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October 5, 2016

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

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

SUBJECT: Decision Memorandum for the Preliminary Determination in the
Less-Than-Fair-Value Investigation of Phosphor Copper from the
Republic of Korea

I. SUMMARY

The Department of Commerce (Department) preliminarily determines that phosphor copper from the Republic of Korea (Korea) is being, or is likely to be, sold in the United States at less-than-fair-value (LTFV), as provided in section 733 of the Tariff Act of 1930, as amended (the Act). The estimated weighted-average dumping margins are shown in the “Preliminary Determination” section of the accompanying *Federal Register* notice. In accordance with section 733(e)(1)(A)(i) of the Act, we preliminarily determine that critical circumstances do not exist for Bongsan Co., Ltd. (Bongsan) and for imports of phosphor copper from Korea by firms that are subject to the all-others rate.

II. BACKGROUND

On March 9, 2016, the Department received an antidumping duty (AD) petition covering imports of phosphor copper from Korea, which was filed in proper form by Metallurgical Products Company (Petitioner).¹ The Department published the initiation of this LTFV investigation on April 5, 2016.²

In the *Initiation Notice*, the Department stated that it normally relies on import data from Customs and Border Protection (CBP) to select a limited number of producers and exporters for individual examination in market economy LTFV investigations where the number of known

¹ See the Petition for the Imposition of Antidumping Duties on Imports of Phosphor Copper from the Republic of Korea, dated March 9, 2016 (the Petition).

² See *Phosphor Copper from the Republic of Korea: Initiation of Less-Than-Fair-Value Investigation*, 81 FR 19552 (April 5, 2016) (*Initiation Notice*).

exporters and producers is determined to be large.³ In its petition, Petitioner identified only one company as a producer or exporter of phosphor copper in Korea, Bongsan.⁴ Furthermore, we know of no additional producers or exporters of merchandise under consideration from Korea. Therefore, consistent with our past practice, the Department will examine all known producers and exporters in this investigation, *i.e.*, Bongsan.⁵

Also in the *Initiation Notice*, the Department notified parties of an opportunity to comment on the scope of the investigation, as well as the appropriate physical characteristics of phosphor copper to be reported in response to the Department's AD questionnaire.⁶ On April 21, 2016, Petitioner submitted comments on product characteristics.⁷ On May 5, 2016, the Department issued a questionnaire to all interested parties soliciting additional information regarding product characteristics for purposes of defining the product control numbers (CONNUM) of the merchandise under consideration.⁸ On May 11, 2016, both Petitioner and Bongsan submitted comments on the physical characteristics of the merchandise under consideration to be used for reporting purposes.⁹

On April 21, 2016, the Department issued the AD questionnaire to the one known respondent, Bongsan, indicating that the CONNUMs specification for sections B, C, and D (*i.e.*, the sections relating to home market and U.S. market sales, and cost of production information) were pending and that such information would be provided and the due dates would be established for those sections at a later date.¹⁰ On May 16, 2016, the Department issued a follow-up questionnaire to Bongsan with complete CONNUM specification to be used in its responses to sections B, C, and D of the questionnaire.¹¹

On April 29, 2016, the U.S. International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of phosphor copper from Korea.¹²

³ See *Initiation Notice*, 81 FR at 19555; see also *Certain Steel Nails From India, the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 79 FR 36019, 36024 (June 25, 2014).

⁴ See Volume I of the Petition at 6-7 and Exhibit I-8.

⁵ See *Initiation Notice*, 81 FR at 19556; see, e.g., *Certain Uncoated Paper from Australia, Brazil, the People's Republic of China, Indonesia, and Portugal: Initiation of Less-Than-Fair-Value Investigations*, 80 FR 8614 (February 18, 2015) (*Uncoated Paper Initiation*) (selecting all known producers/exporters for initiations covering Australia, Brazil and Portugal).

⁶ See *Initiation Notice*, 81 FR at 19553.

⁷ See Petitioner's letter, "Phosphor Copper from South Korea: Petitioner's Comments on Product Characteristics," dated April 21, 2016.

⁸ See Memorandum to All Interested Parties from Cindy Robinson and George McMahon, "Request for Comments for Product Characteristics," dated May 5, 2016.

⁹ See Petitioner's letter, "Phosphor Copper from South Korea: Petitioner's Response to the Department's Product Characteristics Questionnaire," dated May 11, 2016. See also Bongsan's letter "Phosphor Copper from the Republic of Korea: Comments for Product Characteristics," dated May 11, 2016.

¹⁰ See letter from the Department to Bongsan, dated April 21, 2016.

¹¹ See the Department's letter, "Physical Characteristics for the Antidumping Duty Investigation of Phosphor Copper from Korea," dated May 16, 2016.

¹² See *Phosphor Copper From Korea; Determination*, 81 FR 25714 (April 29, 2016) (*ITC Preliminary Determination*).

On May 19, 2016, Bongsan submitted timely responses to section A of the Department's AD questionnaire (*i.e.*, the section relating to general information).¹³ Bongsan timely filed responses to sections B, C, and D on June 20, 2016.¹⁴

Between June and September 2016, we issued supplemental questionnaires to Bongsan, to which Bongsan responded between July and September 2016.¹⁵ During the same time frame, Petitioner submitted comments regarding Bongsan's questionnaire responses.¹⁶

On July 27, 2016, Petitioner filed a timely allegation that critical circumstances exist with respect to imports of phosphor copper from Korea, pursuant to section 733(e) of the Act and 19 CFR 351.206(c)(1).¹⁷

On August 5, 2016, the Department postponed the deadline for the preliminary determination of this investigation by 50 days, to October 5, 2016, in accordance with section 733(c)(1)(B) of the Act and 19 CFR 351.205(f)(1).¹⁸

On September 16, 2016, Petitioner filed timely pre-preliminary determination comments.¹⁹ On September 23, 2016, Bongsan filed timely pre-preliminary determination comments.²⁰

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

III. PERIOD OF INVESTIGATION

The period of investigation (POI) is January 1, 2015, through December 31, 2015. This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the petition, which was March 2016.²¹

¹³ See Bongsan's Initial Questionnaire responses to sections B and C, dated May 19, 2016 (Bongsan's IQR-A).

¹⁴ See Bongsan's Initial Questionnaire responses to sections B and C, dated June 20, 2016 (Bongsan's IQR-BD).

¹⁵ See Bongsan's first supplemental section A questionnaire response (1SQR-A), dated July 7, 2016. *See also* Bongsan's first supplemental section B-C questionnaire response (1SQR-BC), dated July 29, 2016. *See also* Bongsan's first supplemental section D questionnaire response (1SQR-D), dated August 30, 2016. *See also* Bongsan's second supplemental sections A-C questionnaire response (2SQR-AC), dated September 2, 2016. *See also* Bongsan's third supplemental sections A-C questionnaire response (3SQR-AC), dated September 14, 2016.

¹⁶ See Petitioner's letter, "Comments on Bongsan's Section A Response," dated June 6, 2016, Petitioner's letter, "Comments on Bongsan's Section B-D Response," dated July 6, 2016, and Petitioner's letter, "Comments on Bongsan's Section D Supplemental Response," dated September 12, 2016.

¹⁷ See Petitioner's letter "Phosphor Copper from the Republic of Korea: Petitioner's Critical Circumstances Allegation," dated July 27, 2016 (Critical Circumstances Allegation).

¹⁸ See *Phosphor Copper from the Republic of Korea: Postponement of Preliminary Determination of Antidumping Duty Investigation*, 81 FR 51858 (August 5, 2016).

¹⁹ See Petitioner's letter, "Phosphor Copper from South Korea: Petitioner's Pre-Preliminary Determination Comments," dated September 16, 2016.

²⁰ See Bongsan's letter, "Phosphor Copper from the Republic of Korea: Bongsan's Pre-Preliminary Determination Comments," dated September 23, 2016.

²¹ See 19 CFR 351.204(b)(1).

IV. SCOPE OF THE INVESTIGATION

The merchandise covered by this investigation is master alloys²² of copper containing between five percent and 17 percent phosphorus by nominal weight, regardless of form (including but not limited to shot, pellet, waffle, ingot, or nugget), and regardless of size or weight. Subject merchandise consists predominantly of copper (by weight), and may contain other elements, including but not limited to iron (Fe), lead (Pb), or tin (Sn), in small amounts (up to one percent by nominal weight). Phosphor copper is frequently produced to JIS H2501 and ASTM B-644, Alloy 3A standards or higher; however, merchandise covered by this investigation includes all phosphor copper, regardless of whether the merchandise meets, fails to meet, or exceeds these standards.

Merchandise covered by this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheading 7405.00.1000. This HTSUS subheading is provided for convenience and customs purposes; the written description of the scope of this investigation is dispositive.

V. SCOPE COMMENTS

In the *Initiation Notice*, the Department notified parties of an opportunity to comment on the scope of the investigation.²³ No interested party submitted comments on the scope of the merchandise under investigation.

VI. RESPONDENT SELECTION

Section 777A(c)(1) of the Act directs the Department to calculate an individual weighted-average dumping margin for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department discretion to limit its examination to a reasonable number of exporters and producers if it is not practicable to make individual weighted-average dumping margin determinations because of the large number of exporters and producers involved in the investigation. Pursuant to section 777A(c)(2) of the Act, the Department may limit its examination to: (A) a sample of exporters, producers or types of products that the Department determines is statistically valid based on the information available to the Department at the time of selection, or (B) exporters and producers accounting for the largest volume of the subject merchandise from the exporting country that the Department determines can be reasonably examined.

As explained in the *Initiation Notice*, the Petitioner identified only one company, Bongsan, as a producer or exporter of phosphor copper in Korea.²⁴ Petitioner supports its claim with information from Bongsan's corporate website, where Bongsan describes itself as the "exclusive firm in Korea that has challenged copper master alloy production."²⁵ Further, we find there is no additional information on the record indicating that other producer or exporters of phosphor

²² A "master alloy" is a base metal, such as copper, to which a relatively high percentage of one or two other elements is added.

²³ See *Initiation Notice*, 81 FR at 19553.

²⁴ See *Initiation Notice*, 81 FR 19555-19556.

²⁵ *Id.*, and Volume II of the Petition at 2 and Exhibit II-2.

copper exist in Korea. We therefore find that Bongsan constitutes all known producers and exporters of subject merchandise in Korea and, thus, we have not limited our examination of producers and exporters of phosphor copper from Korea.

VII. PRELIMINARY DETERMINATION OF CRITICAL CIRCUMSTANCES

Background

On July 27, 2016, Petitioner filed a timely critical circumstance allegation,²⁶ and on July 29, 2016, the Department issued a questionnaire to Bongsan concerning the company's shipments of subject merchandise to the United States prior to and subsequent to the filing of the Petition.²⁷ Bongsan submitted its first monthly shipment data for the period July 2015 through July 2016 on August 12, 2016.²⁸ On September 13, 2016, Bongsan submitted its second monthly shipment data for the month of August 2016.²⁹

Legal Framework

Section 733(e)(1) of the Act provides that the Department, upon receipt of a timely allegation of critical circumstances, will determine whether critical circumstances exist in a LTFV investigation if there is a reasonable basis to believe or suspect that: (A)(i) there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and that there was likely to be material injury by reason of such sales; and (B) there have been "massive imports" of the subject merchandise over a relatively short period. Further, 19 CFR 351.206(h)(1) provides that, in determining whether imports of the subject merchandise have been "massive," the Department normally will examine: (i) the volume and value of the imports; (ii) seasonal trends; and (iii) the share of domestic consumption accounted for by the imports.

In addition, 19 CFR 351.206(h)(2) provides that, in determining whether imports of the subject merchandise have been "massive," the Department normally will examine: (i) the volume and value of the imports; (ii) seasonal trends; and (iii) the share of domestic consumption accounted for by the imports. In addition 19 CFR 351.206(h)(2) provides that, "in general, unless the imports during the 'relatively short period' have increased by at least 15 percent over the imports during an immediately preceding period of comparable duration, the Secretary will not consider the imports "massive." Under 19 CFR 351.206(i), the Department defines "relatively short period" generally as the period starting on the date the proceeding begins (*i.e.*, the date the

²⁶ See Petitioner's Critical Circumstances Allegation.

²⁷ See the Department's July 29, 2016, questionnaire, where the Department requests monthly quantity and value shipment data of phosphor copper to the United States for the period July 2015 through October 31, 2016.

²⁸ See Bongsan's August 12, 2016, questionnaire response ("CC QNR response").

²⁹ See Bongsan's letter, "Phosphor Copper from the Republic of Korea: August 2016 Quantity and Value Shipment Data," dated September 13, 2016.

petition is filed) and ending at least three months later.³⁰ This section of the regulations further provides that, if the Department “finds that importers, or exporters or producers, had reason to believe, at some time prior to the beginning of the proceeding, that a proceeding was likely,” then the Department may consider a period of not less than three months from that earlier time.³¹

Petitioner’s Critical Circumstances Allegation

Petitioner argues that section 733(e)(1)(A) of the Act is met by virtue of the dumping margins alleged in the Petition,³² which could be as high as 66.54 percent on a transaction-specific basis.³³ Thus, Petitioner asserts that certain dumping margins alleged in the Petition, which were up to 66.54 percent, exceed the 15 percent threshold used by the Department to impute knowledge of dumping in constructed export price (CEP) transactions and the 25 percent threshold in export price (EP) transactions.³⁴ Petitioner further argues that importers of Korean phosphor copper have been on notice that dumped imports are likely to cause injury since the ITC’s April 26, 2016, preliminary affirmative injury finding.³⁵

Petitioner argues that regarding section 733(E)(1)(B), which examines whether there have been “massive imports of the subject merchandise over a relatively short period,” there is no reason to deviate from the Department’s standard base and comparison periods for shipment data of a base period from December 2015-February 2016 and a comparison period from March 2016-May 2016, as provided under 19 CFR 351.206(i) when considering the date on which the petitioner was filed, March 9, 2016.³⁶ Petitioner alleges that shipment data indicate that Bongsan’s shipments of subject merchandise during the comparison period increased significantly in terms of both volume (64.85 percent) and value (59.58 percent) between the base period and the comparison period, and as a result exceeded the threshold for “massive” imports from Korea of phosphor copper, as provided under 19 FR 351.206(h) and (i).³⁷

³⁰ See 19 CFR 351.206(i); see also Policy Bulletin 98.4, 63 FR at 55365: “Commerce has traditionally compared the three-month period immediately after initiation with the three-month period immediately preceding initiation to determine whether there has been at least a 15 percent increase in imports of the subject merchandise.”

³¹ See 19 CFR 351.206(i).

³² See Petitioner’s Critical Circumstances Allegation, at 3. See also the Petition at Exhibit II-36. The calculated margins in the Petition range from 12.55 percent to 66.54 percent.

³³ See Petitioner’s Critical Circumstances Allegation, at 3.

³⁴ *Id.*, at 3, citing to *Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China; Preliminary Affirmative Determination of Critical Circumstances; In Part and Postponement of Final Determination*, 80 FR 4250 (January 27, 2015); and *1,1,1,2-Tetrafluoroethane From the People’s Republic of China: Antidumping Duty Investigation, Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, in Part, and Postponement of Final Determination*, 79 FR 30817 (May 29, 2014).

³⁵ See *ITC Preliminary Determination*.

³⁶ See Petitioner’s Critical Circumstances Allegation, at 5-6, citing to *Monosodium Glutamate From the People’s Republic of China*, 79 FR 13,615 (March 11, 2014).

³⁷ *Id.*, at 6-7.

Bongsan's Rebuttal Comments

Bongsan submitted no rebuttal comments with respect to Petitioner's critical circumstances allegation.

Analysis

The Department's normal practice in determining whether critical circumstances exist pursuant to the statutory criteria under section 733(e) of the Act has been to examine evidence available to the Department, such as: (1) the evidence presented in Petitioner's critical circumstances allegation; (2) import statistics released by the ITC; and (3) shipment information submitted to the Department by the respondents selected for individual examination.³⁸

In determining whether the above described statutory criteria have been satisfied in this investigation, we have examined: (1) the evidence presented in Petitioner's critical circumstances allegation; (2) import statistics released by the ITC; and (3) shipment information submitted to the Department by the respondent selected for individual examination. Petitioner identifies no such proceeding with respect to Korean-origin phosphor copper, nor are we aware of an AD order in any country on phosphor copper from Korea. Thus, we find that the criteria under section 733(e)(1)(A)(i) of the Act – being that there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise – are not met.

Therefore, pursuant to section 733(e)(1)(A)(ii) of the Act, we must next determine whether the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at LTFV, and that there was likely to be material injury by reason of such sales. When evaluating whether such imputed knowledge exists, the Department normally considers margins of 25 percent or more for EP sales or 15 percent or more for CEP sales sufficient to meet the quantitative threshold to impute knowledge of dumping.³⁹

In this investigation, we find that Bongsan's margin does not meet the quantitative thresholds utilized by the Department and, thus, we find that the criteria under section 733(e)(1)(A)(ii) of the Act are not met. We therefore find that critical circumstances do not exist with regard to Bongsan.⁴⁰

³⁸ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China*, 73 FR 31970, 31972-73 (June 5, 2008); see also *Final Determination of Sales at Less Than Fair Value and Affirmative Determination of Critical Circumstances: Small Diameter Graphite Electrodes from the People's Republic of China*, 74 FR 2049, 2052-53 (January 14, 2009).

³⁹ See, e.g., *Bottom Mount Combination Refrigerator-Freezers From the Republic of Korea*, 77 FR 17416 (March 26, 2012).

⁴⁰ We further note that because the criteria under section 733(e)(1)(A) of the Act are not met, it is not necessary for the Department to examine whether imports of subject merchandise from Bongsan were "massive" during the comparison period, as described under section 733(e)(1)(B) of the Act.

Likewise, for all other producers or exporters of phosphor copper from Korea, the Department preliminarily finds that the criteria under sections 733(e)(1)(A)(i) and (ii) of the Act have not been met. Accordingly, the Department preliminarily determines that critical circumstances do not exist for all other producers or exporters of phosphor copper from Korea.

VIII. DISCUSSION OF THE METHODOLOGY

Comparisons to Fair Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether Bongsan's sales of the subject merchandise from Korea to the United States were made at less than fair value, the Department compared the EP and CEP, as applicable, to the normal value (NV) as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this memorandum.

A. *Determination of the Comparison Method*

Pursuant to 19 CFR 351.414(c)(1), the Department calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs) (*i.e.*, the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, the Department examines whether to compare weighted-average normal values with the EPs (or CEPs) of individual sales (*i.e.*, the average-to-transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. In recent investigations, the Department applied a "differential pricing" analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.⁴¹ The Department finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this investigation. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating a respondent's weighted-average dumping margin.

The differential pricing analysis used in this preliminary determination requires a finding of a pattern of EPs (or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. 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 differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a

⁴¹ 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), and accompanying Issues and Decision Memorandum at Comment 3; *Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015), and accompanying Issues and Decision Memorandum; and *Certain Hot-Rolled Steel Flat Products From Japan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 53409 (August 12, 2016) and the accompanying Issues and Decision Memorandum.

pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. For Bongsan, purchasers are based on the reported unique customer codes.⁴² Regions are defined using the reported destination code (*i.e.*, zip code or state 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 period of investigation based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region and time period, that the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

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

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

If both tests in the first stage (*i.e.*, the Cohen’s *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, the Department

⁴² See Bongsan’s IQR-BD at pages B-11, and C-9 and C-10, respectively.

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

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

B. *Results of the Differential Pricing Analysis*

Based on the results of the differential pricing analysis, the Department preliminarily finds that 93.11 percent of the value of Bongsan's U.S. sales pass the Cohen's *d* test,⁴³ which confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily finds that the observed price differences cannot be taken into account by the average-to-average method because there is a meaningful difference, *i.e.*, more than 25 percent relative change in the weighted-average dumping margins when calculated using the average-to-average method and the average-to-transaction method applied to all U.S. sales. Accordingly, the Department is applying the average-to-transaction method for all U.S. sales to calculate the estimated weighted-average dumping margin for Bongsan.

IX. DATE OF SALE

Section 351.401(i) of the Department's regulations states that, in identifying the date of sale of the merchandise under consideration or foreign like product, the Secretary normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. Additionally, under that regulation, the Secretary 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.⁴⁴ In addition, the Department's long-standing practice is to rely on shipment date where it precedes invoice date as the date of sale.⁴⁵

⁴³ See Memorandum to the File from Cindy Robinson, "Analysis for the Preliminary Determination of the Less-Than-Fair Value Investigation of Phosphor Copper from the Republic of Korea," dated concurrently with this memorandum (Bongsan Preliminary Analysis Memorandum).

⁴⁴ See 19 CFR 351.401(i); see also *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-1092 (CIT 2001) (*Allied Tube & Conduit Corp.*) ("As elaborated by Department practice, a date other than invoice date 'better reflects' the date when 'material terms of sale' are established if the party shows that the 'material terms of sale' undergo no meaningful change (and are not subject to meaningful change) between the proposed date and the

Home-Market Sales

For its home market sales, Bongsan reported the date of shipment as the date of sale. While record evidence indicates that for a certain number of home market sales, Bongsan issued a commercial invoice before the shipment date,⁴⁶ the company indicated that negotiations over the terms of sale could continue up until the date of shipment.⁴⁷ There is no record evidence suggesting this is not the case for these particular sales. Accordingly, in this preliminary determination we have used the shipment date as the date of sale for Bongsan's home market sales during the POI because, for sales when the invoice is issued before the shipment date the material terms of sale (*e.g.*, price) are still subject to change when orders are confirmed and are not finalized until shipment. For Bongsan's home market sales where the invoice is issued after the shipment date but where the record shows no change in the terms of sale between the shipment and the invoice, the shipment date constitutes the earlier of the shipment and invoice date and is thus the appropriate date to select.⁴⁸

U.S. Sales

For its U.S. sales, Bongsan reported that it usually receives purchase orders and confirms sales order via email.⁴⁹ Bongsan stated that it sets its prices for U.S. sales through negotiations with individual customers on a sale-specific basis.⁵⁰ For its U.S. sales, Bongsan reported the date of shipment (on board in Korea) from Bongsan to the U.S. customer as the date of sale.⁵¹

For its U.S. market sales, we find that the commercial invoice date always occurred at least several days before the shipment date.⁵² Bongsan reported that for its U.S. sales, prices and quantities may remain subject to change until the subject merchandise is actually shipped.⁵³ Bongsan claims that it has provided sales contracts with its U.S. customers affirming such a practice.⁵⁴ However, for purposes of this preliminary determination we find no evidence of a U.S. sale where the prices or quantities actually changed after the commercial invoice was issued, except for certain sales to one of Bongsan's U.S. customers with whom Bongsan had a special sale agreement.⁵⁵ Accordingly, in this preliminary determination we have used the date

invoice date.”).

⁴⁵ See, *e.g.*, *Seamless Refined Copper Pipe and Tube From Mexico: Final Results of Antidumping Duty Administrative Review; 2012-2013*, 80 FR 33482 (June 12, 2015) (“*Copper Pipe and Tube From Mexico*”), and accompanying Issues and Decision Memorandum at Comment 1; *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), and accompanying Issues and Decision Memorandum at Comment 10.

⁴⁶ See SQR3-AC at Exhibit 3SC-1.

⁴⁷ See IQR-A at A-13.

⁴⁸ See 19 CFR 351.401(i) and *Allied Tube & Conduit Corp. v. United States*.

⁴⁹ *Id.*, at A-14-15.

⁵⁰ *Id.*, at A-17.

⁵¹ See Bongsan's IQR-A at A-13, and IQR-BD at B-14 and C-11, respectively.

⁵² See SQR3-AC at Exhibit 3SC-1.

⁵³ See IQR-A at A-14, and Bongsan's U.S. sales data.

⁵⁴ See 1SQR-A at Exhibit SA-8, and 3SQR-AC at Exhibit 3SA-1.

⁵⁵ See Bongsan Preliminary Analysis Memorandum for further details concerning the proprietary agreement

of the commercial invoice as the date of sale for Bongsan's U.S. sales during the POI, because the material terms of sale (*e.g.*, price) were not subsequently changed.

X. PRODUCT COMPARISONS

In accordance with section 771(16) of the Act, we considered all products produced by the respondent in Korea that are covered by the description contained in the "Scope of the Investigation" section above and were sold in the home market during the POI, to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We compared U.S. sales to sales made in the home market, where appropriate. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to sales of the most similar foreign like product made in the ordinary course of trade in the home market.

In making product comparisons, we matched foreign like products based on prime versus non-prime merchandise and the physical characteristics reported by the respondents in the following order of importance: phosphorus content on an actual weight basis, phosphorus content on a nominal weight basis, form, and copper + phosphorus content.⁵⁶ Bongsan did not report sales of non-prime phosphorus copper either in the home market or the United States market. However, we find that for Bongsan's sales of phosphorus copper in the United States, the reported control number identifies the characteristics of phosphorus copper as it entered the United States.

XI. EXPORT PRICE AND CONSTRUCTED EXPORT PRICE

In accordance with section 772(a) of the Act, we calculated on an EP basis Bongsan's U.S. sales where the subject merchandise was sold to the first unaffiliated purchaser in the United States prior to importation. The CEP methodology was not otherwise warranted based on the facts of the record. We did not utilize the CEP methodology in accordance with section 772(b) of the Act because Bongsan's sales of subject merchandise in the United States during the POI were not made through its affiliated sellers in the United States and therefore all of its sales instead constituted EP sales, as defined by section 772(a) of the Act.

For this preliminary determination, we based EP on a packed price to the first unaffiliated purchaser in the United States. We made deductions for movement expenses, in accordance with section 772(c)(2)(A) of the Act, which included, where appropriate, foreign inland freight, foreign brokerage and handling, U.S. brokerage and handling, international freight (which also covered the transport from the U.S. port to the destination where the customers designated),⁵⁷ marine insurance, U.S. bank charges, and duty drawback.⁵⁸ The Department also made adjustments for billing adjustments, as appropriate.

Bongsan had with this particular U.S. customer.

⁵⁶ The "Copper + Phosphorus Content" was included in the questionnaire as other product identifier but it was not included as part of the product characteristics of the CONNUM. Bongsan reported that all merchandise under consideration sold during the POI in the home market and the U.S. market have the same numeric code with respect to this identifier. *See* Bongsan's sales databases.

⁵⁷ *See* IQR-BD at C-26.

⁵⁸ *Id.*, at C-29.

In this preliminary determination, we have made a single billing adjustment concerning sales to one U.S. customer with whom Bongsan had a special sale agreement.⁵⁹

With respect to the duty drawback adjustment, the Department is directed by section 772 (c)(1)(B) of the Act, which states that “{t}he price used to establish export price and constructed export price shall be -- (1) increased by (B) the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the subject merchandise to the United States.” Based upon this statutory language, the Department applies a two-prong test to determine entitlement to a duty drawback adjustment. That is, the party claiming such adjustment must establish that: (1) the import duty paid and the rebate payment are directly linked to, and dependent upon, one another (or the exemption from import duties is linked to exportation); and (2) there were sufficient imports of the imported raw material to account for the drawback received upon the exports of the manufactured product.⁶⁰

In this investigation, we have requested Bongsan to provide additional supporting documents regarding its duty drawback claim.⁶¹ Bongsan provided timely responses and supporting documentation to these supplemental questionnaires regarding its duty drawback claims, including the regulation governing duty drawback in Korea, a detailed list of the duty drawback refunds received by Bongsan for all of its U.S. sales during the POI, and a table showing fixed refund rates of duty drawback.⁶² Based on these additional supporting documents, we determine that Bongsan’s duty drawback claims meet the two prong test. We have also recalculated Bongsan’s reported duty drawback adjustments based on the consumption of direct material cost. See Bongsan’s Preliminary Calculation Memorandum for details.⁶³

In addition, we have recalculated Bongsan’s reported imputed U.S. credit expenses and inventory carrying costs using a short-term, U.S. dollar-denominated interest rate that is different than the interest rate reported by Bongsan in its questionnaire response. Because it had no short-term, U.S. dollar-denominated interest rates outstanding during the POI, Bongsan calculated the two imputed expenses at issue based on a proxy U.S. interest rate, specifically, the 30-day AA Nonfinancial Commercial Paper Interest Rate, as reported by the U.S. Federal Reserve.⁶⁴ Bongsan did not provide an explanation as to why it qualified for an AA rating.⁶⁵ Further, the interest rate it supplied reflects a 30-day period; however the record indicates that several of its payment periods exceed 30 days.⁶⁶ Therefore, consistent with the Department’s recent practice concerning the use of proxy interest rate data in instances in which the respondent did not have

⁵⁹ See Memorandum from Cindy Robinson to Eric B. Greynolds, “Analysis for the Preliminary Determination of the Less-Than-Fair Value Investigation of Phosphor Copper from the Republic of Korea for Bongsan Co., Ltd.” dated concurrently with this memorandum.

⁶⁰ See, e.g., *Stainless Steel Wire Rods From India: Preliminary Results of Antidumping Duty Administrative Review, Intent To Revoke Order In , and Extension of Time for the Final Results of Review*, 70 FR 1413, 1420 (January 7, 2005).

⁶¹ See the Department’s three supplemental questionnaires for sections A-C dated June 28, August 18, and September 7, 2016, respectively.

⁶² See 1SQR-BC at Exhibits SC-10 through SC-12, 2SQR-AC at Exhibit SSC-3, and 3SQR-AC at Exhibit 3SC- 3.

⁶³ See Bongsan Preliminary Analysis Memorandum for details.

⁶⁴ See IQR-BD at Exhibit B-8, C-31, and Exhibit C-11.

⁶⁵ *Id.*, at C-31 and Exhibit B-8.

⁶⁶ See 3SQR-AC at Exhibit 3SC-1.

any company-specific short-term loans outstanding during the period under examination,⁶⁷ we have utilized the Weighted-Average Effective Loan Rate for All Commercial and Industrial Loans Made by All Commercial Banks for 2015, as reported by the U.S. Federal Reserve, 2.17 percent, as our proxy short-term, U.S. dollar-denominated lending rate when calculating imputed U.S. credit expenses and inventory carrying costs.⁶⁸

XII. NORMAL VALUE

A. Comparison Market Viability

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales), we normally compare the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with sections 773(a)(1)(A) and (B) of the Act and 19 CFR 351.404(b)(2).

In this investigation, we determined that Bongsan's aggregate volume of home market sales of the foreign like product was greater than five percent of the aggregate volume of U.S. sales of the subject merchandise.⁶⁹ Therefore, we used home market sales as the basis for NV for Bongsan, in accordance with section 773(a)(1)(B) of the Act.

B. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, the Department will calculate NV based on sales at the same level of trade (LOT) as the U.S. sales. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).⁷⁰ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.⁷¹ In order to determine whether the comparison market sales are at different stages in the marketing process than the U.S. sales, we examine the distribution system in each market (*i.e.*, the chain of distribution), including selling functions and class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying LOTs for EP and comparison market sales (*i.e.*, NV based on either home market or third country prices),⁷² we consider the

⁶⁷ See Memorandum to the File titled, "Short-term Commercial Interest Rate used in the Investigation of Welded Line Pipe from Korea," dated September 21, 2016 at Attachment 1 at 3-4 and at Attachment 2 at 3.

⁶⁸ See Memorandum to the File titled, "Short-term Commercial Interest Rates from the Board of Governors of the Federal Reserve System," dated September 21, 2016 at Attachment 1.

⁶⁹ See IQR-A at A-1.

⁷⁰ See 19 CFR 351.412(c)(2).

⁷¹ *Id.*; see also *Certain Orange Juice From Brazil: Final Results of Antidumping Duty Administrative Review and Notice of Intent Not To Revoke Antidumping Duty Order in Part*, 75 FR 50999 (August 18, 2010), and accompanying Issues and Decision Memorandum at Comment 7 ("*OJ from Brazil*").

⁷² 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 (SG&A) expenses, and profit for CV, where possible. See 19 CFR 351.412(c)(1).

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.⁷³

When the Department is unable to match U.S. sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, the Department may compare the U.S. 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 a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if the NV LOT is at a more advanced stage of distribution than the LOT of the CEP and there is no basis for determining whether the difference in LOTs between NV and CEP affects price comparability (*i.e.*, no LOT adjustment is possible), the Department will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.⁷⁴

In this investigation, we obtained information from Bongsan regarding the marketing stages involved in making their reported home market and U.S. sales, including a description of the selling activities performed by Bongsan for each channel of distribution.⁷⁵ Our LOT findings are summarized below.

In the home market, Bongsan reported that it made sales to unaffiliated end users and distributors and that it provided similar services to both types of customers.⁷⁶ Therefore, Bongsan reported code “1” for its Level of Trade in the home market (LOTH) in its home market sales database because it considered all of its home market sales to be at the same level of trade.⁷⁷

In the U.S. market, Bongsan reported that it made sales to unaffiliated end users and distributors in the United States and it provided similar services to both types of consumers.⁷⁸ Accordingly, Bongsan reported code “1” for its Level of Trade in the U.S. market (LOTU) in its U.S. sales database because it considered all of its sales to the United States to be at the same level of trade.⁷⁹

Based on the “Selling Functions Chart” provided in Exhibits A-6 and SA-6, which lists 24 selling functions, we find that Bongsan provided very limited services in both the home market and the U.S. market. Bongsan labeled the information in the Selling Functions Chart as proprietary.⁸⁰

In the home market, Bongsan performed only three of the 24 listed functions with similar intensity to other end users and distributors and it provided one additional function with low intensity to distributors.⁸¹ Because Bongsan performed similar selling functions at the same

⁷³ See *Micron Tech., Inc. v. United States*, 243 F.3d 1301, 1314-16 (Fed. Cir. 2001).

⁷⁴ See, e.g., *OJ from Brazil* and accompanying Issues and Decision Memorandum at Comment 7.

⁷⁵ See IQR-BD at B-21, C-19, and IQR-A at A-11 and Exhibit A-6. See also 1SQR-A at Exhibit SA-6.

⁷⁶ See Bongsan Preliminary Analysis Memorandum for further details.

⁷⁷ See IQR-BD at B-21.

⁷⁸ See Bongsan Preliminary Analysis Memorandum for further details.

⁷⁹ See IQR-BD at C-19.

⁸⁰ For a more detailed discussion of Bongsan’s selling functions, see Bongsan Preliminary Analysis Memorandum.

⁸¹ See 1SQR1-BC at Exhibit SA-6.

relative level of intensity for all of its home market sales, we determine that all home market sales are at the same LOT.

In the U.S. market, Bongsan provided only two of the 24 listed functions to the combined category of unaffiliated customers (*i.e.*, both end users and distributors). Therefore, we find there is only one LOT in the United States.⁸² Furthermore, we find that the two selling functions provided in the U.S. market overlap with the services provided in the home market at the same relative level of intensity.⁸³

Although Bongsan provided one additional service to its home market unaffiliated customers that it did not provide to its U.S. customers, we find that this additional service is provided at a moderate intensity.⁸⁴ This difference is not sufficient to determine that Bongsan's U.S. EP LOT is different from the home market LOT. Therefore, based on the totality of the facts and circumstances, we preliminarily determine that sales to the home market during the POI were made at the same LOT as Bongsan's EP sales to the U.S. market. Consequently, we matched EP sales to home market sales at the same LOT, and no LOT adjustment was warranted.

C. Cost of Production

On June 29, 2015, the President of the United States signed into law the Trade Preferences Extension Act of 2015 (TPEA), which made numerous amendments to the AD and CVD law, including amendments to section 773(b)(2) of the Act, regarding the Department's requests for information on sales at less than cost of production.⁸⁵ The 2015 law does not specify dates of application for those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced the applicability dates for each amendment to the Act, except for amendments contained to section 771(7) of the Act, which relate to determinations of material injury by the ITC.⁸⁶ Section 773(b)(2)(A)(ii) of the Act controls all determinations in which the complete initial questionnaire has not been issued as of August 6, 2015. It requires the Department to request constructed value and cost of production (COP) information from respondent companies in all AD proceedings.⁸⁷ Accordingly, the Department requested this information from Bongsan.⁸⁸ We examined Bongsan's cost data and determined that our quarterly cost methodology is not warranted and, therefore, we applied our standard methodology of using annual costs based on the reported data.

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ See *Trade Preferences Extension Act of 2015*, Pub. L. No. 114-27, 129 Stat. 362 (2015) (TPEA).

⁸⁶ See *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793 (August 6, 2015).

⁸⁷ *Id.*, 80 FR at 46794-95.

⁸⁸ The 2015 amendments may be found at <https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl>; See also the Petition.

1. Calculation of Cost of Production (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.⁸⁹

We relied on the annual average COP and CV data submitted by Bongsan,⁹⁰ except as follows:⁹¹

- We disallowed a portion of Bongsan's offset to general and administrative (G&A) expenses.
- We adjusted the cost of inputs purchased by Bongsan from an affiliated supplier to reflect the market price of the inputs in accordance with section 773(f)(2) of the Act.
- We recalculated the reported import duty amount included in the cost of materials to reflect the amount of duty drawback received from the Korean government.
- We have excluded a refund of certain expenses which were not related to Bongsan's general operations from the numerator of Bongsan's general and administrative expense ratio calculation.
- We adjusted the reported financial expenses by setting the reported negative rate to zero.

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, movement charges, actual direct and indirect selling expenses, and packing expenses.

3. Results of the COP Test

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

⁸⁹ See "Test of Comparison Market Sales Prices" section, below, for treatment of home market selling expenses.

⁹⁰ See 1SQR-D.

⁹¹ See Memorandum from Gina Lee to Neal Halper, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination – Bongsan Co., Ltd.," dated concurrently with this memorandum.

average COPs for the POI, they were at prices which would not permit the recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act.

In this investigation, we found that less than 20 percent of Bongsan's home market sales of certain products were sold at prices below the cost of production 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.⁹² Thus, in accordance with section 773(b)(1) of the Act, we did not exclude these below-cost sales from our analysis and therefore we used all home market sales to determine NV.

D. Calculation of NV Based on Comparison Market Prices

For those comparison products for which there were sales at prices above the COP for Bongsan, we based NV on comparison market prices, which was calculated based on delivered or ex-works prices to Bongsan's unaffiliated customers in home market. We made deductions, where appropriate, from the starting price for billing adjustments, discounts, and rebates, in accordance with 19 CFR 351.401(c). We also made a deduction from the starting price for movement expenses, including inland freight under section 773(a)(6)(B)(ii) of the Act. We made adjustments for differences in packing, in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act, and in circumstances of sale (imputed credit expenses and other direct selling expenses), in accordance with section 773(a)(6)(c)(iii) of the Act and 19 CFR 351.410.

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.

XIII. 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 date of the U.S. sales as certified by the Federal Reserve Bank.

XIV. VERIFICATION

We intend to verify the sales and cost of production responses submitted by Bongsan.

⁹² *Id.*

All documents must be filed electronically using ACCESS. An electronically-filed request must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Time, within 30 days after the date of publication of this notice.¹¹

Verification

As provided in section 782(i) of the Act, we intend to verify information relied upon in making our final determination.

International Trade Commission (ITC) Notification

In accordance with section 733(f) of the Act, we are notifying the ITC of our affirmative preliminary determination of sales at LTFV. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).



Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance



Date

¹¹ See 19 CFR 351.310(c).