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Investigation  
POI: 10/1/2019 – 9/30/2020  
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May 5, 2021

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

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

**SUBJECT:** Decision Memorandum for the Preliminary Determination in the  
Less-Than-Fair-Value Investigation of Thermal Paper from the  
Republic of Korea

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## I. SUMMARY

The Department of Commerce (Commerce) preliminarily determines that thermal paper 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 October 7, 2020, the Department of Commerce (Commerce) received an antidumping duty (AD) petition concerning imports of thermal paper from Korea, filed on behalf of Appvion Operations, Inc. and Domtar Corporation (collectively, the petitioners).<sup>1</sup> Commerce initiated this investigation on October 27, 2020.<sup>2</sup>

On November 24, 2020, Commerce decided to limit the number of respondents that it would individually examine to the largest producer/exporter of subject merchandise by volume<sup>3</sup> and

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<sup>1</sup> See Petitioners’ Letter, “Petitions for the Imposition of Antidumping Duties on Imports of Thermal Paper from Germany, Japan, Korea, and Spain,” dated October 7, 2020 (the Petition).

<sup>2</sup> See *Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: Initiation of Less-Than-Fair-Value Investigations*, 85 FR 69580 (November 3, 2020) (*Initiation Notice*).

<sup>3</sup> See Memorandum, “Less-Than-Fair-Value Investigation of Thermal Paper from the Republic of Korea: Respondent Selection,” dated November 24, 2020.



selected Hansol Paper Company (Hansol Paper) for individual examination. We issued the AD questionnaire to Hansol Paper.<sup>4</sup>

In the *Initiation Notice*, Commerce notified parties that it was providing them with an opportunity to comment on the scope of the investigation, as well as the appropriate physical characteristics of thermal paper to be reported in response to Commerce's AD questionnaire.<sup>5</sup> On November 16, 2020, Documotion Research Inc. (Documotion) and Nippon Paper Industries, Co., Ltd. (NPI) submitted comments regarding the scope of the merchandise under consideration.<sup>6</sup> On November 27, 2020, the petitioners submitted rebuttal comments.<sup>7</sup> Also, in November 2020, the petitioners, Hansol Paper, Papierfabrik August Koehler SE (Koehler), NPI, and Mitsubishi HiTec Paper Europe GmbH and Mitsubishi Imaging, Inc. (Mitsubishi) submitted comments regarding the physical characteristics of the merchandise under consideration to be used for reporting purposes.<sup>8</sup> Subsequently, we received rebuttal comments regarding physical characteristics from Torraspapel S.A., Koehler, Mitsubishi, NPI, and the petitioners.<sup>9</sup> On December 1, 2020, Commerce informed parties of the product characteristics to be used for reporting in the LFTV investigation.<sup>10</sup>

On November 30, 2020, the U.S. International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that an industry in the United States has been materially injured by reason of imports of thermal paper from Korea.<sup>11</sup>

In December 2020 and January 2021, Hansol Paper timely responded to sections A through D of Commerce's AD Questionnaire, *i.e.*, the sections relating to general information, comparison

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<sup>4</sup> *Id.*

<sup>5</sup> See *Initiation Notice*, 85 FR at 69580.

<sup>6</sup> See Documotion's Letter, "Less-Than-Fair-Value Investigations on Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: Scope Comments," dated November 16, 2020 (Documotion's Scope Letter); NPI's Letter, "Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: NPI's Comments on Scope," dated November 16, 2020 (NPI's Scope Letter).

<sup>7</sup> See Petitioners' Letter, "Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: Petitioners' Rebuttal Comments on Scope," dated November 27, 2020 (Petitioners' Rebuttal Scope Comments).

<sup>8</sup> See Petitioners' Letter, "Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: Petitioners' Comments on Product Characteristics," dated November 16, 2020; *see also* Hansol Paper's Letter, "Thermal Paper Products from the Republic of Korea, Germany, Japan, and Spain: Hansol Paper's Comments Regarding Appropriate Model Match Product Characteristics," dated November 16, 2020; Koehler's Letter, "Thermal Paper from Germany, Japan, Korea, and Spain: Comments on Product Characteristics and Scope," dated November 16, 2020; NPI's Letter, "Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: NPI's Comments on Product Characteristics," dated November 16, 2020; and Mitsubishi's Letter, "Thermal Paper from Germany, Japan, Korea, and Spain: Comments on Product Characteristics," dated November 16, 2020.

<sup>9</sup> See Torraspapel S.A.'s Letter, "Thermal Paper from Germany, Japan, Korea and Spain: Rebuttal Comments on Product Characteristics," dated November 27, 2020; Koehler's Letter, "Thermal Paper from Germany, Japan, South Korea, and Spain: Koehler's Rebuttal Comments on Product Characteristics," dated November 27, 2020; Mitsubishi's Letter, "Thermal Paper from Germany, Japan, Korea, and Spain: Rebuttal Comments on Product Characteristics," dated November 27, 2020; NPI's Letter, "Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: NPI's Rebuttal Comments on Product Characteristics," dated November 27, 2020; and Petitioners' Letter, "Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: Petitioners' Rebuttal Comments on Product Characteristics," dated November 27, 2020.

<sup>10</sup> See Memorandum, "Product Characteristics to be Used for Reporting Purposes," dated December 1, 2020.

<sup>11</sup> See *Thermal Paper from Germany, Japan, Korea, and Spain*, 85 FR 76601 (November 30, 2020).

market sales, U.S. sales, and cost of production (COP)/constructed value (CV).<sup>12</sup> From February to April 2021, we issued supplemental questionnaires to Hansol Paper to which it timely responded in those same months.<sup>13</sup>

On February 4, 2021, the petitioners requested that Commerce extend the due date for issuing the preliminary determination in this investigation.<sup>14</sup> Based on the request, and pursuant to section 733(c)(1)(A) of the Act and 19 CFR 351.205(e), on February 25, 2021, Commerce published in the *Federal Register* a notice of postponement of the preliminary determination by 50 days, until no later than May 5, 2021.<sup>15</sup>

In April 2021, the petitioners requested that Commerce postpone the final determination in this investigation if the preliminary determination were negative,<sup>16</sup> and Hansol Paper requested that Commerce postpone the final determination in this investigation and extend the provisional measures if the preliminary determination were affirmative.<sup>17</sup>

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

### III. PERIOD OF INVESTIGATION

The period of investigation (POI) is October 1, 2019, through September 30, 2020. This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the petition, which was October 2020.<sup>18</sup>

### IV. SCOPE COMMENTS

In accordance with the *Preamble* to Commerce's regulations,<sup>19</sup> the *Initiation Notice* set aside a

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<sup>12</sup> See Hansol Paper's Letters, "Thermal Paper Products from the Republic of Korea: Initial Section A Questionnaire Response," dated December 30, 2020 (Hansol Paper December 30, 2020 AQR) and "Thermal Paper Products from the Republic of Korea: Initial Sections B-D Questionnaire Response," dated January 21, 2021 (Hansol Paper January 21, 2021 BCDQR).

<sup>13</sup> See Hansol Paper's Letters, "Thermal Paper Products from the Republic of Korea: Supplemental Section A Questionnaire Response," dated February 11, 2021; "Thermal Paper Products from the Republic of Korea: Supplemental Sections A-B Questionnaire Response," dated March 26, 2021 (Hansol Paper March 26, 2021 SABQR); "Thermal Paper Products from the Republic of Korea: Supplemental Section D Questionnaire Response," dated April 13, 2021; "Thermal Paper Products from the Republic of Korea: Supplemental Section D Questionnaire Response," dated April 16, 2021 (Hansol Paper April 16, 2021, SDQR), "Thermal Paper Products from the Republic of Korea: Supplemental Sections A-C Questionnaire Response," dated April 27, 2021 (Hansol Paper April 27, 2021 SACQR); and "Thermal Paper Products from the Republic of Korea: Second Supplemental Section C Questionnaire Response," dated April 28, 2021.

<sup>14</sup> See Petitioners' Letter, "Thermal Paper from the Republic of Korea: Petitioners' Request For Postponement Of The Preliminary Determination," dated February 4, 2021.

<sup>15</sup> See *Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations*, 86 FR 11502 (February 25, 2021).

<sup>16</sup> See Petitioner's Letter, "Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: Petitioners' Request For Postponement Of The Final Determinations," dated April 15, 2021.

<sup>17</sup> See Hansol Paper's Letter, "Thermal Paper Products from the Republic of Korea: Request for Postponement of Final Determination and Extension of Provisional Measures Period," dated April 19, 2021.

<sup>18</sup> See 19 CFR 351.204(b)(1).

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

period of time for parties to raise issues regarding product coverage, *i.e.*, scope.<sup>20</sup> In November 2020, NPI and Documotion commented on, and the petitioners submitted rebuttal comments regarding, the scope of the investigation.<sup>21</sup> Documotion and NPI contend, respectively, that Commerce should exclude from the scope of the investigation: (1) phenol-free jumbo roll thermal paper because it is physically different from, and used in a different manner than, subject thermal paper, the petitioners did not explicitly state that the scope covers this product, and domestic producers do not produce phenol-free paper that meets Documotion's requirements;<sup>22</sup> and (2) water-soluble thermal paper because there are no domestic producers of the product.<sup>23</sup> The petitioners maintain that Commerce should not exclude either product from the scope because: (1) they intended for the scope to cover these products;<sup>24</sup> and (2) it is not necessary for them to produce all products within a class or kind of merchandise to obtain an AD order on the entire class or kind of merchandise (also they are fully capable of producing water-soluble thermal paper).<sup>25</sup> After analyzing these comments, we have determined not to modify the scope of the investigation as it appeared in the *Initiation Notice*. See the Preliminary Scope Decision Memorandum for details.<sup>26</sup>

## V. SCOPE OF THE INVESTIGATION

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

## VI. CRITICAL CIRCUMSTANCES

### Allegation

On February 11, 2021, the petitioners timely alleged, pursuant to section 733(e)(1) of the Act and 19 CFR 351.206(c)(1), that critical circumstances exist with respect to imports of subject thermal paper from Korea.<sup>27</sup> Specifically, the petitioners contend that: (1) there is a history of dumping thermal paper and material injury therefrom in the United States;<sup>28</sup> (2) based on the Petition dumping margin and the ITC's preliminary determination of injury, importers knew, or should have known, that thermal paper from Korea was being sold in the United States at LTFV and there was likely material injury to the U.S. thermal paper industry by reason of those sales;<sup>29</sup> and (3) there has been a massive increase in imports of subject thermal paper into the United States from Korea over a relatively short period.<sup>30</sup>

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<sup>20</sup> See *Initiation Notice*, 85 FR at 69580.

<sup>21</sup> See Documotion's Scope Letter; see also NPI's Scope Letter; and Petitioners' Rebuttal Scope Comments.

<sup>22</sup> See Documotion Scope Letter at 2.

<sup>23</sup> See NPI Scope Letter at 1-2.

<sup>24</sup> See Petitioners' Rebuttal Scope Comments at 2-4.

<sup>25</sup> *Id.* at 4-5 and Exhibit 3.

<sup>26</sup> See Memorandum, "Thermal Paper from Germany, Japan, the Republic of Korea, and Spain: Preliminary Scope Decision" dated concurrently with this memorandum (Preliminary Scope Decision Memorandum).

<sup>27</sup> See Petitioners' Letter, "Thermal Paper from Germany and Korea: Critical Circumstances Allegation," dated February 11, 2021 (Critical Circumstances Allegation).

<sup>28</sup> *Id.* at 4.

<sup>29</sup> *Id.* at 4-6.

<sup>30</sup> *Id.* at 6 and Attachment 2.

On February 22, 2021, Hansol Paper responded to the petitioners' Critical Circumstances Allegation by providing data regarding its own shipments prior to the onset of the COVID-19 pandemic, as well as correspondence demonstrating reactions of the thermal paper market to the onset of the COVID-19 pandemic.<sup>31</sup>

### Legal Framework

In accordance with 19 CFR 351.206(c)(2)(i), when a critical circumstances allegation is submitted more than 20 days before the scheduled date of the preliminary determination, Commerce must issue a preliminary finding of whether there is a reasonable basis to believe or suspect that critical circumstances exist by no later than the date of the preliminary determination.

Section 733(e)(1) of the Act provides that Commerce, upon receipt of a timely-filed allegation of critical circumstances, will preliminarily determine that critical circumstances exist in AD investigations 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 LTFV 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.

Section 351.206(h)(2) of Commerce's regulations provides that, generally, imports must increase by at least 15 percent during the "relatively short period" to be considered "massive." Section 351.206(h)(2)(i) of the regulations defines a "relatively short period" as normally being the period beginning on the date the proceeding begins (*i.e.*, the date the petition is filed)<sup>32</sup> and ending at least three months later.<sup>33</sup> Commerce's regulations also provide, however, that, if Commerce 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, Commerce may consider a period of not less than three months from that earlier time.<sup>34</sup>

### Analysis

Commerce's practice in determining whether critical circumstances exist, pursuant to the statutory criteria under section 733(e) of the Act, has been to examine available evidence, such as: (1) the evidence presented in the petitioners' Critical Circumstances Allegation; (2) import statistics released by the ITC; and (3) shipment information submitted to Commerce by the respondents selected for individual examination.<sup>35</sup>

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<sup>31</sup> See Hansol Paper's Letter, "Thermal Paper Products from the Republic of Korea: Factual Information to Rebut Petitioners' Critical Circumstances Allegation," dated February 22, 2021 at Exhibits 1 and 2.

<sup>32</sup> See 19 CFR 351.102(b)(40) (providing that a proceeding begins on the date of the filing of a petition).

<sup>33</sup> See 19 CFR 351.206(h)(2) and (i).

<sup>34</sup> See 19 CFR 351.206(i).

<sup>35</sup> See, *e.g.*, *Certain Carbon and Alloy Steel Wire Rod from the Russian Federation and the United Arab Emirates: Affirmative Preliminary Determinations of Sales at Less Than Fair Value, and Affirmative Preliminary Determination of Critical Circumstances for Imports of Certain Carbon and Alloy Steel Wire Rod from the Russian*

### *History of Dumping and Material Injury*

To determine whether there is a history of dumping pursuant to section 733(e)(1)(A)(i) of the Act, Commerce generally considers current or previous U.S. AD orders on the subject merchandise from the country in question and current AD orders imposed by other countries with regard to imports of the same merchandise.<sup>36</sup> In 2017 and 2020, the European Commission imposed AD orders on the subject merchandise from Korea.<sup>37</sup> Therefore, Commerce finds that there is a history of injurious dumping of the subject merchandise pursuant to section 733(e)(1)(A)(i) of the Act.

### *Knowledge that Exporters Were Dumping and that There Was Likely to Be Material Injury by Reason of Such Sales*

Because we have found a history of dumping of thermal paper under section 733(e)(1)(A)(i) of the Act, as explained above, it is not necessary to determine whether importers knew or should have known that exporters were selling the subject merchandise at less than fair value, pursuant section 733(e)(1)(A)(ii) of the Act.

### *Massive Imports of the Subject Merchandise over a Relatively Short Period*

As noted above, the “relatively short period” that we examine to determine whether there have been massive imports for purposes of section 722(e)(1)(B) normally begins on the date the petition is filed and ends at least three months later.<sup>38</sup> However, in recent investigations, Commerce has considered a “relatively short period” beginning with the filing of the petition and ending with the preliminary determination.<sup>39</sup> We typically compare this period (the comparison period) to a period of equal duration immediately prior to the filing of the petition (the base period) to determine whether imports have been “massive” over a relatively short period of time.<sup>40</sup> Commerce typically determines whether or not to include the month in which the petition was filed in the base or comparison period depending on whether the petition was filed in the first half of the month (included in the comparison period) or the second half of the month

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*Federation*, 82 FR 42794 (September 12, 2017), and accompanying Preliminary Decision Memorandum at 11, unchanged in *Certain Carbon and Alloy Steel Wire Rod from the Russian Federation and the United Arab Emirates: Affirmative Final Determinations of Sales at Less Than Fair Value, and Partial Affirmative Finding of Critical Circumstances*, 82 FR 56214 (November 28, 2017); and *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) (CWP from China).

<sup>36</sup> See, e.g., CWP from China, 73 FR at 31972-73; and *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).

<sup>37</sup> See Critical Circumstances Allegation at Attachment 1.

<sup>38</sup> 19 CFR 351.206(h)(2)(i).

<sup>39</sup> See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Affirmative Preliminary Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from India*, 69 FR 76916 (December 23, 2004).

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

(included in the base period).<sup>41</sup> Therefore, we compared the quantity of Hansol Paper's shipments of subject merchandise to the United States during the period April 2020 through September 2020 to the quantity of its shipments of subject merchandise to the United States from October 2020 through March 2021 (the latest month for which Hansol Paper should have submitted shipment data to Commerce prior to the preliminary determination) to determine whether imports have been massive. This comparison shows that imports have been massive over a relatively short period of time (there has been an increase of 15 percent or more). Therefore, we preliminarily find that there were massive imports of subject merchandise from Hansol Paper into the United States over a relatively short period pursuant to section 773(e)(1)(B) of the Act and 19 CFR 351.206(h).<sup>42</sup> Because Hansol Paper failed to submit shipment data for March 2021, as partial adverse facts available, pursuant to sections 776(a)(1) and (2)(A)-(D) and 776(b) of the Act, we set the quantity of Hansol Paper's shipments of subject merchandise to the United States in March 2021 equal to the greatest shipment quantity that it reported for any month in the comparison period. *See* the Critical Circumstances Calculation Memorandum for details.

To determine whether there have been massive imports of subject merchandise into the United States over a relatively short period of time from the "all other" companies in Korea, consistent with Commerce's practice, we compared the quantity of imports into the United States under the Harmonized Tariff Schedule numbers listed in the scope, as reported by Global Trade Atlas, for May 2020 through September 2020 (*i.e.* the base period) and October 2020 through February 2021 (*i.e.*, the comparison period) less the quantity of shipments of subject merchandise to the United States reported by Hansol Paper for those periods.<sup>43</sup> Based on this comparison, we

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<sup>41</sup> *See, e.g., Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Affirmative Preliminary Determination of Critical Circumstances*, 77 FR 31309, 31312 (May 25, 2012).

<sup>42</sup> *See* Memorandum, "Critical Circumstances Calculations for the Preliminary Determination in the Antidumping Duty Investigation of Thermal Paper from the Republic of Korea," dated May 5, 2021 (Critical Circumstances Calculation Memorandum).

<sup>43</sup> *See, e.g., Antidumping and Countervailing Duty Investigations of Corrosion-Resistant Steel Products from India, Italy, the People's Republic of China, the Republic of Korea, and Taiwan: Preliminary Determinations of Critical Circumstances*, 80 FR 68504 (November 5, 2015); *Certain Corrosion Resistant Steel Products from India: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances*, 81 FR 35329 (June 2, 2016); *Certain Corrosion Resistant Steel Products from Italy: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 81 FR 35320 (June 2, 2016) (*CORE Italy Final*); *Certain Corrosion-Resistant Steel Products from the Republic of Korea: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 35303 (June 2, 2016); *Certain Corrosion-Resistant Steel Products from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Critical Circumstances Determination, in Part*, 81 FR 35316 (June 2, 2016); *Certain Corrosion-Resistant Steel Products from Taiwan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 81 FR 35313 (June 2, 2016); *Countervailing Duty Investigation of Certain Corrosion Resistant Steel Products from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 81 FR 35308 (June 2, 2016); *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from Taiwan: Final Negative Countervailing Duty Determination*, 81 FR 35299 (June 2, 2016); *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy: Final Affirmative Determination and Final Affirmative Critical Circumstances, in Part*, 81 FR 35326 (June 2, 2016); *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the Republic of Korea: Final*

preliminarily find that imports of subject merchandise into the United States from the all-other companies in Korea increased by more than 15 percent in the comparison period compared to the base period.<sup>44</sup> Therefore, we preliminarily find that there were massive imports of subject merchandise from “all other” companies in Korea over a relatively short period pursuant to section 773(e)(1)(B) of the Act and 19 CFR 351.206(h).

Further, Commerce preliminarily finds no basis to adjust Hansol Paper’s shipment data for any alleged effects of the COVID-19 pandemic. Hansol Paper argued that Commerce should not find that critical circumstances exist because Hansol Paper’s normal shipment patterns of subject thermal paper to the United States have been distorted by COVID-19.<sup>45</sup> However, in *CTVs from China*, Commerce did not make a blanket adjustment to shipment data due to the effect of the SARS epidemic. Instead, Commerce adjusted the shipment data of a single respondent which placed information on the record demonstrating that the timing of its shipments was affected by SARS.<sup>46</sup> There is no documentation on the record demonstrating that the COVID-19 pandemic caused substantial delays in Hansol Paper’s shipments of subject thermal paper to the United States from April 2020 through March 2021. Therefore, we find no basis to adjust Hansol Paper’s data for the effects of COVID-19. *See* the Critical Circumstances Calculation Memorandum for details.

Based on the criteria and findings discussed above, we preliminarily determine that critical circumstances exist with respect to imports of subject merchandise from Hansol Paper and “all other” producers and exporters in Korea.

## VII. 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 Hansol Paper’s sales of subject merchandise to the United States during the POI were made at LTFV, Commerce compared export prices (EP) and constructed export prices (CEP) to normal values (NV) as described in the “Export Price and Constructed Export Price” and “Normal Value” sections of this memorandum.

#### A) Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates a weighted-average dumping margin by comparing weighted-average NVs to weighted-average EPs or CEPs, *i.e.*, the average-to-average (A-A) method, unless the Secretary determines that another method is appropriate in a particular situation. In an LTFV investigation, Commerce examines whether to compare weighted-average

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*Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 81 FR 35310 (June 2, 2016).

<sup>44</sup> *See* Critical Circumstances Calculation Memorandum.

<sup>45</sup> *See* Hansol Paper’s Letter, “Antidumping Duty Investigation of Thermal Paper from the Republic of Korea: Hansol Paper’s Pre-Preliminary Comments,” dated April 20, 2021 at 2-13.

<sup>46</sup> *See Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers from the People’s Republic of China*, 69 FR 20594 (April 16, 2004) (*CTVs from China*), and accompanying IDM at Comment 3.



NVs with the EPs or CEPs of individual sales, *i.e.*, the average-to-transaction (A-T) 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 A-T 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>47</sup> Commerce finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this 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 A-A 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 export prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the A-A 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 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, or 0.8,

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<sup>47</sup> See, e.g., *Xanthan Gum from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013); *Steel Concrete Reinforcing Bar from Japan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014); and *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

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 A-T method to all sales as an alternative to the A-A 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 A-T method to those sales identified as passing the Cohen's *d* test as an alternative to the A-A method and application of the A-A 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 A-A 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 A-A 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 A-A method only. If the difference between the two calculations is meaningful, then this demonstrates that the A-A 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 A-A 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 A-A 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>48</sup>

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<sup>48</sup> The Court of Appeals for the Federal Circuit (CAFC), in *Apex Frozen Foods Private Ltd. v. United States*, 862 F.3d 1322 (Fed. Cir. 2017), affirmed much of Commerce's differential pricing methodology. We ask that interested parties present only arguments on issues which have not already been decided by the CAFC.

## B) Results of the Differential Pricing Analysis

Based on the results of the differential pricing analysis, we preliminarily find that 77.90 percent of the value of U.S. sales passes the Cohen's *d* test,<sup>49</sup> and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. However, we preliminarily determine that there is no meaningful difference between the weighted-average dumping margin calculated using the A-A comparison method and the weighted-average dumping margin calculated using the A-T comparison method. Thus, we used the A-A comparison method to calculate the weighted-average dumping margin for Hansol Paper.

## VIII. DATE OF SALE

Section 351.401(i) of Commerce's regulations states that Commerce normally will use the date of the sales invoice as the date of sale for the merchandise under consideration unless another date better reflects the date on which the exporter or producer established the material terms of sale.<sup>50</sup> However, where the date of sale is based on the sales invoice date, Commerce's long-standing practice is to base the date of sale on the earlier of the invoice date or the shipment date.<sup>51</sup> Consistent with this practice, Hansol Paper reported the date of shipment as the date of sale for both the home and U.S. markets because for all sales of the merchandise under consideration, the date of shipment preceded, or coincided with, the sales invoice date.<sup>52</sup> We have preliminarily accepted Hansol Paper's reported date of sale.

## IX. PRODUCT COMPARISONS

In accordance with section 771(16) of the Act, we considered all of Hansol Paper's POI home market sales of in-scope self-produced products to be sales of foreign like products for purposes of determining the appropriate home market sales to compare to U.S. sales. Where there were no home market sales in the ordinary course of trade of merchandise under consideration that is identical to the merchandise under consideration that Hansol Paper sold in the United States during the POI, we compared Hansol Paper's U.S. sales of the merchandise under consideration to its home market sales in the ordinary course of trade of the most similar foreign like product.

In making product comparisons, we matched foreign like products to the merchandise under consideration that Hansol Paper sold in the United States during the POI based on the following physical characteristics, listed in order of importance: roll form, thermal active coating, top coating, developer type, basis weight, maximum optical density units, static sensitivity, dynamic sensitivity, coating color, printing, width, length, and core material.

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<sup>49</sup> See Preliminary Calculation Memorandum.

<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).

<sup>51</sup> See, e.g., *Certain Frozen Warmwater Shrimp from Thailand: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 72 FR 52065 (September 12, 2007), and accompanying IDM at Comment 11; and *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams from Germany*, 67 FR 35497 (May 20, 2002), and accompanying IDM at Comment 2.

<sup>52</sup> See Hansol Paper's December 30, 2020 AQR at A-19; see also Hansol Paper's January 21, 2021 BCDQR at B-12 and C-19.

The ITC preliminarily found that lightweight thermal paper and heavyweight thermal paper are separate like products and that there is a reasonable indication that the U.S. domestic industries of both thermal paper products are materially injured by imports of thermal paper from Korea.<sup>53</sup> However, because the ITC preliminarily found injury for both like products, we preliminarily calculated a single margin for all of Hansol Paper's sales of thermal paper, as defined in the scope contained in the accompanying *Federal Register* notice at Appendix I.

## **X. EXPORT PRICE AND CONSTRUCTED EXPORT PRICE**

### **A) 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 EPs for Hansol Paper's U.S. sales where it sold subject merchandise to an unaffiliated U.S. purchaser before the merchandise was imported into the United States. We calculated EP by deducting movement expenses from the packed price that Hansol Paper charged to the first unaffiliated U.S. purchaser (*i.e.*, where appropriate, foreign inland freight from plant/warehouse to port, foreign brokerage and handling, international freight, marine insurance) and adding duty drawback, in accordance with section 772(c)(1) and (2) of the Act.

### **B) Constructed Export Price**

Section 772(b) of the Act defines CEP as “the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter,” as adjusted under sections 772(c) and (d) of the Act. In accordance with section 772(b) of the Act, we calculated CEPs for U.S. sales by Hansol Paper's U.S. affiliate, Hansol America, Inc. (Hansol America) and for Hansol Paper's sales to Hansol America's U.S. customers.

We calculated CEP by: (1) adjusting the packed price that Hansol Paper charged to the unaffiliated purchaser in the United States (packed price) for billing adjustments, early payment discounts, quantity discounts, rebates, and duty drawback, where appropriate; (2) deducting movement expenses from the packed price (*i.e.*, foreign inland freight from plant/warehouse to port, foreign brokerage and handling expenses, U.S. brokerage and handling expenses, international freight, marine insurance, U.S. inland freight from port to warehouse, U.S. warehousing expenses, and U.S. inland freight from the warehouse to the unaffiliated U.S. customer, where appropriate) in accordance with section 772(c)(2)(A) of the Act; and (3) deducting selling expenses associated with economic activities occurring in the United States (direct selling expenses (*i.e.*, imputed credit) and indirect selling expenses (*i.e.*, inventory carrying costs and other indirect selling expenses,)) and profit allocated to CEP selling expenses

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<sup>53</sup> See ITC Publication, *Thermal Paper from Germany, Japan, Korea, and Spain*, Investigation Nos. 731-TA-1546-1549 (Preliminary) (December 2020) at 17-18 and 60 (placed on the record April 16, 2021).

from the packed price in accordance with section 772(d)(1) and (3) of the Act. In accordance with section 772(f) of the Act, we calculated the CEP profit rate using the CEP expenses and the total expenses incurred, and profit earned, by Hansol Paper and Hansol America with respect to their sales of the merchandise under consideration during the POI.

## **XI. NORMAL VALUE**

### **A) Home Market Viability**

Commerce generally determines that there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV where the aggregate volume of the respondent's home market sales of the foreign like product during the POI is equal to, or greater than, five percent of the aggregate volume of its U.S. sales of subject merchandise during the POI.<sup>54</sup> 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 accordance with sections 773(a)(1)(A) and (B) of the Act, we compared the volume of Hansol Paper's home market sales of the foreign like product during the POI to the volume of its U.S. sales of subject merchandise during the POI, and found that the aggregate volume of its home market sales of the foreign like product during the POI is greater than five percent of the aggregate volume of its U.S. sales of subject merchandise during the POI. Therefore, we based NV on the prices of Hansol Paper's home market sales of foreign like product during the POI 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, 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>55</sup> Substantial differences in selling activities are a necessary, but not a sufficient, condition for determining that there is a difference in the stages of marketing.<sup>56</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.

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<sup>54</sup> See, e.g., *Prestressed Concrete Steel Wire Strand from Indonesia: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part, Postponement of Final Determination, and Extension of Provisional Measures*, 85 FR 73676 (November 19, 2020), and accompanying IDM at 16.

<sup>55</sup> See 19 CFR 351.412(c)(2).

<sup>56</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.

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>57</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>58</sup>

When Commerce is unable to match sales of the foreign like product in the comparison market with EP or CEP sales at the same LOT, 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 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, Commerce will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.<sup>59</sup>

Hansol Paper reported that it made home market sales through one channel of distribution (*i.e.*, direct sales to customers)<sup>60</sup> and that it performed the following selling activities in this channel at similar levels of intensities for all home market customers: sales forecasting/strategic planning, marketing support, market research, inventory maintenance, logistics management, order input/processing, and direct sales support.<sup>61</sup> Hansol Paper reported that it conducted personnel training in the home market at a level of intensity lower than the level at which it performed the selling activities listed above.<sup>62</sup> Because Hansol Paper performed the same selling activities at similar levels of intensity (except for one activity) for all of its home market customers, we determine that there is one LOT in the home market.

Hansol Paper reported three channels of distribution in the United States (*i.e.*, Hansol Paper's direct sales to customers, Hansol America's direct sales to customers of products in its inventory, and Hansol America's direct sales to customers of products shipped directly to the customer from Korea).<sup>63</sup> Hansol Paper reported that it provided sales support, training services, logistical services, and administrative support for its direct sales to customers and provided logistical services and administrative support for sales by Hansol America.<sup>64</sup> Hansol Paper also reported that the levels of intensity at which it performed selling activities for its direct sales were far greater than the levels of intensity at which it performed selling activities for Hansol America's sales.<sup>65</sup> While Hansol Paper reported difference in the types and intensities of the selling activities performed for direct sales and sales by Hansol America, it failed to provide the

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<sup>57</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 expenses, and profit for CV, where possible. *See* 19 CFR 351.412(c)(1).

<sup>58</sup> *See Micron Tech., Inc. v. United States*, 243 F.3d 1301, 1314-16 (Fed. Cir. 2001).

<sup>59</sup> *See, e.g., OJ from Brazil* IDM at Comment 7.

<sup>60</sup> *See* Hansol Paper March 26, 2021 SABQR at 1-2 and Exhibit S-2; *see also* Hansol Paper January 21, 2021 BCDQR at B-27.

<sup>61</sup> *See* Hansol Paper March 26, 2021 SABQR at Exhibit S-2; *see also* Hansol Paper December 30, 2020 AQR at A-11-A-12 and A-17-A-18, and Exhibit A-9a.

<sup>62</sup> *See* Hansol Paper March 23, 2021 SABQR at Exhibit S-2.

<sup>63</sup> *See* Hansol Paper December 20, 2020 AQR at A-17; *see also* Hansol Paper January 21, 2021 BCDQR at C-27.

<sup>64</sup> *See* Hansol Paper December 20, 2020 AQR at A-12-A-14; *see also* Hansol Paper March 26, 2021 SABQR at Exhibit S-2.

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

quantitative analysis requested by Commerce in the initial AD questionnaire and a subsequent supplemental questionnaire<sup>66</sup> showing how expenses assigned to these sales during the POI impact price comparability. Therefore, we preliminarily determine that there is insufficient information on the record to conclusively identify LOT(s) in the U.S. market.

Similarly, despite Hansol Paper's claim that the LOT for Hansol America's sales is distinct from, and less advanced than, the home market LOT, because we lack the required quantitative analysis described above, we preliminarily find no basis for making an LOT adjustment or granting a CEP offset. In order for Commerce to determine whether the home market and U.S. market LOTs are different LOTs, the respondent must first demonstrate that substantial differences exist between the LOTs of sales in each market, in accordance with 19 CFR 351.412(c)(2). Although Hansol Paper provided the sales revenue generated per sales person for both the U.S. and home market to demonstrate the different levels of sales activities required in each market, this analysis does not show how expenses assigned to POI sales made at different claimed LOTs in these markets affect price comparability.<sup>67</sup> Because Hansol Paper did not provide an adequate quantitative analysis, we preliminarily find that the record lacks the quantitative information required to conclusively determine the relationship between any claimed U.S. LOT(s) and the home market LOT. Thus, we have not made an LOT adjustment or granted a CEP offset.

### C) Cost of Production Analysis

In accordance with section 773(b)(2)(A)(ii) of the Act, we requested that Hansol Paper provide COP information. We examined Hansol Paper's COP information and determined that a quarterly cost methodology is not warranted. Therefore, we applied our standard methodology and relied on Hansol Paper's reported annual cost.

#### 1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP by adding the material and fabrication costs incurred to produce the foreign like product to general and administrative (G&A) expenses and interest expenses. We relied on the COP data submitted by Hansol Paper, with the exception of certain inputs obtained by Hansol Paper from affiliated parties. We analyzed the affiliated transactions in accordance with section 773(f)(2) of the Act and where the market prices exceeded transfer prices, we adjusted Hansol Paper's reported costs to reflect the higher market price.<sup>68</sup>

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<sup>66</sup> See Commerce's Letter, Initial AD Questionnaire, dated November 25, 2020 at A-7 and A-8; *see also* Commerce's Letter, "Antidumping Duty Investigation of Thermal Paper from the Republic of Korea: Sections A-C Supplemental Questionnaire," dated April 21, 2021.

<sup>67</sup> Hansol Paper December 20, 2020 AQR. at A-16 and Exhibit A-9(b)(ii); *see also* Hansol Paper April 27, 2021 SACQR at 5.

<sup>68</sup> See Memorandum, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination – Hansol Paper Co., Ltd.," dated concurrently with this memorandum.

## 2. Test of Comparison Market Sales Prices

Pursuant to section 773(b) of the Act, we compared adjusted weighted-average COPs to home market sale prices of the foreign like product on a control-number (CONNUM) specific basis to determine whether the sale price was below the COP. For purposes of this comparison, we used COPs exclusive of selling and packing expenses and sales prices that we reduced/adjusted by, where applicable, billing adjustments, discounts, rebates, 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, in accordance with sections 773(b)(1)(A) and (B) of the Act, we examined 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 did not disregard any below-cost sales of that product because we determined 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 were made at prices less than the COP, we disregarded the below-cost sales when: (1) they were made within an extended period of time in "substantial quantities," in accordance with section 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.

For certain CONNUMs, we found that more than 20 percent of Hansol Paper's home market sales were at prices less than the COP and, in addition, such sales did not provide for the recovery of costs within a reasonable period of time. Therefore, we disregarded these sales and used the remaining sales as the basis for determining NV, in accordance with section 773(b)(1) of the Act.

### D) Calculation of Normal Value Based on Comparison Market Prices

We calculated and adjusted NV as described below. We calculated NV by subtracting warehousing and movement expenses from the delivered or ex-factory price that Hansol Paper charged to unaffiliated home market customers, pursuant to section 773(a)(6)(B)(ii) of the Act. When we compared NV to EP sales, we made circumstance of sale adjustments pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410 (*i.e.*, we deducted direct selling expenses incurred on home market sales (*i.e.* warranty expenses, and credit expenses) and added U.S. direct selling expenses (*i.e.*, credit expenses and bank charges)). When we compared NV to CEP sales, we deducted direct selling expenses (*i.e.*, credit expenses and warranty expenses) from NV pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. When we compared U.S. sales of subject merchandise with home market sales of a foreign like product that is similar to the subject merchandise, we 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 the foreign like product and the subject merchandise.<sup>69</sup> Lastly, we deducted home market packing costs from, and added U.S. packing costs to, NV in accordance with sections 773(a)(6)(A) and (B) of the Act.

## **XII. CURRENCY CONVERSION**

In accordance with section 773A of the Act and 19 CFR 351.415(a), we converted foreign currencies into U.S. dollars based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

## **XIII. RECOMMENDATION**

We recommend applying the above methodology for this preliminary determination.

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\_\_\_\_\_  
Agree

☐

\_\_\_\_\_  
Disagree

5/5/2021

X



Signed by: CHRISTIAN MARSH

Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance

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<sup>69</sup> See 19 CFR 351.411(b).