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MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Light-Walled Rectangular Pipe and Tube from Turkey: Decision
Memorandum for the Preliminary Results of Antidumping Duty
Administrative Review; 2012-2013

SUMMARY

In response to a request from Yücel Boru ve Profil Endustrisi A.S. and Yücelboru Ihracat Ithalat ve Pazarlama A.S. (collectively, Yucel), the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on light-walled rectangular pipe and tube from Turkey. The review covers exports of the subject merchandise to the United States produced by Yucel. The period of review (POR) is May 1, 2012, through April 30, 2013.

We preliminarily find that Yucel did not make sales at prices below normal value (NV) during the POR. If these preliminary results are adopted in our final results of this review, we will instruct U.S. Customs and Border Protection (CBP) to liquidate Yucel's entries subject to this administrative review without regard to antidumping duties and to set the cash deposit rate for Yucel to zero. We invite interested parties to comment on these preliminary results.

BACKGROUND

The Department published the antidumping duty order on light-walled rectangular pipe and tube from Turkey on May 30, 2008.¹ On May 1, 2013, the Department published the notice of opportunity to request an administrative review of this order for the period May 1, 2012, through April 30, 2013.² On May 31, 2013, Yucel requested an administrative review for this period. On June 28, 2013, the Department published in the Federal Register a notice of initiation of this antidumping duty administrative review.³

¹ See Notice of Antidumping Duty Order: Light-Walled Rectangular Pipe and Tube from Turkey, 73 FR 31065 (May 30, 2008).

² See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 78 FR 25423 (May 1, 2013).

³ See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part, 78 FR 38924 (June 28, 2013).

The Department issued its standard antidumping questionnaire (the antidumping questionnaire) to Yucel on July 11, 2013. On July 24, 2013, the Department released the results of a CBP entry query for entries of subject merchandise during the POR. Yucel submitted its response to section A of the antidumping questionnaire on August 1, 2013 (section A response). Yucel submitted its responses to sections B and C of the antidumping questionnaire on August 19, 2013 (section B response and section C response, respectively).

On September 18, 2013, the Department issued a supplemental questionnaire to Yucel regarding its responses to sections A, B, and C of the antidumping questionnaire. Yucel submitted its response to the Department's sections A, B, and C supplemental questionnaire on October 18, 2013 (first supplemental response). On November 25, 2013, the Department issued a second supplemental questionnaire to Yucel regarding its responses to sections A, B, and C of the antidumping questionnaire. Yucel submitted its response to the Department's second supplemental questionnaire on December 2, 2013 (second supplemental response). On December 3, 2013, the Department issued a third supplemental questionnaire to Yucel regarding its response to sections A, B, and C of the antidumping questionnaire. Yucel submitted its response to the Department's third supplemental questionnaire on December 5, 2013 (third supplemental response).

As explained in the memorandum from the Assistant Secretary for Enforcement and Compliance, the Department exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 1, 2013, through October 16, 2013.⁴ Therefore, all deadlines in this segment of the proceeding have been extended by 16 days. Also, on February 7, 2014, we extended the deadline for the preliminary results until April 21, 2014.⁵

SCOPE OF THE ORDER

The merchandise subject to this order is certain welded carbon quality light-walled steel pipe and tube, of rectangular (including square) cross section, having a wall thickness of less than 4 mm. The term carbon-quality steel includes both carbon steel and alloy steel which contains only small amounts of alloying elements. Specifically, the term carbon-quality includes products in which none of the elements listed below exceeds the quantity by weight respectively indicated: 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.10 percent of molybdenum, or 0.10 percent of niobium, or 0.15 percent vanadium, or 0.15 percent of zirconium. The description of carbon-quality is intended to identify carbon-quality products within the scope. The welded carbon-quality rectangular pipe and tube subject to this order is currently classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7306.61.50.00 and

⁴ See Memorandum for the Record from Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government," dated October 18, 2013.

⁵ See Memorandum from Mark Flessner through Richard Weible to Christian Marsh, entitled "Light-Walled Rectangular Pipe and Tube from Turkey: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review; 2012-2013," dated February 7, 2014.

7306.61.70.60. While HTSUS subheadings are provided for convenience and CBP's customs purposes, our written description of the scope of the order is dispositive.

LIMITED HOME MARKET REPORTING

Citing 19 CFR 351.414(f), Yucel requested that the reporting period for home market sales be limited to the period December 1, 2012, through April 30, 2013. Yucel reported U.S. sales which were invoiced in only one calendar month of the POR (March 2013) and no other U.S. sales during the POR.⁶ For price-to-price comparisons, the Department's contemporaneity guidelines (as described in section B of the questionnaire and 19 CFR 351.414(f)) limit the comparison of the price of any particular U.S. sale to the normal value of comparison market sales in the month of the U.S. sale, or in one of the three months previous to or one of the two months subsequent to the month of the U.S. sale. Hence, for each U.S. sale, there is a six-month "window" for the purposes of comparing the U.S. price to a normal value based on prices in the comparison market.⁷ Our past practice in situations in which respondents made sales of subject merchandise in only a portion of the POR has been to allow respondents (when they have requested properly and in a timely manner) to limit their comparison market sales reporting period to those comparison market sales which are contemporaneous with their U.S. sales.⁸ Therefore, to ensure that we would have the necessary comparison market sales, we allowed Yucel to limit its reporting of home market sales to those sales made during the period December 1, 2012, through May 31, 2013. Our analysis indicated that, based on the totality of the record evidence, the appropriate dates of sale of Yucel's U.S. sales are in March 2013. (For further explanation of our determination of date of sale in both markets, see the "Fair Value Comparisons" section below.)

⁶ See letter from Yucel to the Secretary of Commerce entitled, "Light-Walled Rectangular Pipe and Tube from Turkey; Truncation of reporting period," dated July 10, 2013.

⁷ Yucel's U.S. sales are in March 2013. In our margin calculations, U.S. sales made in March 2013 could potentially be compared to the prices of home market sales at any time between December 1, 2012, and May 31, 2013. The "window" therefore encompasses another month than the period requested by Yucel.

⁸ See, e.g., Certain Hot-Rolled Carbon Steel Flat Products From India: Preliminary Results of Antidumping Duty Administrative Review, 71 FR 2018 (January 12, 2006) (unchanged in Certain Hot-Rolled Carbon Steel Flat Products From India: Final Results of Antidumping Duty Administrative Review, 71 FR 40694 (July 18, 2006)); Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products from Brazil: Preliminary Results of Antidumping Duty Administrative Review, 70 FR 17406 (April 6, 2005) (unchanged in Notice of Final Results of Antidumping Duty Administrative Review: Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, 70 FR 58683 (October 7, 2005)); Light-Walled Rectangular Pipe and Tube from Turkey: Notice of Final Results of Antidumping Duty Administrative Review, 75 FR 61127 (October 4, 2010); Light-Walled Rectangular Pipe and Tube From Turkey: Notice of Final Results of Antidumping Duty Administrative Review, 76 FR 57953 (September 19, 2011); and Light-Walled Rectangular Pipe and Tube From Turkey: Notice of Preliminary Results of Antidumping Duty Administrative Review, 77 FR 33395 (June 6, 2012) (unchanged in Light-Walled Rectangular Pipe and Tube From Turkey: Notice of Final Results of Antidumping Duty Administrative Review, 77 FR 55455 (September 10, 2012)) (the previous administrative review conducted in this proceeding, in which the same issue was presented).

METHODOLOGY

Fair Value Comparisons

Pursuant to section 773(a) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.414(c)(1) and (d), to determine whether Yucel's sales of subject merchandise from Turkey were made in the United States at less than NV, we compared the export price (EP) or constructed export price (CEP) to NV as described in the "Export Price," "Constructed Export Price" and "Normal Value" sections of this decision memorandum.

Product Comparisons

In accordance with section 771(16) of the Act, we compared products produced by Yucel and sold in the U.S. and home markets on the basis of the comparison product which was either identical or most similar in terms of the physical characteristics to the product sold in the United States. In the order of importance, these physical characteristics are: 1) Steel Input Type; 2) Metallic Coating; 3) Painted; 4) Perimeter; 5) Wall Thickness; and 6) Shape.

When making product comparisons in accordance with section 771(16) of the Act, we considered sales of all products sold in the home market as described in the "Scope of the Order" section of this notice, above, which were made in the ordinary course of trade. We compared U.S. sales to home market sales which were contemporaneous with the U.S. sale. If contemporaneous home market sales of identical merchandise were reported, we made comparisons to the monthly weighted-average home-market prices for all such sales. If home market sales of identical merchandise were made in the same month as the U.S. sale, we compared the EP or CEP of U.S. sales to the normal value based on home market sales of identical merchandise made in the same month as the U.S. sale. If no such home market sales were reported, we compared the EP or CEP of U.S. sales to the normal value based on home market sales of identical merchandise in the most contemporaneous month in which such U.S. sales were made. We considered home market sales to be contemporaneous with U.S. sales if the home market sales were made within the period including the month of the U.S. sale, the two months after the U.S. sale, and the three months before the U.S. sale.

Where there were no contemporaneous home market sales of identical merchandise made in the ordinary course of trade, we compared the EP or CEP of U.S. sales to the normal value based on home market sales of the next most similar product on the basis of the physical characteristics listed above, that were sold in the same month as the U.S. sales or the month which was most contemporaneous with the U.S. sales, in accordance with 19 CFR 351.414(f).

Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs) (the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping investigations, the Department examines whether to use 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 antidumping investigations.⁹ In recent investigations, the Department applied a "differential pricing" analysis for determining whether application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.¹⁰ The Department finds that the differential pricing analysis used in these and other recent proceedings may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review.¹¹ 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 weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of EPs (or CEPs) for comparable merchandise that differ significantly among purchasers, regions, or time periods. 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 differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. 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 codes) 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 being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between EP (or CEP) 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* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen's *d* coefficient is calculated when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group

⁹ 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).

¹⁰ See, e.g., Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 33350 (June 4, 2013), and the accompanying Issues and Decision Memorandum at Comment 3; and Hardwood and Decorative Plywood From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 78 FR 58273 (September 23, 2013), and the accompanying Issues and Decision Memorandum at Comment 3.

¹¹ See, e.g., Certain Activated Carbon From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 78 FR 70533 (November 26, 2013), and accompanying Issues and Decision Memorandum at Comment 2.

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 net prices to a particular purchaser, region or time period differ significantly from the net 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. 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 was considered significant, and the sales are considered to have passed 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 EPs (or CEPs) 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 EPs (or CEPs) that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine 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 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 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 method where both rates are above the de minimis threshold, or 2) the resulting weighted-average dumping margin moves 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.

For Yucel, based on the results of the differential pricing analysis, the Department finds that 0.00 percent of Yucel's export sales pass the Cohen's *d* test, which does not confirm the existence of a pattern of EPs (or CEPs) for comparable merchandise that differ significantly among purchasers, regions, or time periods. Consequently, the Department preliminarily determines that the average-to-average method is appropriate and no alternative method based on the average-to-transaction method was considered to calculate the weighted-average dumping margin for Yucel.

Date of Sale

Section 351.401(i) of the Department's regulations states that, normally, the Department 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. The regulation provides further that the Department 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.

Yucel reported the commercial invoice date for all U.S. sales. In the home market, Yucel reported the date of sale as the earlier of the invoice date or the shipment date.¹² In the U.S. market, Yucel reported the shipment date as the date of sale.¹³ Yucel explained that in some instances in the home market, invoices were issued after sale (because of holidays, etc.).¹⁴ Yucel provided sample contracts, purchase orders, and invoices for sales covered by this review.¹⁵ For these reasons, and consistent with the presumption established in the Department's regulation, and our practice in prior segments of this proceeding, we preliminarily used Yucel's reported date of sale as the date of sale for all U.S. and home market sales.

U.S. Price

Export Price

Yucel reported that all subject merchandise was sold prior to importation by the exporter or producer outside the United States to the first unaffiliated purchaser in the United States. Therefore, we based the U.S. price on EP, as defined in section 772(a) of the Act, for all sales. Yucel's EPs are based on prices to unaffiliated purchasers in the United States. We made adjustments for price or billing adjustments and discounts, where applicable. We also made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act, which included, where appropriate: foreign inland freight; international freight; marine insurance; U.S. brokerage and handling; and direct selling expenses (credit expenses).

¹² See section B response at 15.

¹³ See section C response at 55.

¹⁴ See first supplemental response at 20.

¹⁵ See, e.g., section A response at Exhibit A-7.

Normal Value

A. Home Market Viability as Comparison Market

To determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is five percent or more of the aggregate volume of U.S. sales), we compared the volume of Yucel's home market sales of the foreign like product to the volume of its U.S. sales of subject merchandise, in accordance with section 773(a)(1)(B) of the Act.¹⁶ Based on this comparison, we determined that Yucel had a viable home market during the POR. Consequently, we based NV on home market sales to unaffiliated purchasers made in the usual quantities in the ordinary course of trade.

B. Calculation of NV Based on Comparison Market Prices

We calculated NV based on prices to unaffiliated customers in the home market. We adjusted the starting price for billing adjustments, interest revenue, foreign inland freight, warehousing, and inland insurance, pursuant to section 773(a)(6)(B)(ii) of the Act. We made adjustments for differences in packing, in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act. We also made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act, as well as for differences in circumstances of sale (for imputed credit expenses and warranty expenses) in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. When applicable, we also made adjustments, in accordance with 19 CFR 351.410(e), for indirect selling expenses incurred on comparison market or U.S. market sales where commissions were granted on sales in one market but not in the other. Specifically, where commissions were granted in the U.S. market but not in the comparison market, we made a downward adjustment to NV for the lesser of (1) the amount of the commission paid in the U.S. market, and (2) the amount of indirect selling expenses incurred in the comparison market. If commissions were granted in the comparison market but not in the U.S. market, we made an upward adjustment to NV following the same method. We made no adjustments to Yucel's reported home market sales data.

C. Level of Trade Analysis

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we base NV on sales made in the comparison market at the same level of trade (LOT) as the export transaction. The NV LOT is based on the starting price of sales in the home market. If the home market sales are at a different LOT from that of a U.S. sale and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and home-market sales at the LOT of the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Act. To determine whether NV sales are at a different LOT than EP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the customer.¹⁷ If the home market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price

¹⁶ See Preliminary Analysis Memorandum.

¹⁷ See 19 CFR 351.412(c)(2).

differences between the sales on which NV is based and home market sales at the LOT of the export transaction, then we make a LOT adjustment under section 773(a)(7)(A) of the Act. We expect that, if the claimed LOTs are the same, the functions and activities of the seller should be similar. Conversely, if a party claims the LOTs are different for different groups of sales, the functions and activities of the seller should be dissimilar.¹⁸ Yucel reported that it sold light-walled rectangular pipe and tube at only one level of trade and in only one channel of distribution in the home market and at one level of trade and in one channel of distribution in the U.S. market.¹⁹ Based on our analysis of the record evidence provided by Yucel, we preliminarily determine that a single LOT exists in the home market. We obtained information from Yucel regarding the marketing stages involved in making its reported home market and U.S. sales. Yucel described all selling activities performed, and provided a table comparing the selling functions performed in both markets.²⁰ We find Yucel performed virtually the same level of customer support services on its EP sales as it did on its home market sales and that the minor differences that do exist do not establish a distinct and separate level of trade. Consequently, the record evidence supports a finding that, in both markets, Yucel performs essentially the same level of services. While we found minor differences between the home and U.S. markets (based on our analysis of the selling functions performed on EP sales in the United States and its sales in the home market), we determine that the EP and the starting price of home market sales represent the same stage in the marketing process, and are thus at the same LOT. For this reason, we preliminarily find that a LOT adjustment is not appropriate for Yucel.

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A(a) of the Act and 19 CFR 351.415, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve.

¹⁸ See Porcelain-on-Steel Cookware from Mexico: Final Results of Antidumping Duty Administrative Review, 65 FR 30068 (May 10, 2000), and accompanying Issues and Decision Memorandum at Comment 6.

¹⁹ See section A response at 14.

²⁰ Id. at Exhibit A-6.

CONCLUSION

We recommend applying the above methodology for these preliminary results.

✓
Agree

Disagree

Paul Piquado
Paul Piquado
Assistant Secretary
for Enforcement and Compliance

27 APRIL 2014
(Date)