



A-475-818  
Administrative Review  
POR: 7/1/2019 – 6/30/2020  
**Public Document**  
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July 28, 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:** Decision Memorandum for Preliminary Results of Antidumping  
Duty Administrative Review: Certain Pasta from Italy; 2019-  
2020

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## I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain pasta (pasta) from Italy. The review covers eight producers or exporters of the subject merchandise, of which Liguori Pastificio dal 1820 S.p.A. (Liguori) and La Molisana S.p.A. (La Molisana) were selected as the two mandatory respondents. The period of review (POR) is July 1, 2019, through June 30, 2020. Further, we have preliminarily collapsed Liguori with Pastificio Della Forma S.r.l. (Della Forma) and have considered them as a single entity. We preliminarily determine that La Molisana sold subject merchandise at less than normal value (NV) during the POR and that Liguori/Della Forma did not sell subject merchandise at less than NV during the POR.

## II. BACKGROUND

### *Initiation*

In response to Commerce's notice of opportunity to request an administrative review on pasta from Italy,<sup>1</sup> several producers or exporters timely requested an administrative review of the AD order on pasta from Italy with respect to their entries of subject merchandise to the United States during the POR between July 28, 2020 and July 31, 2020.<sup>2</sup> Accordingly, on September 3, 2020,

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<sup>1</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 85 FR 39531 (July 1, 2020).

<sup>2</sup> See Armonie D'Italia srl's Letter, "Certain Dry Pasta from Italy; A-475-818; Request for Administrative Review,"



in accordance with 19 CFR 351.221(c)(1)(i), we published a notice of initiation of an administrative review of the AD order on pasta from Italy for the following companies: Agritalia S.r.L, Armonie D'Italia srl, F. Divella S.p.A., La Molisana, Liguori, Pasta Castiglioni, Pasta Zara, S.p.A, Pastificio Della Forma S.r.l., Pastificio C.A.M.S. Srl, Pastificio Fratelli De Luca S.r.l, and Rummo S.p.A. (Rummo).<sup>3</sup>

On December 2, 2020, Rummo timely withdrew its request for review.<sup>4</sup> On February 1, 2021, Commerce rescinded the review of Rummo and its subsidiary Pasta Castiglioni.<sup>5</sup>

### *Selection of Mandatory Respondents*

On September 4, 2020, we released the results of a U.S. Customs and Border Production (CBP) data query on entries of pasta from Italy during the POR, and gave interested parties an opportunity to comment on the data and respondent selection.<sup>6</sup> No parties commented on respondent selection.

On October 15, 2020, we selected La Molisana and Liguori as mandatory respondents<sup>7</sup> and issued the AD questionnaire to them.

### *Liguori's Questionnaire Response Submissions*

Liguori timely filed its response to section A of Commerce's AD questionnaire on November 17, 2020.<sup>8</sup> Liguori submitted timely responses to sections B and C of the AD questionnaire on December 7, 2020 and section D of the AD questionnaire on December 16, 2020, pursuant to Commerce's extension letter on December 3, 2020.<sup>9</sup> On May 3, 2021, we issued a section A-D

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dated July 28, 2020; *see also* Pastificio Fratelli De Luca S.r.l.'s Letter, "Certain Dry Pasta from Italy; A-475-818; Request for Administrative Review," dated July 28, 2020; Pastificio C.A.M.S. Srl's Letter, "Certain Dry Pasta from Italy; A-475-818; Request for Administrative Review," dated July 28, 2020; Agritalia S.r.L.'s Letter, "Certain Pasta from Italy – Request for Administrative Review – Agritalia S.r.L.," dated July 30, 2020; Pasta Zara, S.p.A.'s Letter, "Certain Pasta from Italy – Request for Administrative Review – Pasta Zara, S.p.A.," dated July 30, 2020; La Molisana's Letter, "Certain Dry Pasta from Italy; A-475-818; Request for Administrative Review," dated July 31, 2020; Liguori's Letter, "Antidumping Duty Review of Certain Pasta from Italy: Liguori Request for Review," dated July 31, 2020; Rummo and its subsidiary Pasta Castiglioni's Letter, "Antidumping Duty Review of Certain Pasta from Italy: Rummo Request for Review," dated July 31, 2020; F. Divella S.p.A.'s Letter, "Certain Pasta from Italy: Request for Administrative Review on Behalf of F. Divella S.p.A.," dated July 31, 2020.

<sup>3</sup> *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 54983 (September 3, 2020).

<sup>4</sup> *See* Rummo's Letter, "Antidumping Duty Review of Certain Pasta from Italy: The Rummo Group Withdrawal of Request for Review," dated December 2, 2020.

<sup>5</sup> *See Certain Pasta from Italy: Notice of Partial Rescission of Antidumping Duty Administrative Review*, 86 FR 7700 (February 1, 2021).

<sup>6</sup> *See* Memorandum, "2019 – 2020 Antidumping Duty Administrative Review of Certain Pasta from Italy: Release of Customs and Border Protection (CBP) Data," dated September 4, 2020.

<sup>7</sup> *See* Memorandum, "2019-2020 Antidumping Duty Administrative Review of Certain Pasta from Italy: Respondent Selection," dated October 15, 2020.

<sup>8</sup> *See* Liguori's Letter, "Certain Pasta from Italy – Liguori Section A Questionnaire Response," dated November 17, 2020 (Liguori's AQR).

<sup>9</sup> *See* Liguori's Letter, "Certain Pasta from Italy – Liguori Sections B and C Questionnaire Response," dated December 7, 2020 (Liguori's BCQR); *see also* "Certain Pasta from Italy – Liguori Sections D Questionnaire

supplemental questionnaire to Liguori and on May 6, 2021, issued an additional section B-D supplemental questionnaire.<sup>10</sup> Liguori submitted a timely response to both questionnaires on May 21, 2021.<sup>11</sup> On June 2, 2021, and June 21, 2021, we issued a section B supplemental questionnaire to Liguori, to which Liguori submitted timely responses to on June 17, 2021, and June 28, 2021.<sup>12</sup> On June 21, 2021, we issued a section D supplemental questionnaire to Liguori, to which Liguori submitted a timely response on July 1, 2021.<sup>13</sup> On July 13, 2021 we issued a second section D supplemental questionnaire to Liguori, to which Liguori submitted a timely response on July 20, 2021.<sup>14</sup>

### *La Molisana's Questionnaire Response Submissions*

La Molisana timely filed its response to section A of Commerce's AD questionnaire on November 5 and 13, 2020.<sup>15</sup> La Molisana submitted timely responses to sections B through D on December 14 and 16, 2020.<sup>16</sup> On February 18, 2021, we issued a section BCD supplemental questionnaire to La Molisana, to which La Molisana submitted timely responses on February 26, 2021, and March 3, 2021.<sup>17</sup> On May 28, 2021, we issued a section BC supplemental questionnaire to La Molisana, to which La Molisana submitted a timely response on June 14,

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Response," dated December 12, 2020; and Commerce's Letter, "Certain Pasta from Italy: Extension of Time to Respond to BCDQR," dated December 3, 2020.

<sup>10</sup> See Commerce's Letter, "Certain Pasta from Italy – Supplemental Questionnaire on Liguori's Section A-D Responses," dated May 3, 2021; *see also* Commerce's Letter, "Certain Pasta from Italy – BCD Bronze Die Supplemental Questionnaire," dated May 6, 2021.

<sup>11</sup> See Liguori's Letter, "Certain Pasta from Italy – Liguori's Supplemental Questionnaire Response for Section A-D and Bronze Die," dated May 21, 2021 (Liguori's Sec A-D SQR).

<sup>12</sup> See Commerce's Letter, "Certain Pasta from Italy – Supplemental Questionnaire on Liguori's Affiliates," dated June 2, 2021 (Liguori's Affiliates SQ); *see also* Commerce's Letter, "Certain Pasta from Italy – Supplemental Questionnaire on Liguori's Section B Response," dated June 21, 2021 (Liguori's Section B SQ); Liguori's Letter, "Certain Pasta from Italy – Supplemental Questionnaire on Liguori's Section B Response," dated June 17, 2021; and Liguori's Letter, "Certain Pasta from Italy – Supplemental Questionnaire on Liguori's Section B Response," dated June 28, 2021 (Liguori's Section B SQR).

<sup>13</sup> See Commerce's Letter, "Antidumping Duty Administrative Review of Certain Pasta from Italy: Section D Supplemental Questionnaire," dated June 21, 2021; *see also* Liguori's Letter, "Antidumping Duty Review of Certain Pasta from Italy: Liguori's Supplemental Section D Questionnaire Response," dated July 1, 2021.

<sup>14</sup> See Commerce's Letter, "Antidumping Duty Administrative Review of Certain Pasta from Italy: Section D 2nd Supplemental Questionnaire," dated July 13, 2021; *see also* Liguori's Letter, "Antidumping Duty Review of Certain Pasta from Italy: Liguori's 2nd Supplemental Section D Questionnaire Response," dated July 20, 2021.

<sup>15</sup> See La Molisana's Letters, "Certain Dry Pasta from Italy; A-475-818; Response to Section A of Initial Questionnaire," dated November 5, 2020 (La Molisana AQR); and "Certain Dry Pasta from Italy; A-475-818; Response to Part 3 of Section A of Initial Questionnaire," dated November 12, 2020 (La Molisana AQR – Question 3).

<sup>16</sup> See La Molisana's Letters, "Certain Dry Pasta from Italy; A-475-818; Response to Section B, C and D of Initial Questionnaire and Related Filings," dated December 14, 2020; and "Certain Dry Pasta from Italy; A-475-818; Reconciliations and Appendices Related to Sections B, C and D of Initial Questionnaire," dated December 16, 2020.

<sup>17</sup> See Commerce's Letter, "Certain Pasta from Italy: BCD Bronze Die Supplemental Questionnaire," dated February 18, 2021; *see also* La Molisana's Letters, "Certain Dry Pasta from Italy; A-475-818; Initial Response to Department's Supplemental Questionnaire of February 19, 2021," dated February 26, 2021 (La Molisana BC Supp QR); and "Certain Dry Pasta from Italy; A-475-818; Final Response to Department's Supplemental Questionnaire of February 19, 2021," dated March 3, 2021.

2021.<sup>18</sup> On June 17, 2021, we issued a section D supplemental questionnaire to La Molisana, to which La Molisana submitted timely responses on July 8, 2021, and July 15, 2021.<sup>19</sup> On July 8, 2021, we issued a section D supplemental to La Molisana, to which La Molisana submitted a timely response on July 15, 2021.<sup>20</sup>

### *Interested Parties' Submissions*

On February 24, 2021, the domestic producers filed comments on Liguori's section A-D questionnaire responses.<sup>21</sup>

### *Physical Characteristics*

On June 3, 2021, Commerce issued a memorandum soliciting comments and NFI on the use of bronze die as an additional product characteristic to define the in-scope merchandise.<sup>22</sup> La Molisana and Liguori submitted timely comments and NFI on June 23, 2021.<sup>23</sup> On June 29, 2021, La Molisana submitted timely comments on the valuation of trademarks.<sup>24</sup>

### *Review Schedule*

On March 2, 2021 we extended the due date for the preliminary results of this review from April 2, 2021, to July 30, 2021.<sup>25</sup>

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<sup>18</sup> See Commerce's Letter, "Certain Pasta from Italy: BC Supplemental Questionnaire for La Molisana," dated May 28, 2021; see also La Molisana's Letter, "Certain Dry Pasta from Italy; A-475-818; Re-submitted Response to Department's Supplemental Questionnaire," dated June 22, 2021 (La Molisana 2nd BC Supp QR).

<sup>19</sup> See Commerce's Letter, "Certain Pasta from Italy: BC {sic} Supplemental Questionnaire for La Molisana," dated June 17, 2021; see also La Molisana's Letters, "Certain Dry Pasta from Italy; A-475-818; Response to Department's Supplemental Section D Questionnaire and Request for Extension," and "Certain Dry Pasta from Italy; A-475-818; Further Response to Department's Supplemental Section D Questionnaire" dated July 15, 2021.

<sup>20</sup> See Commerce's Letter, "Certain Pasta from Italy: Partial Extension of Time to Respond to D Supplemental QNR and Issuance of New D Supplemental Questionnaire," dated July 8, 2021; see also La Molisana's Letter, "Certain Dry Pasta from Italy; A-475-818; Further Response to Department's Supplemental Section D Questionnaire," dated July 15, 2021.

<sup>21</sup> See Domestic Producers' Letter, "Certain Pasta from Italy – Petitioners' Deficiency Comments on Liguori's Sections A-D Responses," dated February 24, 2021.

<sup>22</sup> See Memorandum, "Certain Pasta from Italy: Bronze Die Acceptance and Invitation for Submission of Comments," dated June 3, 2021.

<sup>23</sup> See Liguori's Letter, "Antidumping Duty Review of Certain Pasta from Italy: Liguori's Bronze Die Comments and New Factual Information," dated June 23, 2021; see also La Molisana's Letter, "Certain Dry Pasta from Italy; A-475-818; Comments on Teflon and Bronze Dies," dated June 23, 2021.

<sup>24</sup> See La Molisana's Letter, "Certain Dry Pasta from Italy; A-475-818; Submission of Factual Information Pursuant to 19 CFR 351.301(c)(5)," dated June 29, 2021.

<sup>25</sup> See Memorandum, "Certain Pasta from Italy: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review; 2019/2020," dated March 2, 2021.

### III. SCOPE OF THE ORDER<sup>26</sup>

Imports covered by this order are shipments of certain non-egg dry pasta in packages of five pounds four ounces or less, whether or not enriched or fortified or containing milk or other optional ingredients such as chopped vegetables, vegetable purees, milk, gluten, diastasis, vitamins, coloring and flavorings, and up to two percent egg white. The pasta covered by the scope of the order is typically sold in the retail market, in fiberboard or cardboard cartons, or polyethylene or polypropylene bags of varying dimensions.

Excluded from the scope of this order are refrigerated, frozen, or canned pastas, as well as all forms of egg pasta, with the exception of non-egg dry pasta containing up to two percent egg white. Multicolored pasta, imported in kitchen display bottles of decorative glass that are sealed with cork or paraffin and bound with raffia, is excluded from the scope of the Order.<sup>27</sup> Pursuant to Commerce's August 14, 2009, changed circumstances review, effective July 1, 2008, gluten free pasta is also excluded from the scope of the Order.<sup>28</sup> Effective January 1, 2012, ravioli and tortellini filled with cheese and/or vegetables are also excluded from the scope of the order.<sup>29</sup>

Also excluded are imports of organic pasta from Italy that are certified by an EU authorized body in accordance with the United States Department of Agriculture's National Organic Program for organic products. The organic pasta certification must be retained by exporters and importers and made available to U.S. Customs and Border Protection or the Department of Commerce upon request.

The merchandise subject to this order is currently classifiable under subheadings 1901.90.9095 and 1902.19.20 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise subject to the order is dispositive.

### IV. AFFILIATION AND COLLAPSING

Section 771(33) of the Act, in pertinent parts, identifies persons that shall be considered "affiliated" or "affiliated persons" as, *inter alia*, "{t}wo or more persons directly or indirectly controlling, controlled by, or under common control with, any person." Section 771(33) of the Act further stipulates that "a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person," and the SAA<sup>30</sup> states that control may be found to exist within corporate groupings.<sup>31</sup> In determining

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<sup>26</sup> See *Certain Pasta from Italy: Final Results of Antidumping and Countervailing Duty Changed Circumstances Reviews*, 82 FR 4291 (January 13, 2017).

<sup>27</sup> See Memorandum to Richard Moreland, dated August 25, 1997, which is on file in the Central Records Unit.

<sup>28</sup> See *Certain Pasta from Italy: Notice of Final Results of Antidumping Duty Changed Circumstances Review and Revocation, in Part*, 74 FR 41120 (August 14, 2009).

<sup>29</sup> See *Certain Pasta from Italy: Final Results of Antidumping Duty and Countervailing Duty Changed Circumstances Reviews and Revocation, in Part*, 79 FR 58319, 58320 (September 29, 2014).

<sup>30</sup> See the Statement of Administrative Action accompanying the Uruguay Round Agreements Act (SAA), H.R. Doc. 103-316 (1994).

<sup>31</sup> *Id.* at 838 (stating that control may exist within the meaning of section 771(33) of the Act in the following types of

whether control over another person exists on the basis of a corporate grouping, Commerce will not find that control exists unless the relationship has the potential to impact decisions concerning the production, pricing, or cost of the subject merchandise or foreign like product.<sup>32</sup>

The criteria for treating affiliated producers as a single entity for purposes of an AD proceeding are outlined in 19 CFR 351.401(f). Commerce will treat affiliated producers as a single entity if they have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities and Commerce concludes that there is a significant potential for the manipulation of price or production. Also, while 19 CFR 351.401(f) applies only to producers, Commerce has found it to be instructive in determining whether non-producers should be collapsed or treated as a single entity and has used the regulatory criteria in its analysis.<sup>33</sup>

In identifying a significant potential for manipulation, Commerce may consider factors including the level of common ownership;<sup>34</sup> “{t}he extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm;<sup>35</sup> and “{w}hether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers.”<sup>36</sup> Commerce considers these criteria in light of the totality of the circumstances; no one factor is dispositive in determining whether to collapse the producers.<sup>37</sup>

Liguori reported that it is affiliated with Della Forma.<sup>38</sup> We preliminarily find that these two companies are affiliated under section 771(33)(E) of the Act.<sup>39</sup> We also preliminarily determine that there is a significant potential for manipulation of price or production between these two

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relationships: (1) corporate or family groupings; (2) franchises or joint ventures; (3) debt financing; and (4) close supplier relationships in which either party becomes reliant upon the other).

<sup>32</sup> See 19 CFR 351.102(b)(3).

<sup>33</sup> See, e.g., *Honey from Argentina: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review*, 77 FR 1458, 1461-62 (January 10, 2012), unchanged in *Honey from Argentina: Final Results of Antidumping Duty Administrative Review*, 77 FR 36253 (June 18, 2012); see also *Notice of Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from Brazil*, 69 FR 76910 (December 23, 2004); and *United States Steel Corp. v. United States*, 179 F. Supp. 3d 1114, 1136, 1142 (CIT 2016) (“Therefore, Commerce’s practice for collapsing exporters with affiliated producers is to look solely at the second requirement under its regulation that the relationship between the affiliated companies raises ‘a significant potential for manipulation of price or production.’”).

<sup>34</sup> See 19 CFR 351.401(f)(2)(i).

<sup>35</sup> See 19 CFR 351.401(f)(2)(ii).

<sup>36</sup> See 19 CFR 351.401(f)(2)(iii).

<sup>37</sup> See *Koyo Seiko Co., Ltd. v. United States*, 516 F. Supp. 2d 1323, 1346 (CIT 2007) (citing *Light Walled Rectangular Pipe and Tube from Turkey: Notice of Final Determination of Sales at Less Than Fair Value*, 69 FR 53675 (September 2, 2004), and accompanying Issues and Decision Memorandum (IDM) at Comment 10).

<sup>38</sup> See Liguori’s AQR at 8; see also Liguori’s Affiliates SQR at 1-2; and Liguori’s Letter, “Antidumping Duty Review of Certain Pasta from Italy: Liguori’s Affiliated Toller,” dated July 14, 2021.

<sup>39</sup> For further discussion, including a discussion of business proprietary information, see Memorandum, “Certain Pasta from Italy: Preliminary Collapsing Memorandum for Liguori and Pastificio Della Forma,” dated concurrently with this notice (Preliminary Collapsing Memorandum).

companies.<sup>40</sup> Therefore, in accordance with 19 CFR 351.401(f) and our practice,<sup>41</sup> we are treating Liguori and Della Forma as a single entity for the preliminary results of this review.<sup>42</sup>

## V. DISCUSSION OF THE METHODOLOGY

### A. Comparisons to Normal Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), to determine whether sales of pasta from Italy by La Molisana and Liguori/Della Forma were made in the United States at less than NV, we compared the export price (EP) to the NV, as described in the “Export Price” and “Normal Value” sections of this memorandum.

#### 1. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates a weighted-average dumping margin by comparing weighted-average NVs to weighted-average EPs (or constructed export prices (CEPs)) (*i.e.*, the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In a less-than-fair-value (LTFV) investigation, 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 an administrative review, Commerce finds that the issue arising under 19 CFR 351.414(c)(1) in an administrative review is, in fact, analogous to the issue in an LTFV investigation.<sup>43</sup>

In recent investigations, 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 section 777A(d)(1)(B) of the Act and 19 CFR 351.414(c)(1) in an LTFV investigation.<sup>44</sup> Commerce finds that the differential pricing analysis used in certain 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

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<sup>40</sup> *Id.*

<sup>41</sup> See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil*, 64 FR 38756, 38778 (July 19, 1999).

<sup>42</sup> See Preliminary Collapsing Memorandum.

<sup>43</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 *Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286 (CIT 2014); and *JBF 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>44</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); see also *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); or *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

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 weighted-average dumping margin for each respondent.

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 export sales by purchasers, regions and time periods to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the 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 being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region, and time period, that Commerce uses in making comparisons between EPs (or CEPs) 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 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 net prices to the particular purchaser, region, or time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium, or large (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.

## 2. Results of the Differential Pricing Analysis

For La Molisana, based on the results of the differential pricing analysis, Commerce preliminarily finds that 37.87 percent of the value of U.S. sales pass the Cohen's *d* test,<sup>45</sup> and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, we preliminarily determine 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 those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test. Thus, for these preliminary results, Commerce is applying the average-to-transaction method to those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test to calculate the weighted-average dumping margin for La Molisana.

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<sup>45</sup> See Memorandum, "Antidumping Duty Administrative Review of Certain Pasta from Italy: 2019-2020: Preliminary Results Analysis Memorandum for La Molisana," dated concurrently with this memorandum (La Molisana's Preliminary Results Calculation Memorandum) at 2.

For Liguori/Della Forma, based on the results of the differential pricing analysis, Commerce preliminarily finds that 28.51 percent of the value of U.S. sales pass the Cohen's *d* test,<sup>46</sup> and does not confirm the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Accordingly, we have not considered an alternative to the standard average-to-average comparison method for Liguori/Della Forma. Thus, for these preliminary results, Commerce is applying the average-to-average method to all U.S. sales to calculate the weighted-average dumping margin for Liguori/Della Forma.

#### B. Date of Sale

Under 19 CFR 351.401(i), in identifying the date of sale of the subject merchandise or foreign like product, Commerce normally will use the date of invoice, as recorded in the producer or exporter's records kept in the ordinary course of business. Additionally, Commerce may use a date other than the date of invoice if it is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.<sup>47</sup> Finally, Commerce has a long-standing practice of finding that, where the shipment date precedes the invoice date, the shipment date better reflects the date on which the material terms of sale are established.<sup>48</sup>

For home market and U.S. sales, La Molisana reported the date of shipment as the date of sale.<sup>49</sup> According to La Molisana, the shipment date for some sales is reported based on the invoice date, while for other sales La Molisana uses the issuance date of the "bolla," an Italian shipping document used to track the movement of goods, to report the shipment date. La Molisana explains that bolla issuance signifies that the quantity and value of merchandise sold has been fixed, whereas in some cases the invoice is not issued until days or weeks after shipment.

Liguori/Della Forma reported the date of bolla issuance as the date of sale for both home market and U.S. sales.

For purposes of the preliminary results, we used the earlier of La Molisana's and Liguori/Della Forma's invoice date or shipment date as the date of sale for both home market and U.S. sales.

#### C. Product Comparisons

For the purposes of determining identical or similar merchandise sold in the home market, the prices of which may be the basis for NVs for comparison to the U.S. sale prices of subject merchandise, in accordance with section 771(16) of the Act, we considered all products sold in the home market as described in the "Scope of the Order" section of this notice, above. In

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<sup>46</sup> See Memorandum, "Antidumping Duty Administrative Review of Certain Pasta from Italy: 2019-2020: Preliminary Results Analysis Memorandum for Liguori," dated concurrently with this memorandum (Liguori's Preliminary Results Calculation Memorandum) at 2.

<sup>47</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>48</sup> See, e.g., *Certain Frozen Warmwater Shrimp from Thailand: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 72 FR 52065 (September 12, 2007), and accompanying IDM at Comment 11; see also *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams from Germany*, 67 FR 35497 (May 20, 2002), and accompanying IDM at Comment 2.

<sup>49</sup> See La Molisana's AQR at 21-22; see also Liguori's AQR at 15-16.

identifying such products, we matched the physical characteristics of the foreign like products to the physical characteristics of the products sold in the United States. In order of importance, these physical characteristics are shape, wheat species, milling form, protein content, additives, enrichment, and die type.

Commerce has previously used a physical characteristic to distinguish pasta which has been produced using a bronze die in administrative reviews where respondents have demonstrated that they produced pasta using bronze dies, and sold such pasta in the United States.<sup>50</sup> Both Liguori and La Molisana reported producing pasta using bronze dies, and selling it in the United States during the POR.<sup>51</sup> Additionally, information on the record of this review indicates that, in both the U.S. and Italian pasta markets, bronze die pasta is marketed as a premium product<sup>52</sup> and sold at prices that reflect such a premium.<sup>53</sup> As such, we are preliminarily using this physical characteristic for both respondents.

Further, we have made the physical characteristic which identifies pasta produced using a bronze die the least important physical characteristic in Commerce's product characteristic hierarchy.<sup>54</sup> The product characteristic hierarchy used in the most recent completed review of this *Order* has been in place since the 2009-2010 review.<sup>55</sup> Producers and exporters have relied upon that hierarchy in understanding how Commerce determines the margin of dumping and conducts its calculations for several years, and producers/exporters presumably used that information in conducting their commercial transactions. If we rearrange the order of those product characteristics, the analysis upon which parties rely will change, leading to results that differ from that anticipated by producers/exporters when determining the sales prices of merchandise. Accordingly, we preliminarily find that the interests of maintaining a stable and consistent matching hierarchy warrants Commerce's placement of the bronze die product characteristic after the other characteristics in the product characteristic hierarchy.

Pursuant to 19 CFR 351.414(f), we compared U.S. sale prices of La Molisana and Liguori to NVs based on home market sale prices within the contemporaneous window period, which extends from three months prior to the month of the U.S. sale until two months after the month of the U.S. sale.

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<sup>50</sup> See *Notice of Final Results of Antidumping Duty Administrative Review and Determination Not to Revoke in Part: Certain Pasta from Italy*, 68 FR 6882 (February 11, 2003), and accompanying IDM at Comment 17; see also *Notice of Final Results of Antidumping Duty Administrative Review, Partial Rescission of Antidumping Duty Administrative Review and Revocation of Antidumping Duty Order in Part: Certain Pasta from Italy*, 67 FR 300, (January 3, 2002), and accompanying IDM at Comment 2.

<sup>51</sup> See La Molisana BC Supp QR, *supra*; and Liguori's Sec A-D SQR at 1-2.

<sup>52</sup> See La Molisana Bronze Die Comments at Exhibits BD-9 and BD-10.

<sup>53</sup> *Id.* at Exhibits BD-11(a) and BD-11(b).

<sup>54</sup> See, e.g., *Notice of Final Results of the Sixth Administrative Review of the Antidumping Duty Order on Certain Pasta from Italy and Determination Not to Revoke in Part*, 69 FR 6255 (February 10, 2004), and accompanying IDM at 58.

<sup>55</sup> See *Certain Pasta from Italy: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Determination of No Shipments; 2018-2019*, 85 FR 74676 (November 23, 2020), and accompanying PDM at 15, unchanged in *Certain Pasta from Italy: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2018-2019*, 86 FR 28336 (May 26, 2021).

#### D. Export Price

Section 772(a) of the Act defines EP as “the price at which subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States,” as adjusted under section 772(c) of the Act.

For all sales made by La Molisana and Liguori/Della Forma, we defined U.S. price based on the EP methodology, in accordance with section 772(a) of the Act, because the subject merchandise was first sold by the producer or exporter outside of the United States directly to the first unaffiliated purchaser in the United States prior to importation.

For La Molisana, we calculated EP based on the price to the first unaffiliated purchaser in the United States, taking into account reported discounts and rebates. We made deductions for movement expenses, in accordance with section 772(c)(2)(A) of the Act, which included, where appropriate, domestic inland freight and brokerage expenses, and U.S. duty and brokerage and handling expenses.<sup>56</sup>

For Liguori/Della Forma, we calculated EP based on the price to the first unaffiliated purchaser in the United States, taking into account reported billing adjustments. We made deductions for movement expenses, in accordance with section 772(c)(2)(A) of the Act, which included, where appropriate, domestic warehousing and freight expenses and U.S. loading, duty, and brokerage and handling expenses.<sup>57</sup>

#### E. Normal Value

##### 1. Home Market Viability and Selection of Comparison Market

To determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared each respondent’s volume of home market sales of the foreign like product to their volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404. If we determine that no viable home market exists, we may, if appropriate, use a respondent’s sales of the foreign like product to a third country market as the basis for comparison market sales.

Based on this comparison, we determine that, pursuant to 19 CFR 351.404(b), La Molisana and Liguori/Della Forma each had a viable home market during the POR because the volume of each of their home market sales of the foreign like product was greater than five percent of their aggregate volume of U.S. sales of the subject merchandise. Consequently, pursuant to section 773(a)(1)(B)(i) of the Act and 19 CFR 351.404(c)(1)(i), we have based NV on home market sale prices for each mandatory respondent.

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<sup>56</sup> See La Molisana’s Preliminary Results Calculation Memorandum.

<sup>57</sup> See Liguori/Della Forma’s Preliminary Results Calculation Memorandum.

## 2. Affiliated Party Transactions and the Arm's-Length Test

Commerce may calculate NV based on a sale price to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the exporter or producer, *i.e.*, sales were made at arm's-length prices.<sup>58</sup> Under section 773(a)(5) of the Act, Commerce has considerable discretion in deciding whether to include affiliated party sale prices when calculating NV.<sup>59</sup> Commerce excludes comparison market sale prices to affiliated customers that are not made at arm's-length prices from our margin analysis.<sup>60</sup> Consistent with 19 CFR 351.403(c) and (d) and in accordance with its practice, Commerce, "may calculate normal value based on sales to affiliates if satisfied that the transactions were made at arm's length."<sup>61</sup>

To test if sales to affiliates were made at arm's-length prices, we compare, on a product-specific basis, the starting prices of sales to affiliated and unaffiliated customers, net of all direct selling expenses, billing adjustments, discounts, rebates, movement charges, and packing. Where prices to the affiliated party are, on average, within a range of 98-to-102 percent of the price of identical or comparable merchandise to unaffiliated parties, we determine that the sales made to the affiliated party are at arm's length.<sup>62</sup>

We preliminarily find that La Molisana made sales to affiliated customers during the POR.<sup>63</sup> Accordingly, we applied the arm's-length test for these preliminary results.<sup>64</sup> Sales to affiliated customers in the home market that were not made at arm's-length prices were excluded from our analysis because we considered these sales to be outside the ordinary course of trade,<sup>65</sup> and we have not used downstream sales of the affiliated party as a basis for NV consistent with 19 CFR 351.403(d).

Liguori/Della Forma did not have home market sales to affiliated customers during the POR.<sup>66</sup>

## 3. Level of Trade (LOT)

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, Commerce will calculate NV based on sales of the foreign like product at the same LOT as U.S. sales. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).<sup>67</sup> Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that

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<sup>58</sup> See 19 CFR 351.403(c).

<sup>59</sup> See section 773(a)(5) of the Act; *see also NTN Corp. v. United States*, 306 F. Supp. 2d 1319, 1332 (CIT 2004) (affirming Commerce's discretion to apply the arm's-length test to determine whether to exclude certain home market sales to affiliated parties in the normal value calculation.).

<sup>60</sup> See 19 CFR 351.403(c).

<sup>61</sup> See *China Steel Corp. v. United States*, 264 F. Supp. 2d 1339, 1365 (CIT 2003).

<sup>62</sup> See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69194 (November 15, 2002).

<sup>63</sup> See La Molisana AQR at 2-3; *see also* La Molisana 2nd BC Supp QR at LMHM003.

<sup>64</sup> See La Molisana's Preliminary Results Calculation Memorandum; *see also* Liguori's Preliminary Results Calculation Memorandum.

<sup>65</sup> See section 771(15) of the Act; and 19 CFR 351.102(b).

<sup>66</sup> See Liguori's AQR at 2; *see also* Liguori's BCQR at 8.

<sup>67</sup> See 19 CFR 351.412(c)(2).

there is a difference in the stages of marketing.<sup>68</sup> To determine whether the comparison-market sales were at different stages in the marketing process than the U.S. sales, we review the distribution system in each market (*i.e.*, the chain of distribution), including selling functions, class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying LOTs for EP and comparison market sales (*i.e.*, where NV is based on either home market or third country prices),<sup>69</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>70</sup>

When Commerce is unable to compare a U.S. sale price with a NV based on sale prices of the foreign like product in the comparison market at the same LOT as the EP or CEP sale, Commerce may compare the U.S. sale prices to a NV based on sale prices at a different LOT in the comparison market. If there are no comparison market sale prices on which to base NV and NV is based on constructed value, then the selling expenses and profit included in the calculation of NV pursuant to section 773(e)(2) of the Act will be at the same LOT, if available, or at a different LOT, as appropriate.

In comparing EP or CEP sale price to a NV based at a different LOT, 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 is possible), Commerce will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.

We obtained information from La Molisana regarding the marketing stages involved in making its reported home market and U.S. sales, including a description of the selling activities performed by La Molisana for each channel of distribution.<sup>71</sup> La Molisana reported one channel of distribution in the U.S. market and four channels of distribution in the home market.<sup>72</sup> La Molisana's selling function chart indicates that the selling activities performed for sales in both markets are similar, with limited variation across the broader categories of sales process/marketing support, freight and delivery and warehousing.<sup>73</sup> Consequently, for La Molisana we preliminarily determine that there is one LOT that is the same for sales in both the home market and the U.S. market and, therefore, find no difference in the LOT in the comparison of U.S. prices with NVs.

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<sup>68</sup> *Id.*; see also *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731, 61732 (November 19, 1997).

<sup>69</sup> Where NV is based on constructed value (CV), we determine the NV LOT based on the LOT of the sales from which we derive selling, general and administrative expenses, and profit for CV, where possible. See 19 CFR 351.412(c)(1).

<sup>70</sup> See *Micron Tech, Inc. v. United States*, 243 F.3d 1301, 1314-16 (Fed. Cir. 2001).

<sup>71</sup> See La Molisana AQR – Question 3, *supra*.

<sup>72</sup> *Id.* at 2.

<sup>73</sup> *Id.* at A-5(a).

Concerning Liguori/Della Forma, we obtained information regarding its marketing stages involved in making its reported home market and U.S. sales, including a description of the selling activities performed by Liguori/Della Forma for each channel of distribution.<sup>74</sup> Liguori/Della Forma reported two channels of distribution in the U.S. market and two channels of distribution in the home market.<sup>75</sup>

Liguori/Della Forma's selling function chart indicates that the selling activities performed for sales in both markets are similar, with no significant variation across the broader categories of sales process/marketing support, freight and delivery and warehousing.<sup>76</sup> Consequently, for Liguori/Della Forma, we preliminarily determine that there is one LOT that is the same for sales in both the home market and the U.S. market and, therefore, find no difference in the LOT in the comparison of U.S. prices with NVs.

#### F. Cost of Production (COP) Analysis

In accordance with section 773(b)(2)(A)(ii) of the Act, Commerce requested COP information from La Molisana and Liguori. We examined La Molisana and Liguori/Della Forma's cost data and determined that our quarterly cost methodology is not warranted for either company; therefore, we are applying our standard methodology of using annual costs based on the reported data.

##### 1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated La Molisana and Liguori/Della Forma's COP based on the sum of their respective costs of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses and financial expenses. We relied on La Molisana's costs as reported. We revised Liguori/Della Forma's reported self-produced and tolled pasta costs to account for the difference between the total cost of manufacturing reflected in Liguori/Della Forma's normal books and records and the total cost of manufacturing reported.<sup>77</sup> In addition, we excluded the reported costs of purchased pasta from our COP calculations for both Liguori/Della Forma and La Molisana.

##### 2. Test of Comparison Market Sales Prices

On a product-specific basis, pursuant to section 773(a)(1)(B)(i) of the Act, we compared the weighted-average COP to the home market sale prices of the foreign like product, in order to determine whether the home market sale prices were below the COP. For the purposes of this comparison, we used COP exclusive of selling and packing expenses. The home market sale prices are inclusive of billing adjustments, where appropriate, and exclusive of applicable movement charges, direct and indirect selling expenses, and packing expenses.

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<sup>74</sup> See Liguori's AQR at 13-19 and Exhibits A-6.

<sup>75</sup> *Id.* at 13.

<sup>76</sup> See La Molisana's AQR at Exhibit A-16.

<sup>77</sup> See Memorandum, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results – Liguori Pastificio dal 1820 S.p.A.," dated concurrently with this memorandum.

### 3. Results of the COP Test

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

The results of the sales-below-cost test for La Molisana and Liguori/Della Forma each indicates that, for home market sales of certain products, more than 20 percent were sold at prices below the COP within an extended period of time and were at prices which would not permit the recovery of all costs within a reasonable period of time.<sup>78</sup> Thus, in accordance with section 773(b)(1) of the Act, we disregarded these below-cost sales and used the prices of the remaining home market sales to determine NV, as well as to calculate home market selling expenses and profit for CV.

#### G. Calculation of NV Based on Comparison Market Prices

For both respondents, we based NV on reported packed prices to unaffiliated customers in the home market. We adjusted, where appropriate, the starting price for billing adjustments, in accordance with 19 CFR 351.401(c). We made deductions, where appropriate, from the starting price for movement expenses, including inland freight and inland insurance, under section 773(a)(6)(B)(ii) of the Act. Pursuant to section 773(a)(6)(C) of the Act and 19 CFR 351.410, we made an adjustment for differences in the circumstances of sale for direct selling expenses (*i.e.*, imputed credit expenses).<sup>79</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.

Lastly, when comparing U.S. sale prices with a NV based on comparison market sale prices of similar, but not identical, merchandise, we made adjustments for physical differences in the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411, where warranted. We based this adjustment on the difference in the variable cost of manufacture for the foreign like product and the subject merchandise.

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<sup>78</sup> See La Molisana's Preliminary Comparison Market SAS Program; *see also* Liguori's Preliminary Comparison Market SAS Program.

<sup>79</sup> See La Molisana's Preliminary Sales Analysis Memorandum for further discussion of home market price adjustments and calculation of NV; *see also* Liguori's Preliminary Sales Analysis Memorandum for further discussion of home market price adjustments and calculation of NV.

#### H. Calculation of NV Based on Constructed Value

In accordance with section 773(e) of the Act, and where applicable, we calculated CV based on the sum of La Molisana's material and fabrication costs, G&A expenses, and financial expenses, selling expenses, profit and U.S. packing costs, as described above under "Calculation of COP." In accordance with section 773(e)(2)(A) of the Act, we added selling expenses and profit based on the amounts incurred and realized in connection with the production and sale of the foreign like product at the same LOT as the U.S. sale, at arm's length and in the ordinary course of trade, for consumption in the comparison market.

We made an addition for U.S. packing expenses in accordance with section 773(a)(6)(A) of the Act.

We made adjustments to CV for differences in circumstances of sale, in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410, as described above for the calculation of NV based on home market prices.

#### I. 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.

### VI. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

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Agree

\_\_\_\_\_  
Disagree

7/28/2021

X   
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Signed by: CHRISTIAN MARSH  
Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance