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MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Import Administration

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

SUBJECT: Decision Memorandum for Preliminary Results of Antidumping
Duty Administrative Review: 1-Hydroxyethylidene-1, 1-
Diphosphonic Acid (HEDP) from India

SUMMARY

The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on HEDP from India (the order).¹ The review covers one producer and exporter of the subject merchandise, Aquapharm Chemicals Pvt., Ltd. (Aquapharm). The period of review (POR) is April 1, 2011, through March 31, 2012. We have preliminarily determined that Aquapharm did not make sales below normal value (NV) for this POR. In addition, we have preliminarily determined that Aquapharm qualifies for revocation from the order and, thus, we intend to revoke the order, in part, with respect to HEDP produced and exported by Aquapharm.

BACKGROUND

On April 2, 2012, the Department published in the Federal Register a notice of opportunity to request an administrative review of the order.² On April 27, 2012, Aquapharm requested a review of the order with respect to its exports of subject merchandise to the United States during the POR.³ Pursuant to 19 CFR 351.222(e)(1), Aquapharm also requested in that same submission that the Department revoke the order with respect to HEDP produced and exported by Aquapharm if the Department finds at the conclusion of this review that Aquapharm did not make sales below NV for at least three consecutive periods of review.⁴ Accordingly, we

¹ See 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from India and the People's Republic of China: Antidumping Duty Orders, 74 FR 19197 (April 28, 2009) (Initiation Notice).

² See Notice of Opportunity to Request Administrative Review, 77 FR 19621, 19622 (April 2, 2012).

³ See April 27, 2012, letter from Aquapharm to the Department.

⁴ See id.

published in the Federal Register a notice of initiation of an administrative review of the order and request for revocation of the order in part with respect to Aquapharm.^{5,6}

On June 1, 2012, we issued the antidumping duty questionnaire to Aquapharm. In July and August 2012, Aquapharm timely submitted its responses to our questionnaire. On August 30, 2012, we issued a supplemental questionnaire to Aquapharm, to which it timely responded in September 2012. On October 31, 2012, we extended the deadline for the preliminary results by 120 days, to May 2, 2013.⁷

SCOPE OF THE ORDER

The merchandise subject to the order includes all grades of aqueous, acidic (non-neutralized) concentrations of 1-hydroxyethylidene-1, 1-diphosphonic acid,⁸ also referred to as hydroxyethylidenediphosphonic acid, hydroxyethanediphosphonic acid, acetodiphosphonic acid, and etidronic acid. The CAS (Chemical Abstract Service) registry number for HEDP is 2809-21-4. The merchandise subject to this order is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 2931.00.9043. It may also enter under HTSUS subheading 2811.19.6090.⁹ Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this order is dispositive.

NOTICE OF INTENT TO REVOKE ORDER IN PART

Under section 751(d)(1) of the Act, the Department “may revoke, in whole or in part,” an antidumping duty order. Although Congress has not specified the procedures that the Department must follow in revoking an order, the Department has developed a procedure for revocation that is set forth at 19 CFR 351.222.

A request for revocation of an order in part for a company previously found to dump subject merchandise must address three elements. The company requesting the revocation must do so in writing and submit the following statements with the request: (1) the company’s certification that it sold the subject merchandise at not less than NV during the current review period and that, in the future, it will not sell at less than NV; (2) the company’s certification that, during each of the consecutive years forming the basis of the request, it sold the subject merchandise to the United

⁵ See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part, 77 FR 31568, 31569 (May 29, 2012).

⁶ On May 21, 2012, the Department eliminated the provision for company-specific revocations for all reviews that are initiated on or after June 20, 2012. See Modification to Regulation Concerning the Revocation of Antidumping and Countervailing Duty Orders, 77 FR 29875, 29875 - 29876 (May 21, 2012). Because this administrative review was initiated before June 20, 2012, the elimination of this provision does not apply to Aquapharm’s revocation request. See Initiation Notice, 77 FR at 31569.

⁷ See Memorandum entitled “1-Hydroxyethylidene-1, Diphosphonic Acid (HEDP) from India: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review,” dated October 31, 2012.

⁸ C₂H₈O₇P₂ or C(CH₃)(OH)(PO₃H₂)₂.

⁹ We have revised the HTSUS item numbers for the merchandise subject to this order to reflect the current HTSUS schedule available on the International Trade Commission’s website at <http://www.usitc.gov/tata/hts/bychapter/index.htm>.

States in commercial quantities; and (3) the agreement to reinstatement in the order if the Department concludes that, subsequent to revocation, the company has sold subject merchandise at less than NV. See 19 CFR 351.222(e)(1)(i)-(iii).

We preliminarily determine that Aquapharm's request meets all of the criteria under 19 CFR 351.222(e)(1). In its request for revocation, Aquapharm included a certification that it sold the subject merchandise at not less than NV during the current review period and that, in the future, it will not sell at less than NV.¹⁰ Aquapharm also certified in its request that, during each of the consecutive years forming the basis of its request, it sold the subject merchandise in commercial quantities.¹¹ Moreover, based on our examination of the sales data submitted by Aquapharm, as verified by the Department, we preliminarily confirm that Aquapharm sold the subject merchandise to the United States in commercial quantities in each of the three consecutive years cited by Aquapharm to support its request for revocation.¹² Finally, Aquapharm included in its request an agreement to its reinstatement in the order if the Department concludes that, subsequent to revocation, the company has sold subject merchandise at less than NV.¹³ Therefore, because Aquapharm's request satisfies these procedural requirements, the Department can determine whether Aquapharm satisfies the substantive requirements for revocation as articulated in the Department's regulations.

Under 19 CFR 351.222(b)(2)(i), the Department may revoke an antidumping duty order in part if it concludes that: (A) an exporter or producer has sold the merchandise at not less than NV for a period of at least three consecutive years; (B) the exporter or producer has agreed in writing to its immediate reinstatement in the order if the Department concludes that the exporter or producer, subsequent to the revocation, sold the subject merchandise at less than NV; and, (C) the continued application of the antidumping duty order is no longer necessary to offset dumping.

With regard to the criteria of 19 CFR 351.222(b)(2), our preliminary margin calculations show that Aquapharm sold HEDP at not less than NV during the current review period, as discussed below. In addition, Aquapharm sold HEDP at not less than NV in each of the two previous administrative reviews in which it participated.¹⁴ Thus, we preliminarily find that Aquapharm had zero or de minimis dumping margins for the last three consecutive years. Moreover, as explained above, Aquapharm has agreed in writing to its immediate reinstatement in the order if the Department concludes that it, subsequent to the revocation, sold the subject merchandise at less than NV. Finally, in light of the zero or de minimis margins obtained by Aquapharm over the last three years, the record does not contain any evidence indicating that the order with respect to Aquapharm is otherwise necessary to offset dumping. Therefore, pursuant to 19 CFR 351.222(b)(2)(i), we preliminarily determine that Aquapharm qualifies for revocation from the order.

¹⁰ See April 27, 2012, letter from Aquapharm to the Department.

¹¹ See id.

¹² See Memorandum to the File, "Analysis of Commercial Quantities for Aquapharm Chemicals Pvt. Ltd.," dated concurrently with this memorandum.

¹³ See April 27, 2012, letter from Aquapharm to the Department.

¹⁴ See 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from India: Final Results of Antidumping Duty Administrative Review, 76 FR 7532, 7533 (February 10, 2011); 1-Hydroxyethylidene-1, 1-Diphosphonic Acid from India: Final Results of Antidumping Duty Administrative Review, 77 FR 15357, 15357 (March 15, 2012).

DISCUSSION OF THE METHODOLOGY

Fair Value Comparisons

Pursuant to section 773(a)(1)(B) of the Act and 19 CFR 351.414(c)(1) and (d) (2012), to determine whether Aquapharm's sales of HEDP from India were made to the United States at less than NV, we compared the export price (EP) or constructed export price (CEP) to NV, as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this memorandum, below.

A. *Determination of Comparison Method*

Pursuant to 19 CFR 351.414(c)(1) (2012), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs) (the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping investigations, the Department examines whether to use the average-to-transaction method as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping investigations.¹⁵ In recent proceedings, the Department applied a "differential pricing" analysis for determining whether application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.¹⁶ The Department finds the differential pricing analysis used in those recent proceedings may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of EPs (or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The differential pricing analysis

¹⁵ See Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011, 77 FR 73415 (December 10, 2012).

¹⁶ See, e.g., Memoranda to Paul Piquado, Assistant Secretary for Import Administration, entitled "Less Than Fair Value Investigation of Xanthan Gum from Austria: Post-Preliminary Analysis and Calculation Memorandum;" "Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., T Jd.) and Shandong Fufeng Fermentation Co., Ltd.;" and "Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Deosen Biochemical Ltd.," all dated March 4, 2013; and Memorandum to Paul Piquado, Assistant Secretary for Import Administration, entitled "Decision Memorandum for Preliminary Results of Antidumping Duty Administrative Review: Polyvinyl Alcohol from Taiwan; 2010-2012," dated April 2, 2013.

used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer names. 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 period of review being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region, and time period, that the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen’s *d* test is applied when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen’s *d* coefficient is calculated to evaluate the extent to which the net prices to a particular purchaser, region, or time period differ significantly from the net 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. Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant 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 EPs that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen’s *d* test. If 33 percent or less of the value of total sales passes the Cohen’s *d* test, then the results of the Cohen’s *d* test do not support consideration of an alternative to the average-to-average method.

If both tests in the first stage (i.e., the Cohen’s *d* test and the ratio test) demonstrate the existence of a pattern of EPs that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the average-to-average method can appropriately account for such differences. In

considering this question, the Department tests whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative 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 margin between the average-to-average method and the appropriate alternative method, or (2) the resulting weighted-average dumping margin moves across the de minimis threshold.

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

B. *Results of the Differential Pricing Analysis*

For Aquapharm, based on the results of the differential pricing analysis, the Department finds that less than 33 percent of Aquapharm's export sales indicated the existence of a pattern of EPs or CEPs for comparable merchandise that differ significantly among purchasers, regions, or time periods. Because 33 percent or less of the value of total U.S. sales passes the differential pricing test, the results of the test do not support consideration of an alternative to the average-to-average method. Accordingly, the Department has determined to use the average-to-average method in making comparisons of EP or CEP and NV for Aquapharm.¹⁷

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by Aquapharm covered by the description in the "Scope of the Order" to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. Pursuant to 19 CFR 351.414(e)(2), we compared Aquapharm's U.S. sales of HEDP made during a particular month to its sales of HEDP made in the home market in the same month. Where there were no contemporaneous sales within the same month, pursuant to 19 CFR 351.414(e)(2)(ii), we compared Aquapharm's U.S. sales of HEDP to its sales of HEDP made in the home market in the most recent of the three months prior to the month of the U.S. sales. Finally, if Aquapharm did not make home market sales of HEDP during any of these months, pursuant to 19 CFR 351.414(e)(2)(iii), we compared Aquapharm's U.S. sales of HEDP to Aquapharm's home market sales of HEDP in the earlier of the two months following the month of the U.S. sales in which Aquapharm made a home market sale of HEDP. In making the product comparisons, we matched foreign like products based on their aqueous concentration.

¹⁷ In these preliminary results, the Department applied the weighted-average dumping margin calculation method adopted in Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification, 77 FR 8101 (February 14, 2012). In particular, the Department compared monthly weighted-average EPs or CEPs with monthly weighted-average NVs and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.

Aquapharm reported that, pursuant to section 771(16)(A) of the Act, all of its U.S. sales during the POR were identical based on the product matching criterion (i.e., aqueous concentration) to contemporaneous sales in the home market. Accordingly, in calculating Aquapharm's NV, we made product comparisons without having to account for cost differences associated with differences in the physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act.

Export Price and Constructed Export Price

In accordance with section 772(a) of the Act, we calculated EP for those sales where the subject merchandise was sold to the first unaffiliated purchaser in the United States prior to importation and the CEP methodology was not otherwise warranted based on the facts of the record. We based EP on the packed, delivered price to unaffiliated purchasers in the United States. Where appropriate, pursuant to 19 CFR 351.401(c), we adjusted the starting prices for billing adjustments. We made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act, which included, where appropriate, foreign inland freight from plant to the port of exportation, foreign brokerage and handling, U.S. brokerage and handling, international freight, U.S. inland freight to the customer, marine insurance, and U.S. customs duties (including harbor maintenance fees and merchandise processing fees).

Pursuant to section 772(b) of the Act, we calculated CEP for those sales where the subject merchandise was 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 or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter. We based CEP on the packed, ex-U.S. warehouse prices to unaffiliated purchasers in the United States. Where appropriate, pursuant to 19 CFR 351.401(c), we adjusted the starting prices for billing adjustments. We made deductions for movement expenses, in accordance with section 772(c)(2)(A) of the Act, which included, where appropriate, foreign inland freight from plant to the port of exportation, foreign brokerage and handling, U.S. brokerage and handling, international freight (inclusive of U.S. port to U.S. warehouse transportation), marine insurance, U.S. customs duties (including harbor maintenance fees and merchandise processing fees), U.S. inland freight from U.S. warehouse to customer, and warehousing expenses. In accordance with section 772(d)(1) of the Act and 19 CFR 351.402(b), we deducted those selling expenses associated with economic activities occurring in the United States, including direct selling expenses (i.e., credit expenses, commissions, and bank charges), and indirect selling expenses (i.e., inventory carrying costs). We also deducted from CEP an amount for profit in accordance with section 772(d)(3) of the Act. In accordance with sections 772(f)(1) and (f)(2)(C)(iii) of the Act, we calculated the CEP profit percentage using information from Aquapharm's audited financial statement.¹⁸

¹⁸ See Memorandum entitled "Aquapharm Preliminary Results Margin Calculation," dated concurrently with this notice, for further discussion of the CEP profit calculation.

Normal Value

A. Home Market Viability and Selection of Comparison Market

To determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared the volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Based on this comparison, we determined that, pursuant to 19 CFR 351.404(b), Aquapharm had a viable home market during the POR. Consequently, pursuant to section 773(a)(1)(B)(i) of the Act and 19 CFR 351.404(c)(1)(i), we based NV on home market sales.

B. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, the Department will calculate NV based on sales of the foreign like product at the same level of trade (LOT) as the EP or CEP. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).¹⁹ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.²⁰ To determine whether the comparison-market sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, the chain of distribution), including selling functions, class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying LOTs for EP and comparison-market sales (*i.e.*, where NV is based on either home market or third country prices), 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.²¹ When the Department is unable to match U.S. sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, the Department may compare the U.S. sales to sales at a different LOT in the comparison market. In comparing EP or CEP sales at a different LOT in the comparison market, where available data make it practicable, we make an LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if the NV LOT is at a more advanced stage of distribution than the LOT of the CEP and there is no basis for determining whether the difference in LOTs between NV and CEP affects price comparability (*i.e.*, no LOT adjustment was practicable), the Department shall grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.²²

In this administrative review, we obtained information from Aquapharm regarding the marketing stages involved in making its reported home market and U.S. sales, including a description of the selling activities performed by Aquapharm for each channel of distribution. Aquapharm reported that during the POR it made sales of HEDP in the U.S. market to end-users, distributors,

¹⁹ See 19 CFR 351.412(c)(2).

²⁰ See *id.*; see also Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From South Africa, 62 FR 61731, 61732 (November 19, 1997) (Plate from South Africa).

²¹ See Micron Tech., Inc. v. United States, 243 F. 3d 1301, 1314-16 (Fed. Cir. 2001).

²² See Plate from South Africa, 62 FR at 61732-33.

and end-users/distributors through three channels of distribution. It reported that it sold HEDP in the home market to end-users and traders through two channels of distribution.

Aquapharm made CEP sales in the U.S. market through one channel of distribution: sales through an unaffiliated U.S. selling agent to unaffiliated U.S. distributors/end-users of HEDP maintained in inventory at an unaffiliated U.S. warehouse (Channel 3). In addition, Aquapharm made EP sales in the U.S. market through two channels of distribution: direct sales/shipments to unaffiliated U.S. end-users (Channel 1); and direct sales/shipments to unaffiliated U.S. distributors (Channel 2).

We examined the selling activities performed for the three U.S. sales channels and found that Aquapharm performed the following selling functions for each channel: sales forecasting, packing, inventory maintenance, order input/processing, direct sales personnel, technical assistance, commissions, warranty service, provision of guarantees, freight and delivery services. These selling activities can be generally grouped into four selling function categories for analysis: (1) sales and marketing; (2) freight and delivery; (3) warehousing and inventory; and (4) warranty and technical support. Accordingly, based on the four selling function categories, we find that Aquapharm performed primarily sales and marketing, freight and delivery services, and warranty and technical services for U.S. sales. Although Aquapharm performed additional warehousing functions for its U.S. sales through Channel 3, we do not find that this selling function constitutes a substantial difference in selling functions which is significant enough to warrant a separate LOT in the U.S. market. As explained in the Department's regulations at 19 CFR 351.412(c)(2), "{s}ubstantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stage of marketing." Therefore, we preliminarily determine that there is one LOT in the U.S. market because Aquapharm performed essentially the same selling functions for all U.S. sales.

With respect to the home market, Aquapharm made sales through the following channels of distribution: (1) sales to unaffiliated end-users (Channel 1); and (2) sales to unaffiliated traders (Channel 2). We examined the selling activities performed for each home market sales channel and found that Aquapharm performed the following selling functions for sales made through both channels: sales forecasting, advertising, sales promotion, distributor/dealer training, packing, inventory maintenance, order input/processing, direct sales personnel, sales/marketing support, market research, technical assistance, provision of rebates, warranty service, provision of guarantees, freight and delivery services. Accordingly, based on the four selling function categories described above, we find that Aquapharm performed primarily sales and marketing, freight and delivery services, and warranty and technical services for home market sales. Moreover, we did not find any significant distinctions between the selling functions Aquapharm performed for each home market channel to warrant a separate LOT in the home market. Therefore, we preliminarily determine that there is one LOT in the home market because Aquapharm performed essentially the same selling functions for all home market sales.

Finally, we compared the U.S. LOT to the home market LOT and found that the selling functions performed for home market sales are either performed at the same degree of intensity as, or vary only slightly from, the selling functions performed for U.S. sales, except with respect to warehousing and inventory services. While Aquapharm performed additional warehousing services in the U.S. market that it did not perform in the home market, we have preliminarily determined that the additional warehousing services performed in the U.S. market do not provide

a sufficient basis to find separate LOTs between the two markets. Therefore, we find that the single home market LOT and single U.S. LOT are the same and, as a result, no LOT adjustment or CEP offset is warranted. Accordingly, we matched U.S. and home market sales at the same LOT.

C. Calculation of Normal Value Based on Comparison-Market Prices

We based NV for Aquapharm on delivered prices to unaffiliated customers in the home market. We made deductions, where appropriate, from the starting price for discounts, inland freight expenses, and inland insurance expenses under section 773(a)(6)(B)(ii) of the Act. Where appropriate, we also added freight revenue to the starting price and capped it by the amount of freight expenses incurred, in accordance with our practice.²³

For comparisons to EP sales, we made adjustments under section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(b) for differences in circumstances of sale for direct selling expenses, *i.e.*, imputed credit and bank charges. For comparisons to CEP sales, in accordance with 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(b), we deducted from NV direct selling expenses, *i.e.*, imputed credit and bank charges. For comparisons to both EP and CEP sales, where commissions were granted in the U.S. market but not in the comparison market, we made a downward adjustment to NV for the lesser of (1) the amount of the commission paid in the U.S. market; or (2) the amount of the indirect selling expenses incurred in the comparison market. We also deducted home market packing costs and added U.S. packing costs, in accordance with sections 773(a)(6)(A) and (B) of the Act.

Currency Conversion

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

Verification

As provided in section 782(i)(2) of the Act and 19 CFR 351.222(f)(2)(ii), we verified the sales information provided by Aquapharm from January 21, 2013 through January 24, 2013, using standard procedures such as the examination of company sales and financial records. Our verification results are outlined in the public and proprietary versions of our verification report, which are on file electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS).²⁴ IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit (CRU), room 7046 of the main Department of Commerce building.

²³ See, e.g., Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Revocation of an Order in Part, 74 FR 44819 (August 31, 2009), and accompanying Issues and Decision Memorandum at Comment 7.

²⁴ See Memorandum to the File, "Verification of the Sales Response of Aquapharm Chemicals Pvt., Ltd. ("Aquapharm") in the Antidumping Duty Administrative Review of 1-Hydroxyethylidene-1, 1-Diphosphonic acid (HEDP) from India," dated February 20, 2013.

Conclusion

We recommend applying the above methodology for these preliminary results.

✓
Agree

Disagree

Paul Piquado
Paul Piquado
Assistant Secretary
for Import Administration

25 APRIL 2013
(Date)