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MEMORANDUM TO: 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

FROM: James Maeder
Senior Director
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the
Antidumping Duty Administrative Review: Certain Oil Country
Tubular Goods from the Republic of Korea; 2015-2016

SUMMARY

The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty (AD) order on certain oil country tubular goods (OCTG) from the Republic of Korea (Korea) for the period of review (POR) September 1, 2015 through August 31, 2016. This review covers 31 producers/exporters of the subject merchandise. The Department selected two respondents for individual examination, NEXTEEL Co., Ltd. (NEXTEEL) and SeAH Steel Corporation (SeAH). We preliminarily determine that NEXTEEL and SeAH made sales of the subject merchandise at prices below normal value (NV) during the POR.

BACKGROUND

On September 10, 2014, the Department published in the *Federal Register* the AD order on OCTG from Korea.¹ On September 8, 2016, we published in the *Federal Register* a notice of

¹ See *Certain Oil Country Tubular Goods from India, the Republic of Korea, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Antidumping Duty Orders; and Certain Oil Country Tubular Goods from the Socialist Republic of Vietnam: Amended Final Determination of Sales at Less Than Fair Value*, 79 FR 53691 (September 10, 2014) (*Order*).



opportunity to request an administrative review of the *Order*.² On September 30, 2016, the following parties submitted requests for the Department to conduct an administrative review: Husteel Co., Ltd. (Husteel);³ Hyundai Steel Company;⁴ ILJIN Steel Corporation (ILJIN);⁵ NEXTEEL;⁶ and SeAH.⁷ On September 30, 2016, the petitioners⁸ submitted a request for a review of various companies. On November 9, 2016, based on timely requests for administrative reviews, we initiated an administrative review of OCTG from Korea.⁹

On November 25, 2016, the Department released U.S. import data from U.S. Customs and Border Protection (CBP) for the purpose of respondent selection, and provided an opportunity for interested parties to comment on these data.¹⁰ On December 2, 2016, we received comments on respondent selection from NEXTEEL.¹¹ In the *Initiation Notice*, we stated that, in the event we limited the number of respondents selected for individual examination, we intended to select respondents based on CBP data for U.S. imports during the POR.¹² On January 12, 2017, we selected, as mandatory respondents, the two producers or exporters accounting for the largest volume of subject merchandise during the POR (*i.e.*, in alphabetical order, NEXTEEL and SeAH).¹³

We issued questionnaires to NEXTEEL and SeAH on January 13, 2017. On January 26, 2017 and January 27, 2017, respectively, NEXTEEL and SeAH submitted letters stating that their home market sales of the foreign like product during the POR constituted less than five percent of the quantity of their total U.S. sales of subject merchandise during the POR, and that they did

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 81 FR 62096 (September 8, 2016).

³ See Letter from Husteel, “Oil Country Tubular Goods from the Republic of Korea, Case No. A-580-870: Request for Antidumping Duty Administrative Review,” dated September 30, 2016.

⁴ See Letter from Hyundai Steel Company, “Oil Country Tubular Goods from Korea: Request for Administrative Review,” dated September 30, 2016. In its letter, Hyundai Steel Company requested that the Department also include the name Hyundai HYSCO in its initiation notice. On September 21, 2016, the Department published the final results of a changed circumstances review with respect to OCTG from Korea, finding that Hyundai Steel Corporation is the successor-in-interest to Hyundai HYSCO for purposes of determining antidumping duty cash deposits and liabilities. See *Notice of Final Results of Antidumping Duty Changed Circumstances Review: Oil Country Tubular Goods from the Republic of Korea*, 81 FR 64873 (September 21, 2016). Hyundai Steel Company is also known as Hyundai Steel Corporation and Hyundai Steel Co. Ltd.

⁵ See Letter from ILJIN, “Oil Country Tubular Goods from South Korea: Request for Administrative Review of ILJIN Steel Corporation,” dated September 30, 2016.

⁶ See Letter from NEXTEEL, “Oil Country Tubular Goods from Korea: Request for Administrative Review,” dated September 30, 2016.

⁷ See Letter from SeAH, “Administrative Review of the Antidumping Duty Order on Oil Country Tubular Goods from Korea — Request for Administrative Review,” dated September 30, 2016.

⁸ The petitioners are: Maverick Tube Corporation (Maverick); United States Steel Corporation (U.S. Steel); Energex Tube, a division of JMC Steel Group; TMK IPSCO; Vallourec Star, L.P.; and Welded Tube USA (collectively, the petitioners).

⁹ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 81 FR 78778 (November 9, 2016) (*Initiation Notice*).

¹⁰ See Letter to All Interested Parties, dated November 25, 2016.

¹¹ See Letter from NEXTEEL, “Oil Country Tubular Goods from the Republic of Korea: Respondent Selection Comments,” dated December 2, 2016.

¹² See *Initiation Notice*, 81 FR at 78779.

¹³ See Memorandum, “Selection of Respondents for the 2015-2016 Administrative Review of the Antidumping Duty Order on Oil Country Tubular Goods from the Republic of Korea,” dated January 12, 2017.

not have any sales to an individual third-country market that constituted five percent or more, by quantity, of their total U.S. sales during the POR.¹⁴

On February 10, 2017, NEXTEEL, NEXTEEL's Korean customer, POSCO Daewoo Corporation (POSCO Daewoo), and SeAH timely submitted responses to section A of the Department's AD questionnaire (*i.e.*, the section relating to general information).¹⁵ On March 6, 2017, SeAH submitted timely responses to sections C, D, and E of the Department's AD questionnaire (*i.e.*, the sections relating to U.S. sales, cost of production (COP), and U.S. further manufacturing).¹⁶ Also on March 6, 2017, NEXTEEL submitted timely responses to sections C and D of the Department's AD questionnaire, and NEXTEEL's Korean supplier of hot-rolled coil (HRC), POSCO, submitted a timely response to section D.¹⁷ On March 8, 2017, POSCO Daewoo submitted timely responses to sections C and E of the Department AD questionnaire.¹⁸ Between June 2017 and September 2017, the Department issued supplemental questionnaires to NEXTEEL, POSCO Daewoo, and SeAH. We received supplemental questionnaire responses from NEXTEEL,¹⁹ POSCO Daewoo,²⁰ and SeAH²¹ between July 2017 and September 2017.

¹⁴ See, respectively, Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: Notification of a Reporting Issue," dated January 26, 2017 and Letter from SeAH, "Oil Country Tubular Goods from the Republic of Korea – Notification Regarding SeAH's Home and Third-Country Markets," dated January 27, 2017.

¹⁵ See, respectively, Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL's Section A Questionnaire Response," dated February 10, 2017 (NEXTEEL's Section A Response); Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: POSCO Daewoo's Section A Questionnaire Response," dated February 10, 2017 (POSCO Daewoo's Section A Response); and Letter from SeAH, "Oil Country Tubular Goods from the Republic of Korea – Response to January 13 Questionnaire," dated February 10, 2017 (SeAH's Section A Response).

¹⁶ See Letter from SeAH, "Oil Country Tubular Goods from the Republic of Korea – Response to January 13 Questionnaire," dated March 6, 2017 (SeAH's Section C Response, SeAH's Section D Response, and SeAH's Section E Response).

¹⁷ See, respectively, Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL's Sections C-D Questionnaire Response," dated March 6, 2017 and Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: POSCO's Cost of Production Response," dated March 6, 2017.

¹⁸ See Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: POSCO Daewoo's Sections C&E Questionnaire Response," dated March 8, 2017.

¹⁹ See Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL's Supplemental Sections A&C Questionnaire Response," dated July 10, 2017; Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL's Supplemental Sections A&C Questionnaire Response (Section A, Question 3)," dated July 12, 2017; Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL's Supplemental Section D Questionnaire Response (Questions 1-6)," dated July 17, 2017; Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL's Supplemental Section D Questionnaire Response (Questions 7-9)," dated July 21, 2017; Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL's Second Supplemental Sections A&C Questionnaire Response," dated September 12, 2017; and Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL's Supplemental Section D Questionnaire Response," dated September 14, 2017.

²⁰ See Letter from POSCO Daewoo, "Oil Country Tubular Goods from the Republic of Korea: POSCO Daewoo's Supplemental Sections A&C Questionnaire Response," dated July 14, 2017; Letter from POSCO Daewoo, "Oil Country Tubular Goods from the Republic of Korea: POSCO Daewoo's Supplemental Section E Questionnaire Response," dated July 21, 2017; and Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: POSCO Daewoo's Second Supplemental Sections A&C Questionnaire Response," dated September 11, 2017.

²¹ See Letter from SeAH, "Oil Country Tubular Goods from the Republic of Korea – Response to June 26 Supplemental Questionnaire," dated July 17, 2017; Letter from SeAH, "Oil Country Tubular Goods from the Republic of Korea – Response to the Department's August 7 Supplemental Questionnaire," dated August 25, 2017 (SeAH's Section D&E Supplemental Response); Letter from SeAH, "Oil Country Tubular Goods from the Republic

On May 15, 2017, we extended the deadline for the preliminary results of this review by 90 days.²² On August 16, 2017, we extended the deadline for the preliminary results of this review by an additional 30 days,²³ resulting in a deadline of October 2, 2017 for these preliminary results.²⁴

We are conducting this review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

SCOPE OF THE ORDER

The merchandise covered by the *Order* is OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (*e.g.*, whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of the *Order* also covers OCTG coupling stock.

Excluded from the scope of the *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 the 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, 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 the 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,

of Korea – Response to the Department’s August 14 Supplemental Questionnaire,” dated August 28, 2017; and Letter from SeAH, “Administrative Review of the Antidumping order on Oil Country Tubular Goods from Korea for the 2015-16 Review Period — Traces of Sales to Imports by PMT Division,” dated September 12, 2017.

²² See Memorandum, “Oil Country Tubular Goods from the Republic of Korea: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review,” dated May 15, 2017.

²³ See Memorandum, “Oil Country Tubular Goods from the Republic of Korea: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review,” dated August 16, 2017.

²⁴ This date reflects the next business day after the deadline of September 30, 2017. See *Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

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 *Order* is dispositive.

PRELIMINARY DETERMINATION OF NO SHIPMENTS

In December 2016, four companies named in the *Initiation Notice*, Hyundai RB Co., Ltd. (Hyundai RB), Samsung, Samsung C&T Corporation (Samsung C&T), and SeAH Besteel Corporation (SeAH Besteel), submitted letters to the Department certifying that they had no exports, sales, or entries of subject merchandise to the United States during the POR.²⁵

Consistent with our practice, the Department issued “No Shipment Inquiries” to CBP to confirm that there is no evidence to contradict the claim of no entries of OCTG from Korea exported by any of these four companies during the POR.²⁶ We received nothing from CBP that contradicted these four companies’ claims of no shipments.

Because the evidence on the record indicates that these four companies had no exports, sales, or entries of subject merchandise to the United States during the POR, we preliminarily determine that Hyundai RB, Samsung, Samsung C&T, and SeAH Besteel had no shipments during the POR. Also, consistent with our practice, the Department finds that it is not appropriate to rescind the review with respect to these four companies, but, rather, to complete the review with respect to these four companies, and to issue appropriate instructions to CBP based on the final results of this review.²⁷ 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. 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 Hyundai RB, Samsung, Samsung C&T, and SeAH Besteel after the final results of this administrative review are issued. If we continue to find for the final results that these four companies had no shipments of subject merchandise, we will instruct CBP to liquidate any existing entries of merchandise produced by these four companies, but exported by other parties, at the rate for the intermediate reseller, if available, or at the all-others rate.²⁸

²⁵ See Letter from Hyundai RB, “Oil Country Tubular Goods from the Republic of Korea: No Shipment Letter,” dated December 9, 2016; Letter from Samsung and Samsung C&T, “Oil Country Tubular Goods from the Republic of Korea: No Shipment Letter,” dated December 9, 2016; and Letter from SeAH Besteel, “Administrative Review of the Antidumping Order on Oil Country Tubular Goods from Korea for the 2015-16 Review Period – No Shipments Letter,” dated December 7, 2016.

²⁶ See Customs e-mail message number 7109302, dated April 19, 2017 (Hyundai RB); Customs e-mail message number 7264307, dated September 21, 2017 (Samsung); Customs e-mail message number 7109303, dated April 19, 2017 (Samsung C&T Corporation); and Customs e-mail message number 7109304, dated April 19, 2017 (SeAH Besteel).

²⁷ See *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003) (*Assessment Policy Notice*).

²⁸ See, e.g., *Magnesium Metal from the Russian Federation: Preliminary Results of Antidumping Duty Administrative Review*, 75 FR 26922, 26923 (May 13, 2010), unchanged in *Magnesium Metal from the Russian Federation: Final Results of Antidumping Duty Administrative Review*, 75 FR 56989 (September 17, 2010).

RATES FOR NON-EXAMINED COMPANIES

The statute and the Department's regulations do not address the establishment of a rate to be applied to companies not selected for individual examination when the Department limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, the Department looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in a market economy investigation, for guidance when calculating the rate for companies which were not selected for individual examination in an administrative review. Under section 735(c)(5)(A) of the Act, the all-others rate is normally "an amount equal to the weighted average of the estimated weighted average dumping margins established for exporters and producers individually investigated, excluding any zero or *de minimis* margins, and any margins determined entirely {on the basis of facts available}."

In this review, we have preliminarily calculated weighted-average dumping margins for NEXTEEL and SeAH that are not zero, *de minimis*, or determined entirely on the basis of facts available. Accordingly, the Department preliminarily has assigned to the companies not individually examined a margin of 19.68 percent, which is the weighted average of NEXTEEL's and SeAH's calculated weighted-average dumping margins.²⁹ See the Appendix for a full list of the companies not individually examined.

DUTY ABSORPTION

On December 9, 2016, the petitioner Maverick requested that the Department conduct a duty absorption inquiry.³⁰ On September 27, 2017, the Department issued letters to NEXTEEL and SeAH, providing an opportunity for them to submit on the record of this review proof that their respective unaffiliated purchasers will ultimately pay the antidumping duties to be assessed on entries during the instant POR.³¹ The deadline for NEXTEEL and SeAH to submit this information is October 6, 2017. The Department intends to make a determination as to whether NEXTEEL and SeAH absorbed duties during the instant POR in the final results of this review. Interested parties may provide comments on this issue in their case briefs.

AFFILIATION

During the POR, NEXTEEL purchased HRC, which it used to produce OCTG, from Korean steel supplier POSCO. NEXTEEL also sold OCTG to the United States through a wholly owned POSCO affiliate, POSCO Daewoo. NEXTEEL argues that no affiliation exists between itself and POSCO³² and contends that it does not directly or indirectly own, control, or hold any

²⁹ For more information regarding the calculation of this margin, see Memorandum, "Calculation of the Margin for Non-Examined Companies," dated October 2, 2017. As the weighting factor, we relied on the publicly ranged sales data reported in NEXTEEL's and SeAH's quantity and value charts.

³⁰ See Letter from Maverick, "Oil Country Tubular Goods from the Republic of Korea: Request for Duty Absorption Review," dated December 9, 2016.

³¹ See, respectively, Letter to NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: Duty Absorption," dated September 27, 2017 and Letter to SeAH, "Oil Country Tubular Goods from the Republic of Korea: Duty Absorption," dated September 27, 2017.

³² See NEXTEEL's Section A Response, at A-1; see also POSCO Daewoo's Section A Response, at A-1-2.

ownership interest in POSCO or any of its affiliates including its subsidiary, POSCO Daewoo.³³ Similarly, NEXTEEL asserts that neither POSCO nor any of its affiliates, including POSCO Daewoo, directly or indirectly owns, controls, or holds any ownership interest in NEXTEEL or any of NEXTEEL's affiliates.³⁴ Finally, NEXTEEL argues that neither POSCO Daewoo nor NEXTEEL is legally or operationally in a position to exercise restraint or direction over the other party, or otherwise controls the other party's business operations or decision-making.³⁵

In accordance with section 771(33) of the Act, the following persons shall be considered affiliated: (A) members of a family, including brothers and sisters (whether by the whole or half-blood), spouse, ancestors, and lineal descendants; (B) any officer or director of an organization and such organization; (C) partners; (D) employer and employee; (E) any person directly or indirectly owning, controlling, controlled by, or holding with power to vote, five percent or more of the voting stock or shares of any organization and such organization; (F) two or more persons directly or indirectly controlling, controlled by, or under common control with, any person; and (G) any person who controls any other person and such other person. To find affiliation between two companies, at least one of the criteria above must be applicable. Section 771(33) of the Act further provides that, "{f}or purposes of this paragraph, a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person." The Department's regulations at 19 CFR 351.102(b)(3) state that, in finding affiliation based on control, the Department will consider, among other factors: (i) corporate or family groupings; (ii) franchise or joint venture agreements; (iii) debt financing, and (iv) close supplier relationships.

Control between persons may exist in close supplier relationships in which either party becomes reliant on one another.³⁶ With respect to close supplier relationships, the Department has determined that the threshold issue is whether either the buyer or seller has, in fact, become reliant on the other. Only if such reliance exists does the Department then determine whether one of the parties is in a position to exercise restraint or direction over the other.³⁷ The Department will not, however, find affiliation on the basis of this factor unless the relationship has the potential to affect decisions concerning the production, pricing, or cost of the subject merchandise or foreign like product.³⁸

In establishing whether there is a close supplier relationship, we normally look to whether one of the parties has become reliant on the other. However, in this situation, the argument for affiliation goes beyond an allegation of a close supplier relationship. POSCO is involved in both the production and sales (through its wholly owned affiliate, POSCO Daewoo) of NEXTEEL's operations involving subject merchandise. During the POR, NEXTEEL purchased the majority of its HRC inputs from POSCO for the production OCTG and sold significant amounts of the OCTG to POSCO Daewoo. The Department finds that the combination of POSCO's

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *See, e.g.,* SAA at 838.

³⁷ *See, e.g., Multilayered Wood Flooring from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 64318 (October 18, 2011), and accompanying Issues and Decision Memorandum at Comment 21.

³⁸ *See* 19 CFR 351.102(b)(3).

involvement on both the production and sales sides creates a situation where POSCO is operationally in a position to exercise restraint or direction over NEXTEEL in a manner that affects the pricing, production, and sale of OCTG. The preamble to the Department's regulations states that section 771(33), which refers to a person being "in a position to exercise restraint or direction," properly focuses the Department on the ability to exercise "control" rather than the actuality of control over specific transactions.

As in the investigation of OCTG from Korea³⁹ and the first administrative review (*i.e.*, the 2014-2015 POR),⁴⁰ we find NEXTEEL affiliated with POSCO through a close supplier relationship. Given POSCO's involvement in both NEXTEEL's production and sales process, we continue to find that POSCO is in a unique position to exercise restraint or direction over NEXTEEL. Thus, we preliminarily continue to find that NEXTEEL is affiliated with POSCO, pursuant to section 771(33)(G) of the Act with respect to sales through POSCO Daewoo. We further continue to find that NEXTEEL is affiliated with POSCO Daewoo, pursuant to section 771(33)(F) of the Act, because NEXTEEL and POSCO Daewoo (which is wholly owned by POSCO) are under the common control of POSCO.

DISCUSSION OF THE METHODOLOGY

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 NEXTEEL's and SeAH's sales of subject merchandise were made at less than NV, the Department compared the export price (EP) or constructed export price (CEP), as appropriate, to the NV as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this memorandum.

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs) (*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 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 Act. Although section 777A(d)(1)(B) of the Act does not strictly 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, in fact, analogous to the issue in less-than-fair-value investigations.⁴¹

³⁹ See *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*, 79 FR 41983 (July 18, 2014) (*Final Determination*), and accompanying Issues and Decision Memorandum, at Comment 20.

⁴⁰ See *Certain Oil Country Tubular Goods from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2014–2015*, 82 FR 18105 (April 17, 2017) (*2014-2015 Final Results*) and accompanying Issues and Decision Memorandum, at Comment 36).

⁴¹ 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

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.⁴² The Department finds that the differential pricing analysis used in 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 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 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 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 EP (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, 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

Memorandum, at comment 1; *see also Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286 (CIT 2014).

⁴² *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).

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, 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, 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.

B. Results of the Differential Pricing Analysis

For NEXTEEL, based on the results of the differential pricing analysis, the Department preliminarily finds that 81.37 percent of the value of U.S. sales pass the Cohen's *d* test, and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. However, the Department preliminarily determines that there is no meaningful difference between the weighted-average dumping margins calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative

comparison method based on applying the average-to-transaction method to all U.S. sales because the relative change in the weighted-average dumping margin between the average-to-average method and the appropriate alternative method (*i.e.*, the average-to-transaction method) is less than 25 percent. Thus, for these preliminary results, the Department is applying the average-to-average comparison method for all U.S. sales to calculate the weighted-average dumping margin for NEXTEEL.

For SeAH, based on the results of the differential pricing analysis, the Department preliminarily finds that 70.67 percent of the value of U.S. sales pass the Cohen's *d* test, and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, the Department preliminarily determines that there is a meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to all U.S. sales. Thus, for these preliminary results, the Department is applying the average-to-transaction comparison method for all U.S. sales to calculate the weighted-average dumping margin for SeAH.

Product Comparisons

For NEXTEEL and SeAH, we based NV on constructed value (CV) because neither respondent had a viable home market or third-country market during the POR. Therefore, for both NEXTEEL and SeAH, no comparisons are made of EPs or CEPs with NVs based on home market or third-country market sales where it would be necessary to identify identical or similar merchandise. As discussed below, CV is based on each respondent's reported COPs, which are reported on the basis of product control number (CONNUM). CONNUMs are defined by the reported physical characteristics established by the Department for OCTG, which are, in order of importance: welding, type, grade, coupling, upset end, threading, nominal outside diameter, length, heat treatment, and nominal wall thickness.⁴³

Date of Sale

Section 351.401(i) of the Department's regulations states that, normally, we 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. Furthermore, if the shipment date precedes the invoice date, then the Department will use the date of shipment as the date of sale. The regulation provides that we may use a date other than the date of the invoice if the Secretary is satisfied that a different date better reflects the date on which the material terms of sale are established.⁴⁴

⁴³ For these preliminary results, the Department is revising one of SeAH's reported grade codes and, hence, is modifying the affected CONNUMs to reflect the revised grade code. For more information, *see* Memorandum, "Analysis of Data Submitted by SeAH Steel Corporation for the Preliminary Results of the 2015-2016 Administrative Review of the Antidumping Duty Order on Certain Oil Country Tubular Goods from the Republic of Korea," dated October 2, 2017 (SeAH Preliminary Analysis Memorandum).

⁴⁴ *See* 19 CFR 351.401(i); *see also* *Allied Tube and Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-92 (CIT 2001); and *Yieh Phui Enterprise Co. v. United States*, 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).

NEXTEEL

NEXTEEL reported the date of shipment from the factory for its channel 1 and channel 2 sales to the United States as the date of sale. NEXTEEL's channel 1 sales were to its affiliated customer, POSCO Daewoo, in Korea, which, in turn, exported the subject merchandise to the United States. NEXTEEL's channel 2 sales to the United States were its direct sales to the United States. For both sales channels, NEXTEEL transported production quantities to the Korean port as they were completed or available.

For sales through channel 1, the merchandise was held at the port until there was sufficient quantity at the port for international transport. Therefore, NEXTEEL reported as the date of sale the date on which the last batch of products from each invoice line item was shipped from the factory.⁴⁵ Because we find affiliation between NEXTEEL and POSCO Daewoo, we have used POSCO Daewoo's reported date of sale (*i.e.*, the earlier of invoice date to its unaffiliated customer or the date its unaffiliated customer took possession of the product, which is the release order date).

For NEXTEEL's direct sales to unaffiliated U.S. customers (*i.e.*, its channel 2 sales), although the price is generally fixed at the time of order, we find that NEXTEEL's date of shipment to the United States is the proper date of sale because the sales quantity, a material term of sale, can change up until the merchandise is loaded on a vessel and shipped from the Korean port.⁴⁶

SeAH

All of SeAH's U.S. sales were made from inventory held by the Pan Meridian Tubular (PMT) division of SeAH's U.S. affiliate, Pusan Pipe America, Inc. (PPA). For these sales, SeAH reported the date of PPA's shipment to the unaffiliated U.S. customer as the date of sale;⁴⁷ in all cases, this date was earlier than or the same as the date of invoice to the unaffiliated customer.⁴⁸ For these preliminary results, we relied on the dates of sale as reported by SeAH.

Export Price and Constructed Export Price

Section 772(a) of the Act defines EP as "the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under subsection (c)." 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 the CEP for SeAH and based the U.S. price on the EP and CEP for NEXTEEL.

⁴⁵ See NEXTEEL's Section A Response, at A-16-17.

⁴⁶ *Id.* at A-23.

⁴⁷ See SeAH's Section C Response, at 22.

⁴⁸ See SeAH's Section D&E Supplemental Response, at Appendix SC-1 (SeAH's U.S. sales database).

NEXTEEL

For its channel 1 sales to the United States, NEXTEEL sold subject merchandise to POSCO Daewoo in Korea, which in turn, exported the subject merchandise to its U.S. affiliate, POSCO Daewoo America, for sale to unaffiliated U.S. customers. We have preliminarily found NEXTEEL to be affiliated with NEXTEEL and POSCO Daewoo, and therefore based the price of NEXTEEL's channel 1 U.S. sales of subject merchandise on CEP, as defined in section 772(b) of the Act, for the subject merchandise sold, before importation, by a seller affiliated with the producer to unaffiliated purchasers in the United States. We designated the starting price for the U.S. sale as the price reported by POSCO Daewoo and made deductions for movement expenses, in accordance with section 772(c)(2)(A) of the Act and 19 CFR 351.401(e). These expenses included, where appropriate, Korean inland freight, Korean brokerage and handling, international freight, marine insurance, U.S. brokerage and handling, U.S. inland freight, and U.S. duties. In accordance with section 772(d)(1) of the Act, we calculated the CEP by deducting selling expenses associated with economic activities occurring in the United States, which include direct selling expenses, indirect selling expenses associated with economic activities occurring in the United States, and expenses incurred to further manufacture the product in the United States. We also deducted the profit allocated to expenses deducted under section 772(d)(1) of the Act, in accordance with section 772(d)(3) of the Act.⁴⁹

For NEXTEEL's channel 2 sales to the United States, the Department calculated EP in accordance with section 772(a) of the Act because the merchandise was sold prior to importation by the exporter or producer outside the United States to the unaffiliated purchaser in the United States and because CEP was not otherwise warranted. We made adjustments, where appropriate, for Korean warehousing expenses, Korean inland freight, Korean brokerage and handling, international freight, marine insurance, U.S. brokerage and handling, U.S. inland freight, U.S. warehousing, and U.S. duties.⁵⁰

SeAH

The Department based the price of SeAH's U.S. sales of subject merchandise on CEP, as defined in section 772(b) of the Act, for the subject merchandise sold, before or after importation, by a U.S.-based seller affiliated with the producer to unaffiliated purchasers in the United States. We made adjustments, where appropriate, from the starting price for billing adjustments, freight revenue (capped by the amount of the associated freight expenses), and early payment discounts. We made deductions for any movement expenses (Korean inland freight, Korean brokerage and handling, international freight, marine insurance, U.S. brokerage and handling, U.S. inland freight, U.S. warehousing, and U.S. duties), in accordance with section 772(c)(2)(A) of the Act and 19 CFR 351.401(e). In accordance with section 772(d)(1) of the Act, we calculated the CEP by deducting selling expenses associated with economic activities occurring in the United States, which include direct selling expenses (imputed credit expenses and bank charges), indirect selling expenses, and expenses incurred to further manufacture the product in the United States.

⁴⁹ See Memorandum, "Analysis of Data Submitted by NEXTEEL Co. Ltd. in Oil Country Tubular Goods from the Republic of Korea," dated October 2, 2017 (NEXTEEL Preliminary Analysis Memorandum).

⁵⁰ *Id.*

We also made an adjustment for CEP profit allocated to selling expenses deducted under section 772(d)(1) of the Act, in accordance with section 772(d)(3) of the Act.

Particular Market Situation

A. Background

In the final results of the prior administrative review of OCTG from Korea (*i.e.*, covering the 2014-2015 POR), the Department found that a particular market situation existed in Korea which distorted the COP of OCTG, based on its consideration of the cumulative effects of: (1) Korean subsidies on HRC, the primary input for OCTG; (2) Korean imports of HRC from the People's Republic of China (China); (3) strategic alliances between Korean HRC suppliers and Korean OCTG producers; and (4) government involvement in the Korean electricity market.⁵¹ On May 4, 2017, Maverick submitted factual information and a letter in which it argued that the Department should find, based on these same four factors, that a particular market situation continues to exist in Korea in the instant POR.⁵² On July 31, 2017, the Department issued a letter inviting all interested parties to submit factual information and comments regarding the alleged particular market situation in the instant review.⁵³ In this letter, we stated that “{b}oth the {particular market situation} finding in the prior administrative review and the allegation in the current review provide a separate basis to believe or suspect a {particular market situation} exists in the current review.”⁵⁴ On August 7, 2017, Maverick, U.S. Steel, NEXTEEL, SeAH, and ILJIN (a non-examined Korean OCTG producer) submitted factual information and comments concerning the particular market situation allegations.⁵⁵ These same interested parties all submitted rebuttal comments and factual information on August 15, 2017.⁵⁶

⁵¹ See *Certain Oil Country Tubular Goods from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2014–2015*, 82 FR 18105 (April 17, 2017) (*2014-2015 Final Results*) and accompanying Issues and Decision Memorandum, at Comment 3, unchanged in *Certain Oil Country Tubular Goods from the Republic of Korea: Amended Final Results of Antidumping Duty Administrative Review; 2014–2015*, 82 FR 31750 (July 10, 2017).

⁵² See Letter from Maverick, “Certain Oil Country Tubular Goods from the Republic of Korea: Other Factual Information Submission for Valuing the Particular Market Situation in Korea,” dated May 4, 2017 (Maverick PMS Allegation).

⁵³ See Letter to All Interested Parties, “2015-2016 Administrative Review of the Antidumping Duty Order on Certain Oil Country Tubular Goods from the Republic of Korea: Deadline for Submission of Factual Information Relating to Particular Market Situation Allegations,” dated July 31, 2017.

⁵⁴ *Id.*

⁵⁵ See, respectively, Letter from Maverick, “Certain Oil Country Tubular Goods from the Republic of Korea: Submission of Factual Information Relating to Particular Market Situation Allegations,” dated August 7, 2017; Letter from U.S. Steel, “Oil Country Tubular Goods from the Republic of Korea,” dated August 7, 2017; Letter from NEXTEEL, “Oil Country Tubular Goods from the Republic of Korea: NEXTEEL Particular Market Situation Comments,” dated August 7, 2017; Letter from SeAH, “Oil Country Tubular Goods from the Republic of Korea – Response to the Department’s July 31 Request for Comments on ‘Particular Market Situation Allegations,’” dated August 7, 2017; and Letter from ILJIN, “ILJIN Submission on Particular Market Situation Allegations,” dated August 7, 2017.

⁵⁶ See, respectively, Letter from Maverick, “Certain Oil Country Tubular Goods from the Republic of Korea: Submission of Comments and Rebuttal Factual Information Relating to Particular Market Situation Allegations,” dated August 15, 2017; Letter from U.S. Steel, “Oil Country Tubular Goods from the Republic of Korea,” dated August 15, 2017; Letter from NEXTEEL, “Oil Country Tubular Goods from the Republic of Korea: Particular Market Situation Rebuttal Comments and Factual Information,” dated August 15, 2017; Letter from SeAH, “Oil Country Tubular Goods from the Republic of Korea – Response to the Department’s July 31 Request for Comments

B. Interested Parties' Arguments

Maverick asserts that a particular market situation continues to exist in Korea based on both the individual and collective effects of Korean imports of HRC from China, strategic alliances, subsidies to Korean HRC producers, and distortive government control over electricity prices in Korea. Maverick claims the particular market situation in Korea has worsened due to the continued flood of unfairly traded Chinese steel imports into the Korean market and weak demand in the Korean shipbuilding and pipe industries, as both of these have placed downward pressure on Korean steel prices. According to Maverick, the sharp decline in the Korean shipbuilding industry has pushed large volumes of steel into the Korean pipe industry, which in turn is exporting large volumes of unfairly traded hot-rolled steel pipe to the United States. To combat the massive volume of Chinese steel imports and the decline in the shipbuilding industry, Maverick argues that the Korean government is actively trying to bolster the steel industry and is increasing its subsidization of the Korean steel industry.

Maverick urges the Department to make separate adjustments to account for each of the four aspects of its PMS allegation. Specifically, Maverick argues that for Korean HRC subsidies, the Department should adjust the respondents' HRC costs in the same manner as the Department did in the *2014-2015 Final Results* (i.e., make an adjustment based on the countervailing duty (CVD) rates determined in *Hot-Rolled Steel from Korea*).⁵⁷ Maverick also asserts that the Department should make an adjustment for HRC purchased from Chinese suppliers using the subsidy rates determined in a recent CVD final determination by the European Union on hot-rolled flat products from China, or, alternatively, the CVD rates found in the Department's recent final determination on cold-rolled steel flat products from China. Additionally, to account for the effect of Chinese overcapacity on the price of Japanese HRC imports into Korea, Maverick contends that the Department should make an adjustment to HRC purchased from Japanese suppliers. For this adjustment, Maverick proposes that the Department use the AD margins calculated in the Department's recent final determination on hot-rolled steel flat products from Japan, or, as an alternative, Korean import data for hot-rolled steel. Regarding strategic alliances, Maverick argues that the Department should collect additional information from respondents regarding their relationships with HRC suppliers outside the strategic alliances and make an adjustment based on the differences between the prices offered to OCTG producers inside and outside the strategic alliances. Finally, Maverick argues the Department should base electricity costs on industrial rates from Japan, New Zealand, or Italy.

Likewise, U.S. Steel argues that a particular market situation continues to exist in Korea, and that the particular market situation found in the 2014-2015 POR worsened during the instant POR. U.S. Steel contends that Chinese HRC continued to flood the Korean market, which has driven HRC prices in Korea downward. According to U.S. Steel, overcapacity in Chinese HRC

on 'Particular Market Situation Allegations,'" dated August 15, 2017; and Letter from ILJIN, "ILJIN Rebuttal Comments and Submission of Rebuttal Factual Information Regarding Submitted New Information on Particular Market Situation Allegations," dated August 15, 2017.

⁵⁷ See *Countervailing Duty Investigation of Certain Hot-Rolled Steel Flat Products from the Republic of Korea: Final Affirmative Determination*, 81 FR 53439 (August 12, 2016), as amended in *Certain Hot-Rolled Steel Flat Products from Brazil and the Republic of Korea: Amended Final Affirmative Countervailing Duty Determinations and Countervailing Duty Orders*, 81 FR 67960 (October 3, 2016) (collectively, *Hot-Rolled Steel from Korea*).

production is attributable to subsidies and other assistance provided by the Chinese government. U.S. Steel argues that Chinese exports of hot-rolled steel to Korea have increased in recent years, while unit prices have decreased. U.S. Steel contends that the Korean government has called for a major restructuring of the Korean steel industry due to the effects of low-priced Chinese steel imports. To account for the particular market situation in Korea, U.S. Steel asserts that the Department should make an adjustment to account for subsidies on Korean HRC using the subsidy rates from *Hot-Rolled Steel from Korea* (i.e., make the same adjustment as the Department made in the *2014-2015 Final Results*). U.S. Steel also urges the Department to make an adjustment to the cost of Korean HRC imports from China and all other countries based on the all-others subsidy rate determined in the European Union's recent CVD final determination on hot-rolled flat products from China.

NEXTEEL contends that an adjustment to its Korean HRC costs based on POSCO's rate from the Department's CVD investigation of hot-rolled steel from Korea would be improper, because that rate was based entirely on adverse facts available (AFA) and is for a period that precedes the instant POR. In addition, NEXTEEL asserts that the Department should not adjust its Korean HRC costs based on POSCO's rate from that CVD proceeding because petitioners have not pointed to any record evidence in this POR showing that POSCO sold HRC to NEXTEEL at distorted or artificially low prices. Similarly, NEXTEEL avers that there are no new facts that would warrant an adjustment in the instant POR for the other three particular market situation allegations. NEXTEEL also argues that the prices it paid for its hot-rolled steel inputs were greater than or equal to various record benchmarks, and that price levels move on a global basis, which shows that prices in the steel market are not particular to Korea. Finally, NEXTEEL avers that its imports of hot-rolled steel from China during the POR were insignificant.

SeAH argues that during the POR, it purchased the majority of its HRC inputs from sources outside Korea and China. Like NEXTEEL, SeAH asserts that it would not be correct for the Department to make an adjustment to Korean HRC costs based on the CVD investigation of hot-rolled steel from Korea because that finding was based on total AFA and is outdated. SeAH also contends that it has no strategic alliances with Korean HRC producers, nor has the Department found that the Korean government provided subsidies to the electricity market. SeAH argues that, since the record contains no evidence that the prices it paid for HRC used in OCTG production did not accurately reflect the COP in the ordinary course of trade, the Department should decline to make a particular market situation adjustment in the instant POR. However, SeAH contends, if the Department finds that subsidies to Korean producer POSCO are relevant to this review, the Department should make an adjustment based on its recent final determination in the CVD investigation of cut-to-length (CTL) plate from Korea.

ILJIN argues that petitioners have failed to demonstrate that the alleged particular market situations had any effect on the respondents' COPs. Further, ILJIN contends that all of the particular market situation allegations relate to HRC, and because it uses billets (rather than HRC) to produce seamless OCTG, the record does not support a finding of a particular market situation with respect to ILJIN's costs. Therefore, ILJIN asserts that if the Department determines that a particular market situation exists in the instant POR, it would be unjustified for the Department to make a particular market situation adjustment to ILJIN's margin.

C. Analysis

Section 504 of the Trade Preferences Extension Act of 2015 (TPEA)⁵⁸ added the concept of “particular market situation” in the definition of the term “ordinary course of trade,” for purposes of CV under section 773(e), and through these provisions for purposes of the COP under section 773(b)(3). Section 773(e) states that “if a particular market situation exists such that the cost of materials and fabrication or other processing of any kind does not accurately reflect the cost of production in the ordinary course of trade, the administering authority may use another calculation methodology under this subtitle or any other calculation methodology.”

In the instant review, petitioner Maverick alleged that a particular market situation exists in Korea which distorts OCTG costs of production based on the following four factors: (1) subsidization of Korean hot-rolled steel products by the Korean government; (2) the distortive pricing of unfairly traded Chinese HRC; (3) strategic alliances between Korean HRC suppliers and Korean OCTG producers; and (4) distortive government control over electricity prices in Korea. Section 504 of the TPEA does not specify whether to consider these allegations individually or collectively. In the *2014-2015 Final Results*, Maverick alleged that a particular market situation existed in Korea based on the same four factors and, upon analyzing the four allegations as a whole, the Department found that a particular market situation existed in Korea during the 2014-2015 POR.⁵⁹ For the current review, after analyzing Maverick’s allegation and the factual information and comments subsequently submitted by interested parties, the Department preliminarily determines that the circumstances present during the instant review remained largely unchanged from those in the prior review which led to the finding of a particular market situation in Korea in the *2014-2015 Final Results*. Therefore, for these preliminary results, the Department finds that, based on the collective impact of Korean HRC subsidies, Korean imports of HRC from China, strategic alliances, and government involvement in the Korean electricity market, a particular market situation exists in Korea which distorts the OCTG costs of production.

In the current administrative review, as in the *2014-2015 Final Results*, the Department considered the four particular market situation allegations as a whole, based on their cumulative effect on the Korean OCTG market through the cost of production for OCTG and its inputs. Based on the totality of the conditions in the Korean market, the Department finds that the allegations represent facets of a single particular market situation. Record evidence shows subsidization of HRC by the Korean government and purchases of HRC by the mandatory respondents from POSCO, which received such subsidies.⁶⁰ Record evidence also shows that the subsidies received by Korean hot-rolled steel producers totaled almost 60 percent of the cost of hot-rolled steel, the primary input into OCTG production.⁶¹ Additionally, the Department notes that HRC as an input of OCTG constitutes approximately 80 percent of the cost of OCTG production; thus, distortions in the HRC market have a significant impact on production costs for

⁵⁸ See *Trade Preferences Extension Act of 2015*, Pub. L. No. 114-27, 129 Stat. 362 (2015) (TPEA).

⁵⁹ See *2014-2015 Final Results* and accompanying Issues and Decision Memorandum, at Comment 3.

⁶⁰ See Maverick PMS Allegation, at Exhibit 12 (containing Letter from Maverick, “Oil Country Tubular Goods from South Korea: Particular Market Situation Case Brief,” dated March 1, 2017, at 6 and footnote 18, and sources cited therein).

⁶¹ *Id.*, at Exhibit 12 (containing Letter from Maverick, “Oil Country Tubular Goods from South Korea: Particular Market Situation Case Brief,” dated March 1, 2017, at 6-7, citing *Hot-Rolled Steel from Korea*).

OCTG.⁶² Further, as a result of significant overcapacity in Chinese steel production, which stems in part from the distortions and interventions prevalent in the Chinese economy, the Korean steel market has been flooded with imports of cheaper Chinese steel products, placing downward pressure on Korean domestic steel prices.⁶³ This, along with the domestic steel production being heavily subsidized by the Korean government, distorts the Korean market prices of HRC, the main input in Korean OCTG production.

With respect to Maverick's contention that certain Korean HRC suppliers and Korean OCTG producers attempt to compete by engaging in strategic alliances, the Department agrees that the record evidence supports that such strategic alliances exist in Korea,⁶⁴ and that these strategic alliances may have affected prices in the period covered by the original less-than-fair value investigation. Although the record does not contain specific evidence showing that strategic alliances directly created a distortion in HRC pricing in the current period of review, the Department nonetheless finds that these strategic alliances between certain Korean HRC suppliers and Korean OCTG producers are relevant as an element of the Department's analysis in that they may have created distortions in the prices of HRC in the past, and may continue to impact HRC pricing in a distortive manner during the instant POR and in the future. With respect to the allegation of distortion present in the electricity market, consistent with the SAA, a particular market situation may exist where there is government control over prices to such an extent that home market prices cannot be considered to be competitively set. Moreover, electricity in Korea functions as a tool of the government's industrial policy. Furthermore, the largest electricity supplier, KEPCO, is a government controlled entity.⁶⁵ To be clear, our determination of a particular market situation in this review is not based solely upon any support from the government of Korea for electricity. To the contrary, as we stated above, each of these allegations are contributing factors that, taken together, lead the Department to conclude a particular market situation exists in Korea.

These intertwined market conditions signify that the production costs of OCTG, especially the acquisition prices of HRC in Korea, are distorted, and, thus, demonstrates that the costs of HRC to Korean OCTG producers are not in the ordinary course of trade. Thus, the Department preliminarily finds that various market forces result in distortions which impact the costs of production for OCTG from Korea. Considered collectively, the Department preliminarily finds that the allegations support a finding that a particular market situation exists during the POR in the instant administrative review.

Interested parties provided comments on the allegations relating to HRC imports from China, strategic alliances, Korean HRC subsidies, and electricity market distortions. The Department disagrees with respondents that it would not be appropriate to make a particular market situation

⁶² *Id.* at Exhibit 4 (containing Letter from Maverick, "Certain Oil Country Tubular Goods from the Republic of Korea: Information and Comments Requiring Immediate Action," dated November 25, 2015, at 3).

⁶³ *Id.* at Exhibit 6 (containing Letter from Maverick, "Certain Oil Country Tubular Goods from the Republic of Korea: Particular Market Situations and Other Factual Information Submission," dated September 6, 2016, at Exhibit 4).

⁶⁴ *Id.* at Exhibit 4 (containing Letter from Maverick, "Certain Oil Country Tubular Goods from the Republic of Korea: Information and Comments Requiring Immediate Action," dated November 25, 2015, at Attachment 4).

⁶⁵ *Id.* at Exhibit 5 (containing Letter from Maverick, "Certain Oil Country Tubular Goods from the Republic of Korea: Particular Market Situation Allegation on Electricity," dated February 3, 2016, at 13-14 and Exhibit 2, p. 50).

adjustment based on the CVD rates applied in *Hot-Rolled Steel Flat Products from Korea* because those rates were based on total AFA and do not overlap with the instant POR. Regarding the fact that the CVD rates were based on total AFA, we disagree that this alone should discredit their use in making a particular market situation adjustment. We find that the respondents in the CVD investigation on *Hot-Rolled Steel Flat Products from Korea* could have chosen to act to the best of their ability in responding to the Department's requests for information, but presumably did not do so because full cooperation might have resulted in a higher CVD rate. As for the fact that the rates from the CVD investigation on *Hot-Rolled Steel Flat Products from Korea* precede the instant POR in this proceeding, we note that these are the rates still in effect for this proceeding because to date no review has been completed. As explained below, the Department finds that the CVD rates from the investigation on *Hot-Rolled Steel Flat Products from Korea* are an appropriate basis for making a particular market situation adjustment in this review.

We also disagree with ILJIN's argument that the finding of a particular market situation in Korea should not apply to ILJIN. In the instant POR, ILJIN is a non-examined respondent; therefore, its margin will be based on the rates calculated for the mandatory respondents, as described in the section "Rates for Non-Examined Companies," above.

Concerning NEXTEEL's argument that price levels for steel fluctuate globally, global price fluctuations are not directly relevant to the question of whether a particular market situation exists in Korea. The record evidence, as a whole, establishes that a particular market situation exists in Korea.

Having found that a particular market situation exists for the respondents' production costs for OCTG, the Department examined whether there was sufficient evidence to quantify the impact of the particular market situation. In quantifying the impact, the Department has determined to make an upward adjustment to NEXTEEL's and SeAH's reported costs for HRC. For HRC purchased from Korean producers, the Department preliminarily bases this adjustment on the subsidy rates found for POSCO and all other producers of HRC in the final determination in *Hot-Rolled Steel Flat Products from Korea*.⁶⁶ The Department has quantified this adjustment as the net domestic subsidization rate, namely the countervailing duty rate excluding all export subsidies.⁶⁷ In the Department's view, these rates appropriately quantify the impact of the particular market situation that it has found in these preliminary results. We find that the subsidy rates from *Hot-Rolled Steel Flat Products from Korea* are more appropriate than the subsidy rates from the Department's CVD investigation of CTL plate from Korea, because the former rates are for hot-rolled steel, the input used to make OCTG.

For HRC purchased from Chinese suppliers, we have not made an adjustment for these preliminary results. The Department finds that the information on the record of this review does not permit us to quantify the effect of imports of Chinese HRC on Korean HRC inputs. Further, even if the Department were able to quantify the impact of Chinese HRC inputs on the particular

⁶⁶ While the Department has found for these final results that all four allegations are part of the Department's particular market situation finding, the record did not contain sufficient information to make adjustments specifically relating to the electricity and strategic alliances allegations. Therefore, in order to adjust for the particular market situation, the Department used record information relating to HRC.

⁶⁷ See NEXTEEL Preliminary Analysis Memorandum and SeAH Preliminary Analysis Memorandum.

market situation in Korea, we find that it would not be appropriate to make an adjustment based on a subsidy determination by another administering authority, namely, the European Union. Also, we find that it would not be appropriate to make an adjustment based on the Department's CVD determination on cold-rolled steel from China, as cold-rolled steel is not an input used in OCTG production.

Because we are unable to quantify the effect of Chinese imports on Korean HRC, we likewise cannot quantify the effect of Chinese HRC prices on Japanese HRC that is in turn imported into Korea. Even if the Department were able to do so, we find that, as previously noted, it would not be appropriate to make an adjustment based on a European Union determination. We also find that it would be inappropriate to make an adjustment using rates from the Department's AD final determination on hot-rolled steel flat products from Japan, since that proceeding did not measure the effect of Chinese HRC prices on Japanese HRC, but rather involved company-specific comparisons of Japanese prices to U.S. prices. Regarding the suggestion that we make an adjustment based on import data, we find there is insufficient record evidence that Japanese HRC prices are distorted and require an adjustment.

The Department finds that strategic alliances could not be used to quantify the impact of the particular market situation because the limited data on the record of this review do not enable to the Department to quantify the impact of such alliances on the costs of HRC in this particular POR, although such alliances tend to impact the way customer-supplier relationships are structured and contribute to the existence of a particular market situation.

Lastly, we find that we are unable to quantify the effect of the electricity market on the particular market situation. In particular, we find that the information on the record is insufficient for determining the impact of government intervention with respect to electricity on the cost to produce OCTG.

The Department is continuing to develop the concepts and types of analysis that are necessary to address future allegations of particular market situations under section 773(e) of the Act.

Normal Value

A. Home Market Viability and Comparison Market

To determine whether a sufficient volume of sales of OCTG exists 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 compared NEXTEEL's and SeAH's volume of home market sales of the foreign like product to their respective volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. When sales in the home market are not viable, section 773(a)(1)(B)(ii) of the Act provides that sales to a third-country market may be utilized if: (1) the prices in such market are representative; (2) the aggregate quantity of the foreign like product sold by the producer or exporter in the third-country market is five percent or more of the aggregate quantity of the subject merchandise sold in or to the United States; and (3) the Department does not determine that a particular market situation in the third-country market prevents a proper comparison with the U.S. price.

Based on this comparison, we preliminarily determine that neither NEXTEEL nor SeAH had a viable home market during the POR. For both NEXTEEL and SeAH, we find that the aggregate volume of their respective home market sales of the foreign like product was less than five percent of the aggregate volume of their respective U.S. sales, and, thus, NEXTEEL's and SeAH's sales in the home market were not viable.⁶⁸ We also preliminarily find that the aggregate quantity of the foreign like product sold by both NEXTEEL and SeAH in any third-country market was less than five percent of the aggregate volume of their respective U.S. sales, and, therefore, neither NEXTEEL nor SeAH had a viable third-country market.⁶⁹ Accordingly, for both NEXTEEL and SeAH, we used CV as the basis for calculating NV, in accordance with section 773(a)(4) of the Act.

B. Normal Value Based on Constructed Value

In accordance with section 773(e) of the Act, we calculated CV based on the sum of NEXTEEL's and SeAH's cost of materials and fabrication employed in producing the subject merchandise, plus amounts for general and administrative (G&A) expenses, interest, profit, selling expenses, and U.S. packing costs. We calculated the cost of materials and fabrication, G&A expenses, and interest based on information submitted by NEXTEEL and SeAH in their original and supplemental questionnaire responses, except in instances where we determined that the information was not valued correctly, as described below.

The TPEA made numerous amendments to the AD and CVD law, including amendments to section 773(b)(2) of the Act, regarding the Department's requests for information on sales at less than the COP.⁷⁰ The 2015 law does not specify dates of application for those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced the applicability dates for each amendment to the Act, except for amendments to section 771(7) of the Act, which relate to determinations of material injury by the International Trade Commission.⁷¹ 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. It requires the Department to request COP information from respondent companies in all AD proceedings.⁷² Accordingly, we requested this information from NEXTEEL and SeAH. We examined NEXTEEL's and SeAH's cost data and determined that our quarterly cost methodology is not warranted. Therefore, we applied our standard methodology of using annual costs based on the reported data. We relied on NEXTEEL's and SeAH's submitted COP and CV data, except that we made an adjustment to each respondent's HRC input costs to account for the particular market situation.⁷³

⁶⁸ See 19 CFR 351.404(b)(2); see also NEXTEEL's Section A Response, at A-4 and Exhibit A-1 and SeAH's Section A Response, at 2 and Appendix A-1.

⁶⁹ *Id.*

⁷⁰ See TPEA. The 2015 amendments may be found at <https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl>.

⁷¹ See *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793 (August 6, 2015).

⁷² *Id.* at 46794-95.

⁷³ For further discussion, see NEXTEEL Preliminary Analysis Memorandum and SeAH Preliminary Analysis Memorandum, respectively.

During the POR, neither NEXTEEL nor SeAH had a viable home market or third-country market to serve as a basis for NV; thus, NV must be based on CV, in accordance with section 773(a)(4) of the Act. In the absence of a comparison market, we are unable to calculate CV profit using the preferred method under section 773(e)(2)(A) of the Act (*i.e.*, based on the respondent's own home market or third country sales made in the ordinary course of trade). When the preferred method is unavailable, we must instead rely on one of the three alternatives outlined in sections 773(e)(2)(B)(i) through (iii) of the Act. Those alternatives are: (i) the use of the actual amounts incurred and realized by the specific exporter or producer in connection with the production and sale in the foreign country of merchandise that is in the same general category of products as the subject merchandise; (ii) the use of the weighted average of the actual amounts incurred and realized by exporters or producers (other than the respondent) in connection with the production and sale of the foreign like product, in the ordinary course of trade country, for consumption in the foreign country; or (iii) based on any other reasonable method, except that the amount for profit may not exceed the amount realized by exporters or producers (other than the respondent) in connection with the sale, for consumption in the foreign country, of merchandise that is in the same general category of products as the subject merchandise (*i.e.*, the "profit cap").

On July 12, 2017, we sent a letter to all interested parties providing an opportunity to comment and submit new factual information on CV profit and selling expenses.⁷⁴ On July 26, 2017, NEXTEEL, SeAH, and U.S. Steel submitted comments and factual information.⁷⁵ On August 2, 2017, Maverick, NEXTEEL, and U.S. Steel submitted rebuttal comments and information.⁷⁶ Interested parties placed the financial statements of the following entities on the record as potential sources for CV profit: Tenaris S.A. (Tenaris); PAO TMK (TMK); Chung Hung Steel Corporation (Chung Hung); Borusan Mannesmann Boru Sanayi ve Ticaret A.S. (Borusan); Tubos Reunidos, S.A. (Tubos Reunidos); and Welspun Corp Limited (Welspun). In addition, interested parties also submitted the following information: SeAH's indirect selling expense ratio, which is based on its audited unconsolidated financial statements for fiscal year 2015 and is thus for the company as a whole; NEXTEEL's profit data for standard and line pipe produced during the POR⁷⁷ and NEXTEEL's POR selling expense ratio for the entire company; and SeAH's combined CV profit and selling expense ratio from the previous POR (*i.e.*, the 2014-2015 administrative review), which was based on SeAH's comparison market sales to Canada.

⁷⁴ See Letter to All Interested Parties, "2015-2016 Administrative Review of the Antidumping Duty Order on Certain Oil Country Tubular Goods from the Republic of Korea: Request for Constructed Value Profit and Selling Expense Comments and Information," dated July 12, 2017.

⁷⁵ See, respectively, Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL CV Profit Information and Comments," dated July 26, 2017; Letter from SeAH, "Administrative Review of the Antidumping Order on Oil Country Tubular Goods from Korea for the 2015-16 Review Period — Response to Request for CV Profit and Selling Expense Comments and Information," dated July 26, 2017; and Letter from U.S. Steel, "Oil Country Tubular Goods from the Republic of Korea," dated July 26, 2017 (U.S. Steel CV Profit Comments).

⁷⁶ See, respectively, Letter from Maverick, "Certain Oil Country Tubular Goods from the Republic of Korea: CV Profit Rebuttal Submission," dated August 2, 2017; Letter from NEXTEEL, "Oil Country Tubular Goods from the Republic of Korea: NEXTEEL CV Profit Rebuttal Comments," dated August 2, 2017; and Letter from U.S. Steel, "Certain Oil Country Tubular Goods from the Republic of Korea," dated August 2, 2017.

⁷⁷ It is not clear what market(s) is/are reflected in NEXTEEL's profit data.

For these preliminary results, we have considered the options advocated by interested parties for CV profit in this administrative review, and find that, for various reasons, most of them are not viable sources for CV profit. For instance, some of the entities' financial statements either demonstrate that they experienced a loss, and did not earn a profit, during the fiscal period (*e.g.*, Tenaris and Tubos Reunidos); do not provide evidence of OCTG production (*e.g.*, Welspun); or appear to reflect primarily the results of operations for products other than OCTG (*e.g.*, Borusan). Likewise, the NEXTEEL profit data are for line and standard pipe, which the Department has previously determined not to be the same general category of merchandise as OCTG.⁷⁸

Out of all the potential sources for CV profit (including TMK's financial statements, Chung Hung's financial statements, and SeAH's CV profit from the previous POR), we preliminarily find the CV profit rate determined in the prior administrative review for SeAH's third-country market sales of OCTG to be the best source for determining CV profit in the instant review for both NEXTEEL and SeAH. SeAH's profit experience from the immediately preceding POR reflects the profit of a Korean OCTG producer, on comparison market sales of the merchandise under consideration, in the ordinary course of trade. In addition, when combined with SeAH's selling expenses from the previous POR, the resulting ratio is public information. Because there is no information on the record of the instant review concerning the profit on sales of OCTG or products in the same general category in Korea, as facts available, we find that the profit on SeAH's sales of OCTG in its third-country market is a reasonable proxy for the amount normally realized by exporters or producers in connection with the sale or consumption in the foreign country, of merchandise that is in the same general category of products as the subject merchandise, as provided in section 773(e)(2)(B)(iii) of the Act. The Department's use of CV profit information from a respondent in a prior administrative review is consistent with past precedent.⁷⁹

As noted above, with respect to CV selling expenses, interested parties proffered three options: SeAH's indirect selling expense ratio for fiscal year 2015; NEXTEEL's selling expense ratio for the entire company; and SeAH's selling expense ratio (in combination with the CV profit rate) from the prior administrative review. We preliminarily find that NEXTEEL's selling expense ratio, which is for the entire company, is not a viable option because it includes products such as line and standard pipe that are not in the same general category of merchandise as OCTG. Faced with the option of using SeAH's indirect selling expense ratio for fiscal year 2015 or SeAH's selling expenses from the previous POR, we preliminarily determine that the latter is the better option. SeAH's selling expense ratio from the prior POR is based on SeAH's own comparison market sales of OCTG made in the ordinary course of trade. Further, SeAH's selling expense ratio from the prior POR, when combined with its CV profit ratio from the prior POR, is public information. Conversely, SeAH's indirect selling expense ratio for fiscal year 2015 is not

⁷⁸ See *Final Determination*, and accompanying Issues and Decision Memorandum, at Comment 1. See also *Final Redetermination Pursuant to Court Remand in Husteel Co., Ltd., et al., v. United States*, Consol. Court No. 14-00215, dated February 22, 2016 (*Final Redetermination*), at 61-64, affirmed in *Husteel Co. v. United States*, 180 F. Supp. 3d 1330 (Ct. Int'l Trade 2016). The *Final Redetermination* is accessible at <http://enforcement.trade.gov/remands/15-100.pdf>.

⁷⁹ See, *e.g.*, *Notice of Final Results of the Ninth Administrative Review of the Antidumping Duty Order on Certain Pasta from Italy*, 72 FR 7011 (February 14, 2007), and accompanying Issues and Decision Memorandum at Comment 2, upheld in *Atar S.R.L. v. United States*, 730 F. 3d 1320 (Fed. Cir. 2013).

specific to OCTG production, but, instead, represents SeAH's production experience for the entire company, and also is not public information.

Based on the foregoing, for these preliminary results, we have calculated NEXTEEL's and SeAH's CV profit and selling expenses under section 773(e)(2)(B)(iii) using SeAH's combined CV profit and selling expenses from the previous POR (*i.e.*, the 2014-2015 administrative review). SeAH's combined selling expense and profit experience from the prior POR reflects the profit of a Korean OCTG producer, on comparison market sales of the merchandise under consideration, in the ordinary course of trade. The combined CV profit and selling expense ratio is also public information. Thus, for these preliminary results, we based NEXTEEL's and SeAH's CV profit and selling expenses on the combined CV profit and selling expense rate of 21.60 percent determined for SeAH in the 2014-2015 review.⁸⁰

Finally, we are unable to calculate the amount realized by exporters or producers in connection with the sale, for consumption in the foreign country, of the merchandise in the same general category of products as the subject merchandise (*i.e.*, the "profit cap"), in accordance with section 773(e)(2)(B)(iii) of the Act, because the record does not contain any information for making such a calculation. However, the SAA makes clear that the Department might have to apply alternative (iii) on the basis of facts available. In the instant review, neither NEXTEEL nor SeAH had a viable home market during the POR, and none of the CV profit sources placed on the record by interested parties show "the amount realized by exporters or producers in connection with the sale, for consumption in the foreign country, of the merchandise in the same general category of products as the subject merchandise." Moreover, the record of this review does not contain any information regarding profits earned on Korean sales of products in the same category of merchandise as OCTG. Accordingly, we conclude that, as facts available, SeAH's profit on its comparison market sales of OCTG, which SeAH produced in Korea and sold in the ordinary course of trade during the immediately preceding administrative review, serves as a reasonable facts available profit cap for these preliminary results.

CURRENCY CONVERSION

Where appropriate, we made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

⁸⁰ See Memorandum, "Constructed Value Calculation Adjustments for the Final Results – NEXTEEL Co., Ltd.," dated April 10, 2017, attached to U.S. Steel CV Profit Comments, at Exhibit 2.

RECOMMENDATION

We recommend applying the above methodology for these preliminary results.



Agree



Disagree

10/2/2017

X



Signed by: GARY TAVERMAN

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

Appendix

List of Companies Not Individually Examined

BDP International
Daewoo America
Daewoo International Corporation
Dong-A Steel Co. Ltd.
Dong Yang Steel Pipe
Dongbu Incheon Steel
DSEC
Erndtebruecker Eisenwerk and Company
Hansol Metal
Husteel Co., Ltd.
Hyundai HYSCO
Hyundai Steel Company
ILJIN Steel Corporation
Jim And Freight Co., Ltd.
Kia Steel Co. Ltd.
KSP Steel Company
Kukje Steel
Kurvers
POSCO Daewoo Corporation
POSCO Daewoo America
Steel Canada
Sumitomo Corporation
TGS Pipe
Yonghyun Base Materials
ZEECO Asia