



A-823-815  
Administrative Review  
POR: 07/10/2019 – 06/30/2020  
**Public Document**  
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August 2, 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:** Decision Memorandum for the Preliminary Results of the  
Antidumping Duty Administrative Review: Oil Country Tubular  
Goods from Ukraine, 2019-2020

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## I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on oil country tubular goods (OCTG) from Ukraine. The review covers Interpipe Europe S.A. (Interpipe Europe) and its affiliates that form a single entity.<sup>1</sup> The period of review (POR) is July 10, 2019, through June 30, 2020. We preliminarily find that sales of subject merchandise were made at prices below normal value. The weight-average dumping margin is shown in the “Preliminary Results of the Review” section of the accompanying *Federal Register* notice.

## II. BACKGROUND

On July 16, 2019, Commerce published in the *Federal Register* the AD order on OCTG from Ukraine.<sup>2</sup> On July 1, 2020, we published a notice of opportunity to request an administrative review of the *Order*.<sup>3</sup>

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<sup>1</sup> Commerce has previously determined that Interpipe Europe S.A.; Interpipe Ukraine LLC; PJSC Interpipe Nizhnedneprovsky Tube Rolling Plant; LLC Interpipe Niko Tube; and North American Interpipe, Inc. are affiliated and should be considered a single entity. See *Certain Oil Country Tubular Goods from Ukraine: Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 79 FR 10482, (February 25, 2014) (*Ukraine OCTG Investigation Prelim*), and accompanying Preliminary Decision Memorandum (PDM); see also *infra* at Section IV for a discussion of why we are removing North American Interpipe from the single entity for this review.

<sup>2</sup> See *Termination of the Suspension Agreement on Certain Oil Country Tubular Goods from Ukraine, Rescission of Administrative Review, and Issuance of Antidumping Duty Order*, 84 FR 33918 (July 16, 2019) (*Order*).

<sup>3</sup> See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 85 FR 39531 (July 1, 2020).



Pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.213(b), on July 30, 2020, Maverick Tube Corporation, Tenaris Bay City, Inc., IPSCO Tubulars Inc., Vallourec Star, L.P., Welded Tube USA, and the United States Steel Corporation (collectively, the domestic interested parties) requested a review of sales of subject merchandise made during the POR by Interpipe Europe, Interpipe Ukraine LLC (Interpipe Ukraine), PJSC Interpipe Nizhnedneprovsk Tube Rolling Plant (Interpipe NTRP), LLC Interpipe Niko Tube (Niko Tube), and North American Interpipe, Inc. (NAI).<sup>4</sup> On July 30, 2020, these Interpipe entities requested a review of their shipments of OCTG produced by Niko Tube and Interpipe NTRP, exported by Interpipe Ukraine and Interpipe Europe, and imported by NAI.<sup>5</sup>

On September 3, 2020, we initiated the review on Interpipe Europe, Interpipe Ukraine, Interpipe NTRP, and Niko Tube.<sup>6</sup> On September 21, 2020, we placed U.S. Customs and Border Protection (CBP) entry data on the record under an administrative protective order, and invited comments from interested parties regarding the data and respondent selection.<sup>7</sup> On November 5, 2020, Commerce issued a correction to the POR for the administrative review.<sup>8</sup> No additional parties requested to be examined for this administrative review.

On October 6, 2020, Commerce issued the Initial AD Questionnaire to Interpipe.<sup>9</sup> On November 3, 2020, we received a timely response to section A of Commerce's AD questionnaire from Interpipe.<sup>10</sup> On December 3, 2020, we received timely responses to sections B, C, D, and E of Commerce's AD questionnaire from Interpipe.<sup>11</sup> Between December 18, 2020, and June 1, 2021, the domestic interested parties submitted comments on Interpipe's questionnaire responses.<sup>12</sup> Between March 9 and July 12, 2021, we issued multiple supplemental questionnaires to Interpipe, and received timely responses to these questionnaires.<sup>13</sup> On July 2,

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<sup>4</sup> See Domestic Interested Parties' Letter, "Agreement Suspending the Antidumping Investigation of Certain Oil Country Tubular Goods from Ukraine: Request for Administrative Review," dated July 30, 2020.

<sup>5</sup> See Interpipe's Letter, "Oil Country Tubular Goods from Ukraine: Request for Review – 2019-2020 AD Review Period," dated July 30, 2020.

<sup>6</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 54983 (September 3, 2020).

<sup>7</sup> See Memorandum, "Administrative Review of the Antidumping Duty Order on Oil Country Tubular Goods from Ukraine: Release of U.S. Customs and Border Protection Entry Data for Respondent Selection," dated September 21, 2020.

<sup>8</sup> See Memorandum, "Oil Country Tubular Goods from Ukraine: Correction to the Period of Review," dated November 5, 2020.

<sup>9</sup> See Commerce's Letter, "Oil Country Tubular Goods from Ukraine – Initial Questionnaire for Interpipe," dated October 6, 2020 (Initial AD Questionnaire).

<sup>10</sup> See Interpipe's Letter, "Antidumping Duty Administrative Review on Oil Country Tubular Goods from Ukraine: Section A Initial Questionnaire Response," dated November 3, 2020 (Interpipe's November 3, 2020 AQR).

<sup>11</sup> See Interpipe's Letter, "Antidumping Duty Administrative Review on Oil Country Tubular Goods from Ukraine: Sections B-E and Appendix V Initial Questionnaire Response," dated December 3, 2020 (Interpipe's December 3, 2020 BCDEQR).

<sup>12</sup> See Domestic Interested Parties' Letters, "Oil Country Tubular Goods from Ukraine: Deficiency Comments on Interpipe's Responses to Sections A, B, C, and E of the Questionnaire," dated December 18, 2020; "Oil Country Tubular Goods from Ukraine: Deficiency Comments on Interpipe's Response to Section D of the Questionnaire," dated March 8, 2021; and "Oil Country Tubular Goods from Ukraine: Deficiency Comments on Interpipe's Response to Sections A, B, C, and E First Supplemental Questionnaire," dated June 1, 2021.

<sup>13</sup> See Commerce's Letters, "Section A, B, C, and E First Supplemental Questionnaire in the First Administrative Review of the Antidumping Duty Order on Oil Country Tubular Goods from Ukraine," dated March 9, 2021; "Section D Supplemental Questionnaire in the First Administrative Review of the Antidumping Duty Order on Oil

2021, Interpipe also submitted certain new factual information to accompany its June 25, 2021 supplemental section D response.<sup>14</sup> The domestic interested parties submitted pre-preliminary comments on July 22, 2021.<sup>15</sup>

On February 11, 2021, we extended the deadline for the preliminary results of this review by 120 days, in accordance with section 751(a)(3)(A) of the Act and 19 CFR 351.213(h)(2).<sup>16</sup>

### III. SCOPE OF THE *ORDER*

The merchandise under review is certain OCTG from Ukraine, 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 *Order* also covers OCTG coupling stock.

Excluded from the scope of this *Order* are: Casing or tubing containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.

The merchandise subject to this *Order* 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,

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Country Tubular Goods from Ukraine,” dated May 28, 2021; “Section ABCE Supplemental Questionnaire in the First Administrative Review of the Antidumping Duty Order on Oil Country Tubular Goods from Ukraine,” dated June 30, 2021; “Section ABCE Supplemental Questionnaire in the First Administrative Review of the Antidumping Duty Order on Oil Country Tubular Goods from Ukraine,” dated June 30, 2021; and “Section D Supplemental Questionnaire in the First Administrative Review of the Antidumping Duty Order on Oil Country Tubular Goods from Ukraine,” dated July 12, 2021; *see also* Interpipe’s Letters, “Antidumping Duty Administrative Review on Oil Country Tubular Goods from Ukraine: Sections A, B, C, E Supplemental Questionnaire Response,” dated April 6, 2021 (Interpipe’s April 6, 2021 ABCESQR); “Antidumping Duty Administrative Review on Oil Country Tubular Goods from Ukraine: Section D Second Supplemental Questionnaire Response,” dated June 25, 2021 (Interpipe’s June 25, 2021 DSQR); “Antidumping Duty Administrative Review on Oil Country Tubular Goods from Ukraine: Sections A, B, C, E Third Supplemental Questionnaire Response,” dated July 16, 2021 (Interpipe’s July 16, 2021 ABCESQR); and “Antidumping Duty Administrative Review on Oil Country Tubular Goods from Ukraine: Section D Fourth Supplemental Questionnaire Response,” dated July 19, 2021 (Interpipe’s July 19, 2021 DSQR).

<sup>14</sup> *See* Interpipe’s Letter, “Antidumping Duty Administrative Review on Oil Country Tubular Goods from Ukraine: New Factual Information,” dated July 2, 2021, and accompanying Exhibit 1, “Memorandum to Neal Halper, Cost of Production and Constructed Value Calculation Adjustment for the Final Determination – Interpipe (June 25, 2021)”.

<sup>15</sup> *See* Domestic Interested Parties’ Letter, “Oil Country Tubular Goods from Ukraine: Pre-Preliminary Results Comments,” dated July 22, 2021.

<sup>16</sup> *See* Memorandum, “Oil Country Tubular Goods from Ukraine: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review, 2019-2020,” dated February 11, 2021.

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 merchandise subject to this *Order* 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, 7304.59.80.80, 7305.31.40.00, 7305.31.60.90, 7306.30.50.55, 7306.30.50.90, 7306.50.50.50, and 7306.50.50.70.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the product coverage is dispositive.

#### **IV. AFFILIATION AND COLLAPSING**

Commerce preliminarily finds that no information on the record of this review calls into question its collapsing determination in the less-than-fair-value (LTFV) investigation. In the investigation, Commerce found Interpipe Europe, Interpipe Ukraine, NAI, Interpipe NTRP, Niko Tube, Interpipe Novomoskovsk Pipe-Production Plant (Interpipe NMPP), LLC Metallurgical Plant Dneprosteel (Dneprosteel), LLC Lime Factory, LLC Dneprosteel-Energo, PJSC Interpipe Vtormet, LLC Lugansky Kombinat Vtormet, LLC Meta and LLC Interpipe Management to be affiliated entities per section 771(33) of the Act.<sup>17</sup> Commerce also determined, in accordance with 19 CFR 351.401(f), to treat Interpipe Europe, Interpipe Ukraine, NAI, Interpipe NTRP and Niko Tube as a single entity.<sup>18</sup> We find that the facts on the record of this administrative review continue to support our finding and analysis in the investigation. However, because NAI is an affiliated entity located in Houston, Texas, we find that, per Commerce's practice, this affiliate should be removed from the single entity.<sup>19</sup> Thus, we are preliminarily continuing to treat Interpipe Europe, Interpipe Ukraine, Interpipe NTRP, and Niko Tube (collectively, Interpipe) as the single entity.

For further information and analysis regarding the affiliation and collapsing determinations for these preliminary results, *see* Interpipe's Preliminary Calculation Memorandum.<sup>20</sup>

#### **V. DISCUSSION OF THE METHODOLOGY**

##### **1. Comparisons to Normal Value**

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), to determine whether Interpipe's sales of subject merchandise were made at less than normal value (NV),

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<sup>17</sup> *See Ukraine OCTG Investigation Prelim PDM* at 5-8.

<sup>18</sup> *Id.* at 6-8.

<sup>19</sup> *See* Interpipe's November 3, 2020 AQR at A-8.

<sup>20</sup> *See* Memorandum, "Antidumping Duty Administrative Review of Oil Country Tubular Goods from Ukraine: Interpipe Preliminary Analysis Memo," dated August 2, 2021 (Interpipe's Preliminary Calculation Memorandum).

we compared the constructed export price (CEP) to the NV as described in the “Constructed Export Price” and “Normal Value” sections of this memorandum.

#### A. Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced and sold by Interpipe in the home market in the ordinary course of trade during the POR that fit the description in the “Scope of the *Order*” section to be foreign like products for purposes of determining appropriate NVs for comparisons to CEP.

Where there were contemporaneous home market sales<sup>21</sup> of foreign like product identical to subject merchandise, we calculated NV based on the monthly weighted-average home market prices of all such sales in the ordinary course of trade.<sup>22</sup> Where there were no contemporaneous home market sales of identical merchandise, we identified home market sales of the most similar merchandise that were contemporaneous with the U.S. sale in accordance with 19 CFR 351.414(e), and calculated NV based on the monthly weighted-average home market prices of all such sales.

To identify identical or the most similar foreign like product, we examined physical characteristics in the following order of importance: seamless or welded, type, grade, whether or not coupled, whether or not ends are upset, whether or not ends are threaded/type of threading, nominal outside diameter, length, heat treatment, and nominal wall thickness.<sup>23</sup>

Interpipe reported no sales of overruns in the U.S. or home markets.<sup>24</sup> In addition, Interpipe ultimately reported that it sold only prime merchandise to both the U.S. and home markets.<sup>25</sup> Interpipe noted that all subject merchandise is subject to third-party inspection upon arrival in the United States, and that any merchandise which fails inspection but is considered to be fixable may be repaired by a third party for an additional fee prior to being sold.<sup>26</sup> The expenses associated with repairing these “non-prime materials” are recorded on a quarterly basis and submitted to the record in Field Number 49.3, “Repairs” (REPAIRU).<sup>27</sup>

#### B. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates a weighted-average dumping margin by comparing weighted-average NVs to weighted-average EPs or CEPs (*i.e.*, the average-to-average method) unless Commerce determines that another method is appropriate in a particular situation. In an LTFV investigation, Commerce examines whether to compare weighted-average NVs with the EPs or CEPs of individual sales (*i.e.*, the average-to-transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the

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<sup>21</sup> See 19 CFR 351.414(f).

<sup>22</sup> See 19 CFR 351.414(b)(3)(e).

<sup>23</sup> See Initial AD Questionnaire at B-10-B-13 and C-7-C-12.

<sup>24</sup> See Interpipe’s December 3, 2020 BCDEQR at B-13 and C-11.

<sup>25</sup> See Interpipe’s December 3, 2020 BCDEQR at B-13; *see also* Interpipe’s April 6, 2021 ABCESQR at S-23; and Interpipe’s July 16, 2021 ABCESQR at S-12.

<sup>26</sup> See Interpipe’s December 3, 2020 BCDEQR at C-53.

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

Act. Although section 777A(d)(1)(B) of the Act does not strictly govern Commerce's examination of this question in the context of an administrative review, Commerce nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in an administrative review is, in fact, analogous to the issue in an LTFV investigation.<sup>28</sup>

In numerous investigations and reviews, Commerce applied a "differential pricing" analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.<sup>29</sup> Commerce finds that the differential pricing analysis is instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce's additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average method in calculating a respondent's weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchaser, region, and time period to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, zip, state) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is defined using the product control number (CONNUM) and all characteristics of the U.S. sales other than purchaser, region, and time period, that Commerce uses in making comparisons between export prices (EPs) or CEPs and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* coefficient is a generally recognized statistical measure of the extent of the difference between the mean (*i.e.*, weighted-average price) of a test group and the mean (*i.e.*, weighted-average price) of a comparison group. First, for comparable merchandise, the Cohen's *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser,

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<sup>28</sup> See *Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012), and accompanying Issues and Decision Memorandum (IDM) at Comment 1; see also *Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286, 1322 (CIT 2014), *aff'd*, 862 F.3d 1337 (Fed. Cir. 2017); and *JBF RAK LLC v. United States*, 790 F.3d 1358, 1363–65 (Fed. Cir. 2015) ("the fact that the statute is silent with regard to administrative reviews does not preclude Commerce from filling gaps in the statute to properly calculate and assign antidumping duties.") (citations omitted).

<sup>29</sup> See, e.g., *Xanthan Gum from the People's Republic of China: Final Determination of Sales at Less Than Fair*, 78 FR 33351 (June 4, 2013); *Steel Concrete Reinforcing Bar from Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014); and *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

region, or time period each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen's *d* coefficient is used to evaluate the extent to which the prices to the particular purchaser, region, or time period differ significantly from the prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium, or large (0.2, 0.5, and 0.8, respectively). Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen's *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen's *d* test. If 33 percent or less of the value of total sales passes the Cohen's *d* test, then the results of the Cohen's *d* test do not support consideration of an alternative to the average-to-average method.

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, Commerce examines whether using only the average-to-average method can appropriately account for such differences. In considering this question, Commerce tests whether using an alternative comparison method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, then this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative comparison method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if: (1) there is a 25 percent relative change in the weighted average dumping margins between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold, or (2) the resulting weighted-average dumping margins between the average-to-average method and the appropriate alternative method move across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.

### C. Results of the Differential Pricing Analysis

For Interpipe, based on the results of the differential pricing analysis, Commerce preliminarily finds that 61.11 percent of the value of U.S. sales pass the Cohen's *d* test,<sup>30</sup> and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the A-to-A method appropriately accounts for such differences because there is not a meaningful difference in the weighted-average dumping margins calculated for Interpipe when calculated using the A-to-A method and an alternative method based on the A-to-T method applied to the U.S. sales which pass the Cohen's *d* test and the A-to-A method to those sales which did not pass the Cohen's *d* test. Accordingly, Commerce has preliminarily determined to use the A-to-A method for all U.S. sales to calculate the preliminary weighted-average dumping margin for Interpipe.<sup>31</sup>

### D. Date of Sale

Section 351.401(i) of Commerce's regulations states that, normally, we will use invoice date as recorded in the producer's or exporter's records kept in the ordinary course of business, as the date of sale. The regulation provides that we may use a date other than the invoice date if Commerce is satisfied that a different date better reflects the date on which the material terms of sale are established.<sup>32</sup> Furthermore, Commerce has a long-standing practice of finding that, where the shipment date precedes the invoice date, the shipment date better reflects the date on which the material terms of sale are established.<sup>33</sup>

For home market sales, Interpipe defined the date of sale as the date listed on the sales invoice issued by Interpipe Ukraine.<sup>34</sup> For U.S. CEP sales, Interpipe defined the date of sale as the date listed on the invoice issued by NAI.<sup>35</sup> Interpipe explained that quantity changes and order cancellations in both markets can occur after an initial agreement is established, but that no price renegotiation may occur after a sales order is executed and no changes to the price, quantity, or product mix may occur after an invoice is issued (other than to correct errors).<sup>36</sup> Interpipe also explained that invoices for U.S. sales are based on the date of the shipping tally NAI receives from its yard, and that there may be delays between the points at which a product is shipped and invoiced as a result.<sup>37</sup> Our review of information on the record shows that Interpipe sometimes issues an invoice after it ships the merchandise to its unaffiliated customer.<sup>38</sup> Therefore,

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<sup>30</sup> See Interpipe's Preliminary Calculation Memorandum at 1.

<sup>31</sup> *Id.*

<sup>32</sup> See 19 CFR 351.401(i).

<sup>33</sup> See, e.g., *Certain Frozen Warmwater Shrimp from Thailand: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 72 FR 52065 (September 12, 2007), and accompanying IDM at Comment 11; see also *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams from Germany*, 67 FR 35497 (May 20, 2002), and accompanying IDM at Comment 2.

<sup>34</sup> See Interpipe's December 3, 2020 BCDEQR at B-26.

<sup>35</sup> *Id.* at C-22.

<sup>36</sup> See Interpipe's November 3, 2020 AQR at A-25.

<sup>37</sup> See Interpipe's April 6, 2020 ABCESQR at S-40.

<sup>38</sup> See, e.g., Interpipe's April 6, 2021 ABCESQR at S-27 and Exhibit SC-6.

pursuant to 19 CFR 351.401(i), we are preliminarily using the earlier of the invoice date or the shipment date as the reported date of sale for both the home and U.S. markets.

## **VI. CONSTRUCTED EXPORT PRICE**

Section 772(b) of the Act defines CEP as “the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted under subsections (c) and (d).” As explained below, we based the U.S. price on CEP for Interpipe.

Interpipe reported that all sales made to the U.S. market during the POR were CEP sales.<sup>39</sup> We calculated CEP in accordance with section 772(b) of the Act because the subject merchandise was sold by Interpipe’s U.S. affiliate, NAI, to unaffiliated purchasers in the United States.<sup>40</sup> In accordance with section 772(c) and (d) of the Act, we made adjustments, where appropriate, for billing adjustments, early payment discounts, Ukrainian movement expenses (*i.e.*, Ukrainian inland freight and Ukrainian brokerage and handling), international and U.S. movement expenses (*i.e.*, international freight, marine insurance, stevedoring (loading and unloading) expenses, U.S. inland freight, U.S. warehousing, and U.S. duties (general duties and Section 232 duties)), direct and indirect selling expenses associated with economic activities occurring in the United States (*i.e.*, imputed credit expenses, inventory carrying costs, warranty expenses, inspection expenses, repair expenses, survey expenses, testing expenses, U.S. wharfage expenses, U.S. yard expenses, and other miscellaneous expenses), packing expenses, and profits allocated to expenses deducted under section 772(d)(1) of the Act. We calculated the CEP profit ratio, in accordance with section 772(f) of the Act.<sup>41</sup>

Interpipe also reported that NAI imported green tube during the POR that was sent to unaffiliated U.S. processors, where various levels of finishing were performed for a tolling fee.<sup>42</sup> The green tube was subjected to heat treatment, quenching, and tempering, as well as upsetting, threading and/or coupling processes.<sup>43</sup> The physical characteristics of the OCTG that were changed as a result of this further processing are reflected in a separate product CONNUM field (Field Number 3.0.1, CONNUM2U) that reports the CONNUM of the product as it was ultimately sold to the first unaffiliated U.S. customer.<sup>44</sup> Thus, we also made an adjustment to price for the cost of any further manufacturing or assembly for sales used in the calculations, in accordance with section 772(d)(2) of the Act.

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<sup>39</sup> See Interpipe’s November 3, 2020 AQR at A-19 and A-20.

<sup>40</sup> *Id.*

<sup>41</sup> See Interpipe’s Preliminary Calculation Memorandum.

<sup>42</sup> See Interpipe’s November 3, 2020 AQR at A-36.

<sup>43</sup> *Id.*

<sup>44</sup> See Interpipe’s December 3, 2020 BCDEQR at C-12.

## VII. NORMAL VALUE

### A. Home Market Viability

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, *i.e.*, the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales, we normally compare the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with sections 773(a)(1)(A) and (B) of the Act. If we determine that no viable home market exists, we may, if appropriate, use a respondent's sales of the foreign like product to a third country market as the basis for comparison market sales, in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404.

In this review, we determined that the aggregate volume of home market sales of the foreign like product for Interpipe was greater than five percent of the aggregate volume of its U.S. sales of the subject merchandise.<sup>45</sup> Therefore, we used home market sales as the basis for NV for both respondents, in accordance with section 773(a)(1)(B) of the Act.

### B. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, Commerce will calculate NV based on sales at the same level of trade (LOT) as the U.S. sales. According to 19 CFR 351.412(c)(2), sales are made at different LOTs if they are made at different marketing stages (or their equivalent), and substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.<sup>46</sup> In order to determine whether the home market sales are at different marketing stages than the U.S. sales, we examine the distribution chain in each market, including selling functions and customer categories, and the level of selling activities for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying LOTs, we consider the starting price before adjustments for EP and home market sales,<sup>47</sup> and the starting price as adjusted under section 772(d) of the Act for CEP sales.<sup>48</sup> If NV is based on CV, then the amounts for selling expenses and profit which are based on home market sales pursuant to section 773(e)(2)(A) of the Act will be at the same or most similar home market LOT as the U.S. LOT.

When Commerce is unable to match U.S. sale to sales in the home market at the same LOT as the EP or CEP, Commerce may compare the U.S. sale to sales at a different LOT in the home market. In comparing EP or CEP sales at a different LOT in the home market, where available

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<sup>45</sup> See Interpipe's November 3, 2020 AQR at A-4 and Exhibit A-1.

<sup>46</sup> See *Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administration Review and Notice of Intent Not to Revoke Antidumping Duty Order in Part*, 75 FR 50999 (August 18, 2010) (*OJ Brazil*), and accompanying IDM at Comment 7.

<sup>47</sup> Where NV is based on constructed value (CV), we determine the NV LOT based on the LOT of the sales from which we derive selling, general and administrative (SG&A) expenses, and profit for CV, where possible. See 19 CFR 351.412(c)(1).

<sup>48</sup> See *Micron Tech., Inc. v. United States*, 243 F.3d 1301, 1314-16 (Fed. Cir. 2001).

data make it possible, we make an LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if the NV LOT is at a more advanced stage of distribution than the LOT of CEP but the data available do not provide a basis to determine whether the difference in LOTs is demonstrated to affect price comparability (*i.e.*, no LOT adjustment is possible), Commerce will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.<sup>49</sup>

In this administrative review, we obtained information from Interpipe regarding the marketing stages involved in making their reported home market and U.S. sales, including a description of the selling activities performed for each channel of distribution.

Interpipe made home market sales through a sole channel of distribution, in which merchandise was always sold back-to-back between the production mills and end-users through Interpipe Ukraine.<sup>50</sup> Interpipe reported its home-market selling activities across 18 self-identified subcategories, rather than the five overarching categories listed in the Initial AD Questionnaire's selling function chart.<sup>51</sup> However, Commerce finds that Niko Tube, Interpipe NTRP, and Interpipe Ukraine performed a number of selling functions in the home market across four of the selling function categories identified by Commerce: provision of sales support, provision of technical support, provision of logistical services, and performance of sales related administrative activities.<sup>52</sup> Because Interpipe reported one selling channel in the home market, and because Interpipe appears to have performed the same selling functions at the same relative level of intensity for all of its home-market sales, we determine that all home-market sales were made at the same LOT.

Interpipe made U.S. sales through three channels of distribution: (1) back-to-back sales to unaffiliated U.S. customers; (2) sales from existing stock to unaffiliated customers; and (3) export sales to unaffiliated customers.<sup>53</sup> For back-to-back sales, customers buy products on "future production" by placing a purchase order prior to the manufacture of the merchandise, which is then sold to the unaffiliated customer back-to-back through Interpipe Ukraine, Interpipe Europe, and NAI.<sup>54</sup> Stock sales to unaffiliated customers are performed after a product has already been manufactured and imported to the United States.<sup>55</sup> Export sales to unaffiliated customers are sold either from future production or existing stock in the United States, then shipped directly from either Ukraine or the United States to customers located outside the United States.<sup>56</sup>

Interpipe reported its U.S.-market selling activities across 18 self-identified subcategories, rather than the five overarching categories listed in the Initial AD Questionnaire's selling function chart.<sup>57</sup> However, Commerce finds that Niko Tube, Interpipe NTRP, Interpipe Ukraine, Interpipe Europe, and NAI performed a number of selling functions in the U.S. market across

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<sup>49</sup> See *OJ Brazil* IDM at Comment 7.

<sup>50</sup> See Interpipe's November 3, 2020 AQR at A-20; see also Interpipe's April 6, 2021 ABCESQR at S-10.

<sup>51</sup> See Interpipe's April 6, 2021 ABCESQR at Exhibit SA-10.

<sup>52</sup> *Id.* at A-22.

<sup>53</sup> See Interpipe's November 3, 2020 AQR at A-19-A-20.

<sup>54</sup> See Interpipe's April 6, 2021 ABCESQR at S-13.

<sup>55</sup> *Id.*

<sup>56</sup> See Interpipe's November 3, 2021 AQR at A-20.

<sup>57</sup> See Interpipe's April 6, 2021 ABCESQR at Exhibit SA-10.

four of the selling function categories identified by Commerce: provision of sales support, provision of technical support, provision of logistical services, and performance of sales related administrative activities.<sup>58</sup> The selling activities comparison chart submitted by Interpipe indicates that its affiliates perform the same selling functions at largely the same levels of intensity for all U.S. sales, except for a small number of individual sub-functions.<sup>59</sup> Thus, we determine that all U.S. sales are generally made at the same LOT.

Interpipe Ukraine, Niko Tube, and Interpipe NTRP performed a number of activities for home market sales, including post-sale storage, technical assistance and quality assurance support, marketing activities, merchandise insurance, and arranging for credit, payment collection, and extended payment terms.<sup>60</sup> Interpipe also claims that of the selling functions attributed to both markets (*e.g.*, order processing, accounting activities, and logistics), the activities performed in the home market are undertaken at significantly higher levels of intensity and variability because domestic sales generally involve smaller quantities than U.S. sales.<sup>61</sup> Interpipe argues that the variety and frequency of these activities, coupled with Interpipe Ukraine's lack of direct customer engagement in the U.S. market, indicate that the LOT for home market sales is more advanced than the LOT for U.S. sales.<sup>62</sup> Interpipe further states that a CEP offset is necessary to account for the difference in selling intensities between the home and U.S. markets, noting that it is not possible to make an LOT adjustment with only home-market LOT.<sup>63</sup>

However, Interpipe did not provide adequate documentation to support the intensities listed in its selling functions chart. In response to question 3a(ii) of the Initial AD questionnaire, Interpipe provided limited supporting documentation to demonstrate that it performed the activities listed in the selling functions chart at varying intensities.<sup>64</sup> Furthermore, Commerce's methodology requires a quantitative analysis showing how the expenses in each sales channel impact price comparability, and then requests that the respondent assign a level of intensity based on this quantitative analysis in a selling functions chart. Interpipe provided a quantitative analysis that fell short of demonstrating a difference in price. Interpipe submitted a list of bulk-order merchandise volumes shipped to the United States from Interpipe Ukraine to NAI during the POR.<sup>65</sup> Interpipe argued that the amount of order processing performed by Interpipe Ukraine for U.S. sales is much less intense than the processing performed for home market sales, which contain a significant number of small-volume orders. Although the Initial AD Questionnaire instructs respondents to report levels of intensity that represent selling expenses,<sup>66</sup> the levels of intensity reported in Interpipe's selling function chart appear to represent how frequently

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<sup>58</sup> *Id.* at A-22.

<sup>59</sup> *Id.* at Exhibit SA-10.

<sup>60</sup> *See* Interpipe's November 3, 2020 AQR at A-22.

<sup>61</sup> *Id.*

<sup>62</sup> *Id.* at A-21.

<sup>63</sup> *Id.* at A-22.

<sup>64</sup> *Id.* at SA-10. For additional information regarding the documentation provided by Interpipe, *see* Interpipe's Preliminary Calculation Memorandum.

<sup>65</sup> *See* Interpipe's April 6, 2021 ABCESQR at S-15 and Exhibit SA-11.

<sup>66</sup> The instruction is to "report level of intensity information using a scale of zero to ten in which five represents a sale with average associated selling expenses, and level of intensity information is reported in relation to this baseline of five." *See* Initial AD Questionnaire at A-15, "Selling Functions by Category."

Interpipe Ukraine performed each of the specific activities based on the description of the CEP offset claim.<sup>67</sup>

Additionally, in response to question 3a(iv) asking for a quantitative analysis showing how the expenses assigned to POI sales made at different claimed levels of trade impact price comparability, Interpipe provided an incomplete quantitative analysis to show how the expenses assigned to home market sales and CEP sales impact price comparability. In response to question 3a(v), asking for Interpipe to demonstrate how indirect selling expenses vary by the different levels of trade claimed, Interpipe did not demonstrate how indirect selling expenses vary by the home market LOT and CEP LOT. As the record provides: (1) insufficient supporting documentation to demonstrate that the claimed selling activities were performed; and (2) no analysis to demonstrate how the indirect selling expenses vary by the home market LOT and CEP LOT, we preliminarily find no basis to determine that home market sales were performed at a more advanced LOT than the LOT of the CEP sales. Thus, in accordance with 19 CFR 351.412(f), we preliminarily determine that a CEP offset is not warranted.

### **C. Cost of Production Analysis**

In accordance with section 773(b)(2)(A) of the Act, we requested cost information from Interpipe to determine if there were reasonable grounds to believe or suspect that sales of foreign like product had been made at prices less than the cost of production (COP) of the product.<sup>68</sup> We examined Interpipe's cost data and determined that our quarterly cost methodology is not warranted, and therefore, we applied our standard methodology of using annual costs based on the reported data.

#### **1. Calculation of COP**

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of costs of materials and fabrication for the foreign like product, plus amounts for general and administrative (G&A) expenses and financial expenses. We relied on the data submitted by Interpipe, except in the following instances:<sup>69</sup>

- We adjusted the total costs reported by Interpipe NTRP and Niko Tube for additional depreciation expenses related to the revaluation of fixed assets; and
- We revised the general and administrative expense ratios reported by Interpipe NTRP and Niko Tube to exclude certain other income and expenses not related to the general operations of the company.

For further information, *see* Interpipe's Preliminary Calculation Memorandum.

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<sup>67</sup> See Interpipe's April 6, 2021 ABCESQR at S-15 through S-16, and Exhibit SA-10.

<sup>68</sup> See Interpipe's December 3, 2020 BCDEQR; Interpipe's June 25, 2021 DSQR; and Interpipe's July 19, 2021 DSQR.

<sup>69</sup> See Interpipe's Preliminary Calculation Memorandum.

## **2. Test of Comparison Market Sales Prices**

As required under sections 773(b)(1) and (2) of the Act, we compared the weighted average of the COP for the POR to the per-unit price of the comparison market sales of the foreign like product to determine whether these sales had been made at prices below the COP within an extended period of time in substantial quantities, and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. We determined the net comparison market prices for the sales-below-cost test by adjusting the gross unit price any applicable movement charges, discounts, billing adjustments, actual direct and indirect selling expenses, and packing expenses.

## **3. Results of the COP Test**

In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether: (1) within an extended period of time, such sales were made in substantial quantities; and (2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade. In accordance with sections 773(b)(2)(B) and (C) of the Act, where less than 20 percent of a respondent's home market sales of a given product are at prices less than the COP, we do not disregard any below-cost sales of that product because we determine that in such instances the below-cost sales were not made within an extended period of time and in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product are at prices less than the COP, we disregard the below-cost sales because: (1) they were made within an extended period of time in "substantial quantities," in accordance with sections 773(b)(2)(B) and (C) of the Act; and, (2) based on our comparison of prices to the weighted-average COPs for the POI, they were at prices which would not permit the recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act.

Our sales-below-cost test for Interpipe indicated that, for home market sales of certain products, more than 20 percent of sales were sold at prices less than the COP and, in addition, such sales did not permit for the recovery of costs within a reasonable period of time. We, therefore, excluded these sales and used the remaining sales, as the basis for determining NV, in accordance with section 773(b)(1) of the Act.<sup>70</sup>

## **D. Calculation of NV Based on Home Market Prices**

We calculated NV based on the prices of the foreign like product sold to unaffiliated customers in the home market. We made deductions from the starting price for certain movement expenses, *e.g.*, inland freight, and for certain direct selling expenses, *e.g.*, credit expenses, pursuant to section 773(a)(6)(B)(ii) of the Act.<sup>71</sup> Further, we made adjustments for differences in circumstances of sale pursuant to section 773(a)(6)(C)(iii) of the Act, where appropriate, by deducting home market direct selling expenses (*i.e.*, imputed credit expenses), and adding U.S. direct selling expenses (*i.e.*, imputed credit expenses, warranty expenses, inspection expenses,

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<sup>70</sup> *Id.*

<sup>71</sup> *Id.*

repair expenses, survey expenses, testing expenses, U.S. wharfage and yard expenses, and miscellaneous expenses).

When comparing U.S. sales with home market sales of similar, but not identical, merchandise, we also adjusted for differences in the physical characteristics of the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing of the foreign like product and the subject merchandise.<sup>72</sup>

We deducted comparison-market packing costs and added U.S. packing costs for Interpipe, in accordance with sections 773(a)(6)(A) and (B) of the Act.

## VIII. CURRENCY CONVERSION

We made currency conversions into U.S. dollars in accordance with section 773A of the Act and 19 CFR 351.415, based on the exchange rates in effect on the date of the U.S. sales as certified by the Federal Reserve Bank. The exchange rates are available on the Enforcement and Compliance web site at <http://enforcement.trade.gov/exchange/index.html>.

## IX. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

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Agree

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\_\_\_\_\_  
Disagree

8/2/2021

X



Signed by: CHRISTIAN MARSH

\_\_\_\_\_  
Christian Marsh  
Acting Assistant Secretary  
for Enforcement and Compliance

<sup>72</sup> *Id.*