MEMORANDUM TO: Ronald K. Lorentzen  
Acting Assistant Secretary for Enforcement & Compliance  
FROM: Gary Tavernan  
Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations  
SUBJECT: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Issues and Decision Memorandum for the Final Results of New Shipper Review

SUMMARY

The Department of Commerce (the “Department”) analyzed the comments submitted by Petitioners¹ and Thaoh Hung Co., Ltd. D/B/A Thaoh Hung Frozen Seafood Processing Import Export Co., Ltd.’s (“Thanh Hung”) in the new shipper review of the antidumping duty order on certain frozen fish fillets from the Socialist Republic of Vietnam (“Vietnam”). Following the Preliminary Rescission² and the analysis of the comments received, we continue to find Thanh Hung’s sale to be non-bona fide. We recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum.

BACKGROUND

On July 14, 2014, the Department published the Preliminary Rescission of this new shipper review. On August 7, 2014, the Department extended the deadlines for parties to submit case and rebuttal briefs.³ On September 18, 2014, the Department extended the final results to December 1, 2014.⁴ On September 29, 2014, the Department extended the deadline for parties to

¹ The Catfish Farmers of America and individual U.S. catfish processors ("Petitioners").
⁴ See Letter from Thanh Hung, to the Department, regarding Refile & Redacted Direct Case Brief: New Shipper Review of Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Review Period – 8/1/12-7/31/13,
to submit rebuttal briefs. On October 2, 2014, the Department received a case brief from Thanh Hung. On October 6, 2014, the Department received a rebuttal brief from Petitioners. On November 12, 2014, the Department held a public hearing.

**SCOPE OF THE ORDER**

The product covered by the order is frozen fish fillets, including regular, shank, and strip fillets and portions thereof, whether or not breaded or marinated, of the species *Pangasius Bocourti*, *Pangasius Hypophthalmus* (also known as *Pangasius Pangasius*) and *Pangasius Micronemus*.

Frozen fish fillets are lengthwise cuts of whole fish. The fillet products covered by the scope include boneless fillets with the belly flap intact (“regular” fillets), boneless fillets with the belly flap removed (“shank” fillets) and boneless shank fillets cut into strips (“fillet strips/finger”), which include fillets cut into strips, chunks, blocks, skewers, or any other shape.

Specifically excluded from the scope are frozen whole fish (whether or not dressed), frozen steaks, and frozen belly-flap nuggets. Frozen whole, dressed fish are deheaded, skinned, and eviscerated. Steaks are bone-in, cross-section cuts of dressed fish. Nuggets are the belly-flaps.

The subject merchandise will be hereinafter referred to as frozen “basa” and “tra” fillets, which are the Vietnamese common names for these species of fish. These products are classifiable under tariff article codes 0304.29.6033, 0304.62.0020, 0305.59.0000, 0305.59.4000, 1604.19.2000, 1604.19.2100, 1604.19.3000, 1604.19.3100, 1604.19.4000, 1604.19.4100, 1604.19.5000, 1604.19.5100, 1604.19.6100 and 1604.19.8100 (Frozen Fish Fillets of the species *Pangasius* including basa and tra) of the Harmonized Tariff Schedule of the United States (“HTSUS”).

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7 See Letter from Petitioners to the Department regarding Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Rebuttal Brief, dated October 6, 2014 (“Petitioners Rebuttal Brief”).

8 Until July 1, 2004 these products were classifiable under HTSUS 0304.20.6030 (Frozen Catfish Fillets), 0304.20.6096 (Frozen Fish Fillets, NESOI), 0304.20.6043 (Frozen Freshwater Fish Fillets) and 0304.20.6057 (Frozen Sole Fillets). Until February 1, 2007 these products were classifiable under HTSUS 0304.20.6033 (Frozen Fish Fillets of the species *Pangasius*, including basa and tra). On March 2, 2011 the Department added two HTSUS numbers at the request of U.S. Customs and Border Protection (“CBP”): 1604.19.2000 and 1604.19.3000. On January 30, 2012 the Department added eight HTSUS numbers at the request of CBP: 0304.62.0020, 0305.59.0000, 1604.19.2100, 1604.19.3100, 1604.19.4100, 1604.19.5100, 1604.19.6100 and 1604.19.8100.
The order covers all frozen fish fillets meeting the above specifications, regardless of tariff classification. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of the order is dispositive.

DISCUSSION OF THE ISSUES

Comment:  **Bona Fide Nature of the Sale Under Review**

*Price and Quantity*

**Thanh Hung:**
- U.S. Customs and Border Protection (“CBP”) data is unreliable because it does not take into account certain characteristics necessary for analyzing the price and quantity of Thanh Hung’s single sale as it distinguishes entries based solely on the HTSUS category.9
- Zepol Corporation (“Zepol”) import data shows that Thanh Hung’s sale is the only U.S. entry of its type.10
- Thanh Hung’s price and quantity is unique to its type of sale and cannot be compared to the entries contained in CBP data.11
- The authority cited to in the Department’s low quantity argument, *Honey from PRC*, is distinguishable from the current case because in this instance, CBP data does not represent the quantity and value of subject merchandise.12
- The Department should apply a “unique product” analysis to Thanh Hung’s single POR U.S. sale.13

**Petitioners:**
- The Department’s reliance on CBP data is reasonable and consistent with its established practice.14
- The record does not support Thanh Hung’s claim that its sale is the only one of its type in the CBP data.
- Zepol data is unreliable and contradicts the claim that Thanh Hung’s sale is the only U.S. entry of its type included in the CBP data.15
- The Department’s “unique product” analysis is not applicable in this case.16

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9 See Thanh Hung Case Brief at 11.
10 Id. at 14.
11 Id. at 5.
12 Id. at 16 citing *Honey from the People’s Republic of China: Final Results and Rescission of Antidumping Duty New Shipper Review*, 76 FR 4289 (January 25, 2011) (“Honey from the PRC”) and accompanying Issues and Decision Memorandum at Comment II.
13 Id. at 20.
14 See Petitioners Rebuttal Brief at 5.
15 Id. at 7-11.
16 Id. at 18.
Payment

- Thanh Hung argues that the payment delay is reasonable given the commercial realities associated with the sale.\textsuperscript{17}
- In *Stainless Steel Sheet and Coils from Japan*, the Department did not consider the late payment to be indicative of a non-*bona fide* sale.\textsuperscript{18}

Petitioners:
- The delay in payment and Thanh Hung’s response to not receiving a timely payment are indicative of non-*bona fide* transaction.\textsuperscript{19}
- *Stainless Steel Sheet and Coils from Japan* is distinguishable from this case.\textsuperscript{20}

Atypical Circumstances Surrounding Production

Thanh Hung:
- The fish, count size, and packing specifications were agreed upon by June 14\textsuperscript{th}/15\textsuperscript{th}. Additionally, the sale’s pricing terms were “largely finalized” on that date.\textsuperscript{21}
- The one day lag between production and finalization of price and quantity was reasonable for this sale.\textsuperscript{22}

Petitioners:
- The record shows that the timing of Thanh Hung’s pricing terms were not finalized on June 14\textsuperscript{th}/15\textsuperscript{th}.\textsuperscript{23}
- Thanh Hung’s production timeline for the sale under review is indicative of a non-*bona fide* sale.\textsuperscript{24}

Circumstances Surrounding the Connection to a Third Party

Thanh Hung:
- The Department’s finding that it is affiliated to an unreported party is a mistake of fact\textsuperscript{25} and the individual identified by the Department works for two unrelated companies.\textsuperscript{26} Further, this individual never worked for Thanh Hung.\textsuperscript{27}

\textsuperscript{17} See Thanh Hung Case Brief at 31-33.
\textsuperscript{18} Id. at 34 citing *Stainless Steel Sheet and Strip in Coils from Japan: Final Results of Antidumping Duty Administrative Review*, 75 FR 6331 (February 10, 2010) (“*Stainless Steel Sheet and Coils from Japan*”) and accompanying Issues and Decision Memorandum at Comment 1.
\textsuperscript{19} See Petitioners Rebuttal Brief at 21.
\textsuperscript{20} Id. at 22.
\textsuperscript{21} See Thanh Hung Case Brief at 36.
\textsuperscript{22} Id. at 35.
\textsuperscript{23} See Petitioners Rebuttal Brief at 23.
\textsuperscript{24} Id. at 24.
\textsuperscript{25} See Thanh Hung Case Brief at 39.
\textsuperscript{26} Id. at 40.
\textsuperscript{27} Id. at 41.
• The Department is incorrect in its assertion that one of Thanh Hung’s competitors assisted Thanh Hung in acquiring a lower rate.  

**Petitioners:**

• The record evidence shows that Thanh Hung’s affiliation to an unreported party is indicative of a non-*bona fide* transaction.  

**Other Indicia of a Bona Fide Sale**  

**Thanh Hung:**

• The single sale is *bona fide* because a profit was made on the single sale by both the importer and U.S. reseller and no unusual expenses were incurred by any party to the transaction.  

**Petitioners:**

• Thanh Hung’s customer had not previously made this type of transaction.  

**Department’s Position:**

To determine whether sales in an NSR are *bona fide*, the Department employs a totality of the circumstances test.  

In examining the totality of the circumstances, the Department looks to whether the transaction is “commercially unreasonable” or “atypical of normal business practices.” To conduct this test, the Department considers, *inter alia*, such factors as 1) the timing of the sale; 2) the price and quantity; 3) the expenses from the transaction; 4) whether the goods were resold at a profit; and 5) whether the transaction was made on an arm’s length basis. The Department considers a number of factors in its *bona fides* analysis, “all of which may speak to the commercial realities surrounding an alleged sale of subject merchandise.”

The Department may evaluate the *bona fides* of a sale in an administrative review if it determines that information on the record warrants such an analysis. Although some *bona fide* issues may share commonalities across various Department cases, the Department examines the *bona fide* nature of a sale on a case-by-case basis and the analysis may vary with the facts surrounding each sale. For the reasons explained below, we disagree with Thanh Hung’s analysis and conclusion that its U.S. sale is a *bona fide* transaction.

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28 Id.

29 See Petitioners Rebuttal Brief at 24-25.


33 See *New Donghua*, citing *Fresh Garlic from the PRC: Final Results of Administrative Review and Rescission of New Shipper Review*, 67 FR 11283 (March 13, 2002).


35 See *New Donghua* citing *Certain Preserved Mushrooms from the People’s Republic of China: Final Results and
Price and Quantity

Unless demonstrated to be inaccurate, it is the Department’s practice when conducting a *bona fide* analysis to base the price and quantity comparison on other U.S. entries of subject merchandise during the POR, as reported by CBP, when available.\(^{36}\) The Department continues to find that the CBP data are the best available data on the record, and are preferable when a conflict exists with secondary sources. The Department’s preference is to use CBP data because they are a primary source, as opposed to a secondary source which may be prone to errors in the aggregation process.\(^{37, 38}\) As the Department stated in *Hot-Rolled Steel*, “{t}he legal description of what enters the United States is determined by CBP entry documentation. Where a conflict exists between PIERS\(^{39}\) (a secondary aggregate source) and CBP information, the Department weighs the CBP data more heavily.”\(^{40}\) In this case, the Zepol data is a secondary, aggregate source similar to the PIERS data referred to in *Hot-Rolled Steel*. Therefore, the Department has a similar preference for CBP data as a primary source.

The Department finds that the Zepol data placed on the record of this review are unreliable. Specifically, it contains data for entries that are not the same as the specific HTSUS category under which Thanh Hung’s subject merchandise sale entered. Additionally, it includes sales that entered the United States outside of the period of review (“POR”). Moreover, the Zepol data is incomplete. Thanh Hung explained that it deleted entries that it determined were duplicates of another entry;\(^{41}\) however, Thanh Hung did not substantiate its claim that these entries were duplicates. Without more, it is unclear how Thanh Hung determined that these entries were duplicates and whether the entries were in fact duplicates. As a result, we do not find it appropriate to employ Zepol data, as suggested by Thanh Hung, to make any inferences regarding imports of subject merchandise during the POR.

With respect to Thanh Hung’s argument that the Department’s comparison of price and quantity to CBP data is an “apples-to-oranges” comparison and that it should only be compared against other sales of its type, we disagree. Moreover, we agree with Petitioners that our price and quantity analysis was consistent with established agency practice. As noted in the Final *Bona Fide* Memo, the Department compared Thanh Hung’s single sale to CBP data for the specific HTSUS category under which the sale entered in order to determine whether Thanh Hung’s POR sales price was artificially high and whether the sales quantity was artificially low.\(^{42}\) The

\(^{36}\) See *Honey from the PRC* and accompanying Issues and Decision Memorandum at Comment 2.

\(^{37}\) In this case, the primary source is considered to be the raw data collected by CBP. By contrast, a secondary source collects and aggregates the information.

\(^{38}\) See *Honey from the PRC* and accompanying Issues and Decision Memorandum at Comment 3 (where the Department emphasized its preference for relying upon CBP data over other sources).

\(^{39}\) Port Import Exporting Reporting Service ("PIERS") is a secondary source of import/export data.

\(^{40}\) See Preliminary Rescission of Antidumping Duty Administrative Review: Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China, 72 FR 32072 (June 11, 2007) ("Hot-Rolled Steel").

\(^{41}\) See Thanh Hung Case Brief at 13 at Footnote 47.

\(^{42}\) See Memorandum to James Doyle, Director, Office V, Antidumping and Countervailing Duty Operations, through Scot T. Fullerton, Program Manager, Office V, Antidumping and Countervailing Duty Operations, from Partial Rescission of the New Shipper Review and Final Results and Partial Rescission of the Third Antidumping Duty Administrative Review, 68 FR 41304 (July 11, 2003) and accompanying Issues and Decision Memorandum at Comment 2.
Department has routinely used CBP data to analyze whether reported prices and quantities are indicative of *bona fide* transactions. Although Thanh Hung claims that differences exist within the HTSUS category with respect to aquaculture, appearance/flavor, and raw materials, we do not find that the evidence on this record demonstrates that these alleged differences translate to different prices. In *TPPC*, the Court of International Trade (“Court”) upheld the Department's determination that a single sale was not *bona fide*, in a case involving a similar analysis in which the Department used, as a benchmark, the average price of all CBP entries of glycine to compare to the respondent's single POR sale price. Despite the fact that entries under the HTS category in that case contained numerous grades of glycine, the Court still found the Department’s *bona fides* analysis reasonable.

With respect to Thanh Hung’s argument that the facts in the current case are distinguishable from those in *Honey from the PRC*, we disagree. Specifically, as stated above, the CBP data is reliable and does, in fact, reflect the quantity and value of the merchandise subject to this review. Further, as noted in the Final *Bona Fide Memo*, the sale prices placed on the record that Thanh Hung claim are similar to the sale under review are, in fact, reflective of non-arm’s length transfer prices that are different from Thanh Hung’s single sale. We also note that this case is distinguishable from *Fresh Garlic from the PRC*, *Wooden Bedroom Furniture*, and *2006-2007 Fish Fillets from Vietnam*, all cited to by Thanh Hung. Due to the proprietary nature of the discussion related to these cases, further analysis is included in the Final *Bona Fide* Memorandum.

Moreover, given that additional analysis regarding the quantity and value of this transaction involves business proprietary information, further discussion of the bases for our analysis is in the Thanh Hung Final *Bona Fide* Memorandum.

**Payment**


*See*, e.g., *Certain Frozen Warmwater Shrimp From the People's Republic of China: Notice of Final Results and Rescission, in Part, of 2004/2006 Antidumping Duty Administrative and New Shipper Reviews*, 72 FR 52049 (September 12, 2007) and accompanying Issues and Decision Memorandum at Comment 17.

*See TTPC* at 1246.


*See Final *Bona Fide Memo*. 

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The Department continues to find that the lateness of the payment made by Thanh Hung’s U.S. customer is atypical of normal business practices and commercially unreasonable. In examining the totality of the circumstances, the atypical nature and commercial unreasonableness of Thanh Hung’s U.S. customer’s late payment are further evidence that Thanh Hung’s single POR U.S. sale was non-bona fide. Since much of our analysis regarding the payment of this transaction involves business proprietary information, a full discussion of the bases for our analysis is set forth in the Thanh Hung Final Bona Fide Memorandum.

Atypical Circumstances Surrounding Production

Thanh Hung asserts that the one day lag between the start of production and the receipt of purchase order is reasonable. As discussed in the Bona Fide memo, in previous bona fide analyses, the Department has found that the production of the specific merchandise under review prior to the completion of the sales negotiations is indicative of a non-bona fide sale.\(^{48}\) Accordingly, the Department continues to find Thanh Hung’s atypical circumstances surrounding production to be indicative of a non-bona fide transaction. Since much of our analysis regarding the atypical circumstances surrounding production of this transaction involves business proprietary information, a full discussion of the bases for our analysis is set forth in the Thanh Hung Final Bona Fide Memorandum.

Circumstances Surrounding the Connection to a Third Party

The Department continues to find that Thanh Hung’s connection to a third party is not typical of a bona fide transaction. The Department examines the involvement of each of the parties in the transaction in order to determine whether the sale was in fact completed by the new shipper under review, or was in fact made by a previous participant in an antidumping review or investigation, who would otherwise be ineligible to participate in a new shipper review. In previous reviews, when the Department has found such a high level of involvement by third parties in a single new shipper transaction, the Department has taken this level of involvement into consideration in determining whether or not the single sale was a bona fide sale between the respondent and the reported customer, or in fact a sale between the other third parties.\(^{49}\) Since much of our analysis regarding the circumstances surrounding the connection to a third party involves business proprietary information, a full discussion of the bases for our analysis is set forth in the Thanh Hung Final Bona Fide Memorandum.

Other Indicia of a Bona Fide Sale

We disagree with Thanh Hung. The Department’s bona fides analysis is based on the totality of the circumstances. Although evidence on the record suggests that a profit may have been earned

\(^{48}\) See Bona Fide Memo citing Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Rescission of New Shipper Review, 75 FR 36635 (June 28, 2010), and accompanying Issues and Decision Memorandum at Comment 6.

\(^{49}\) See, e.g., Certain Frozen Warmwater Shrimp from the People’s Republic of China: Notice of Final Results and Rescission, in Part, of 2004/2006 Antidumping Duty Administrative and New Shipper Reviews, 72 FR 52049 (September 5, 2007) and accompanying Issues and Decision Memorandum at Comment 17B.
by both parties and that no unusual expenses were incurred, as discussed above, the Department examines the *bona fide* nature of a sale on a case-by-case basis and the analysis may vary with the facts surrounding each sale.\(^{50}\)

**Conclusion**

After examining the totality of the circumstances as described above, the Department continues to find that numerous factors demonstrate that Thanh Hung’s sole POR U.S. sale was not conducted on a *bona fide* basis. As explained above, multiple aspects of Thanh Hung’s single POR U.S. sale demonstrate, in their totality, that the sale under review was not reflective of normal business practices and are not indicative of future selling practices, including: (1) the sale price for Thanh Hung’s POR U.S. sale is extremely high in comparison to most other imports of subject merchandise; (2) the quantity for Thanh Hung’s POR U.S. sale is extremely low in comparison to other imports of subject merchandise; (3) payment was not rendered in full in a timely manner, and full payment was only made after the Department’s repeated inquiries; (4) the abnormal timing of production with respect to Thanh Hung’s sales negotiations; and (5) the circumstances surrounding a third party’s involvement in the sale and whether the sale was negotiated at arm’s length.

\(^{50}\) See New Donghua citing *Certain Preserved Mushrooms From the People’s Republic of China: Final Results and Partial Rescission of the New Shipper Review and Final Results and Partial Rescission of the Third Antidumping Duty Administrative Review*, 68 FR 41304 (July 11, 2003) and accompanying Issues and Decision Memorandum at Comment 2.
RECOMMENDATION

Based on our analysis of the comments received and factors described above, we recommend continuing to find the sale under review not \textit{bona fide} and rescinding the NSR. If accepted, we will publish the final results of review and the final dumping margins in the \textit{Federal Register}.

AGREE  \checkmark  DISAGREE

Ronald K. Lorentzen  
Acting Assistant Secretary  
for Enforcement & Compliance

\textbf{November 24, 2014}  
Date