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June 5, 2016

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
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Certain Oil Country Tubular Goods from Turkey: Decision
Memorandum for Preliminary Results of Antidumping Duty
Administrative Review; 2016-2017

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain oil country tubular goods (OCTG) from Turkey covering the period of review (POR) September 1, 2016, through August 31, 2017. The review covers six producers/exporters of the subject merchandise. We preliminarily determine that companies subject to this review either made sales of the subject merchandise at prices below normal value (NV) or had no shipments during this POR.

II. BACKGROUND

On September 10, 2014, we published in the *Federal Register* an AD order on OCTG from Turkey.¹ On September 1, 2017, we published in the *Federal Register* a notice of opportunity to request an administrative review of the order.² On November 13, 2017, based on timely requests, we initiated an administrative review of Çayırova Boru Sanayi ve Ticaret A.Ş. and

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, 53693 (September 10, 2014).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 82 FR 41595 (September 1, 2017).



Yücel Boru İthalat-İhracat ve Pazarlama A.Ş. (collectively, Yücel)³, Tosçelik Profil ve Sac Endüstrisi A.Ş. and Tosyali Dis Ticaret A.S. (collectively, Tosçelik),⁴ Çayirova Boru San A.Ş., HG Tubulars Canada Ltd., and Yücelboru İhracat, İthalat, in accordance with 19 CFR 351.221(c)(1)(i).⁵ On December 13, 2017, we selected Yücel for individual examination in this review.⁶ On January 23, 2018, Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January 20 through 22, 2018. Accordingly, the revised deadline for the preliminary results of this review became June 5, 2018.⁷

We sent an AD questionnaire to Yücel on December 13, 2017.⁸ On January 13, 2018, Yücel submitted a timely response to section A of Commerce's AD questionnaire (*i.e.*, the section relating to general information),⁹ and on February 2, 2018, Yücel responded to sections B, C, and D of Commerce's AD questionnaire (*i.e.*, the sections relating to comparison-market sales, U.S. sales, and cost of production/constructed value, respectively).¹⁰ We issued a supplemental questionnaire to Yücel on March 22, 2018,¹¹ and Yücel responded on April 18, 2018.¹²

III. SCOPE OF THE ORDER

The merchandise covered by the order is certain 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.

³ We previously determined these companies to constitute a single entity. *See Certain Oil Country Tubular Goods from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances in Part*, 79 FR 41971, 41973 (July 18, 2014) (*LTFV Investigation - Final*).

⁴ We previously determined these companies to constitute a single entity. *See Certain Oil Country Tubular Goods from Turkey: Preliminary Results of Antidumping Duty Administrative Review; 2015-2016*, 82 FR 42285 (September 7, 2017) (unchanged in *Certain Oil Country Tubular Goods from Turkey: Final Results of Antidumping Duty Administrative Review; 2015-2016*, 83 FR 1240 (January 10, 2018)).

⁵ *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 52268 (November 13, 2017) (*Initiation Notice*).

⁶ *See* Memorandum, "Oil Country Tubular Goods from Turkey: Respondent Selection," dated December 13, 2017 (Respondent Selection Memorandum).

⁷ *See* Memorandum, "Deadlines Affected by the Shutdown of the Federal Government," dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by 3 days.

⁸ *See* Letter from the Department to Yücel dated December 13, 2017.

⁹ *See* Letter from Yücel, "*OCTG from Turkey; Çayirova/YiiP §A questionnaire response*," dated January 13, 2018 (A-QR).

¹⁰ *See* Letter from Yücel, "*OCTG from Turkey; Çayirova/YiiP §BD questionnaire response*," dated February 2, 2018 (BCD-QR).

¹¹ *See* Letter from the Department to Yücel dated March 22, 2018.

¹² *See* Letter from Yücel, "*OCTG from Turkey; Çayirova/YiiP supplemental questionnaire response*," dated April 18, 2018 (SQR).

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, 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.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description is dispositive.

IV. ALLEGATION OF A PARTICULAR MARKET SITUATION

On May 16, 2018, the petitioners¹³ submitted a particular market situation (PMS) allegation with respect to the cost of production of OCTG in Turkey.¹⁴ We determine that there is insufficient evidence to warrant an investigation into whether a PMS exists in this review.¹⁵

V. PRELIMINARY FINDING OF NO SHIPMENTS

Tosçelik reported that it made no shipments of subject merchandise to the United States during the POR.¹⁶ During the respondent selection stage of this administrative review, Tosçelik provided documentation¹⁷ establishing that the entry during the POR identified in the U.S. Customs and Border Protection (CBP) data as OCTG was, in fact, an entry of standard pipe (the entry was inadvertently misclassified by the customs broker as OCTG).¹⁸ Given that Tosçelik certified that it made no shipments of subject merchandise to the United States during the POR and there is no information calling its claim into question, we preliminarily determine that

¹³ The petitioners are TMK IPSCO, Vallourec Star L.P., and Welded Tube USA.

¹⁴ See Letter from the petitioners, “Oil Country Tubular Goods from Turkey: Particular Market Situation Allegation,” dated May 16, 2018 (PMS Allegation).

¹⁵ For a complete discussion, see memorandum, “2016-2017 Antidumping Duty Administrative Review of Oil Country Tubular Goods from Turkey: Decision on Particular Market Situation Allegation,” dated concurrently with this memorandum.

¹⁶ See Letter from Tosçelik, “OCTG From Turkey; Notification of no shipments,” dated November 14, 2017.

¹⁷ See Letter from Tosçelik, “OCTG From Turkey; Comments on respondent selection and Tosçelik’s no-shipments letter,” dated November 28, 2017.

¹⁸ See Respondent Selection Memorandum at 3-4 for further discussion.

Tosçelik did not have shipments of OCTG during the POR. Consistent with Commerce's practice, we will not rescind the review with respect to Tosçelik, but rather, will complete the review and issue instructions to CBP based on the final results.¹⁹

VI. RATES FOR RESPONDENTS NOT SELECTED FOR INDIVIDUAL EXAMINATION

In accordance with section 777A(c)(2)(B) of the Tariff Act of 1930, as amended (the Act), we selected Yücel for individual examination as we did not have the resources to examine all companies for which a review was requested.²⁰ The statute and Commerce's regulations do not address the establishment of a rate to be applied to individual companies not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, we have used section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents we did not examine in an administrative review. Section 735(c)(5)(A) of the Act articulates a preference that we do not calculate an all-others rate using any zero or *de minimis* margins or any margins based entirely on facts available. Accordingly, our usual practice has been to average the rates for the selected companies, excluding zero, *de minimis*, and rates based entirely on facts available.²¹

In these preliminary results, we determined the weighted-average dumping margin of 1.59 percent for one company, Yücel. Accordingly, when only one weighted-average dumping margin for the individually investigated respondent is above *de minimis* and not based entirely on facts available, the rate for companies that we did not examine will be equal to that single above-*de minimis* rate.²² Accordingly, for the preliminary results of this review, the rate for the three non-selected companies, Çayırova Boru San A.Ş., HG Tubulars Canada Ltd., and Yücelboru İhracat, İthalat, is 1.59 percent.

VII. 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 Yücel's sales of the subject merchandise from Turkey to the United States were made at

¹⁹ See, e.g., *Certain Frozen Warmwater Shrimp from Thailand: Preliminary Results of Antidumping Duty Administrative Review, Partial Rescission of Review, Preliminary Determination of No Shipments*; 2012-2013, 79 FR 15951, 15952 (March 24, 2014), unchanged in *Certain Frozen Warmwater Shrimp from Thailand: Final Results of Antidumping Duty Administrative Review, Final Determination of No Shipments, and Partial Rescission of Review*; 2012-2013, 79 FR at 51306 (August 28, 2014).

²⁰ See Respondent Selection Memorandum.

²¹ 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 11.

²² See *Small Diameter Graphite Electrodes from the People's Republic of China: Preliminary Results and Partial Rescission of Administrative Review*, 77 FR 13284, 13288 (March 6, 2012) (unchanged in *Small Diameter Graphite Electrodes from the People's Republic of China: Final Results of the Antidumping Duty Administrative Review*, 77 FR 40854, 40855 (July 11, 2012)). *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 36656, 36660 (July 24, 2009).

less than NV, Commerce compared the export price (EP) to NV as described in the “Export Price” and “Normal Value” sections of this memorandum.

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs (or constructed export prices (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, Commerce examines whether to compare weighted-average NVs with the EPs (or CEPs) of individual sales (*i.e.*, the average-to-transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern Commerce’s examination of this question in the context of administrative reviews, Commerce 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.²³

In recent investigations, Commerce applied a “differential pricing” analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.²⁴ Commerce 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. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce’s additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average method in calculating a respondent’s weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of EPs (or CEPs) 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 code) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the period of review based upon the reported date of sale. For

²³ 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 the accompanying Issues and Decision Memorandum at comment 1; see also *Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286 (Ct. Int’l Trade 2014).

²⁴ 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); or *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

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 Commerce 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* 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 threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass the Cohen’s *d* test, if the calculated Cohen’s *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

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

If both tests in the first stage (*i.e.*, the Cohen’s *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, Commerce examines whether using only the average-to-average method can appropriately account for such differences. In considering this question, Commerce tests whether using an alternative comparison method, based on the results of the Cohen’s *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, then this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative

comparison method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if 1) there is a 25 percent relative change in the weighted-average dumping margins between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margins between the average-to-average method and the appropriate alternative method move across the *de minimis* threshold.

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

B. Results of the Differential Pricing Analysis

With respect to Yücel, we do not have two or more sales to compare, in order to determine whether a pattern of prices that differ significantly, exists. Accordingly, we have not conducted a differential pricing analysis. Thus, we determined whether Yücel sold subject merchandise at less than NV using the standard comparison method. Specifically, we compared the applicable month's weighted-average NV to the EP in our AD margin calculations.

Product Comparisons

Commerce identified ten criteria for matching U.S. sales of subject merchandise to NV (whether or not seamless or welded, type, grade, whether or not coupled, whether or not ends are upset, whether or not ends are threaded, nominal outside diameter, length, heat treatment, and nominal wall thickness), which were included in the questionnaires issued to Yücel.²⁵

In accordance with section 771(16) of the Act, we considered all products covered by the "Scope of the Order" section above produced and sold by Yücel in the comparison market during the POR to be foreign like product for the purposes of determining appropriate product comparisons to U.S. sales of subject merchandise. Specifically, we relied on the above referenced ten criteria to make comparisons of U.S. sales of subject merchandise to the weighted-average comparison market prices (that were based on all sales which passed the cost-of-production (COP) test of the identical product) during the relevant or contemporary month. Where there were no sales of identical merchandise in the comparison market, we compared U.S. sales to comparison-market sales of the most-similar, foreign like product made in the ordinary course of trade based on the reported product characteristics and instructions provided in the AD questionnaire.

Date of Sale

Section 351.401(i) of Commerce'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. The regulation provides further 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

²⁵ See Letter from Commerce to Yücel dated December 13, 2017.

which the material terms of sale are established.²⁶ The material terms of sale normally include the price, quantity, delivery terms and payment terms.²⁷ Furthermore, consistent with its regulation and practice, Commerce uses the shipment date as the date of sale where the shipment date occurs before the invoice date because the quantity is fixed at the time of shipment.²⁸

With respect to its U.S. and comparison market sales, Yücel reported the earlier of the shipment date or the invoice date as the date of sale.²⁹ Further, Yücel claimed that in the less-than-fair-value investigation, Commerce determined Yücel's date of sale on the basis of invoice date, and there have been no changes in Yücel's selling practices since that time.³⁰

Consistent with our regulatory presumption for invoice date and Yücel's reported date of sale, we preliminarily used the invoice date as the date of sale for comparison market sales. Yücel reported that after orders for comparison market sales are placed, there could be changes in the quantity ordered by its customer outside the quantity tolerance allowed for in the order.³¹ Thus, according to Yücel, the parties to home-market transactions do not consider the order to be firm and binding with respect to quantity.³² Yücel provided evidence of such a change to the order for the comparison market sale made during the POR.³³ Accordingly, because for all reported comparison market sales the shipment date did not precede the invoice date, we preliminarily used the invoice date as the date of sale, in accordance with our regulation and practice.

With respect to Yücel's reported U.S. sale, we preliminarily find that the purchase order date is the appropriate date of sale for this administrative review. Although there is a regulatory presumption that the date of invoice is the appropriate date of sale, as explained above, we may use a date other than that date if we are satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale. Here, we examined the information on the record and found that the material terms of the U.S. sale did not change

²⁶ 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).

²⁷ See, e.g., *Carbon and Alloy Steel Wire Rod from Trinidad and Tobago: Final Results of Antidumping Duty Administrative Review*, 72 FR 62824 (November 7, 2007), and accompanying Issue and Decision Memorandum at Comment 1; *Notice of Final Determinations of Sales at Less Than Fair Value; Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products from Turkey*, 65 FR 15123 (March 21, 2000), and accompanying Issues and Decision Memorandum at Comment 1.

²⁸ See, e.g., *Seamless Refined Copper Pipe and Tube from Mexico: Preliminary Results of Antidumping Duty Administrative Review; 2010-2011*, 77 FR 73422 (December 10, 2012), and accompanying Preliminary Issues and Decision Memorandum, unchanged in *Seamless Refined Copper Pipe and Tube from Mexico: Final Results of Antidumping Duty Administrative Review; 2010-2011*, 78 FR 35244 (June 12, 2013); *Certain Frozen Warmwater Shrimp from Thailand: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 72 FR 52065 (September 12, 2007), and accompanying Issues and Decision Memorandum, at Comment 11; and *Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review*, 71 FR 18074, 18079-80 (April 10, 2006), unchanged in *Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Final Results and Rescission of Antidumping Duty Administrative Review in Part*, 72 FR 4486 (January 31, 2007), and the accompanying Issues and Decision Memorandum at Comments 4 and 5.

²⁹ See A-QR at 14.

³⁰ *Id.* at 18.

³¹ See SQR at 8-9.

³² *Id.*

³³ See SQR at Exhibit 8.

between the date of the purchase order and the date of the commercial invoice.³⁴ As the information on the record indicates that the material terms of sale (*e.g.*, price and quantity) were not subject to change after the date of the purchase order, we preliminarily determine that this date better reflects the date on which the Yücel established and formalized the material terms of sale. Therefore, for purposes of the preliminary results of administrative review, we have used the date of the purchase order as the date of sale for Yücel's U.S. sale. This determination is consistent with our decision in the less-than-fair-value (LTFV) investigation³⁵ where we relied on the date of the sales contract as the date of sale for Yücel's U.S. sales – there is no record evidence in this review of any significant changes in Yücel's selling practices since the LTFV investigation, as confirmed by Yücel,³⁶ that warrants the use of the invoice date as the date of sale in this review.

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).” We calculated EP for purposes of these preliminary results, in accordance with subsections 772(a) and (c) of the Act, because the subject merchandise was first sold in the country of manufacture (*i.e.*, Turkey) to an unaffiliated purchaser in the United States prior to importation and CEP was not otherwise warranted based on the facts of record. Therefore, with respect to Yücel's reported EP sale, we calculated EP based on the price to an unaffiliated purchaser in the United States, taking into account the reported terms of sale. We made adjustments for imputed credit³⁷ and certain direct selling expenses. We made deductions, consistent with section 772(c)(2)(A) of the Act, for the following movement expenses: domestic inland freight, domestic brokerage and handling, exporters' union fees, international freight and ocean freight discharge fees, U.S. brokerage and handling, and U.S. duty. Pursuant to section 772(c)(1)(C) of the Act, we made an adjustment to the reported EP for countervailable export subsidies.³⁸

³⁴ See A-QR at Exhibit 7 (where sales documents establish the same price in the purchase order and the commercial invoice, and the quantity difference between these two sales documents falls within the tolerance allowed for in the purchase order), and SQR at 9 (in response to Commerce's request, Yücel did not avail itself of the opportunity to demonstrate, in any way, why the date of the purchase order is inferior to the date of the commercial invoice in finalizing the material terms of sale, *i.e.*, quantity and price, concerning the reported U.S. transaction).

³⁵ See *Certain Oil Country Tubular Goods from the Republic of Turkey: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 79 FR 10484 (February 25, 2014) and accompanying Preliminary Decision Memorandum at 18-19 (unchanged in *LTFV Investigation – Final*).

³⁶ See A-QR at 18 (Yücel incorrectly points out that in the LTFV investigation Commerce determined its date of sale for U.S. transactions based on invoice date but, nevertheless, states that there have been no changes in Yücel's practices since that time).

³⁷ We re-calculated reported credit expenses for home-market sales made in U.S. dollars by revising the calculation of the POR-average Federal Reserve short-term borrowing rate. For further details, see Memorandum, “Administrative Review of the Antidumping Duty Order on Certain Oil Country Tubular Goods from Turkey: Preliminary Analysis Memorandum for Çayirova Boru Sanayi ve Ticaret A.Ş. and Yücel Boru İthalat-İhracat ve Pazarlama A.Ş.; 2016-2017,” dated concurrently with this memorandum (Preliminary Analysis Memorandum).

³⁸ The portion of the countervailing duty rate attributable to export subsidies currently in effect for Yücel is 0.22 percent. See *Oil Country Tubular Goods from Turkey: Notice of Court Decision Not in Harmony With the Final Determination of the Countervailing Duty Investigation*; 81 FR 12691, (March 10, 2016) and *Certain Oil Country*

Normal Value

A. Home Market Viability and Comparison Market

Section 773(a)(1) of the Act and 19 CFR 351.404(b)(2) state that a home market is viable if the aggregate quantity of home market sales of the foreign like product is equal to five percent or more of the aggregate quantity of U.S. sales of subject merchandise. Also, pursuant to section 773(a)(1)(B)(i) of the Act, Commerce may base NV on the price at which the foreign like product is first sold (or, in the absence of a sale, offered for sale) for consumption in the exporting country, where that sale is made in usual commercial quantities and in the ordinary course of trade. Because the volume of Yücel's home market sales of the foreign like product exceeded five percent of its U.S. sales volume of the subject merchandise,³⁹ we preliminarily determine that Yücel's home market is viable for comparison purposes.

B. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, we will calculate NV based on sales of foreign like products at the same level of trade (LOT) as the EP. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).⁴⁰ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.⁴¹ To determine whether the comparison-market sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, the chain of distribution), including selling functions, class of customer (customer category), and the level of selling expenses for each type of sale. To determine whether home market sales are at a different LOT than U.S. sales, we examined stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. When we are unable to match U.S. sales to sales of the foreign like product in the comparison market at the same LOT, we may compare the U.S. sales to sales at a different LOT in the comparison market. When this occurs and the difference in LOT is demonstrated to affect price comparability based on a pattern of consistent price differences between sales at different LOTs in the market in which NV is determined, we make an LOT adjustment under section 773(a)(7)(A) of the Act.

During the POR, Yücel reported that it sold OCTG to end-users and distributors in the comparison market through one channel of distribution;⁴² thus, we find that it constitutes a single LOT for all comparison market sales. Similarly, during the POR, Yücel reported that it sold made-to-order OCTG to a distributor in the United States through one channel of distribution,⁴³

Tubular Goods from the Republic of Turkey: Notice of Court Decision Not in Harmony With the Final Determination of the Less Than Fair Value Investigation and Notice of Amended Final Determination of Sales at Less Than Fair Value, 81 FR 36876 (June 8, 2016) at fn 6.

³⁹ See A-QR at 2 and Exhibit 1.

⁴⁰ See 19 CFR 351.412(c)(2).

⁴¹ *Id.*; see also *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731, 61732 (November 19, 1997).

⁴² See A-QR at 11-14 and Exhibit 6, and SQR at 6-7.

⁴³ *Id.*

and thus, we find that it constitutes a single LOT for the reported EP sale. We preliminarily determine that the selling activities associated with the EP sale were the same as those associated with the comparison market sales. Specifically, in both channels of distribution, Yücel provides certain selling functions at similar levels of intensity.⁴⁴ As a result, we preliminarily determine that the LOT for the EP sale was the same as the LOT for home market sales.⁴⁵ Therefore, for these preliminary results, we did not make a LOT adjustment pursuant to section 773(a)(7)(A) of the Act and 19 CFR 351.412(e), because both LOTs are identical (*i.e.*, one level of trade in the comparison and U.S. markets).

C. Cost of Production

The Trade Preferences Extension Act of 2015 (TPEA), Public Law No. 114-27, made numerous amendments to the AD and countervailing duty law, including amendments to section 773(b)(2)(A) of the Act.⁴⁶ 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, 2015.⁴⁷ It requires Commerce to request cost information from respondent companies in all antidumping proceedings.⁴⁸ Because these amendments apply to this administrative review, Commerce requested this information from Yücel and it submitted timely responses.⁴⁹

1. Calculation of Cost of Production

We calculated the COP based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for general and administrative and financial expenses, in accordance with section 773(b)(3) of the Act. We relied on the COP data submitted by Yücel in its supplemental questionnaire response, with a certain exception. Specifically, we adjusted Yücel's calculation of general and administrative (G&A) expenses by including certain income and expense items contained in Yücel's 2016 income statement.⁵⁰ We examined Yücel's cost data and determined that our quarterly cost methodology is not warranted, and therefore, we applied our standard methodology of using annual costs based on the reported data, adjusted as described above.

2. Test of Comparison Market Sales Prices

As required under sections 773(b)(1) and (2) of the Act, we compared the adjusted weighted average of the COP for the POR to the per-unit price of the comparison market sales of the foreign like product to determine whether these sales had been made at prices below the COP within an extended period of time in substantial quantities, and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. We determined

⁴⁴ *Id.*

⁴⁵ For further discussion involving the use of business proprietary information, *see* Preliminary Analysis Memorandum.

⁴⁶ *See* TPEA, Pub. L. No. 114-27, 129 Stat. 362 (2015).

⁴⁷ *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).

⁴⁸ *Id.* at 46794-95.

⁴⁹ *See* Yücel's BCD-QR and SQR.

⁵⁰ *See* Preliminary Analysis Memorandum for further details.

the net comparison market prices for the below cost test by subtracting from the gross unit price any applicable movement charges, direct and indirect selling expenses, and packing expenses.

3. Results of the COP Test

Pursuant to section 773(b)(2)(C)(i) of the Act, where less than 20 percent of sales of a given product are at prices less than the COP, we disregard none of the below-cost sales of that product because we determined that the below-cost sales were not made in substantial quantities. Where 20 percent or more of a respondent's home market sales of a given model are at prices less than the COP, we disregard the below-cost sales because (1) they were made within an extended period of time in substantial quantities in accordance with sections 773(b)(2)(B) and (C) of the Act and (2) based on our comparison of prices to the weighted average of the COPs, they were at prices which would not permit the recovery of all costs within a reasonable period of time in accordance with section 773(b)(2)(D) of the Act.

Our cost test for Yücel indicated that none of the home market sales were sold at prices below the COP. Thus, in accordance with section 773(b)(1) of the Act, we used all these above-cost home-market sales to determine NV.

D. Calculation of Normal Value Based on Comparison Market Prices

We based NV on the starting price to unaffiliated customers in the home market. Because the sale terms for all home market sales were "ex works," no adjustments to the starting price for movement expenses, pursuant to section 773(a)(6)(B)(ii) of the Act, were warranted. We made adjustments for differences in packing expenses in accordance with sections 773(a)(6)(B)(i) of the Act. We made adjustments for differences in circumstances of sale (for imputed credit expenses⁵¹) in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. Because we compared a reported U.S. sale with comparison market sales of identical merchandise, no adjustments for physical differences in the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411, were warranted.

VIII. CURRENCY CONVERSION

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

⁵¹ We re-calculated the reported credit expenses for the reported U.S. sale by revising the calculation of the POR-average Federal Reserve short-term borrowing rate. See Preliminary Analysis Memorandum for further details.

IX. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.



Agree



Disagree

6/5/2018

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