




A-580-810
Administrative Review
12/01/2014 - 11/30/2015
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December 20, 2016

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Christian Marsh 
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the
Antidumping Duty Administrative Review: Welded ASTM A-312
Stainless Steel Pipe from the Republic of Korea; 2014-2015

SUMMARY

In response to requests from Petitioners and SeAH Steel Corporation (SeAH), the Department of Commerce (Department) is conducting an administrative review of the antidumping duty order on welded ASTM A-312 stainless steel pipe from the Republic of Korea (Korea), for the period of review (POR) December 1, 2014, through November 30, 2015.¹ This review covers two producers/exporters: SeAH and LS Metal Co., Ltd. (LS Metal). We preliminarily find that SeAH sold subject merchandise at less than normal value, and LS Metal had no shipments.

Interested parties are invited to comment on these preliminary results. If these preliminary results are adopted in final results of this review, the Department will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries of subject merchandise during the POR. We intend to issue final results no later than 120 days after the date of publication of the accompanying preliminary determination notice in the *Federal Register*, unless extended, pursuant to section 751(a)(3)(A) of the Act.²

BACKGROUND

The Department published the *Order* on December 30, 1992.³ On December 1, 2015, we published a notice of opportunity to request an administrative review of the *Order*.⁴ In response to that notice, Petitioners requested reviews of SeAH and LS Metal, and SeAH requested for a

¹ Petitioners are Bristol Metals LLC, Felker Brothers Corporation, and Outokumpu Stainless Pipe, Inc.

² The Table of Authorities at the end of this document provides full citations for the items referenced in the footnotes below.

³ See *Order*.

⁴ See *Opportunity Notice*.



review of itself on December 30 and 31, 2015, respectively.⁵ In response to those requests, we initiated this review on February 9, 2016.⁶

As explained in the Department's January 27, 2016 Tolling Memorandum, all deadlines in this segment of the proceeding have been extended by four business days.⁷ Further, on August 15, 2016 and December 13, 2016, we extended the time period for issuing the preliminary results.⁸ As a result, the revised deadline for the preliminary results is December 20, 2016.

On May 9, 2016, SeAH requested that the Department extend the deadline for withdrawing review requests.⁹ On May 10, 2016, the Department declined this request.¹⁰

From May 16, 2016 to December 12, 2016, the Department issued questionnaires to and received responses from SeAH.¹¹ From October 19, 2016 to October 31, 2016, the Department issued a questionnaire to and received a response from LS Metal.¹² On November 1, 2016, Petitioners commented on SeAH's responses to the AD questionnaire.¹³

On November 14, 2016, SeAH submitted information relating to differential pricing analysis.¹⁴

SCOPE OF THE ORDER

The products covered by this order are shipments of welded austenitic stainless steel pipe (WSSP) from Korea that meets the standards and specifications set forth by the American Society for Testing and Materials (ASTM) for the welded form of chromium-nickel pipe designated ASTM A-312. WSSP is produced by forming stainless steel flat-rolled products into a tubular configuration and welding along the seam. WSSP is a commodity product generally used as a conduit to transmit liquids or gases. Major applications for WSSP include, but are not limited to, digester lines, blow lines, pharmaceutical lines, petrochemical stock lines, brewery process and transport lines, general food processing lines, automotive paint lines and paper process machines.

Imports of these products are currently classifiable under the following United States Harmonized Tariff Schedule (HTSUS) subheadings: 7306.40.5005, 7306.40.5015, 7306.40.5040, 7306.40.5065 and 7306.40.5085. Although the HTSUS subheadings include both pipes and tubes, the scope of this investigation is limited to welded austenitic stainless steel pipes. The HTSUS subheadings are provided for convenience and customs purposes. The written description remains dispositive.

⁵ See Petitioners' Review Request and SeAH's Review Request.

⁶ See *Initiation Notice*.

⁷ See Tolling Memorandum.

⁸ See Preliminary Results Extension Memorandum.

⁹ See SeAH's May 9, 2016 Letter.

¹⁰ See Department's May 10, 2016 Memorandum.

¹¹ See AD Questionnaire to SeAH, Supp. Questionnaires to SeAH, and SeAH's Sec. A Resp., SeAH's Sec. B, C and D Resps, and SeAH's Supp. Resps.

¹² See AD Questionnaire to LS Metal and LS Metal's response.

¹³ See Petitioners' Comments On SeAH Responses.

¹⁴ See SeAH's DPA.

PRELIMINARY DETERMINATION OF NO SHIPMENTS

On November 2, 2016, in its response to the Department's antidumping questionnaire, LS Metal stated that it had no sales or shipments of subject merchandise during the POR.¹⁵

Consistent with our practice, on November 18, 2016, the Department issued a "No Shipments Inquiry" to CBP, and received no information that would contradict LS Metal's claim.¹⁶ As the record contains no other information or evidence that calls into question LS Metal's claim, we preliminarily determine that LS Metal had no shipments during the POR.

Also consistent with our practice, the Department finds that it is not appropriate to rescind the review but rather to complete the review with respect to LS Metal, and then, based on the final results of this review, to issue appropriate instructions to CBP.¹⁷

In our May 6, 2003, "automatic assessment" clarification, we explained that, where respondents in an administrative review demonstrated that they had no knowledge of sales through resellers to the United States, we would instruct CBP to liquidate such entries at the applicable rate for the reseller or at the all-others rate applicable to the proceeding.¹⁸ Because "as entered" liquidation instructions do not alleviate the concerns that the *Assessment Policy Notice* was intended to address, we find it appropriate to complete the review and issue liquidation instructions to CBP concerning entries for LS Metal after the final results of this administrative review are issued. If we continue to find for the final results that LS Metal had no shipments of subject merchandise, we will instruct CBP to liquidate any existing entries of merchandise produced by the LS Metal, but exported by other parties, at the rate for the intermediate reseller, if available, or at the all-others rate.¹⁹

DISCUSSION OF THE METHODOLOGY

We are conducting this administrative review of the order in accordance with section 751(a) of the Act.

A. Comparisons to Normal Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether SeAH's sales of the subject merchandise were made at less than normal value, the Department compared the constructed export price (CEP) to the normal value, as described in the "Constructed Export Price" and "Normal Value" sections of this memorandum.

Determination of Comparison Method

¹⁵ See LS Metal's response.

¹⁶ See CBP's Message No 6323307 (November 18, 2016).

¹⁷ See *Assessment Policy Notice*.

¹⁸ *Id.*

¹⁹ See, e.g., *OCTG from Korea*.

Pursuant to 19 CFR 351.414(c)(1), the Department calculates weighted-average dumping margins by comparing weighted-average normal values to weighted-average export prices (or CEP) (*i.e.*, the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, the Department examines whether to compare weighted-average normal values with the export prices (or CEP) 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 Act. Although section 777A(d)(1)(B) of the Act does not govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is analogous to the issue in less-than-fair-value investigations.²⁰

In recent investigations, the Department 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.²¹ The Department finds that the differential pricing analysis used in those recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating a respondent's weighted-average dumping margins.

The differential pricing analysis used in this preliminary determination requires a finding of a pattern of export prices (or CEP) for comparable merchandise that differs 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 code) 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 period of review 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 and all characteristics of the U.S. sales, other than purchaser, region and time period, that the Department uses in making comparisons between export price (or CEP) and normal value 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* test 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*

²⁰ See *Ball Bearings from France, Germany, and Italy*; see also *Apex Frozen Foods*.

²¹ See, *e.g.*, *Xanthan Gum from PRC*, *Steel Reinforcing Bar from Mexico*, *Line Pipe from Turkey*.

coefficient is calculated when the test and comparison groups of data for a particular purchaser, 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 means 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 accounts 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 passes the Cohen's *d* test accounts for more than 33 percent but less than 66 percent of the value of total sales, then the results support consideration of the application of the 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, the Department examines whether using only the average-to-average method can appropriately account for such differences. In considering this question, the Department 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, 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 margin between the average-to-average method and the appropriate alternative comparison 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 moves across the *de minimis* threshold.

Interested parties may present arguments 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.

Results of the Differential Pricing Analysis

For SeAH, based on the results of the differential pricing analysis, the Department preliminarily finds that 91.11 percent of the value of U.S. sales pass the Cohen's *d* test,²² and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily determines that the average-to-average method cannot account for such differences because the resulting weighted-average dumping margins between the average-to-average method and the average-to-transaction method moves across the *de minimis* threshold. Thus, for the preliminary results, the Department is applying the average-to-transaction method to all U.S. sales to calculate the weighted-average dumping margin for SeAH.

B. Date of Sale

The Department normally will use the date of invoice, as recorded in the producer's or exporter's records kept in the ordinary course of business, as the date of sale.²³ Furthermore, the Department may use a date other than the invoice date if the Department is satisfied that a different date better reflects the date on which the material terms of sale are established.²⁴

For its home-market sales, SeAH reported the date it issued its "billing document" (*i.e.*, invoice) as its date of sale because the "billing document" is the first documentation showing the final price, quantity and destination of the sale.²⁵ For its U.S. sales, SeAH stated that it shipped all subject merchandise directly from Korea to the unaffiliated U.S. customer. Therefore, SeAH reported the date of sale as the earlier of the shipment date or the invoice date of the U.S.-based affiliate, Pusan Pipe America, Inc. (d.b.a. SeAH Steel America, Inc.) (PPA/SSA), as the price and quantity were finalized when the subject merchandise left the plant and was loaded on the vessel.²⁶

The Department has a long-standing practice of finding that, where shipment date precedes invoice date, shipment date better reflects the date on which the material terms of sale are established.²⁷ For this reason, and consistent with the presumption established in the Department's regulation, we are relying on the date of sale reported by SeAH for both the home-market and U.S. sales.

²² See Preliminary Calculation Memorandum.

²³ See 19 CFR 351.401(i).

²⁴ See *Allied Tube* and *Yieh Phui*.

²⁵ See SeAH's Sec. A Resp. at 24-25 and SeAH's Sec. B, C and D Resps. at 14-15.

²⁶ See SeAH's Sec. A Resp. at 26 and SeAH's Sec. B, C and D Resps. at 54.

²⁷ See, *e.g.*, *Shrimp from Thailand*; see also, *Steel Beams from Germany*.

C. Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced and sold by SeAH in the home market during the POR that fit the description in the “Scope of the Order” section above to be foreign like products for the purpose of determining appropriate product comparisons to U.S. sales. We compared U.S. sales to home market sales of the identical or most similar products that were made during the ordinary course of trade and passed the cost of production test, or to constructed value, where appropriate.

In making product comparisons, we matched foreign like products based on the physical characteristics reported by the respondent in the following order of importance: specification and grade, hot or cold finish, size, wall thickness schedule, and end finish.

Petitioners requested that the Department combine the model match characteristics for plain-end and beveled-end finishes. In their request, Petitioners stated that having this distinction between end finishes for subject merchandise is relatively rare, and allowing for the end finish difference in the model match criteria could encourage respondents to manipulate the home market sales database by selecting which home market sales they want to match to U.S. sales. Petitioners also argued that combining the model match characteristics for plain-end and beveled-end finishes would be consistent with recent investigations of the same merchandise from other countries.²⁸

SeAH objected to Petitioners’ request because it sold both plain-end and beveled-end products in both the home and U.S. markets, beveled-end products commanded a substantially higher price, and the mix of sales in both the home and U.S. markets was quite different.²⁹

We did not revise the established model-match criteria for these preliminary results—because the petitioners failed to provide any evidence that combining the characteristics leads to a more accurate result or the current model match characteristics have led to manipulations of the margin calculations.

D. Constructed Export Price

According to SeAH, the subject merchandise was first sold to unaffiliated purchasers in the United States by SeAH’s U.S.-based affiliate, PPA/SSA.³⁰ Thus, as defined by section 772(b) of the Act, the reported gross unit price of the subject merchandise is the CEP. To calculate CEP, we: 1) made billing adjustments to the gross unit price where appropriate, 2) deducted movement expenses according to section 772(c)(2)(A) of the Act, 3) deducted selling expenses associated with economic activities occurring in the United States according to section 772(d)(1) of the Act, 4) made an adjustment for profit allocated those expenses according to section 772(d)(3) of the Act; and 5) calculated the CEP profit rate using the expenses incurred by SeAH and its U.S.-

²⁸ See Petitioners’ Model Match Request and Petitioners’ August 15, 2016 Response.

²⁹ See SeAH’s Model Match Resp.

³⁰ See SeAH’s Sec. A Resp. at 25 and SeAH’s Sec. B, C and D Resps. at 50.

based affiliate on their sales of the subject merchandise and the profit associated with those sales, according to section 772(f) of the Act and 19 CFR 351.402(d).³¹

E. Normal Value

Home Market Viability and Selection of Comparison Market

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating normal value (*i.e.*, the aggregate volume of home market sales of the foreign like product is five percent or more of the aggregate volume of U.S. sales), we compared the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of subject merchandise, in accordance with section 773(a)(1)(B) of the Act and 19 CFR 351.404.

Based on this comparison, we determined that, pursuant to 19 CFR 351.404(b), SeAH had a viable home market during the POR because the volume of its home market sales of the foreign like product was greater than five percent of its volume of U.S. sales of the subject merchandise. Consequently, pursuant to section 773(a)(1)(B)(i) of the Act and 19 CFR 351.404(c)(1)(i), we based normal value on the price of home market sales.

Affiliated-Party Transactions and Arm's-Length Test

During the POR, SeAH made sales of the foreign like product to affiliated parties as defined in section 771(33) of the Act.³² Consequently, we tested these sales to ensure that they were made at arm's-length prices, in accordance with 19 CFR 351.403(c). To test whether the sales to the affiliate were made at arm's-length prices, we compared the unit prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, and packing expenses.

Pursuant to 19 CFR 351.403(c) and in accordance with the Department's practice, where the price to that affiliated party was, on average, within a range of 98 to 102 percent of the price of the same or comparable merchandise sold to the unaffiliated parties at the same level of trade, we determined that the sales made to the affiliated party were at arm's length.³³ Sales to affiliated customers in the home market that were not made at arm's-length prices were excluded from our analysis because we considered these sales to be outside the ordinary course of trade.³⁴

Level of Trade/ CEP Offset

To the extent practicable, we determine normal value based on sales of the foreign like product at the same level of trade as the U.S. sales.³⁵ Sales are made at different levels of trade if they

³¹ See Preliminary Calculation Memorandum.

³² *Id.*

³³ See *Affiliated Party Sales*.

³⁴ See section 771(15) of the Act and 19 CFR 351.102(b).

³⁵ See section 773(a)(1)(B)(i) of the Act and 19 CFR 351.412.

are made at different marketing stages (or their equivalent).³⁶ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.³⁷ In order to determine whether the home market sales were at different stages in the marketing process than the U.S. sales, we examine the distribution system in each market (*i.e.*, the chain of distribution), including selling functions, class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying level of trade for export price and comparison market sales (*i.e.*, normal value based on either home market or third country prices),³⁸ we consider the starting prices before any adjustments. For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.³⁹

When the Department is unable to match normal value at the same level of trade as the export price or CEP, the Department may compare the U.S. sales to sales at a different level of trade in the comparison market. When this occurs and the difference in level of trade is demonstrated to affect price comparability based on a pattern of consistent price differences between sales at different level of trade in the market in which normal value is determined, we make a level of trade adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP only, if the normal value is established at a level of trade which constitutes a more advanced stage of distribution than the level of trade of the CEP, but there is no basis for determining whether the difference in level of trade between normal value and CEP affects price comparability (*i.e.*, no level of trade adjustment is possible), the Department shall grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.⁴⁰

We obtained information from SeAH regarding the marketing stages involved in making its reported home market and U.S. sales, including a description of the selling activities performed for each channel of distribution.⁴¹ In the home market, SeAH reported two types of customers: distributors and end-users,⁴² and the selling activities associated with each type of customer did not differ.⁴³ Therefore, we consider the two reported channels of distribution to reflect one level of trade. In the U.S. market, SeAH made sales through PPA/SSA; therefore, we considered the constructed export sales to reflect only one level of trade.⁴⁴

Based on our analysis, we find that SeAH did not perform the same selling functions at the same intensity for U.S. sales as it did in the home market.⁴⁵ Specifically, SeAH provided sales

³⁶ See 19 CFR 351.412(c)(2).

³⁷ *Id.*; see also *Plate from South Africa*.

³⁸ Where normal value is based on constructed value, we determine the normal value LOT based on the LOT of the sales from which we derive selling expenses, general and administrative (G&A) expenses, and profit for constructed value, where possible.

³⁹ See *Micron Tech*.

⁴⁰ See, e.g., *Plate from South Africa*.

⁴¹ See SeAH's Sec. A Resp. at 17 and Appendix A-5 (Selling Activities and Services Chart).

⁴² *Id.*, at 19.

⁴³ *Id.*, at Appendix A-5.

⁴⁴ *Id.*, at 19.

⁴⁵ *Id.*, at 23.

forecasting, strategic/economic planning, sales negotiation, invoicing, receipt of customer payment, personnel training/exchange, sales promotion, inventory maintenance, warehouse operation, sales and marketing support, market research, and guarantees to customers in the home market, but it does not provide these services in the U.S. market.⁴⁶ As a result, we find that SeAH made its sales in the home market at a higher level of trade than its sales in the U.S. market. Since SeAH did not make any home market sales of subject or non-subject merchandise during the POR at a level of trade similar to the CEP sales' level of trade, pursuant to section 773(a)(1)(B)(i) of the Act, we could not make a level of trade adjustment. Further, because we determined that the home market level of trade was at a more advanced stage of distribution than the CEP sales, we made a CEP offset adjustment to normal value, in accordance with section 773(a)(7)(B) of the Act and 19 CFR 351.412(f).

F. Cost of Production Analysis

The TPEA made numerous amendments to the antidumping and countervailing duty law, including amendments to section 773(b)(2)(A) of the Act, regarding the Department's requests for information regarding constructed value and cost of production.⁴⁷ As the TPEA does not specify dates of application for those amendments, on August 6, 2015, the Department published an interpretative rule to announce the applicability dates for each amendment to the Act, except for amendments contained in section 771(7) of the Act, which relate to determinations of material injury by the ITC.⁴⁸ Section 773(b)(2)(A)(ii) of the Act controls all determinations in which the complete initial questionnaire has not been issued as of August 6, 2015, and requires the Department to request constructed value and cost of production information from respondents in all antidumping administrative reviews. Accordingly, the Department requested this information from SeAH.

Cost Averaging Methodology

The Department's normal practice is to calculate an annual weighted-average cost for the POR. However, we recognize that possible distortions may result if we use our normal annual-average cost method during a time of significant cost changes. In determining whether to deviate from our normal methodology of calculating an annual weighted-average cost, we evaluate the case-specific record evidence using two primary factors: (1) the change in the cost of manufacturing recognized by the respondent during the POR must be deemed significant; (2) the record evidence must indicate that sales during the shorter cost-averaging periods could be reasonably linked with the cost of production or constructed value during the same shorter cost-averaging periods.⁴⁹

After examining SeAH's cost data, we determined that our alternative cost methodology is not warranted and, therefore, we applied our standard cost methodology of using annual costs based on the reported data.⁵⁰

⁴⁶ See SeAH's Sec. A Resp. at Appendix A-5.

⁴⁷ See TPEA.

⁴⁸ See *Applicability Notice*.

⁴⁹ See *SSSSCS from Mexico* and *SSPC from Belgium*.

⁵⁰ See Preliminary Calculation Memorandum.

Calculation of Cost of Production

We calculated cost of production based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for general and administrative and financial expenses, in accordance with section 773(b)(3) of the Act. We relied on the cost of production information provided by SeAH in its questionnaire response.⁵¹

Test of Comparison Market Sales Prices

To determine whether SeAH's home market sales had been made at prices below the cost of production, we computed weighted-average cost of production during the POR, and compared the weighted-average cost of production figures to home market sales prices of the foreign like product as required under section 773(b) of the Act. On a product-specific basis, we compared the cost of production to the home market prices, net of billing adjustments, any applicable movement charges, selling expenses, and packing expenses.

Results of the Cost of Production Test

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

In this case, we found that more than 20 percent of SeAH's home market sales of certain products were sold at prices below the cost of production within an extended period of time and were at prices which would not permit the recovery of all costs within a reasonable period of time.⁵² Thus, in accordance with section 773(b)(1) of the Act, we excluded these below-cost sales from our analysis and used the remaining above-cost sales to determine normal value.

G. Calculation of Normal Value Based on Comparison Market Prices

We calculated normal value based on the starting prices to home market customers. We made adjustments, where appropriate, to the starting price for billing adjustments in accordance with 19 CFR 351.401(c). In addition, where appropriate, we made deductions for inland freight expenses, in accordance with section 773(a)(6)(B)(ii) of the Act.

⁵¹ See SeAH's Section B, C and D Resps.

⁵² See Preliminary Calculation Memorandum.

Pursuant to section 773(a)(6)(C) of the Act, we made adjustments for credit expenses. We made a CEP offset pursuant to section 773(a)(7)(B) of the Act and 19 CFR 351.412(f). We calculated the CEP offset as the lesser of the indirect selling expenses on the home-market sales or the indirect selling expenses deducted from the starting price in calculating CEP. We deducted home market packing costs and added U.S. packing costs, in accordance with sections 773(a)(6)(A) and (B) of the Act.

Finally, we made an adjustment to normal value to account for differences in physical characteristics of the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411(a).

H. Currency Conversion

In accordance with section 773A of the Act, we made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.⁵³

RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

☒

Agree

☐

Disagree

12/20/2016

X 

Signed by: PAUL PIQUADO
Paul Piquado
Assistant Secretary
for Enforcement and Compliance

⁵³ See <http://www.ia.ita.doc.gov/exchange/index.html>; see also 19 CFR 351.415.

TABLE OF AUTHORITIES

A. The Department’s Memorandums and Interested Parties’ Submissions

Departments’ Memorandums and Letters	
Tolling Memorandum	Memorandum, “Tolling of Administrative Deadlines as a Result of the Government Closure during Snowstorm ‘Jonas,’” (January 27, 2016).
Department’s May 10, 2016 Memorandum	Memorandum, “Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel pipe from Korea for the 2014-15 Review Period – Request Extension of Deadline to Withdraw Request for Review,” (May 10, 2016).
Department’s August 8, 2016 Letter to Petitioners	Letter to Petitioners, “Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea: Modify Model Match Characteristics,” (August 8, 2016).
Preliminary Results Extension Memorandum	Memorandum, “Certain Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review,” (August 15, 2016).
AD Questionnaire to SeAH	Letter to SeAH, “Request for Information, Antidumping Duty Administrative Review,” (May 16, 2016).
	Letter to SeAH, “Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea: Product Characteristics for the Initial Questionnaire,” (August 8, 2016).
AD Questionnaire to LS Metal	Letter to LS Metal, “Request for Information, Antidumping Duty Administrative Review,” (October 19, 2016).
	Memorandum, “Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea: Package Tracking Information,” (November 3, 2016).
Supp. Questionnaires to SeAH	Letter to SeAH, “Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea: Request Data Files,” (October 6, 2016).
	Letter to SeAH, Re: Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea: Quarterly Cost Supplemental Questions (November 3, 2016).
	Letter to SeAH, “Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea: Supplemental Questions,” (November 8, 2016).
	Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea: Clarification for the Department’s November 8, 2016 Supplemental Questionnaire
Preliminary	Memorandum, “2014-2015 Administrative Review of Antidumping Duty

Calculation Memorandum	Order on Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea: Preliminary Dumping Margin Calculation for SeAH Steel Corporation.
Petitioners' Submissions	
Petitioners' Review Request	Letter, "Welded ASTM A-312 Stainless Pipe from Korea: Request for Administrative Review," (December 30, 2015).
Petitioners' Model Match Request	Letter, "Stainless Steel Pipe From Korea: Request to Modify Model Match Characteristics," (February 10, 2016).
Petitioners' August 15, 2016 Response	Response, "Stainless Steel Pipe From Korea: Response to Department's Letter Regarding Model Match Characteristics," (August 15, 2016).
Petitioners' Comments On SeAH Responses	Letter, "Stainless Steel Pipe From Korea: Comments on SeAH Responses," (November 1, 2016).
LS Metal's Submission	
LS Metal's Response	Letter, "Administrative Review of the Antidumping Order on Welded ASTM A-312 Stainless Steel Pipe from the Republic of Korea for the 2014-15 Review Period- Response to October 19 Questionnaire," (October 31, 2016).
SeAH' Submissions	
SeAH's Review Request	Letter, "Welded ASTM A-312 Stainless Pipe from Korea: Request for Administrative Review" (December 31, 2015).
SeAH's February 12, 2016 Letter	Letter, "Welded ASTM A-312 Stainless Pipe from Korea – Request for Hearing," (February 12, 2016).
SeAH's Model Match Resp.	Letter, "Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from Korea: Response to Domestic Producers' Model-Match Comments," (February 22, 2016).
SeAH's May 9, 2016 Letter	Letter, "Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from Korea for the 2014-15 Review Period – Request Extension of Deadline to Withdraw Request for Review," (May 9, 2016).
SeAH's Sec. A Resp.	Response, "2014-15 Administrative Review of the Antidumping Order on Welded ASTM A-312 Stainless Steel Pipe from Korea – Response to Section A of the Department's Questionnaire," (June 13, 2016).
SeAH's Sec. B, C and D Resps.	Response, "Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from Korea — Response to Sections B, C and D of May 16 Questionnaire," (September 7, 2016).
	Response, "Administrative Review of the Antidumping Duty Order on Welded ASTM A-312 Stainless Steel Pipe from Korea — Response to Sections B, C and D of May 16 Questionnaire," (September 7, 2016).
SeAH's Supp.	Response, "Administrative Review of the Antidumping Duty Order

Resps.	On Welded ASTM A-312 Stainless Steel Pipe from Korea Response to October 6 Supplemental Questionnaire,” (October 13, 2016).
	Response, “Administrative Review of the Antidumping Duty Order On Welded ASTM A-312 Stainless Steel Pipe from Korea Response to November 3 Supplemental Questionnaire,” (November 14, 2016).
	Response, “Administrative Review of the Antidumping Duty Order On Welded ASTM A-312 Stainless Steel Pipe from Korea Response to November 8 Supplemental Questionnaire,” (November 21, 2016).
	Response, “Administrative Review of the Antidumping Duty Order On Welded ASTM A-312 Stainless Steel Pipe from Korea Response to December 2 Supplemental Questionnaire,” (December 12, 2016).
SeAH’s DPA	Submission, “Administrative Review of the Antidumping Order on Welded ASTM A-312 Stainless Steel Pipe from Korea — Information Relating to “Differential Pricing Analysis,” (November 14, 2016).

B. Statutes, Regulations, and Policies

The Act	Tariff Act of 1930, as amended
TPEA	<i>Trade Preferences Extension Act of 2015</i> , Public Law No. 114-27, 129 Stat. 362 (2015).
<i>Applicability Notice</i>	<i>Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015</i> , 80 FR 46793 (August 6, 2015).
SAA	<i>Statement of Administrative Action accompanying the Uruguay Round Agreements Act</i> , H.R. Rep. 103-316, Vol. 1, 103d Cong. at 870 (1994).
<i>Affiliated Sales</i>	<i>Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade</i> , 67 FR 69186 (November 15, 2002) (establishing that the overall ratio calculated for an affiliate must be between 98 and 102 percent, inclusive, of prices to unaffiliated customers in order for sales to that affiliate to be considered in the ordinary course of trade and used in the normal value calculation).
<i>Assessment Policy Notice</i>	<i>Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties</i> , 68 FR 23954 (May 6, 2003).
<i>AD and CVD Duties</i>	<i>Antidumping Duties, Countervailing Duties</i> , 62 FR 27296, 27340 (May 19, 1997).

C. Cases

<i>Apex Frozen Foods</i>	<i>Apex Frozen Foods Private Ltd. v. United States</i> , 37 F. Supp. 3d 1286 (CIT 2014).
<i>Allied Tube</i>	<i>Allied Tube and Conduit Corp. v. United States</i> , 132 F. Supp. 2d 1087, 1090-92 (CIT 2001).
<i>Yieh Phui</i>	<i>Yieh Phui Enterprise Co. v. United States</i> , 791 F. Supp. 2d 1319 (CIT 2011) (affirming that the Department may use invoice date unless a party demonstrates that the material terms of its sale were established on another date).
<i>Micron Tech</i>	<i>Micron Tech., Inc. v. United States</i> , 243 F.3d 1301, 1314–16 (Fed. Cir. 2001).
<i>Gallant Ocean</i>	<i>Gallant Ocean (Thailand) Co. v. United States</i> , 602 F.3d 1319 (Fed. Cir. 2010).
<i>Nippon Steel</i>	<i>Nippon Steel Corp. v. United States</i> , 337 F.3d 1373, 1382-83 (CAFC 2003).

D. Administrative Notices and Determinations

<i>Order</i>	<i>Antidumping Duty Order and Clarification of Final Determination: Certain Welded Stainless Steel Pipes from Korea</i> , 57 FR 62301 (December 30, 1992). The final determination was subsequently amended. <i>See Notice of Amended Final Determination and Antidumping Duty Order: Certain Welded Stainless Steel Pipe From the Republic of Korea</i> , 60 FR 10064 (February 23, 1995).
<i>Opportunity Notice</i>	<i>Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review</i> , 80 FR 75058 (December 1, 2015).
<i>Initiation Notice</i>	<i>Initiation of Antidumping and Countervailing Duty Administrative Reviews</i> , 81 FR 6832 (February 9, 2016).
<i>Ball Bearings from France, Germany, and Italy</i>	<i>Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011</i> , 77 FR 73415 (December 10, 2012), and accompanying Issues and Decision Memorandum at Comment 1.
<i>Xanthan Gum from PRC</i>	<i>Xanthan Gum From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value</i> , 78 FR 33351 (June 4, 2013), and accompanying Issues and Decision Memorandum at Comment 3.
<i>Steel Reinforcing Bar from Mexico</i>	<i>Steel Concrete Reinforcing Bar From Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances</i> , 79 FR 54967 (September 15, 2014).
<i>Line Pipe from Turkey</i>	<i>Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value</i> , 80 FR 61362 (October 13, 2015).

<i>Shrimp from Thailand</i>	<i>Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warm Water Shrimp From Thailand</i> , 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10.
<i>Steel Beams from Germany</i>	<i>Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams From Germany</i> , 67 FR 35497 (May 20, 2002), and accompanying Issues and Decision Memorandum at Comment 2.
<i>Plate from South Africa</i>	Notice of Final Determination of Sales at Less than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa, 62 FR 61731, 61732 (November 19, 1997).
<i>Seamless Stainless Steel Hollow from Japan</i>	<i>Notice of Final Determination of Sales at Less Than Fair Value: Circular Seamless Stainless Steel Hollow Products From Japan</i> , 65 FR 42985 (July 12, 2000).
<i>SSSSC from Mexico</i>	<i>Stainless Steel Sheet and Strip in Coils from Mexico: Final Results of Antidumping Duty Administrative Review</i> , 75 FR 6627 (February 10, 2010) and accompanying Issues and Decision Memorandum at Comment 6.
<i>SSPC from Belgium</i>	<i>Stainless Steel Plate in Coils from Belgium: Final Results of Antidumping Duty Administrative Review</i> , 73 FR 75398 (December 11, 2008) and accompanying Issues and Decision Memorandum at Comment 4.
<i>OCTG from Korea</i>	<i>Certain Oil Country Tubular Goods From the Republic of Korea: Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances</i> , 79 FR 41983 (July 18, 2014) (Final Determination) and accompanying Issues and Decision Memorandum, at Comment 20, and <i>Certain Oil Country Tubular Goods From the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review; 2014-2015</i> , 81 FR 71074 (October 14, 2016).