



A-580-876, A-489-822  
Sunset Reviews  
**Public Document**  
E&C/OII: BH

February 19, 2021

MEMORANDUM TO: Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance

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

SUBJECT: Issues and Decision Memorandum for the Expedited First Sunset  
Reviews of the Antidumping Duty Orders on Welded Line Pipe  
from the Republic of Korea and the Republic of Turkey

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## I. SUMMARY

We have analyzed the substantive responses of the domestic interested parties in the first sunset reviews of the antidumping duty (AD) orders covering welded line pipe from the Republic of Korea (Korea) and the Republic of Turkey (Turkey).<sup>1</sup> No other interested party submitted a substantive response. Accordingly, we conducted expedited (120-day) sunset reviews pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.218(e)(1)(ii)(C)(2). We recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum. Below is the complete list of the issues in this sunset review for which we received a substantive response:

1. Likelihood of continuation or recurrence of dumping
2. Magnitude of the dumping margins likely to prevail

## II. BACKGROUND

On November 3, 2020, Commerce published the notice of initiation of the first sunset reviews of the *AD Orders* pursuant to section 751(c) of the Act.<sup>2</sup> In November 2020, Commerce received notices of intent to participate within the 15-day deadline specified in 19 CFR 351.218(d)(1)(i) from Axis Pipe and Tube (Axis); California Steel Industries; Tex-Tube Company; Welspun Tubular LLC; Wheatland Tube Company; American Cast Iron Pipe Company (ACIPCO); Stupp Corporation; Maverick Tube Corporation (Maverick); and IPSCO Tubulars Inc. (collectively,

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<sup>1</sup> See *Welded Line Pipe from the Republic of Korea and the Republic of Turkey: Antidumping Duty Orders*, 80 FR 75056 (December 1, 2015) (*AD Orders*).

<sup>2</sup> See *Initiation of Five-Year (Sunset) Reviews*, 85 FR 69585 (November 3, 2020).



domestic interested parties).<sup>3</sup> The domestic interested parties claimed interested party status under section 771(9)(C) of the Act as manufacturers, producers, or wholesalers in the United States of a domestic like product.

On December 3, 2020, Commerce received an adequate substantive response to the notice of initiation from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i).<sup>4</sup> We received no substantive responses from respondent interested parties with respect to either of the orders covered by these sunset reviews.

On December 28, 2020, Commerce notified the U.S. International Trade Commission (ITC) that it did not receive an adequate substantive response from respondent interested parties.<sup>5</sup> As a result, pursuant to 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), Commerce conducted expedited (120-day) sunset reviews of the *AD Orders*.

### III. SCOPE OF THE *ORDERS*

The scope of these *Orders* is circular welded carbon and alloy steel (other than stainless steel) pipe of a kind used for oil or gas pipelines (welded line pipe), not more than 24 inches in nominal outside diameter, regardless of wall thickness, length, surface finish, end finish, or stenciling. Welded line pipe is normally produced to the American Petroleum Institute (API) specification 5L, but can be produced to comparable foreign specifications, to proprietary grades, or can be non-graded material. All pipe meeting the physical description set forth above, including multiple-stenciled pipe with an API or comparable foreign specification line pipe stencil is covered by the scope of these *Orders*.

The welded line pipe that is subject to these *Orders* is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7305.11.1030, 7305.11.5000, 7305.12.1030, 7305.12.5000, 7305.19.1030, 7305.19.5000, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150. The subject merchandise may also enter in HTSUS 7305.11.1060 and 7305.12.1060. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these *Orders* is dispositive.

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<sup>3</sup> See Axis' Letter, "Notice of Intent to Participate in the First Five-Year Review of the Antidumping Duty Order on Certain Welded Line Pipe from Korea," dated November 13, 2020; Maverick's Letter, "Notice of Intent to Participate in First Sunset Review of the Antidumping Duty Order on Welded Line Pipe from the Republic of Korea," dated November 16, 2020; ACIPCO's Letter, "Welded Line Pipe from the Republic of Korea: Notice of Intent to Participate in Sunset Review," dated November 18, 2020; Axis' Letter, "Notice of Intent to Participate in the First Five-Year Review of the Antidumping Duty Order on Certain Welded Line Pipe from Turkey," dated November 13, 2020; Maverick's Letter, "Notice of Intent to Participate in First Sunset Reviews of the Antidumping and Countervailing Duty Orders on Welded Line Pipe from Turkey," dated November 16, 2020; and ACIPCO's Letter, "Welded Line Pipe from the Republic of Turkey: Notice of Intent to Participate in Sunset Review," dated November 18, 2020.

<sup>4</sup> See Domestic Interested Parties' Letter, "Welded Line Pipe from the Republic of Korea: Substantive Response to the Notice of Initiation of Sunset Review," dated December 3, 2020 (Korea Substantive Response); Domestic Interested Parties' Letter, "Welded Line Pipe from Turkey: Substantive Response of Domestic Producers to Commerce's Notice of Initiation of Five-Year ("Sunset") Reviews," dated December 3, 2020 (Turkey Substantive Response).

<sup>5</sup> See Commerce's Letter, "Sunset Review for November 2020," dated December 23, 2020.

#### IV. HISTORY OF THE *AD ORDERS*

On October 13, 2015, Commerce published its final determinations in the less-than-fair-value (LTFV) investigations of welded line pipe from Korea and Turkey.<sup>6</sup> On December 1, 2015, Commerce published the *AD Orders*. Commerce subsequently amended certain of the weighted-average dumping margins pursuant to court decisions.<sup>7</sup> As a result, Commerce found the following LTFV weighted-average dumping margins for both Korea and Turkey:

Exporter/Producer	Weighted-Average Margin (percent)
<b>Korea<sup>8</sup></b>	
Hyundai HYSCO	6.22
SeAH Steel Corporation	2.53
All Others	4.38
<b>Turkey<sup>9</sup></b>	
Borusan Istikbal Ticaret	22.95
Borusan Mannesmann Boru Sanayi ve Ticaret A.S	22.95
Çayirova Boru Sanayi ve Ticaret A.S./Yücel Boru İthalat-İhracat ve Pazarlama A.S	12.52
Tosçelik Profil ve Sac Endustrisi A.S./Tosyali Dis Ticaret A.S	4.10
All Others	4.33

Since the issuance of the *Orders*, Commerce has completed three administrative reviews of the order on welded line pipe from Korea; Commerce has not completed any administrative reviews on welded line pipe from Turkey.

Commerce found the following weighted-average dumping margins in the first administrative review of welded line pipe from Korea, as amended pursuant to a court decision:<sup>10</sup>

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<sup>6</sup> See *Welded Line Pipe from the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 80 FR 61366 (October 13, 2015); and *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

<sup>7</sup> See *Welded Line Pipe from the Republic of Korea: Notice of Court Decision Not in Harmony With the Amended Final Determination in the Less-Than-Fair-Value Investigation, and Notice of Amended Final Determination and Amended Antidumping Duty Order*, 85 FR 19437 (April 7, 2020) (*Korea Amended Order*); and *Welded Line Pipe from the Republic of Turkey: Notice of Court Decision Not in Harmony With the Final Determination in the Less Than Fair Value Investigation and Notice of Amended Final Determination and Amended Antidumping Duty Order*, 84 FR 4772 (February 19, 2019) (*Turkey Amended Order*).

<sup>8</sup> See *AD Orders*, 80 FR at 75057; and *Korea Amended Order*, 85 FR at 19438.

<sup>9</sup> See *AD Orders*, 80 FR at 75057; and *Turkey Amended Order*, 85 FR at 4773.

<sup>10</sup> See *Welded Line Pipe from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2015-2016*, 83 FR 33919 (July 18, 2018); and *Welded Line Pipe from the Republic of Korea: Notice of Court Decision Not in Harmony With the Amended Final Results in the Antidumping Duty Administrative Review and Notice of Amended Final Results*, 86 FR 3118 (January 14, 2021).

Exporter/Producer	Weighted-Average Margin (percent)
<b>Korea</b>	
Hyundai HYSCO	9.24
SeAH Steel Corporation	4.23
Review-Specific Average Rate <sup>11</sup>	6.74

Commerce found the following weighted-average dumping margins in the second administrative review of welded line pipe from Korea:<sup>12</sup>

Exporter/Producer	Weighted-Average Margin (percent)
<b>Korea</b>	
NEXTEEL Co. Ltd	38.87
SeAH Steel Corporation	22.70
Review-Specific Average Rate	29.89

Commerce found the following weighted-average dumping margins in the third administrative review of welded line pipe from Korea:<sup>13</sup>

Exporter/Producer	Weighted-Average Margin (percent)
<b>Korea</b>	
NEXTEEL Co. Ltd	15.07
SeAH Steel Corporation	9.33
Review-Specific Average Rate	11.60

Commerce is currently conducting administrative reviews of welded line pipe from Korea and Turkey. Commerce initiated these administrative reviews on February 6, 2020, and February 4, 2021, covering the periods December 1, 2018, through November 30, 2019, and December 1, 2019, through November 30, 2020, respectively.<sup>14</sup>

Commerce has not conducted any changed circumstances reviews or new shipper reviews with respect to the *AD Orders*. Nor has Commerce issued any scope rulings, circumvention

<sup>11</sup> This is the rate applied to all companies subject to the administrative review which were not selected for individual examination.

<sup>12</sup> See *Welded Line Pipe from the Republic of Korea: Amended Final Results of Antidumping Duty Administrative Review; 2016-2017*, 84 FR 35371 (July 23, 2019).

<sup>13</sup> See *Welded Line Pipe from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2017-2018*, 85 FR 76517 (November 30, 2020).

<sup>14</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 6896 (February 6, 2020); and *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 86 FR 8166 (February 4, 2021).

determinations, or duty absorption findings in connection with the *AD Orders*. The *AD Orders* remain in effect for all Korean and Turkish manufacturers, producers, and exporters of the subject merchandise.

## V. LEGAL FRAMEWORK

In accordance with section 751(c)(1) of the Act, Commerce is conducting these sunset reviews to determine whether revocation of the *AD Orders* would be likely to lead to a continuation or recurrence of dumping. Sections 752(c)(1)(A) and (B) of the Act provide that, in making this determination, Commerce shall consider both the weighted-average dumping margins determined in the investigation and subsequent reviews, and the volume of imports of the subject merchandise for the period before and the period after the issuance of the AD order. In addition, section 752(c)(3) of the Act provides that Commerce shall provide to the ITC the magnitude of the margin of dumping likely to prevail if the order were revoked.

In accordance with the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act, specifically the SAA,<sup>15</sup> the House Report,<sup>16</sup> and the Senate Report,<sup>17</sup> Commerce's determinations of likelihood will be made on an order-wide, rather than a company-specific, basis.<sup>18</sup> In addition, Commerce normally determines that revocation of an AD order is likely to lead to continuation or recurrence of dumping when: (a) dumping continued at any level above *de minimis* after the issuance of the order; (b) imports of the subject merchandise ceased after the issuance of the order; or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly.<sup>19</sup> Alternatively, Commerce normally will determine that revocation of an AD order is not likely to lead to continuation or recurrence of dumping where dumping was eliminated after issuance of the order and import volumes remained steady or increased.<sup>20</sup>

Furthermore, as a base period of import volume comparison, it is Commerce's practice to use the one-year period immediately preceding the initiation of the investigation, rather than the level of pre-order import volumes, as the initiation of the investigation may dampen import volumes and, thus, skew the comparison.<sup>21</sup>

In addition, section 752(c)(3) of the Act states that Commerce shall provide to the ITC the magnitude of the margin of dumping that is likely to prevail if the order were revoked. Generally, Commerce selects the weighted-average dumping margins from the final determination in the original investigation, as these rates are the only calculated rates that reflect

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<sup>15</sup> See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol. 1 (1994) (SAA).

<sup>16</sup> See H. Rep. No. 103-826, pt. 1 (1994), reprinted in 1994 U.S.C.C.A.N. 3773 (1994) (House Report).

<sup>17</sup> See S. Rep. No. 103-412 (1994) (Senate Report).

<sup>18</sup> See SAA at 879.

<sup>19</sup> See SAA at 889-890; see also House Report at 63-64; Senate Report at 52; and *Policies Regarding the Conduct of Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*; *Policy Bulletin*, 63 FR 18871, 18872 (April 16, 1998) (*Policy Bulletin*).

<sup>20</sup> See SAA at 889-890; see also House Report at 64.

<sup>21</sup> See *Stainless Steel Bar from Germany*; *Final Results of the Sunset Review of the Antidumping Duty Order*, 72 FR 56985 (October 5, 2007), and accompanying Issues and Decision Memorandum (IDM) at Comment 1.

the behavior of exporters without the discipline of an order in place.<sup>22</sup> In certain circumstances, however, a more recently calculated rate may be more appropriate (e.g., “if dumping margins have declined over the life of an order and imports have remained steady or increased, {Commerce} may conclude that exporters are likely to continue dumping at the lower rates found in a more recent review”).<sup>23</sup> Finally, pursuant to section 752(c)(4)(A) of the Act, a margin of dumping likely to prevail of “zero or *de minimis* shall not by itself require” Commerce to determine that revocation of an AD order would not be likely to lead to a continuation or recurrence of sales at LTFV.

Regarding the margin of dumping likely to prevail, in the *Final Modification for Reviews*, Commerce announced that in five-year (*i.e.*, sunset) reviews it will not rely on weighted-average dumping margins that were calculated using the zeroing methodology.<sup>24</sup> However, Commerce explained in the *Final Modification for Reviews* that it “retain{s} the discretion, on a case-by-case basis, to apply an alternative methodology, when appropriate” in both investigations and administrative reviews pursuant to section 777A(d)(1)(B) of the Act.<sup>25</sup> In the *Final Modification for Reviews*, Commerce stated that “only in the most extraordinary circumstances” would it rely on margins other than those calculated and published in prior determinations.<sup>26</sup> Commerce further stated that, apart from the “most extraordinary circumstances,” it would “limit its reliance to margins determined or applied during the five-year sunset period that were not determined in a manner found to be WTO-inconsistent” and that it “may also rely on past dumping margins that were not affected by the WTO-inconsistent methodology, such as dumping margins recalculated pursuant to Section 129 proceedings, dumping margins determined based on the use of adverse facts available, and dumping margins where no offsets were denied because all comparison results were positive.”<sup>27</sup>

## VI. DISCUSSION OF THE ISSUES

Below we address the comments of the domestic interested parties.

### 1. Likelihood of Continuation or Recurrence of Dumping

#### Domestic Interested Parties’ Comments

With respect to the volume of imports, the domestic interested parties assert that imports of welded line pipe from Korea and Turkey have separately declined since the year prior to the filing of the petitions (*i.e.*, 2013). According to the domestic interested parties, the steep downward trend in imports from Turkey from pre-investigation volumes following imposition of

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<sup>22</sup> See SAA at 890; see also *Persulfates from the People’s Republic of China: Notice of Final Results of Expedited Second Sunset Review of Antidumping Duty Order*, 73 FR 11868 (March 5, 2008), and accompanying IDM at Comment 2.

<sup>23</sup> See SAA at 890-91.

<sup>24</sup> See *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8101, 8102-3 (February 14, 2012) (*Final Modification for Reviews*).

<sup>25</sup> *Id.* at 8105-6.

<sup>26</sup> *Id.* at 8102-3 and 8107-10.

<sup>27</sup> *Id.*

the order warrants a determination that dumping would likely continue or recur if the order were revoked.<sup>28</sup> Likewise, the domestic interested parties note that imports of welded line pipe from Korea have generally decreased since the imposition of the order, indicating that dumping would continue or recur were the order to be revoked.<sup>29</sup>

The domestic interested parties note that Commerce determined that Turkish producers were dumping at above *de minimis* levels in the LTFV investigation and Commerce has not completed an administrative review. According to the domestic interested parties, the continued existence of the above *de minimis* margins established in the Turkey LTFV investigation is a sufficient basis for Commerce to conclude that Turkish producers are likely to continue dumping in the absence of the order.<sup>30</sup> Likewise, the domestic interested parties assert that, in all three administrative reviews on welded line pipe from Korea, Commerce found above *de minimis* margins of dumping for Korean producers and exporters of up to 38.87 percent.<sup>31</sup>

The domestic interested parties argue that, based on these facts and in accordance with the *Policy Bulletin*, Commerce should determine that Korean and Turkish exporters could not sell welded line pipe in the United States without dumping. Therefore, the domestic interested parties state that Commerce should conclude that it is likely that dumping would continue or recur if the *AD Orders* were revoked.

#### Commerce's Position:

As explained in the “Legal Framework” section above, Commerce’s determinations of whether the revocation of the order would likely lead to the continuation or recurrence of dumping will be made on an order-wide basis.<sup>32</sup> In addition, Commerce normally will determine that revocation of an AD order is likely to lead to continuation or recurrence of dumping where: (a) dumping continued at any level above *de minimis* after the issuance of the order; (b) imports of the subject merchandise ceased after the issuance of the order; or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly.<sup>33</sup> In addition, pursuant to section 752(c)(1)(B) of the Act, Commerce considers the volume of imports of the subject merchandise for the period before and after the issuance of the AD order.

In this case, Commerce found dumping at above *de minimis* levels in the underlying AD investigations of welded line pipe from Korea and Turkey. As noted above in the “History of the Orders” section, margins ranging from 4.10 percent to 22.95 percent established in the Turkey investigation remain in effect and Commerce has completed no administrative reviews of the Turkey order. Commerce found margins ranging from 2.53 percent to 6.22 percent in the Korea investigation and found dumping at above *de minimis* levels in each of the three administrative reviews of the Korea order. Additionally, we examined the statistics placed on the record by the domestic interested parties with respect to imports of the subject merchandise for the year prior

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<sup>28</sup> See Turkey Substantive Response at 13-14 (citing import statistics compiled from USITC Dataweb).

<sup>29</sup> See Korea Substantive Response at 13-14 (citing import statistics compiled from USITC Dataweb).

<sup>30</sup> See Turkey Substantive Response at 12-13.

<sup>31</sup> See Korea Substantive Response at 12.

<sup>32</sup> See SAA at 879.

<sup>33</sup> See SAA at 889-890; see also House Report at 63-64; and Senate Report at 52.

to the initiation of the LTFV investigations and since the issuance of the *AD Orders*, pursuant to section 752(c)(1)(B) of the Act.<sup>34</sup> These data show substantially decreased import volumes from both Korea and Turkey when compared with the import volumes from the year prior to the initiation of the investigations to the five-year period (2015 – 2019) since the issuance of the *AD Orders*.<sup>35</sup> Given the continued existence of above *de minimis* margins since the imposition of the *Orders* and the overall decrease in the volume of imports, we determine that it is unlikely that Korean or Turkish producers of subject merchandise would be able to sell at pre-order volumes without dumping.<sup>36</sup> Accordingly, we determine that dumping would likely continue or recur if the *AD Orders* were revoked.<sup>37</sup>

## 2. Magnitude of the Dumping Margins Likely to Prevail

### Domestic Interested Parties' Comments

The domestic interested parties assert that, pursuant to the principles set forth in the SAA and *Policy Bulletin*, Commerce should report the margins of dumping determined in the LTFV investigations.<sup>38</sup>

### Commerce's Position:

Section 752(c)(3) of the Act provides that Commerce shall provide to the ITC the magnitude of the margin of dumping that is likely to prevail if the order was revoked. Commerce's preference is to select a rate from the investigation because it is the only calculated rate that reflects the behavior of manufacturers, producers, and exporters without the discipline of an order in place.<sup>39</sup> However, Commerce may provide a more recently calculated margin for a particular company, where declining (or zero or *de minimis*) dumping margins are accompanied by steady or increasing imports, which would reflect that the exporter is likely to dump at a lower rate found in a more recent review. Similarly, if an exporter chooses to increase dumping to increase or maintain market share, Commerce may provide the ITC with an increased margin that is more representative of that exporter's behavior in the absence of an order.<sup>40</sup> As indicated in the "Legal Framework" section, Commerce's current practice is to not rely on weighted average dumping margins calculated using the zeroing methodology, in accordance with the *Final Modification for Reviews*.<sup>41</sup>

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<sup>34</sup> See Korea Substantive Response at 13-14; and Turkey Substantive Response at 13-14.

<sup>35</sup> *Id.*

<sup>36</sup> See SAA at 889 (explaining that "declining import volumes accompanied by the continued existence of dumping margins after the issuance of an order may provide a strong indication that, absent an order, dumping would be likely to continue, because the evidence would indicate that the exporter needs to dump to sell at pre-order volumes").

<sup>37</sup> See SAA at 890 (explaining that "{i}f companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the discipline were removed").

<sup>38</sup> See Korea Substantive Response at 15; and Turkey Substantive Response at 15.

<sup>39</sup> See SAA at 890; *Policy Bulletin*, 63 FR at 18873 (section II.B.1); and *Prestressed Concrete Steel Wire Strand from the People's Republic of China: Final Results of Expedited Sunset Review of the Antidumping Duty Order*, 80 FR 43063 (July 21, 2015), and accompanying IDM at Comment 2.

<sup>40</sup> See section 752(c)(3) of the Act; see also *Clad Steel Plate from Japan: Final Results of the Expedited Sunset Review of the Antidumping Duty Order*, 83 FR 22008 (May 11, 2018), and accompanying IDM at Comment 2.

<sup>41</sup> See *Final Modification for Reviews*, 77 FR at 8103.



The rates calculated in the LTFV investigations, as amended pursuant to court decisions, were not calculated using zeroing and, thus, these dumping margins are consistent with the practice stipulated in the *Final Modification for Reviews*. Thus, we determine that revocation of the *AD Orders* would be likely to lead to continuation or recurrence of dumping at the magnitude of weighted average margins up to 6.22 percent for Korea and up to 22.95 percent for Turkey. Accordingly, in accordance with section 752(c)(3) of the Act, Commerce will provide the ITC with the margins from the final determinations, as amended pursuant to court decisions, as the margin of dumping that is likely to prevail if the *AD Orders* were revoked.

## VII. FINAL RESULTS OF SUNSET REVIEWS

Commerce determines that revocation of the *AD Orders* would be likely to lead to the continuation or recurrence of dumping, and that the magnitude of the margins of dumping that are likely to prevail would be at a rate up to 6.22 percent for Korea and up to 22.95 percent for Turkey.

## VIII. RECOMMENDATION

Based on our analysis of the responses received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of these expedited sunset reviews in the *Federal Register*.

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Agree

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Disagree

2/19/2021

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Signed by: CHRISTIAN MARSH

Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance