



A-423-812
Administrative Review
POR: 5/1/2020-4/30/2021
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December 2, 2022

MEMORANDUM TO: Lisa W. Wang
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Issues and Decision Memorandum for the Final Results of the
2020-2021 Administrative Review of the Antidumping Duty
Order on Certain Carbon and Alloy Steel Cut-To-Length Plate
from Belgium

I. SUMMARY

We analyzed the comments of interested parties in the 2020-2021 administrative review of the antidumping duty (AD) order covering certain carbon and alloy steel cut-to-length plate (CTL plate) from Belgium. As a result of our analysis, we made changes to the margin calculations from the *Preliminary Results* for the mandatory respondent in this review, Industeel Belgium S.A. (Industeel).¹ We recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum. Below is the complete list of issues in this administrative review for which we received comments from the interested parties.

Comment 1: Application of Facts Available to Home Market Inland Freight

Comment 2: Adjustment to Scrap Offset

Comment 3: Adjustments to General and Administrative Expense Ratio

II. BACKGROUND

On June 6, 2022, the Department of Commerce (Commerce) published the *Preliminary Results* of this administrative review.² This administrative review covers Industeel.³ The period of review (POR) is May 1, 2020, through April 30, 2021.

¹ See *Certain Carbon and Alloy Steel Cut-to-Length Plate from Belgium: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review; 2020-2021*, 87 FR 34244 (June 6, 2022) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum (PDM).

² See *Preliminary Results*.

³ *Id.* at 87 FR 34245-46.



On August 1, 2022, we extended the deadline for the final results until December 2, 2022.⁴ On October 6, 2022, we released the final verification report and invited parties to comment on the *Preliminary Results*.⁵ On October 13, 2022, we received a case brief from the petitioner, Nucor Corporation.⁶ On October 24, 2022, we received a rebuttal brief from Industeel.⁷ On November 28, 2022, the petitioner requested that we reject Industeel's rebuttal brief because it contained untimely new factual information.⁸ On November 30, 2022, Industeel responded to the petitioner's allegation by explaining where the information in its rebuttal brief is located in its submissions.⁹ In making our decision for the final results below, we relied on the information on the record and find that Industeel's rebuttal brief did not contain untimely new factual information.

III. SCOPE OF THE ORDER

The products covered by this order are certain carbon and alloy steel hot-rolled or forged flat plate products not in coils, whether or not painted, varnished, or coated with plastics or other nonmetallic substances (cut-to-length plate). Subject merchandise includes plate that is produced by being cut-to-length from coils or from other discrete length plate and plate that is rolled or forged into a discrete length. The products covered include: (1) Universal mill plates (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, and of a thickness of not less than 4 mm, which are not in coils and without patterns in relief); and (2) hot-rolled or forged flat steel products of a thickness of 4.75 mm or more and of a width which exceeds 150 mm and measures at least twice the thickness, and which are not in coils, whether or not with patterns in relief. The covered products described above may be rectangular, square, circular or other shapes and include products of either rectangular or nonrectangular cross-section where such non-rectangular cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been "worked after rolling" (*e.g.*, products which have been beveled or rounded at the edges).

For purposes of the width and thickness requirements referenced above, the following rules apply:

(1) except where otherwise stated where the nominal and actual thickness or width measurements vary, a product from a given subject country is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and

⁴ See Memorandum, "Extension of Deadline for Final Results of 2020-2021 Antidumping Duty Administrative Review," dated August 1, 2022.

⁵ *Id.* at 87 FR 34245; see also Memorandum, "Verification of Industeel Belgium S.A.," dated October 4, 2022 (Industeel Verification Report); and Memorandum, "Briefing Schedule for the Final Results," dated October 6, 2022.

⁶ See Petitioner's Letter, "Nucor's Case Brief," dated October 13, 2022 (Petitioner Case Brief).

⁷ See Industeel's Letter, "Industeel's Rebuttal Brief," dated October 24, 2022 (Industeel Rebuttal Brief).

⁸ See Petitioner's Letter, "Request to Reject Industeel's Rebuttal Brief," dated November 28, 2022.

⁹ See Industeel's Letter, "Industeel's Response to Petitioner's Letter," dated November 30, 2022.

(2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this order are products in which: (1) iron predominates, by weight, over each of the other contained elements; and (2) the carbon content is 2 percent or less by weight.

Subject merchandise includes cut-to-length plate that has been further processed in the subject country or a third country, including but not limited to pickling, oiling, levelling, annealing, tempering, temper rolling, skin passing, painting, varnishing, trimming, cutting, punching, beveling, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the order if performed in the country of manufacture of the cut-to-length plate. All products that meet the written physical description, are within the scope of this order unless specifically excluded or covered by the scope of an existing order. The following products are outside of, and/or specifically excluded from, the scope of this order:

(1) products clad, plated, or coated with metal, whether or not painted, varnished or coated with plastic or other non-metallic substances;

(2) military grade armor plate certified to one of the following specifications or to a specification that references and incorporates one of the following specifications:

- MIL-A-12560,
- MIL-DTL-12560H,
- MIL-DTL-12560J,
- MIL-DTL-12560K,
- MIL-DTL-32332,
- MIL-A-46100D,
- MIL-DTL-46100-E,
- MIL-46177C,
- MIL-S-16216K Grade HY80,
- MIL-S-16216K Grade HY100,
- MIL-S-24645A HSLA-80;
- MIL-S-24645A HSLA-100,
- T9074-BD-GIB-010/0300 Grade HY80,
- T9074-BD-GIB-010/0300 Grade HY100,
- T9074-BD-GIB-010/0300 Grade HSLA80,
- T9074-BD-GIB-010/0300 Grade HSLA100, and
- T9074-BD-GIB-010/0300 Mod. Grade HSLA115,

except that any cut-to-length plate certified to one of the above specifications, or to a military grade armor specification that references and incorporates one of the above specifications, will not be excluded from the scope if it is also dual – or multiple-certified to any other non-armor specification that otherwise would fall within the scope of this order;

(3) stainless steel plate, containing 10.5 percent or more of chromium by weight and not more than 1.2 percent of carbon by weight;

(4) CTL plate meeting the requirements of ASTM A-829, Grade E 4340 that are over 305 mm in actual thickness;

(5) Alloy forged and rolled CTL plate greater than or equal to 152.4 mm in actual thickness meeting each of the following requirements:

(a) Electric furnace melted, ladle refined & vacuum degassed and having a chemical composition (expressed in weight percentages):

- Carbon 0.23-0.28,
- Silicon 0.05-0.20,
- Manganese 1.20-1.60,
- Nickel not greater than 1.0,
- Sulfur not greater than 0.007,
- Phosphorus not greater than 0.020,
- Chromium 1.0-2.5,
- Molybdenum 0.35-0.80,
- Boron 0.002-0.004,
- Oxygen not greater than 20 ppm,
- Hydrogen not greater than 2 ppm, and
- Nitrogen not greater than 60 ppm;

(b) With a Brinell hardness measured in all parts of the product including mid thickness falling within one of the following ranges:

- (i) 270-300 HBW,
- (ii) 290-320 HBW, or
- (iii) 320-350HBW;

(c) Having cleanliness in accordance with ASTM E45 method A (Thin and Heavy): A not exceeding 1.5, B not exceeding 1.0, C not exceeding 0.5, D not exceeding 1.5; and

(d) Conforming to ASTM A578-S9 ultrasonic testing requirements with acceptance criteria 2 mm flat bottom hole;

(6) Alloy forged and rolled steel CTL plate over 407 mm in actual thickness and meeting the following requirements:

(a) Made from Electric Arc Furnace melted, Ladle refined & vacuum degassed, alloy steel with the following chemical composition (expressed in weight percentages):

- Carbon 0.23-0.28,
- Silicon 0.05-0.15,
- Manganese 1.20-1.50,
- Nickel not greater than 0.4,
- Sulfur not greater than 0.010,

- Phosphorus not greater than 0.020,
- Chromium 1.20-1.50,
- Molybdenum 0.35-0.55,
- Boron 0.002-0.004,
- Oxygen not greater than 20 ppm,
- Hydrogen not greater than 2 ppm, and
- Nitrogen not greater than 60 ppm;

(b) Having cleanliness in accordance with ASTM E45 method A (Thin and Heavy): A not exceeding 1.5, B not exceeding 1.5, C not exceeding 1.0, D not exceeding 1.5;

(c) Having the following mechanical properties: (i) With a Brinell hardness not more than 237 HBW measured in all parts of the product including mid thickness; and having a Yield Strength of 75ksi min and UTS 95ksi or more, Elongation of 18% or more and Reduction of area 35% or more; having charpy V at -75 degrees F in the longitudinal direction equal or greater than 15 ft. lbs (single value) and equal or greater than 20 ft. lbs (average of 3 specimens) and conforming to the requirements of NACE MR01-75; or (ii) With a Brinell hardness not less than 240 HBW measured in all parts of the product including mid thickness; and having a Yield Strength of 90 ksi min and UTS 110 ksi or more, Elongation of 15% or more and Reduction of area 30% or more; having charpy V at -40 degrees F in the longitudinal direction equal or greater than 21 ft. lbs (single value) and equal or greater than 31 ft. lbs (average of 3 specimens);

(d) Conforming to ASTM A578-S9 ultrasonic testing requirements with acceptance criteria 3.2 mm flat bottom hole; and

(e) Conforming to magnetic particle inspection in accordance with AMS 2301;

(7) Alloy forged and rolled steel CTL plate over 407 mm in actual thickness and meeting the following requirements:

(a) Made from Electric Arc Furnace melted, ladle refined & vacuum degassed, alloy steel with the following chemical composition (expressed in weight percentages):

- Carbon 0.25-0.30,
- Silicon not greater than 0.25,
- Manganese not greater than 0.50,
- Nickel 3.0-3.5,
- Sulfur not greater than 0.010,
- Phosphorus not greater than 0.020,
- Chromium 1.0-1.5,
- Molybdenum 0.6-0.9,
- Vanadium 0.08 to 0.12
- Boron 0.002-0.004,
- Oxygen not greater than 20 ppm,
- Hydrogen not greater than 2 ppm, and
- Nitrogen not greater than 60 ppm.

(b) Having cleanliness in accordance with ASTM E45 method A (Thin and Heavy): A not exceeding 1.0(t) and 0.5(h), B not exceeding 1.5(t) and 1.0(h), C not exceeding 1.0(t) and 0.5(h), and D not exceeding 1.5(t) and 1.0(h);

(c) Having the following mechanical properties: A Brinell hardness not less than 350 HBW measured in all parts of the product including mid thickness; and having a Yield Strength of 145ksi or more and UTS 160ksi or more, Elongation of 15% or more and Reduction of area 35% or more; having charpy V at -40 degrees F in the transverse direction equal or greater than 20 ft. lbs (single value) and equal or greater than 25 ft. lbs (average of 3 specimens);

(d) Conforming to ASTM A578-S9 ultrasonic testing requirements with acceptance criteria 3.2 mm flat bottom hole; and

(e) Conforming to magnetic particle inspection in accordance with AMS 2301.

The products subject to the order are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7208.40.3030, 7208.40.3060, 7208.51.0030, 7208.51.0045, 7208.51.0060, 7208.52.0000, 7211.13.0000, 7211.14.0030, 7211.14.0045, 7225.40.1110, 7225.40.1180, 7225.40.3005, 7225.40.3050, 7226.20.0000, and 7226.91.5000.

The products subject to the order may also enter under the following HTSUS item numbers: 7208.40.6060, 7208.53.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.19.1500, 7211.19.2000, 7211.19.4500, 7211.19.6000, 7211.19.7590, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7214.10.0000, 7214.30.0010, 7214.30.0080, 7214.91.0015, 7214.91.0060, 7214.91.0090, 7225.11.0000, 7225.19.0000, 7225.40.5110, 7225.40.5130, 7225.40.5160, 7225.40.7000, 7225.99.0010, 7225.99.0090, 7226.11.1000, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.0500, 7226.91.1530, 7226.91.1560, 7226.91.2530, 7226.91.2560, 7226.91.7000, 7226.91.8000, and 7226.99.0180.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the order is dispositive.

IV. CHANGES SINCE THE PRELIMINARY RESULTS

We calculated export price and normal value (NV) for Industeel using the same methodology stated in the *Preliminary Results*, except as follows:

Changes to the Home Market Program:

- We revised Industeel's inventory carrying costs to include finished goods inventory maintained at locations other than the factory or port.¹⁰

¹⁰ See Industeel Verification Report at 2 and Verification Exhibits 1 and 16; see also Memorandum, "Final Calculation Memorandum for Industeel Belgium S.A.," dated December 2, 2022 (Final Calculation Memorandum) at 3.

- We revised Industeel’s commission rate for Industeel Deutschland to account for a revenue amount from Industeel Deutschland’s finalized profit and loss statement.¹¹
- For home market sequence number (SEQH) 91, we revised the associated billing adjustment for this sale.¹²
- For SEQH 470, we revised the associated inland freight to the customer for this sale.¹³
- We revised Industeel’s general and administrative (G&A) expense ratio to include an amount for “AM Treasury fees.” *See* Comment 3.

Changes to the Margin Program:

- We revised the billing and quantity adjustments for certain sales based on our findings at verification.¹⁴

V. DISCUSSION OF ISSUES

Comment 1: Application of Facts Available to Home Market Inland Freight

Petitioner Case Brief

- Commerce should apply facts available (FA) to Industeel’s reported home market inland freight to the customer (*i.e.*, INLFTCH) because Industeel failed to demonstrate that its calculation of INLFTCH is not distortive.¹⁵
- Industeel calculates its INLFTCH by dividing the total cost of freight associated with a given truck shipment by the total weight of merchandise on the shipment.¹⁶ However, this methodology is inherently distortive because it is not reasonable to assume that the cost of shipping goods a relatively short distance is less than the cost of shipping goods a relatively far distance.¹⁷

¹¹ *See* Industeel Verification Report at 2 and Verification Exhibits 1 and 13; *see also* Final Calculation Memorandum at 3.

¹² *See* Industeel Verification Report at 3 and Verification Exhibits 1 and 19; *see also* Final Calculation Memorandum at 3.

¹³ *See* Industeel Verification Report at 3 and Verification Exhibits 1 and 22; *see also* Final Calculation Memorandum at 3.

¹⁴ *See* Industeel Verification Report at 2 and Verification Exhibits 1 and 17; *see also* Final Calculation Memorandum at 2.

¹⁵ *See* Petitioner Case Brief at 7 and 9.

¹⁶ *Id.* at 7. While the petitioner indicated that this information was subject to the administrative protective order (APO), we note that the information in this context is public. *See* Industeel Rebuttal Brief at 2-3; *see also* Industeel’s Letter, “Industeel’s Response to the Second Sections B and C Supplemental Questionnaire,” dated May 12, 2022 (Industeel SSQR) at 4.

¹⁷ *See* Petitioner Case Brief at 7. While the petitioner indicated that this information was subject to the APO, we note that the information in this context is public in Industeel’s rebuttal brief. *See* Industeel Rebuttal Brief at 2-3.

- Industeel’s data demonstrate that, where delivery locations for sales are available, there are distinct INLFTCH expense bands for certain sales, which supports a determination that Industeel’s reported freight costs in the home market are distortive.¹⁸
- Even if Industeel’s methodology for reporting INLFTCH is the same as in prior segments, that does not mean that the reported expenses are accurate.¹⁹
- Given that Industeel has not accurately reported INLFTCH, Commerce should rely on the weighted-average inland freight cost for certain invoices as FA and apply that rate to Industeel’s sales where the INLFTCH appears distortive.²⁰

Industeel Rebuttal Brief

- Despite the petitioner’s allegations, prior precedent and record evidence demonstrate that Industeel’s methodology is the only reasonable means to accurately calculate inland freight expenses for home market sales.²¹
- The petitioner has not identified any facts in this review or flaws in Commerce’s reasoning that would distinguish Industeel’s reporting of INLFTCH from the prior reviews.²² Moreover, Commerce performed an on-site verification in this review where it further analyzed Industeel’s reporting methodology and found that Industeel’s payments to its carriers reconcile to Industeel’s accounting records.²³
- The petitioner’s allegations are incorrect, because an alternative reporting methodology based on distance traveled would necessarily rely on estimates.²⁴ Therefore, the reporting methodology for INLFTCH is reasonable, because the pricing structures of Industeel’s carriers do not readily permit an accurate, non-distortive calculation solely based on shipping destination.²⁵
- Record evidence disproves the petitioner’s argument that the cost of shipping an item to a more proximate destination must be less than shipping an item to a destination farther away.²⁶ The petitioner acknowledges this fact in its case brief where it concedes that the shipment example in Exhibit SSB-2-ii, which was a sole shipment delivered to a proximate location, has a relatively high expense for reasons other than distance.²⁷
- The petitioner’s reliance on 14 sales does not reasonably reflect the breadth of Industeel’s home market sales and associated inland freight expenses.²⁸ Therefore, Commerce should

¹⁸ See Petitioner Case Brief at 8-9 (citing Industeel’s Letter, “Industeel’s Response to Section B of {Commerce’s} Questionnaire,” dated October 18, 2021 (Industeel BQR) at Exhibit B-8; Industeel’s Letter, “Industeel’s Sections A-C Supplemental Questionnaire Response,” dated March 23, 2022 (Industeel SQR) at Exhibit SB-11; and Industeel Verification Report at Verification Exhibits 18-22, 24, and 25).

¹⁹ *Id.* at 9.

²⁰ *Id.*

²¹ See Industeel Rebuttal Brief at 1-2 (citing *Certain Carbon and Alloy Steel Cut-To-Length Plate from Belgium: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2019-2020*, 87 FR 7116 (February 8, 2022), and accompanying Issues and Decision Memorandum (IDM) at Comment 2).

²² *Id.*

²³ *Id.* at 2-3 (citing Industeel Verification Report at 12).

²⁴ *Id.* at 2-3.

²⁵ *Id.* at 3.

²⁶ *Id.* at 3-4.

²⁷ *Id.* at 4 (citing Petitioner Case Brief at 8; and Industeel SSQR at Exhibit SSB-2-ii).

²⁸ *Id.* at 4.

not apply FA to Industeel's INLFTCH because Industeel's reporting methodology is reasonable and these expenses reconcile to Industeel's accounting records.²⁹

Commerce's Position:

We disagree that an application of FA is warranted for the final results with respect to Industeel's reported home market inland freight expenses. Therefore, Commerce is maintaining the approach used in the *Preliminary Results*.

Sections 776(a)(1) and 776(a)(2) of the Act provide that Commerce shall, subject to section 782(d) of the Act, use the facts otherwise available in reaching the applicable determination if necessary information is not on the record or if an interested party: (A) withholds information that has been requested by Commerce; (B) fails to provide such information in a timely manner or in the form or manner requested, subject to section 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding; or (D) provides such information but the information cannot be verified as provided for in section 782(i) of the Act.

We determine that necessary information is not missing from the record and that Industeel did not withhold requested information, fail to provide information in a timely manner or in the form requested, significantly impede the proceeding, or provide unverifiable information within the meaning of section 776(a) of the Act. Industeel responded in full to all requests for home market inland freight expenses throughout this administrative review and has, as required, reported its expenses consistent with Commerce's requests. Further, as stated in the verification report, we noted no discrepancies with Industeel's reporting of home market inland freight expenses.³⁰

In the initial questionnaire, we requested that Industeel report whether it had any home market inland freight expenses, to which Industeel responded that, "Industeel normally sells to its home market customers on a delivered basis, though occasionally, its customers will pick up merchandise at the factory.... Industeel calculates a per-metric ton (MT) cost of inland transportation (on the basis of sales weight), and reports that amount in field INLFTCH_S. In field INLFTCH, Industeel reports the per-MT cost of inland freight on a production weight basis, using the conversion factor in field THEORETH {(i.e., theoretical conversion to a production weight basis)}."³¹ We then requested that Industeel explain why certain sales had reported INLFTCH that varied significantly for sales to the same customers at the same locations during the POR.³² In its supplemental response, Industeel informed Commerce that the "variations were due to the particular circumstances of the shipments at issue" and provided supporting explanations, as well as documentation for each sale Commerce identified.³³

Following Industeel's supplemental response, the petitioner provided comments on Industeel's reporting of INLFTCH, stating that Industeel's methodology and explanation required further

²⁹ *Id.*

³⁰ See Industeel Verification Report at 12.

³¹ See Industeel BQR at 46 and Exhibit B-8.

³² See Industeel SQR at 22.

³³ *Id.* at 22-23 and Exhibit SB-11.

clarification.³⁴ We requested that Industeel revise its calculation of INLFTCH to be on a transaction-specific basis, or to explain why it is not possible to do so, and explain how Industeel's methodology is the most accurate basis for reporting INLFTCH. Industeel explained that it reports these expenses on a "{Euro per MT}" basis by dividing the total cost of freight associated with a given shipment, as invoiced by the carrier, by the total weight of merchandise being transported on that shipment," which is the same methodology Industeel has employed since the investigation and all subsequent administrative reviews.³⁵ Further, Industeel explained that its calculation of INLFTCH is the only approach that is not distortive due to the varying pricing structures of its carriers and Industeel's inability to break out the carriers' charges and that any other methodology would be distortive because it would rely on estimates.³⁶

The petitioner argues that a comparison of certain sales and the reported INLFTCH reveals discrepancies that appear to create distinct bands of sales with similar INLFTCH expenses, which in turn demonstrates a distortive methodology. However, we note that Industeel supplied multiple shipping invoices for various sales in the home market and reasonable explanations as to why its calculations are not distortive, despite variation in expenses for shipments to the same customer or location.³⁷ Moreover, we verified Industeel's responses.³⁸ In the verification report, we describe our findings regarding the transaction-specific expenses for eight individually examined home market sales, which includes the expenses related to inland freight to the customer.³⁹ With the exception of one sale for which Industeel inadvertently made an error in the calculation of this expense, we noted no discrepancies related to Industeel's reporting of INLFTCH.⁴⁰

While the petitioner argues that 14 of Industeel's home market sales appear to show that price correlates to distance, the inverse of this relationship is also true, as the petitioner recognizes in its case brief and as Industeel demonstrated in its second supplemental response.⁴¹ Moreover, the petitioner has not addressed other aspects of Industeel's responses which demonstrate that distance is not the only factor in determining inland freight expenses. For example, Industeel stated that tonnage was a factor in determining home market freight expenses by noting that, "{a}lthough the total transport charges for these shipments {(i.e., SEQHs 37 and 502)} were similar, the per unit charges reported in the field INLFTCH were dissimilar due to the significantly lower tonnage in the shipment for SEQH 37."⁴² Industeel's responses to our questionnaires and our verification of Industeel's responses support the methodology by which Industeel reported INLFTCH in this review. Given the pricing structures of Industeel's carriers and the supporting evidence on the record, we find that Industeel's reporting of INLFTCH by dividing the total cost of freight associated with a given shipment, as invoiced by the carrier, by

³⁴ See Petitioner's Letter, "Comments on Industeel's 1st A-C Supplemental Questionnaire Response," dated April 4, 2022, at 4-6.

³⁵ See Industeel SSQR at 3-4.

³⁶ *Id.* at 3-5.

³⁷ See Industeel SQR at 22-23 and Exhibit SB-11; see also Industeel SSQR at 3-5 and Exhibit SSB-2.

³⁸ See Industeel Verification Report.

³⁹ *Id.* at 11-12 and Verification Exhibits 18-25.

⁴⁰ *Id.* at 12.

⁴¹ See Industeel SSQR at 4 and Exhibit SSB-2-iii; see also Petitioner Case Brief at 8.

⁴² See Industeel SQR at 22.

the total weight of merchandise being transported on that shipment is a reasonable methodology to report this expense.

Thus, we find that Industeel has provided adequate responses for the sales for which we requested information and substantiated its reporting of home market inland freight. Further, we find that necessary information regarding Industeel's reporting of INLFTCH is not missing from the record and that Industeel has not withheld information or otherwise impeded the proceeding pursuant to section 776(a) of the Act. Accordingly, for these final results, we find the application of FA unwarranted, and we relied on Industeel's reported home market inland freight expenses.

Comment 2: Adjustment to Scrap Offset

Petitioner Case Brief

- Record information demonstrates that Industeel may have offset its reported direct material costs not only with scrap generated during production, but also with scrap purchases.⁴³
- In a supplemental questionnaire response, Industeel explained that the inventory movement schedule reported for the internally generated scrap used to offset manufacturing costs includes both internally generated scrap and purchased scrap grouped together in Exhibit D-11. There are no grounds for offsetting direct material costs with the value of purchased scrap, and Industeel has not demonstrated that its reported scrap offset does not include the purchased scrap.⁴⁴
- Respondents must demonstrate their eligibility for favorable adjustments.⁴⁵ Because Industeel has failed to provide any record evidence that its reported scrap offset is based solely on generated scrap, Commerce should deny Industeel's scrap offset, or, as an alternative, adjust the offset to exclude the portion that is estimated to be related to purchased, rather than generated, scrap.⁴⁶

Industeel Rebuttal Brief

- The petitioner fails to understand how Industeel's scrap offset was calculated during the POR, which Industeel explained in its responses.⁴⁷
- Commerce should reject the petitioner's argument, because Industeel does not base its calculation of a scrap offset for production on scrap inventory. Thus, there is no basis to make an adjustment to Industeel's scrap offset.⁴⁸

⁴³ See Petitioner Case Brief at 2-3 (citing Industeel's Letter, "Industeel's Response to Section D of {Commerce's} Questionnaire," dated October 18, 2021 (Industeel DQR)).

⁴⁴ *Id.* at 3.

⁴⁵ *Id.* (citing *Certain Crystalline Silicon Photovoltaic Products from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2014-2016*, 82 FR 32170, (July 12, 2017), and accompanying IDM at 26.

⁴⁶ *Id.* at 3-4.

⁴⁷ See Industeel Rebuttal Brief at 4-5 (citing Petitioner Case Brief at 3-4; and Industeel DQR at 14-15).

⁴⁸ *Id.* at 5-6.

Commerce's Position:

We disagree that we should reject or adjust Industeel's calculated offset for scrap generated during the production of CTL plate.

In the initial questionnaire, we requested that Industeel provide an inventory movement schedule that shows monthly quantities and values of scrap generated and consumed during the POR.⁴⁹ Industeel provided a schedule for its internal scrap inventory and stated that the monthly entries included internal scraps recovered from production and purchases of similar scrap grade for scraps involved in the production of subject merchandise.⁵⁰ For a selected month and internal scrap code, Industeel provided a list of the entries by inventory movement type code (recovered versus purchased scrap).⁵¹ In a supplemental questionnaire, Industeel further explained that these particular scrap purchases have a similar chemical analysis as the internally generated scrap and are, therefore, physically stocked and recorded with the internally generated scrap, rather than with the company's externally purchased carbon scrap inventories.⁵² In the same supplemental questionnaire, we obtained another detailed list of the entries and exits of internal scrap by inventory movement type for a different month.⁵³ In these monthly inventory details, we can isolate scrap generated from scrap purchased.

While Industeel's reporting of all "internal scrap" inventories (*i.e.*, both scrap generated and scrap purchased) rather than only scrap-generated inventories may have caused some confusion, the reported inventory movement schedule does not demonstrate that the purchased scrap values offset manufacturing costs. In responding to Commerce, Industeel explained that it offsets production costs by the current market value of the scrap quantities that are generated during production.⁵⁴ We find that Industeel's cost buildup worksheets confirm that Industeel's reported scrap offsets were based only on the quantities of scrap that were generated during production.⁵⁵ Moreover, based on our review of the overall cost reconciliation, we found no evidence that Industeel reduced the total reported costs by internal scrap purchases.⁵⁶ Consequently, for the final results, we have continued to accept Industeel's reported scrap offset.

⁴⁹ See Industeel DQR at Exhibit D-11.

⁵⁰ See Industeel Rebuttal Brief at 5; *see also* Industeel DQR at Exhibit D-11.

⁵¹ See Industeel DQR at Exhibit D-11.

⁵² See Industeel's Letter, "Industeel's Response to Supplemental Section D of {Commerce's} Questionnaire," dated April 29, 2022 (Industeel SDQR) at 4-5.

⁵³ *Id.* at Exhibit SD-2.

⁵⁴ See Industeel DQR at D-20 to D-21.

⁵⁵ See Industeel SDQR at Exhibits SD-13 and SD-14.

⁵⁶ See Industeel DQR at Exhibit D-15.

Comment 3: Adjustments to General and Administrative Expense Ratio

Petitioner Case Brief

- Commerce should exclude Industeel’s addition of the change in finished goods inventory (*i.e.*, “stock variation FP”) and purchased and resold finished products (*i.e.*, “purchase of finished products”) from the denominator of Industeel’s G&A expense ratio calculation.⁵⁷
- Commerce directed Industeel in a supplemental questionnaire to provide an explanation for its inclusion of “stock variation FP” and “purchase of finished products” to the cost of manufacturing (COM) for the G&A expense ratio calculation. Industeel responded that “G&A is allocated across all products sold during the period. Therefore, the denominator of the G&A ratio is the cost of goods sold.”⁵⁸ However, the G&A expense ratio is not applied to the cost of goods sold (COGS), it is applied to COM plus packing.”⁵⁹
- Industeel also failed to notify Commerce why it removed “AM treasury fees” from the G&A expense calculation.⁶⁰ Commerce should revise Industeel’s G&A expenses to include “AM treasury fees” since Industeel did not explain why such a change was necessary.⁶¹

Industeel Rebuttal Brief

- The reported G&A expense ratio is consistent with Commerce’s initial questionnaire instructions and practice for determining the G&A expense ratio.⁶²
- Contrary to the petitioner’s argument, it is not Commerce’s practice to adjust the fiscal year COGS to the COM; rather, Commerce allocates POR expenses to product costs based on the fiscal year COGS of the fiscal year that most closely matches the POR.⁶³ Therefore, Commerce should disregard the petitioner’s argument and continue using Industeel’s reported G&A expense ratio for the final results.⁶⁴
- Regarding the “AM treasury fees,” these fees are included in indirect costs and were removed from the G&A expense ratio calculation to avoid double counting.⁶⁵ Should Commerce determine that it is necessary to include “AM treasury fees” in the G&A expense ratio calculation, then Commerce should remove the same fees from Industeel’s indirect costs.⁶⁶

⁵⁷ See Petitioner Case Brief at 5-6.

⁵⁸ *Id.* at 5 (citing Industeel SDQR at 17).

⁵⁹ *Id.* at 5-6 (citing Memorandum, “Preliminary Calculation Memorandum for Industeel Belgium S.A.,” dated May 27, 2022 (Preliminary Calculation Memorandum) at 2).

⁶⁰ *Id.* at 6 (citing Industeel DQR at Exhibit D-13; and Industeel SDQR at Exhibit SD-15).

⁶¹ *Id.* at 6. The petitioner also notes in a table provided at page 6 of its case brief that Commerce should include an amount for “Inventory Valuation Loss” in its calculation of the G&A expense ratio, without providing an explanation.

⁶² See Industeel Rebuttal Brief at 6 (citing Industeel DQR at 34; *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Final Results of the Fifteenth Administrative Review*, 75 FR 13490 (March 22, 2010), and accompanying IDM at Comment 16; and *Notice of Final Determination of Sales at Less Than Fair Value: Live Swine from Canada*, 70 FR 12181 (March 11, 2005), and accompanying IDM at Comment 40).

⁶³ *Id.* at 6.

⁶⁴ *Id.*

⁶⁵ *Id.* at 7 (citing Industeel SDQR at Exhibit SD-15).

⁶⁶ *Id.*

- The petitioner’s proposed revision to the G&A expense ratio inexplicably includes an additional amount for “Inventory Valuation Loss,” which Commerce should disregard.⁶⁷

Commerce’s Position:

We disagree that we should exclude the amounts listed for “stock variation FP” and “purchase of finished products” from the denominator in the G&A expense ratio calculation. With regard to the total G&A expenses, *i.e.*, the numerator in the calculation, we have revised the numerator to include the amounts for “AM treasury fees” and continued to include “Inventory Valuation Loss.”

Regarding the denominator in the G&A expense ratio, it is Commerce’s long-standing practice to calculate the G&A and financial expense ratios using COGS rather than COM as the denominator.⁶⁸ As with many cost allocation issues that arise during the course of an antidumping proceeding, there may be more than one way to reasonably allocate the costs at issue, which is precisely why Commerce has developed a consistent and predictable approach to calculating the G&A and financial expenses. The use of COGS as the denominator affords consistency across cases and is not results driven. Moreover, in the initial questionnaire, we requested that Industeel compute G&A expenses on an annual basis as a ratio of total company-wide G&A expenses divided by COGS.⁶⁹ In its responses, Industeel demonstrated that it was necessary to add the stock variation FP, *i.e.*, the change in finished goods inventories, to its fiscal year 2020 COM to calculate the fiscal year 2020 COGS.⁷⁰ Therefore, we find it appropriate to include the stock variation FP amount in the denominator in the G&A expense ratio.

We also find it in accordance with Commerce’s practice to include the COGS for purchased and resold finished goods in the denominator of the G&A expense ratio.⁷¹ Commerce recognizes that G&A and financial expenses are incurred to support a range of activities within the company’s overall operations. Thus, Commerce’s practice is to burden all COGS activities with a proportional amount of G&A and financial expenses. Based on Industeel’s description of “stock variation FP” and “purchase of finished products,” as well as our initial instructions and practice, we find that Industeel’s inclusion of these items in the G&A expense ratio calculation is reasonable and supported by record evidence.

Regarding the AM treasury fees, we have included the amount in the numerator of the G&A expense ratio calculation. Industeel included the fees as a G&A expense in the original section D response, but, without any explanation, the company later omitted the fees from the G&A

⁶⁷ *Id.*

⁶⁸ See, e.g., *Certain Circular Welded Carbon Steel Pipes and Tubes from Taiwan: Final Results of Antidumping Duty Administrative Review, 2017-2018*, 85 FR 3618 (January 22, 2020) (*CWP from Taiwan*), and accompanying IDM at Comment 4; *Certain Pasta from Italy: Notice of Final Results of the Eleventh Administrative Review and Partial Rescission of Review*, 73 FR 75400 (December 11, 2008), and accompanying IDM at Comment 10.

⁶⁹ See Industeel DQR at 34.

⁷⁰ See Industeel SDQR at 17-18 and Exhibit SD-15.

⁷¹ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Negative Critical Circumstances Determination: Bottom Mount Combination Refrigerator-Freezers from the Republic of Korea*, 77 FR 17413 (March 25, 2012), and accompanying IDM at Comment 33; and *CWP Taiwan* IDM at Comment 4.

expense ratio calculation reported in a subsequent submission.⁷² In its rebuttal brief, Industeel claims that the AM treasury fees are included as COM under an account for management fees.⁷³ However, in doing so, Industeel cites only the revised G&A expense ratio calculation exhibit as evidence.⁷⁴ While the revised exhibit provides a reconciliation of the G&A expenses and COGS from the G&A expense worksheet to the trial balance, the amount in question does not appear in the exhibit.⁷⁵ Indeed, the AM treasury fees included in the original G&A expense ratio are higher than the total fiscal year 2020 expenses recorded in the referenced management account. Consequently, we are unable to substantiate Industeel's claims. We have, therefore, included the AM treasury fees in G&A expenses for the final results.

Finally, Industeel questions the source of the inventory valuation loss that is presented in the petitioner's proposed G&A expense ratio calculation; however, we found that this amount reflects Commerce's net adjustment to Industeel's reported G&A expenses in the *Preliminary Results*.⁷⁶ Because Industeel has provided no argument that the net inventory valuation loss should be disregarded, we have continued to include the amount in Industeel's G&A expenses for the final results.

VI. RECOMMENDATION

Based on our analysis of the comments received, we recommend adopting the above positions. If this recommendation is accepted, we will publish the final results of this administrative review in the *Federal Register*.

Agree

Disagree

X



Signed by: LISA WANG
Lisa W. Wang
Assistant Secretary
for Enforcement and Compliance

⁷² See Industeel DQR at Exhibit D-13 and Industeel SDQR at Exhibit SD-15.

⁷³ See Industeel Case Brief at 7.

⁷⁴ *Id.*

⁷⁵ See Industeel SDQR at Exhibit SD-15.

⁷⁶ See Preliminary Calculation Memorandum at Attachment 3.