

**Final Results of Redetermination Pursuant to Court Remand  
Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates  
*Wheatland Tube Co. v. United States*,  
Court No. 17-00021, Slip. Op. 18-49 (CIT April 24, 2018)**

**I. SUMMARY**

The Department of Commerce (Commerce) has prepared these final results of redetermination on remand pursuant to the order of the U.S. Court of International Trade (the Court) in *Wheatland Tube Co. v. United States*, Court No. 17-00021, Slip. Op. 18-49 (April 24, 2018) (*Wheatland Tube*). This action arises out of the final determination in the less-than-fair-value investigation of circular welded carbon-quality steel pipe from the United Arab Emirates.<sup>1</sup> The sole issue in this remand is Commerce's treatment of the costs of caps used by the mandatory respondent, Universal.<sup>2</sup> Upon reconsideration on remand of the record evidence and the Court's remand order, Commerce has changed its treatment of UTP-JA's cost of caps by including them in packing expenses and excluding the cost of caps from the cost of manufacturing (COM). As a result, we have recalculated Universal's dumping margin; however, our recalculation did not change the dumping margin, which remains 5.58 percent.

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<sup>1</sup> See *Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates: Final Determination of Sales at Less Than Fair Value*, 81 Fed. Reg. 75,030 (October 28, 2016) (*Final Determination*), and accompanying Issues and Decision Memorandum (IDM) at Comment 9.

<sup>2</sup> Universal is the name collectively used for the following group of affiliated producers/exporters of circular welded pipe: Universal Tube and Plastic Industries, LLC – Jebel Ali Branch (UTP-JA); Universal Tube and Pipe Industries, Ltd; and KHK Scaffolding and Framework LLC.

## II. BACKGROUND

Wheatland Tube Company challenged Commerce's treatment of the cost of caps for one of Universal's producers/exporters, UTP-JA. In the underlying administrative proceeding, Commerce discovered at the verification that UTP-JA double counted its cost of caps as both a packing expense and part of its COM.<sup>3</sup> Commerce corrected the double-counting by removing the cost of caps from UTP-JA's packing expenses.<sup>4</sup> Wheatland challenged this treatment in court, arguing that Commerce should have treated UTP-JA's cost of caps as a packing expense, because it treated Universal's cost of caps as a packing expense in a prior proceeding involving the same product.<sup>5</sup> After review, the Court remanded the issue for Commerce to reconsider its treatment of UTP-JA's cost of caps.<sup>6</sup>

## III. ANALYSIS

Pursuant to *Wheatland Tube*, we have reconsidered our treatment of UTP-JA's cost of caps. The Court stated that "Commerce ultimately concluded that 'the record does not contain sufficient information to determine whether caps should be treated as packing or a direct material.'" <sup>7</sup> The Court further reasoned that this finding "raises a question of whether Universal may have failed to carry its burden of establishing the basis for a claimed adjustment that differs from Commerce's prior treatment for that cost, *e.g.*, demonstrating that the caps have some particular end use other than mere protection of the pipe threads during transportation and

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<sup>3</sup> See *Wheatland Tube* at 2.

<sup>4</sup> *Id.* at 3.

<sup>5</sup> See *Notice of Final Determination of Sales at Less Than Fair Value: Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates*, 77 FR 64475 (October 22, 2012) (*CWP from the UAE*), and accompanying IDM at Comment 6H.

<sup>6</sup> See *Wheatland Tube* at 5.

<sup>7</sup> *Id.* at 5.

storage.”<sup>8</sup> “Without that evidentiary proffer,” the Court stated, “the court is wondering how Commerce could reasonably depart from its prior treatment of the caps as packing expense.”<sup>9</sup>

We understand the Court’s decision to mean that, to the extent that Commerce previously treated caps as packing expenses, Commerce should continue to treat them as packing expenses consistent with its prior treatment, unless evidence of the record of this investigation demonstrates the caps are direct material and, thus, it is more appropriate to treat them as a cost of manufacturing.<sup>10</sup> After reviewing the record of this investigation, we find that the record of this investigation does not contain sufficient evidence to depart from our prior treatment of caps as packing material.<sup>11</sup> However, we intend to further examine this issue in the ongoing first administrative review.

On remand, consistent with the Court’s order, the record evidence, and our treatment of such costs in a prior investigation of the same product, we have included the cost of UTP-JA’s caps in packing expenses and removed the same per-unit cap cost from UTP-JA’s COM as further described below.

UTP-JA reported that its cost of caps was applicable to all threaded pipe sold during the period of investigation (POI).<sup>12</sup> Therefore, we computed a cost of caps, per metric ton, using as the numerator of the calculation the only aggregate cost data for caps contained on the record of this proceeding,<sup>13</sup> and as the denominator UTP-JA’s total production of threaded pipe during the

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<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *See e.g., CWP from the UAE* IDM at Comment 6H.

<sup>12</sup> *See* Universal’s February 11, 2016, Section B Questionnaire Response at B-40 and Exhibit B-20.

<sup>13</sup> *Id.* at B-20. *See also* the Memorandum to the File, “Verification of the Sales Response of Universal Tube and Plastic Industries, Ltd. – Jebel Ali Branch in the Antidumping Investigation of Circular Welded Carbon Steel Pipe from United Arab Emirates,” dated August 16, 2016, at 17 and verification exhibit 25.

POI.<sup>14</sup> We then added this per-metric ton cap cost to the packing expenses reported for Universal's sales in the U.S. and home markets of threaded pipe products produced by UTP-JA.<sup>15</sup> We also adjusted UTP-JA's reported COM for threaded pipe products by removing the same per-metric-ton cap cost.<sup>16</sup>

#### **IV. INTERESTED PARTY COMMENTS**

On June 12, 2018, Commerce released the draft results of redetermination to all interested parties, and we invited parties to comment. On June 15, 2018, Universal filed comments stating that Commerce followed the instructions of the Court in the draft remand. No other interested party submitted comments on the draft remand redetermination.

#### **V. REMAND RESULTS**

Having received no comments objecting to the substance, analysis, or conclusions of the draft results of redetermination, and consistent with the instructions of the Court, we have

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<sup>14</sup> See Universal's letter, "Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates, Case No. A-520-807: Submission of Revised Sales Listings and Cost Databases," dated September 2, 2016, at Exhibit D-63 (submitting cost of production database, "UTPJACP04").

<sup>15</sup> See the Memorandum to the File, "Calculations for the Remand Determination of Universal Tube and Plastic Industries, LLC – Jebel Ali Branch in the Antidumping Investigation of Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates," dated June 12, 2018 (Universal Remand Calculation Memo) at 1-2.

<sup>16</sup> See Universal Remand Calculation Memo at 1-2.

continued to use the same approach in the final results of redetermination. As a result of our redetermination, Universal's margin remains 5.58 percent.<sup>17</sup>

6/21/2018

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Signed by: GARY TAVERMAN

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Gary Taverman  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance

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<sup>17</sup> Because Universal's margin is unchanged, we have not revised the "all-others rate," which as explained in the final determination, was based on a weighted average of the mandatory respondents' margins using publicly ranged quantities of their sales of subject merchandise. See *Final Determination*, 81 FR at 75031.