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June 3, 2021

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

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

**SUBJECT:** Issues and Decision Memorandum for the Final Results of the  
2018-2019 Administrative Review of the Antidumping Order on  
Emulsion Styrene-Butadiene Rubber from Brazil

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## I. SUMMARY

We analyzed the comments submitted by interested parties in the above-referenced administrative review covering the sole mandatory respondent, ARLANXEO Brasil S.A. (ARLANXEO Brasil), and recommend making no changes to the *Preliminary Results*.<sup>1</sup> We recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum.

Below is a complete list of the issues for which we received comments from interested parties:

Comment 1: Cost Methodology

Comment 2: Level of Trade, Constructed Export Price Offset

## II. BACKGROUND

On January 26, 2021, we published the *Preliminary Results* of this administrative review. On February 25, 2021, Lion Elastomers, LLC (the petitioner), and ARLANXEO Brasil filed case briefs,<sup>2</sup> and on March 4, 2021, the petitioner filed a rebuttal brief.<sup>3</sup> On May 25, 2021, we

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<sup>1</sup> See *Emulsion Styrene-Butadiene Rubber from Brazil: Preliminary Results of Antidumping Duty Administrative Review; 2018-2019*, 86 FR 7066 (January 26, 2021) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum (ESB Rubber PDM).

<sup>2</sup> See Petitioner’s Letter, “Emulsion Styrene-Butadiene Rubber (E-SBR) from Brazil, Administrative Review 2018-2019: Case Brief and Request to Participate in Hearing,” dated February 25, 2021; *see also* ARLANXEO Brasil’s Letter, “Emulsion Styrene-Butadiene Rubber from Brazil: ARLANXEO’s Case Brief,” dated February 25, 2021 (ARLANXEO Brasil’s Case Brief).

<sup>3</sup> See Petitioner’s Letter, “Emulsion Styrene-Butadiene Rubber (E-SBR) from Brazil, Administrative Review 2018-2019: Rebuttal Brief,” dated March 4, 2021 (Petitioner’s Rebuttal Brief).



extended the deadline for the completion of these final results of review by 14 days.<sup>4</sup> Accordingly, the current deadline for the completion of these final results of review is June 9, 2021.

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

The product covered by this order is cold-polymerized emulsion styrene-butadiene rubber (ESB rubber). The scope of the order includes, but is not limited to, ESB rubber in primary forms, bales, granules, crumbs, pellets, powders, plates, sheets, strip, *etc.* ESB rubber consists of non-pigmented rubbers and oil-extended non-pigmented rubbers, both of which contain at least one percent of organic acids from the emulsion polymerization process.

ESB rubber is produced and sold in accordance with a generally accepted set of product specifications issued by the International Institute of Synthetic Rubber Producers (IISRP). The scope of the order covers grades of ESB rubber included in the IISRP 1500 and 1700 series of synthetic rubbers. The 1500 grades are light in color and are often described as “Clear” or “White Rubber.” The 1700 grades are oil-extended and thus darker in color, and are often called “Brown Rubber.”

Specifically excluded from the scope of this order are products which are manufactured by blending ESB rubber with other polymers, high styrene resin master batch, carbon black master batch (*i.e.*, IISRP 1600 series and 1800 series) and latex (an intermediate product).

The products subject to this order are currently classifiable under subheadings 4002.19.0015 and 4002.19.0019 of the Harmonized Tariff Schedule of the United States (HTSUS). ESB rubber is described by Chemical Abstract Services (CAS) Registry No. 9003-55-8. This CAS number also refers to other types of styrene butadiene rubber. Although the HTSUS subheadings and CAS registry number are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

### **IV. CHANGES SINCE THE PRELIMINARY RESULTS**

As explained below, based on our analysis of issues raised by interested parties, we have made no changes to our preliminary results of review.

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<sup>4</sup> See Memorandum, “Emulsion Styrene Butadiene Rubber from Brazil: Extension of Deadline for Final Results of Antidumping Duty Administrative Review; 2018-2019,” dated May 25, 2021.

## V. DISCUSSION OF THE ISSUES

### Comment 1: Cost Methodology

#### *ARLANXEO Brasil's Comments:*

- The Department of Commerce (Commerce) should apply a quarterly-average cost methodology rather than a period of review (POR)-average cost methodology for the final results.<sup>5</sup>
  - Commerce improperly rejected the quarterly cost methodology in the *Preliminary Results* because it applied a rule (*i.e.*, a 25 percent control number (CONNUM) quarterly cost fluctuation threshold, explained below) that does not fit the facts of the instant review, which covers “only a limited number of CONNUMs.”<sup>6</sup>
  - The cost of the most significant CONNUM to the price comparison for U.S. sales varied by more than 25 percent, and Commerce’s consideration of other CONNUMs that did not vary by 25 percent is irrelevant because these CONNUMs “are virtually not used in the calculations and thus should not be the basis for rejecting a quarterly cost approach.”<sup>7</sup>
- Commerce should revise the difference-in-merchandise (DIFMER) adjustment it makes pursuant to section 773(a)(6)(C)(ii) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.411.<sup>8</sup>
  - Under 19 CFR 351.411(b), Commerce may only consider differences in variable costs associated with physical differences in merchandise.<sup>9</sup>
  - Commerce’s preliminary DIFMER calculation went beyond this variable-cost limitation imposed by 19 CFR 351.411(b) by considering differences arising from production occurring at different facilities.<sup>10</sup>
  - Commerce’s preliminary DIFMER calculation improperly used the difference in the variable cost of CONNUM A and the average variable cost of CONNUM B produced at the same plant as CONNUM A and another plant where CONNUM A was not made.<sup>11</sup>
  - Record evidence indicates that ARLANXEO Brasil’s plants have different costs, and ARLANXEO Brasil notified Commerce that basing a DIFMER adjustment on weighted-average POR costs would create distortions to the DIFMER adjustment “because cost differences were not reflective of only the physical differences in the merchandise.”<sup>12</sup>

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<sup>5</sup> See ARLANXEO Brasil’s Case Brief at 1.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 1.

<sup>8</sup> *Id.* at 2-5.

<sup>9</sup> *Id.* at 2.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 2-3.

<sup>12</sup> *Id.* at 3 (citing ARLANXEO Brasil’s Letter, “Emulsion Styrene-Butadiene Rubber from Brazil: Sections B, C, and D Questionnaire Response,” January 9, 2020 at D-3 (ARLANXEO Brasil’s January 9, 2020 BCDQR)).

- Blending the cost structures of ARLANXEO Brasil’s two production facilities produces cost differences that are unrelated to the physical differences and variable costs of the different merchandise.<sup>13</sup>
- Commerce should revise its DIFMER calculation by assigning the plant-specific variable cost of manufacturing values for the CONNUMs at issue (*i.e.*, it should exclude the variable cost reported for one of its two production facilities from the DIFMER calculation).<sup>14</sup>

*Petitioner’s Rebuttal Comments:*

- Commerce should continue to find that the use of a quarterly cost methodology is unwarranted.<sup>15</sup>
  - ARLANXEO Brasil has not supported its argument that Commerce based its analysis on CONNUMs that are irrelevant.<sup>16</sup>
  - ARLANXEO Brasil’s argument fails to address the second prong of Commerce’s two-prong test (*i.e.*, whether sales during the shorter cost-averaging periods could be reasonably linked with the cost of production (COP) or constructed value (CV) during the same shorter cost-averaging periods).<sup>17</sup>
- Commerce has no reason to alter its DIFMER calculation methodology.<sup>18</sup>
  - Commerce has found that “cost differences associated with extraneous factors, such as production in different facilities with differing production efficiencies should not be considered for DIFMER adjustments.”<sup>19</sup>
  - Commerce’s antidumping duty (AD) questionnaire specifically requires costs to be reported by product for this reason, and not by product and plant.<sup>20</sup>

**Commerce’s Position:** We disagree with ARLANXEO Brasil and have made no changes to our cost calculation methodology for these final results of review. ARLANXEO Brasil argues that Commerce should make two adjustments to our preliminary cost calculation methodology, each of which is discussed below.

A. Annual Average Cost Methodology

Commerce continues to find that the use of a quarterly cost methodology is not warranted in the instant administrative review. For the reasons explained below, we have continued to rely on annual average costs to calculate COP for these final results of review.

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<sup>13</sup> *Id.* at 4-5.

<sup>14</sup> *Id.* at 5.

<sup>15</sup> *See* Petitioner’s Rebuttal Brief at 3-5.

<sup>16</sup> *Id.* at 3.

<sup>17</sup> *Id.*

<sup>18</sup> *Id.* at 1-3.

<sup>19</sup> *Id.* at 2 (citing *Circular Welded Non-Alloy Steel Pipe from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR. 37284 (July 1, 2014), and accompanying Issues and Decision Memorandum (IDM)).

<sup>20</sup> *Id.* at 3 (citing ARLANXEO Brasil’s January 9, 2020 BCDQR).

Although the Act neither dictates the method of calculating COP during the POR, nor provides a definition for the term “period” in calculating COP and CV, Commerce’s practice is to use annual weighted-average costs over the entire POR—the result being a normalized, average COP to be compared to sales prices covering the same extended period of time.<sup>21</sup> However, Commerce has articulated in past proceedings that the use of alternative cost-averaging periods may be appropriate in situations where a reliance on our normal annual weighted-average cost methodology would be distortive due to significant cost changes during the period.<sup>22</sup> As we explained in our Preliminary Analysis Memorandum, in determining whether to deviate from our normal methodology of calculating an annual weighted-average cost, we evaluate the case-specific record evidence by examining two primary criteria: (1) the change in the cost of manufacturing (COM) recognized by the respondent during the POR must be deemed significant, and (2) the record evidence must indicate that sales during the shorter cost-averaging periods could be reasonably linked with the COP or CV during the same shorter cost-averaging periods.<sup>23</sup> In prior cases, we have established 25 percent as the threshold (between the high- and low-quarter COM over a 12 month period) for determining that the changes in COM are significant enough to warrant a departure from our standard annual-average cost approach.<sup>24</sup> With regard to the second criterion, *i.e.*, that sales during the shorter cost-averaging periods should be reasonably linked with the COP during the same periods, our definition of linkage does not require direct traceability between specific sales and their specific production costs. Commerce typically bases its finding on whether there are elements which would indicate a reasonably positive correlation between the costs and the sales prices, such as whether the magnitude of the changes in costs and prices were comparable, whether the prices and costs moved in the same direction for the majority of the quarters, and whether the slope line for the quarterly costs and sales prices trended consistently.<sup>25</sup>

In the instant review, we evaluated cost and pricing data provided by ARLANXEO Brasil to determine whether these data meet the two primary criteria described above.<sup>26</sup> Commerce based its analysis on all of ARLANXEO Brasil’s reported CONNUMs with usable data that allowed us to meaningfully perform the two-prong test for quarterly costs, *i.e.*, Commerce considered all CONNUMs with sales or costs in three or more quarters of the POR.<sup>27</sup> As a result of this analysis, Commerce preliminarily found that an insignificant number of CONNUMs produced in multiple quarters of the POR met our threshold of more than a 25 percent change in the total cost

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<sup>21</sup> See *Circular Welded Carbon-Quality Steel Pipe From Oman: Final Results of Antidumping Duty Administrative Review; 2016-2017*, 84 FR 29846 (June 25, 2019), and accompanying IDM at Comment 2 (*Pipe from Oman*) (citing *Gray Portland Cement and Clinker from Mexico: Final Results of Antidumping Duty Administrative Review*, 58 FR 47253, 47257 (September 8, 1993) (where Commerce explained that the annual period used for calculating costs accounts for any seasonal fluctuation which may occur as it accounts for a full operation cycle)).

<sup>22</sup> *Id.* (citing *Stainless Steel Plate in Coils from Belgium: Final Results of Antidumping Duty Administrative Review*, 73 FR 75398 (December 11, 2008), and accompanying IDM at Comment 4 (*Plate from Belgium*)).

<sup>23</sup> See Memorandum, “Antidumping Duty Administrative Review of Emulsion Styrene-Butadiene Rubber from Brazil: Preliminary Results Analysis Memorandum for ARLANXEO Brasil S.A.,” dated January 15, 2021 (Preliminary Analysis Memorandum) at 8 (citing *Stainless Steel Sheet and Strip in Coils from Mexico: Final Results of Antidumping Duty Administrative Review*, 75 FR 6627 (February 10, 2010), and accompanying IDM at Comment 6; and *Plate from Belgium* IDM at Comment 4).

<sup>24</sup> *Id.* (citing *Plate from Belgium* IDM at Comment 4).

<sup>25</sup> *Id.*

<sup>26</sup> See Preliminary Analysis Memorandum at 8-9.

<sup>27</sup> *Id.*

of manufacture (TOTCOM) from high to low quarter, and thus that the first criterion was not met. Additionally, because Commerce found that ARLANXEO Brasil's cost data failed to meet the first criterion, we did not address the second criterion (*i.e.*, linkage between cost and sales data) as it would not affect or change the results of our analysis. Based on this analysis, Commerce preliminarily found that the use of an alternative quarterly cost methodology was not warranted.<sup>28</sup>

We disagree with ARLANXEO Brasil's assertion that the application of our two-pronged test should not be applied to all of ARLANXEO Brasil's reported CONNUMs with usable data, and that we should instead limit our examination of quarterly COM fluctuations to a single reported CONNUM. As an initial matter, Commerce notes that ARLANXEO Brasil cites no statutory authority or case precedent that supports limiting our quarterly COM analysis to a single CONNUM. Rather, ARLANXEO Brasil appears to argue that the unique facts of this administrative review, *i.e.*, that it covers "only a limited number of CONNUMs," require a revision to our practice.<sup>29</sup> We disagree with ARLANXEO Brasil's supposition that the instant review can be distinguished from other cases because it "involves a limited number of CONNUMs."<sup>30</sup> Indeed, the universe of reported CONNUMs in *all* antidumping proceedings is limited by Commerce's reporting requirements. Specifically, in antidumping investigations and administrative reviews, the scope of the proceeding and the models sold during the period covered by the proceeding determine the universe of reportable CONNUMs. Stated another way, no antidumping proceeding involves an *unlimited* number of CONNUMs. Moreover, ARLANXEO Brasil has failed to articulate a reason why the instant administrative review is so unique as to warrant a change in our quarterly cost analysis.

Moreover, ARLANXEO Brasil's proposed methodological revision (*i.e.*, relying entirely on reported quarterly costs for a single CONNUM) would prevent Commerce from examining the full scope of the respondent's POR production experience. In this case, limiting our quarterly cost fluctuation analysis to a single CONNUM would exclude a significant amount of a respondent's reported cost data, which could, in turn, distort the results of our analysis. Commerce's standard quarterly COM fluctuation analysis, which examined periodic cost fluctuations for all CONNUMs with useable data, resulted in a far more accurate representation of ARLANXEO Brasil's production experience than the methodology proposed by ARLANXEO Brasil.<sup>31</sup>

Additionally, we disagree with ARLANXEO Brasil's claim that our analysis included CONNUMs that are "are virtually not used in the calculations."<sup>32</sup> Pursuant to section 773(b)(1) of the Act, Commerce "shall" disregard certain home-market sales in its calculation of normal value if it concludes that the cost to produce the foreign like product is greater than the price at which the merchandise was sold in the home market. Accordingly, in cases where Commerce calculates COP or CV, including the instant administrative review, the Act requires Commerce

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<sup>28</sup> See ESB Rubber PDM at 8-9; *see also* Preliminary Analysis Memorandum at 8-9.

<sup>29</sup> See ARLANXEO Brasil's Case Brief at 1.

<sup>30</sup> *Id.*

<sup>31</sup> See Preliminary Analysis Memorandum at 8-9, and Attachment 3.

<sup>32</sup> See ARLANXEO Brasil's Case Brief at 1.

to perform its “cost test” on all reported home-market sales, and to exclude sales that “fail” the “cost test” from normal value. Consistent with this requirement, we performed the “cost test” and used the remaining sales in our dumping calculation.<sup>33</sup> Thus, despite ARLANXEO Brasil’s claims to the contrary, we find that limiting our quarterly cost analysis in the manner suggested by ARLANXEO Brasil would exclude CONNUMs that are actively used in our margin calculations (*i.e.*, those sales which passed the “cost test” and are the basis of normal value).

For the reasons stated above, and consistent with the position outlined in our *Preliminary Results*, we have continued to use an annualized cost-averaging method in calculating COP for ARLANXEO Brasil for these final results of review.<sup>34</sup>

#### B. Calculation of the Variable Cost of Manufacturing Used in the DIFMER Calculation

We disagree with ARLANXEO Brasil’s claim that Commerce’s preliminary DIFMER calculation is not in accordance with 19 CFR 351.411(b). Accordingly, Commerce has not revised its DIFMER calculation for these final results of review.

Commerce makes its DIFMER adjustment pursuant to section 773(a)(6)(C)(ii) of the Act and section 19 CFR 351.411, the latter of which requires the following:

(a) Introduction. In comparing United States sales with foreign market sales, the Secretary may determine that the merchandise sold in the United States does not have the same physical characteristics as the merchandise sold in the foreign market, and that the difference has an effect on prices. In calculating normal value, the Secretary will make a reasonable allowance for such differences. (*See* section 773(a)(6)(C)(ii) of the Act.)

(b) Reasonable allowance. *In deciding what is a reasonable allowance for differences in physical characteristics, the Secretary will consider only differences in variable costs associated with the physical differences.* Where appropriate, the Secretary may also consider differences in the market value. The Secretary will not consider differences in cost of production when compared merchandise has identical physical characteristics.<sup>35</sup>

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<sup>33</sup> See ESB Rubber PDM at 9-10 (“We found that, for certain specific products, more than 20 percent of ARLANXEO Brasil’s respective home market sales during the POR 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 normal value, in accordance with section 773(b)(1) of the Act.”); *see also* Preliminary Analysis Memorandum at Attachment 1.

<sup>34</sup> See Memorandum, “Antidumping Duty Administrative Review of Emulsion Styrene-Butadiene Rubber from Brazil: Final Results Analysis Memorandum for ARLANXEO Brasil S.A.,” dated concurrently with this memorandum (Final Analysis Memorandum).

<sup>35</sup> 19 CFR 351.411 (emphasis added).

Pursuant to 19 CFR 351.411, when similar merchandise comparisons are made, Commerce will adjust for any physical DIFMERs that affect the prices of the merchandise. The DIFMER adjustment is calculated to quantify the extent to which physical differences between products affect their prices.<sup>36</sup> Because Commerce is not generally able to isolate the direct price effect of physical product differences, the DIFMER adjustment is normally based entirely on differences in the variable cost of production of products.<sup>37</sup> Neither the Act nor the regulations define variable costs. Commerce calculates variable costs by deducting reported fixed overhead costs from the total cost of manufacture and uses these calculated variable costs to derive the DIFMER.<sup>38</sup> Commerce then makes the DIFMER adjustment to the comparison market price. Commerce has explained that adjustments cannot be made for DIFMERs based on (1) the fact that the exporter is charged different prices for its inputs depending on the destination of the finished product, or (2) the fact that the domestic and exported products are produced in different facilities with differing production efficiencies.<sup>39</sup>

In the instant administrative review, we derived DIFMER using ARLANXEO Brasil's reported weighted-average cost data, which reflects costs incurred during the POR for producing ESB rubber at its two production facilities.<sup>40</sup> ARLANXEO Brasil reported these weighted-average cost data in response to our AD questionnaire, which instructs respondents to report a single weighted-average cost, regardless of the domestic facility in which the product subject to review was produced.<sup>41</sup>

While ARLANXEO Brasil portrays its reported CONNUM-specific costs to be an accurate reflection of the product costs, and the cost differences associated with the physical characteristics of the products, for purposes of reporting the cost of production and constructed value, it now claims that same accurately reported cost should not be used for DIFMER. We find this argument without merit as ARLANXEO Brasil contradicts itself here by stating that the reported costs reflect the physical characteristics of the products produced, yet the same costs cannot be used for the DIFMER calculation. Nonetheless, with respect to its production facility efficiency arguments, we examined record evidence and found no data that showed that ARLANXEO Brasil produced the identical product codes at both production facilities.<sup>42</sup> Accordingly, because we cannot compare production costs for the same products being produced at the two different production facilities, ARLANXEO Brasil's claims cannot be supported by record evidence. Specifically, a comparison of production costs based on different product codes being produced at two different facilities makes it unclear as to whether the differences in costs

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<sup>36</sup> *Id.*

<sup>37</sup> *Id.*

<sup>38</sup> See Preliminary Analysis Memorandum at Attachment 1; see also the preliminary comparison market program and the macro program, which are available on ACCESS.

<sup>39</sup> *Id.* at 65.

<sup>40</sup> See Preliminary Analysis Memorandum at 1 (citing ARLANXEO Brasil's home-market and COP databases used in the margin calculations) Attachment 1; see also the preliminary comparison market program and the macro program, which are available on ACCESS.

<sup>41</sup> See, e.g., ARLANXEO Brasil's January 9, 2020 BCDQR at D-39 requiring respondents to demonstrate how they reported a single weighted-average cost for products produced at multiple facilities ("If you produced the merchandise under consideration at more than one domestic facility during the POR, provide a worksheet that demonstrates the method you used to weight-average the production costs of each facility to compute the single weighted-average COM (and the individual fields included therein) for the CONNUMs.")

<sup>42</sup> *Id.* at Exhibit D-17.



between facilities is associated with the differences in the products produced at each facility or differences in the efficiencies at these facilities. Therefore, we have continued to rely on the reported CONNUM-specific costs in determining the DIFMER and have made no revisions to our DIFMER calculation for these final results of review.<sup>43</sup>

## **Comment 2: Level of Trade, Constructed Export Price Offset**

### *Petitioner's Comments:*

- Commerce should continue to find that a single level of trade (LOT) existed during the POR and disregard ARLANXEO Brasil's claims that it made sales at more than one LOT.
  - The record does not support ARLANXEO Brasil's claim that it made {home-market} sales to two different categories of customers that correspond to two LOTs (*i.e.*, sales to end users and sales to unaffiliated distributors), and that it made home-market sales to end-user customers at the same LOT as sales to its U.S. affiliate.
  - ARLANXEO Brasil has failed to meet its burden of proving its entitlement to a beneficial LOT adjustment.<sup>44</sup>
- Commerce should continue to find that the record lacks substantial evidence to support a constructed export price (CEP) offset for ARLANXEO Brasil.<sup>45</sup>
  - Commerce has explained that CEP offsets are not automatic and are not always required.<sup>46</sup>
  - Commerce has emphasized that where a respondent has advocated for multiple LOTs in the home market, one of which is to be matched to its CEP sales, if Commerce subsequently determines that only one LOT exists, no CEP is warranted.<sup>47</sup>
  - Commerce correctly determined that one LOT exists and, therefore, a CEP offset is neither required nor does the record allow for one.<sup>48</sup>
  - The record lacks evidence to support any LOT or CEP adjustment because ARLANXEO Brasil has failed to overcome its burden of showing a substantial difference in marketing stages or a substantial difference in selling activities between claimed LOTs.<sup>49</sup>
- No other interested party has commented on this issue.

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<sup>43</sup> See Final Analysis Memorandum.

<sup>44</sup> See Petitioner's Rebuttal Brief at 3 (citing *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27370 (May 19, 1997); and *Notice of Final Determination of Sales at Less Than Fair Value and Negative Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand*, 69 FR 76918 (December 23, 2004), and accompanying IDM at Comment 5).

<sup>45</sup> *Id.* at 5.

<sup>46</sup> *Id.* (citing *Shrimp from Thailand* IDM at Comment 5).

<sup>47</sup> *Id.* (citing *Polyethylene Terephthalate Sheet from the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 85 FR 44276 (July 22, 2020), and accompanying IDM at Comment 4).

<sup>48</sup> *Id.* at 6.

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

**Commerce's Position:** We agree with the petitioner and have made no change to our preliminary LOT or CEP offset findings for these final results of review. In the *Preliminary Results*, we explained that Commerce has examined ARLANXEO Brasil's indirect selling expense information, which may not be publicly disclosed, and finds that it does not provide the required quantitative support for ARLANXEO Brasil's claimed home-market LOTs.<sup>50</sup> Commerce explained that ARLANXEO Brasil's claim that it made home-market sales at two LOTs is not supported by record evidence, and has compared home-market and U.S. sales without regard to reported LOT or making an LOT adjustment.<sup>51</sup> Commerce further explained that the record lacks sufficient information required to determine the relationship of the CEP LOT with the information submitted regarding the home market LOT(s), and thus we have not granted a CEP offset.<sup>52</sup> No party has asserted that Commerce's preliminary LOT or CEP offset determination is inaccurate, and no information on the record calls into question the accuracy of these findings. Accordingly, Commerce has made no changes to its preliminary margin calculations for these final results of review.<sup>53</sup>

## VI. RECOMMENDATION

Based on our analysis of the comments received, we recommend adopting the above positions. If this recommendation is accepted, we will publish the final results of this administrative review in the *Federal Register*.

☒

Agree

☐

Disagree

6/3/2021

X



Signed by: CHRISTIAN MARSH

Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance

<sup>50</sup> For a discussion of the proprietary information Commerce examined in its LOT analysis, see Preliminary Analysis Memorandum at 3-7.

<sup>51</sup> *Id.*

<sup>52</sup> *Id.*

<sup>53</sup> See Final Analysis Memorandum.