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Investigation
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DATE: November 4, 2016

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcements and Compliance

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

SUBJECT: Decision Memorandum for the Preliminary Determination in the
Antidumping Duty Investigation of Certain Carbon and Alloy
Steel Cut-To-Length Plate from Belgium

I. SUMMARY

The Department of Commerce (the Department) preliminarily determines that certain carbon and alloy steel cut-to-length plate (CTL plate) from Belgium is being, or is likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Tariff Act of 1930, as amended (the Act). The estimated weighted-average dumping margins are shown in the “Preliminary Determination” section of the accompanying Federal Register notice.

II. BACKGROUND

On April 8, 2016, the Department received an antidumping duty (AD) petition covering imports of CTL plate from Belgium,¹ which was filed in proper form by ArcelorMittal USA LLC, Nucor Corporation (Nucor), and SSAB Enterprises, LLC (collectively, the petitioners). The Department initiated this investigation on April 28, 2016.²

In the Initiation Notice, the Department stated that, although we normally rely on the number of producers/exporters identified in the petition and/or import data from U.S. Customs and Border

¹ See Petitions for the Imposition of Antidumping Duties on Imports of Certain Carbon and Alloy Steel Cut-To-Length Plate from Austria, Belgium, Brazil, the People’s Republic of China, France, the Federal Republic of Germany, Italy, Japan, the Republic of Korea, South Africa, Taiwan, and Turkey; and Countervailing Duties on Imports from Brazil, the People’s Republic of China, and the Republic of Korea, dated April 8, 2016 (the Petitions).

² See Certain Carbon and Alloy Steel Cut-To-Length Plate From Austria, Belgium, Brazil, France, the Federal Republic of Germany, Italy, Japan, the Republic of Korea, the People’s Republic of China, South Africa, Taiwan, and the Republic of Turkey: Initiation of Less-Than-Fair Value Investigations, 81 FR 27089 (May 5, 2016) (Initiation Notice).



Protection (CBP) to determine whether to select a limited number of producers/exporters for individual examination in AD investigations, the petitioners identified only two companies in Belgium: Industeel Belgium S.A. (Industeel) and NLMK Clabecq S.A. (NLMK Clabecq).³ Because we knew of no additional producers/exporters of merchandise under consideration from Belgium and because the petitioners provided information from an independent third party source as support, we stated our intention to examine all known producers/exporters in Belgium.⁴ We did not receive further comments from any party with regards to respondent selection and, on May 25, 2016, we issued the AD questionnaire to Industeel and NLMK Clabecq.

Also in the Initiation Notice, the Department notified parties of an opportunity to comment on the scope of the investigation, as well as the appropriate physical characteristics of CTL plate to be reported in response to the Department's AD questionnaire.⁵ The Department received a number of timely scope comments on the record of this investigation, as well as on the records of the companion CTL plate investigations involving Austria, Brazil, France, Germany, Italy, Japan, Korea, the People's Republic of China, South Africa, Taiwan, and Turkey.⁶

On May 27, 2016, the U.S. International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of CTL plate from Belgium.⁷

On June 2, 2016, one of the petitioners, i.e., Nucor, and various other interested parties in this and/or the companion AD investigations submitted comments to the Department regarding the physical characteristics of the merchandise under consideration to be used for reporting purposes. On June 8, 2016, Nucor and various other interested parties filed rebuttal comments.

³ See Initiation Notice, 81 FR at 27095.

⁴ Id.

⁵ Id., 81 FR at 27090-27091.

⁶ For further discussion of these comments, see Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, entitled, "Certain Carbon and Alloy Steel Cut-to-Length Plate From Austria, Belgium, Brazil, the People's Republic of China, France, the Federal Republic of Germany, Italy, Japan, the Republic of Korea, the Republic of South Africa, Taiwan, and Turkey: Scope Comments Decision Memorandum for the Preliminary Determinations," dated September 6, 2016 (Preliminary Scope Decision Memorandum), and Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, entitled, "Certain Carbon and Alloy Steel Cut-to-Length Plate From Austria, Belgium, Brazil, the People's Republic of China, France, the Federal Republic of Germany, Italy, Japan, the Republic of Korea, the Republic of South Africa, Taiwan, and Turkey: Additional Scope Comments Preliminary Decision Memorandum and Extension of Deadlines for Scope Case Briefs and Scope Rebuttal Briefs," dated October 13, 2016 (Additional Preliminary Scope Decision Memorandum).

⁷ See Certain Carbon and Alloy Steel Cut-To-Length Plate From Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, Korea, South Africa, Taiwan, and Turkey: Determinations, 81 FR 33705 (May 27, 2016). See also Memorandum to the File from Brittany Bauer, Analyst, entitled, "Placing the International Trade Commission Preliminary Report on the record for the Anti-Dumping Investigations of Certain Carbon and Alloy Steel Cut-To-Length Plate From Austria, Belgium, Brazil, France, the Federal Republic of Germany, Italy, Japan, the Republic of Korea, the People's Republic of China, South Africa, Taiwan, and the Republic of Turkey," dated October 7, 2016.

In June 2016, Industeel and NLMK Clabecq, and NLMK Clabecq's affiliated exporters, NLMK Plate Sales S.A. (NLMK Plate) and NLMK Sales Europe S.A. (NLMK Sales Europe) (collectively, NPS) submitted timely responses to section A of the Department's AD questionnaire, *i.e.*, the section relating to general information. In July 2016, Industeel and NPS responded to sections B, C, and D of the Department's AD questionnaire, *i.e.*, the sections relating to home market sales, U.S. sales, and cost of production (COP)/constructed value (CV), respectively.

On July 26, 2016, the petitioners filed a timely allegation, pursuant to section 733(e)(1) of the Act and 19 CFR 351.206(c), alleging that critical circumstances exist with respect to imports of the merchandise under consideration.⁸ In this same month, the Department requested shipment data from Industeel and NLMK Belgium with respect to the critical circumstances allegation.⁹ Industeel and NLMK Belgium responded to the Department's request for shipment data on August 15, 2016.¹⁰

In August 2016, the petitioners requested that the date for the issuance of the preliminary determination in this investigation be extended until 190 days after the date of initiation. Based on the request, the Department published a postponement of the preliminary determination until no later than November 4, 2016.¹¹

From August 2016 through October 2016, we issued supplemental questionnaires to Industeel and NPS, and we received responses to these questionnaires in the same months.

On September 6, 2016, and October 13, 2016, the Department addressed the scope comments placed on the record of this investigation by interested parties.¹² On October 7, 2016, and October 18, 2016, petitioners ArcelorMittal USA LLC and SSAB Enterprises both filed pre-preliminary determination comments, respectively.¹³

⁸ See Letter from the petitioners, entitled, "Certain Carbon and Alloy Steel Cut-to-Length Plate from Italy: Critical Circumstances Allegations," dated July 26, 2016 (Critical Circumstances Allegations).

⁹ See Letters from Shawn Thompson, Program Manager, to Industeel and NLMK Belgium, entitled, "Less-Than-Fair-Value Investigation of Certain Carbon and Alloy Steel Cut-to-Length Plate from Belgium: Request for Monthly Quantity and Value Shipment," dated July 29, 2016.

¹⁰ See Letter from Industeel, entitled, "Certain Carbon and Alloy Steel Cut-To-Length Plate from Belgium: Industeel's August Quantity and Value Submission," dated August 15, 2016; and Letter from NLMK Belgium, entitled, "NLMK Clabecq: Response to Petitioners' Allegation of Critical Circumstances Certain Carbon and Alloy Steel Cut-To-Length Plate From Belgium," dated August 15, 2016.

¹¹ See Certain Carbon and Alloy Steel Cut-to-Length Plate from Austria, Belgium, France, the Federal Republic of Germany, Italy, Japan, the Republic of Korea, the People's Republic of China, and Taiwan: Postponement of Preliminary Determinations of Antidumping Duty Investigations, 81 FR 59185 (August 29, 2016).

¹² See Preliminary Scope Decision Memorandum and Additional Preliminary Scope Decision Memorandum, respectively.

¹³ See petitioner ArcelorMittal USA LLC's Comments re: "ArcelorMittal USA's Pre-Preliminary Comments in the Antidumping Duty Investigation," dated October 7, 2016; and petitioner SSAB Enterprises' Comments re: "SSAB's Comments in Anticipation of the Preliminary Determination," dated October 18, 2016.

In October 2016, Industeel and NPS requested that the Department postpone the final determination, and that provisional measures be extended.¹⁴ In this same month, we also issued a supplemental questionnaire to NLMK Belgium. Because the response is not due until after the date of the preliminary determination, we will verify this information and consider it for purposes of the final determination.

We are conducting this investigation in accordance with section 733(b) of the Act.

III. PERIOD OF INVESTIGATION

The period of investigation (POI) is April 1, 2015, through March 31, 2016. This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the petition, which was April 2016.¹⁵

IV. SCOPE COMMENTS

In accordance with the Preamble to the Department's regulations,¹⁶ the Initiation Notice set aside a period of time for parties to raise issues regarding product coverage, i.e., scope.¹⁷ Certain interested parties commented on the scope of this investigation as it appeared in the Initiation Notice, as well as on additional language proposed by the Department.¹⁸ For discussion of changes to the scope from that identified in the Initiation Notice, see the "Scope Comments" section of the accompanying Federal Register notice.

V. AFFILIATION AND COLLAPSING

We preliminarily determine that the following companies are affiliated, pursuant to section 771(33)(F) of the Act: the three companies comprising NPS, i.e., NLMK Clabecq, NLMK Plate, and NLMK Sales Europe, NLMK Manage, and NLMK LL.¹⁹ In addition, based on the evidence provided in NPS's questionnaire responses, we also preliminarily determine that these five companies should be collapsed and treated as a single entity in this investigation, i.e., NLMK

¹⁴ See Letter from NPS, entitled, "NLMK Clabecq's Request to Postpone Final Determination: Certain Carbon and Alloy Steel Cut-To-Length Plate from Belgium," dated October 6, 2016; and Letter from Industeel entitled, "Certain Carbon and Alloy Steel Cut-To-Length Plate from Belgium: Request for Postponement of Final Determination," dated October 13, 2016.

¹⁵ See 19 CFR 351.204(b)(1).

¹⁶ See Antidumping Duties; Countervailing Duties; Final rule, 62 FR 27296, 27323 (May 19, 1997) (Preamble).

¹⁷ See Initiation Notice, 81 FR at 27090.

¹⁸ For a summary of the product coverage comments and rebuttal responses submitted on the record of this investigation, and accompanying discussion and analysis of all comments timely received, see Preliminary Scope Decision Memorandum and Additional Preliminary Scope Decision Memorandum.

¹⁹ See Memorandum to Melissa Skinner, Director, Office II, entitled, "Less Than Fair Value Investigation of Certain Carbon and Alloy Steel Cut-To-Length Plate from Belgium: Preliminary Affiliation and Collapsing Memorandum for NLMK Belgium," dated October 27, 2016.

Belgium.²⁰ This finding is based on the determination that those producers have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities, and that the level of common ownership, management overlap, and interparty transactions between NLMK Clabecq, NLMK Plate, NLMK Sales Europe, NLMK Manage and NLMK LL presents a significant potential for manipulation of price or production of subject merchandise, pursuant to 19 CFR 351.401(f). In addition, NLMK Belgium acknowledges that common ownership and overlapping management exist between NLMK Clabecq, NLMK Plate, NLMK Sales Europe, NLMK Manage, and NLMK LL.²¹

On September 15, 2016, we requested a full response to sections B and D of the questionnaire from NLMK Manage, and we received this information on October 17, 2016. Because this response was received so close in time to the preliminary determination, we were unable to analyze it and use it in our preliminary analysis. Therefore, we calculated the preliminary margin for the combined entity based solely on information provided by NPS. The Department intends to consider the additional information for purposes of the final determination.

VI. PRELIMINARY DETERMINATION OF CRITICAL CIRCUMSTANCES

On July 26, 2016, the petitioners filed allegations that critical circumstances exist with respect to imports of subject merchandise.²² On September 7, 2016, the Department published its preliminary critical circumstances determination.²³ Pursuant to this determination, the Department preliminarily determined that critical circumstances exist for imports of subject merchandise from Industeel and NLMK Belgium.

VII. DISCUSSION OF THE METHODOLOGY

Comparisons to Fair Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether Industeel's and NLMK Belgium's sales of subject merchandise from Belgium to the United States were made at LTFV, the Department compared the export price (EP) or

²⁰ We refer to the collective entity throughout the remainder of this document as NLMK Belgium.

²¹ See, e.g., NLMK Belgium's Supplemental Section A-C response, dated September 9, 2016, at 2; NLMK's Supplemental Section A response, dated August 31, 2016 (NLMK Belgium's Supplemental Section A Response), at 7-8 and Exhibit SA-6; and NLMK Belgium's Section A response, dated June 15, 2016 (NLMK Belgium's Section A Response), at 5-17 and Exhibits A-2, A-9, A-12, and A-13.

²² See Letter from the petitioners, entitled, "Certain Carbon and Alloy Steel Cut-To-Length Plate From Austria, Belgium, Brazil, the Republic of Korea, Taiwan, and Turkey: Critical Circumstances Allegations," dated July 26, 2016.

²³ See Certain Carbon and Alloy Steel Cut-to-Length Plate From Austria, Belgium, Brazil, the Republic of Korea, Taiwan, and Turkey: Antidumping and Countervailing Duty Investigations: Preliminary Determinations of Critical Circumstances, 81 FR 61666 (September 7, 2016). See also Memorandum to the File from Blaine Wiltse, Senior International Trade Compliance Analyst, Office II, to the File, entitled, "Antidumping Duty Investigation Antidumping Duty Investigation of Certain Carbon and Alloy Steel Cut-to-Length Plate from Belgium: Critical Circumstances Analysis," dated August 30, 2016.

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

A) Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs), *i.e.*, the average-to-average method, unless the Secretary determines that another method is appropriate in a particular situation. In LTFV investigations, the Department examines whether to compare weighted-average NVs with the EPs (or CEPs) of individual sales, *i.e.*, the average-to-transaction method, as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act.

In recent investigations, the Department has applied a “differential pricing” analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.²⁴ The Department finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this investigation. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department’s additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating a respondent’s weighted-average dumping margin.

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

²⁴ See, e.g., Xanthan Gum From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 33351 (June 4, 2013); Steel Concrete Reinforcing Bar From Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, 79 FR 54967 (September 15, 2014); and Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value, 80 FR 61362 (October 13, 2015).

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

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

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

weighted-average dumping margins between the average-to-average method and the appropriate alternative method move across the de minimis threshold.

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

B) Results of the Differential Pricing Analysis

Industeel

For Industeel, based on the results of the differential pricing analysis, the Department preliminarily finds that 51.93 percent of the value of U.S. sales pass the Cohen's *d* test,²⁵ and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily determines that the average-to-average method cannot account for such differences because the resulting weighted-average dumping margin crosses the de minimis threshold when the margin calculated using the average-to-average method is compared to the margin calculated using an alternative comparison method based on applying the average-to-transaction method to those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test. Thus, for this preliminary determination, the Department is applying the average-to-transaction method to those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test to calculate the weighted-average dumping margin for Industeel.

NLMK Belgium

For NLMK Belgium, based on the results of the differential pricing analysis, the Department preliminarily finds that 59.50 percent of the value of U.S. sales pass the Cohen's *d* test,²⁶ and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily determines that the average-to-average method cannot account for such differences because there is a 25 percent relative change between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping calculated using an alternative comparison method based on applying the average-to-transaction method to those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test. Thus, for this preliminary determination, the Department is applying the average-to-transaction method

²⁵ See Memorandum to the File from Andrew Medley, International Trade Compliance Analyst, entitled, "Analysis for the Preliminary Determination in the Less-Than-Fair Value Investigation of Certain Carbon and Alloy Steel Cut-To-Length Plate from Belgium for Industeel Belgium S.A.," dated concurrently with this memorandum (Industeel Calculation Memorandum), at 3-4.

²⁶ See Memorandum to the File from David Crespo, International Trade Compliance Analyst, entitled, "Analysis for the Preliminary Determination in the Less-Than-Fair Value Investigation of Certain Carbon and Alloy Steel Cut-To-Length Plate from Belgium for NLMK Belgium," dated concurrently with this memorandum (NLMK Belgium Calculation Memorandum), at 3.

to those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test to calculate the weighted-average dumping margin for NLMK Belgium.

VIII. DATE OF SALE

Section 351.401(i) of the Department's regulations states that, in identifying the date of sale of the merchandise under consideration or foreign like product, the Department normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. Additionally, the Department may use a date other than the date of invoice if it is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.²⁷ Finally, the Department has a long-standing practice of finding that, where the shipment date precedes the invoice date, the shipment date better reflects the date on which the material terms of sale are established.²⁸

Industeel reported invoice date as the date of sale for all home market and U.S. sales.²⁹ For its U.S. sales, Industeel also reported shipment dates which predated the invoice dates.³⁰ NLMK Belgium reported invoice date to the unaffiliated customer as the date of sale for all home market and U.S. sales.³¹ Therefore, we preliminarily used the earlier of the invoice date or the shipment date as the home market and U.S. dates of sale for both Industeel and NLMK Belgium, in accordance with our regulation and practice.³²

²⁷ See 19 CFR 351.401(i); see also Allied Tube & Conduit Corp. v. United States, 132 F. Supp. 2d 1087, 1090 (CIT 2001) (quoting 19 CFR 351.401(i)).

²⁸ See, e.g., Certain Frozen Warmwater Shrimp from Thailand: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review, 72 FR 52065 (September 12, 2007), and accompanying Issues and Decision Memorandum, at Comment 11 (Shrimp from Thailand); see also Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams From Germany, 67 FR 35497 (May 20, 2002), and accompanying Issues and Decision Memorandum, at Comment 2 (SBB From Germany).

²⁹ See Industeel's Section A response, dated June 22, 2016 (Industeel's Section A Response), at 27. See also Industeel's Supplemental Sections B and C response, dated October 6, 2016 (Industeel's Supplemental Sections B and C Response), at 21.

³⁰ See Industeel's Second Supplemental Sections B and C Response, dated October 14, 2016, at 4. In this case, Industeel reported the bill of lading date as the date of shipment for its U.S. sales because it shipped subject merchandise sold under a single invoice to the port over multiple days. *Id.* See also Industeel's Supplemental Sections B and C response, at 21-26. Because a single shipment date from the factory did not exist, we accepted the bill of lading date as the date of shipment for purposes of the preliminary determination, in accordance with our practice. See, e.g., Welded Line Pipe from the Republic of Turkey: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 80 FR 29617 (May 22, 2015) and accompanying Preliminary Decision Memorandum, at FN 63, unchanged in Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value, 80 FR 61362 (October 13, 2015).

³¹ See NLMK Belgium's Section A Response, at 24; NLMK Belgium's Section C Response, dated July 15, 2016, at 18-19; and NLMK Belgium's Section B Response, dated July 18, 2016, at 19; and NLMK Belgium's Supplemental Section A Response, at 10-11.

³² See, e.g., Shrimp from Thailand, at Comment 11; and SBB From Germany, at Comment 2.

IX. PRODUCT COMPARISONS

In accordance with section 771(16) of the Act, we considered all products produced and sold by the respondents, Industeel and NLMK Belgium, in Belgium during the POI that fit the description in the “Scope of Investigation” section of the accompanying Federal Register notice to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We compared U.S. sales to sales made in the home market, where appropriate. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to sales of the most similar foreign like product made in the ordinary course of trade or CV, as appropriate.

In making product comparisons, we matched foreign like products based on the physical characteristics reported by the respondents in the following order of importance: quality, minimum specified carbon content, minimum specified chromium content, minimum specified nickel content, minimum specified yield strength, nominal thickness, heat treatment status, nominal width, form, painting, the existence of patterns in relief, and descaling.

X. EXPORT PRICE/CONSTRUCTED EXPORT PRICE

For all sales made by Industeel and certain sales made by NLMK Belgium, we used EP methodology, in accordance with section 772(a) of the Act, because the subject merchandise was first sold by the producer/exporter outside of the United States directly to the first unaffiliated purchaser in the United States prior to importation and CEP methodology was not otherwise warranted. For NLMK Belgium’s remaining U.S. sales, we used CEP methodology, in accordance with section 772(b) of the Act, because the subject merchandise was sold in the United States by a U.S. seller affiliated with the producer and EP methodology was not otherwise warranted.

Industeel

We calculated EP based on packed prices to unaffiliated purchasers in the United States. We made deductions, where appropriate, from the starting price for billing adjustments. We also made deductions from the starting price, where appropriate, for movement expenses, i.e., foreign inland freight and foreign brokerage and handling expenses, in accordance with section 772(c)(2)(A) of the Act.

NLMK Belgium

With respect to NLMK Belgium’s EP sales, we calculated EP based on packed prices to unaffiliated customers in the United States. We made deductions, where appropriate, from the starting price for billing adjustments. We also made deductions from the starting price, where appropriate, for movement expenses, i.e., foreign inland freight from the factory to the port, in accordance with section 772(c)(2)(A) of the Act.

For NLMK Belgium’s CEP sales, we calculated the CEP based on packed prices to unaffiliated purchasers in the United States. We made deductions, where appropriate, from the starting price

for billing adjustments. We also made adjustments, where appropriate, for movement expenses, i.e., foreign inland freight expenses from the factory to the port, international freight, U.S. inland freight from the port to the warehouse, U.S. inland freight from the warehouse to the customer, U.S. brokerage and handling expenses, and U.S. warehousing expenses, in accordance with section 772(c)(2)(A) of the Act. In certain instances, NLMK Belgium reported its U.S. brokerage and handling/international freight and inland freight from port to the warehouse expenses in a manner which was inconsistent with its description of its calculation methodologies for them. Therefore, as facts available in accordance with section 776(a)(1) of the Act, because necessary information is not on the record, we based the amount of these expenses on the highest reported figures for each expense.^{33, 34}

In accordance with section 772(d)(1) of the Act, we calculated CEP by deducting selling expenses associated with economic activities occurring in the United States, which includes direct selling expenses (imputed credit expenses) and indirect selling expenses (inventory carrying costs and other indirect selling expenses). Finally, we made an adjustment for profit allocated to these expenses, in accordance with section 772(d)(3) of the Act. In accordance with section 772(f) of the Act, we calculated the CEP profit rate using the expenses incurred by NLMK Belgium and its U.S. affiliate on their sales of the subject merchandise in the United States and the profit associated with those sales.

XI. NORMAL VALUE

A) *Home Market Viability*

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, i.e., the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales, we normally compare the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with sections 773(a)(1)(A) and (B) of the Act. If we determine that no viable home market exists, we may, if appropriate, use a respondent's sales of the foreign like product to a third-country market as the basis for comparison market sales in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404.

In this investigation, we determined that the aggregate volume of home market sales of the foreign like product for each respondent was greater than five percent of the aggregate volume of

³³ Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party an opportunity to remedy or explain the deficiency. Because we did not inform NLMK Belgium that the necessary information was missing from the record, we are affording NLMK Belgium an opportunity to provide this information. We will consider this additional information for purposes of the final determination.

³⁴ For further discussion, see NLMK Belgium Calculation Memorandum.

its U.S. sales of the subject merchandise. Therefore, we used home market sales as the basis for NV for Industeel and NLMK Belgium, in accordance with section 773(a)(1)(B) of the Act.

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 U.S. sales. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).³⁵ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.³⁶ In order to determine whether the comparison market sales are at different stages in the marketing process than the U.S. sales, we examine the distribution system in each market, *i.e.*, the chain of distribution, including selling functions and class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying LOTs for EP and comparison market sales, *i.e.*, NV based on either home market or third country prices,³⁷ 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 profit under section 772(d) of the Act.³⁸

When the Department is unable to match 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. sale to sales at a different LOT in the comparison market. In comparing EP or CEP sales to sales at a different LOT in the comparison market, where available data make it possible, 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 LOT of the CEP and there is no basis for determining whether the difference in LOTs between NV and CEP affects price comparability, *i.e.*, no LOT adjustment is possible, the Department will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.³⁹

In this investigation, we obtained information from Industeel and NLMK Belgium regarding the marketing stages involved in making reported home market and U.S. sales, including a description of the selling activities performed by the respondents for each channel of distribution.⁴⁰ Our LOT findings are summarized below.

³⁵ See 19 CFR 351.412(c)(2).

³⁶ Id.; see also Certain Orange Juice From Brazil: Final Results of Antidumping Duty Administrative Review and Notice of Intent Not To Revoke Antidumping Duty Order in Part, 75 FR 50999 (August 18, 2010), and accompanying Issues and Decision Memorandum, at Comment 7 (OJ from Brazil).

³⁷ 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 expenses, and profit for CV, where possible. See 19 CFR 351.412(c)(1).

³⁸ See Micron Tech., Inc. v. United States, 243 F.3d 1301, 1314-16 (Fed. Cir. 2001).

³⁹ See, *e.g.*, OJ from Brazil, at Comment 7.

⁴⁰ See Industeel's Section A Response, at 18-25 and Exhibits A-6 and A-7; NLMK Belgium's Section A Response, at 19-23 and Exhibits A-15 and A-16; and NLMK Belgium's Supplemental Section A Response, at 11-13 and Exhibit SA-8.

Industeel

In the home market, Industeel reported that it made sales through one channel of distribution, i.e., direct sales to unaffiliated customers.⁴¹ According to Industeel, it performed the following selling functions for sales to all home market customers: sales forecasting; strategic/economic planning; personnel training/exchange; engineering services; advertising; sales promotion/trade shows/customer outreach; distributor/dealer training; packing/repacking; inventory maintenance; order input/processing; employment of direct sales personnel; sales/marketing support; market research; provision of technical assistance; provision of warranty claims and guarantees, after-sales services; and post-sale warehousing.⁴² In addition, Industeel reported freight and delivery services only for sales made on a delivered basis.⁴³

Selling activities can be generally grouped into four selling function categories for analysis: 1) sales and marketing; 2) freight and delivery; 3) inventory maintenance and warehousing; and 4) warranty and technical support. Based on these selling function categories, we find that Industeel performed sales and marketing, inventory maintenance and warehousing, and warranty and technical support for all of its home market sales, and freight and delivery for some home market sales. Because we find that there were no significant differences in selling activities performed by Industeel to sell to its home market customers, we preliminarily determine that there is one LOT in the home market for Industeel.

With respect to the U.S. market, Industeel reported that it also made sales through one channel of distribution, i.e., direct sales to unaffiliated customers.⁴⁴ Industeel reported that it, or its U.S. affiliate Industeel USA, LLC (Industeel USA),⁴⁵ performed the following selling functions for sales to all U.S. customers: sales forecasting; strategic/economic planning; personnel training/exchange; engineering services; advertising; sales promotion/trade shows/customer outreach; distributor/dealer training; packing/repacking; inventory maintenance; order input/processing; employment of direct sales personnel; sales/marketing support; market research; provision of technical assistance; provision of warranty claims, guarantees, and after-sales services; and post-sale warehousing.⁴⁶ Industeel reported freight and delivery services only for sales made on a delivered basis or free on board (or FOB) port basis.⁴⁷

⁴¹ See Industeel's Section A Response, at 18-25 and Exhibits A-6 and A-7.

⁴² Id.

⁴³ Id.

⁴⁴ Id.

⁴⁵ Industeel reported that Industeel USA performed certain minor selling activities related to U.S. sales, such as forwarding orders to the mill, answering customer inquiries, etc. See Industeel's Section A Response, at 27-32. Industeel noted, however, that Industeel itself sets the price issues all invoices. Id. See also Industeel's Supplemental Section A Response, dated August 30, 2016, at 11-13.

⁴⁶ See Industeel's Section A Response, at 18-25 and Exhibits A-6 and A-7

⁴⁷ Id.

Accordingly, based on the selling function categories noted above, we find that Industeel or its affiliate, Industeel USA, acting on its behalf, performed sales and marketing, inventory maintenance and warehousing, and warranty and technical support for all of its U.S. sales. Because the selling functions performed for the two channels of trade do not differ significantly, such that we would consider these channels to be separate marketing stages, we preliminarily determine that all U.S. sales are at the same LOT.

Finally, we compared the U.S. LOT to the home market LOT, and found that the selling functions Industeel (or Industeel USA) performed for its U.S. and home market customers are identical in all respects except for minor differences in intensity.⁴⁸ Therefore, we preliminarily determine that sales to the United States and home market during the POI were made at the same LOT and, as a result, no LOT adjustment is warranted.

NLMK Belgium

In the home market, NLMK Belgium reported that it made sales through one channel of distribution, *i.e.*, direct sales to unaffiliated customers.⁴⁹ According to NLMK Belgium, it performed the following selling functions for sales to all home market customers: sales forecasting; strategic/economic planning; personnel training/exchange; engineering services; advertising; sales promotion; distributor/dealer training; procurement/sourcing services; order/input processing; employment of direct sales personnel; sales/marketing support; market research; provision of technical assistance; provision of claims service; freight and delivery; and provision of port services.⁵⁰

As noted above, selling activities can be generally grouped into four selling function categories for analysis: 1) sales and marketing; 2) freight and delivery; 3) inventory maintenance and warehousing; and 4) warranty and technical support. Based on these selling function categories, we find that NLMK Belgium performed sales and marketing, freight and delivery services, and warranty and technical support for its home market sales. Because all reported sales in the home market are made through a single distribution channel and the selling activities to NLMK Belgium's customers did not vary within this channel, we preliminarily determine that there is one LOT in the home market.

With respect to the U.S. market, NLMK Belgium reported that it made sales through three channels of distribution: 1) to its U.S. affiliate, North American Plate (NAP), for NAP's resale from inventory (Channel 1); 2) to NAP for resale via consignment arrangements (Channel 2), and 3) direct sales to unaffiliated U.S. trading companies (Channel 3).⁵¹ NLMK Belgium classified sales in the first two channels as a single LOT and sales through Channel 3 as a second LOT. NLMK Belgium reported that it performed a number of selling functions in the United

⁴⁸ *Id.*

⁴⁹ *See* NLMK Belgium's Supplemental Section A Response, at Exhibit SA-8.

⁵⁰ *Id.*

⁵¹ *See* NLMK Belgium's Section A Response, at 19-20 and Exhibit A-16; and NLMK Belgium's Supplemental Section A Response, at Exhibit SA-8.

States for its sales in Channels 1 and 2. However, NLMK Belgium did not provide any information related to its own selling functions performed to sell CTL plate to NAP. Therefore, as facts available in accordance with section 776(a)(1) of the Act, because necessary information is not on the record, we find that NLMK Belgium sold subject merchandise to NAP at the same LOT as it sold foreign like product to its home market customers.⁵² Therefore, we preliminarily determine that no CEP offset is warranted.

With respect to EP sales, *i.e.*, Channel 3, NLMK Belgium reported that it performed the following selling functions in Belgium: sales forecasting; strategic/economic planning; personnel training/exchange; advertising; sales promotion; distributor/dealer training; procurement/sourcing services; inventory maintenance; order/input processing; employment of direct sales personnel; sales/marketing support; market research; technical assistance; provision of claims services; freight and delivery; and provision of port services.⁵³ Based on these selling function categories, we find that NLMK Belgium performed sales and marketing, freight and delivery services, inventory maintenance and warehousing, and warranty and technical support for its EP sales in Channel 3.

Because all reported EP sales are made through a single distribution channel, we preliminarily determine that sales to the United States during the POI were made at a single LOT.

Finally, we compared the U.S. EP LOT to the home market LOT, and found that the selling functions NLMK Belgium performed for its home market customers are identical to those performed for its U.S. sales in all respects except inventory maintenance (performed for EP sales) and engineering services (related to home market sales). As noted above, substantial differences in selling activities are a necessary, but not sufficient condition in determining that differences in marketing stages, and by extension, differences in LOT, exist. Because these differences in NLMK Belgium's selling activities are limited to inventory maintenance and engineering services performed at a low-level of intensity, we preliminarily determine that sales to the United States and home market during the POI were made at the same LOT and, as a result, no LOT adjustment is warranted.

C) *Cost of Production Analysis*

On June 29, 2015, the President of the United States signed into law the Trade Preferences Extension Act of 2015 (TPEA), which made numerous amendments to the AD and countervailing duty law, including amendments to section 773(b)(2) of the Act, regarding the Department's requests for information on sales at less than COP.⁵⁴ The 2015 law does not

⁵² Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party an opportunity to remedy or explain the deficiency. Because we did not inform NLMK Belgium that the necessary information was missing from the record, we are affording NLMK Belgium an opportunity to provide this information. We will consider this additional information for purposes of the final determination.

⁵³ See NLMK Belgium's Section A Response, at 19 and Exhibit A-16.

⁵⁴ See Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (2015).

specify dates of application for those amendments.⁵⁵ On August 6, 2015, the Department published an interpretative rule, in which it announced the applicability dates for each amendment to the Act, except for amendments contained in section 771(7) of the Act, which relate to determinations of material injury by the ITC.⁵⁶ Section 773 (b)(2)(A)(ii) of the Act controls all determinations in which the complete initial questionnaire has not been issued as of August 6, 2015. It requires the Department to request CV and COP information from respondent companies in all AD proceedings.⁵⁷ Accordingly, the Department requested this information from Industeel and NLMK Belgium. We examined Industeel's and NLMK Belgium's cost data and determined that our quarterly cost methodology is not warranted and, therefore, we applied our standard methodology of using annual costs based on the reported data.

1. Calculation of COP

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

We relied on the COP data submitted by the respondents, except as follows:

Industeel

- We adjusted Industeel's submitted COP data to reflect our application of the major-input rule pursuant to section 773(f)(3) of the Act;⁵⁸ and
- We adjusted Industeel's submitted COP data to reflect our application of the transactions-disregarded rule pursuant to section 773(f)(2) of the Act.⁵⁹

NLMK Belgium

- We adjusted NLMK Belgium's submitted COP data to reflect our application of the major-input rule pursuant to section 773(f)(3) of the Act;⁶⁰

⁵⁵ The 2015 amendments may be found at <https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl>; see also the Petitions.

⁵⁶ See Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015, 80 FR 46793 (August 6, 2015).

⁵⁷ Id., 80 FR at 46794-95.

⁵⁸ See Memorandum from Laurens van Houten, Lead Accountant, to Neal M. Halper, Director, Office of Accounting, entitled, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination – Industeel Belgium S.A.," dated November 4, 2016.

⁵⁹ Id.

⁶⁰ See Memorandum from Christopher J. Zimpo, Senior Accountant, to Neal M. Halper, Director, Office of Accounting, entitled, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination – NLMK Clabecq SA and its affiliate NLMK Plate Sales SA and its Affiliates," dated November 4, 2016.

- We revised NLMK Belgium’s G&A expense rate to reflect fiscal year 2015;⁶¹ and
- We increased NLMK Belgium’s cost of manufacturing (COM) to reflect the difference between the POI COM from its books and records and the reported COP database.⁶²

2. Test of Comparison Market Sales Prices

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

3. Results of the COP Test

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

We found that, for certain products, more than 20 percent of Industeel’s and NLMK Belgium’s home market sales during the POI were at prices less than the COP and, in addition, such sales did not provide for the recovery of costs within a reasonable period of time. We therefore excluded these sales and used the remaining sales, if any, as the basis for determining NV, in accordance with section 773(b)(1) of the Act.

⁶¹ Id.

⁶² Id.

D) *Calculation of NV Based on Comparison-Market Prices*

Industeel

We calculated NV based on delivered or ex-factory prices to unaffiliated customers. We made deductions, where appropriate, from the starting price for billing adjustments, in accordance with 19 CFR 351.401(c). We also made a deduction from the starting price for inland freight under section 773(a)(6)(B)(ii) of the Act.

We deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(6)(A) and (B) of the Act. For comparisons to EP sales, we made adjustments under section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410 for differences in circumstances of sale. Specifically, we deducted direct selling expenses incurred for home market sales, *i.e.*, commissions and credit expenses, and added U.S. direct selling expenses, *i.e.*, credit expenses. We recalculated Industeel's imputed U.S. credit expenses to start the credit period at the date of shipment, instead of the date of invoice. We also made adjustments, in accordance with 19 CFR 351.410(e), for indirect selling expenses incurred in the home market or the United States where commissions were granted on sales in one market but not in the other, also known as the "commission offset." Specifically, where commissions were incurred in only one market, we limited the amount of such allowance to the amount of either the indirect selling expenses incurred in the one market or the commissions allowed in the other market, whichever is less.

When comparing U.S. sales with home market sales of similar merchandise, we also made adjustments for differences in costs attributable to differences in the physical characteristics of the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like product and subject merchandise.⁶³

NLMK Belgium

We calculated NV based on either delivered or ex-factory prices to unaffiliated home market customers. We made deductions, where appropriate, from the starting price for billing adjustments, in accordance with 19 CFR 351.401(c). We also made a deduction from the starting price for inland freight expenses from the factory to the warehouse,⁶⁴ warehousing expenses, inland freight expenses from the warehouse to the customer under section 773(a)(6)(B)(ii) of the Act.

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

⁶³ See Industeel Calculation Memorandum.

⁶⁴ We note that NLMK incorrectly reported these expenses with respect to its ex-factory sales. Therefore, we preliminarily determine to disallow these expenses for these sales. See NLMK Belgium Calculation Memorandum.

market sales, i.e., credit and credit insurance expenses, and added U.S. direct selling expenses, i.e., credit expenses.

For comparisons to CEP sales, we made deductions for home market credit expenses, pursuant to 773(a)(6)(C) of the Act. In instances where home market sales remained unpaid as of the date of NLMK Belgium's most recent questionnaire response, we used the signature date of the preliminary determination, i.e., November 4, 2016, as the payment date. In instances where NLMK Belgium reported incorrect payment dates, we used the date of shipment as the payment date. We recalculated home market credit expenses accordingly, in accordance with our practice.⁶⁵

When comparing U.S. sales with home market sales of similar merchandise, we also made adjustments for differences in costs attributable to differences in the physical characteristics of the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like product and subject merchandise.⁶⁶

E) *Price-to-Constructed Value Comparison*

Where we were unable to find a home-market match of identical or similar merchandise, we based normal value on CV in accordance with section 773(a)(4) of the Act. Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Act.

In accordance with section 773(e) of the Act, we calculated CV based on the sum of the respondents' material and fabrication costs, SG&A expenses, profit, and U.S. packing costs. We calculated the COP component of CV as described above in the "Calculation of Cost of Production" section of this memorandum. 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 the respondents in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country.

Industeel

For comparisons to Industeel's EP sales, we made circumstances-of-sale adjustments by deducting direct selling expenses incurred on comparison market sales from, and adding U.S. direct selling expenses, to CV, in accordance with section 773(a)(8) of the Act and 19 CFR 351.410. We also made a commission offset, in accordance with 19 CFR 351.410(e), for indirect selling expenses incurred in the home market or the United States where commissions were granted on sales in one market but not in the other.

⁶⁵ See, e.g., Stainless Steel Bar from France: Final Results of Antidumping Duty Administrative Review, 70 FR 46482 (August 10, 2005) and accompanying Issues and Decision Memorandum, at Comment 8

⁶⁶ See 19 CFR 351.411(b).

NLMK Belgium

For comparisons to NLMK Belgium's EP sales, we made circumstances-of-sale adjustments by deducting direct selling expenses incurred on comparison market sales from, and adding U.S. direct selling expenses, to CV, in accordance with section 773(a)(8) of the Act and 19 CFR 351.410.

For comparisons to NLMK Belgium's CEP sales, we deducted from CV direct selling expenses incurred on its home market sales, in accordance with section 773(a)(7)(ii)(B) of the Act.

XII. CURRENCY CONVERSION

We made currency conversions into U.S. dollars in accordance with section 773A of the Act and 19 CFR 351.415(a), based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.


XIII. CONCLUSION

We recommend applying the above methodology for this preliminary determination.



Agree

Disagree



Paul Piquado
Assistant Secretary
for Enforcement and Compliance

4 NOVEMBER 2016

Date