as the date of sale, unless another date better reflects the date on which the exporter or producer establishes the material terms of sale. ASB reported the invoice date as the date of sale for both the U.S. market and the home market because the date of invoice reflects the date on which the material terms of sale were finalized.¹²

Constructed Export Price

In accordance with section 772(b) of the Act, CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise, or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter.

For purposes of this review, ASB classified all of its export sales of steel plate to the United States as CEP sales. During the POR, ASB made sales in the United States through its U.S. affiliate, Aperam Stainless Services and Solutions USA (Aperam USA), which sold the merchandise to unaffiliated customers in the United States. The Department calculated CEP based on packed prices to customers in the United States. We made deductions from the starting price, net of discounts, for movement expenses (foreign and U.S. movement, and U.S. customs duty and brokerage) in accordance with section 772(c)(2) of the Act and 19 CFR 351.401(e). In addition, because ASB reported CEP sales, in accordance with section 772(d)(1) of the Act, we deducted from the starting price, credit expenses, warranty expenses, and indirect selling expenses, including inventory carrying costs, incurred in Belgium and the United States and associated with economic activities in the United States.

¹² For more information, *see* Memorandum to The File, through Eric Greynolds, Program Manager, AD/CVD Operations, Office III, from Jolanta Lawska, Case Analyst, Regarding Calculation Memorandum for Aperam Stainless Belgium N.V. (ASB) for the Preliminary Results of the 12th Administrative Review of Stainless Steel Plate in Coils (Steel Plate) from Belgium (Preliminary Sales Calculation Memorandum).

Normal Value

A. Home Market Viability

In accordance with section 773(a)(1)(C) of the Act, to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, (*i.e.*, the aggregate volume of home market sales of the foreign like product is five percent or more of the aggregate volume of U.S. sales), we compared ASB's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise. Pursuant to section 773(a)(1)(B) of the Act and 19 CFR 351.404(b), because ASB's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales of the subject merchandise, we determined that the home market was viable. Moreover, there is no evidence on the record supporting a particular market situation in the exporting company's country that would not permit a proper comparison of home market and U.S. prices.

B. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, the Department will calculate NV based on sales at the same level of trade (LOT) as the EP or CEP. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).¹³ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.¹⁴ In order to determine whether the comparison sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, the chain of distribution), including selling functions, class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to 19 CFR 351.412(c)(1), in identifying LOTs for EP and comparison-market sales (*i.e.*, NV based on either home market or third-country prices), we consider the starting prices before any adjustments. For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and CEP profit under section 772(d) of the Act.¹⁵ Where NV is based on CV, we determine the NV LOT based on the LOT of the sales from which we derive selling, general, and administrative (SG&A) expenses, and profit for CV, where possible.

When the Department is unable to match U.S. sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, the Department may compare the U.S. sales to sales at a different LOT in the comparison-market. In comparing EP or CEP sales at a different LOT in the comparison-market, where available data make it practicable, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if the NV LOT is at a more advanced stage of distribution than the CEP LOT, and the available data do not provide an appropriate basis to determine whether the difference in LOTs between NV and CEP affects

¹³ See 19 CFR 351.412(c)(2).

¹⁴ See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From South Africa*, 62 FR 61731, 61732 (November 19, 1997) (*Plate from South Africa*).

¹⁵ See *Micron Technology Inc. v. United States*, 243 F.3d 1301, 1314-1315 (Fed. Cir. 2001).

price comparability (*i.e.*, no LOT adjustment was practicable), the Department shall grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.¹⁶

In this administrative review, we obtained information from the respondent, ASB, regarding the marketing stages involved in making the reported home market and U.S. sales, including a description of the selling activities performed by ASB for each channel of distribution.¹⁷ In the U.S. market, ASB reported sales made through one LOT corresponding to one channel of distribution. ASB made sales to the United States by ASB's affiliated trading company, Aperam USA, through ASB's European affiliate, Aperam Stainless Europe S.A. (Aperam Europe).¹⁸ We determine that these sales are CEP sales. ASB's one U.S. channel of distribution is Aperam USA's sales of made-to-order merchandise produced by ASB and shipped directly to the final customer.¹⁹ ASB requested that a CEP offset be made in calculating the NV because according to ASB, the selling activities in the home market are at a more advanced LOT than the selling activities in the U.S. market.²⁰

Our analysis of the selling functions performed by ASB in the United States indicates that the selling activities and services do not vary according to the channel of distribution.²¹ Therefore, based on the lack of differentiation between the type and level of activities associated with ASB's sales in the U.S. market, we preliminarily determine that there is only one LOT in the U.S. market.²²

With respect to the home market, ASB reported certain customer categories in a single channel of distribution. We examined the selling functions performed for certain customer categories and found that the selling activities and services do not vary by customer category.²³ Therefore, we preliminarily conclude that ASB's sales in the home market constitute one LOT.

We analyzed the differences among the reported selling activities which demonstrated that ASB's sales in the home market were at different stages in the marketing process than the U.S. sales. Finally, we compared the U.S. and home market LOTs. As a result of our comparison, we preliminarily determined that ASB's home market LOT is at a more advanced stage of distribution than the CEP LOT.²⁴

We then considered whether we could make a LOT adjustment. In this case, ASB only sold at one LOT in the comparison market; therefore, there is no information available to determine a pattern of consistent price differences between the sales on which NV is based and the comparison market sales at the LOT of the export transaction, in accordance with the

¹⁶ See *Plate from South Africa*, 62 FR at 61732-33.

¹⁷ See ASB's August 9, 2013, Section A questionnaire response at pages 12-15, ASB's December 4, 2014, questionnaire response at page 7 and Exhibit SA-2 and ASB's February 13, 2014 questionnaire response at page 1.

¹⁸ See ASB's February 13, 2014, questionnaire response at page 1 and Exhibit SSA-1.

¹⁹ See ASB's August 9, 2013, Section A questionnaire response at pages 12-13.

²⁰ *Id.*, at pages 16-17.

²¹ *Id.*

²² See Preliminary Sales Calculation Memorandum.

²³ *Id.*

²⁴ *Id.*

Department's normal methodology as described above.²⁵ Further, we do not have record information which would allow us to examine pricing patterns based on the respondent's sales of other products, and there are no other respondents or other record information on which such an analysis could be based. Accordingly, because only one LOT exists in the home market we could not make a LOT adjustment. However, because the LOT in the comparison market is at a more advanced stage of distribution than the LOT of the CEP transactions, we are preliminarily granting a CEP offset adjustment in accordance with section 773(a)(7)(B) of the Act and 19 CFR 351.412(f).²⁶

C. Cost of Production

The Department disregarded sales priced below the cost of production (COP) in the last administrative review of the order completed prior to the initiation of this review.²⁷ Thus, in accordance with section 773(b)(2)(A)(ii) of the Act, there are reasonable grounds to believe or suspect that ASB made sales of the subject merchandise in its home market at prices below the COP in the current review period. Pursuant to section 773(b)(1) of the Act, we initiated a COP investigation of sales by ASB. We examined the cost data for ASB and determined that our quarterly cost methodology is not warranted and, therefore, we applied our standard methodology of using annual costs based on the reported data.

1. Calculation of Cost of Production

We calculated the COP based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for general and administrative (G&A) expenses and financial expenses, in accordance with section 773(b)(3) of the Act. We relied on the COP data submitted by ASB in its questionnaire responses for the COP calculation and made no adjustments to the submitted data for these preliminary results.

2. Test of Home Market Prices

As required under 773(b)(2) of the Act, we compared the weighted-average COP for the POR to the per-unit price of the home market sales of the foreign like product, in order to determine whether the sale prices were below the COP. We determined the net home market prices for the below cost test by subtracting from the gross unit price all applicable movement charges, direct and indirect selling expenses, and packing expenses.

3. Results of COP Test

In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act whether: 1) within an extended period of time, such sales were made in substantial quantities; and 2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time in the

²⁵ See 19 CFR 351.412(d).

²⁶ For further explanation of our LOT analysis, see Preliminary Sales Calculation Memorandum.

²⁷ See *Stainless Steel Plate in Coils from Belgium: Final Results of Antidumping Duty Administrative Review*, 74 FR 53468 (October 19, 2009).

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

Our cost test indicated that ASB had home market sales that were sold at prices below the COP within an extended period of time in substantial quantities and were at prices which would not permit the recovery of all costs within a reasonable period of time. Thus, we preliminarily disregarded the below-cost sales and used the remaining sales as the basis for NV, in accordance with section 773(b)(1) of the Act.

D. Calculation of NV Based on Comparison Market Prices

We calculated NV based on the prices ASB reported for home market sales to unaffiliated customers which we determined were within the ordinary course of trade. We adjusted the starting price for early payment discounts, foreign inland freight, and inland insurance, pursuant to section 773(a)(6)(B)(ii) of the Act. We made adjustments for differences in packing, in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act. We also made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act, as well as for differences in circumstances of sale (for imputed credit expenses and warranty expenses) in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. When applicable, we also made adjustments, in accordance with 19 CFR 351.410(e), for indirect selling expenses incurred on comparison market or U.S. market sales where commissions were granted on sales in one market but not in the other. Specifically, where commissions were granted in the U.S. market but not in the comparison market, we made a downward adjustment to NV for the lesser of (1) the amount of the commission paid in the U.S. market, and (2) the amount of indirect selling expenses incurred in the comparison market. If commissions were granted in the comparison market but not in the U.S. market, we made an upward adjustment to NV following the same method. We made one adjustment to ASB's reported home market sales data. For the preliminary results, we determined to classify "excess prime" merchandise as prime merchandise.

E. Calculation of NV Based On Constructed Value

In accordance with section 773(e) of the Act, and where applicable, we calculated Constructed Value (CV) based on the sum of ASB's material and fabrication costs, SG&A expenses, profit and U.S. packing costs. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized by ASB in connection with the production and sales of the foreign like product at the same LOT as the U.S. sale, in the ordinary course of trade, for consumption in the comparison market.

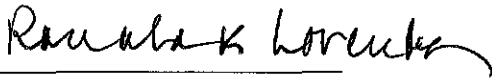
Currency Conversion

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

Recommendation

We recommend applying the above methodology for these preliminary results.

Agree ✓ Disagree



Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

June 18, 2014
(date)