Liberty Frozen Foods Pvt. Ltd. v. United States
Consol. Court No. 10-00231 Slip Op. 11-96 (CIT August 3, 2011)

FINAL RESULTS OF REDETERMINATION PURSUANT TO COURT REMAND

A. SUMMARY

The Department of Commerce (the Department) has prepared these final results of redetermination pursuant to the remand order from the U.S. Court of International Trade (the Court) in Liberty Frozen Foods Pvt. Ltd. v. United States, Consol. Court No. 10-00231, Slip Op. 11-96 (CIT 2011) (Liberty). In its remand order, the Court directed the Department to address an "unreasonable inconsistency" in the Department's methodology and either explain why its refusal to pro-rate a write-off for bad debt is not arbitrary or otherwise reconsider its decision.

The Department issued draft remand results to all interested parties on October 6, 2011. See Draft Results of Redetermination Pursuant to Court Remand, October 6, 2011 (Draft Remand Redetermination). In these draft results, we addressed the Court's concerns, explaining more fully the Department's practice in this area, and why it is appropriate not to pro-rate the bad debt expenses in question.

On October 12, 2011, we received comments on the draft results from the Liberty Group, as well as from the Ad Hoc Shrimp Trade Action Committee (AHSTAC) and the American Shrimp Processors Association (ASPA). These comments are addressed below. After analyzing these comments, we continue to find that the Department's methodology was reasonable and not arbitrary.

B. BACKGROUND

On August 3, 2011, the Court remanded to the Department its final results of the 2008-2009 antidumping duty administrative review of certain frozen warmwater shrimp from India.

See Liberty, Slip Op. 11-96; and Certain Frozen Warmwater Shrimp From India: Final Results of Antidumping Duty Administrative Review, Partial Rescission of Review, and Notice of Revocation of Order in Part, 75 FR 41813 (July 19, 2010), and accompanying Issues and Decision Memorandum (Final Results). The period of review (POR) covers the period February 1, 2008, to January 31, 2009.

There were three mandatory respondents in the 2008-2009 antidumping duty administrative review: Devi Sea Foods Limited, Falcon Marine Exports Limited, and the Liberty Group. During the review at issue, one of the companies within the Liberty Group, Liberty Frozen Foods, Pvt. Ltd. (LFF), wrote off the value of a prior-year sale for which full payment had not been received. LFF did not include this bad debt write-off in its reported expenses. Therefore, in the final results, the Department adjusted the indirect selling expense ratio for LFF to include it in accordance with the Department's practice. See Final Results at Comment 5.

LFF argued in its administrative case brief that the Department should exclude the bad debt expenses from its calculations altogether. However, LFF maintained that, in the alternative, the Department should compute a monthly write-off amount and then include in indirect selling expenses only the portion that is attributable to the POR. LFF's fiscal year runs from April 1 to March 31. Therefore, LFF argued that the Department should only apply two month's worth of bad debt expense (i.e., February 2008 and March 2008) to its calculations. We disagreed with LFF that either action would be appropriate.

In its decision, the Court concluded that, although we correctly included the contested bad debt expenses in our final results, our calculation of them was "arbitrary, and thus contrary to law." See Liberty, Slip Op. 11-96, at 2-3. Specifically, the Court stated:

> As explained below, however, the court cannot uphold, in the absence of further explanation, Commerce's decision not to prorate the value of the write-off, so as to include in its calculations solely the amount proportionate to the overlap between the POR and the fiscal year in which the write-off was recorded. As explained below, under the circumstances of this case, and in light of the Department's prior practice under similar circumstances, the decision not to pro-rate the write- off is, in the absence of additional explanation, arbitrary and therefore contrary to law.

See Liberty, Slip Op. 11-96, at 13.

Specifically, the Court explained that it seemed that there was an "unreasonable inconsistency in the Department's methodology," in that "if the bad debt expense is recorded at the end of a company's fiscal year, and that month falls within the POR," then the Department will include "the full amount of the expense as falling within the POR, regardless of overlap between fiscal year and POR." Id. at 15. On the other hand, the Court stated that it appeared that "if the bad debt expense is recorded at the end of a company's fiscal year, and that month falls outside of the POR, the Department does not consider the full amount of the expense to fall outside the POR," but instead will "pro-rate it, and include an amount proportional to the overlap between fiscal year and POR." Id. It therefore held that without more explanation as to this unexplained inconsistency, the Department's methodology was unlawful. Id. at 16.

Therefore, the Court directed the Department either to:

- explain why its failure to pro-rate this write-off is not arbitrary in light of its determination under apparently like factual circumstances in Saccharin from PRC[1], 68 Fed. Reg. 27,530; Saccharin from PRC I & D Mem. Cmt. 10 at 20 n.5, and Pipe from Korea II[2], 75 Fed. Reg. 34,980; Pipe from Korea II I & D Mem. Cmt. 4 at 21-22, or

[1] See Notice of Final Determination of Sales at Less Than Fair Value: Saccharin From the People's Republic of China, 68 FR 27530 (May 20, 2003), and accompanying Issues and Decision Memorandum at Comment 10 (Saccharin from the PRC).

[2] See Circular Welded Non-Alloy Steel Pipe from the Republic of Korea: Final Results of the Antidumping Duty Administrative Review, 75 FR 34980 (June 21, 2010), and accompanying Issues and Decision Memorandum at Comment 4 (Pipe from Korea II).

- otherwise reconsider its decision.

See Liberty, Slip Op. 11-96, at 17.

Pursuant to the Court's remand instructions, we have addressed the Court's concerns, explaining why no inconsistency exists in the Department's methodology, and addressing in detail the reason our decision not to pro-rate the write-off at issue is consistent with the Department's determinations in Saccharin from PRC and Pipe from Korea II.

C. ANALYSIS

It is the Department's practice to base indirect selling expenses on the amounts recorded in a company's books and records during the period under review. See, e.g., the Liberty Group's indirect selling expense calculation contained in Exhibit 4.8 of its January 29, 2010, submission. Oftentimes, as is the case here, the POR is not coextensive with a company's fiscal year. Thus, the expenses used in our calculations must be drawn from two fiscal years as a routine matter.

When determining the total expenses incurred, the Department is not concerned with expenses recorded in specific months but rather the aggregate amount incurred over the POR. Thus, as a general rule, the Department does not attempt to split expenses that are recorded on a semi-annual or annual basis into monthly amounts, nor does it analyze whether the component expenses are recorded in the months that the underlying activity took place.[3] This method yields an indirect selling expense total that is reasonably accurate.

Similarly, companies normally make year-end adjusting entries in their accounting records, either as a standard course of business, or as a result of a requirement by their auditors.

[3] For example, the Liberty Group's indirect selling expense worksheet shows that the company incurred certain indirect selling promotion expenses; we did not require the Liberty Group to demonstrate that these expenses were recorded when the promotions occurred but rather we accepted, or excluded, the expenses in toto depending on whether they were recorded within, or outside, the POR.

Examples of these types of entries are depreciation expenses recognized once a year, reserves for various contingencies, or, as in this case, doubtful accounts which, sometimes after years of consideration, are finally written off for various reasons (as in this case, when LFF determined that full payment for the sale in question would not be received).

Just as companies normally do not reflect such annual adjustments in quarterly, monthly or weekly terms, the Department, as a rule, also does not attempt to pro-rate such adjustments into shorter periods of time. Therefore, the Department does not normally parse year-end entries into POR- and non-POR components, nor does it request that respondents submit information on adjusting entries recorded in their books and records after the POR (in order to pick up the POR-related portion).[4] For example, if the Department were to ration LFF's bad debt expense to only the two months of the fiscal year overlapping the POR, as LFF has argued it should do, that would mean that the remaining 10 months of rationed expenses would never be included in LFF's indirect selling expenses for any segment of the proceeding. Thus, the Department would fail to accurately reflect LFF's indirect selling expenses in any of its margin calculations.

In the instant case, LFF made a sale during the 2003-2004 fiscal year which was carried on its books as an accounts receivable until it was written off as a bad debt expense at the end of the 2007-2008 fiscal year. Therefore, we calculated LFF's indirect selling expenses by including the full amount of the bad debt expense written off during the POR. After fully considering LFF's arguments, we explained our reasoning in our issues and decision memorandum, as follows:

[4] For example, LFF's fiscal year runs from April through March. Thus, any adjusting entries made in March 2008 (at the end of the first fiscal year included in the POR) should be included in LFF's costs; any adjusting entries made in March 2009 (the year in which the remaining portion of the POR is included) should not be (and were not) reported.

> It is the Department's practice to include in its calculations all indirect expenses that are recognized and recorded during the POR (footnote omitted).While the Liberty Group argues that the Department should parse these expenses into POR and non-POR components, such an analysis would introduce a level of complexity that is outside of the Department's practice. It is our practice to examine the dates on which certain expenses are incurred as recorded in a company's books and records. Because the write-off in question was recorded in LFF's audited financial statements (for the year ending March 31, 2008) during the POR, we are continuing to include the entire amount of the write-off in our calculations.

Id.

In support of this practice, we cited the Department's determination in Stainless Steel Sheet and Strip From the Republic of Korea; Final Results and Partial Rescission of Antidumping Duty Administrative Review (SSSSC from Korea), 66 FR 64950 (Dec. 17, 2001), and accompanying Issues and Decision Memorandum at Comment 2 (SSSSC from Korea). In that case, the Department determined that, because a company wrote off its bad debt expenses prior to the POR and did not include such expenses in its audited financial statements for the POR, the expense was not incurred during the POR and therefore should not be included in the agency's margin calculations. This is in contrast to the facts of this case, in which the bad debt expense was written off by LFF during the POR, and the expense was specifically included in its audited financial statements.

In addition, we also cited Saccharin from the PRC as support for our practice in the Final Results, although we relied on this case mainly for the proposition that it is appropriate to include bad debt expenses in indirect selling expenses. With regard to the Department's normal analysis of end-of-year expenses, this case neither undermines the Department's practice, nor supports LLF's claims that the Department should have apportioned its bad debt expense on a monthly basis.

The facts of Saccharin from the PRC are different from the facts in the Final Results in that: 1) the period of investigation (POI) was only six months (i.e., January 1 through June 30, 2002); 2) the respondent recorded its bad debt expenses in its financial statements at the end of the company's fiscal year (i.e., outside the POI); and 3) these financial statements are the only ones covering the respondent's POI activities.[5] See Saccharin from the PRC at Comment 10 (footnote 5).[6] Because half of the bad debt expenses legitimately related to the POI, we added half of them to the reported costs. It is important to note that this decision was not driven by a policy that mandates that year-end adjustments be parsed into POI and non-POI components; rather, it was driven by the fact that, had these expenses not been included, they would have been omitted completely from the reported costs "solely as a matter of {when the respondent completed its} books for the year."[7] The Department's methodology in both Saccharin from the PRC and the Final Results is consistent with the goal of preventing the omission of expenses incurred by a respondent during the POR (or POI) that might otherwise not be captured in the agency's calculations, simply because the respondent did not record those expenses until a future

[5] When the POI/POR is at least a year long, a company will have made its fiscal year-end adjustments at least once during 12-months covered by the POI/POR.

[6] Specifically, this footnote states: "Suzhou booked bad debt into its financial statements at the end of the fiscal year (outside the POI). However, this choice was made solely as a matter of completing the books for the year. We will divide these expenses by two and attribute half to the POI (the first half of the calendar year)."

[7] To illustrate the point further, as one example, many companies record depreciation expenses only at the end of their fiscal year. Similar to the facts in Saccharin from the PRC, if those companies were investigated or reviewed and the POI or POR was less than a year, the Department would not include a full year's worth of depreciation expenses in its calculations. Rather, if the truncated POI/POR precedes the month in which the companies' year end adjustments were made, the Department would attribute, on a *pro rata* basis, a portion of these expenses to the POI/POR because it would be distortive to include no depreciation expenses in the analysis. Similarly, if the companies' fiscal year ended within a truncated POI/POR, it would be distortive to include a full year's depreciation to that truncated POI/POR. In that situation, the Department would therefore include only a portion of the depreciation expenses.

period in time. Accordingly, the Department's treatment of LFF's bad debt expenses in the Final Results is not inconsistent with Saccharin from the PRC.

As the Department explained in the Final Results, there are two means by which a company might account for bad debt expenses. See Final Results at Comment 5. In both the Final Results and Saccharin from the PRC, the respondent directly wrote-off its bad debt expenses when it concluded that its account was uncollectible. The Department's methodology in such cases is to include the actual, full amount of the respondent's bad debt expenses in indirect selling expenses. On the other hand, some companies instead maintain an account covering estimated future bad debt expenses (i.e., a provision for bad debt), based upon a company's historical experience with non-payments by its customers. The actual write off of the bad debt is recorded as an offset to this provision. See Pipe from Korea II at Comment 4 (where the Department explained that a provision for bad debt is "based on forseeable expenses that are reasonably anticipated based on historical experience"). In cases where a respondent records a provision for bad debt, it is the Department's practice to recognize the amount of the bad debt expense when the provision is recorded, rather than when the actual write off occurs. See Final Results at Comment 5 (describing these two different treatments of bad debt expenses). If the Department were to recognize both the provision for bad debt and the bad debt write off itself, the Department would inappropriately double count a respondent's bad debt expenses.

In Pipe from Korea II, the respondent maintained a provision for bad debt. Most likely due to the Department's need to protect business proprietary information, there are a limited number of publicly available facts set forth in the decision memorandum in that case. However, it appears that the respondent recorded an allowance for bad debt for two separate fiscal years

(2007 and 2008) and reported these amounts during the POR at issue. Id. Therefore, the Department included only a portion of each expense for the two separate fiscal years that fell within the POR – using a pro-rated 2/12 share for the 2007 provision and a pro-rated 10/12 share for the 2008 provision. The Department explained that it was not "including the entire allowance of doubtful accounts from both years," because such an analysis would have overstated the respondent's costs to include two year's worth of expenses in a twelve-month POR. Id.

The facts in Pipe from Korea II are distinct from those in the Final Results. LFF did not maintain an account for estimated future bad debt expenses (i.e., a provision for bad debt). Consequently, including LFF's directly written off bad debt expense recorded in its financial statements would not overstate LFF's bad debt expenses as these are the only bad debt expenses the company recorded during the POR. Accordingly, the Department's treatment of LFF's bad debt expenses in the Final Results is not inconsistent with Pipe from Korea II.

D. COMMENTS FROM INTERESTED PARTIES

On October 12, 2011, Liberty, AHSTAC, and APSA comments on our Draft Remand Redetermination. These comments are summarized below.

Issue: *Pro-Ration of Bad Debt Expenses*

LFF contends that the Department failed to follow the Court's instructions to explain why its decision not to pro-rate the expenses in question is reasonable. LFF claims that the Department's rationale largely consists of post-hoc interpretations of Saccharin from the PRC and Pipe from Korea II which are ill-supported by any actual language in the cases, and which, for the most part, merely echo arguments that the Court has already heard and rejected.

LFF asserts that the Department's normal methodology for computing indirect selling expenses is to require respondents to add the expenses shown on their trial balances for each month of the POR. LFF dismisses the Department's statement that it does not attempt to pro-rate end-of-year expenses by implying that, if this "general rule" were true, the Department would have cited cases in which it was implemented. Indeed, LFF maintains that Saccharin from the PRC and Pipe from Korea II directly contradict it.

LFF asserts that the Department attempted to distinguish the facts in Saccharin from the PRC on two bases: 1) the POR in that case covered only six months, rather than a year (as here); and 2) the respondent in Saccharin from the PRC recorded its bad debt expense in its financial statements at end of its fiscal year. LFF characterizes the former point as a distinction without a difference and it asserts that the latter is not a difference at all, but rather a similarity.

Specifically, LFF asserts that, in both Saccharin from the PRC and this review, there were write-offs that occurred outside the POI. According to LFF, in Saccharin from the PRC, the Department undertook the necessary steps to exclude non-POI expenses and include only expenses related to the POI, in order to make the calculations more accurate. LFF claims that, by contrast, the Department refused to accord it the same treatment, including in its calculations expenses incurred outside the review without drawing any meaningful distinctions. LFF maintains that the same pursuit of accuracy should motivate the Department to "prevent the inclusion of expenses incurred by the respondents outside of the POR."

With respect to Pipe from Korea II, LFF asserts that the Department also attempted to distinguish this case on two bases: 1) it involved a provision for bad debt (unlike here); and 2) it involved two year's worth of bad debt expenses, and including the full amount of both year's expenses would have overstated the respondent's expenses. LFF argues that the first premise is not supported by any language in the case itself, but is a post-hoc rationalization developed in the context of this litigation. Further, LFF asserts that the second rationale applies equally here, as it should have caused the Department to refrain from including indirect selling expenses incurred outside of the POR and to pro-rate those expenses to include only the portion attributable to the POR.

Both AHSTAC and APSA agree with the rationale stated in the draft remand redetermination. AHSTAC argues that the decision not to pro-rate an indirect selling expense is within the province of the Department, and the Department's determination was consistent with its ordinary practice of including the full amount of bad debt expenses incurred during the POR (and only pro-rating where there is a provision for bad debt (an account covering estimated future bad debt expenses), a circumstance not present here).

APSA requests that the Department supplement its rationale by stating that: 1) pro-rating provisions for bad debt make them more accurate; while 2) pro-rating bad debts recorded under the direct write-off method would invite manipulation and abuse. APSA claims that the former is true because it recognizes that the provision for bad debt amount may change from year to year as the company's estimates of its bad debt expenses evolve. On the other hand, APSA argues that if the Department pro-rated all debts written off at the end of a fiscal year, companies could control the amount of bad debt expenses picked up in any given review period by the timing of when these expenses were recorded in their accounting records.

Department's Position

We disagree with LFF. As an initial matter, we note that the Court directed the Department to:

> explain why its failure to pro-rate this write-off is not arbitrary in light of its determination under apparently like factual circumstances in Saccharin from PRC, 68 Fed. Reg. 27,530; Saccharin from PRC I & D Mem. Cmt. 10 at 20 n.5, and Pipe from Korea II, 75 Fed. Reg. 34,980; Pipe from Korea II I & D Mem. Cmt. 4 at 21-22.

Therefore, the analysis set forth above is not "post hoc," but rather it is an explanation provided in response to the Court's explicit instructions. Nothing in the Court's decision "rejects" the Department's analysis of its treatment of provisions for bad debt, its treatment of debt written off for the fiscal year after a truncated POI/POR, or its normal treatment of debt written off for a fiscal year during a normal 12 month review period. Rather, while the Court did characterize the two administrative proceedings at issue as involving "apparently like factual circumstances," it did not bar the Department from explaining why those cases were, in fact, factually different (i.e., the operative word is "apparently"). To comply fully with the Court's instructions, we have described the factual circumstances in both Saccharin from the PRC and Pipe from Korea II, and then explained why, although some of the facts in those cases appear similar to the facts in the administrative review before the Court, in fact, on a closer reading, the differences between those cases and this administrative review were significant for purposes of the Department's analysis of LFF's treatment of bad debt.

With regard to LFF's assertion that the Department offered no administrative case citations as proof that it does not pro-rate end-of-year expenses, as LFF is aware, a large percentage of the Department's decisions in antidumping duty investigations and administrative reviews involve a significant amount of business proprietary data. If the Department employs its standard methodology and the company to whom the methodology is applied does not question it, the Department often will not detail its methodology in any public document (but only in a proprietary calculation memorandum).[8] Accordingly, although the Department's standard methodology is to not pro-rate end-of-year expenses, we have found no publicly available determination which addressed this exact issue in detail.[9] However, the purpose of this remand redetermination is to explain the Department's methodology in greater detail, and the Department has therefore complied with that directive fully.

It is instructive to point out that LFF also cited no cases to support its claims, other than arguing that Saccharin from the PRC and Pipe from Korea II contradict this rule. However, as explained further below, LFF has misinterpreted the Department's actions in both of these cases, and thus neither supports LFF's argument.

[8] It is worth noting that it is common for Indian shrimp producers to make year-end accounting adjustments, and in past administrative reviews, the Department has not pro-rated those expenses for other respondents, but instead applied its standard methodology. LFF has not cited any instance in which this was not this case. Nor did LFF, in challenging the Department's description of its standard practice, point to any instruction in the standard antidumping duty questionnaire requiring respondents to: 1) report expenses recorded at a company's fiscal year-end, irrespective of whether the month in which the expenses were recorded fell within the POR (for LFF, this would be March 2009 and March 2010); and then 2) include only a pro-rated portion of these expenses in their reported data. This is because the Department does not request that respondents report their expenses in such a manner. Despite LFF's claims to the contrary, it is not the Department's practice to pro-rate expenses in the manner LFF advocates.

[9] To the extent that the Department has addressed the "direct write-off method for doubtful accounts" publicly, it has been in response to other arguments. See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Glycine From India, 73 FR 16640 (March 28, 2008), and accompanying Issues and Decision Memorandum at Comment 2 (Glycine from India). In Glycine from India, the respondent argued that the Department should not include its expenses in indirect selling expenses, but instead in the calculation of general and administrative (G&A) expenses. Id. The Department treated the written-off debt as an indirect selling expense, and no argument was made that such treatment should be on a pro-rata basis. See also Notice of Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the Republic of Korea, 72 FR 60630 (October 25, 2005), and accompanying Issues and Decision Memorandum at Comment 14 (where the Department also declined to offset G&A expenses by the amount of bad debt expenses).

With respect to Saccharin from the PRC, LFF argues that the difference in the length of time under consideration (i.e., six vs. 12 months) is irrelevant. Rather, LFF claims that the salient facts are that: 1) the respondent in Saccharin from the PRC, like LFF, recorded its bad debt expense in its financial statements at end of its fiscal year; and 2) both write-offs occurred outside the period under consideration. According to LFF, the Department's decision to increase the respondent's indirect selling expenses in Saccharin from the PRC made the calculations more accurate, whereas here it made the calculations less so.

The facts, however, distinguish these cases as both write-offs did not occur outside the POR. LFF's write-off occurred within the POR, which is the reason that the Department included it within LFF's indirect selling expenses in the review period at issue. Moreover, despite LFF's contention to the contrary, the Department did not treat inconsistently the bad debt expenses incurred by the respondent in Saccharin from the PRC. Rather, as with LFF's expenses, we insured that year-end expenses were appropriately captured in our calculations. In Saccharin from the PRC, we included half of the respondent's total bad debt expenses in its indirect selling expenses because: 1) the respondent recorded a full year's (i.e., 12 months) expenses at the end of its fiscal year; 2) the respondent reported no bad debt expenses in its questionnaire response; and 3) failing to apportion these expenses would have understated the respondent's costs. As we noted in the decision memorandum issued in that case, the respondent's choice of when to record these expenses was made solely as a matter of completing the books for the year; it was not made because the expenses related only to that particular month or day. Because of this, it was reasonable to attribute half of the expenses to the POI, given that this period was six months (i.e., half of 12 months). Thus, instead of being irrelevant, the fact that the POI in Saccharin from the PRC was six months was pivotal.

In essence, LFF's argument is that the year-end expenses in Saccharin from the PRC related equally to months one through 12, and thus the Department correctly included a pro-rated portion of these expenses related to months one through six in its calculations. LFF appears to conclude from this, however, that, had the POI spanned two fiscal years (for example, November through April), the Department would have included only four months of the bad debt expenses in its calculations, rather than six, because only four months of the POI (i.e., January through April) fell in that fiscal year. We disagree that this conclusion can be drawn from the facts presented. Under that hypothetical situation, in accordance with its practice, the Department would have taken any bad debt recorded as an adjusting entry at the end of the fiscal year that fell within the POI and divided that figure by two, under the same theory that a full year's worth of bad debt expenses should not be captured in a six-month POI.

In summary, we agree with LFF that the Department's treatment of bad debt expenses in Saccharin from the PRC increased the accuracy of our calculations. LFF is incorrect, however, on the assumptions it makes in describing the reason the Department pro-rated the end-of-year bad debt expenses in that case.

With respect to Pipe from Korea II, LFF disputes the Department's statement that the case involved a provision for bad debt, characterizing this statement as a post-hoc rationalization developed in the context of the litigation. However, the Department clearly indicated in Pipe from Korea II that the issue involved an "allowance for doubtful accounts," a "bad debt allowance," or a "provision."[10] Therefore, contrary to LFF's claim, the Department's interpretation of this case is expressly supported by the plain language in the final results.

As for LFF's final argument, that the rationale for pro-rating the expenses in Pipe from Korea II applies equally here, we disagree. In that case, the Department had two years of year-end provision expenses on the record, and thus it was able to include a full year's bad debt expenses in its calculations. Here, there is only one year of bad debt expenses on the record. As a result, even if the Department were to find it appropriate to pro-rate these expenses (which we do not), we could not do so without omitting relevant expenses incurred in the fiscal year, which concluded after the end of the POR.

Finally, we have considered APSA's argument that pro-rating bad debts recorded under the direct write-off method would invite manipulation and abuse. We agree with APSA that it would be inappropriate to pro-rate LFF's bad debt here, in part due to the fact that doing so highlights LFF's manipulation of the dumping analysis by excluding the portion of the pro-rated expense applicable to the previous review period. Significantly, LFF did not report a pro-rated portion of these expenses there; if these expenses are not included in the analysis for the period under consideration, they would never be captured in the calculation of LFF's margin although they clearly pertain.

[10] Specifically, the Issues and Decision Memorandum issued in Pipe from Korea II stated at Comment 4:

> {W}e are including SeAH's allowance for doubtful accounts in the indirect selling expenses. We have used the amount of PPA's provision expensed in each year. Specifically, we used a pro-rated 2/12 share for the 2007 provision and a pro-rated 10/12 share for the 2008 provision. We agree with SeAH that including the entire allowance of doubtful accounts from both years would result in overstating the bad debt allowance.

E. FINAL RESULTS OF REDETERMINATION

As directed by the Court, we have explained why the Department's methodology in the Final Results is reasonable and consistent with the Department's analysis in Saccharin from the PRC and Pipe from Korea II.

Paul Piquado
Assistant Secretary
for Import Administration

11/15/2011
(Date)