



A-489-826
Administrative Review
10/01/2018-09/30/2019
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February 17, 2021

MEMORANDUM TO: Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance

FROM: James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of
Antidumping Duty Administrative Review and Preliminary
Determination of No Shipments: Certain Hot-Rolled Steel Flat
Products from the Republic of Turkey; 2018-2019

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain hot-rolled steel flat products (hot-rolled steel) from the Republic of Turkey (Turkey), for the period of review (POR), October 1, 2018, through September 30, 2019. This review covers thirteen producers or exporters. We preliminarily find that the sole mandatory respondent, Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S. (Habas), made sales of the subject merchandise at prices below normal value (NV), and preliminarily assigned the dumping margin calculated for Habas to four companies not individually examined in this review. In addition, we preliminarily find that six exporters had no shipments during the POR. Finally, Commerce discontinued the reviews initiated for Colakoglu Metalurji, A.S., and Colakoglu Dis Ticaret A.S. (collectively, Colakoglu¹).²

¹ In the underlying investigation, Commerce collapsed Colakoglu Metalurji, A.S., Colakoglu Dis Ticaret A.S. (COTAS), and Medtrade Incorporated (Medtrade) (collectively, Colakoglu) into a single entity. See *Certain Hot-Rolled Steel Flat Products from the Republic of Turkey: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 15231, 15232 (March 22, 2016) and accompanying Preliminary Decision Memorandum (PDM) at 6 unchanged in *Certain Hot-Rolled Steel Flat Products from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 81 FR 53428 (August 12, 2016).

² See *Certain Hot-Rolled Steel Flat Products from Turkey: Notice of Court Decision Not in Harmony with the Amended Final Determination in the Less-Than-Fair-Value Investigation; Notice of Amended Final Determination, Amended Antidumping Duty Order, Notice of Revocation of Antidumping Duty Order in Part; and Discontinuation of the 2017-18 and 2018-19 Antidumping Duty Administrative Reviews, in Part*, 85 FR 29399 (May 15, 2020) (*Timken Notice*).



II. BACKGROUND

On October 3, 2016, Commerce published the AD order on hot-rolled steel from Turkey.³ On October 1, 2019, we published a notice of opportunity to request an administrative review of the *Order* pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act).⁴ On October 28, 2019, Colakoglu requested a review of its entries.⁵ On October 31, 2019, AK Steel Corporation, ArcelorMittal USA LLC (AMUSA), Nucor Corporation, SSAB Enterprises, LLC, Steel Dynamics, Inc., and United States Steel Corporation (collectively, the petitioners) requested a review of thirteen companies.⁶ Pursuant to those requests and in accordance with 19 CFR 351.221(c)(1)(i), on December 11, 2019, we initiated this review on thirteen companies.⁷

Between December 23, 2019 and January 2, 2020, six exporters timely filed no-shipment certifications: (1) Agir Haddecilik A.S. (Agir);⁸ (2) Eregli Demir ve Celik Fabrikalari T.A.S. and (3) Iskenderun Iron & Steel Works Ltd. (a/k/a/ Iskenderun Demir ve Celik A.S.) (collectively, Erdemir Group);⁹ (4) Gazi Metal Mamulleri Sanayi ve Ticaret A.S.(Gazi);¹⁰ (5) Seametal Sanayi ve Dis Ticaret Limited Sirketi (Seametal);¹¹ and (6) Tosyali Holding (Toscelik Profile and Sheet Ind. Co., Toscelik Profil ve Sac A.S.).¹² On January 27, 2020, we issued a no shipment inquiry to U.S. Customs and Border Protection (CBP).¹³ On January 28, 2020, CBP responded to the inquiry confirming that they found no evidence of shipments of hot-rolled steel from Turkey produced and/or exported by the aforementioned companies during the POR.¹⁴

³ See *Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, the Republic of Korea, the Netherlands, the Republic of Turkey, and the United Kingdom: Amended Final Affirmative Antidumping Determinations for Australia, the Republic of Korea, and the Republic of Turkey and Antidumping Duty Orders*, 81 FR 67962 (October 3, 2016) (*Order*).

⁴ See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 84 FR 52068 (October 1, 2019).

⁵ See Colakoglu's Letter, "Colakoglu's Request for Antidumping Duty Administrative Review," dated October 28, 2019.

⁶ See Petitioners' Letter, "Petitioners' Request for 2018/2019 Administrative Review," dated October 31, 2019. The thirteen companies are: (1) Agir Haddecilik A.S.; (2) Cag Celik Demir ve Celik; (3) Colakoglu Dis Ticaret AS; (4) Colakoglu Metalurji, AS; (5) Eregli Demir ve Celik Fabrikalari T.A.S.; (6) Gazi Metal Mamulleri Sanayi Ve Ticaret A.S.; (7) Habas Industrial and Medical Gases Production Industries Inc.; (8) Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi; (9) Iskenderun Iron & Steel Works Co.; (10) MMK Atakas Metalurji; (11) Ozkan Iron and Steel Ind.; (12) Seametal San ve Dis Tic; and (13) Tosyali Holding (Toscelik Profile and Sheet Ind. Co., Toscelik Profil ve Sac).

⁷ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 84 FR 67712 (December 11, 2019) (*Initiation Notice*).

⁸ See Agir's Letter, "Hot Rolled Steel Flat Products, A-489-826: Antidumping Duty Administrative Review (10/1/18 - 9/30/19)," dated January 2, 2020.

⁹ See Erdemir Group's Letter, "Erdemir No-Shipments Letter," dated December 23, 2019.

¹⁰ See Gazi's Letter, "Hot Rolled Steel Flat Products, A-489-826: Antidumping Duty Administrative Review (10/1/18 - 9/30/19)," dated January 2, 2020.

¹¹ See Seametal's Letter, "Hot Rolled Steel Flat Products, A-489-826: Antidumping Duty Administrative Review (10/1/18 - 9/30/19)," dated January 2, 2020.

¹² See Tosyali Holding's Letter, "Hot-Rolled Steel Flat Products from Turkey: Tosyali No-Shipments Letter," dated December 23, 2019.

¹³ See Customs Instructions Message No: 0027401, dated January 27, 2020 (No Shipment Inquiry).

¹⁴ See Memorandum, "No Shipment Inquiry with Respect to the Companies Below During the Period 10/01/2018 Through 09/30/2019," dated January 28, 2020 (CBP Response to No Shipment Inquiry).

We stated in the *Initiation Notice* that, in the event we limited the number of respondents, we intended to select respondents based on CBP data for entries of subject merchandise during the POR.¹⁵ On January 13, 2020, we released the CBP data.¹⁶ On January 21, 2020, AMUSA commented on the CBP data,¹⁷ to which Erdemir filed rebuttal comments on February 6, 2020.¹⁸

Commerce discontinued this review with respect to Colakoglu, based on the final judgment of the U.S. Court of International Trade (CIT) in the litigation associated with the underlying less-than-fair-value investigation.¹⁹ Consequently we selected Habas as the sole mandatory respondent,²⁰ and issued a standard questionnaire to Habas.²¹

On May 18, 2020, Habas requested guidance and for Commerce to change the reporting period for its home market sales and cost of production (COP).²² On May 20, 2020, Habas requested Commerce stay this review pending the Erdemir Group's request to the International Trade Commission that it reconsider its injury finding in light of Colakoglu's exclusion from the *Order*.²³ AMUSA commented on those requests on May 27, 2020.²⁴ On May 29, 2020, Habas alleged that there was high inflation in Turkey during the reporting period.²⁵ On June 9, 2020, we notified Habas that: (1) Commerce found no ground to stay the review; (2) the new reporting period for its cost and home market sales is May 1, 2018, through April 30, 2019; and (3) Habas should respond to the high inflation version of the Section D questionnaire.²⁶

Habas filed its section A response on June 29, 2020 (AQR), sections B and C responses on July 12, 2020 (BCQR), and section D response on July 20, 2020 (DQR).²⁷ AMUSA commented on those responses on September 30, 2020.²⁸ We issued supplemental questionnaires on November 30, and December 7, 2020,²⁹ and received supplemental responses on December 17, 2020 (DSQR) and on January 7, 2021 (ABCSQR).³⁰

¹⁵ See *Initiation Notice*.

¹⁶ See Memorandum, "Release of U.S. Customs Entry Data for Respondent Selection," dated January 13, 2020.

¹⁷ See AMUSA's Letter, "AMUSA's Comments on Respondent Selection," dated January 21, 2020.

¹⁸ See Erdemir's Letter, "Erdemir Rebuttal Comments on CBP Data," dated February 6, 2020.

¹⁹ See *Timken Notice*.

²⁰ See Memorandum, "Respondent Selection Memorandum for Administrative Review of Antidumping Duty Order on Certain Hot-Rolled Steel Flat Products from the Republic of Turkey; 2018-2019, dated May 15, 2020.

²¹ See Commerce's Letter, "Request for Information," dated May 15, 2020 (Initial Questionnaire).

²² See Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; Request for Guidance," dated May 18, 2020.

²³ See Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; Request for Stay," dated May 20, 2020.

²⁴ See AMUSA's Letter, "Administrative Review of Hot-Rolled Steel Flat Products from Turkey - AMUSA'S Comments on Upcoming Habas Questionnaire Responses," dated May 27, 2020.

²⁵ See Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; Notification," dated May 29, 2020.

²⁶ See Commerce' Letter, dated June 9, 2020.

²⁷ See Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; A QR," dated June 29, 2020 (AQR); see also Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; B-C QR," dated July 12, 2020 (BCQR), and Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; D QR," dated July 20, 2020 (DQR).

²⁸ See AMUSA's Letter, "Administrative Review of Hot-Rolled Steel Flat Products from Turkey - AMUSA's Comments on Habas' Section A, B, C and D Responses," dated September 30, 2020.

²⁹ See Commerce's Letter, "Hot-Rolled Steel Flat Products from Turkey - Section D Supplemental Questionnaire," dated November 30, 2020; see also Commerce's Letter, "Hot-Rolled Steel Flat Products from Turkey - Sections A-C Supplemental Questionnaire," dated December 7, 2020.

³⁰ See Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; D SQR," dated December 17, 2020 (DSQR); see also Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; AC SQR," dated January 7, 2021 (ABCSQR).

On April 24, 2020, Commerce tolled all deadlines in administrative reviews by 50 days.³¹ Subsequently, on July 21, 2020, Commerce tolled all deadlines in administrative reviews by an additional 60 days.³² On October 2, 2020, we postponed the preliminary results of this review until February 17, 2021.³³

III. SCOPE OF THE ORDER

The products covered by the order are certain hot-rolled, flat-rolled steel products, with or without patterns in relief, and whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement (“width”) of 12.7 mm or greater, regardless of thickness, and regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, etc.). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

- (1) where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above unless the resulting measurement makes the product covered by the existing antidumping³⁴ or countervailing duty³⁵ orders on Certain Cut-To-Length Carbon-Quality Steel Plate Products from the Republic of Korea (A-580-836; C-580-837), and
- (2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

Steel products included in the scope of the order are products in which: (1) iron predominates,

³¹ See Memorandum, “Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews in Response to Operational Adjustments Due to COVID-19,” dated April 24, 2020.

³² See Memorandum, “Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews,” dated July 21, 2020.

³³ See Memorandum, “Certain Hot-Rolled Steel Flat Products from the Republic of Turkey: Antidumping Duty Administrative Review; 2018-2019; Extension of Deadline for Preliminary Results,” dated October 2, 2020.

³⁴ See *Notice of Amendment of Final Determinations of Sales at Less Than Fair Value and Antidumping Duty Orders: Certain Cut-To-Length Carbon-Quality Steel Plate Products from France, India, Indonesia, Italy, Japan and the Republic of Korea*, 65 FR 6585 (February 10, 2000).

³⁵ See *Notice of Amended Final Determinations: Certain Cut-to-Length Carbon-Quality Steel Plate from India and the Republic of Korea; and Notice of Countervailing Duty Orders: Certain Cut-To-Length Carbon-Quality Steel Plate from France, India, Indonesia, Italy, and the Republic of Korea*, 65 FR 6587 (February 10, 2000).

by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium.

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, the substrate for motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes hot-rolled steel that has been further processed in a third country, including but not limited to pickling, oiling, levelling, annealing, tempering, temper rolling, skin passing, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the order if performed in the country of manufacture of the hot-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of the order unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of the order:

- Universal mill plates (*i.e.*, hot-rolled, flat-rolled products not in coils that have been rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, of a thickness not less than 4.0 mm, and

- without patterns in relief);
- Products that have been cold-rolled (cold-reduced) after hot-rolling;³⁶
- Ball bearing steels;³⁷
- Tool steels;³⁸ and
- Silico-manganese steels;³⁹

The products subject to the order are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings: 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7210.70.3000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590, 7225.11.0000, 7225.19.0000, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7225.99.0090, 7226.11.1000, 7226.11.9030, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.5000, 7226.91.7000, and 7226.91.8000.

The products subject to the order may also enter under the following HTSUS subheadings: 7210.90.9000, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7214.91.0015, 7214.91.0060, 7214.91.0090, 7214.99.0060, 7214.99.0075, 7214.99.0090, 7215.90.5000, 7226.99.0180, and 7228.60.6000.

The HTSUS subheadings above are provided for convenience and CBP purposes only. The written description of the scope of the order is dispositive.

IV. PRELIMINARY DETERMINATION OF NO SHIPMENTS

The Erdemir Group, Tosyali Holding, Gazi, Agir, and Seametal each certified that they had no exports, sales, or entries of subject merchandise during the POR. Consistent with our standard

³⁶ For purposes of this scope exclusion, rolling operations such as a skin pass, levelling, temper rolling or other minor rolling operations after the hot-rolling process for purposes of surface finish, flatness, shape control, or gauge control do not constitute cold-rolling sufficient to meet this exclusion.

³⁷ Ball bearing steels are defined as steels which contain, in addition to iron, each of the following elements by weight in the amount specified: (i) not less than 0.95 nor more than 1.13 percent of carbon; (ii) not less than 0.22 nor more than 0.48 percent of manganese; (iii) none, or not more than 0.03 percent of sulfur; (iv) none, or not more than 0.03 percent of phosphorus; (v) not less than 0.18 nor more than 0.37 percent of silicon; (vi) not less than 1.25 nor more than 1.65 percent of chromium; (vii) none, or not more than 0.28 percent of nickel; (viii) none, or not more than 0.38 percent of copper; and (ix) none, or not more than 0.09 percent of molybdenum.

³⁸ Tool steels are defined as steels which contain the following combinations of elements in the quantity by weight respectively indicated: (i) more than 1.2 percent carbon and more than 10.5 percent chromium; or (ii) not less than 0.3 percent carbon and 1.25 percent or more but less than 10.5 percent chromium; or (iii) not less than 0.85 percent carbon and 1 percent to 1.8 percent, inclusive, manganese; or (iv) 0.9 percent to 1.2 percent, inclusive, chromium and 0.9 percent to 1.4 percent, inclusive, molybdenum; or (v) not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or (vi) not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

³⁹ Silico-manganese steel is defined as steels containing by weight: (i) not more than 0.7 percent of carbon; (ii) 0.5 percent or more but not more than 1.9 percent of manganese, and (iii) 0.6 percent or more but not more than 2.3 percent of silicon.

practice,⁴⁰ we issued a “No Shipment Inquiry” to CBP and received no information that contradicted their claims.⁴¹ Thus, we preliminarily find that these companies had no shipments during the POR. Consistent with our practice, we will not rescind the review with respect to these companies, but rather, will complete the review with respect to these companies and issue appropriate liquidation instructions to CBP based on the final results of the review.⁴²

V. COMPANIES NOT SELECTED FOR INDIVIDUAL EXAMINATION

This review includes four companies that were not selected for individual examination and did not file a certification of no shipments: (1) Cag Celik Demir ve Celik; (2) Habas Industrial and Medical Gases Production Industries Inc.; (3) MMK Atakas Metalurji; (4) Ozkan Iron and Steel Ind. None of them: (1) were the subject of a withdrawal of request for review; (2) requested to participate as a voluntary respondent; or (3) submitted a claim of no shipments.

The statute and Commerce’s regulations do not address the establishment of a rate to be applied to companies not selected for individual examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to 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 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}.”

Using section 735(c)(5)(A) of the Act as guidance, we have preliminarily assigned to the companies not individually examined in this review a weighted-average dumping margin of 21.48, which is the weighted-average dumping margin calculated for Habas.

VI. PERIOD OF REVIEW

The POR is October 1, 2018, through September 30, 2019. The subject merchandise was sold via export price (EP) sales, produced from May to July 2018, and shipped by a single-vessel-load on August 2, 2018 from Turkey. Thus, all EP sales were made in the same month with a single date of sale. After arriving in the United States, the subject merchandise was stored in a bonded warehouse from which it entered for consumption during the POR. Based on the production month, we set the reporting period for cost and home market sales as May 1, 2018, through April 30, 2019, *i.e.*, the comparison period.

⁴⁰ See *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from the Republic of Turkey: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Determination of No Shipments; 2017-2018*, 84 FR 34863 (July 19, 2019), and accompanying PDM at 4.

⁴¹ See *No Shipment Inquiry and Response to No Shipment Inquiry*.

⁴² See *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003).

VII. DISCUSSION OF THE METHODOLOGY

A. Comparisons to Normal Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether Habas' sales of subject merchandise were made at less than NV, Commerce compared the EP to the NV as described in the "Export Price" and "Normal Value" sections of this memorandum.

1. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates a weighted-average dumping margin 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 a less-than-fair-value investigation, 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 an administrative review, 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 a less-than-fair-value investigation.⁴³

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.⁴⁴ 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 prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all U.S. sale prices by purchaser, region and time period

⁴³ 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 Memorandum (IDM) at Comment 1; see also *Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286, 1322 (CIT 2014), *aff'd*, 862 F.3d 1337 by the Court of Appeals for the Federal Circuit (CAFC) (CAFC 2017); and *JBF RAK LLC v. United States*, 790 F.3d 1358, 1363-65 (CAFC 2015) ("the fact that the statute is silent with regard to administrative reviews does not preclude Commerce from filling gaps in the statute to properly calculate and assign antidumping duties") (citations omitted).

⁴⁴ 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).

to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, states) 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 POR 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 Commerce uses in making comparisons between an 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.

2. Results of the Differential Pricing Analysis

For Habas, based on the results of the differential pricing analysis, Commerce preliminarily finds that zero percent of the value of U.S. sales pass the Cohen's *d* test, which does not confirm the existence of a pattern of prices that differ significantly among purchasers, regions or time periods. Thus, the results of the Cohen's *d* and ratio tests do not support consideration of an alternative to the average-to-average method. Accordingly, Commerce preliminarily determines to apply the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Habas.

B. Product Comparisons

In accordance with section 771(16) of the Act, we considered in-scope products produced and sold by Habas in Turkey during the reporting period to be foreign like products for purposes of determining NV for the subject merchandise. Pursuant to 19 CFR 351.414(f)(3), we compared Habas' U.S. sales to its home market sales of foreign like product made in the ordinary course of trade, where appropriate.

Habas reported that only prime merchandise was sold in the home market and U.S. market.⁴⁵ The U.S. sales are compared to home market sales of either identical or most similar foreign like products in terms of physical characteristics, in the following order of importance: painted, minimum specified carbon content, quality, minimum specified yield strength, nominal thickness, nominal width, form, pickled, and patterns in relief.⁴⁶

⁴⁵ See BCQR at 10.

⁴⁶ See Initial Questionnaire.

C. High Inflation

On May 29, 2020, because the subject merchandise was produced from May to July 2018 and shipped by a single-vessel-load on August 2, 2018, Habas proposed the comparison period to be January 1, 2018, through December 31, 2018, and reported that November and December 2018 had an annualized inflation rate (*i.e.*, rate of change in 12-month moving average) of at least 25 percent such that high inflation may be a factor in the dumping analysis for this review.⁴⁷ As described above in the Period of Review section, we defined a comparison period of May 1, 2018, through April 30, 2019 and directed Habas to report its home market sales and costs of production data for this comparison period.

Upon further investigation, we found that an inflation rate of at least 25 percent existed during the comparison period based on the Turkish producer price index.⁴⁸ Accordingly, we requested that Habas use the high inflation version of the Section D questionnaire to account for high inflation during the reporting period,⁴⁹ and Habas provided a timely response.⁵⁰ For these preliminary results, we have indexed Habas' monthly COP data and compared U.S. prices (either monthly weighted-average prices or transaction-specific prices) to monthly NVs for the same month as the U.S. sale. Further, U.S. prices are compared with a monthly average NV for the same month as the date of the U.S. sale. If Commerce determines that other changes are necessary to account for the high inflation found during the reporting period, it may issue a post-preliminary analysis to address these further changes.

D. Date of Sale

Section 351.401(i) of Commerce's regulations states that in identifying the date of sale of the subject merchandise or foreign like product, Commerce normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. However, Commerce may use a date other than the date of invoice if Commerce is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale. Furthermore, if the shipment date precedes the invoice date, then Commerce will use the shipment date as the date of sale.⁵¹

Habas sold the subject merchandise to an unaffiliated trading company in the United States who is the importer of record, and shipped the entire POR exports by a single-vessel-load on August 2, 2018, which is the commercial invoice date, bill of lading date, and the date of sale for all U.S. sales.⁵² Further, Habas reported the earlier of the invoice date or shipment date as the date of sale for its home market sales.⁵³ In accordance with our regulatory preference, for purposes of

⁴⁷ See Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; Notifications," dated May 29, 2020.

⁴⁸ See Commerce's Letter, dated June 9, 2020.

⁴⁹ *Id.*

⁵⁰ See DQR.

⁵¹ See *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 IDM at Comment 11; see also *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams from Germany*, 67 FR 35497 (May 20, 2002), and accompanying IDM at Comment 2.

⁵² See Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; Request for Guidance," dated May 18, 2020.

⁵³ See AQR at 13 and BCQR at 19 and 58.

these preliminary results we used Habas' reported date of sale for both home market and U.S. sales.

E. Export Price

Section 772(a) of the Act defines "export price" 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 the 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).

All of Habas' U.S. sales are EP sales as it sold the subject merchandise directly to an unaffiliated party in the United States.⁵⁴ Further, the term of delivery is CFR (Cost and Freight), under which Habas' customer, the importer of record was responsible for making entry and paying import duties and charges.⁵⁵ We calculated EP in accordance with section 772(a) of the Act because the subject merchandise was sold prior to importation by the exporter or producer outside the United States to unaffiliated purchasers in the United States. In accordance with section 772(c) of the Act, we made adjustments, where appropriate, for price adjustment (*i.e.*, duty drawback), Turkish movement expenses (*e.g.*, inland freight, brokerage and handling incurred in Turkey, loading, independent survey, and exporters association fee), international freight, credit expense, bank charge, indirect selling expense incurred in Turkey, and packing expense.

F. Duty Drawback

Habas claimed a duty drawback adjustment to U.S. price.⁵⁶

Section 772(c)(1)(B) of the Act states that EP shall be increased by "the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the export of the subject merchandise to the United States." In determining whether a respondent is entitled to the duty drawback, we look for a reasonable link between the duties imposed and those rebated or exempted. We do not require that the imported material be traced directly from importation through exportation. We traditionally use (and the CIT sustained)⁵⁷ the following two-pronged test: (1) the import duty paid and the rebate payment are directly linked to, and dependent upon, one another (or the exemption from import duties is linked to the exportation of subject merchandise); and (2) there were sufficient imports of the imported raw material to account for the drawback received upon the exportation of the subject merchandise.⁵⁸

⁵⁴ See BCQR at 55.

⁵⁵ See BCQR at 60 and Habas' Letter, "Hot-Rolled Steel Flat Products from Turkey; Request for Guidance," dated May 18, 2020 at 2.

⁵⁶ See BCQR at 73.

⁵⁷ See, *e.g.*, *Saha Thai Steel Pipe (Public) Co. v. United States*, 635 F. 3d 1335, 1340-41 (Fed Cir. 2011) (*Saha Thai*).

⁵⁸ See, *e.g.*, *Notice of Final Results of the Eleventh Administrative Review of the Antidumping Duty Order on Certain Corrosion Resistant Carbon Steel Flat Products from the Republic of Korea*, 71 FR 7513 (February 13, 2006), and accompanying IDM at Comment 2.

We preliminarily find that a duty drawback adjustment is warranted because the criteria described above are satisfied. In the Turkish Resolution Concerning Domestic Processing Regime (IPR),⁵⁹ Article 2 Scope,⁶⁰ Article 9 Evaluation of Applications and Issuance of Certificate/Authorization,⁶¹ and Article 20 Failure to Realize Exportation,⁶² collectively demonstrate that the import duty and its rebate or exemption are directly linked to, and dependent upon, one another. Further, the total quantity of inputs imported during the POR associated with closed IPCs is sufficient to account for the quantity of the subject merchandise.⁶³ Thus, we preliminarily found that Habas' duty drawback claim satisfied the two-pronged test.

Accordingly, Commerce will preliminarily make a duty drawback adjustment using the duty neutral approach.⁶⁴ Under this methodology, Commerce will make an upward adjustment to EP and CEP based on the amount of the duty imposed on the input and rebated or not collected upon the exportation of the subject merchandise by properly allocating the amount rebated or not collected to all production for the relevant period based on the cost of manufacture (TOTCOM) during the reporting period.⁶⁵ This ensures that the amount added to both sides of the comparison of EP or CEP with NV is equitable, *i.e.*, duty neutral, meeting the purpose of the adjustment as affirmed in *Saha Thai*.⁶⁶ Based on the facts of this review, Commerce finds that the import duty costs, based on the consumption of imported inputs during the reporting period, including imputed duty costs for imported inputs, properly accounts for the amount of duties imposed, as required by section 772(c)(1)(B) of the Act.

Commerce's current practice with regard to the IPR is to use only closed Inward Processing Authorization Certificates (IPCs) (*i.e.*, import certificates to which the company was no longer

⁵⁹ See BCQR at 74 and Exhibit C-13 IPR Regulation.

⁶⁰ See BCQR at Exhibit C-13 IPR, Article 2 Scope: "{t}his Resolution covers the regulation and enforcement of measures related to the defining, guiding and promotion of exportation of finished products with imported inputs used in their production as well as the sales and deliveries of the same considered as exportation."

⁶¹ See BCQR at Exhibit C-13 IPR, Article 9 Evaluation of Applications and Issuance of Certificate/Authorization: "Applications made to obtain a Domestic Processing Authorization Certificate/Authorization shall be evaluated on the basis of following criteria: a) If should be possible to determine that the imports were used in the manufacture of processed products, ..."

⁶² See BCQR at Exhibit C-13 IPR, Article 20 Failure to Realize Exportation: "Provided that the provisions of Article 15 of this Resolution are reserved, the taxes not collected for the goods which were imported under the Conditional Immunity System but whose exportation as processed products was not realized in accordance with the requirements of the Certificate/Authorization to outside the Turkish Customs Area or to the free zones within the term of validity of Certificate/Authorization (where they were not sold from the free zones to a another country within three (3) months following the expiry of the term of the Certificate/Authorization) shall be collected in accordance with the provisions of Article 22."

⁶³ See ABCSQR at 7 and Exhibit S2-14. We compared the total quantity of input imported with the total quantity of the subject merchandise.

⁶⁴ See, *e.g.*, *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 81 FR 47355 (July 21, 2016), and accompanying IDM at Comment 3.

⁶⁵ See, *e.g.*, *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Final Results of Antidumping Duty Administrative Review*, 71 FR 7513 (February 13, 2006), and accompanying IDM at Comment 2; *Certain Welded Carbon Steel Pipe and Tube from Turkey: Final Results of Antidumping Duty Administrative Review*, 70 FR 73447 (December 12, 2005), and accompanying IDM at Comment 7; and *Federal-Mogul Corp. v. United States*, 862 F. Supp. 384, 410 (CIT 1994).

⁶⁶ See *Saha Thai*, 635 F.3d at 1344.

permitted by the Government of Turkey to add import or export information) for purposes of calculating a duty drawback adjustment.⁶⁷ Therefore, we made duty drawback adjustments for exempted duties pertaining only to those IPCs for which Habas provided evidence demonstrating that the Government of Turkey has determined are closed.⁶⁸

G. Normal Value

1. Home Market Viability

In order 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 equal to or greater than five percent of the aggregate volume of U.S. sales), we normally compare the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with sections 773(a)(1)(A) and (B) of the Act. If we determine that no viable home market exists, we may, if appropriate, use a respondent's sales of the foreign like product to a third country market as the basis for comparison market sales in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404(b).

In the instant review, we determined that Habas' respective aggregate volume of home market sales of the foreign like product was greater than five percent of the aggregate volume of its U.S. sales of the subject merchandise. Therefore, we used home market sale prices as the basis for NV for Habas, in accordance with section 773(a)(1)(B) of the Act.

2. Home Market Sales Made in U.S. Dollars

The initial questionnaire instructs respondents to report the unit price as it appears on the invoice,⁶⁹ and to reconcile the reported sales to the total sales listed in their financial statements.⁷⁰ Habas reconciled its home market sale values in Turkish lira (TL) to its audited financial records.⁷¹ It stated that all accounting entries must be made in TL regardless of the transaction currency and in its accounting system sales are recorded in TL.⁷² Habas claimed that its home market sales were made in U.S. dollars and reported home market gross unit price in U.S. dollars.⁷³ Because the sales values in TL are the only sale values that can be directly tied to the audited financial records, we divided the home market sale values in TL (TALVAL2H) by sales quantity (QTYH) to derive a home market unit price denominated in TL.

⁶⁷ See *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 81 FR 47355 (July 21, 2016), and accompanying IDM at Comment 4.

⁶⁸ See BCQR at 74 and Exhibit C-14 IPC Documents and Exhibit C-15 IPC Online System Screenshots.

⁶⁹ See Initial Questionnaire at B-20.

⁷⁰ *Id.* at B-6.

⁷¹ See BCQR at 6 and Exhibit B-3.

⁷² *Id.* at 25.

⁷³ *Id.* at 24.

3. Affiliated Party Transactions and the Arm's-Length Test

Commerce may calculate NV based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the exporter or producer, *i.e.*, sales at arm's-length prices.⁷⁴

Habas reported home market sales to affiliated customers for consumption by the affiliated customers.⁷⁵ To test whether those sales to affiliated customers were made at arm's-length prices, we compared the prices of sales of comparable merchandise to affiliated and unaffiliated customers, net of all billing adjustments, discounts and rebates, movement charges, direct selling expenses, and packing expenses.

In accordance with 19 CFR 351.403(c) and our practice, when the prices charged to an affiliated party are, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for comparable merchandise, then we determine that sales to the affiliated party were made at arm's-length prices.⁷⁶ In our calculations of NV, we include sales to affiliated parties that were made at arm's-length prices and excluded sales that were not made at arm's-length prices. Finally, there were no downstream sales as Habas' sales to its affiliated customers were made not for resales but for consumption by the affiliated customers.

4. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, Commerce will calculate NV based on sale prices at the same level of trade (LOT) as the U.S. sale prices. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).⁷⁷

Substantial differences in selling activities are a necessary, but not a sufficient, condition for determining that there is a difference in the stages of marketing.⁷⁸ In order to determine whether the comparison market sales are at different stages in the marketing process than the U.S. sales, we examine the distribution system in each market (*i.e.*, the chain of distribution), including selling functions and class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying LOTs for EP and comparison market sales (*i.e.*, NV based on either home market or third country prices),⁷⁹ we consider the starting price (*i.e.*, gross unit prices less all discounts and rebates) before any adjustments. To determine whether comparison market sales are at a different level of trade than EP sales, we examine stages in the marketing process and selling functions along the chain of distribution

⁷⁴ See 19 CFR 351.403(c).

⁷⁵ See AQR at Exhibit A-1 and BCQR at 2.

⁷⁶ See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186 (November 15, 2002).

⁷⁷ See 19 CFR 351.412(c)(2).

⁷⁸ *Id.*; see also *Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administrative Review and Notice of Intent Not to Revoke Antidumping Duty Order in Part*, 75 FR 50999 (August 18, 2010), and accompanying IDM at Comment 7.

⁷⁹ See 19 CFR 351.412(c)(1).

between the producer and the unaffiliated customer.⁸⁰ If the comparison market sales are at a different level of trade and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and the comparison market sales at the level of trade of the export transaction, we make a level of trade adjustment under section 773(a)(7)(A) of the Act.

When Commerce is unable to match U.S. sales of subject merchandise to the foreign like product in the comparison market at the same LOT as the EP or CEP, Commerce may compare the U.S. sale to sales at a different LOT in the comparison market. In comparing EP or CEP sales at a different LOT in the comparison market, where available data make it possible, we make a LOT adjustment under section 773(a)(7)(A) of the Act.

Habas reported one channel of distribution for its home market sales and one channel of distribution for its U.S. sales.⁸¹ It did not claim a LOT adjustment.⁸² Consequently, we preliminarily determine that Habas' sales to the home market were made at the same LOT as its sales to the U.S. market and, consequently, no basis exists for a LOT adjustment.

H. Cost of Production Analysis

In accordance with section 773(b)(2)(A)(ii) of the Act, we requested cost information from Habas in this review to determine if there were reasonable grounds to believe or suspect that sales of foreign like product had been made at prices less than the COP of the product.⁸³

1. Cost Averaging Methodology

Commerce's normal practice is to calculate an annual weighted-average cost for the POR. However, we recognize that possible distortions may result if we use our normal annual-average cost method during a time of significant cost changes. In determining whether to deviate from our normal methodology of calculating an annual weighted-average cost, we evaluate the case specific record evidence by examining two primary criteria: (1) the change in the cost of manufacturing recognized by the respondent during the POR must be deemed significant; and (2) the record evidence must indicate that sales during the shorter cost-averaging periods could reasonably be linked with the COP or constructed value during the same shorter cost-averaging periods.⁸⁴

Habas reported that its subject merchandise was produced between May and July 2018 and thus, we set the cost reporting period as from May 1, 2018, through April 30, 2019.⁸⁵

⁸⁰ See 19 CFR 351.412(c)(2).

⁸¹ See BCQR at 19 and 57.

⁸² See AQR at 12.

⁸³ See Initial Questionnaire at Section D.

⁸⁴ See *Stainless Steel Sheet and Strip in Coils from Mexico: Final Results of Antidumping Duty Administrative Review*, 75 FR 6627 (February 10, 2010), and accompanying IDM at Comment 6; see also *Stainless-Steel Plate in Coils from Belgium: Final Results of Antidumping Duty Administrative Review*, 73 FR 75398 (December 11, 2008), and accompanying IDM at Comment 4.

⁸⁵ See Habas' Letter, "Request for Guidance," dated May 18, 2020; see also Habas' Letter, "Notifications," dated May 29, 2020; and Commerce's Letter, dated June 9, 2020.

2. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on materials and fabrication costs, plus general and administrative (G&A) expenses and financial expenses. In order to avoid the distortive effect of inflation on the comparison of NV and EP, we requested Habas to submit production costs on a monthly basis.⁸⁶

We calculated average materials and fabrication costs of the cost reporting period based on the reported monthly costs inflated to a common point in time, then aggregated for the POR, and then deflated that average cost back to each month during the reporting period to account for the high inflation.⁸⁷ To do this, we indexed the reported monthly costs during the cost reporting period to the final month of the reporting period using the Turkish Producer Price Index and calculated an average cost of manufacture (COM) for the reporting period. We then calculated the period-wide COP at that common point in time as the sum of COM, G&A expenses and financial expenses, and deflated the average COP based on the Turkish Producer Price Index to each month during the POR to obtain the monthly COP. In doing so, we relied on the COP data submitted by Habas.

As an additional result of the high inflation exhibited during the comparison period, Habas reported its monthly G&A and financial expenses. These monthly expenses were inflated to a common point in time, and then aggregated to calculate the indexed total amounts of G&A and financial expenses for the comparison period. These amounts were then aggregated over the indexed total COM costs for the comparison period to determine the G&A and financial expense rates, which were then used to calculate the period-wide COP described above.

3. COP Test of Home Market Sales

On a product-specific basis, pursuant to section 773(b) of the Act, we compared the adjusted weighted-average COPs to the home market prices of the foreign like product to determine whether the sales prices were below the COPs. For the purposes of this comparison, we used COPs exclusive of selling and packing expenses and used home market sale prices that were exclusive of any applicable billing adjustments, discounts and rebates, where applicable, movement charges, actual direct and indirect selling expenses and packing expenses.

4. Results of the COP Test

In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether: (1) within an extended period of time, such sales were made in substantial quantities; and (2) such sales were

⁸⁶ See Commerce's Letter, dated June 9, 2020.

⁸⁷ See *Light-Walled Rectangular Pipe and Tube From Turkey: Preliminary Results of Antidumping Duty Administrative Review, Partial Rescission, and Preliminary Determination of No Shipments; 2018-2019*, 85 FR 44861 (July 24, 2020), and accompanying PDM at 7; and *Circular Welded Carbon Steel Standard Pipe and Tube Products From Turkey: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Determination of No Shipments; 2018-2019*, 85 FR 44509 (July 23, 2020), and accompanying PDM at 9.

made at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade.

In accordance with sections 773(b)(2)(B) and (C) of the Act, where less than 20 percent of the respondent's comparison market sales of a given product are at prices less than the COP, we do not disregard any below-cost sales of that product because we determine that in such instances the below-cost sales were not made within an extended period of time and in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product are at prices less than the COP, we disregard the below-cost sales when: (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 COPs for the reporting period, 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.

We found that more than 20 percent of Habas' home market sales of certain products were at prices less than the COP and that such sales did not provide for the recovery of costs within a reasonable period of time. We therefore excluded these sales and used the remaining sales, if any, as the basis for determining NV, in accordance with section 773(b)(1) of the Act.

I. Calculation of Normal Value Based on Home Market Prices

For those comparison products for which there were sales at prices that were made in the ordinary course of trade, we based NV on home market prices. We calculated NV based on packed, delivered, or ex-works prices that Habas reported for home market sales to unaffiliated customers that we determined were made within the ordinary course of trade. We also included home market sales to affiliated parties that were made at arm's-length prices and in the ordinary course of trade.

We adjusted the starting price, where appropriate, for billing adjustments, discounts, rebates, and late payment fees in accordance with 19 CFR 351.401(c). We also made deductions from the starting price for movement expenses (*e.g.*, inland freight, port handling) in accordance with section 773(a)(6)(B)(ii) of the Act. We also made adjustments for differences in domestic and export packing expenses in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act.⁸⁸ In addition, we made adjustments for differences in circumstances of sale, where appropriate, by deducting direct selling expenses incurred for home market sales and adding U.S. direct selling expenses to NV (*e.g.*, credit expenses), in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410.

When comparing U.S. sales with home market sales of similar merchandise, we also made an adjustment for physical differences in merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411(b). We based this adjustment on the difference in the variable cost of manufacturing for the foreign like products and the subject merchandise.

⁸⁸ *Id.*

J. Calculation of Normal Value Based on Constructed Value

In accordance with section 773(e) of the Act, and where applicable, we will calculate constructed value based on the sum of Habas' material and fabrication costs, G&A, and financial expenses, as detailed above in the Calculation of COP section, selling expenses, profit and U.S. packing costs. In accordance with section 773(e)(2)(A) of the Act, we have based selling expenses and profit on the amounts incurred and realized by Habas in connection with the production and sale of the foreign like product at the same LOT as the U.S. sale, in the ordinary course of trade, for consumption in the home market.

We added an amount for export packing expenses. In addition, we made adjustments for differences in circumstances of sale, where appropriate, by deducting direct selling expenses incurred for home market sales and adding U.S. direct selling expenses to NV (e.g., credit expenses), in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. Based on the finding that high inflation existed during the reporting period May 1, 2018 through April 30, 2019, CV is based on monthly indexed period-wide COPs.

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 date of the U.S. sales as certified by the Federal Reserve Bank. The exchange rates are available on the Enforcement and Compliance web site at <http://enforcement.trade.gov/exchange/index.html>.

IX. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

☒

☐

Agree

Disagree

X 

Signed by: CHRISTIAN MARSH

Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance