



A-580-906  
Investigation  
**Public Document**  
E&C/OV: MR

October 6, 2020

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

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

**SUBJECT:** Decision Memorandum for the Preliminary Affirmative  
Determination, in the Less-Than-Fair-Value Investigation of  
Common Alloy Aluminum Sheet from the Republic of Korea

---

## I. SUMMARY

The Department of Commerce (Commerce) preliminarily determines that common alloy aluminum sheet (aluminum sheet) 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.

## II. BACKGROUND

On March 9, 2020, Commerce received an antidumping duty (AD) petition concerning imports of aluminum sheet from Korea, filed in proper form by the Aluminum Association Common Alloy Aluminum Sheet Trade Enforcement Working Group and its individual members: Aleris Rolled Products, Inc.; Arconic, Inc.; Constellium Rolled Products Ravenswood, LLC; JW Aluminum Company; Novelis Corporation; and Texarkana Aluminum, Inc. (collectively, the



petitioners), domestic producers of aluminum sheet.<sup>1</sup> On March 30, 2020, Commerce initiated the AD investigation on aluminum sheet from Korea.<sup>2</sup>

In the *Initiation Notice*, Commerce notified the public that, where appropriate, it intended to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports under the appropriate Harmonized Tariff Schedule of the United States subheadings listed in the “Scope of the Investigations,” in the appendix of the *Initiation Notice*.<sup>3</sup> Accordingly, on March 24, 2020, we released the CBP entry data to all interested parties under an administrative protective order and requested comments regarding the data and respondent selection.<sup>4</sup>

On April 10, 2020, Novelis Korea Limited (Novelis Korea) and the petitioners submitted comments on respondent selection.<sup>5</sup> On April 23, 2020, Commerce selected Novelis Korea and Ulsan Aluminum Limited (Ulsan Aluminum) for individual examination as mandatory respondents in this investigation. Novelis Korea and Ulsan Aluminum are the two producers/exporters with the largest volume of subject exports during the period of investigation (POI) based on the CBP entry data.<sup>6</sup> Accordingly, we issued the AD questionnaire to these two companies.<sup>7</sup>

On April 29, 2020, the U.S. International Trade Commission preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of aluminum sheet from Korea.<sup>8</sup>

In the *Initiation Notice*, Commerce notified parties of an opportunity to comment on the scope of the investigation, as well as on the appropriate physical characteristics of aluminum sheet to be reported in response to Commerce’s AD questionnaire.<sup>9</sup> On April 27, 2020, we received timely-filed comments from interested parties. On May 11, 2020, we received timely-filed rebuttal

---

<sup>1</sup> See Petitioners’ Letter, “Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey - Petition for the Imposition of Antidumping and Countervailing Duties,” dated March 9, 2020 (Petition).

<sup>2</sup> See *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Republic of Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*, 85 FR 19444 (April 7, 2020) (*Initiation Notice*).

<sup>3</sup> *Id.*, 85 FR at 19448.

<sup>4</sup> See Memorandum, “Antidumping Duty Petition on Common Alloy Aluminum Sheet from the Republic of South Korea: Release of U.S. Customs and Border Protection Data,” dated March 24, 2020.

<sup>5</sup> See Novelis Korea’s Letter, “Common Alloy Aluminum Sheet from South Korea: Comments On CBP Data,” dated April 10, 2020; see also Petitioners’ Letter, “Common Alloy Aluminum Sheet from Korea – Petitioners’ Comments on Customs and Border Protection (“CBP”) Import Data and Respondent Selection,” dated April 10, 2020.

<sup>6</sup> See Memorandum, “Less-Than-Fair-Value Investigation of Common Alloy Aluminum Sheet: Respondent Selection,” dated April 23, 2020.

<sup>7</sup> See Commerce’s Letter, “Antidumping Duty Questionnaire,” dated April 23, 2020. As described further below in the “Affiliation and Collapsing” section, based on the record information, we have determined that Novelis Korea and Ulsan Aluminum are affiliated and should be collapsed and treated as a single entity (*i.e.*, Novelis/Ulsan) for the purposes of this investigation.

<sup>8</sup> See *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey*, Investigation Nos. 701–TA–639–642 and 731–TA–1475–1492 (Preliminary), 85 FR 23842 (April 29, 2020).

<sup>9</sup> See *Initiation Notice*, 85 FR at 19445. Commerce subsequently extended the deadlines for comments and rebuttal comments on the scope and product characteristics.

product characteristics comments from interested parties. On May 18, 2020, Commerce officials spoke via telephone with counsel for the petitioners regarding the petitioners' product characteristics comments and rebuttal comments.<sup>10</sup> On May 19, 2020, Commerce determined the product characteristics applicable to these investigations.<sup>11</sup>

From May 4, 2020 through May 6, 2020, we received timely-filed comments concerning the scope of the investigations from interested parties. On May 21, 2020, we received timely-filed rebuttal scope comments from interested parties. On May 27, 2020, Commerce officials spoke with counsel for the petitioners via telephone regarding the petitioners' scope comments and rebuttal comments.<sup>12</sup> We issued the preliminary scope comments decision memorandum on October 6, 2020.<sup>13</sup>

On June 4, 2020, Commerce issued revised descriptions for certain product characteristics.<sup>14</sup> On June 11, 2020, the petitioners submitted comments in response to requests from Novelis/Ulsan, and other respondents in other aluminum sheet investigations, to rescind the revisions made in Commerce's Revised Product Characteristics Memo.<sup>15</sup> On June 12, 2020, Commerce officials spoke via telephone with counsel for the petitioners, counsel for Novelis/Ulsan, and counsel for respondents in other aluminum sheet investigations regarding Commerce's Revised Product Characteristics Memo.<sup>16</sup> On June 16, 2020, we issued the final product characteristics in this investigation.<sup>17</sup>

---

<sup>10</sup> See Memorandum, "Phone Call with Outside Counsel," dated May 19, 2020.

<sup>11</sup> See Commerce's Letter, "Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Republic of Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey: Product Characteristics," dated May 19, 2020.

<sup>12</sup> See Memorandum, "Common Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Republic of Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey: Deadline for Scope Comments: Ex Parte Telephone Call with Counsel for the Aluminum Association Trade Enforcement Working Group," dated May 29, 2020.

<sup>13</sup> See Memorandum, "Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Republic of Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey: Scope Comments Decision Memorandum for the Preliminary Determinations," dated October 6, 2020 (Preliminary Scope Decision Memorandum).

<sup>14</sup> See Memorandum, "Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Republic of Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey: Product Characteristics Correction," dated June 4, 2020 (Revised Product Characteristics Memo).

<sup>15</sup> See Petitioner's Letter, "Antidumping Investigations Concerning Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Republic of Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey - Petitioners' Response to Respondents' Requests to Rescind Product Characteristics Clarification and for Extensions of Time to Submit Section B – D Questionnaire Responses," dated June 11, 2020.

<sup>16</sup> See Memorandum, "Meeting with Outside Counsel," dated June 16, 2020.

<sup>17</sup> See Memorandum, "Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Republic of Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and Turkey: Revised Product Characteristics Guidance," dated June 16, 2020 (Final Product Characteristics Memo).

On July 29, 2020, Commerce postponed the preliminary determination of this investigation by 50 days, to October 6, 2020, pursuant to section 733(c)(1)(A) of the Act and 19 CFR 351.205(e).<sup>18</sup>

Novelis/Ulsan submitted a timely response to Section A of Commerce's AD questionnaire, *i.e.*, the section relating to general information, in May 2020.<sup>19</sup> In June 2020, Novelis/Ulsan responded to sections B, C, and D of Commerce's AD questionnaire, *i.e.*, the sections relating to home market sales, U.S. sales, and cost of production (COP)/constructed value (CV), respectively.<sup>20</sup>

From May through September 2020, we sent supplemental questionnaires to Novelis/Ulsan. We received responses to these supplemental questionnaires between May and September.<sup>21</sup> The petitioners submitted comments on Novelis/Ulsan's questionnaire responses from June through August 2020.

On July 22, 2020, the petitioners alleged that a particular market situation (PMS) existed in Korea during the POI that prevents a proper comparison of the reported prices of the merchandise sold in the home market with those of the merchandise sold in the U.S. market by Novelis/Ulsan.<sup>22</sup> On August 20, 2020, we determined that the petitioners' allegation is sufficient to warrant further analysis and established a deadline for interested parties to rebut, clarify, or correct the information in the allegations.<sup>23</sup> See the "Normal Value" section, below, for further discussion.

On August 27, 2020, we requested that interested parties submit CV profit and selling expense comments and information.<sup>24</sup> On September 10, 2020, the petitioners and Novelis/Ulsan submitted comments and new factual information related to the determination of CV profit and

---

<sup>18</sup> See *Common Alloy Aluminum Sheet from Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Republic of Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan, and the Republic of Turkey: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations*, 85 FR 45576 (July 29, 2020); see also Petitioners' Letter, "Common Alloy Aluminum Sheet From Bahrain, Brazil, Croatia, Egypt, Germany, Greece, India, Indonesia, Italy, Republic of Korea, Oman, Romania, Serbia, Slovenia, South Africa, Spain, Taiwan and the Republic of Turkey: Petitioners' Request for Postponement of Preliminary Antidumping Determinations," dated July 16, 2020.

<sup>19</sup> See Novelis/Ulsan's May 26, 2020 Section A Questionnaire Response (Novelis/Ulsan May 26 AQR).

<sup>20</sup> See Novelis/Ulsan's June 18, 2020 Section B Questionnaire Response; Novelis/Ulsan's June 18, 2020 Section C Questionnaire Response (Novelis/Ulsan June 18 CQR); and Novelis/Ulsan's June 22, 2020 Section D Questionnaire Response.

<sup>21</sup> See Novelis/Ulsan's May 26, 2020 Affiliation and Collapsing Supplemental Questionnaire Response; Novelis/Ulsan's June 30, 2020 Section A Supplemental Questionnaire Response (Novelis/Ulsan June 30 ASQR); Novelis/Ulsan's July 30, 2020 First Sections B and C Supplemental Questionnaire Response; Novelis/Ulsan's August 11, 2020 First Section D Supplemental Questionnaire Response (Novelis/Ulsan August 11 DSQR); Novelis/Ulsan's September 3, 2020 Second Sections B and C Supplemental Questionnaire Response; and Novelis/Ulsan's September 11, 2020 Second Section D Supplemental Questionnaire Response.

<sup>22</sup> See Petitioners' Letter, "Antidumping Investigation Concerning Common Alloy Aluminum Sheet from Korea – Petitioners' Price-Based Particular Market Situation Allegation," dated July 22, 2020 (PMS Allegation).

<sup>23</sup> See Memorandum, "The Petitioners' Allegation of a Particular Market Situation in the Less-Than-Fair-Value Investigation of Common Alloy Aluminum Sheet from South Korea," dated August 20, 2020 (PMS Acceptance Memorandum).

<sup>24</sup> See Commerce's Letter, "Antidumping Duty Investigation of Common Alloy Aluminum Sheet from South Korea: Request for Constructed Value Profit and Selling Expense Comments and Information," dated August 27, 2020.

selling expenses in the event that Commerce determines not to use the respondents' own profit and selling expense data from its Section B sales databases.<sup>25</sup> On September 17, 2020, Novelis/Ulsan submitted rebuttal comments and factual information to rebut, clarify, or correct the petitioners' information concerning the submitted CV profit and selling expenses.<sup>26</sup>

On September 18, 2020, Novelis/Ulsan requested that, in the event of an affirmative preliminary determination in this investigation, Commerce postpone its final determination in accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii) and extend the application of the provisional measures prescribed under section 733(d) of the Act and 19 CFR 351.210(e)(2) from a four-month to a six-month period.<sup>27</sup>

On September 21, 2020, the petitioners submitted comments with respect to Novelis/Ulsan for consideration in the preliminary determination.<sup>28</sup> On September 25, 2020, Novelis/Ulsan submitted rebuttal comments in response to the petitioners' September 21, 2020, comments.<sup>29</sup>

### III. PERIOD OF INVESTIGATION

The POI is January 1, 2019 through December 31, 2019. This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the Petition, which was March 2020.<sup>30</sup>

### IV. SCOPE OF INVESTIGATION

The products covered by this investigation are aluminum sheet from Korea. For a full description of the scope of the investigation, *see* the accompanying preliminary determination *Federal Register* notice at Appendix I.

### V. SCOPE COMMENTS

In accordance with the *Preamble* to Commerce's regulations,<sup>31</sup> in the *Initiation Notice* Commerce set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).<sup>32</sup> As noted above, certain interested parties commented on the scope of this investigation, as published in the *Initiation Notice*. For a summary of the product coverage

---

<sup>25</sup> See Petitioners' Letter, "Common Alloy Aluminum Sheet from the Republic of Korea – Petitioners' Submission Regarding Constructed Value Profit and Selling Expenses," dated September 10, 2020; *see also* Novelis/Ulsan's Letter, "Common Alloy Aluminum Sheet from Korea: Novelis Korea's Submission of CV Profit Information," dated September 10, 2020.

<sup>26</sup> See Novelis/Ulsan's Letter, "Common Alloy Aluminum Sheet from Korea: Novelis Korea's Rebuttal Submission Regarding CV Profit," dated September 17, 2020.

<sup>27</sup> See Novelis/Ulsan's Letter, "Common Alloy Aluminum Sheet from Korea: Novelis Korea's Request for Postponement of Final Antidumping Determination," dated September 18, 2020.

<sup>28</sup> See Petitioners' Letter, "Common Alloy Aluminum Sheet from Korea – Petitioners' Pre-Preliminary Determination Cost Comments Regarding Novelis Korea," dated September 21, 2020.

<sup>29</sup> See Novelis/Ulsan's Letter, "Common Alloy Aluminum Sheet from Korea: Novelis Korea's Response To Petitioners' Pre-Preliminary Determination Cost Comments," dated September 25, 2020.

<sup>30</sup> See 19 CFR 351.204(b)(1).

<sup>31</sup> See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).

<sup>32</sup> See *Initiation Notice*, 85 FR at 19444.

comments and rebuttals and our accompanying analysis of all comments timely received, *see* the Preliminary Scope Decision Memorandum.

## VI. AFFILIATION AND COLLAPSING

As set forth below, we preliminarily determine that Novelis Korea and Ulsan Aluminum are affiliated, pursuant to section 771(33)(E) of the Act. Furthermore, based on the evidence provided in the consolidated questionnaire responses, and pursuant to 19 CFR 351.401(f), we preliminarily determine that both can produce subject merchandise, and based on additional factors, should be collapsed and treated as a single entity in this investigation. Due to the business proprietary nature of information relating to this analysis, a more detailed discussion of this matter can be found in the Affiliation and Collapsing Memorandum.<sup>33</sup>

Section 771(33)(E) of the Act, in pertinent part, identifies persons that shall be considered “affiliated” or “affiliated persons” as: any person directly or indirectly owning, controlling, or holding with power to vote, five percent or more of the outstanding voting stock or shares of any organization and such organization. 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. The Statement of Administrative Action accompanying the Uruguay Round Agreements Act (SAA) notes that control may be found to exist within corporate groupings.<sup>34</sup> Commerce’s regulations at 19 CFR 351.102(b)(3) state that in determining whether control over another person exists within the meaning of section 771(33) of the Act, 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>35</sup>

Generally, 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.<sup>36</sup> In identifying a significant potential for manipulation, Commerce may consider factors including “{t}he level of common ownership;”<sup>37</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>38</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>39</sup>

---

<sup>33</sup> See Memorandum, “Antidumping Duty Investigation of Common Alloy Aluminum Sheet from the Republic of Korea–Novelis Korea Limited and Ulsan Aluminum Limited Preliminary Affiliation and Collapsing Memorandum,” dated September 28, 2020 (Affiliation and Collapsing Memorandum).

<sup>34</sup> See SAA, H.R. Doc. No. 103-316, vol. 1 (1994) at 838 (stating that control may exist within the meaning of section 771(33) of the Act in the following types of 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>35</sup> See also *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27297-98 (May 19, 1997).

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

<sup>37</sup> See 19 CFR 351.401(f)(2)(i).

<sup>38</sup> See 19 CFR 351.401(f)(2)(ii).

<sup>39</sup> See 19 CFR 351.401(f)(2)(iii).

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>40</sup>

As provided in more detail in the Affiliation and Collapsing Memorandum, which we incorporate by reference herein, we preliminarily determine that Novelis Korea and Ulsan Aluminum are affiliated pursuant to section 771(33)(E) of the Act, and we preliminarily find that the two companies should be treated as a single entity pursuant to 19 CFR 351.401(f).<sup>41</sup> The information on the record indicates that Novelis Korea and Ulsan Aluminum have similar production facilities to manufacture merchandise subject to this investigation.”<sup>42</sup> Therefore, we find that no substantial retooling of their production facilities would be required to restructure manufacturing priorities. We also determine that there is significant potential for the manipulation of price or production between Novelis Korea and Ulsan Aluminum, as evidenced by the level of common ownership, the degree of management overlap, and the intertwined nature of the companies’ operations.<sup>43</sup> Thus, we have preliminarily determined to treat Novelis Korea and Ulsan Aluminum as a single entity (referred to herein as Novelis/Ulsan) in accordance with 19 CFR 351.401(f).

## VII. DISCUSSION OF THE METHODOLOGY

### A. Comparisons to Normal Value

To determine whether sales of aluminum sheet from Korea to the United States were made at LTFV, we compared the export prices (EPs) to the normal value (NV), as described in the “U.S. Price” and “Normal Value” sections of this memorandum, below.

#### 1. Determination of Comparison Method

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

In numerous investigations, Commerce has applied a “differential pricing” analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.<sup>44</sup>

---

<sup>40</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>41</sup> See Affiliation and Collapsing Memorandum for further discussion.

<sup>42</sup> *Id.*; see also 19 CFR 351.401(f)(1).

<sup>43</sup> See Affiliation and Collapsing Memorandum.

<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*

Commerce finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this investigation. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce's additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average method in calculating a respondent's weighted-average dumping margin.

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

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* coefficient is a generally recognized statistical measure of the extent of the 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

---

*Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014); and *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).



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 this preliminary determination, including arguments for modifying the group definitions used in this proceeding.<sup>45</sup>

## 2. Results of the Differential Pricing Analysis

For Novelis/Ulsan, based on the results of the differential pricing analysis, Commerce preliminarily finds that 75.72 percent of the value of U.S. sales pass the Cohen's *d* test<sup>46</sup> and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the average-to-average method cannot account for such differences because there is a 25 percent or greater relative change between the weighted-average dumping margin calculated using the average-to-average

---

<sup>45</sup> The Court of Appeals for the Federal Circuit (CAFC) in *Apex Frozen Foods v. United States*, 16-1789 (Fed. Cir. July 12, 2017) affirmed much of Commerce's differential pricing methodology. We ask interested parties to present only arguments on issues which have not already been decided by the CAFC.

<sup>46</sup> See Memorandum, "Analysis for the Preliminary Determination in the Antidumping Duty Investigation of Common Alloy Aluminum Sheet from the Republic of Korea: Novelis/Ulsan," dated concurrently with this memorandum (Novelis/Ulsan Preliminary Calculation Memorandum) at Attachment 2, in the chart entitled, "The Cohen's *d* Test Overall Results."

method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to all U.S. sales. Thus, for this preliminary determination, Commerce is applying the average-to-transaction method to all U.S. sales.

#### B. Product Comparisons

As stated above, Commerce gave parties an opportunity to comment on the appropriate hierarchy of physical characteristics used to define each product, including for model matching purposes, within a certain deadline.<sup>47</sup> We considered the comments that were submitted and established the appropriate product characteristics to use as a basis for defining the product control numbers of aluminum sheet in this AD investigation. Commerce identified nine criteria for the physical characteristics of the subject merchandise: (1) alloy, (2) clad *versus* non-clad, (3) casting method, (4) non-mechanical surface treatment, (5) coil, (6) nominal width, (7) gauge (nominal thickness), (8) mechanical surface finish, and (9) temper.<sup>48</sup> We instructed Novelis/Ulsan to use these product characteristics in its response to the AD questionnaire issued in this investigation.<sup>49</sup> In accordance with section 771(16) of the Act, we considered all products produced and sold by Novelis/Ulsan in Korea during the POI that fit the description in the “Scope of Investigation” section of the accompanying *Federal Register* notice to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We compared U.S. sales to sales made in the home market, as appropriate.

#### C. Date of Sale

Section 351.401(i) of Commerce’s regulations states that, 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 exporter or producer’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>50</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>51</sup> Novelis/Ulsan reported the earlier of the invoice date or the shipment date as the date of sale for its home market and U.S. sales.<sup>52</sup> Therefore, consistent with 19 CFR 351.401(i) and Commerce’s practice, we used the earlier of Novelis/Ulsan’s shipment date or invoice date as the date of sale, as applicable.

---

<sup>47</sup> See *Initiation Notice*, 85 FR at 19445.

<sup>48</sup> See Product Characteristics Letter.

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

<sup>50</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>51</sup> See, e.g., *Certain Polyester Staple Fiber from the Republic of Korea: Preliminary Results of the 2007/2008 Antidumping Duty Administrative Review*, 74 FR 27281, 27283 (June 9, 2009), unchanged in *Certain Polyester Staple Fiber from the Republic of Korea: Final Results of the 2007-2008 Antidumping Duty Administrative Review*, 74 FR 65517 (December 10, 2009).

<sup>52</sup> See Novelis/Ulsan June 30 ASQR at 12-13.

#### D. Export Price

Section 772(a) of the Act defines EP as “the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of 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 subsection 772(c) of the Act. In accordance with section 772(a) of the Act, we calculated EP for all of Novelis/Ulsan’s U.S. sales because the subject merchandise was first sold to an unaffiliated purchaser in the United States prior to importation and the CEP methodology was not otherwise warranted based on the facts of the record.

We calculated EP based on the packed prices that Novelis/Ulsan charged to the first unaffiliated purchaser in the United States. We made deductions, where appropriate, from the starting price for movement expenses, *i.e.*, foreign inland freight, foreign brokerage and handling, international freight, inland and marine insurance, U.S. inland freight, U.S. brokerage and handling, and Section 232 duties, in accordance with section 772(c)(2)(A) of the Act.

#### E. Duty Drawback

Section 772(c)(1)(B) of the Act states that the price used to establish EP and CEP shall be increased by “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.” In determining whether a respondent is entitled to duty drawback, we look for a reasonable link between the duties imposed and those rebated or exempted. We do not require that the imported material be traced directly from importation through exportation. We do require, however, that the company meet our “two-pronged” test in order for this adjustment to be made to U.S. prices.<sup>53</sup> The first prong of the test is that the import duty and its rebate or exemption be directly linked to, and dependent upon, one another (or the exemption from import duties is linked to exportation). The second prong of the test is that the company must demonstrate that there were sufficient imports of materials to account for the duty drawback or exemption granted for the export of the manufactured product.<sup>54</sup>

In this case, Novelis/Ulsan has provided information to satisfy each of the two prongs.<sup>55</sup> Novelis/Ulsan has claimed duty drawback for its importation of aluminum ingots and other direct materials (the applicable import duty rate can vary depending on the material and the country from which it is imported).<sup>56</sup> Novelis/Ulsan reported that it receives duty drawback for the export of the subject merchandise manufactured from these imported raw materials pursuant to the Act on Special Cases Concerning the Refund of Customs Duties, Etc. Levied on Raw

---

<sup>53</sup> See *Saha Thai Steel Pipe (Public) Co. v. United States*, 635 F.3d 1335, 1340-41 (Fed. Cir. 2011) (*Saha Thai*).

<sup>54</sup> *Id.*; see also *Notice of Final Results of the Eleventh Administrative Review of the Antidumping Duty Order on Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea*, 71 FR 7513 (February 13, 2006), and accompanying IDM at Comment 2.

<sup>55</sup> See Novelis/Ulsan June 18 CQR at 40, and Exhibits C-8, C-9, and C-10; see also Novelis/Ulsan August 11 DSQR at 16-17, and Exhibits SD-18 and SD-19.

<sup>56</sup> See Novelis/Ulsan August 11 DSQR at Exhibit SD-19.

Materials for Export.<sup>57</sup> Novelis/Ulsan provided the applicable Korean regulations,<sup>58</sup> as well as the procedures and sample documentation.<sup>59</sup>

Novelis/Ulsan identified the imported raw materials for which it was exempted from duties and taxes, provided worksheets detailing how it calculated the duty drawback on a transaction-specific basis, as well as worksheets linking the raw materials to the production of subject merchandise, and worksheets demonstrating Novelis/Ulsan imported sufficient volumes of raw material to account for the duty drawback received on its U.S. sales.<sup>60</sup>

Because Novelis/Ulsan satisfied the criteria described above, we have preliminarily granted duty drawback adjustments to Novelis/Ulsan consistent with our practice.<sup>61</sup> Under this methodology, Commerce will make an upward adjustment to U.S. price based on the amount of the duty imposed on the input and rebated or not collected on the export of the subject merchandise by properly allocating the amount rebated or not collected to all production for the relevant period based on the cost of inputs during the POI.<sup>62</sup> This ensures that the amount added to both sides of the dumping calculations is equal, *i.e.*, duty neutral, meeting the purpose of the adjustment as affirmed in *Saha Thai*.<sup>63</sup>

As required by section 772(c)(1)(B) of the Act and consistent with our practice, we considered the import duty cost embedded in the material costs of aluminum ingots and other direct materials used to produce subject merchandise in determining the appropriate duty drawback adjustment, so as not to introduce distortion into our calculation, and to ensure a balanced comparison between U.S. price and NV. We adjusted EP for the per-unit amount of duty drawback reported in the COP database.<sup>64</sup>

---

<sup>57</sup> See Novelis/Ulsan June 18 CQR at 40.

<sup>58</sup> *Id.* at Exhibit C-8.

<sup>59</sup> *Id.* at Exhibit C-9.

<sup>60</sup> See Novelis/Ulsan June 18 CQR at 40 and C-10; see also Novelis/Ulsan August 11 DSQR at 16-17, and Exhibits SD-18 and SD-19.

<sup>61</sup> See, e.g., *Steel Concrete Reinforcing Bar from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 82 FR 23192 (May 22, 2017), and accompanying IDM at Comment 1.

<sup>62</sup> See *Certain Corrosion-Resistant Steel Products from India: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 63 (January 4, 2016), and accompanying Preliminary Decision Memorandum at 15, unchanged in the final determination.

<sup>63</sup> The CAFC stated in the *Saha Thai* litigation that “it is clear that Commerce only added imputed import duty costs to COP in an amount appropriate to offset Saha’s actual import duty exemption under the bonded warehouse program. This did not result in double counting because Commerce merely added the cost of import duties that Saha would have paid on the inputs in category C if Saha had sold the subject merchandise in Thailand rather than exporting it to the United States. Commerce thus calculated an appropriate average COP.” See *Saha Thai*, 635 F.3d. at 1344.

<sup>64</sup> See Novelis/Ulsan Preliminary Calculation Memorandum. See also Memorandum, “Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination – Novelis Korea Limited and Ulsan Alumnum Limited,” dated October 6, 2020 (Novelis/Ulsan Preliminary Cost Calculation Memorandum).

## F. Normal Value

### 1. 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. If we determine that no viable home market exists, we may, if appropriate, use a respondent's sales of the foreign like product to a third country market as the basis for comparison market sales, in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404.

In this investigation, we preliminarily determined that the aggregate volume of home market sales of the foreign like product for Novelis/Ulsan was more than five percent of the aggregate volume of its U.S. sales of the subject merchandise. Based on our analysis of information on the record, we preliminarily determine that Novelis/Ulsan's home market of Korea is viable. Therefore, we used home market sales in Korea as the basis for NV for Novelis/Ulsan in accordance with section 773(a)(1)(A) and (B) of the Act.

### 2. Particular Market Situation

Sections 773(a)(1)(B)(ii)(III) and 773(a)(1)(C)(iii) of the Act, as well as 19 CFR 351.404(c)(2), state that Commerce will not use home market prices, or third country prices (as the case may be), to calculate NV if a PMS in the home market or third country market prevents a proper comparison with U.S. price.<sup>65</sup> Commerce has declined to use home market sales prices to calculate NV in certain cases where it found a PMS to exist.<sup>66</sup>

Commerce's practice in examining a PMS starts with an allegation from an interested party that is sufficient to warrant further investigation. Neither the statute, Commerce's regulations, nor the SAA define the term "particular market situation."<sup>67</sup> Commerce is continuing to develop the

---

<sup>65</sup> Examples of prior cases where we have found a PMS include *Notice of Final Determination of Sales at Less Than Fair Value: Fresh Atlantic Salmon from Chile*, 63 FR 31411 (June 9, 1998); *Mechanical Transfer Presses from Japan*; *Final Results of Antidumping Duty Administrative Review and Revocation of Antidumping Duty Administrative Order in Part*, 63 FR 37331 (July 10, 1998); and *Notice of Final Results of the Ninth Administrative Review of the Antidumping Duty Order on Certain Pasta from Italy*, 72 FR 7011 (February 14, 2007).

<sup>66</sup> See *Biodiesel from Indonesia: Final Determination of Sales at Less Than Fair Value*, 83 FR 8835 (March 1, 2018), and accompanying IDM at Comment 2; see also *Biodiesel from Argentina: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 83 FR 8837 (March 1, 2018), and accompanying IDM at Comment 2.

<sup>67</sup> As indicated, the SAA does not define the term, but it does provide a non-exhaustive list of examples of what might be considered a PMS. For instance, a PMS might exist where the home market consists of a single sale, where there is government control over pricing to such an extent that home market prices cannot be considered to be competitively set, or where the demand patterns in the foreign market are different from those in the United States (*e.g.*, where substantial price changes are closely correlated with holidays occurring at different times of the year in the two markets).

concepts and types of analysis that are necessary to address future allegations of a PMS under section 773(e) of the Act.

On July 22, 2020, the petitioners alleged that a price-based PMS existed in Korea during the POI which distorted home market sales prices of aluminum sheet, such that Commerce should decline to use home market sales prices and instead calculate NV using CV.<sup>68</sup>

On August 20, 2020, we determined that the petitioners' allegation of a price-based PMS was timely, pursuant to 19 CFR 351.301(c)(2)(v), and sufficient to warrant further analysis.<sup>69</sup> Accordingly, we established a schedule for interested parties to submit factual information to rebut, clarify or correct the allegations contained in the petitioners' PMS Allegation.<sup>70</sup> Also on August 20, 2020, we requested that the petitioners correct the bracketing of certain information in their PMS Allegation and provide additional information about certain data sources used in the allegation.<sup>71</sup> On August 26, 2020, the petitioners resubmitted the PMS Allegation with the bracketing corrected along with the additional information.<sup>72</sup> On September 3, 2020, Novelis/Ulsan submitted comments and factual information in response to the PMS Allegation.<sup>73</sup> On September 14, 2020, the petitioners submitted surrebuttal comments and factual information in response to the PMS Rebuttal.<sup>74</sup> On September 18, 2020, we accepted the PMS Surrebuttal and provided Novelis/Ulsan an opportunity to reply.<sup>75</sup> On September 25, 2020, Novelis/Ulsan submitted its reply to the PMS Surrebuttal.<sup>76</sup>

The PMS allegation raises novel issues, some of which are of first impression. Because the filing of this allegation, along with the additional comments and information from parties, was made shortly before the deadline for this preliminary determination, Commerce has had insufficient time to fully consider the allegation and the facts on which it is based. We are carefully weighing the information on the record and intend to issue a determination as to whether a PMS exists in Korea after this preliminary determination.

---

<sup>68</sup> See PMS Allegation at 1.

<sup>69</sup> See PMS Acceptance Memorandum.

<sup>70</sup> *Id.*

<sup>71</sup> See Memorandum, "Common Alloy Aluminum Sheet from South Korea: Request to Correct Bracketing of Business Proprietary Information in the Price-Based Particular Market Situation Allegation," dated August 20, 2020.

<sup>72</sup> See Petitioners' Letter, "Antidumping Investigation Concerning Common Alloy Aluminum Sheet from Korea – Petitioners' Response to Department's Supplemental Bracketing Instructions Regarding Price-Based Particular Market Situation Allegation," dated August 26, 2020.

<sup>73</sup> See Novelis/Ulsan's Letter, "Common Alloy Aluminum Sheet from Korea: Novelis Korea Limited and Ulsan Aluminum Limited Rebuttal Factual Information Regarding Petitioners' PMS Allegation," dated September 3, 2020 (PMS Rebuttal).

<sup>74</sup> See Petitioners' Letter, "Antidumping Investigation Concerning Common Alloy Aluminum Sheet from Korea – Petitioners' Pre-Preliminary Comments Regarding the Price-Based Particular Market Situation Allegation and Submission of Factual Information to Rebut, Clarify, or Correct Information Contained in Novelis Korea's September 3, 2020 Submission," dated September 14, 2020 (PMS Surrebuttal).

<sup>75</sup> See Commerce's Letter, "Common Alloy Aluminum Sheet from the Republic of Korea: Acceptance of New Factual Information," dated September 18, 2020.

<sup>76</sup> See Novelis/Ulsan's Letter, "Common Alloy Aluminum Sheet from Korea: Novelis Korea's Reply To Petitioners' PMS Sur-Rebuttal," dated September 25, 2020.

### 3. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, Commerce will calculate NV based on sales at the same 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).<sup>77</sup> Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.<sup>78</sup> 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,<sup>79</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>80</sup> When Commerce is unable to match sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, Commerce may compare the U.S. sale to sales at a different LOT in the comparison market. In comparing EP or CEP sales to sales at a different LOT in the comparison market, where available data make it possible, we make an LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if the NV LOT is at a more advanced stage of distribution than the LOT of the CEP and there is no basis for determining whether the difference in LOTs between NV and CEP affects price comparability, *i.e.*, no LOT adjustment is possible, Commerce will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.<sup>81</sup>

In this investigation, we obtained information from Novelis/Ulsan regarding the marketing stages involved in making the reported home market and U.S. sales, including a description of the selling activities performed for each channel of distribution.<sup>82</sup> Our LOT findings are summarized below.

In the home market, Novelis/Ulsan reported that it made sales through one channel of distribution, *i.e.*, direct sales to unaffiliated customers.<sup>83</sup> Selling activities can be generally grouped into five selling function categories for analysis, specifically, provision of: (1) sales support; (2) training services; (3) technical support; (4) logistical services; and (5) performance of sales-related administrative activities. Based on Novelis/Ulsan's selling functions chart, we find that it performed sales support, technical support, logistical services, and sales-related administrative activities for all home market sales. Because there was only one home market

---

<sup>77</sup> See 19 CFR 351.412(c)(2).

<sup>78</sup> *Id.*; see also *Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administrative Review and Notice of Intent Not to Revoke Antidumping Duty Order in Part*, 75 FR 50999 (August 18, 2010) (*OJ from Brazil*), and accompanying IDM at Comment 7.

<sup>79</sup> Where NV is based on CV, we determine the NV LOT based on the LOT of the sales from which we derive selling, general and administrative (SG&A) expenses, and profit for CV, where possible. See 19 CFR 351.412(c)(1).

<sup>80</sup> See *Micron Tech., Inc. v. United States*, 243 F.3d 1301, 1314-16 (Fed. Cir. 2001).

<sup>81</sup> See, e.g., *OJ from Brazil* IDM at Comment 7.

<sup>82</sup> See Novelis/Ulsan May 26 AQR at 19-25, Exhibit A-10, and Exhibit A-11.

<sup>83</sup> *Id.*

sales channel, we determine that all Novelis/Ulsan's sales in the home market during the POI were made at the same LOT.

With respect to the U.S. market, Novelis/Ulsan reported that it made EP sales through the same single channel of distribution as discussed above for the home market, *i.e.*, direct sales to unaffiliated customers.<sup>84</sup> For all of its U.S. sales, Novelis/Ulsan performed sales support, technical support, logistical services, and sales-related administrative activities. Because there was only one U.S. sales channel, we determine that Novelis/Ulsan's sales to the U.S. market during the POI were made at one LOT.

Finally, we compared the U.S. LOT to the home market LOT and found that the selling functions Novelis/Ulsan performed for its U.S. and home market customers are virtually identical.<sup>85</sup> Among all selling functions, Novelis/Ulsan reported only a minor difference in the level of market research between the two markets, with the research at a slightly higher intensity in the home market. Therefore, we preliminarily determine that sales to the United States and the home market during the POI were made at the same LOT and, as a result, no LOT adjustment is warranted.

#### 4. COP Analysis

In accordance with section 773(b)(2)(A)(ii) of the Act, Commerce requested COP and CV information from Novelis/Ulsan. We applied our standard methodology of using annual costs as reported by Novelis/Ulsan.

##### a. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of the costs of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses and interest expenses. We relied on the COP data submitted by Novelis/Ulsan, except as follows:<sup>86</sup>

- We revised the denominator in the calculation of the financial expense ratio by subtracting an amount for estimated SG&A expenses. It was appropriate to subtract these expenses so that the ratio would be calculated on the same basis as the cost of manufacturing to which it was applied, which does not include SG&A expenses. We also adjusted the amount for packing costs that was subtracted from the denominator of the financial expense ratio calculation to be proportional to the packing costs that were reported in the section B and C responses.

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

On a product-specific basis, pursuant to section 773(b) of the Act, we compared the weighted-average COPs to the home market sales prices of the foreign like product, in order to determine

---

<sup>84</sup> *Id.*

<sup>85</sup> *Id.*

<sup>86</sup> For details pertaining to these adjustments, *see* the Novelis/Ulsan Preliminary Cost Calculation Memorandum.



whether the sales prices were below the COPs. For purposes of this comparison, we used COPs exclusive of selling and packing expenses. The prices were exclusive of any applicable billing adjustments, discounts, movement charges, actual direct and indirect selling expenses, and packing expenses.

c. Results of the COP Test

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

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

G. Calculation of NV Based on Comparison-Market Prices

We calculated NV for Novelis/Ulsan based on prices to unaffiliated customers. In accordance with 19 CFR 351.401(c), we adjusted the starting prices for billing adjustments and early payment discounts, where appropriate. We made deductions for movement expenses in accordance with section 773(a)(6)(B)(ii) of the Act, which included, where appropriate, foreign inland freight and insurance. We made adjustments for differences in circumstances of sale pursuant to section 773(a)(6)(C)(iii) of the Act by deducting home market direct selling expenses (*i.e.*, imputed credit expenses and other direct selling expenses) and adding U.S. direct selling expenses (*i.e.*, imputed credit expenses and other direct selling expenses).

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

the foreign like product and subject merchandise.<sup>87</sup> We also deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(6)(A) and (B) of the Act.

### VIII. CURRENCY CONVERSION

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

### IX. RECOMMENDATION

We recommend applying the above methodology for this preliminary determination.

☒

\_\_\_\_\_  
Agree

☐

\_\_\_\_\_  
Disagree

10/6/2020

**X** 

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

---

<sup>87</sup> See *Stainless Steel Bar from France: Final Results of Antidumping Duty Administrative Review*, 70 FR 46482 (August 10, 2005), and accompanying IDM at Comment 8.