



A-423-812  
Administrative Review  
POR: 11/14/2016-4/30/2018  
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July 10, 2019

**MEMORANDUM TO:** Jeffrey I. Kessler  
Assistant Secretary  
for Enforcement and Compliance

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

**SUBJECT:** Decision Memorandum for the Preliminary Results of the 2016-2018 Administrative Review of the Antidumping Duty Order on Certain Carbon and Alloy Steel Cut-To-Length Plate from Belgium

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## I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain carbon and alloy steel cut-to-length plate (CTL plate) from Belgium. The period of review (POR) is November 14, 2016 through April 30, 2018. The review covers eight producers and/or exporters of the subject merchandise. Commerce selected two respondents for individual examination, Industeel Belgium S.A. (Industeel) and NLMK Clabecq S.A. (NLMK Clabecq)/NLMK Plate Sales S.A. (NPS)/NLMK Sales Europe S.A. (NSE)/NLMK Manage Steel Center S.A. (NLMK Manage)/NLMK La Louviere S.A. (NLMK Belgium). We preliminarily determine that sales of the subject merchandise have been made at prices less than normal value (NV).

## II. BACKGROUND

On May 25, 2017, Commerce published in the *Federal Register* an AD order on CTL plate from Belgium.<sup>1</sup> Subsequently, on May 1, 2018, Commerce published in the *Federal Register* a notice

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<sup>1</sup> 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, and Taiwan: Amended Final Affirmative Antidumping Determinations for France, the Federal Republic of Germany, the Republic of Korea, and Taiwan, and Antidumping Duty Orders*, 82 FR 24096 (May 25, 2017).



of opportunity to request an administrative review of the AD order on CTL plate from Belgium for the period November 14, 2016 through April 30, 2018.<sup>2</sup>

Pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.213(b)(1), in May 2018, Commerce received requests to conduct an administrative review of the AD order on CTL plate from Belgium from certain of the petitioners in this case<sup>3</sup> for seven Belgian producers/exporters. Commerce also received requests to conduct an administrative review from Industeel and NLMK Belgium. On July 12, 2018, based on these timely requests, in accordance with 19 CFR 351.221(c)(1)(i), we initiated an administrative review of the AD order on CTL plate from Belgium.<sup>4</sup>

In the *Initiation Notice*, Commerce indicated that, in the event that we limited the respondents selected for individual examination in accordance with section 777A(c)(2) of the Act, we would select mandatory respondents for individual examination based upon U.S. Customs and Border Protection (CBP) entry data.<sup>5</sup> In August 2018, after considering the large number of potential producers/exporters involved in this administrative review, and the resources available to Commerce, we determined that it was not practicable to examine all exporters/producers of subject merchandise for which a review was requested.<sup>6</sup> As a result, pursuant to section 777A(c)(2)(B) of the Act, we determined that we could reasonably individually examine only the two largest producers/exporters accounting for the largest volume of CTL plate from Belgium during the POR (*i.e.*, Industeel and NLMK Belgium). Accordingly, we issued the AD questionnaire to these companies.

In September 2018, we received timely responses from Industeel and NLMK Belgium to section A (*i.e.*, the section relating to general information) of the questionnaire, and in October 2018, we received responses from these companies to the remaining sections of the questionnaire (*i.e.*, sections B, C, and D, the sections covering comparison market sales, U.S. sales, and cost of production (COP)/constructed value (CV), respectively). From December 2018 through May 2019, we issued supplemental sections A through D questionnaires to Industeel and NLMK Belgium. We received responses to these supplemental questionnaires from December 2018 through June 2019.

In May and June 2019, we conducted verification of the sales and cost data reported by NLMK Belgium.<sup>7</sup>

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<sup>2</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 83 FR 19047 (May 1, 2018).

<sup>3</sup> These companies are Nucor Corporation and SSAB Enterprises, LLC.

<sup>4</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 32270 (July 12, 2018) (*Initiation Notice*), as corrected by *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 45596 (September 10, 2018).

<sup>5</sup> See *Initiation Notice*, 83 FR at 32271.

<sup>6</sup> See Memorandum, “Certain Carbon and Alloy Steel Cut-to-Length Plate from Belgium: 2016-2018 Antidumping Duty Administrative Review: Respondent Selection,” dated August 3, 2018.

<sup>7</sup> Because Commerce has not yet issued the report related to the verification of NLMK Belgium’s U.S. affiliate, we have not made certain changes to the preliminary results of this review for our verification findings. We intend to

Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018 through the resumption of operations on January 28, 2019.<sup>8</sup> On February 28, 2019, Commerce extended the preliminary results of this review by 120 days, until July 10, 2019.

### **III. SCOPE OF THE ORDER**

The products covered by this order are certain carbon and alloy steel hot-rolled or forged flat plate products not in coils, whether or not painted, varnished, or coated with plastics or other nonmetallic substances (cut-to-length plate). Subject merchandise includes plate that is produced by being cut-to-length from coils or from other discrete length plate and plate that is rolled or forged into a discrete length. The products covered include (1) Universal mill plates (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, and of a thickness of not less than 4 mm, which are not in coils and without patterns in relief), and (2) hot-rolled or forged flat steel products of a thickness of 4.75 mm or more and of a width which exceeds 150 mm and measures at least twice the thickness, and which are not in coils, whether or not with patterns in relief. The covered products described above may be rectangular, square, circular or other shapes and include products of either rectangular or nonrectangular cross-section where such non-rectangular cross-section is achieved subsequent to the rolling process, i.e., products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges).

For purposes of the width and thickness requirements referenced above, the following rules apply:

(1) except where otherwise stated where the nominal and actual thickness or width measurements vary, a product from a given subject country is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and

(2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this order are products in which: (1) iron predominates, by weight, over each of the other contained elements; and (2) the carbon content is 2 percent or less by weight.

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release the report shortly after the preliminary results and will take any additional findings into account for the final results.

<sup>8</sup> See Memorandum to the Record from Gary Taverman, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, “Deadlines Affected by the Partial Shutdown of the Federal Government,” dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days.

Subject merchandise includes cut-to-length plate that has been further processed in the subject country or a third country, including but not limited to pickling, oiling, levelling, annealing, tempering, temper rolling, skin passing, painting, varnishing, trimming, cutting, punching, beveling, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the order if performed in the country of manufacture of the cut-to-length plate. All products that meet the written physical description, are within the scope of this order unless specifically excluded or covered by the scope of an existing order. The following products are outside of, and/or specifically excluded from, the scope of this order:

(1) products clad, plated, or coated with metal, whether or not painted, varnished or coated with plastic or other non-metallic substances;

(2) military grade armor plate certified to one of the following specifications or to a specification that references and incorporates one of the following specifications:

- MIL-A-12560,
- MIL-DTL-12560H,
- MIL-DTL-12560J,
- MIL-DTL-12560K,
- MIL-DTL-32332,
- MIL-A-46100D,
- MIL-DTL-46100-E,
- MIL-46177C,
- MIL-S-16216K Grade HY80,
- MIL-S-16216K Grade HY100,
- MIL-S-24645A HSLA-80;
- MIL-S-24645A HSLA-100,
- T9074-BD-GIB-010/0300 Grade HY80,
- T9074-BD-GIB-010/0300 Grade HY100,
- T9074-BD-GIB-010/0300 Grade HSLA80,
- T9074-BD-GIB-010/0300 Grade HSLA100, and
- T9074-BD-GIB-010/0300 Mod. Grade HSLA115,

except that any cut-to-length plate certified to one of the above specifications, or to a military grade armor specification that references and incorporates one of the above specifications, will not be excluded from the scope if it is also dual- or multiple-certified to any other non-armor specification that otherwise would fall within the scope of this order;

(3) stainless steel plate, containing 10.5 percent or more of chromium by weight and not more than 1.2 percent of carbon by weight;

(4) CTL plate meeting the requirements of ASTM A-829, Grade E 4340 that are over 305 mm in actual thickness;

(5) Alloy forged and rolled CTL plate greater than or equal to 152.4 mm in actual thickness meeting each of the following requirements:

(a) Electric furnace melted, ladle refined & vacuum degassed and having a chemical composition (expressed in weight percentages):

- Carbon 0.23-0.28,
- Silicon 0.05-0.20,
- Manganese 1.20-1.60,
- Nickel not greater than 1.0,
- Sulfur not greater than 0.007,
- Phosphorus not greater than 0.020,
- Chromium 1.0-2.5,
- Molybdenum 0.35-0.80,
- Boron 0.002-0.004,
- Oxygen not greater than 20 ppm,
- Hydrogen not greater than 2 ppm, and
- Nitrogen not greater than 60 ppm;

(b) With a Brinell hardness measured in all parts of the product including mid thickness falling within one of the following ranges:

- (i) 270-300 HBW,
- (ii) 290-320 HBW, or
- (iii) 320-350HBW;

(c) Having cleanliness in accordance with ASTM E45 method A (Thin and Heavy): A not exceeding 1.5, B not exceeding 1.0, C not exceeding 0.5, D not exceeding 1.5; and (d) Conforming to ASTM A578-S9 ultrasonic testing requirements with acceptance criteria 2 mm flat bottom hole;

(6) Alloy forged and rolled steel CTL plate over 407 mm in actual thickness and meeting the following requirements:

(a) Made from Electric Arc Furnace melted, Ladle refined & vacuum degassed, alloy steel with the following chemical composition (expressed in weight percentages):

- Carbon 0.23-0.28,
- Silicon 0.05-0.15,
- Manganese 1.20-1.50,
- Nickel not greater than 0.4,
- Sulfur not greater than 0.010,
- Phosphorus not greater than 0.020,
- Chromium 1.20-1.50,
- Molybdenum 0.35-0.55,
- Boron 0.002-0.004,
- Oxygen not greater than 20 ppm,
- Hydrogen not greater than 2 ppm, and
- Nitrogen not greater than 60 ppm;

(b) Having cleanliness in accordance with ASTM E45 method A (Thin and Heavy): A not exceeding 1.5, B not exceeding 1.5, C not exceeding 1.0, D not exceeding 1.5;

(c) Having the following mechanical properties: (i) With a Brinell hardness not more than 237 HBW measured in all parts of the product including mid thickness; and having a Yield Strength of 75ksi min and UTS 95ksi or more, Elongation of 18% or more and Reduction of area 35% or more; having charpy V at -75 degrees F in the longitudinal direction equal or greater than 15 ft. lbs (single value) and equal or greater than 20 ft. lbs (average of 3 specimens) and conforming to the requirements of NACE MR01-75; or (ii) With a Brinell hardness not less than 240 HBW measured in all parts of the product including mid thickness; and having a Yield Strength of 90 ksi min and UTS 110 ksi or more, Elongation of 15% or more and Reduction of area 30% or more; having charpy V at -40 degrees F in the longitudinal direction equal or greater than 21 ft. lbs (single value) and equal or greater than 31 ft. lbs (average of 3 specimens);

(d) Conforming to ASTM A578-S9 ultrasonic testing requirements with acceptance criteria 3.2 mm flat bottom hole; and

(e) Conforming to magnetic particle inspection in accordance with AMS 2301;

(7) Alloy forged and rolled steel CTL plate over 407 mm in actual thickness and meeting the following requirements:

(a) Made from Electric Arc Furnace melted, ladle refined & vacuum degassed, alloy steel with the following chemical composition (expressed in weight percentages):

- Carbon 0.25-0.30,
- Silicon not greater than 0.25,
- Manganese not greater than 0.50,
- Nickel 3.0-3.5,
- Sulfur not greater than 0.010,
- Phosphorus not greater than 0.020,
- Chromium 1.0-1.5,
- Molybdenum 0.6-0.9,
- Vanadium 0.08 to 0.12
- Boron 0.002-0.004,
- Oxygen not greater than 20 ppm,
- Hydrogen not greater than 2 ppm, and
- Nitrogen not greater than 60 ppm.

(b) Having cleanliness in accordance with ASTM E45 method A (Thin and Heavy): A not exceeding 1.0(t) and 0.5(h), B not exceeding 1.5(t) and 1.0(h), C not exceeding 1.0(t) and 0.5(h), and D not exceeding 1.5(t) and 1.0(h);

(c) Having the following mechanical properties: A Brinell hardness not less than 350 HBW measured in all parts of the product including mid thickness; and having a Yield Strength of 145ksi or more and UTS 160ksi or more, Elongation of 15% or more and Reduction of area 35% or more; having charpy V at -40 degrees F in the transverse direction equal or greater than 20 ft. lbs (single value) and equal or greater than 25 ft. lbs (average of 3 specimens);

(d) Conforming to ASTM A578-S9 ultrasonic testing requirements with acceptance criteria 3.2 mm flat bottom hole; and

(e) Conforming to magnetic particle inspection in accordance with AMS 2301.

The products subject to the order are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7208.40.3030, 7208.40.3060, 7208.51.0030, 7208.51.0045, 7208.51.0060, 7208.52.0000, 7211.13.0000, 7211.14.0030, 7211.14.0045, 7225.40.1110, 7225.40.1180, 7225.40.3005, 7225.40.3050, 7226.20.0000, and 7226.91.5000.

The products subject to the order may also enter under the following HTSUS item numbers: 7208.40.6060, 7208.53.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.19.1500, 7211.19.2000, 7211.19.4500, 7211.19.6000, 7211.19.7590, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7214.10.0000, 7214.30.0010, 7214.30.0080, 7214.91.0015, 7214.91.0060, 7214.91.0090, 7225.11.0000, 7225.19.0000, 7225.40.5110, 7225.40.5130, 7225.40.5160, 7225.40.7000, 7225.99.0010, 7225.99.0090, 7226.11.1000, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.0500, 7226.91.1530, 7226.91.1560, 7226.91.2530, 7226.91.2560, 7226.91.7000, 7226.91.8000, and 7226.99.0180.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the order is dispositive.

#### **IV. COMPANIES NOT SELECTED FOR INDIVIDUAL EXAMINATION**

Commerce did not select the following companies for individual examination: Hengelhoef Concrete Joints NV, Sarens NV, Thyssenkrupp Materials Belgium N.V., Universal Eisen und Stahl GmbH, Valvan Baling Systems, and Voestalpine Belgium NV. None of these companies: (1) were selected as a mandatory respondent; (2) were the subject of a withdrawal of request for review; (3) requested to participate as a voluntary respondent; or (4) submitted a claim of no shipments. As such, these companies remain non-selected respondents.

The statute and Commerce's regulations do not address the establishment of a rate to be applied to companies not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in a market economy investigation, for guidance when calculating the rate for companies which were not selected for individual review in an administrative review. Under section 735(c)(5)(A) of the Act, the all-others rate is normally "an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero or *de minimis* margins, and any margins determined entirely {on the basis of facts available}."

In this review, we have preliminarily calculated a weighted-average dumping margin for these companies using the calculated rates of the mandatory respondents, Industeel and NLMK Belgium, which are not zero, *de minimis*, or determined entirely on the basis of facts available.<sup>9</sup>

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<sup>9</sup> See section 735(c)(5)(A) of the Act.

## V. DISCUSSION OF THE METHODOLOGY

### Date of Sale

Section 351.401(i) of Commerce's regulations states that, "[i]n identifying the date of sale of the subject merchandise or foreign like product, the Secretary normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business." The regulation provides further that Commerce may use a date other than the date of invoice if the Secretary is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.<sup>10</sup> Commerce has a long-standing practice of finding that, where shipment date precedes invoice date, shipment date better reflects the date on which the material terms of sale are established.<sup>11</sup>

Industeel and NLMK Belgium reported the date of sale in the home market as the earlier of shipment date or date of invoice to the unaffiliated customer.<sup>12</sup> For U.S. sales, Industeel reported the date of invoice as the date of sale to the unaffiliated customer.<sup>13</sup> NLMK Belgium reported the shipment date from Belgium (for non-consignment sales) or the date of withdrawal notification (for consignment sales).<sup>14</sup> We preliminarily followed Commerce's long-standing practice of basing the date of sale for all of Industeel's and NLMK Belgium's home market and U.S. sales on the earlier of the invoice date or the shipment date.<sup>15</sup>

### Normal Value Comparisons

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 CTL plate from Belgium to the United States were made at less than NV, Commerce compared the export price (EP) or constructed export price (CEP) to the NV, as described in the "Export Price/Constructed Export Price" and "Normal Value" sections of this memorandum.

#### A) Determination of the Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EP or CEP (*i.e.*, the average-to-average

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<sup>10</sup> 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)).

<sup>11</sup> See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand*, 69 FR 76918 (December 23, 2004) (*Shrimp from Thailand*) and accompanying Issues and Decision Memorandum (IDM) at Comment 10; see also *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams from Germany*, 67 FR 35497 (May 20, 2002) (*Steel Beams from Germany*) and accompanying IDM at Comment 2.

<sup>12</sup> See Industeel's June 4, 2019, Supplemental A and B Questionnaire Response (Industeel June 4, 2019 SAB) at 16; and NLMK Belgium's February 20, 2019, Supplemental Section B Questionnaire Response at 6-7.

<sup>13</sup> See Industeel's October 3, 2018, Section C Questionnaire Response (Industeel October 3, 2018 CQR) at 21-22.

<sup>14</sup> See NLMK Belgium's February 20, 2019, Supplemental Section C Questionnaire Response at 3.

<sup>15</sup> See e.g., *Shrimp from Thailand* IDM at Comment 10; and *Steel Beams from Germany* IDM at Comment 2.



method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value (LTFV) investigations, Commerce 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. Although section 777A(d)(1)(B) of the Act does not strictly govern Commerce's examination of this question in the context of administrative reviews, Commerce nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in LTFV investigations.<sup>16</sup>

In numerous AD investigations and reviews, Commerce has applied a “differential pricing” analysis for determining whether application of the average-to-average method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.<sup>17</sup> Commerce 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 administrative review. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce's additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average method in calculating a respondent's weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all U.S. sales by purchaser, region, and time period 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 consolidated customer codes reported by the respondent. 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 POR based upon the U.S. 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 Commerce 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* coefficient is a generally recognized statistical measure of the extent of the

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<sup>16</sup> See *Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012) and accompanying IDM at Comment 1; see also *JBK RAK LLC v. United States*, 790 F. 3d 1358, 1363–65 (Fed. Cir. 2015) (“{T}he fact that the statute is silent with regard to administrative reviews does not preclude Commerce from filling gaps in the statute to properly calculate and assign antidumping duties.”) (citations omitted).

<sup>17</sup> 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).

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, Commerce examines whether using only the average-to-average method can appropriately account for such differences. In considering this question, Commerce 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 these preliminary results, 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, Commerce preliminarily finds that 73.79 percent of the value of U.S. sales pass the Cohen's *d* test, and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the average-to-average method cannot account for such differences because the weighted-average dumping margin crosses the *de minimis* threshold when calculated using the average-to-average method and when calculated using an alternative comparison method based on applying the average-to-transaction method to all U.S. sales. Thus, for these preliminary results, Commerce is applying the average-to-transaction method to all U.S. sales to calculate the weighted-average dumping margin for Industeel.

### NLMK Belgium

For NLMK Belgium, based on the results of the differential pricing analysis, Commerce preliminarily finds that 64.13 percent of the value of U.S. sales pass the Cohen's *d* test,<sup>18</sup> and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that there is no meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping 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.<sup>19</sup> Thus, for this preliminary determination, Commerce is applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for NLMK Belgium.

## C. Product Comparisons

In accordance with section 771(16)(A) of the Act, we considered all products produced by the respondents covered by the description in the "Scope of the Order" section, above, and sold in the home market during the POR to be foreign like products for purposes of determining NV for the merchandise sold in the United States. Pursuant to 19 CFR 351.414(f), we compared the respondents' U.S. sales of CTL plate to their sales of CTL plate made in the home market within the contemporaneous window period, which extends from three months prior to the month of the first U.S. sale until two months after the month of the last U.S. sale.

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<sup>18</sup> See Memorandum, "Preliminary Determination Calculations for NLMK Belgium," dated July 10, 2019 (NLMK Belgium Preliminary Sales Calculation Memo) at 6-7.

<sup>19</sup> *Id.*

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, according to section 771(16)(B) of the Act, we compared U.S. sales to sales of the most similar foreign-like product or CV, as appropriate. In making the product comparisons, we matched foreign like products based on the physical characteristics to the product sold in the United States. In the order of importance, these physical characteristics are as follows: quality, minimum specified carbon content, minimum specified chromium content, minimum specified nickel content, minimum specified tungsten content, minimum specified cobalt content, minimum specified molybdenum content, minimum specified vanadium content, minimum specified yield strength, nominal thickness, heat treatment, nominal width, form, whether painted, the existence of patterns in relief, and descaling.

#### D. Export Price/Constructed Export Price

For all sales made by Industeel, we used the 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 the CEP methodology was not otherwise warranted based on the facts on the record.

For all sales made by NLMK, we used the 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.

#### Industeel

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

#### NLMK Belgium

We revised NLMK Belgium's reported sales data to take into account our findings at verification.<sup>20</sup>

We calculated CEP based on packed prices to the first unaffiliated purchaser in the United States. We made deductions from the starting price for billing adjustments, where appropriate, in accordance with 19 CFR 351.401(c). We also made deductions from the starting price, where appropriate, for foreign inland freight, international freight and brokerage and handling expenses, marine insurance, U.S. inland freight from port to warehouse, U.S. warehousing expenses, unloading expenses, and U.S. inland freight to the customer, in accordance with section 772(c)(2)(A) of the Act. We accepted NLMK Belgium's reporting of freight revenue; however, we capped freight revenue by the amount of the corresponding inland freight expenses incurred,

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<sup>20</sup> See Memorandum, "Verification of the Sales Response of NLMK Belgium in the Antidumping Duty Administrative Review of Certain Carbon and Alloy Steel Cut-To-Length Plate from Belgium," dated June 26, 2019 (NLMK Belgium Sales Verification Report).

in accordance with our practice.<sup>21</sup> In addition, we increased NLMK Belgium's reported international freight expenses to account for expenses which were potentially unreported, based on our findings at verification.<sup>22</sup> We also recalculated NLMK Belgium's marine insurance expenses using the rate stated in its marine insurance contract and its reported U.S. gross unit prices, because we found at verification that NLMK Belgium's calculation methodology understated the expenses incurred.<sup>23</sup>

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 include direct selling expenses (imputed credit expenses and cutting fees) 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.

#### E. Normal Value

##### 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 five percent or more of the aggregate volume of U.S. sales), we compared the volume of Industeel's and NLMK Belgium's respective home market sales of the foreign like product to the volume of their U.S. sales of subject merchandise, in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404.

Based on this comparison, we determined that, pursuant to 19 CFR 351.404(b), the aggregate volume of home market sales of the foreign like product for each of the respondents was sufficient to permit a proper comparison with 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)(i) of the Act.

##### Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, Commerce will calculate NV based on sales at the same LOT as the U.S. sales. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).<sup>24</sup> Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in

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<sup>21</sup> See *Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administrative Review*, 74 FR 40167 (August 11, 2009), and accompanying IDM at Comment 3.

<sup>22</sup> See NLMK Belgium Sales Verification Report at 17-18. For further discussion, see NLMK Belgium Preliminary Sales Calculation Memo at 5.

<sup>23</sup> See NLMK Belgium Sales Verification Report at 2 and 19. For further discussion, see NLMK Belgium Preliminary Sales Calculation Memo at 5.

<sup>24</sup> See 19 CFR 351.412(c)(2).

the stages of marketing.<sup>25</sup> In order to determine whether the comparison market 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 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),<sup>26</sup> 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.<sup>27</sup>

When Commerce 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, Commerce may compare the U.S. sale 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 possible, we make an 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 was possible), Commerce will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.<sup>28</sup>

In this administrative review, 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.<sup>29</sup> Our LOT findings are summarized below.

### Industeel

In the home market, Industeel reported that it made all sales directly to unaffiliated customers,<sup>30</sup> at a single LOT.

According to Industeel, it performed the following selling functions for sales to all home market customers: sales forecasting; strategic/economic planning; personnel training/exchange; distributor/dealer training; provision of engineering services; performing sales promotion

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<sup>25</sup> *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) (*OJ from Brazil*) and accompanying IDM at Comment 7.

<sup>26</sup> 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. See 19 CFR 351.412(c)(1).

<sup>27</sup> See *Micron Tech., Inc. v. United States*, 243 F. 3d 1301, 1314-16 (Fed. Cir. 2001).

<sup>28</sup> See, e.g., *OJ from Brazil* IDM, at Comment 7.

<sup>29</sup> See Industeel's September 7, 2018 Section A Questionnaire Response (Industeel September 7, 2018 AQR) at Exhibit A-5; NLMK Belgium's September 7, 2018, Section A Questionnaire Response (NLMK Belgium September 7, 2018 AQR) at 32-39 and Exhibit A-16a; and NLMK Belgium's December 28, 2018, Supplemental Section A Questionnaire Response (NLMK Belgium December 28, 2018 SAQR) at 4-12.

<sup>30</sup> See Industeel September 7, 2018 AQR at A-16 and Exhibit A-4.

activities (such as advertising, attending trade shows, and providing customer outreach); repacking; inventory maintenance; inputting and processing orders; employing direct sales personnel; providing sales/marketing support; performing market research; paying rebates; providing warranty service, guarantees, and after-sales quality services; and providing post-sale warehousing.<sup>31</sup> In addition, Industeel reported that it arranged for freight and delivery for certain sales.<sup>32</sup>

Selling activities can be grouped generally into four selling functions for analysis: 1) sales and marketing; 2) freight and delivery; 3) inventory maintenance and warehousing and 4) warranty and technical support.<sup>33</sup> Based on these selling function categories, we find that Industeel performed sales and marketing, freight and delivery services, inventory maintenance and warehousing, and warranty and technical support for its 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 made all sales directly to unaffiliated customers.<sup>34</sup> Industeel reported that it performed the same selling functions in Belgium for U.S. sales as it did for home market sales, including arranging for freight and delivery only for certain sales.<sup>35</sup> Accordingly, based on the selling function categories noted above, we find that Industeel performed sales and marketing, freight and delivery services, inventory maintenance and warehousing, and warranty and technical support for its reported U.S. sales. Because we find that there were no significant differences in selling activities performed by Industeel to sell to its U.S. customers, we preliminarily determine that there is one LOT in the U.S. market for Industeel.

Finally, we compared the U.S. LOT to the home market LOT, and found that the selling functions Industeel performed for its U.S. and home market customers are identical. Therefore, we preliminarily determine that sales to the United States and home market during the POR were made at the same LOT and, as a result, no LOT adjustment is warranted.

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<sup>31</sup> See Industeel September 7, 2018 AQR at Exhibit A-5. Industeel also reported that it repacks home market products that are damaged in shipment. However, because Industeel reported no repacking expenses in the POR, we have not considered this function in our LOT analysis.

<sup>32</sup> *Id.* at A-16.

<sup>33</sup> See *OJ from Brazil* IDM at Comment 7; and *Certain Frozen Warmwater Shrimp from India: Preliminary Results and Preliminary Partial Rescission of Antidumping Duty Administrative Review*, 74 FR 9991, 9996 (March 9, 2009), unchanged in *Certain Frozen Warmwater Shrimp from India: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 74 FR 33409 (July 13, 2009); see also *Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 81 FR 49953 (July 29, 2016), and accompanying IDM at Comments 9 and 18.

<sup>34</sup> *Id.* at Exhibit A-4.

<sup>35</sup> *Id.* at A-16.

## NLMK

In the home market, NLMK reported that it made two types of sales: 1) direct sales of CTL plate to unaffiliated customers; and 2) consignment sales to unaffiliated customers.<sup>36</sup> NLMK Belgium reported that sales made in these channels were made at the same LOT.

According to NLMK Belgium, it performed the following selling functions at similar intensities for sales to all home market customers: sales forecasting, market research, strategic/economic planning, engineering services/technical assistance, sales promotion/marketing support, price negotiation/customer communication, making sales calls and visits, inputting and processing orders, extending credit and collecting payments, invoicing, arranging for freight, packing, and providing claims services.<sup>37</sup> Additionally, NLMK Belgium reported that it performed distributor/dealer training only for sales made by NPS.<sup>38</sup> NLMK Belgium also reported that it performed inventory management activities for sales made by NSE and for consignment sales made by NPS, but not for direct sales made by NPS.<sup>39</sup>

Based on the selling function categories noted above, we find that NLMK Belgium performs sales and marketing, freight and delivery, inventory maintenance and warehousing, and warranty and technical support for its home market sales. Because we find that there were only minimal differences in selling activities performed by NLMK Belgium to sell to its home market customers, we determine that there is one LOT in the home market for NLMK Belgium.

With respect to the U.S. market, NLMK Belgium reported that it made sales to its affiliated U.S. reseller, North America Plate (NAP), in three channels of distribution: 1) made-to-order sales; 2) consignment sales made from NAP's warehouses; and 3) consignment sales made from NAP's customers' warehouses.<sup>40</sup> NLMK Belgium reported that it performed the same selling functions in Belgium for U.S. sales as it did for home market sales, except that it did not perform distributor/dealer training and it did not perform inventory management for made-to-order U.S. sales.<sup>41</sup> Accordingly, based on the selling function categories noted above, we find that NLMK Belgium performed sales and marketing, freight and delivery services, inventory maintenance and warehousing, and warranty and technical support for its reported U.S. sales. Because we find that there were only minimal differences in selling activities performed by NLMK Belgium to sell to NAP, we 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 NLMK Belgium performed for its U.S. and home market customers do not differ significantly. Although NLMK Belgium reported that it performed certain selling activities (*i.e.*,

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<sup>36</sup> See NLMK Belgium September 7, 2018 AQR at 28-29, 30-31, and Exhibit A-15.

<sup>37</sup> See NLMK Belgium December 28, 2018 SAQR at Exhibit SA-12.

<sup>38</sup> *Id.* NLMK Belgium also reported that it performed raw material procurement services during the POR. However, because procuring raw materials relates to production, rather than sales, we have not considered this function further in our analysis.

<sup>39</sup> *Id.*

<sup>40</sup> See NLMK Belgium September 7, 2018 AQR at 28-30.

<sup>41</sup> See NLMK Belgium December 28, 2018 SAQR at Exhibit SA-12.



sales forecasting, market research, price negotiation/customer communication, sales calls and visits, order input/processing, and credit and collections) at a lower intensity for U.S. sales than it did for home market sales,<sup>42</sup> we find that NLMK Belgium performed none of the selling activities in the home market at a truly high level, nor was this level markedly different than the level at which it performed the activities for sales to NAP.<sup>43</sup> Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stage of marketing. Although there were minor differences in the home market and U.S. selling functions as noted above, we do not find that these differences are significant enough to warrant finding that U.S. and home market sales constitute different LOTs. 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 or CEP offset is warranted.

### Cost of Production Analysis

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 Commerce to request constructed value and COP information from respondent companies in all AD proceedings. Accordingly, Commerce requested this information from Industeel and NLMK Belgium.

We examined Industeel's and NLMK Belgium's cost data. Based on our review of the quarterly average prices of the three largest material inputs for each company, we determined that our quarterly cost methodology is not warranted for Industeel or NLMK Belgium, and, therefore, we applied our standard methodology of using annual costs based on Industeel's and NLMK Belgium's reported data.

#### 1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of the costs of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses and interest expenses.<sup>44</sup> As noted above, for Industeel and NLMK Belgium, we examined the cost data and preliminarily determine that our quarterly cost methodology is not warranted. Therefore, we applied our standard methodology of using annual costs based on the reported data, as adjusted below.

We relied on the COP data submitted by Industeel except as follows:<sup>45</sup>

- We included an unreconciled cost difference between its accounting system and the reported cost of manufacturing.

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<sup>42</sup> See NLMK Belgium December 28, 2018 SAQR at 6-9 and Exhibits SA-4, SA-8, SA-9, SA-10 and SA-12.

<sup>43</sup> For example, NLMK Belgium extended credit and collected payment, albeit occasionally in different forms, from home market customers and from NAP on all sales. Similarly, NLMK Belgium's "market research" activities merely consisted of talking to home market customers during its routine sales process. See NLMK Belgium December 28, 2018 SAQR at 5-6 and 9.

<sup>44</sup> See "Test of Comparison Market Sales Prices" section, below, for treatment of home market selling expenses.

<sup>45</sup> See Memorandum, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results – Industeel Belgium S.A." dated July 10, 2019 (Industeel Preliminary Cost Calculation Memorandum).

- We included inventory valuation losses associated with raw material, work-in-process, consumables, and spare parts in the general and administrative (G&A) expense ratio calculation.
- We disallowed the interest income offset and excluded the investment-related items from the financial expense ratio calculation.

We relied on the COP data submitted by NLMK Belgium except as follows:<sup>46</sup>

- We valued second choice CTL plate at average market value, consistent with NLMK Belgium's treatment of these products in its normal books and records.<sup>47</sup>
- We adjusted NLMK Clabecq's G&A expenses to take into account our findings at verification, as well as to include both write-downs and other items excluded from the reported costs. We recomputed the G&A ratio using NLMK Clabecq's total costs for fiscal year 2017, following Commerce's normal methodology.<sup>48</sup>
- We adjusted NLMK Manage's G&A expenses to incorporate the G&A expenses reported for NSE and NLMK LL.<sup>49</sup>
- We adjusted the consolidated financial expense ratio to reflect a denominator net of the revised packing, transport out, and scrap offset figure obtained at verification.<sup>50</sup>

## 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 a respondent's home market sales of a given product are at prices less than the COP, we do not disregard any of the 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) the sales were made

<sup>46</sup> See Memorandum, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results – NLMK Belgium," dated July 10, 019 (NLMK Belgium Preliminary Cost Calculation Memorandum).

<sup>47</sup> See NLMK Belgium Preliminary Cost Calculation Memorandum at 2.

<sup>48</sup> *Id.*

<sup>49</sup> *Id.*

<sup>50</sup> See NLMK Belgium Preliminary Cost Calculation Memorandum at 2-3.

within an extended period of time in accordance with section 773(b)(2)(B) of the Act; and (2) based on our comparison of prices to the weighted-average COPs for the POR, the sales 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 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 disregarded these sales and used the remaining sales as the basis for determining NV, in accordance with section 773(b)(1) of the Act.

### Calculation of Normal Value 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.

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 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.<sup>51</sup> We also deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(6)(A) and (B) of the Act.

#### NLMK Belgium

We revised NLMK Belgium's reported sales data to take into account our findings at verification.<sup>52</sup>

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<sup>51</sup> See 19 CFR 351.411(b).

<sup>52</sup> See NLMK Belgium Sales Verification Report.

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 movement expenses, including inland freight and warehousing, under section 773(a)(6)(B)(ii) of the Act.

For comparisons to CEP sales, we deducted home market credit expenses and direct selling expenses, pursuant to 773(a)(6)(C) of the Act. We recalculated home market credit expenses after removing long-term loans from NLMK Belgium's interest rate calculation.

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.<sup>53</sup> We also deducted home market packing costs and added U.S. packing costs, in accordance with sections 773(a)(6)(A) and (B) of the Act.

#### Calculation of Normal Value Based on Constructed Value

Section 773(a)(4) of the Act provides that where NV cannot be based on comparison market sales, NV may be based on CV. Accordingly, for those CTL plate products for which we could not determine the NV based on comparison market sales because, as noted in the "Results of the COP Test" section above, all sales of the comparable products failed the COP test, we based NV on CV.

Sections 773(e)(1) and (2)(A) of the Act provide that CV shall be based on the sum of the cost of materials and fabrication for the imported merchandise, plus amounts for SG&A expenses, profit, and U.S. packing costs. For Industeel and NLMK Belgium, we calculated the cost of materials and fabrication based on the methodology described in the "Cost of Production Analysis" section, above. We based SG&A and profit for Industeel and NLMK Belgium on the actual amounts incurred and realized by it in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in the comparison market, in accordance with section 773(e)(2)(A) of the Act.

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

## **VI. CURRENCY CONVERSION**

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

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<sup>53</sup> See 19 CFR 351.411(b).

## VII. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.



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Agree



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Disagree

7/10/2019

X



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Signed by: JEFFREY KESSLER  
Jeffrey I. Kessler  
Assistant Secretary  
for Enforcement and Compliance