

UNITED STATES COURT OF INTERNATIONAL TRADE

ASSOCIATION OF AMERICAN	:	
SCHOOL PAPER SUPPLIERS,	:	
	:	
Plaintiff,	:	
	:	
v.	:	Before: Richard K. Eaton, Judge
	:	
UNITED STATES,	:	Consol. Court No. 06-00395
	:	
Defendant,	:	
	:	
and	:	
	:	
KEJRIWAL PAPER LIMITED,	:	
	:	
Deft.-Int.	:	

OPINION

[United States Department of Commerce's final results of redetermination pursuant to remand in the antidumping investigation of certain lined paper products from India are sustained.]

Dated: December 10, 2009

Wiley Rein LLP (Alan H. Price, Timothy C. Brightbill, and Maureen E. Thorson), for plaintiff Association of American School Paper Suppliers.

Tony West, Assistant Attorney General; Jeanne E. Davidson, Director, Patricia M. McCarthy, Assistant Director, Commercial Litigation Branch, Civil Division, United States Department of Justice (John J. Todor); Office of Chief Counsel for Import Administration, United States Department of Commerce (Sapna Sharma), of counsel, for defendant United States.

deKieffer & Horgan (J. Kevin Horgan and Gregory S. Menegaz), for defendant-intervenor Kejriwal Paper Limited.

Eaton, Judge: This consolidated action¹ is before the court following remand to the Department of Commerce ("Commerce" or "the Department") as provided for in the court's Opinion and Order dated November 17, 2008. See *Ass'n of Am. Sch. Paper Suppliers v. United States*, 32 CIT ___, Slip Op. 08-122 (Nov. 17, 2008) (not reported in the Federal Supplement) ("Association I"); Final Results of Redetermination Pursuant to Court Remand (Dep't of Commerce Mar. 16, 2009) ("Remand Results"). Plaintiff Association of American School Paper Suppliers (the "Association") and defendant-intervenor Kejriwal Paper Limited ("Kejriwal") each object to the Remand Results, though for different reasons. See Plaintiff's Comments Resp. Remand Results ("Pl.'s Comments") 1-2; Defendant-Intervenor's Comments Resp. Remand Results ("Def.-Int.'s Comments") 2-3.

The Remand Results relate to the treatment of general and administrative ("G&A") expenses provided for in the Department's earlier final results in its antidumping investigation of certain lined paper products ("CLPP") from India, covering the period of investigation ("POI") July 1, 2004, through June 30, 2005. See CLPP from India, 71 Fed. Reg. 45,012, 45,012 (Dep't of Commerce Aug. 8, 2006) (notice of final determination of sales at less

¹ This action includes court numbers 06-00395 and 06-00399. See *Ass'n of Am. Sch. Paper Suppliers v. United States*, Consol. Ct. No. 06-00395 (Feb. 26, 2007) (order granting consent motion to consolidate cases).

than fair value and negative determination of critical circumstances) and the accompanying Issues and Decision Memorandum (Dep't of Commerce Aug. 8, 2006) ("Issues & Dec. Mem.") (collectively, the "Final Results"). On remand, the Department has reduced Kejriwal's antidumping duty margin from 3.91 percent to 3.06 percent. Remand Results at 1.

Jurisdiction is had pursuant to 28 U.S.C. § 1581(c) (2006) and 19 U.S.C. § 1516a(a)(2)(B)(i). For the reasons set forth below, the Remand Results are sustained.

BACKGROUND

In September 2005, the Association, an "ad hoc trade organization" acting on behalf of the domestic paper industry,² filed a petition with Commerce seeking the imposition of antidumping duties on imports of CLPP.³ CLPP from India, Indonesia, and the People's Republic of China, 70 Fed. Reg. 58,374, 58,374 (Dep't of Commerce Oct. 6, 2005) (initiation of

² The Association consists of MeadWestvaco Corporation, Norcom, Inc., and Top Flight, Inc. *Association I*, 32 CIT at ___, Slip Op. 08-122 at 3 n.2.

³ CLPP refers to "[paper] products . . . [such] as single- and multi-subject notebooks, composition books, wireless notebooks, looseleaf or glued filler paper, graph paper, and laboratory notebooks" *CLPP From India*, 71 Fed. Reg. 19,706, 19,707 (Dep't of Commerce Apr. 17, 2006) (notice of preliminary determination of sales at less than fair value) (footnotes omitted).

antidumping duty investigation). Thereafter, Commerce commenced its investigation, and in accordance with its procedures, conducted a verification of Kejriwal's operations. See Final Results, 71 Fed. Reg. at 45,012. Commerce's verification examined the company and found that its primary business was not producing and exporting the subject CLPP, but rather trading newsprint. See Issues & Dec. Mem. at 6. Commerce's verification report "explained that Kejriwal finds suppliers and purchasers of newsprint in the domestic market, and negotiates purchase and sale prices with the manufacturers and purchasers of newsprint." Memorandum to File from Laurens van Houten re: Verification of the Cost Response of Kejriwal Paper Limited in the Antidumping Investigation of Lined Paper from India at 4-5 (Dep't of Commerce June 13, 2006) (the "Verification Report").

The Department concluded that Kejriwal incurred "significant expenses" in financing and conducting its newsprint transactions, but that, as a strategic business decision, it did not take title to or possession of the newsprint so that it might "take advantage of a 16 percent tax exemption offered by the Government of India if newsprint 'is supplied directly from the manufacturer to the end consumers.'" Verification Report at 8.

STANDARD OF REVIEW

The court reviews the Final Results under the substantial evidence and in accordance with law standard set forth in 19 U.S.C. § 1516a(b)(1)(B)(i) ("The court shall hold unlawful any determination, finding, or conclusion found . . . to be unsupported by substantial evidence on the record, or otherwise not in accordance with law"). "Substantial evidence is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion." *Huaiyin Foreign Trade Corp. (30) v. United States*, 322 F.3d 1369, 1374 (Fed. Cir. 2003) (quotation omitted).

DISCUSSION

I. Kejriwal's General and Administrative Expense Ratio

The sole issue on remand is Commerce's calculation of Kejriwal's G&A expense ratio.⁴ This ratio is the component of

⁴ If Commerce cannot determine the normal value of imported merchandise from home market or third country sales, it uses a "constructed value" of the subject merchandise as the normal value. See 19 U.S.C. § 1677b(a)(4); see also *Bridgestone Americas, Inc. v. United States*, 33 CIT __, __, 636 F. Supp. 2d 1347, 1356 (2009). The constructed value is calculated by applying a statutory formula that requires Commerce to total: "the cost of materials and fabrication or other processing of any kind employed in producing the merchandise;" "the actual amounts incurred and realized by the specific exporter . . . for selling, general, and administrative expenses in connection with the production and sale of a foreign like product;" and "the cost of all containers and coverings . . . incidental to placing the

(continued...)

constructed value by which Commerce computes⁵ a part of a company's overhead expenses. *Association I*, 32 CIT at ___, Slip Op. 08-122 at 37. These are expenses, incurred during the period of investigation, "which relate indirectly to the general operations of the company rather than directly to the production process." See Section D: Cost of Production and Constructed Value Questionnaire at D-18, available at <http://ia.ita.doc.gov/questionnaires/20080402/q-inv-sec-d-040108.pdf> (last visited Nov. 18, 2009). They "include amounts incurred

⁴(...continued)
subject merchandise in condition packed ready for shipment to the United States." 19 U.S.C. § 1677b(e)(1), (2)(A), (3).

In addition, the statute directs that

[c]osts shall normally be calculated based on the records of the exporter or producer of the merchandise, if such records are kept in accordance with the generally accepted accounting principles of the exporting country (or the producing country, where appropriate) and reasonably reflect the costs associated with the production and sale of the merchandise.

19 U.S.C. § 1677b(f)(1)(A). The statute, however, "provides no further guidance" or methodology for calculating general and administrative expenses. *Am. Silicon Technologies v. United States*, 334 F.3d 1033, 1037 (Fed. Cir. 2003).

⁵ The G&A expense ratio is multiplied by the cost of manufacture in order to obtain an amount for G&A expenses. *Fuyao Glass Indus. Group Co. v. United States*, 29 CIT 109, 131 n.12 (2005) (not reported in the Federal Supplement).

for general [research and development] activities, executive salaries and bonuses, and operations relating to [a] company's corporate headquarters." *Id.*

II. Commerce's Original Calculation of the G&A Expense Ratio

In the Final Results, Commerce departed from its usual methodology for calculating the G&A expense ratio:

The Department's longstanding methodology is to calculate a ratio by dividing the company's general expenses by its total cost of sales, as reported in the respondent's audited financial statements. The Department's established practice in calculating the G&A expense rate is to include only those items that relate to the general operations of the company as a whole in the numerator of the G&A expense ratio calculation.

Remand Results at 6 (citation omitted). Because Kejriwal's business had both a CLPP manufacturing side and a newsprint trading side, Commerce found that its longstanding methodology would not produce an accurate result since Kejriwal never took title to the newsprint it traded. *See* Issues & Dec. Mem. at 5. As a result of Kejriwal not taking title to the newsprint, the cost of its purchase was not contained in the company's financials. That being the case, under Commerce's usual methodology, the cost of sale number (or cost of goods sold) for the traded newsprint in the ratio's denominator would be zero, and hence nearly all of the G&A expenses would be attributed to

the manufacture of CLPP. This would be the case even though it was clear that some large portion of the G&A expenses should be attributed to the newsprint business. Thus, as the Department explained on remand:

The unique business model of Kejriwal, where its two main lines of business include one in manufacturing (e.g., lined paper) and one in trading (e.g., acting as a broker in the sales of newsprint between two third parties) does not fit squarely with our normal approach for allocating financial statement classified G&A expenses over the financial statement classified cost of sales of manufactured products. The Department recognized in this case that Kejriwal's primary business activity was as a newsprint trader. Kejriwal acted as a broker between purchasers and suppliers of newsprint prior to and during the POI. Kejriwal began producing lined paper during the POI. The Department also recognized that many of Kejriwal's employees were involved in the newsprint trading activity. Because Kejriwal had many employees and offices dedicated to the newsprint operation, during verification the Department questioned where the newsprint trading operation related expenses were recorded. At verification, the Department reviewed all of the company's expenses to determine whether the expenses had been appropriately included in the reported costs or excluded.

Remand Results at 6-7 (citations and footnote omitted).

In other words, because the specific expenses associated with the cost of the newsprint business were not separately identified in Kejriwal's audited financials, the Department decided to depart from its usual methodology:

The Department found that most expenses reported on Kejriwal's G&A Expense Ratio Worksheet could be categorized as manufacturing expenses, packing expenses, selling expenses, interest expenses, investment related expenses, or G&A expenses. If the Department identifies expenses that are directly related to one process or product, it normally and more appropriately considers those to be manufacturing costs. By contrast, G&A expenses by their nature are indirect expenses incurred by the company as a whole, and are not directly related to a particular process or product. These general expenses usually include corporate expenses such as salaries and benefits, rent, travel expenses, electricity, vehicle expenses, insurance, transport expenses, and audit expenses.

We found unique circumstances in this case because the respondent reported, and we verified, that a large part of the company's G&A expenses reported in the company's financial statement resulted directly from the trading of newsprint, rather than from the general operations of the company. Put another way, although these costs were reported as G&A expenses on the income statement, they were nonetheless costs directly related to Kejriwal's newsprint trading operations and were not supporting the general operations of the company as a whole (e.g., expenses for payroll and accounting supported the company as a whole, while expenses for newsprint marketing salaries were directly related to the newsprint trading operation).

Id. at 7-8 (citations and footnotes omitted).

As a result of these findings, Commerce modified its methodology by looking closely at Kejriwal's G&A expenses, as reported in its financials, in order to determine if any of these

expenditures were directly attributable to the trading of newsprint. *Id.* at 8-9. The Department did this because it believed that these expenses would be more accurately characterized as "costs of sales" of the newsprint business rather than general company expenses. Commerce then moved these values from the numerator to the denominator of the G&A expense ratio. *Id.* at 9.

In *Association I*, the court did not question Commerce's revised methodology, but found lacking Commerce's explanation for not including an amount for the cost of the newsprint traded in the denominator when calculating the G&A expense ratio. *Association I*, 32 CIT at ___, Slip Op. 08-122 at 49. In this connection, the court further sought an explanation as to why an amount for newsprint traded had been included when calculating the financial expense ratio. *Id.* at 50.

III. Commerce's Remand Results

On remand, the Department has sought to explain its reasons for: (1) declining to include a cost of newsprint traded in the denominator when calculating Kejriwal's G&A expense ratio; (2) moving additional costs from the numerator to the denominator when calculating the ratio; and (3) including the cost of newsprint traded in the denominator of the financial expense

ratio, but not in the G&A expense ratio.

Kejriwal, as it did with respect to the Final Results of the investigation, disputes Commerce's calculation of its G&A expense ratio by insisting that the Department must include the cost of newsprint traded in the ratio's denominator.

The Department's claim that it has attempted to associate reported expenses with the general and administrative activities of the whole company continues to be contradicted by the immutable facts of the administrative record. While the Department reasonably accommodated the economic reality of Kejriwal's business activity so that the purpose of the finance ratio would not be thwarted, the Department continues to blind itself to the same economic reality in dramatically understating the G&A ratio denominator by not including a reasonable equivalent cost of the newsprint.

Def.-Int.'s Comments 2. Thus, Kejriwal argues that, by not including the cost of newsprint traded in the G&A expense ratio's denominator, Commerce "can never arrive at a 'fair equivalent value' of [the newsprint] trading activity." Def.-Int.'s Comments 18.

For its part, the Association maintains that:

Consistent with the Department's past practice, Kejriwal's G&A ratio should be based on its [cost of goods sold] as established in its normal books and records. These costs do not include the cost or value of traded newsprint, because no such cost was ever incurred. Rather than second-guessing the company's own auditors, and the company's own decision as to its business model and structure, the Department should follow its

precedent with respect to the calculation of [cost of goods sold], and should be directed to include only those costs that can be directly associated with manufacturing processes and products.

Pl.'s Comments 8. In other words, the Association argues that the Department should have adhered to its usual practice and kept all of G&A expenses reported on Kejriwal's financial statements in the numerator and allocated none to the denominator. Pl.'s Comments 7.

The Department continues to cite Kejriwal's unusual business model as a justification for departing from its methodology of relying on the characterization of costs found in a company's financial records when constructing the G&A expense ratio.

We deviated from our normal methodology for both financing expense and G&A ratios due to the problems posed by the unique business model of Kejriwal's newsprint trading business. Following our normal method of allocating company-wide financing or G&A expense over company-wide actual cost of sales as reported on the income statement would have resulted in an unreasonable allocation of all financial and G&A expenses as reported on the income statement to lined paper because 1) Kejriwal's financial statement cost of sales consisted solely of lined paper expenses (understating the denominator) and 2) its reported G&A expenses included expenses directly related to newsprint operations (overstating the numerator for the G&A expense ratio). This is because the newsprint trading business is an administrative-type operation while the lined paper business is a manufacturing operation. As a result, Kejriwal classified all newsprint trading costs as G&A in

Kejriwal's financial statements, and all lined paper costs as the only element in the cost of sales in its financial statements. Our normal method of allocating G&A and financing costs would have resulted in virtually all such costs being allocated to lined paper.

Remand Results at 15-16.

Thus, as part of its remand procedures, Commerce again took a close look at the amounts reported as G&A expenses in Kejriwal's financials.

For the G&A ratio calculation, we attempted to reasonably identify and segregate those administrative costs that directly relate to Kejriwal's newsprint trading operation from those costs relating to the general operations of the company as a whole, based on Kejriwal's classification and description of the expenses. We excluded those costs identified by Kejriwal as newsprint trading costs from the G&A numerator and included them in the cost of sales denominator. *In effect, the costs associated with Kejriwal's newsprint operations are the cost of its newsprint trading sales. While these expenses may have been administrative in nature, as described above, and we typically do not attribute administrative costs directly to specific products or divisions, we considered the facts and circumstances in this case to be unusual. Specifically, these expenses were directly related to generating revenue in the company's trading activity (akin to the cost of sales of manufactured products), and accordingly, reasonably associated to Kejriwal's newsprint trading operations based on the analysis provided by Kejriwal at verification, and added to the denominator. In this sense, the Department's G&A calculation is consistent with its normal*

methodology for calculating G&A expenses, which is to allocate a company's expenses that relate to the general operations of the company over the company's total cost of sales.

Id. at 17 (emphasis added).

Indeed, its examination on remand revealed further expenses the Department believed should be credited to the company's newsprint business.

During our reexamination of the record pursuant to the Court's remand, we realized that while we had allocated a significant amount . . . of the reported G&A to newsprint, certain administrative rent and administrative depreciation expenses had not been allocated to the newsprint trading operation. For the remand determination, we have recalculated the G&A expense ratio to reflect a reasonable allocation of these expenses to newsprint trading because, like other expenses we examined, we consider some administrative rent and administrative depreciation expenses to be more properly considered directly related to newsprint trading operations.

Id. at 11.

Responding to Kejriwal's claim that the cost of newsprint should have been included in the cost of goods sold, Commerce explained that "Kejriwal did not incur or record an acquisition cost for newsprint in its income statement because it did not purchase or sell newsprint during the POI. As a result, Kejriwal did not have any newsprint [cost of goods sold]." *Id.* at 20.

Finally, the Department addressed its reasons for taking the

cost of the newsprint into account in the financial expense ratio, but not the G&A expense ratio:

[W]e recognized that including an imputed value for newsprint in the denominator of the financial expense ratio, while not an actual cost to Kejriwal, would be reasonable in allocating the company's financing expenses to its two main business operations (newsprint trading and lined paper) because Kejriwal incurred financing costs directly related to the value of the newsprint. In other words, interest expenses incurred in the newsprint trading operations were dependent on the value of the newsprint traded. Kejriwal borrowed money from lenders to both finance its lined paper manufacturing, and to finance its newsprint trading operations. Since financing expenses reflect a company's cost of capital, we allocated such costs over the operating activities that required capital investment (i.e., lined paper manufacturing and the imputed value of the traded newsprint).

Id. at 16.

Put another way, the Department concluded that the expenses incurred in financing the cost of the newsprint traded were directly proportional to the value of the newsprint and would be the same regardless of whether Kejriwal took title to the newsprint or not. This is because the interest expense for financing the newsprint would not be any more or less if Kejriwal actually purchased the paper or merely financed its sale and purchase by others. As a result, the Department accounted for these expenses by adding an amount equal to the cost of newsprint

to the denominator of the finance expense ratio in order to allocate these financing expenses to the newsprint trading business.

IV. Commerce's Remand Results Are Sustained

Commerce is charged with computing a constructed value as accurately as possible by including in its calculations an amount for general and administrative expenses. See *Thai I-Mei Frozen Foods Co. v. United States*, 32 CIT __, __, 572 F. Supp. 2d 1353, 1359 (2008) ("Commerce must be guided by the objectives of achieving an accurate margin and a fair comparison between export price and normal value."). Furthermore, Commerce must be able to "provide[] a reasonable explanation" for how it arrives at its final calculations. *Wuhan Bee Healthy Co. v. United States*, 32 CIT __, __, Slip Op. 08-61 at 7 (May 29, 2008) (not reported in the Federal Supplement). This is particularly the case where the Department departs from a previously employed methodology. *M.M. & P. Mar. Advancement, Training, Educ. & Safety Program (MATES) v. Dep't of Commerce*, 729 F.2d 748, 755 (Fed. Cir. 1984). That Commerce reasonably has complied with these injunctions, when confronted with a difficult factual situation, can be seen by examining the proposed methodologies urged by Kejriwal and the Association.

Here, the parties are disputing the amount of G&A expenses to be included in the constructed value. This amount is important because the greater the constructed value of a product, the greater the dumping margin.⁶ Thus, the larger the percentage resulting from the G&A expense ratio, the greater the amount of G&A expenses to be added to constructed value. As a result, an increase in the denominator (where the numerator is either undisturbed or made smaller) is advantageous to Kejriwal because it results in a smaller constructed value.

Kejriwal would have Commerce increase the value of the G&A denominator by an amount equal to the value of the newsprint traded. The problem with this proposal is that it presupposes that, had Kejriwal actually taken title to the newsprint, it would have incurred no greater overhead expenses than those now found in its financials. In other words, Kejriwal would increase the value of the denominator of the G&A expense ratio without changing the numerator in any way.

Because Kejriwal never took title to or possession of the newsprint, however, there is simply no record evidence as to

⁶ In antidumping investigations, Commerce must ultimately calculate a dumping margin, or "the amount by which the normal value exceeds the export price or constructed export price of the subject merchandise." 19 U.S.C. § 1677(35)(A). If the price of an item in the home market (normal value) is higher than the price for the same item in the United States (export price), then the dumping margin comparison produces a positive number that indicates dumping has occurred.

whether Kejriwal would have incurred greater G&A expenses had it held title to the newsprint. "Kejriwal did not take title to the newsprint it traded [and] did not incur the associated costs" Defendant's Reply Brief to Comments in Opposition to Commerce's Final Remand Redetermination ("Def.'s Reply") 5. Therefore, there is nothing on the record indicating whether taking title to the newsprint would result in greater expenses for such items as: corporate salaries and benefits, rent, travel expenses, electricity, vehicle expenses, insurance, transport expenses, or audit expenses. See, e.g., Remand Results at 8 (listing these expenses as common G&A expenses). Any increase in these expenses would necessarily result in the numerator of the G&A expense ratio being made larger. Without record evidence showing how the numerator of the G&A expense ratio would be affected had Kejriwal taken title to the newsprint, constructing a G&A expense ratio using Kejriwal's proposed methodology would be guesswork.

As to the Association's proposal, it urges Commerce to employ its usual methodology of taking the G&A values found in Kejriwal's financials and placing them in the G&A expense ratio without alteration. "Consistent with the Department's past practice, Kejriwal's G&A ratio should be based on its [cost of goods sold] as established in its normal books and records."

Pl.'s Comments 8. This methodology, however, would disregard the existence of the newsprint trading business entirely and would result in nearly all of the G&A expenses being attributed to the production of CLPP. In other words, the Association wishes Commerce to ignore the employees, offices, and activities related to the newsprint business—an absurd result.

Rather than accept either Kejriwal's or the Association's proposed G&A methodologies, Commerce has chosen to take the newsprint trading business as it found it. That is, the Department has not assumed that Kejriwal took title to the newsprint, when it did not. At the same time, Commerce did not ignore the direct costs of the newsprint business altogether.

Thus, Commerce has kept its usual methodology by putting general expenses in the numerator of the G&A expense ratio and by putting expenses directly related to the newsprint business in the ratio's denominator. While Commerce has departed from its past practice by examining the expenses that Kejriwal identified as general expenses in its financials, and found that some were better categorized as direct expenses, it has given a complete and reasonable explanation for having done so based on the company's business model.

The Department has also given a reasonable explanation for further recharacterizing other amounts carried on Kejriwal's books as G&A expenses. During its reexamination of the record

pursuant to remand, Commerce found that certain rent and depreciation expenses had not been allocated to the newsprint trading operation. Remand Results at 11. Accordingly, for the Redetermination, Commerce recalculated the G&A expense ratio and allocated a portion of these expenses to the newsprint operations, by moving them to the denominator of the ratio. *Id.* at 11-12.

With regard to the rent paid for administrative purposes, because there was no identification of rent expenses directly associated with the newsprint activity on Kejriwal's financials, Commerce "approximated an amount based on the ratio of newsprint salaries and remuneration to total financial statement classified G&A salaries and remuneration." *Id.* at 12 (citation omitted). Commerce explained that it was reasonable "to use the verified ratio of newsprint salaries to total salaries to allocate rent to newsprint because the newsprint trading employees work in Kejriwal's administrative offices for which rent is paid." *Id.* Commerce then used the percentage of total salaries devoted to its newsprint business to "identif[y] a portion of the rent to be allocated to the newsprint operation." Def.'s Reply 8. In other words, Commerce used the resulting ratio to determine a percentage of rent devoted to Kejriwal's newsprint trading business. The Department then moved the value of rent expense,

determined using this ratio, to the denominator of the G&A expense ratio. Commerce found that the use of this salary ratio to be reasonable because the proportion of salaries devoted to the newsprint business would provide an approximation of the amount of rent paid to support the newsprint operation. *Id.*

Considering that Commerce has found the newsprint business to be largely administrative in nature, using administrative salaries to approximate the proportion of administrative rent directly related to the newsprint business is reasonable. That is, it is reasonable to assume that the salaries paid for the administrative personnel working in the newsprint business would be proportional to the amount of rent paid to house them. As a result, the court finds that Commerce's decision to place these expenses in the denominator of the G&A expense ratio is both reasonable and has been adequately explained.

In like fashion, Commerce identified a portion of the depreciation expense to be allocated to the newsprint operations, based on the percentage Kejriwal provided for the distribution of motor vehicle depreciation expenses. Remand Results at 13. This adjustment was made by using the percentage of automobile depreciation attributable to newsprint trading to provide a surrogate for the amount of administrative depreciation, as a whole, attributable to newsprint trading. Commerce explained

that Kejriwal had allocated administrative depreciation based on motor vehicle expenses because the majority of its administrative depreciation expenses were for motor vehicles. *Id.* Thus, the Department took the percentage of motor vehicle depreciation attributable to the newsprint business, and extended the use of the percentage to all administrative depreciation. Commerce then took this portion of the administrative depreciation expense, and moved it to the denominator of the G&A expense ratio calculation. *Id.*

Because Commerce had the actual percentage of motor vehicle use for the newsprint trading business, it was able to calculate the percentage of motor vehicle depreciation attributable to newsprint trading. The court finds that the extension of this treatment to all other property subject to administrative depreciation for which there is no breakdown in the financials between the CLPP business and the newsprint trading business is reasonable considering that motor vehicle depreciation made up the bulk of administrative depreciation expenses.

Finally, the court finds that Commerce has supplied a reasonable explanation for treating the cost of newsprint traded differently in the financial and G&A expense ratios. That is, while it can be said that the cost of financing its newsprint trading business would be the same whether Kejriwal actually took

title to the newsprint or not, the same cannot be said of the amount of G&A expenses that would be incurred had Kejriwal actually purchased the newsprint. Thus, it is reasonable to account for the expense of financing the newsprint in the financial expense ratio by including an amount equal to what it would cost to buy it. There is simply no record evidence to justify similar treatment in the G&A expense ratio.

Having reviewed Commerce's findings and reasoning, the court concludes that Commerce supported with substantial evidence, adequately explained itself, and supplied the "reasoned analysis" necessary to depart from its normal practice when calculating the G&A expense ratio. *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 42 (1983).

CONCLUSION

For the reasons stated, Commerce's Remand Results in the antidumping investigation of certain lined paper products from India are sustained. Judgment shall be entered accordingly.

/s/ Richard K. Eaton

Richard K. Eaton

Dated: December 10, 2009
New York, New York