MEMORANDUM TO: Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance  

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

SUBJECT: Decision Memorandum for Preliminary Results of Antidumping Duty Administrative Review: Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam; 2012-2013  

SUMMARY  

In response to requests from interested parties, the Department of Commerce (“Department”) is conducting this administrative review of the antidumping duty order on certain frozen warmwater shrimp from the Socialist Republic of Vietnam (“Vietnam”) for the period of review (“POR”) February 1, 2012, through January 31, 2013. The Department preliminarily determines that sales of the subject merchandise in the United States by the Minh Phu Group\(^1\) and Stapimex,\(^2\) the mandatory respondents, were at prices below normal value (“NV”). If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection (“CBP”) to assess antidumping duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. We will issue final results no later than 120 days from the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the “Act”) and 19 CFR 351.213(h)(1).

Background  

On March 29, 2013, the Department initiated an administrative review of 312 exporters of certain frozen warmwater shrimp from Vietnam for the period February 1, 2012, through January 31, 2013.\(^3\) However, after accounting for duplicate names and additional trade names associated with certain exporters, we initiated on 86 companies/groups.

\(^1\) Minh Phu Seafood Corporation, Minh Qui Seafood Co., Ltd., Minh Phat Seafood Co., Ltd. (collectively, the “Minh Phu Group”).


As explained in the memorandum from the Assistant Secretary for Enforcement and Compliance, the Department exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 1, through October 16, 2013. Therefore, all deadlines in this segment of the proceeding have been extended by 16 days. The revised deadline for the preliminary results of this review is now March 18, 2014.

On May 24, 2013, the Department sent the non-market economy (“NME”) antidumping questionnaire to the Minh Phu Group and Stapimex. The Department received responses from the Minh Phu Group and Stapimex on June 14, 2013. The Department issued supplemental questionnaires and received responses between July 2013 and December 2013. Between January 14, and February 26, 2014, we received comments for these preliminary results from the Domestic Processors, the Minh Phu Group, Stapimex, and Seavina Joint Stock Company.

Respondent Selection

Section 777A(c)(1) of the Act, directs the Department to calculate an individual weighted-average dumping margin for each known exporter or producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department discretion to limit its examination to a reasonable number of exporters and producers if it is not practicable to make individual weighted average dumping margin determinations because of the large number of exporters and producers involved in the review.

On March 29, 2013, the Department placed CBP data for the Harmonized Tariff Schedule (“HTS”) numbers listed in the scope of the order on the record of the review and requested comments on the data for use in respondent selection. On April 10, 2013, we received comments from Petitioner, and certain Vietnamese respondents regarding respondent selection for this review. On April 15, 2012, Petitioner and certain Vietnamese respondents submitted rebuttal comments.

On May 24, 2013, the Department issued the respondent selection memorandum, in which it explained that, because of the large numbers of exporters or producers involved in the review, it would not be practicable to individually examine all companies. Rather, the Department determined that it could only reasonably examine two exporters in this review. Pursuant to section 777A(c)(2)(B) of the Act, the Department selected the Minh Phu Group and Stapimex for

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4 See Memorandum for the Record from Paul Piquado, Assistant Secretary for Enforcement and Compliance, “Deadlines Affected by the Shutdown of the Federal Government” (October 18, 2013).
5 The deadline for the preliminary results of this review was March 17, 2014. Due to the closure of the Federal Government in Washington, DC on March 17, 2014, the Department reached this determination on the next business day (i.e., March 18, 2014). See Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended, 70 FR 24533 (May 10, 2005).
6 Domestic Processors are the American Shrimp Processors Association.
9 Petitioner is the Ad Hoc Shrimp Trade Action Committee.
individual examination. Additionally, the Department declined to select Quoc Viet Seaprodcts Processing Trading and Import-Export Co., Ltd. (“Quoc Viet”) as a voluntary respondent in this administrative review.

**Scope of the Order**

The scope of the order includes certain frozen warmwater shrimp and prawns, whether wild-caught (ocean harvested) or farm-raised (produced by aquaculture), head-on or head-off, shell-on or peeled, tail-on or tail-off, deveined or not deveined, cooked or raw, or otherwise processed in frozen form.

The frozen warmwater shrimp and prawn products included in the scope of the order, regardless of definitions in the HTS, are products which are processed from warmwater shrimp and prawns through freezing and which are sold in any count size.

The products described above may be processed from any species of warmwater shrimp and prawns. Warmwater shrimp and prawns are generally classified in, but are not limited to, the *Penaeidae* family. Some examples of the farmed and wild-caught warmwater species include, but are not limited to, white-leg shrimp (*Penaeus vannamei*), banana prawn (*Penaeus merguiensis*), fleshy prawn (*Penaeus chinensis*), giant river prawn (*Macrobrachium rosenbergii*), giant tiger prawn (*Penaeus monodon*), redspotted shrimp (*Penaeus brasiliensis*), southern brown shrimp (*Penaeus subtilis*), southern pink shrimp (*Penaeus notialis*), southern rough shrimp (*Trachypenaeus curvirostris*), southern white shrimp (*Penaeus schmitti*), blue shrimp (*Penaeus stylirostris*), western white shrimp (*Penaeus occidentalis*), and Indian white prawn (*Penaeus indicus*).

Frozen shrimp and prawns that are packed with marinade, spices or sauce are included in the scope of the order. In addition, food preparations, which are not “prepared meals,” that contain more than 20 percent by weight of shrimp or prawn are also included in the scope of the order.

Excluded from the scope are: 1) breaded shrimp and prawns (HTS subheading 1605.20.10.20); 2) shrimp and prawns generally classified in the *Pandalidae* family and commonly referred to as coldwater shrimp, in any state of processing; 3) fresh shrimp and prawns whether shell-on or peeled (HTS subheadings 0306.23.00.20 and 0306.23.00.40); 4) shrimp and prawns in prepared meals (HTS subheading 1605.20.05.10); 5) dried shrimp and prawns; 6) canned warmwater shrimp and prawns (HTS subheading 1605.20.10.40); and 7) certain battered shrimp. Battered shrimp is a shrimp-based product: (1) That is produced from fresh (or thawed-from-frozen) and peeled shrimp; (2) to which a “dusting” layer of rice or wheat flour of at least 95 percent purity purity

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11 See Memorandum to James Doyle, Director, Office 9, AD/CVD Operations, through Catherine Bertrand, Program Manager, Office 9, from Irene Gorelik, Senior Analyst, Office 9, “Antidumping Duty Administrative Review of Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Selection of Voluntary Respondent,” dated June 24, 2013.

12 “Tails” in this context means the tail fan, which includes the telson and the uropods.
has been applied; (3) with the entire surface of the shrimp flesh thoroughly and evenly coated with the flour; (4) with the non-shrimp content of the end product constituting between four and 10 percent of the product's total weight after being dusted, but prior to being frozen; and (5) that is subjected to individually quick frozen (“IQF”) freezing immediately after application of the dusting layer. When dusted in accordance with the definition of dusting above, the battered shrimp product is also coated with a wet viscous layer containing egg and/or milk, and par-fried.

The products covered by these orders are currently classified under the following HTS subheadings: 0306.17.00.03, 0306.17.00.06, 0306.17.00.09, 0306.17.00.12, 0306.17.00.15, 0306.17.00.18, 0306.17.00.21, 0306.17.00.24, 0306.17.00.27, 0306.17.00.40, 1605.21.10.30, and 1605.29.10.10. These HTS subheadings are provided for convenience and for customs purposes only and are not dispositive, but rather the written description of the scope of this order is dispositive.13

DISCUSSION OF THE METHODOLOGY

Preliminary Determination of No Shipments

Between April 20 and May 29, 2012, the following companies filed no shipment certifications indicating that they did not export subject merchandise to the United States during the POR: Anvifish Joint Stock Company (“Anvifish”), Bac Lieu Fisheries Company Limited (“Bac Lieu”), Bien Dong Seafood Co., Ltd. (“Bien Dong”), Camranh Seafoods Processing Enterprise Pte. (“Camranh Seafoods”), Ngoc Sinh Private Enterprise (“Ngoc Sinh”), Ngoc Tri Seafood Joint Stock Company (“Ngoc Tri”), Nhat Duc Co., Ltd. (“Nhat Duc”), Seavina Joint Stock Company (“Seavina”), and Vinh Hoan Corporation (“Vinh Hoan”). In order to examine these claims, we sent an inquiry to CBP requesting that any CBP office that had any information contrary to the no shipments claims, alert the Department. We received no such response from CBP.

Based on the certifications submitted by the above companies and our analysis of the CBP information, we preliminarily determine that Anvifish, Bac Lieu, Bien Dong, Camranh Seafoods, Ngoc Sinh, Ngoc Tri, Nhat Duc, Seavina, and Vinh Hoan did not have any reviewable shipments during the POR. In addition, the Department finds that consistent with its refinement to its assessment practice in NME cases, it is appropriate not to rescind the review in part in this circumstance but, rather, to complete the review with respect to the above named companies.14

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13 On April 26, 2011, the Department amended the antidumping duty order to include dusted shrimp, pursuant to the U.S. Court of International Trade (“CIT”) decision in Ad Hoc Shrimp Trade Action Committee v. United States, 703 F. Supp. 2d 1330 (CIT 2010) and the U.S. International Trade Commission (“ITC”) determination, which found the domestic like product to include dusted shrimp. See Certain Frozen Warmwater Shrimp from Brazil, India, the People's Republic of China, Thailand, and the Socialist Republic of Vietnam: Amended Antidumping Duty Orders in Accordance with Final Court Decision, 76 FR 23277 (April 26, 2011); see also Ad Hoc Shrimp Trade Action Committee v. United States, 703 F. Supp. 2d 1330 (CIT 2010) and Frozen Warmwater Shrimp from Brazil, China, India, Thailand, and Vietnam (Investigation Nos. 731-TA-1063, 1064, 1066-1068 (Review), USITC Publication 4221, March 2011.

Non-Market Economy Country

The Department considers Vietnam to be an NME country.\textsuperscript{15} In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. Therefore, we continue to treat Vietnam as an NME country for purposes of these preliminary results.

Separate Rates

Pursuant to section 771(18)(C) of the Act, a designation of a country as an NME remains in effect until it is revoked by the Department. Accordingly, there is a rebuttable presumption that all companies within Vietnam are subject to government control and, thus, should be assessed a single antidumping duty rate.\textsuperscript{16} In the Initiation, the Department notified parties of the application process by which exporters and producers may obtain separate rate status in NME proceedings.\textsuperscript{17} It is the Department’s policy to assign all exporters of the merchandise subject to review in NME countries a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (de jure) and in fact (de facto), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting entity in an NME country under the test established in Sparklers,\textsuperscript{18} as amplified by Silicon Carbide.\textsuperscript{19} However, if the Department determines that a company is wholly foreign-owned or located in a market economy (“ME”), then a separate rate analysis is not necessary to determine whether it is independent from government control.\textsuperscript{20}

In addition to the two mandatory respondents, the Minh Phu Group and Stapimex, the Department received separate rate applications or certifications from the following 30 companies (“Separate-Rate Applicants”):

1. BIM Seafood Joint Stock Company
2. Cadovimex Seafood Import-Export and Processing Joint Stock Company
3. Cafatex Fishery Joint Stock Corporation


\textsuperscript{17} See Initiation, 78 FR at 19197-98.

\textsuperscript{18} See Final Determination of Sales at Less Than Fair Value: Sparklers From the People’s Republic of China, 56 FR 20588 (May 6, 1991) (“Sparklers”)

\textsuperscript{19} See Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People’s Republic of China, 59 FR 22585 (May 2, 1994) (“Silicon Carbide”).

\textsuperscript{20} See, e.g., Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles From the People’s Republic of China, 72 FR 52355, 52356 (September 13, 2007).
4. Can Tho Import Export Fishery Limited Company
5. Camau Seafood Processing and Service Joint Stock Company
6. Camau Frozen Seafood Processing Import Export Corporation
7. Coastal Fisheries Development Corporation
8. C.P. Vietnam Corporation
9. Cuu Long Sea-products Company
10. Danang Sea-products Import Export Corporation
12. Hai Viet Corporation
13. Investment Commerce Fisheries Corporation
15. Minh Hai Export Frozen Seafood Processing Joint-Stock Company
16. Minh Hai Joint-Stock Seafoods Processing Company
17. Minh Hai Sea Products Import Export Company
18. Nha Trang Sea-products Company
19. Nha Trang Fisheries Joint Stock Company
20. Phu Cuong Jostoco Seafood Corporation
21. Phuong Nam Foodstuff Corp.
22. Quoc Viet Sea-products Processing Trading and Import-Export Co., Ltd.
23. Sao Ta Foods Joint Stock Company
24. Thong Thuan Company Limited
25. Thuan Phuoc Seafoods and Trading Corporation
26. UTXI Aquatic Products Processing Company
27. Viet Foods Co., Ltd.
29. Vietnam Clean Seafood Corporation
30. Viet Hai Seafood Co., Ltd.

In addition, 45 companies did not submit either a separate-rate application or certification. Therefore, because these companies did not demonstrate their eligibility for separate rate status, they remain preliminarily included as part of the Vietnam-wide entity.

We note that some of the Separate-Rate Applicants requested separate rate status for various names which were not included on their business license. Further, we note the Initiation included variation of company names not included in the either the separate-rate applications or certifications of the Separate-Rate Applicants. Because these names (1) have not been granted separate-rate status in a previous granting period, and (2) do not appear on the business license submitted to the Department, and, therefore, are not recognized as representing the same entity, we are preliminarily not including these names on the lists of those to which separate rate status applies.

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21 See Appendix.
22 Id.
23 See Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review, 74 FR 47191 (September 15, 2009), and accompanying Issues and Decision Memorandum at Comment 17.
Further, the Department notes that in the current and previous reviews, many names appearing in the Initiation and previous reviews have become duplicative or vary in minor ways.\(^{24}\) On May 31, 2013, the Department requested that interested parties provide clarification of exactly which names they wish to be granted a separate rate.\(^{25}\) Between June 20 and June 21, 2013, Petitioner, the Domestic Processors,\(^{26}\) and certain Separate Rate Respondents provided comments. After consideration of the comments provided, the Department removed duplicative and minor variations of the company names from the company names listed in the published Federal Register notice accompanying this decision memo.

a. Wholly Foreign Owned

C.P. Vietnam Corporation, Gallant Ocean (Vietnam) Co., Ltd., and Viet I-Mei Frozen Foods Co., Ltd. each reported that it is 100 percent owned by foreign entities.\(^{27}\) As there is no Vietnamese ownership of these three companies, and because the Department has no evidence indicating that these companies are under the control of the Vietnamese government, further separate rate analysis is not necessary to determine whether they are independent from government control.\(^{28}\) Consequently, we preliminarily determine that C.P. Vietnam Corporation, Gallant Ocean (Vietnam) Co., Ltd., and Viet I-Mei Frozen Foods Co., Ltd. met the criteria for a separate rate.

b. Absence of De Jure Control

The Department considers the following de jure criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter’s business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies.\(^{29}\) The evidence provided by the Minh Phu Group, Stapimex and the Separate-Rate Applicants supports a preliminary finding of de jure absence of government control based on the following: (1) an absence of restrictive stipulations associated with the individual exporter’s business and export licenses; (2) there are applicable legislative

\(^{24}\) See Initiation, 77 FR 19199-19204; see also AR7 VN Shrimp Final.

\(^{25}\) See Memorandum to the File, through Catherine Bertrand, Program Manager, Office 9, from Irene Gorelik, Senior Analyst, Office 9, “8th Antidumping Administrative Review of Frozen Warmwater Shrimp form the Socialist Republic of Vietnam,” dated May 31, 2013.

\(^{26}\) Domestic Processors are the American Shrimp Processors Association.


\(^{29}\) See Sparklers, 56 FR at 20589.
enactments decentralizing control of the companies; and (3) there are formal measures by the
government decentralizing control of companies.30

c. Absence of De Facto Control

Typically the Department considers four factors in evaluating whether each respondent is subject
to de facto government control of its export functions: (1) whether the export prices (“EPs”) are
set by or are subject to the approval of a government agency; (2) whether the respondent has
authority to negotiate and sign contracts and other agreements; (3) whether the respondent has
autonomy from the government in making decisions regarding the selection of management; and
(4) whether the respondent retains the proceeds of its export sales and makes independent
decisions regarding disposition of profits or financing of losses.31 The Department determined
that an analysis of de facto control is critical in determining whether respondents are, in fact,
subject to a degree of government control which would preclude the Department from assigning
separate rates.32 The evidence provided by the Minh Phu Group, Stapimex and the Separate-
Rate Applicants supports a preliminary finding of de facto absence of government control based
on the following: (1) the companies set their own EPs independent of the government and
without the approval of a government authority; (2) the companies have authority to negotiate
and sign contracts and other agreements; (3) the companies have autonomy from the government
in making decisions regarding the selection of management; and (4) there is no restriction on any
of the companies’ use of export revenue.33 Therefore, the Department preliminarily finds that
the Minh Phu Group, Stapimex and the Separate-Rate Applicants established that they qualify
for a separate rate under the criteria established by Silicon Carbide and Sparklers.

Quan Ngai and Dachan

On May 28, 2013, Gallant Ocean (Vietnam) Co., Ltd. (“Gallant Ocean”) submitted a separate
rate application34 for itself and its subsidiary, Gallant Ocean (Quang Ngai) Co., Ltd. (“Quang
Ngai”), both of which had been granted a separate rate in AR6 VN Shrimp and AR7 VN
Shrimp.35 Additionally, Gallant Ocean reported that Quang Ngai changed its name to Gallant
Dachan Seafood Co., Ltd. (“Dachan”).36 However, the record does not contain a separate rate

30 See, e.g., the Minh Phu Group’s Section A Questionnaire Response (“AQR”), dated June 15, 2013, at 4-34, and
Stapimex’s AQR, dated June 14, 2013 at 2-18 and Exhibit A-1.
31 See Silicon Carbide, 59 FR at 22586-87; see also Notice of Final Determination of Sales at Less Than Fair Value:
Furfuryl Alcohol From the People’s Republic of China, 60 FR 22544, 22545 (May 8, 1995).
32 Id.
33 See, e.g., the Minh Phu Group’s AQR, dated June 14, 2013, at 4-28 and Exhibit A-1 and Stapimex’s AQR, dated
35 See Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Preliminary Results of
Administrative Review, 77 FR 13547, 13549 (March 7, 2012); see also AR7 VN Shrimp 78 FR at 56214.
application or certification or “no shipment” certification for Dachan or Quang Ngai. Consequently, Dachan and Quang Ngai have not provided any documentation supporting their eligibility for a separate rate. Thus, we preliminarily consider Dachan and Quang Ngai part of the Vietnam-wide entity, pursuant to our practice.

Separate Rate Calculation

In the “Respondent Selection” section above, we stated that the Department employed a limited examination methodology, as it did not have the resources to examine all companies for which a review request was made, and selected two exporters as mandatory respondents in this review. The Minh Phu Group and Stapimex participated in the review as mandatory respondents. Thirty additional companies (listed in the “Separate Rates” section above) submitted timely information as requested by the Department and remained subject to review as separate rate respondents.

The statute and the Department’s regulations do not address the establishment of a rate to be applied to individual companies not selected for examination when the Department has limited its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally we look to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents not selected for individual examination. Section 735(c)(5)(A) of the Act instructs that we do not calculate an all-others rate using any zero or de minimis weighted-average dumping margins or any weighted-average dumping margins based entirely on facts available. Accordingly, the Department’s usual practice has been to average the rates for the selected companies excluding rates that are zero, de minimis, or based entirely on facts available. Section 735(c)(5)(B) of the Act also provides that, where all rates are zero, de minimis, or based entirely on facts available, we may use “any reasonable method” for assigning the rate to non-selected respondents. One method that section

37 The Department notes that a company’s eligibility for a separate rate necessarily requires reviewable entries from that company during the relevant period. See Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results of Antidumping Duty Administrative Review, 2011-2012, 78 FR 56211 (September 12, 2013) and accompanying Issues and Decision Memorandum at Comment 11 (where the Department stated that “a company that did not export subject merchandise to the United States during the relevant period is likewise not eligible for a separate rate, because it has no reviewable POR entries and, thus, is not subject to the review (including the determination of a separate rate status”)”; see also Policy Bulletin 5.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries, dated April 5, 2005 found at: http://enforcement.trade.gov/policy/bull05-1.pdf; see also Separate Rate Certification at page 2; found at: http://enforcement.trade.gov/nme/sep-rate-files/20121031/srv-sr-cert-20121031.pdf.
38 See, e.g., Honey From the People’s Republic of China: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review; 2011-2012, 78 FR 38941 (June 28, 2013) and accompanying Preliminary Decision Memorandum at page 3 (“Honey 2011-2012 Preliminary Results”) (“during the review, Dongtai Peak did not file a separate rate application or certification, nor did it file a no shipments certification. Accordingly, because Dongtai Peak did not demonstrate its eligibility for a separate rate, the Department will preliminarily treat Dongtai Peak as part of the PRC-wide Entity.”), unchanged in Honey From the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2011–2012, 78 FR 56860 (September 16, 2013); see also Steel Wire Garment Hangers From the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review and New Shipper Review; 2011-2012, 78 FR 70271, 70272 (November 25, 2013).
39 See Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Review in Part, 73 FR 52823, 52824 (September 11, 2008), and accompanying Issues and Decision Memorandum at Comment 16.
735(c)(5)(B) of the Act contemplates as a possible method is “averaging the estimated weighted average dumping margins determined for the exporters and producers individually investigated.”

In these preliminary results, the two mandatory respondents, the Minh Phu Group and Stapimex, have weighted-average dumping margins which are above de minimis and not based entirely on facts available. Additionally, because using the weighted-average margin based on the calculated net U.S. sales quantities for the Minh Phu Group and Stapimex would allow these two respondents to deduce each other’s business-proprietary information and, thus, cause an unwarranted release of such information, we cannot assign to the separate rate companies the weighted-average margin based on the calculated net U.S. sales values from these two respondents.\footnote{See, e.g., Polyethylene Terephthalate Film, Sheet, and Strip From the People’s Republic of China: Preliminary Results of the 2009-2010 Antidumping Duty Administrative Review, 76 FR 68140 (November 3, 2011), unchanged in Polyethylene Terephthalate Film, Sheet, and Strip From the People’s Republic of China: Final Results of the 2009-2010 Antidumping Duty Administrative Review of the Antidumping Duty Order, 77 FR 14493 (March 12, 2012).}

For these preliminary results and consistent with our practice,\footnote{Id.} we determine that using the ranged total sales quantities reported by the Minh Phu Group and Stapimex from the public versions of their submissions to calculate a weighted-average margin is more appropriate than calculating a simple average margin.\footnote{See the Minh Phu Group Supplemental Section A questionnaire response, dated January 17, 2014, at 2; see also Stapimex Supplemental Section A,C & D questionnaire response, dated November 15, 2013 at 2.} These publicly-available figures provide the basis on which we can calculate a margin which is the best proxy for the weighted-average margin based on the calculated net U.S. sales values of the Minh Phu Group and Stapimex without the possibility of disclosing any business proprietary information. We find that this approach is more consistent with the intent of section 735(c)(5)(A) of the Act and our use of section 735(c)(5)(A) of the Act as guidance when we establish the rate for respondents not examined individually in an administrative review.\footnote{See Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review, 76 FR 56158, 56160 (September 12, 2011); see also Galvanized Steel Wire From the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 77 FR 68407, 68415 (November 4, 2011).}

Because the calculated net U.S. sales values for the Minh Phu Group and Stapimex are business proprietary, we find that 6.37 percent, which we calculated using the publicly available figures of U.S. sales quantities for these two firms, is the best reasonable proxy for the weighted-average margin based on the calculated U.S. sales quantities of the Minh Phu Group and Stapimex.\footnote{For further discussion regarding this issue, see Memorandum to the File from Bob Palmer, International Trade Specialist, Office V, “Calculation of the Margin for Respondents Not Selected for Individual Examination,” dated concurrently with this notice.} The Separate-Rate Applicants receiving this rate are identified by name in the “Preliminary Results of the Review” section of the Federal Register notice.
**Vietnam-Wide Entity**

Upon initiation of the administrative review, we provided the opportunity for all companies upon which the review was initiated to complete either the separate-rates application or certification. We preliminarily determine that 45 companies did not demonstrate their eligibility for a separate rate and are properly considered part of the Vietnam-wide entity. Thus, the Vietnam-wide entity is under review. In NME proceedings, “rates” may consist of a single dumping margin applicable to all exporters and producers.” As explained above in the “Separate Rates” section, all companies within Vietnam are considered to be subject to government control unless they are able to demonstrate an absence of government control with respect to their export activities. Such companies are thus assigned a single antidumping duty rate distinct from the separate rate(s) determined for companies that are found to be independent of government control with respect to their export activities. Therefore, we are assigning the entity a rate of 25.76 percent, the only rate ever determined for the Vietnam-wide entity in this proceeding.

**Surrogate Country and Surrogate Value Data**


**Surrogate Country**

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer’s factors of production (“FOP”), valued in a surrogate ME country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise. The Department determined that Bangladesh, Bolivia, India, Nicaragua, Pakistan, and the Philippines are countries whose per capita gross national incomes (“GNI”) are comparable to the PRC in terms of development.

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45 The separate-rate certification and separate-rate applications were available at: [http://ia.ita.doc.gov/nme/nme-separate-rate.html](http://ia.ita.doc.gov/nme/nme-separate-rate.html).
46 See 19 CFR 351.107(d).
of economic development. The sources of the SVs we used in this investigation are discussed under the “Normal Value” section below.

Domestic Processors submit that for purposes of the Department’s selection of an appropriate surrogate, India is a significant producer of comparable merchandise with contemporaneous and publicly available data with which to obtain SVs. Domestic Processors state that India provides a contemporaneous count-size specific price for shrimp as well as other contemporaneous data for the primary inputs used to produce subject merchandise. Therefore, Domestic Processors propose India as the appropriate primary surrogate country for this review.

Citing Amanda Foods, Petitioner contends that the Department cannot select Bangladesh as the primary surrogate country because of the difference between the GNI between Bangladesh and Vietnam and the poor labor conditions which exist in Bangladesh’s shrimp industry.

The Minh Phu Group and Stapimex do not contest that the countries listed above are economically comparable to Vietnam. However, the Minh Phu Group and Stapimex argue the Department should select Bangladesh as the primary surrogate country to value FOPs, because Bangladesh is economically comparable, a significant producer of comparable merchandise, and has count-size specific values for black tiger shrimp which is farmed in both Bangladesh and Vietnam.

Economic Comparability

As explained in our Surrogate Country Memo, the Department considers Bangladesh, Bolivia, India, Nicaragua, Pakistan, and the Philippines to be at the same level of economic development comparable to Vietnam. The Department treats each of these countries as equally comparable. Accordingly, unless we find that all of these countries are not significant producers of comparable merchandise, do not provide a reliable source of publicly available surrogate data or are unsuitable for use for other reasons, or we find that another equally comparable country is an appropriate surrogate, we will rely on data from one of these countries. Therefore, we consider all six countries identified in the Surrogate Country Memo to have met this prong of the surrogate country selection criteria.

Significant Producers of Comparable Merchandise

Section 773(c)(4)(B) of the Act requires the Department to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor the Department’s regulations provide further guidance on what may be considered comparable merchandise. Given the absence of any definition in the statute or regulations, the Department

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51 See Surrogate Country Memo.
53 See Surrogate Country Memo.
looks to other sources such as the Policy Bulletin for guidance on defining comparable merchandise. The Policy Bulletin states that “in all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise.” Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country. Further, when selecting a surrogate country, the statute requires the Department to consider the comparability of the merchandise, not the comparability of the industry. “In cases where the identical merchandise is not produced, the Department must determine if other merchandise that is comparable is produced. How the Department does this depends on the subject merchandise.” In this regard, the Department recognizes that any analysis of comparable merchandise must be done on a case-by-case basis:

In other cases, however, where there are major inputs, i.e., inputs that are specialized or dedicated or used intensively, in the production of the subject merchandise, e.g., processed agricultural, aquatic and mineral products, comparable merchandise should be identified narrowly, on the basis of a comparison of the major inputs, including energy, where appropriate.

Further, the statute grants the Department discretion to examine various data sources for determining the best available information. Moreover, while the legislative history provides that the term “significant producer” includes any country that is a significant “net exporter,” it does not preclude reliance on additional or alternative metrics. In this case, we reviewed shrimp production information from the Food and Agriculture Organization of the United Nations Fisheries Statistics (“UN FAO Statistics”). After an examination of this information, Bangladesh, India, Nicaragua, Pakistan and the Philippines report significant production of shrimp. Because only Bolivia has been disqualified through the above analysis, the Department looks to the availability of SV data to determine the most appropriate surrogate country among Bangladesh, India, Nicaragua, Pakistan and the Philippines.

Data Availability

When evaluating SV data, the Department considers several factors including whether the SV is publicly available, contemporaneous with the POR, represents a broad-market average, from an

56 The Policy Bulletin also states that “if considering a producer of identical merchandise leads to data difficulties, the operations team may consider countries that produce a broader category of reasonably comparable merchandise.” Id., at note 6.
57 See Sebacic Acid from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review, 62 FR 65674, 65675-76 (December 15, 1997) (“{T}o impose a requirement that merchandise must be produced by the same process and share the same end uses to be considered comparable would be contrary to the intent of the statute.”).
59 Id., at 3.
60 See section 773(c) of the Act; see also Nation Ford Chem. Co. v. United States, 166 F.3d 1373, 1377 (Fed. Cir. 1990).
62 See VN Respondent’s SC Comments at Exhibit 1.
approved surrogate country, tax and duty-exclusive, and specific to the input.\(^{63}\) There is no hierarchy among these criteria. It is the Department’s practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis.\(^{64}\) In this case, because there are no data or surrogate financial statements for Nicaragua, Pakistan, and the Philippines on the record, these countries will not be considered for primary surrogate country selection purposes at this time.

The record contains publicly available SV information for most FOPs from Bangladesh and India. With respect the main raw material input, shrimp, Domestic Processors provided an incomplete article from AQUA Culture Asia Pacific Magazine (“AQUA Culture”), which reports a range of shrimp prices from India for a single shrimp count. Further, there is no information on how the prices were derived.\(^{65}\) The Vietnamese respondents provided shrimp SV data for Bangladesh from a study conducted by the Network of Aquaculture Centres in Asia-Pacific (“NACA”), an intergovernmental organization affiliated with the United Nation’s (“UN”) Food and Agricultural Organization (“FAO”) which provides prices for several shrimp count-sizes.

As stated above, the Department’s practice when selecting the best available information for valuing FOPs, in accordance with section 773(c)(1) of the Act, is to select, to the extent practicable, SVs which are product-specific, representative of a broad-market average, publicly available, contemporaneous with the POR and exclusive of taxes and duties.\(^{66}\) As a general matter, the Department prefers to use publicly available data representing a broad-market average to value SVs.\(^{67}\) The Department notes that the value of the main input, head-on, shell-on shrimp, is a critical FOP in the dumping calculation as it accounts for a significant percentage of NV. Moreover, the ability to value shrimp on a count-size basis is a significant consideration with respect to the data available on the record, as the subject merchandise and the raw shrimp input are both sold on a count-size specific basis. For these reasons, in prior administrative reviews, the Department rejected shrimp SVs with limited count sizes.\(^{68}\)

The Bangladeshi shrimp values within the NACA study are compiled by the UN’s FAO from actual pricing records kept by Bangladeshi farmers, traders, depots, agents, and processors.\(^{69}\) Unlike the Bangladeshi data within the NACA study, the Indian shrimp data on the record is limited and does not satisfy as many factors of the Department’s data selection criteria.

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63 See, e.g., First Administrative Review of Certain Polyester Staple Fiber From the People’s Republic of China: Final Results of Antidumping Duty Administrative Review, 75 FR 1336 (January 11, 2010), and accompanying Issues and Decision Memorandum at Comment 1.

64 See Policy Bulletin.


66 See Fresh Garlic from the People’s Republic of China: Final Results and Partial Rescission of the Eleventh Administrative Review and New Shipper Reviews, 72 FR 34438 (June 22, 2007), and accompanying Issues and Decision Memorandum at Comment 2A.

67 Id.

68 See Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review, 74 FR 47191 (September 15, 2009), and accompanying Issues and Decision Memorandum at Comment 6.

Specifically, we note that the AQUA Culture data do not contain data for count-size specific ranges (e.g., 31-35 pieces per pound, etc.) omitting substantial portions of the range of sizes of shrimp sold by the respondents. Additionally, the AQUA Culture data do not provide any information on how the price was derived. Therefore, with respect to the data considerations, we find that the record contains shrimp values for Bangladesh that better meet our selection criteria than the Indian source.

The Department finds Bangladesh to be a reliable source for SVs because Bangladesh is at a comparable level of economic development pursuant to 773(c)(4) of the Act, is a significant producer of comparable merchandise, and has publicly available and reliable data. Given the above facts, the Department selected Bangladesh as the primary surrogate country for this review. A detailed explanation of the SVs is provided below in the “Normal Value” section of this notice.

Date of Sale

The Minh Phu Group and Stapimex reported the invoice date as the date of sale because they claim that, for their U.S. sales of subject merchandise made during the POR, the material terms of sale were established based on the invoice date. In this case, as the Department found no evidence contrary to their claims that invoice date was the appropriate date of sale, the Department used invoice date as the date of sale for these preliminary results in accordance with 19 CFR 351.401(i).70

Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates individual dumping margins by comparing weighted-average NVs to weighted-average EPs or Constructed Export Prices (“CEPs”) (the average-to-average (A-A) method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping duty investigations, the Department examines whether to compare weighted-average NVs to the EPs or CEPs of individual transactions (the average-to-transaction (A-T) method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. 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 finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping duty investigations.71 In recent investigations and reviews, the Department applied a “differential pricing” analysis to determine whether application of A-T comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section

70 See, e.g., Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10.
71 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).
777A(d)(1)(B) of the Act. The Department finds that the differential pricing analysis 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 A-A 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 A-A method to calculate the weighted-average dumping margin. The differential pricing analysis 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 consolidated customer code. Regions are defined using the reported destination code (e.g., zip codes or cities) 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 POR 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 coefficient is calculated 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 used 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, and the sales are considered to have passed the Cohen’s d test, if the calculated Cohen’s d coefficient is equal to or exceeds the large (i.e., 0.8) threshold.


73 See id.
Next, the “ratio test” – the second stage of the analysis – assesses the extent of the significant price differences for all sales as measured by the Cohen’s $d$ test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s $d$ test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the A-T method to all sales as an alternative to the A-A method. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s $d$ test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an A-T method to those sales identified as passing the Cohen’s $d$ test as an alternative to the A-A method, and application of the A-A method to those sales identified as not passing the Cohen’s $d$ test. If 33 percent or less of the value of total sales passes the Cohen’s $d$ test, then the results of the Cohen’s $d$ test do not support consideration of an alternative to the A-A method.

If both tests in the first stage (i.e., the Cohen’s $d$ test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the A-A 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 A-A method only. If the difference between the two calculations is meaningful, this demonstrates that the A-A 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 A-A method and the appropriate alternative method where both rates are above the de minimis threshold, or (2) the resulting weighted-average dumping margin moves across the de minimis threshold.

In pre-preliminary comments, the Minh Phu Group and Stapimex present several arguments regarding the Department’s differential pricing analysis. As an initial matter, we note that the Minh Phu Group and Stapimex reference several sources which are not on the record of this administrative review. Because these sources are not on the record, the Department will not consider them.

The Minh Phu Group also argues that the Department must not use Cohen’s $d$ as a measure of significant differences because it is not a statistical test of differences. Instead, the Department should use both the t-test and the Cohen’s $d$ test in combination to find the existence of differential pricing. Additionally, the Minh Phu Group and Stapimex contend the Department should not use higher prices to identify sales that may be subject to the alternative methodology because while higher prices may demonstrate differences in price they cannot demonstrate targeted dumping which is based on low prices and using higher prices are inconsistent with the antidumping statute. Finally, the Minh Phu Group and Stapimex argue that because the Court of International Trade (“CIT” or “Court”) invalidated the withdrawal of 19 CFR 351.414(f) and (g), the Department must comply with these previously withdrawn regulations.
The Department is not persuaded by the arguments submitted by the Minh Phu Group and Stampimex that it should modify its approach for the preliminary results. There is nothing in the statute that mandates how the Department measure whether there is a pattern of prices that differs significantly. To the contrary, carrying out the purpose of the statute here is a gap filling exercise by the Department. As explained above and below, the Department’s differential pricing analysis is reasonable, and the use of Cohen’s d test as a component in this analysis is not contrary to the law.

The Department disagrees with Minh Phu Group’s and Stapimex’s claim that the Department must employ the t-test to determine statistical significance in order for the Department’s analysis to be lawful. Their claim has no basis in the statutory language, which only requires a finding of a pattern of prices that differ significantly. The statute does not require that the difference be “statistically significant.” The Minh Phu Group and Stampimex fail to demonstrate that the Department’s reliance on the Cohen’s d test is contrary to the statutory language. Further, Minh Phu Group confuses the fact that the Cohen’s d test is a statistical measure with the term “statistical significance.” Statistical significance is relevant when one is estimating from a sample the statistical measures (e.g., the mean or variance) of the underlying population of data. However, in the application of a differential pricing analysis, the Department is using the entire population and not a sample of that population such that there is no sampling error present in the Department’s analysis.

Further, we disagree with the Minh Phu Group and Stapimex that the statute requires that the Department consider only lower priced sales in the differential pricing analysis. The Department has the discretion to consider sales information on the record in its analysis and to draw reasonable inferences as to what the data show. Contrary to the Minh Phu Group and Stapimex’s claim, it is reasonable for the Department to consider both lower priced and higher priced sales in the Cohen’s d analysis because higher priced sales are equally capable as lower priced sales to create a pattern of prices that differ significantly.

The Department disagrees with Minh Phu Group’s and Stapimex’s argument that it must comply with the now-withdrawn targeted dumping regulations. Although the CIT recently held that the issuance of the Department’s interim final rule withdrawing the targeted dumping regulation was defective, the Court’s ruling is not final and conclusive as that matter is still in litigation. In addition, the regulations at issue, 19 CFR 351.414(f) and (g) and 351.301(d)(5), established criteria for analyzing allegations and making targeted dumping determinations only in less-than-fair-value investigations, not in the context of an administrative review as here. Accordingly, there is no basis for the Department to base its analysis upon the now-withdrawn regulation.

Results of the Differential Pricing Analysis

For the Minh Phu Group, based on the results of the differential pricing analysis, the Department finds that 63.4 percent of its U.S. sales confirm the existence of a pattern of EPs and CEPs for

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comparable merchandise that differ significantly among purchasers, regions, or time periods.\textsuperscript{76} As such, the Department finds that these results support consideration of an alternative to the average-to-average method. When comparing the weighted-average dumping margins calculated using the standard average-to-average method for all U.S. sales and the appropriate alternative comparison method, there is a meaningful difference in the results. Accordingly, the Department has determined to use the mixed A-A and A-T method in making comparisons of CEP and EP and NV for all of the Minh Phu Group’s sales.

For Stapimex, based on the results of the differential pricing analysis, the Department finds that 69.4 percent of Stapimex’s U.S. sales confirm the existence of a pattern of EPs for comparable merchandise that differ significantly among purchasers, regions or time periods.\textsuperscript{77} As such, the Department finds that these results support consideration of an alternative to the average-to-average method. When comparing the weighted-average dumping margins calculated using the standard average-to-average method for all U.S. sales and the appropriate alternative comparison method, there is a meaningful difference in the results. Accordingly, the Department has determined to use the A-T method in making comparisons of EP and NV for all of Stapimex’s sales.

**U.S. Price**

**Export Price**

In accordance with section 772(a) of the Act, the Department calculated EP for sales to the United States for Stapimex and a portion of sales to the United States for the Minh Phu Group because the first sale to an unaffiliated party was made before the date of importation and the use of CEP was not otherwise warranted. The Department calculated EP based on the sales price to unaffiliated purchasers in the United States. In accordance with section 772(c)(2)(A) of the Act, as appropriate, the Department deducted from the sales price certain foreign inland freight, lift, containerization, and international movement costs. Because the inland freight, lift, and containerization services were either provided by a NME vendor or paid for using an NME currency, the Department based the deduction of these charges on SVs.\textsuperscript{78} For international freight provided by an ME provider and paid in U.S. dollars, the Department used the actual cost per kilogram of the freight.

**Constructed Export Price**

For some of the Minh Phu Group’s sales, the Department based U.S. price on CEP in accordance with section 772(b) of the Act, because sales were made on behalf of the Vietnam-based

\textsuperscript{76} See Memorandum Catherine Bertrand, Program Manager, Office V, from Irene Gorelik, Senior International Trade Analyst, Office V, re: “Administrative Review of Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Analysis for the Preliminary Results for Minh Phu Group (“MPG”),” dated concurrently with this preliminary decision memorandum.


\textsuperscript{78} See Prelim SV Memo for details regarding the SVs for movement expenses.
company by a U.S. affiliate to unaffiliated purchasers in the United States. For these sales, the Department based CEP on prices to the first unaffiliated purchaser in the United States. Where appropriate, the Department made deductions from the starting price (gross unit price) for foreign movement expenses, international movement expenses, U.S. movement expenses, and appropriate selling adjustments, in accordance with section 772(c)(2)(A) of the Act.

In accordance with section 772(d)(1) of the Act, the Department also deducted those selling expenses associated with economic activities occurring in the United States. The Department deducted, where appropriate, commissions, inventory carrying costs, interest revenue, credit expenses, warranty expenses, and indirect selling expenses. Where foreign movement expenses, international movement expenses, or U.S. movement expenses were provided by NME service providers or paid for in an NME currency, the Department valued these services using SVs (see “Factor Valuations” section below for further discussion). For those expenses that were provided by an ME provider and paid for in an ME currency, the Department used the reported expense. Due to the proprietary nature of certain adjustments to U.S. price, for a detailed description of all adjustments made to U.S. price for each company, see the company-specific analysis memoranda, dated concurrently with these preliminary results.

Section 773(c)(1) of the Act provides that the Department shall determine the NV using an FOP methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV on the FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under the Department’s normal methodologies.

Factor Valuations

In accordance with section 773(c) of the Act, for subject merchandise produced by the Minh Phu Group and Stapimex, the Department calculated NV based on the FOPs reported by these companies for the POR. The Department used Bangladeshi import data and other publicly available Bangladeshi sources in order to calculate SVs for the Minh Phu Group and Stapimex’s FOPs. To calculate NV, the Department multiplied the reported per-unit FOP quantities by publicly available SVs. The Department’s practice when selecting the best available information for valuing FOPs is to select, to the extent practicable, SVs which are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.79

As appropriate, the Department adjusted input prices by including freight costs to render them delivered prices. Specifically, the Department added to Bangladeshi import SVs a surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory where it relied on an import value. This adjustment is in accordance with the decision of the Federal Circuit in Sigma Corp. v. United States, 117 F.3d 1401, 1408 (Fed. Cir. 1997). Additionally, where necessary, the Department

79 See, e.g., Electrolytic Manganese Dioxide From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 48195 (August 18, 2008), and accompanying Issues and Decision Memorandum at Comment 2.
adjusted SVs for inflation and exchange rates, taxes, and the Department converted all applicable FOPs to a per-kilogram basis.

Furthermore, with regard to the Bangladeshi import-based SVs, we disregarded import prices that we have reason to believe or suspect may be subsidized. We have reason to believe or suspect that prices of inputs from India, Indonesia, South Korea, and Thailand may have been subsidized because we have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies. Therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized. Further, guided by the legislative history, it is the Department’s practice not to conduct a formal investigation to ensure that such prices are not subsidized. Rather, the Department bases its decision on information that is available to it at the time it makes its determination. Additionally, consistent with our practice, we disregarded prices from NME countries and excluded imports labeled as originating from an “unspecified” country from the average value, because the Department could not be certain that they were not from either an NME country or a country with general export subsidies. Therefore, we have not used prices from these countries either in calculating the Bangladeshi import-based SVs or in calculating ME input values.

Pursuant to 19 CFR 351.408(c)(1), when a respondent sources inputs from an ME supplier in meaningful quantities (i.e., not insignificant quantities) and pays in an ME currency, the Department uses the actual price paid by the respondent to value those inputs, except when prices may have been distorted by findings of dumping and/or subsidization. Where the Department finds ME purchases to be of significant quantities (i.e., 33 percent or more), in accordance with our statement of policy as outlined in Antidumping Methodologies: Market

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80 See, e.g., Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order, 75 FR 13257 (March 19, 2010), and accompanying Issues and Decision Memorandum at 4-5; Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia: Final Results of Expedited Sunset Review, 70 FR 45692 (August 8, 2005), and accompanying Issues and Decision Memorandum at 4; Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review, 74 FR 2512 (January 15, 2009), and accompanying Issues and Decision Memorandum at 17, 19-20; Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Thailand, 66 FR 50410 (October 3, 2001), and accompanying Issues and Decision Memorandum at 23.

81 See Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers From the People’s Republic of China, 69 FR 20594 (April 16, 2004), and accompanying Issues and Decision Memorandum at Comment 7.


84 See, e.g., Antidumping Duties; Countervailing Duties; Final Rule, 62 FR 27296, 27366 (May 19, 1997).

85 We note the Department’s revised methodology requiring 85 percent or more of ME purchases is applicable to all proceedings or segments of proceedings (e.g., investigations and administrative reviews) initiated on or after September 3, 2013, see Use of Market Economy Input Prices in Nonmarket Economy Proceedings, 78 FR 46799 (August 2, 2013).
Economy Inputs, the Department uses the actual purchase prices to value the inputs. Information reported by the Minh Phu Group and Stapimex demonstrates that certain inputs were sourced from an ME country and paid for in ME currencies. The information reported by Minh Phu Group and Stapimex also demonstrates that such inputs were purchased in significant quantities (i.e., 33 percent or more) from ME suppliers; hence, the Department used Minh Phu Group and Stapimex’s actual ME purchase prices to value these inputs. Where appropriate, freight expenses were added to the ME price of the input.

As explained above, Petitioner provided a shrimp SV published in AquaCulture Pacific, which although contemporaneous and publicly available, does not encompass a broad range of count sizes sold by the respondents. Conversely, the shrimp values within the NACA study, which were submitted by certain Vietnamese respondents, are compiled from actual pricing records kept by Bangladeshi farmers, traders, depots, agents, and processors, are count-specific, and publicly available. Therefore, to value the main input, head-on, shell-on shrimp, the Department used data contained in the NACA study.

The Department used United Nations ComTrade Statistics, provided by the UN Department of Economic and Social Affairs’ Statistics Division, as its primary source of Bangladeshi SV data to value certain raw materials, certain energy inputs and packing material inputs that the Minh Phu Group and Stapimex used to produce subject merchandise during the POR, except where listed below. The data represent cumulative values for the calendar year 2007, for inputs classified by the Harmonized Commodity Description and Coding System number. For each input value, we used the average value per unit for that input imported into Bangladesh from all countries that the Department has not previously determined to be NME countries. Import statistics from countries that the Department determines to be countries which subsidized exports (i.e., India, Indonesia, South Korea, and Thailand) and imports from unspecified countries also were excluded in the calculation of the average value. We inflated the value using the POR average CPI rate.

The Department valued water using publicly available Bangladeshi data from the Dhaka Water Supply & Sewage Authority. We inflated the value using the POR average CPI rate. We valued lift/containerization costs incurred at the domestic port using a price list of export procedures necessary to export a standardized cargo of goods in Bangladesh. The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in Bangladesh that is published in Doing Business 2014: Bangladesh by the World Bank. This World Bank report gathers information concerning the cost to transport 10,000 kilograms in a 20-foot container. The per-unit lift/containerization SV is

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87 See Minh Phu Group’s Section D Questionnaire Response, dated January 10, 2012, at 11 and Exhibit D-4; see also Quoc Viet Section D Questionnaire Response, dated January 10, 2012, at D-6 and Exhibit D-5.

88 Id.

89 Id.

90 For a detailed explanation of the Department’s valuation of shrimp, see Prelim SV Memo, at 3-4.

91 This can be accessed online at: http://www.unstats.un.org/unsd/comtrade/.

92 Id., at 7.
calculated based on the itemized charge for “Ports and Terminal Handling” expense of $450/10,000 kilograms. We halved this charge to $225/10,000 kilograms, and applied it equally to terminal lift charges and containerization charges to account for these expenses incurred by the respondents.93

We used Bangladeshi transport information in order to value the freight-in cost of the raw materials. The Department determined the best available information for valuing truck freight to be from Bangladesh Statistical Yearbook for 2010. We inflated the value using the POR average CPI rate.

On June 21, 2011, the Department revised its methodology for valuing the labor input in NME antidumping proceedings.94 In Labor Methodologies, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 5B: Labor Cost in Manufacturing, from the International Labor Organization (ILO) Yearbook of Labor Statistics (“Yearbook”). However, in this case, the Department notes the ILO does not contain labor data for Bangladesh.

The record contains a labor wage rate for shrimp processing in Bangladesh, published by the Bangladesh Bureau of Statistics (“BBS”). When selecting possible SVs for use in an NME proceeding, the Department’s preference is to use SVs that are publicly available, broad market averages, contemporaneous with the POR, specific to the input in question, and exclusive of taxes.95 Pursuant to section 773(c)(1) of the Act, it is also the Department’s practice to use the best available information to derive SVs. The Department considers several factors, including quality, specificity and contemporaneity, to determine the best available information in accordance with the Act. The Department finds this labor wage rate to be the best available information on the record. These data are publicly available, represent a broad market average, specific to the shrimp processing industry, contemporaneous to the POR, and collected from an official Bangladeshi government source in the surrogate country that the Department selected. Therefore, we note that the BBS data are consistent with the Department’s statement of policy regarding the calculation of the SV for labor. A more detailed description of the wage rate calculation methodology is provided in the Prelim SV Memo.96

To value factory overhead, selling, general, and administrative expenses (“SG&A”), and profit, the Department used the 2011-2012 financial statements of Gemini Seafood Limited (“Gemini”), a Bangladeshi producer of identical merchandise.97

93 Id.
95 See Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Final Results of the Second Administrative Review, 72 FR 13242 (March 21, 2007) and accompanying Issues and Decision Memorandum at Comment 8B.
96 See Prelim SV Memo at 5-6.
97 Id., at 8.
Currency Conversion

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

Conclusion

We recommend applying the above methodology for these preliminary results.

Agrre   Disagree

_________________________
Paul Piquado
Assistant Secretary
for Enforcement and Compliance

_________________________
(Date)
Appendix

1. Agrex Saigon
2. Amanda Foods (Vietnam) Ltd.
   Amanda Foods (Vietnam) Ltd. Ngoc Tri Seafood Company (Amanda’s affiliate)
   Amanda Seafood Co., Ltd.
3. Bentre Aquaproduct Import & Export Joint Stock Company
4. Binh An Seafood Joint Stock Company
5. Can Tho Agricultural and Animal Products Import Export Company, aka,
   Can Tho Agricultural Products, aka
   Can Tho Agricultural Products Imex Company, aka,
   CATACO
   CASEAMEX
7. Cau Tre Enterprise (C.T.E.)
8. CL Fish Co., Ltd. (Cuu Long Fish Company)
9. Cautre Export Goods Processing Joint Stock Company
10. Cautre Export Goods Processing Joint Stock Company (CTSE JSCO)
11. D & N Foods Processing (Danang Company Ltd.)
12. Duy Dai Corporation
13. Fine Foods Company (FFC)
14. Gallant Ocean (Quang Ngai) Co., Ltd.
15. Gallant Dachan Seafood Co., Ltd.
16. Gn Foods
17. Grobest
   Grobest & I-Mei Industrial (Vietnam) Co. Ltd.
   Grobest & I-Mei Industrial Vietnam
   Grobest & I-Mei Industry Vietnam
18. Hai Thanh Food Company Ltd.
19. Hai Vuong Co., Ltd.
20. Headway Co., Ltd.
21. Hoang Hai Company Ltd.
22. Hua Heong Food Industries Vietnam Co. Ltd.
23. Hoa Phat Aquatic Products Processing And Trading Service Co., Ltd.
24. Huynh Huong Trading and Import Export Joint Stock Company
25. Khanh Loi Seafood Factory
26. Kien Hung Seafood Company Vn
27. Kien Long Seafoods Co. Ltd.
28. Luan Vo Fishery Co., Ltd.
29. Lucky Shing Co., Ltd.
31. Mp Consol Co., Ltd.
32. Ngoc Chau Co., Ltd. and/or Ngoc Chau Seafood Processing Company
33. S.R.V. Freight Services Co., Ltd.
34. Sustainable Seafood
35. Tan Thanh Loi Frozen Food Co., Ltd.
36. Thanh Doan Seaproducts Import & Export Processing Joint-Stock Company
   (THADIMEXCO)
37. Thanh Hung Frozen Seafood Processing Import Export Co., Ltd.
38. Thanh Tri Seafood Processing Co. Ltd.
39. Tien Tien Garment Joint Stock Company
40. Tithi Co., Ltd.
41. Trang Corporation
42. Viet Cuong Seafood Processing Import Export Joint-Stock Company
    Viet Cuong Seafood Processing Import Export
43. Vietnam Northern Viking Technologies Co. Ltd.
44. Vinatex Danang
45. Vinh Loi Import Export Company (‘‘Vimexco’’), aka
    Vinh Loi Import Export Company (‘‘VIMEX’’), aka
    VIMEXCO aka
    VIMEX aka
    Vinh Loi Import/Export Co., aka
    Vinhloii Import Export Company aka
    Vinh Loi Import-Export Company
    Vinh Loi Import Export Company (‘‘Vimexco’’) and/or Vinh Loi Import Export
    Company (‘‘VIMEX’’)
