



A-570-943; C-570-944  
Anti-Circumvention Inquiries  
From Brunei  
From the Philippines  
**Public Document**  
E&C/Office VI: YJC/JKD

August 4, 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:** Oil Country Tubular Goods from the People's Republic of China:  
Decision Memorandum for Preliminary Affirmative  
Determinations of Circumvention

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## I. SUMMARY

On November 3, 2020, the Department of Commerce (Commerce) self-initiated the anti-circumvention inquiries of the antidumping and countervailing duty orders on oil country tubular goods (OCTG) from the People's Republic of China (China), pursuant to section 781(b) of the Tariff Act of 1930, as amended (the Act) and 19 CFR 351.225(h) to determine whether certain imports of OCTG completed in Brunei or the Philippines using inputs manufactured in China are circumventing the antidumping and countervailing duty orders on OCTG from China.<sup>1</sup>

Based on the information submitted by interested parties, and the analysis below, we recommend that, pursuant to section 781(b) of the Act, Commerce preliminarily finds that welded OCTG completed in Brunei or the Philippines using inputs manufactured in China and exported from Brunei or the Philippines to the United States are circumventing the antidumping and countervailing duty orders on OCTG from China.<sup>2</sup>

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<sup>1</sup> See *Oil Country Tubular Goods from the People's Republic of China: Self-Initiation of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders*, 85 FR 71877 (November 12, 2020) (*Initiation Notice*), and accompanying Initiation Memorandum.

<sup>2</sup> See *Certain Oil Country Tubular Goods from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 FR 28551 (May 21, 2010); and *Certain Oil Country Tubular Goods from the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 3203 (January 20, 2010).

## II. BACKGROUND

As explained above, Commerce published the *Initiation Notice* on November 12, 2020. On February 16, 2021, based on the U.S. Customs and Border Protection (CBP) entry data for U.S. imports of OCTG from Brunei and the Philippines and the quantity and value (Q&V) responses from Bruneian and Philippine companies, Commerce selected mandatory respondents for individual examination<sup>3</sup> and issued the initial questionnaire.<sup>4</sup> For Brunei, Commerce selected HLDS (B) Steel Sdn Bhd (HLDS(B)) and Shanghai Minmetals (Hong Kong) Co., Ltd. (Shanghai), and for the Philippines, Commerce selected Beamplus International Pte. Ltd. (Beamplus) and HLD Clark Steel Pipe Co., Ltd. (HLD Clark). On March 16, 2021, these mandatory respondents submitted their initial responses.<sup>5</sup> In its response, Shanghai stated that it does not have any production activities in Brunei.<sup>6</sup> In response to Commerce's additional requests for information, HLDS(B) and HLD Clark submitted their supplemental responses on June 17, 2021.<sup>7</sup>

In response to the initial questionnaire, Beamplus notified Commerce that it will not respond to the initial questionnaire. Beamplus explained that it is an international trading company not located or registered in the Philippines, and it has no production of OCTG. Beamplus further explained:

Beamplus does not have any warehouses, nor does it hold physical possession of the OCTG during the sales process. The OCTG under inquiry were all shipped directly from Beamplus' supplier – HLD Clark Steel Pipe Co., Inc. – to the United States. Therefore, HLD Clark has actual knowledge of the destination of the sales. Beamplus understands that HLD Clark already identified its sales to Beamplus that were destined to the United States as HLD Clark's U.S. sales in their response.<sup>8</sup>

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<sup>3</sup> See Memorandum, "Anti-Circumvention Inquiry on Oil Country Tubular Goods from the People's Republic of China, from Brunei: Respondent Selection Memorandum" dated February 16, 2021; and "Anti-Circumvention Inquiry on Oil Country Tubular Goods from the People's Republic of China, from the Philippines: Respondent Selection Memorandum," dated February 16, 2021 (collectively, Respondent Selection Memoranda).

<sup>4</sup> See Commerce's Letter, "Oil Country Tubular Goods from the People's Republic of China: Initial Questionnaire," dated February 16, 2021.

<sup>5</sup> See HLDS(B)'s Letter, "HLDSB Initial Questionnaire Response" dated March 16, 2021 (HLDS(B)'s Initial Response 1); Shanghai's Letter, "Minmetals Hong Kong Initial Questionnaire Response," dated March 16, 2021 (Shanghai Response); Beamplus's Letter, "Beamplus Notice of Intent Not to Participate," dated March 16, 2021 (Beamplus's Intent Not to Participate); HLD Clark's Letter, "HLD Clark Initial Questionnaire Response," dated March 16, 2021 (HLD Clark's Initial Response 1); HDLS(B)'s Letter, "HLDSB Initial Questionnaire Response, Q.42 & APP. XII," dated March 23, 2021 (HLDS(B)'s Initial Response 2); and HLD Clark's Letter, "HLD Clark Initial Questionnaire Response, Q.42 & App. XII," dated March 23, 2021 (HLD Clark's Initial Response 2).

<sup>6</sup> See Shanghai Response at 2.

<sup>7</sup> See HLDS(B)'s Letter, "HSDSB Supplemental Questionnaire Response," dated June 17, 2021 (HLDS(B)'s Supplemental Response); and HLD Clark's Letter, "HLD Clark Supplemental Questionnaire Response" dated June 17, 2021.

<sup>8</sup> See Beamplus's Intent Not to Participate at 1.

### **III. SCOPE OF THE ORDERS**

The scope of these orders consists of certain OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (*e.g.*, whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of the orders also covers OCTG coupling stock. Excluded from the scope of the orders are casing or tubing containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.

The merchandise covered by the orders is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.29.10.10, 7304.29.10.20, 7304.29.10.30, 7304.29.10.40, 7304.29.10.50, 7304.29.10.60, 7304.29.10.80, 7304.29.20.10, 7304.29.20.20, 7304.29.20.30, 7304.29.20.40, 7304.29.20.50, 7304.29.20.60, 7304.29.20.80, 7304.29.31.10, 7304.29.31.20, 7304.29.31.30, 7304.29.31.40, 7304.29.31.50, 7304.29.31.60, 7304.29.31.80, 7304.29.41.10, 7304.29.41.20, 7304.29.41.30, 7304.29.41.40, 7304.29.41.50, 7304.29.41.60, 7304.29.41.80, 7304.29.50.15, 7304.29.50.30, 7304.29.50.45, 7304.29.50.60, 7304.29.50.75, 7304.29.61.15, 7304.29.61.30, 7304.29.61.45, 7304.29.61.60, 7304.29.61.75, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.29.10.30, 7306.29.10.90, 7306.29.20.00, 7306.29.31.00, 7306.29.41.00, 7306.29.60.10, 7306.29.60.50, 7306.29.81.10, and 7306.29.81.50.

The OCTG coupling stock covered by the orders may also enter under the following HTSUS item numbers: 7304.39.00.24, 7304.39.00.28, 7304.39.00.32, 7304.39.00.36, 7304.39.00.40, 7304.39.00.44, 7304.39.00.48, 7304.39.00.52, 7304.39.00.56, 7304.39.00.62, 7304.39.00.68, 7304.39.00.72, 7304.39.00.76, 7304.39.00.80, 7304.59.60.00, 7304.59.80.15, 7304.59.80.20, 7304.59.80.25, 7304.59.80.30, 7304.59.80.35, 7304.59.80.40, 7304.59.80.45, 7304.59.80.50, 7304.59.80.55, 7304.59.80.60, 7304.59.80.65, 7304.59.80.70, and 7304.59.80.80.

The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of the orders is dispositive.

### **IV. SCOPE OF THE ANTI-CIRCUMVENTION INQUIRIES**

These anti-circumvention inquiries cover welded OCTG completed in Brunei or the Philippines using inputs manufactured in China and subsequently exported from Brunei or the Philippines to the United States.<sup>9</sup>

### **V. THE PERIOD OF INQUIRIES**

The period for these inquiries covers January 1, 2017, through November 30, 2020.

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<sup>9</sup> See *Initiation Notice*, 85 FR at 71878.

## VI. SURROGATE COUNTRY AND VALUATION METHODOLOGY FOR INPUTS FROM CHINA

In the most recently completed administrative review of the antidumping duty order on OCTG from China, Commerce treated China as a non-market economy (NME) country.<sup>10</sup> In accordance with section 771(18)(C)(i) of the Act, a determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority.<sup>11</sup> No party has challenged the designation of China as an NME country for purposes of the statutory analysis in these anti-circumvention inquiries. Therefore, we continue to treat China as an NME country for purposes of the preliminary determinations of these anti-circumvention inquiries.<sup>12</sup>

When conducting proceedings involving imports from an NME country, section 773(c)(1) of the Act directs Commerce to base normal value, in most cases, on the NME producer's factors of production (FOPs) valued in a surrogate market economy country considered appropriate by Commerce.<sup>13</sup> In accordance with section 773(c)(4) of the Act, Commerce will value FOPs using "to the extent possible, the prices or costs of the factors of production in one or more market-economy countries that are – (A) at a level of economic development comparable to that of the nonmarket economy country, and (B) significant producers of comparable merchandise."<sup>14</sup> In these anti-circumvention inquiries, HLDS(B) and HLD Clark produced OCTG in Brunei and the Philippines, respectively, using hot-rolled steel produced in China.

Because these anti-circumvention inquiries are for the antidumping and countervailing duty orders on OCTG from China, our analysis of hot-rolled steel that HLDS(B) and HLD Clark purchased from China requires the application of our NME methodology.<sup>15</sup> As such, because key elements of Commerce's analysis under section 781(b)(1)(D) of the Act necessitate

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<sup>10</sup> See *Oil Country Tubular Goods from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2017-2018*, 84 FR 9490 (March 15, 2019), unchanged in *Oil Country Tubular Goods from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2017-2018*, 84 FR 32125 (July 5, 2019).

<sup>11</sup> See, e.g., *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 30758, 30760 (June 4, 2007), unchanged in *Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 60632 (October 25, 2007).

<sup>12</sup> See *Antidumping Duty Investigation of Certain Aluminum Foil from the People's Republic of China: Affirmative Preliminary Determination of Sales at Less-Than-Fair Value and Postponement of Final Determination*, 82 FR 50858, 50861 (November 2, 2017), and accompanying Preliminary Decision Memorandum (PDM) at 7-8 (citing Memorandum, "China's Status as a Non-Market Economy," dated October 26, 2017), unchanged in *Certain Aluminum Foil from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 83 FR 9282 (March 5, 2018).

<sup>13</sup> See section 773(c)(1) of the Act.

<sup>14</sup> See section 773(c)(4) of the Act.

<sup>15</sup> See *Small Diameter Graphite Electrodes from the People's Republic of China: Affirmative Preliminary Determination of Circumvention of the Antidumping Duty Order and Extension of Final Determination*, 77 FR 33405, 33407 (June 6, 2012), unchanged in *Small Diameter Graphite Electrodes from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 77 FR 47596 (August 9, 2012), and accompanying Issues and Decision Memorandum (IDM) at Comment 2 (collectively, *Electrodes*); *Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty and Countervailing Duty Orders*, 83 FR 23891 (May 23, 2018) (*Cold-Rolled Steel*), and accompanying IDM at Comment 6.

obtaining values for NME inputs, for the purchases of Chinese hot-rolled steel, we have determined to use surrogate values from an appropriate market-economy country, consistent with section 773(c)(1) of the Act and Commerce’s past practice as guidance.<sup>16</sup>

For the valuation of hot-rolled steel from China, we disclosed the list of potential surrogate countries and invited comments for the selection of the primary surrogate country and surrogate values.<sup>17</sup> In response, Welded Tube USA, Inc., Wheatland Tube Company, and Vallourec Star, L.P. (collectively, domestic interested parties) requested that we select Brazil as the primary surrogate country<sup>18</sup> and provided surrogate values for the valuation of Chinese hot-rolled steel.<sup>19</sup> HLDS(B) and HLD Clark requested that we select Malaysia as the primary surrogate country<sup>20</sup> and provided surrogate values for the valuation of Chinese hot-rolled steel.<sup>21</sup> No other interested parties provided comments with regards to the selection of the primary surrogate country and the valuation of inputs. For the preliminary determinations, we selected Malaysia as the primary surrogate country for valuing purchases of Chinese hot-rolled steel because the Malaysian data provide information more specific to the Chinese hot-rolled steel that the respondents purchased and used in the production of OCTG.<sup>22</sup>

## VII. STATUTORY FRAMEWORK

Section 781 of the Act addresses circumvention of antidumping and countervailing duty orders.<sup>23</sup> With respect to merchandise assembled or completed in a third country, section 781(b) of the Act provides that Commerce may find circumvention of antidumping and countervailing duty orders when merchandise of the same class or kind subject to the orders is assembled or completed in a foreign country other than the country to which the order applies. In conducting anti-circumvention inquiries under section 781(b) of the Act, Commerce, after taking into account any advice provided by the U.S. International Trade Commission (ITC) under section 781(e) of the Act, may include imported merchandise within the scope of an order at any time an order is in effect pursuant to the following criteria:<sup>24</sup>

(A) whether the merchandise imported into the United States is of the same class or kind of any merchandise that is subject to the order;

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<sup>16</sup> See section 773(c)(1) of the Act; *Electrodes* IDM at Comment 2; *Cold-Rolled Steel*, 83 FR at 23891, and accompanying IDM at Comment 6.

<sup>17</sup> See Commerce’s Letter, “Oil Country Tubular Goods from the People’s Republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information,” dated April 1, 2021.

<sup>18</sup> See Domestic Interested Parties’ Letter, “Comments on Surrogate Country Selection,” dated April 22, 2021.

<sup>19</sup> See Domestic Interested Parties’ Letter, “Comments on Surrogate Value Selection,” dated May 11, 2021.

<sup>20</sup> See HLDS(B)’s and HLD Clark’s Letters, “Surrogate Country Comments,” dated April 22, 2021.

<sup>21</sup> See HLDS(B)’s and HLD Clark’s Letters, “Surrogate Value Information,” dated May 11, 2021.

<sup>22</sup> See HLDS(B)’s and HLD Clark’s Letters, “Surrogate Country Comments,” dated April 22, 2021 at Attachment 1; see also HLDS(B)’s and HLD Clark’s Letters, “Rebuttal Surrogate Value Information,” dated May 21, 2021.

<sup>23</sup> Specifically, the legislative history to section 781(b) of the Act indicates that Congress intended Commerce to make determinations regarding circumvention on a case-by-case basis, in recognition that the facts of individual cases and the nature of specific industries are widely variable. See S. Rep. No. 103-412 (1994) at 81-82.

<sup>24</sup> See section 781(b)(1)(A)-(E) of the Act.

(B) before importation into the United States, whether such imported merchandise is completed or assembled in another foreign country from merchandise which is subject to the order or produced in the foreign country that is subject to the order;

(C) whether the process of assembly or completion in the foreign country referred to above is minor or insignificant;

(D) whether the value of the merchandise produced in the foreign country to which the antidumping and/or countervailing duty order applies is a significant portion of the total value of the merchandise exported to the United States, and

(E) whether action is appropriate to prevent evasion of the order.

With respect to whether the process of assembly or completion in the third country is minor or insignificant under section 781(b)(1)(C) of the Act, section 781(b)(2) of the Act directs Commerce to consider the following:<sup>25</sup>

(A) the level of investment in the foreign country;

(B) the level of research and development in the foreign country;

(C) the nature of the production process in the foreign country;

(D) the extent of production facilities in the foreign country; and

(E) whether the value of the processing performed in the foreign country represents a small proportion of the value of the merchandise imported into the United States.

In reaching this determination, Commerce “will not consider any single factor of section 781(b)(2) of the Act to be controlling.”<sup>26</sup> In other words, Commerce’s practice is to evaluate each of these five factors as they exist in the third country, depending on the totality of the circumstances of the particular anti-circumvention inquiry.<sup>27</sup>

Finally, section 781(b)(3) of the Act further provides that, in determining whether to include merchandise assembled or completed in a foreign country within the scope of an antidumping and/or countervailing duty order, Commerce shall consider the following additional factors:<sup>28</sup>

(A) the pattern of trade, including sourcing patterns;

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<sup>25</sup> See section 781(b)(2)(A)-(E) of the Act.

<sup>26</sup> See 19 CFR 351.225(h); Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316 at 893 (1994) (SAA); and *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27328 (May 19, 1997).

<sup>27</sup> See *Certain Tissue Paper Products from the People’s Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 73 FR 57591, 57592 (October 3, 2008) (*Tissue Paper*); *Cold-Rolled Steel*, 83 FR at 23891, and accompanying IDM at “VI. Statutory Framework.”

<sup>28</sup> See section 781(b)(3)(A)-(C) of the Act.

(B) whether the manufacturer or exporter of the merchandise described in accordance with section 781(b)(1)(B) of the Act is affiliated with the person who uses the merchandise described in accordance with section 781(b)(1)(B) to assemble or complete in the foreign country the merchandise that is subsequently imported into the United States; and

(C) whether imports into the foreign country of the merchandise described in paragraph 781(b)(1)(B) have increased after the initiation of the investigation which resulted in the issuance of such order.

Commerce's practice for determining substantial transformation in country-of-origin determinations is distinct from Commerce's practice under section 781 of the Act in determining whether merchandise is being assembled or completed into a product in a third country and thereby avoiding the discipline of an antidumping and/or countervailing duty order. Country-of-origin issues are not explicitly referenced in the anti-circumvention statute or its implementing regulations. Nevertheless, as Commerce has stated in the past, country-of-origin determinations made by CBP pursuant to customs law, regulations, or practice may be different than what Commerce determines the country-of-origin to be for antidumping and/or countervailing duty purposes. Moreover, we do not believe that past substantial transformation analyses replace the analyses required under section 781 of the Act. The purposes of the two analyses are different. Commerce typically uses the substantial transformation analysis to address a question distinct from that of an anti-circumvention inquiry, *i.e.*, to determine the country-of-origin of a product for antidumping and/or countervailing duty purposes, rather than examining whether merchandise is being assembled or completed into a product in a third country and thereby avoiding the discipline of an order. Therefore, the language of section 781(b) of the Act does not preclude an analysis of whether the activity is minor or insignificant even where Commerce has previously examined substantial transformation.<sup>29</sup>

## VIII. STATUTORY ANALYSIS

Section 781(b) of the Act directs Commerce to consider the criteria above to determine whether merchandise assembled or completed in a third-country circumvents an order. As explained below, Commerce finds that welded OCTG produced by HLDS(B) in Brunei and by HLD Clark in the Philippines using hot-rolled steel from China and exported from Brunei or the Philippines to the United States are circumventing the antidumping and countervailing duty orders on OCTG from China.

- (1) Whether Merchandise Exported to the United States from Brunei or the Philippines Is of the Same Class or Kind as Merchandise Subject to the Antidumping and Countervailing Duty Orders on OCTG from China.

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<sup>29</sup> See *Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Affirmative Preliminary Determination of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders*, 82 FR 58178 (December 11, 2017), and accompanying PDM at 15, unchanged in *Cold-Rolled Steel*, 83 FR at 23891, and accompanying IDM at Comment 1.

OCTG imported into the United States from Brunei and the Philippines meets the physical description of the merchandise described in the scope of the orders. During the period covering 2017 through 2019, OCTG exported from Brunei and the Philippines has entered the United States under HTSUS statistical reporting numbers covered by the scope of the orders.<sup>30</sup> Thus, OCTG exported from Brunei and the Philippines has entered the United States under the same tariff classifications as merchandise subject to the orders. Additionally, all U.S. producers surveyed in the ITC's investigations of OCTG from China reported that OCTG products imported from China and from non-subject countries were "always" used interchangeably.<sup>31</sup> In their responses, HLDS(B) and HLD Clark reported that they produce and sell welded OCTG,<sup>32</sup> and they did not provide any argument or evidence that the OCTG that they produced are not of the same class or kind as the subject merchandise. Moreover, their description of the product exported to the United States shows that the OCTG they produced matches the ITC's description of the merchandise subject to the orders on OCTG from China. In accordance with section 781(b)(1)(A) of the Act, we find that the available information indicates that the OCTG imported into the United States from Brunei and the Philippines is of the same type of merchandise as that which is subject to the orders.

- (2) Whether, Before Importation into the United States, Such Merchandise is Completed or Assembled in Brunei or the Philippines from Merchandise that is Subject to the Order or that is Produced in China

HLDS(B) and HLD Clark reported that they use hot-rolled steel from China to produce OCTG.<sup>33</sup> Therefore, Commerce preliminarily finds that certain OCTG produced in Brunei or the Philippines and exported from Brunei or the Philippines to the United States are assembled or completed with hot-rolled steel produced in China.

- (3) Whether the Process of Assembly or Completion in Brunei or the Philippines is Minor or Insignificant

As explained above, section 781(b)(2) of the Act instructs Commerce to consider the following criteria when determining whether the process of assembly or completion is minor or insignificant:

- (A) the level of investment in the foreign country,
- (B) the level of research and development in the foreign country,
- (C) the nature of the production process in the foreign country,
- (D) the extent of production facilities in the foreign country, and

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<sup>30</sup> See Initiation Memorandum at 4.

<sup>31</sup> See *Certain Oil Country Tubular Goods from China*, Inv. No. 701-TA-463, USITC Pub. 4124 (January 2010) (Final) at II-22 (included as Exhibit 2).

<sup>32</sup> See, e.g., HLDS(B)'s Initial Response 1 at 12; and HLD Clark's Initial Response 1 at 11.

<sup>33</sup> See, e.g., HLDS(B)'s Initial Response 1 at 3-4; and HLD Clark's Initial Response 1 at 3-4.



- (E) whether the value of the processing performed in the foreign country represents a small proportion of the value of the merchandise imported into the United States.

The SAA explains that no single factor listed in section 781(b)(2) of the Act will be controlling.<sup>34</sup> Accordingly, Commerce's practice is to evaluate each of the factors as they exist in the third country depending on the particular circumvention scenario.<sup>35</sup> Therefore, the importance of any one of the factors listed under section 781(b)(2) of the Act can vary from case to case depending on the particular circumstances unique to each anti-circumvention inquiry.

In this inquiry, Commerce based its analysis on both qualitative and quantitative factors in determining whether the process of assembly or completion in Brunei or the Philippines is minor or insignificant, in accordance with the criteria of section 781(b)(2) of the Act. This approach is consistent with our analysis in prior anti-circumvention inquiries.<sup>36</sup>

Commerce preliminarily finds that the production of hot-rolled steel in China comprises the majority of the value associated with the subject merchandise, and the processing of hot-rolled steel from China to produce OCTG in Brunei or the Philippines adds relatively little value. Much of the information used to determine whether the process of assembly or completion is minor or insignificant is business proprietary and is addressed in the company-specific preliminary analysis memoranda.<sup>37</sup>

#### (A) The Level of Investment in the Foreign Country

We analyzed information that HLDS(B) and HLD Clark provided regarding their investments in Brunei and the Philippines, respectively.<sup>38</sup> Information on the record shows that HLDS(B) and HLD Clark made investments in the production equipment.<sup>39</sup> HLDS(B) and HLD Clark reported that neither they nor their affiliates produced hot-rolled steel.<sup>40</sup>

According to a 2015 report on the steel industry by the Organization for Economic Cooperation and Development (OECD), basic oxygen furnaces are the primary steel-making technology in

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<sup>34</sup> See SAA at 893; *accord* 19 CFR 351.225(h).

<sup>35</sup> See *Tissue Paper*, 73 FR at 57592; *Cold-Rolled Steel*, 83 FR at 23891, and accompanying IDM at "VI. Statutory Framework."

<sup>36</sup> See, e.g., *Anti-Circumvention Inquiry of the Antidumping and Countervailing Duty Orders on Certain Pasta from Italy: Affirmative Preliminary Determinations of Circumvention of Antidumping and Countervailing Duty Orders*, 68 FR 46571, 46574 (August 6, 2003), unchanged in *Anti-Circumvention Inquiry of the Antidumping and Countervailing Duty Orders on Certain Pasta from Italy: Affirmative Final Determinations of Circumvention of Antidumping and Countervailing Duty Orders*, 68 FR 54888 (September 19, 2003).

<sup>37</sup> See Memoranda, "Anti-Circumvention Inquiry of Oil Country Tubular Goods from the People's Republic of China: Preliminary Analysis Memorandum for HLDS (B) Steel Sdn Bhd" (Preliminary Analysis Memorandum for HLDS(B)) and "Anti-Circumvention Inquiry of Oil Country Tubular Goods from the People's Republic of China: Preliminary Analysis Memorandum for HLD Clark Steel Pipe Co., Inc." (Preliminary Analysis Memorandum for HLD Clark) dated concurrently with this Preliminary Decision Memorandum.

<sup>38</sup> See HLDS(B)'s Supplemental Response at 2-3; and Exhibit SQ1-2.2 and HLD Clark's Supplemental Response at 2-3 and Exhibits SQ1-1.4, and SQ1-5.

<sup>39</sup> *Id.*; see also Preliminary Analysis Memorandum for HLDS(B) at 2 and Preliminary Analysis Memorandum for HLD Clark at 2 for business proprietary details of the investments for these two respondents.

<sup>40</sup> See HLDS(B)'s Initial Response 1 at 28, HLD Clark's Initial Response 1 at 29, HLDS(B)'s Supplementals Response at 1, and HLD Clark's Supplemental Response at 1.

China.<sup>41</sup> The OECD report provides information concerning a Chinese firm that announced plans to invest \$6.8 billion in the construction of a facility with two blast furnaces and three basic oxygen furnaces during 2015-2016.<sup>42</sup> In a prior final determination of circumvention, Commerce calculated that the average expenditure for construction of integrated steel mills in China was \$3.6 billion based on recent projects listed in the OECD report ranging from \$295 million to \$10.12 billion.<sup>43</sup>

Based on the comparison between HLDS(B)'s and HLD Clark's investments in their production facilities in Brunei and the Philippines and the average investment amount of \$3.6 billion to build an integrated hot-rolled steel facility in China, we preliminarily determine that the investment required for an OCTG production facility is minor compared to that of an integrated hot-rolled steel production facility.<sup>44</sup>

(B) The Level of Research and Development in the Foreign Country

HLDS(B) and HLD Clark reported that they do not have separate research and development expenditures with regard to the production of OCTG.<sup>45</sup>

(C) The Nature of the Production Process in the Foreign Country

HLDS(B) and HLD Clark provided information regarding the process for producing OCTG using hot-rolled steel.<sup>46</sup> These two respondents also provided information regarding the steps to produce hot-rolled steel used in the production of OCTG. According to HLDS(B) and HLD Clark, hot-rolled steel can be produced using various methods, including production from iron ore in fully integrated mills and from previously cast steel slab in less integrated mills.<sup>47</sup> These two respondents further explain that less integrated mills produce hot-rolled steel from thicker hot-rolled steel to thinner hot-rolled steel and from larger size to smaller size.<sup>48</sup>

In the production of hot-rolled steel in a fully integrated mill, where iron ore is converted into steel, iron ore goes through the sintering process, coal goes through coke ovens, and these items are combined in a blast furnace, moved through a hot-metal torpedo car, converter, and concaster

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<sup>41</sup> See Initiation Memorandum at 6 and Exhibit 8 at 5; see also *Certain Corrosion-Resistant Steel Products from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty and Countervailing Duty Orders*, 83 FR 23895 (May 23, 2018) (*CORES Final*), and accompanying IDM at 39.

<sup>42</sup> See Initiation Memorandum at 6 and Exhibit 8 at 30.

<sup>43</sup> See Initiation Memorandum at Exhibit 8 at 30-31; see also *CORES Final* IDM at 39.

<sup>44</sup> See Preliminary Analysis Memorandum for HLDS(B) at 2 and Preliminary Analysis Memorandum for HLD Clark at 2 for business proprietary details of the investments for these two respondents.

<sup>45</sup> See HLDS(B)'s Initial Response 1 at 23-24, and HLD Clark's Initial Response 1 at 24.

<sup>46</sup> See HLDS(B)'s Supplemental Response at 6 and Exhibits SQ1-9.1 and SQ1-9.2, and HLD Clark's Supplemental Response at 6 and Exhibits SQ1-6.1 and SQ1-6.2.

<sup>47</sup> See HLDS(B)'s Supplemental Response at 1 and Exhibit SQ1-1.1, and HLD Clark's Supplemental Response at 1 and Exhibit SQ1-1.1.

<sup>48</sup> See HLDS(B)'s Supplemental Response at 1 and Exhibit SQ1-1.1, and HLD Clark's Supplemental Response at 1 and Exhibit SQ1-1.1.

to become a slab.<sup>49</sup> According to HLDS(B) and HLD Clark, a slab goes through the following processes:<sup>50</sup>

- Reheating in a furnace at a rolling temperature of about 1,250 degrees Celsius.
- Descaling in a rough rolling mill where the slab thickness decreases from 220 mm to 30 mm, the slab length increases from 11 meters to a coil with 80 meters of heavy plate, and the plate is cleaned to remove millscale in several stages during hot-rolling.
- Finish rolling mill where the plate becomes a sheet with decreased thickness to between 1.8 mm and 16 mm and the length increased to up to 1,300 meters.
- Laminar cooling.
- Coiling.

For the production process of OCTG, these two respondents reported that hot-rolled steel goes through various phases, including slitting, welding, and threading and coupling.<sup>51</sup> In the slitting phase, hot-rolled steel is vertically slit into narrower widths according to the outside diameter of the welded pipes to be produced. In the welding phase, the hot-rolled steel goes through edge welding, loop storage, forming, welding, heat treatment, air cooling, water cooling, sizing, strengthening, flying saw cut, initial quality testing, beveling (if needed), hydraulic pressure test, ultrasonic wave inspection, and upgrading steel grade (if needed). Then the OCTG is threaded and coupled, if necessary.

Based on this information, we find that the production process in Brunei or the Philippines for OCTG made with Chinese hot-rolled steel is much less extensive than the production process of hot-rolled steel. The production of hot-rolled steel involves multiple high-intensity steps to turn raw materials into processed products – from iron ore to slab and to thick plate and to hot-rolled steel with different thickness and length in each product stage. When hot-rolled steel is sourced from China, the process of assembly or completion into OCTG in Brunei and the Philippines mostly consists of slitting, welding, forming, heat treatment, cooling, and quality control without drastic changes to the length and width, and no changes to the thickness, of the product as in the production of hot-rolled steel.<sup>52</sup>

Therefore, for welded OCTG assembled or completed using hot-rolled steel from China, the nature of the production process in Brunei or the Philippines is far less intensive than it would be to produce OCTG without Chinese components (*i.e.*, to produce the steel and then use it in the production of the OCTG).

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<sup>49</sup> See HLDS(B)'s Supplemental Response at 1 and Exhibit SQ1-1.1, and HLD Clark's Supplemental Response at 1 and Exhibit SQ1-1.1.

<sup>50</sup> See HLDS(B)'s Supplemental Response at 1 and Exhibit SQ1-1.1, and HLD Clark's Supplemental Response at 1 and Exhibit SQ1-1.1.

<sup>51</sup> See HLDS(B)'s Supplemental Response at 6 and Exhibits SQ1-9.1 and SQ1-9.2, and HLD Clark's Supplemental Response at 6 and Exhibits SQ1-6.1 and SQ1-6.2.

<sup>52</sup> See HLDS(B)'s Supplemental Response at 6 and Exhibit SQ1-9.2, and HLD Clark's Supplemental Response at 6 and Exhibit SQ1-6.2; *see also* Initiation Memorandum at Exhibit 2.

(D) The Extent of Production Facilities in the Foreign Country

As explained above, HLDS(B) and HLD Clark reported that neither they nor their affiliates produce hot-rolled steel.<sup>53</sup> However, given the significant level of investment for the production of hot-rolled steel in China,<sup>54</sup> and the nature of the facilities required for making hot-rolled steel, *i.e.*, the basic oxygen furnaces and blast furnaces, we preliminarily find that the facilities of HLDS(B) in Brunei or HLD Clark in the Philippines to produce OCTG are less extensive than the production facilities for hot-rolled steel in China.

(E) Whether the Value of the Processing Performed in the Foreign Country Represents a Small Proportion of the Value of the Merchandise Imported into the United States

In prior anti-circumvention inquiries, Commerce has explained that Congress directed Commerce to “focus more on the nature of the production process and less on the difference between the value of the subject merchandise and the value of the parts and components imported into the processing country.”<sup>55</sup> Additionally, Commerce has explained that, following the Uruguay Round Agreements Act, Congress redirected Commerce’s focus away from a rigid numerical calculation of value-added toward a more qualitative focus on the nature of the production process.<sup>56</sup> For the assembly or completion of OCTG with Chinese hot-rolled steel, information on the record indicates that the thickness of the hot-rolled steel becomes the thickness of OCTG because the production process of OCTG involves steps that do not change thickness, *e.g.*, vertical slitting of hot-rolled steel to a narrower width, welding, forming, heat treatment, cooling, threading, and coupling.<sup>57</sup> We find the production process of OCTG to be less complex and intensive than the production process of hot-rolled steel. Therefore, for the assembly or completion of OCTG in Brunei or the Philippines using Chinese hot-rolled steel, our qualitative analysis of the production process of OCTG supports our finding that the proportion of the processing value added in Brunei or the Philippines is small.

HLDS(B) submitted information on its cost of production of OCTG manufactured in Brunei<sup>58</sup> and the value of OCTG sold to the United States.<sup>59</sup> Likewise, HLD Clark submitted information on its cost of production of OCTG manufactured in the Philippines<sup>60</sup> and the value of OCTG sold to the United States.<sup>61</sup> To determine the value of processing in each country for OCTG produced

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<sup>53</sup> See HLDS(B)’s Initial Response 1 at 28 and HLD Clark’s Initial Response 1 at 29.

<sup>54</sup> See Initiation Memorandum at 6 and Exhibit 8.

<sup>55</sup> See, *e.g.*, *Steel Wire Garment Hangers from the People’s Republic of China: Affirmative Preliminary Determination of Circumvention of the Antidumping Order and Extension of Final Determination*, 76 FR 27007, 27011-13 (May 10, 2011), unchanged in *Steel Wire Garment Hangers from the People’s Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 76 FR 66895 (October 28, 2011); see also SAA at 893.

<sup>56</sup> *Id.*

<sup>57</sup> See HLDS(B)’s Supplemental Response at 6 and Exhibit SQ1-9.2, and HLD Clark’s Supplemental Response at 6 and Exhibit SQ1-6.2.

<sup>58</sup> See HLDS(B)’s Initial Response 2.

<sup>59</sup> See HLDS(B)’s Initial Response 1 at 3-4 and Exhibit 4.

<sup>60</sup> See HLD Clark’s Initial Response 2 at Exhibit 42.1, 42.2, and HLD Clark’s Supplemental Response at Exhibits SQ1-17.1 and SQ1-17.2.

<sup>61</sup> See HLD Clark’s Initial Response 1 at Exhibit 43.

in each country from Chinese hot-rolled steel and exported to the United States, we first calculated the cost of processing of the OCTG in each country by adding labor, fixed and variable overhead costs, selling, general, and administrative costs (SG&A), and interest expenses.<sup>62</sup> We divided the cost of processing in each country by the value of U.S. sales to determine the percentage that the cost of processing performed in each country represents of the U.S. sales value of OCTG.<sup>63</sup> Based on our calculation of the value of processing performed in each country, we preliminarily find that the value of the processing performed in Brunei or the Philippines as a proportion of the value of the merchandise imported into the United States is small.<sup>64</sup>

(F) Overall Analysis of Section 781(b)(1)(C) of the Act

For both HLDS(B) and HLD Clark, the data on the record show that the level of investment for the OCTG production facilities is considerably less than the level of investment for hot-rolled production facilities. Similarly, the extent of the production facilities for producing OCTG is minor compared to the extent of the production facilities for hot-rolled steel. In addition, the nature of the processing that takes place in Brunei or the Philippines to assemble or complete welded OCTG using Chinese hot-rolled steel is less intensive than the processing operations to produce hot-rolled steel in China. Finally, neither HLDS(B) nor HLD Clark conducted any research and development, and the value of processing taking place in Brunei or the Philippines represents a small proportion of the value of the merchandise imported into the United States.

We analyzed these five statutory criteria and find that all of them indicate that the assembly or completion of welded OCTG in Brunei and the Philippines using HRS from China is minor or insignificant. Therefore, our analysis of the statutory criteria under section 781(b)(1)(C) of the Act indicates that the process of assembly or completion in Brunei or the Philippines overall is minor or insignificant.

(4) Whether the Value of the Merchandise Produced in China Is a Significant Portion of the Total Value of the Merchandise Exported to the United States

Under section 781(b)(1)(D) of the Act, Commerce must consider whether the value of the merchandise produced in the foreign country to which the antidumping and/or countervailing duty orders apply is a significant portion of the total value of the merchandise exported to the United States for Commerce to find circumvention. As discussed in the “Surrogate Countries and Valuation Methodology for Inputs from China” section above, because China is an NME country, Commerce determines that it is appropriate to value the China-origin inputs for producing OCTG using the Malaysian surrogate value data.

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<sup>62</sup> See Preliminary Analysis Memorandum for HLDS(B) at 2-3 and Preliminary Analysis Memorandum for HLD Clark at 2-3.

<sup>63</sup> See Preliminary Analysis Memorandum for HLDS(B) at 2-3 and Preliminary Analysis Memorandum for HLD Clark at 2-3.

<sup>64</sup> See Preliminary Analysis Memorandum for HLDS(B) at 2-3 and Preliminary Analysis Memorandum for HLD Clark at 2-3.

For welded OCTG completed in Brunei or the Philippines using Chinese hot-rolled steel, we compared the surrogate values for the purchases of Chinese hot-rolled steel to the value of U.S. sales, and calculated the value of the hot-rolled steel produced in China as a percentage of the value of merchandise exported to the United States, by dividing the surrogate value of Chinese hot-rolled steel by the value of U.S. sales.<sup>65</sup> Based on this calculation, we preliminarily find the value of the Chinese hot-rolled steel to be a significant portion of the total value of the merchandise exported to the United States.

## IX. OTHER STATUTORY CRITERIA

In determining whether to include merchandise assembled or completed in a foreign country within the scope of an order, section 781(b)(3) of the Act instructs Commerce to consider several additional factors: patterns of trade, affiliation with suppliers, and increase in imports. The first criterion to consider under section 781(b)(3) of the Act is changes in the pattern of trade, including changes in sourcing patterns. Based on the information on the records, we find that, after the publication of the antidumping and countervailing duty orders on OCTG from China in 2010, HLDS(B) and HLD Clark imported Chinese hot-rolled steel from their Chinese affiliates into Brunei and the Philippines, respectively, for the production of OCTG that they subsequently exported to the United States.<sup>66</sup>

### (1) Pattern of Trade and Sourcing

The first factor to consider under section 781(b)(3) of the Act is changes in the pattern of trade, including changes in sourcing patterns. Available trade data indicate that Brunei and the Philippines are importing inputs from China and are likely using them to produce welded OCTG for export to the United States. During the three-year period ending with 2016,<sup>67</sup> the Philippines accounted for just 2.8 percent of U.S. imports of welded OCTG.<sup>68</sup> There were no U.S. imports of welded OCTG from Brunei reported during this period.<sup>69</sup> In the three years thereafter, which covers the first three years of the period of these inquiries, Brunei and the Philippines collectively accounted for 4.9 percent of U.S. imports of welded OCTG.<sup>70</sup> As U.S. imports of welded OCTG from the third countries increased, imports of hot-rolled steel from China to Brunei and the Philippines have also increased.<sup>71</sup>

Comparing the three-year period ending with 2016 to the three-year period thereafter, which cover the period of these inquiries, the volume of imports of hot-rolled steel from China into Brunei and the Philippines rose by 5,145.6 percent and 170.6 percent, respectively.<sup>72</sup>

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<sup>65</sup> See Preliminary Analysis Memorandum for HLDS(B) at 3 and Preliminary Analysis Memorandum for HLD Clark at 3 for more details containing each respondent's business proprietary information.

<sup>66</sup> See Preliminary Analysis Memoranda for HLDS(B) and HLD Clark for more analysis containing their business proprietary information; *see also* Initiation Memorandum at 9-11.

<sup>67</sup> We compared the most recent three full calendar years to the three preceding years because these periods generally correspond to a pronounced shift in pattern of trade in recent years.

<sup>68</sup> See Initiation Memorandum at Exhibit 4.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.* at Exhibits 3 and 4.

<sup>71</sup> *Id.* at Exhibit 3.

<sup>72</sup> *Id.* at Exhibit 4.

Imports of Hot-Rolled Steel from China			
	2014-2016	2017-2019	Percent Change
Brunei*	1,061	55,632	5,145.6%
The Philippines	374,934	1,014,496	170.6%

\* GTA does not report import data for Brunei, so Chinese exports to Brunei are reported in this table.

Source: Global Trade Atlas, available at <http://www.gtis.com>. The data presented in this table is based on Harmonized Tariff System (HTS) subheadings that cover hot-rolled steel which could be used to produce welded OCTG. We obtained the quantity for imports of hot-rolled steel using HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7211.14, 7211.19, 7225.30, 7225.99, and 7226.91.

This rise in the volume of imports of hot-rolled steel into Brunei and the Philippines from China occurred while U.S. imports of welded OCTG from Brunei and the Philippines were also rising.<sup>73</sup>

U.S. Imports of Welded OCTG from the Third Countries (Metric Tons)			
	2014-2016	2017-2019	Percent Change
Brunei	0	35,796	N/A
The Philippines	90,388	138,474	53.2%

Source: Global Trade Atlas, available at <http://www.gtis.com>. We obtained the quantity for imports of welded OCTG using the HTSUS subheadings 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.29.10.30, 7306.29.10.90, 7306.29.20.00, 7306.29.31.00, 7306.29.41.00, 7306.29.60.10, 7306.29.60.50, 7306.29.81.10, and 7306.29.81.50. These HTSUS subheadings include only those listed in the first paragraph of the scope of the orders which correspond to welded OCTG.

## (2) Affiliation

The second factor to consider under section 781(b)(3) of the Act is whether the manufacturer or exporter of the merchandise exported from China, to be completed in third countries, is affiliated with the companies in the third countries that complete the merchandise and export welded OCTG to the United States. Both HLDS(B) and HLD Clark are affiliated with Chinese producers of OCTG.<sup>74</sup>

## (3) Increase of Hot-Rolled Steel Shipments from China to Brunei and the Philippines

The third factor to consider under section 781(b)(3) of the Act is whether imports into the third countries of welded OCTG inputs from China have increased. As explained at the time of the self-initiation, and discussed above in the section “Pattern of Trade and Sourcing,” there was an increase of imports of hot-rolled steel from China to Brunei and the Philippines during the first three years of the period of inquiries by 5,145.6 percent and 170.6 percent, respectively.<sup>75</sup> After the publication of the antidumping and countervailing duty orders on OCTG from China in 2010, and during the period of the inquiries, HLDS(B) and HLD Clark overall increased imports of

<sup>73</sup> *Id.* at 10 and Exhibit 4.

<sup>74</sup> See HLDS(B)’s Initial Response 1 at 2 and Exhibit 1.1; and HLD Clark’s Initial Response 1 at 2 and Exhibit 1.1.

<sup>75</sup> See Initiation Memorandum at 10-11.

Chinese hot-rolled steel into Brunei and the Philippines, respectively, for the production of OCTG that they subsequently exported to the United States.<sup>76</sup>

## **X. SUMMARY OF STATUTORY ANALYSIS**

As discussed above, to make an affirmative determination of circumvention, all the elements under section 781(b)(1) of the Act must be satisfied, taking into account the minor or insignificant criteria listed in section 781(b)(2) of the Act. In addition, section 781(b)(3) of the Act instructs Commerce to consider, in determining whether to include merchandise assembled or completed in a foreign country within the scope of an order, factors such as the pattern of trade, affiliation, and whether imports into the foreign country of the merchandise described in section 781(b)(1)(B) of the Act have increased after the initiation of the investigation.

Pursuant to section 781(b)(1)(A) and (B) of the Act, Commerce preliminarily finds that the OCTG assembled or completed in Brunei or the Philippines and imported into the United States is within the same class or kind that is subject to the antidumping and countervailing duty orders on OCTG from China.

Pursuant to section 781(b)(1)(C) of the Act, Commerce preliminarily finds that the process of completion of welded OCTG using Chinese hot-rolled steel in Brunei or the Philippines is minor or insignificant.

In accordance with section 781(b)(1)(D) of the Act, Commerce preliminarily finds that, for welded OCTG completed in Brunei or the Philippines with hot-rolled steel produced in China, the values of the Chinese hot-rolled steel are a significant portion of the total value of the merchandise exported from Brunei or the Philippines to the United States.

Pursuant to section 781(b)(3) of the Act, Commerce preliminarily finds that HLDS(B) and HLD Clark increased sourcing hot-rolled steel from its Chinese suppliers after the publication of the antidumping and countervailing duty orders in 2010. We find that the increased sourcing of Chinese hot-rolled steel provides evidence supporting a finding of circumvention.

Considering the above, the factors under section 781(b)(1)-(3) of the Act support a determination that the exports of welded OCTG made with Chinese hot-rolled steel from Brunei or the Philippines to the United States circumvent the antidumping and countervailing duty orders on OCTG from China. Finally, upon taking into consideration section 781(b)(3) of the Act, our analysis of the pattern of trade, including sourcing of hot-rolled steel from China, the existence of Chinese affiliates as suppliers of hot-rolled steel from China, and our preliminary affirmative finding of an increase in imports of hot-rolled steel from China to Brunei and the Philippines after the publication of the antidumping and countervailing duty orders in 2010, we preliminarily determine that action is appropriate to prevent evasion of the antidumping and countervailing duty orders pursuant to section 781(b)(1)(E) of the Act.

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<sup>76</sup> See Preliminary Analysis Memorandum for HLDS(B) at 4 and Preliminary Analysis Memorandum for HLD Clark at 4 for more analysis containing their business proprietary information; *see also* Initiation Memorandum at 9-11.



Consequently, our statutory analysis leads us to preliminarily find that, in accordance with sections 781(b)(1)-(3) of the Act, there is circumvention of the orders as a result of Chinese input being assembled or completed into welded OCTG in Brunei and the Philippines. Therefore, Commerce preliminarily finds welded OCTG assembled or completed in Brunei or the Philippines with Chinese input are included within the scope of the antidumping and countervailing duty orders on OCTG from China.

## **XI. COUNTRY-WIDE DETERMINATIONS**

As noted above, Commerce has identified the universe of potential producers and exporters of OCTG from Brunei and the Philippines using CBP import data and Q&V responses. We selected the two largest exporters of OCTG from each country based on the Q&V responses. Information on the records of these anti-circumvention inquiries demonstrates that HLDS(B) and HLD Clark account for a vast majority of welded OCTG exported from Brunei and the Philippines, respectively, to the United States.<sup>77</sup> Therefore, we are applying these preliminary affirmative findings to all entries of welded OCTG from Brunei or the Philippines in accordance with section 781(b) of the Act and 19 CFR 351.225(h).

## **XII. RECOMMENDATION**

We recommend applying the above methodology for these preliminary determinations of circumvention.

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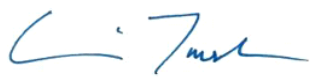
\_\_\_\_\_  
Agree

☐

\_\_\_\_\_  
Disagree

8/4/2021

X



Signed by: CHRISTIAN MARSH

Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance

<sup>77</sup> See, e.g., Respondent Selection Memoranda, for the quantity and value of entries of OCTG into the United States.