



A-475-838
Administrative Review
POR: 06/01/2021 – 05/31/2022
Public Document
E&C/OV: EWH

June 30, 2023

MEMORANDUM TO: Lisa W. Wang
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 the
Administrative Review of the Antidumping Duty Order on Certain
Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from
Italy; 2021-2022

I. SUMMARY

The U.S. Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain cold-drawn mechanical tubing of carbon and alloy steel (cold-drawn mechanical tubing) from Italy for the period of review (POR) June 1, 2021, through May 31, 2022. The review covers one company, Dalmine S.p.A. (Dalmine). We preliminarily determine that Dalmine made sales of subject merchandise at prices below normal value (NV) during the POR.

II. BACKGROUND

On June 11, 2018, Commerce published in the *Federal Register* the AD order on cold-drawn mechanical tubing from Italy.¹ On June 3, 2022, Commerce published a notice of opportunity to request an administrative review of the *Order* for the POR.² Pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.213(b)(1), Commerce received timely

¹ See *Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from the People's Republic of China, the Federal Republic of Germany, India, Italy, the Republic of Korea, and Switzerland: Antidumping Duty Orders; and Amended Final Determinations of Sales at Less Than Fair Value for the People's Republic of China and Switzerland*, 83 FR 26962 (June 11, 2018) (*Order*).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review and Join Annual Inquiry Service List*, 87 FR 33706 (June 3, 2022).



requests to conduct an administrative review of the *Order* from the petitioners³ and Dalmine.⁴ On August 9, 2022, Commerce initiated this administrative review covering Dalmine.⁵ On August 18, 2022, we released U.S. Customs and Border Protection (CBP) data to all interested parties under an administrative protective order and requested comments regarding the data and respondent selection.⁶

On August 26, 2022, we issued the AD questionnaire to Dalmine.⁷ Between September 16, 2022, and April 14, 2023, Dalmine submitted timely responses to Commerce's initial questionnaire, as well as to certain of its supplemental sales and cost questionnaires.⁸ In May 2023, Commerce verified the U.S. sales data reported by Dalmine's U.S. affiliate, Tenaris Global Services USA (TGS USA).⁹

In June 2023, Dalmine submitted timely responses to an additional supplemental cost questionnaire, and the petitioners submitted comments which we have considered for these preliminary results.¹⁰

Pursuant to section 751(a)(3)(A) of the Act, Commerce extended the time limit for completing the preliminary results of review.¹¹ The current deadline is June 30, 2023.

³ The petitioners are PTC Alliance Corp., Webco Industries, Inc., and Zekelman Industries. See Petitioners' Letter, "Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from Italy – Domestic Industry's Request for Fourth Administrative Review of the Antidumping Duty Order," dated June 30, 2022.

⁴ See Dalmine's Letter, "Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from Italy: Request for Administrative Review for the Period June 1, 2021 - May 31, 2022," dated June 30, 2022.

⁵ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 87 FR 48459 (August 9, 2022) (*Initiation Notice*).

⁶ See Memorandum, "Release of U.S. Customs and Border Protection Data Query," dated August 18, 2022.

⁷ See Commerce's Letter, "Initial AD Questionnaire," dated August 26, 2022 (Initial Questionnaire).

⁸ See Dalmine's Letters, "Response to Section A of the Questionnaire," dated September 16, 2022 (Dalmine September 16, 2022 AQR); "Response to Section B of the Questionnaire," dated October 3, 2022 (Dalmine October 3, 2022 BQR); "Response to Section C of the Questionnaire," dated October 11, 2022 (Dalmine October 11, 2022 CQR); "Response to Section D of the Questionnaire," dated October 24, 2022; "Response to the Supplemental Section A and B Questionnaire," dated March 10, 2023; "Response to the Supplemental Section C Questionnaire," dated March 24, 2023; and "Response to Supplemental Section D Questionnaire," dated April 14, 2023.

⁹ See Memorandum, "Verification of the Questionnaire Response of Tenaris Global Services (U.S.A.) Corporation in the Administrative Review of Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from Italy," dated June 16, 2023. Commerce intends to verify Dalmine's home market and remaining U.S. sales data in July 2023.

¹⁰ See Dalmine's Letter, "Response to Second Supplemental Section D Questionnaire," dated June 15, 2023; see also Petitioners' Letter, "Petitioners' Comments in Advance of the Department's Preliminary Results," dated June 1, 2023.

¹¹ See Memorandum, "Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review, 2021-2022," dated February 2, 2023.

III. SCOPE OF THE *ORDER*

The products covered by the *Order* are cold-drawn mechanical tubing of carbon and alloy steel of circular cross-section, 304.8 mm or more in length, in actual outside diameters less than 331mm, and regardless of wall thickness, surface finish, end finish or industry specification. The subject cold-drawn mechanical tubing is a tubular product with a circular cross-sectional shape that has been cold-drawn or otherwise cold-finished after the initial tube formation in a manner that involves a change in the diameter or wall thickness of the tubing, or both. The subject cold-drawn mechanical tubing may be produced from either welded (*e.g.*, electric resistance welded, continuous welded, etc.) or seamless (*e.g.*, pierced, pilgered or extruded, etc.) carbon or alloy steel tubular products. It may also be heat treated after cold working. Such heat treatments may include, but are not limited to, annealing, normalizing, quenching and tempering, stress relieving or finish annealing. Typical cold-drawing methods for subject merchandise include, but are not limited to, drawing over mandrel, rod drawing, plug drawing, sink drawing and similar processes that involve reducing the outside diameter of the tubing with a die or similar device, whether or not controlling the inside diameter of the tubing with an internal support device such as a mandrel, rod, plug or similar device. Other cold-finishing operations that may be used to produce subject merchandise include cold-rolling and cold-sizing the tubing.

Subject cold-drawn mechanical tubing is typically certified to meet industry specifications for cold-drawn tubing including but not limited to:

- (1) American Society for Testing and Materials (ASTM) or American Society of Mechanical Engineers (ASME) specifications ASTM A-512, ASTM A-513 Type 3 (ASME SA513 Type 3), ASTM A-513 Type 4 (ASME SA513 Type 4), ASTM A-513 Type 5 (ASME SA513 Type 5), ASTM A-513 Type 6 (ASME SA513 Type 6), ASTM A-519 (cold-finished);
- (2) SAE International (Society of Automotive Engineers) specifications SAE J524, SAE J525, SAE J2833, SAE J2614, SAE J2467, SAE J2435, SAE J2613;
- (3) Aerospace Material Specification (AMS) AMS T-6736 (AMS 6736), AMS 6371, AMS 5050, AMS 5075, AMS 5062, AMS 6360, AMS 6361, AMS 6362, AMS 6371, AMS 6372, AMS 6374, AMS 6381, AMS 6415;
- (4) United States Military Standards (MIL) MIL-T-5066 and MIL-T-6736;
- (5) foreign standards equivalent to one of the previously listed ASTM, ASME, SAE, AMS or MIL specifications including but not limited to:
 - (a) German Institute for Standardization (DIN) specifications DIN 2391-2, DIN 2393-2, DIN 2394-2);
 - (b) European Standards (EN) EN 10305-1, EN 10305-2, EN 10305-4, EN 10305-6 and European national variations on those standards (*e.g.*, British Standard (BS EN), Irish Standard (IS EN) and German Standard (DIN EN) variations, etc.);

(c) Japanese Industrial Standard (JIS) JIS G 3441 and JIS G 3445; and

(6) proprietary standards that are based on one of the above-listed standards.

The subject cold-drawn mechanical tubing may also be dual or multiple certified to more than one standard. Pipe that is multiple certified as cold-drawn mechanical tubing and to other specifications not covered by this scope, is also covered by the scope of the *Order* when it meets the physical description set forth above.

Steel products included in the scope of the *Order* are products in which: (1) iron predominates, by weight, over each of the other contained elements; and (2) the carbon content is 2 percent or less by weight.

For purposes of this scope, the place of cold-drawing determines the country of origin of the subject merchandise. Subject merchandise that is subject to minor working in a third country that occurs after drawing in one of the subject countries including, but not limited to, heat treatment, cutting to length, straightening, nondestruction testing, deburring or chamfering, remains within the scope of the *Order*.

All products that meet the written physical description are within the scope of the *Order* unless specifically excluded or covered by the scope of an existing order. Merchandise that meets the physical description of cold-drawn mechanical tubing above is within the scope of the *Order* even if it is also dual or multiple certified to an otherwise excluded specification listed below. The following products are outside of, and/or specifically excluded from, the scope of the *Order*:

(1) cold-drawn stainless steel tubing, containing 10.5 percent or more of chromium by weight and not more than 1.2 percent of carbon by weight;

(2) products certified to one or more of the ASTM, ASME or American Petroleum Institute (API) specifications listed below:

- ASTM A-53;
- ASTM A-106;
- ASTM A-179 (ASME SA 179);
- ASTM A-192 (ASME SA 192);
- ASTM A-209 (ASME SA 209);
- ASTM A-210 (ASME SA 210);
- ASTM A-213 (ASME SA 213);
- ASTM A-334 (ASME SA 334);
- ASTM A-423 (ASME SA 423);
- ASTM A-498;
- ASTM A-496 (ASME SA 496);
- ASTM A-199;
- ASTM A-500;
- ASTM A-556;

- ASTM A-565;
- API 5L; and
- API 5CT

except that any cold-drawn tubing product certified to one of the above excluded specifications will not be excluded from the scope if it is also dual- or multiple-certified to any other specification that otherwise would fall within the scope of the *Order*.

The products subject to this *Order* are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, 7306.50.5030. Subject merchandise may also enter under numbers 7306.30.1000 and 7306.50.1000. The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the *Order* is dispositive.

IV. DISCUSSION OF THE METHODOLOGY

We are conducting this administrative review of the *Order* in accordance with section 751(a) of the Act and 19 CFR 351.213.

A. Comparisons to Normal Value

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

1. 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 EP or CEPs (the average-to-average method) unless Commerce determines that another method is appropriate in a particular situation. In less-than-fair-value (LTFV) 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 LTFV investigations.¹²

¹² 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 (CIT 2014).

In numerous investigations and administrative reviews, Commerce has applied a “differential pricing” analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation consistent with 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.¹³ Commerce finds that the differential pricing analysis is instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. Commerce will continue to evaluate its approach in this area based on comments received in this review and the application of the differential pricing analysis on a case-by-case basis, 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 purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, ZIP code) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the 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 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

¹³ See, e.g., *Xanthan Gum from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013); see also *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).

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.

2. Results of the Differential Pricing Analysis

For Dalmine, based on the results of the differential pricing analysis, Commerce preliminarily finds that 79.11 percent of the value of U.S. sales pass the Cohen's *d* test, and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the average-to-average method cannot account for such differences because the weighted-average dumping margin crosses the *de minimis* threshold when calculated using the average-to-average method and when calculated using an alternative comparison method based on applying the average-to-transaction method to

all U.S. sales. Thus, for these preliminary results, Commerce is applying the average-to-transaction method to all U.S. sales to calculate the weighted-average dumping margin for Dalmine.

B. Product Comparisons

For purposes of determining an appropriate product comparison to U.S. sales, in accordance with section 771(16)(A) of the Act, we considered all products produced and sold by Dalmine in Italy, as described in the “Scope of the *Order*” section, above, that were sold in the ordinary course of trade. In making the product comparisons, we matched foreign like products to the products sold in the United States based on their physical characteristics. In order of importance, these physical characteristics are: tube form, type, grade, outside diameter, wall thickness, heat treatment, plating, painting, length, and surface finish.

Pursuant to 19 CFR 351.414(f), we compared U.S. sales of cold-drawn mechanical tubing to home market sales of cold-drawn mechanical tubing within the contemporaneous window period, which extends from three months prior to the month of the first U.S. sale until two months after the month of the last U.S. sale. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, according to section 771(16)(B) of the Act, we compared U.S. sales of cold-drawn mechanical tubing to sales of the most similar foreign like product made in the ordinary course of trade. In making our comparisons, we computed monthly average NVs.

C. Treatment of Duties Under Section 232 of the Trade Expansion Act of 1962

In March 2018, the President exercised his authority under section 232 of the Trade Expansion Act of 1962, as amended,¹⁴ and issued *Proclamation 9705*¹⁵ that mandated, to address national security concerns, the imposition of a global tariff of 25 percent on imports of steel articles in order to reduce imports to a level that the Secretary assessed would enable domestic steel producers to use approximately 80 percent of existing domestic production capacity and thereby achieve long-term economic viability through increased production. In considering whether U.S. price should be adjusted for section 232 duties, we look to section 772 of the Act. In particular, section 772(c)(2)(A) of the Act directs Commerce to adjust EP and CEP for “the amount, if any, included in such price, attributable to any additional costs, charges, or expenses, and United States import duties” Therefore, we find that the analysis here depends on whether section 232 duties constitute “United States import duties,” and whether the duties are “included in such price.”

The Court of Appeals for the Federal Circuit (Federal Circuit) has previously considered whether certain types of duties constitute “United States import duties” for purposes of section 772(c)(2)(A) of the Act. In *Wheatland*, the Federal Circuit sustained Commerce’s determination not to adjust U.S. price in AD proceedings for section 201 safeguard duties under that statutory provision.¹⁶ Having acknowledged Commerce’s analysis of the legislative history to the

¹⁴ See 19 U.S.C. § 1862.

¹⁵ See *Proclamation 9705 of March 8, 2018*, 83 FR 11625, 11627 (March 15, 2018) (*Proclamation 9705*).

¹⁶ See *Wheatland Tube Co. v. United States*, 495 F.3d 1355, 1363 (Fed. Cir. 2007) (*Wheatland*).

Antidumping Act of 1921, which “referred to ‘United States import duties’ as normal customs duties and referred to {antidumping duties} as ‘special dumping duties’ and that ‘special dumping duties’ were distinguished and treated differently from normal customs duties,” the Federal Circuit in *Wheatland* agreed that “Congress did not intend all duties to be considered ‘United States import duties.’”¹⁷

The Federal Circuit then found reasonable Commerce’s analysis that section 201 duties were more akin to antidumping duties than “ordinary customs duties.”¹⁸ In comparing section 201 duties with antidumping duties, the Federal Circuit found that: (1) “{l}ike antidumping duties, {section} 201 duties are remedial duties that provide relief from the adverse effects of imports”; (2) “{n}ormal customs duties, in contrast, have no remedial purpose”; (3) “antidumping and {section} 201 duties, unlike normal customs duties, are imposed based upon almost identical findings that the domestic industry is being injured or threatened with injury due to the imported merchandise”; and (4) “{section} 201 duties are like antidumping duties . . . because they provide only temporary relief from the injurious effects of imports,” whereas normal customs duties “have no termination provision, and are permanent unless modified by Congress.”¹⁹ In sustaining Commerce’s decision regarding section 201 duties in *Wheatland*, the Federal Circuit also held that “{t}o assess both a safeguard duty and an antidumping duty on the same imports without regard to the safeguard duty, would be to remedy substantially overlapping injuries twice.”²⁰

Section 232 duties are not akin to antidumping duties or section 201 duties. *Proclamation 9705* states that it “is necessary and appropriate to adjust imports of steel articles so that such imports will not threaten to impair the national security”²¹ The text of section 232 of the Trade Expansion Act of 1962 also clearly concerns itself with “the effects on the national security of imports of the article.”²² The particular national security risk identified in *Proclamation 9705* is that the “industry will continue to decline, leaving the United States at risk of becoming reliant on foreign producers of steel to meet our national security needs—a situation that is fundamentally inconsistent with the safety and security of the American people.”²³ In other words, section 232 duties are focused on addressing national security prerogatives, separate and apart from any function performed by antidumping duties and 201 safeguard duties to remedy injury to a domestic industry.

¹⁷ *Id.*, 495 F.3d at 1361.

¹⁸ *Id.*, 495 F.3d at 1362.

¹⁹ *Id.*, 495 F.3d at 1362-63.

²⁰ *Id.*, 495 F.3d at 1365.

²¹ See *Proclamation 9705*, 83 FR at 11627; see also *Proclamation 9711 of March 22, 2018*, 83 FR 13361, 13363 (March 28, 2018) (*Proclamation 9711*) (“In proclaiming this tariff, I recognized that our Nation has important security relationships with some countries whose exports of steel articles to the United States weaken our internal economy and thereby threaten to impair the national security”); *Proclamation 9740 of April 30, 2018*, 83 FR 20683 (May 7, 2018) (*Proclamation 9740*); *Proclamation 9759 of May 31, 2018*, 83 FR 25857 (June 5, 2018) (*Proclamation 9759*); *Proclamation 9772 of August 10, 2018*, 83 FR 40429 (August 15, 2018) (*Proclamation 9772*); and *Proclamation 9777 of August 29, 2018*, 83 FR 45025 (September 4, 2018) (*Proclamation 9777*).

²² See section 232(b)(1)(A) of the Trade Expansion Act of 1962; see also section 232(a) of the Trade Expansion Act of 1962 (explaining that “{n}o action shall be taken . . . to decrease or eliminate the duty or other import restrictions on any article if the President determines that such reduction or elimination would threaten to impair the national security”).

²³ See *Proclamation 9705*, 83 FR at 11627.

Even more critical to this point is that the Presidential Proclamation states that section 232 duties are to be imposed in addition to other duties unless expressly provided for in the proclamations.²⁴ The Annex to *Proclamation 9740* refers to section 232 duties as “ordinary” customs duties, and it also states that “{a}ll anti-dumping or countervailing duties, or other duties and charges applicable to such goods shall continue to be imposed, except as may be expressly provided herein.” Notably, there is no express exception in the HTSUS revision in the Annex. In other words, section 232 duties are intended to be treated as any other duties for purposes of the trade remedy laws. Had the President intended that antidumping duties would be reduced by the amount of section 232 duties imposed, the Presidential Proclamation would have expressed that intent. For the reasons noted, Commerce has determined that section 232 duties should be treated as “United States import duties” for purposes of section 772(c)(2)(A) of the Act — and thereby as “U.S. Customs duties,” which are deducted from U.S. price.²⁵

Commerce’s treatment of section 232 duties as “United States import duties” and its interpretation of Proclamation 9705 was recently upheld by the Federal Circuit in *Borusan*.²⁶ In *Borusan* the Federal Circuit stated that “the only fair reading of Proclamation 9705 is that, when applied to an article covered by antidumping duties, the Proclamation 9705 and antidumping duties must together result in a full imposition of both duties.”²⁷

Dalmine reported paying section 232 duties on certain U.S. sales.²⁸ As indicated above, the second part of the analysis is whether the section 232 duties are “included in such price.” Here, there is record evidence to demonstrate that the section 232 duties were “included in such price” and, thus, should be deducted from the U.S. price as a “U.S. Customs duty.” Accordingly, for purposes of the preliminary results, we reduced Dalmine’s U.S. prices to account for section 232 duties, as U.S. customs import duties.

²⁴ *Id.*; see also *Proclamation 9711*, 83 FR at 13363; *Proclamation 9740*, 83 FR at 20685-87 (“All anti-dumping or countervailing duties, or other duties and charges applicable to such goods shall continue to be imposed, except as may be expressly provided herein”); *Proclamation 9759*, 83 FR at 25857; *Proclamation 9772*, 83 FR at 40430-31; and *Proclamation 9777*, 83 FR at 45025. The proclamations do not expressly provide that section 232 duties receive different treatment.

²⁵ See *Circular Welded Carbon Steel Standard Pipe and Tube Products from Turkey: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Determination of No Shipments; 2017-2018*, 84 FR 34345 (July 18, 2019), and accompanying Preliminary Decision Memorandum (PDM), at 11-13, unchanged in *Circular Welded Carbon Steel Standard Pipe and Tube Products from Turkey: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2017-2018*, 85 FR 3616 (January 22, 2020), and accompanying IDM, at Comment 3; and *Certain Hot-Rolled Steel Flat Products from Republic of Turkey: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Determination of No Shipments; 2017-2018*, 84 FR 68878 (December 17, 2019), and accompanying PDM, at 11-13, unchanged in *Certain Hot-Rolled Steel Flat Products from the Republic of Turkey: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2017-2018*, 85 FR 63098 (October 6, 2020).

²⁶ See *Borusan Mannesmann Boru Sanayi ve Ticaret A.S. v. United States*, 63 F.4th 25, 35 (Fed. Cir. 2023) (*Borusan*).

²⁷ *Id.*

²⁸ See Dalmine October 11, 2022 CQR at 56-57.

D. Date of Sale

Section 351.401(i) of Commerce’s regulations states that, “{i}n identifying the date of sale of the subject merchandise or foreign like product, the Secretary normally will use the date of invoice, as recorded in the exporter or producer’s records kept in the ordinary course of business.” The regulation provides further that 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.²⁹ Commerce has a long-standing practice of finding that, where shipment date precedes invoice date, shipment date better reflects the date on which the material terms of sale are established.³⁰

For both its home market and U.S. sales, Dalmine reported the earlier of shipment date or invoice date as the date of sale.³¹ Accordingly, we relied on Dalmine’s reported dates of sale in both the home and U.S. markets for these preliminary results.

E. Export Price and Constructed Export Price

Section 772(a) of the Act defines EP as “the price at which 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 section 772(c) of the Act. Section 772(b) of the Act defines CEP as “price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted under subsections (c) and (d).”

For certain sales made by Dalmine, we used EP methodology, in accordance with section 772(a) of the Act, because the subject merchandise was first sold by the producer or exporter outside of the United States directly to the first unaffiliated purchaser in the United States prior to importation, and CEP methodology was not otherwise warranted. For Dalmine’s remaining U.S. sales, we used CEP methodology, in accordance with section 772(b) of the Act, because the subject merchandise was sold in the United States by a U.S. seller affiliated with the producer or exporter.

²⁹ See 19 CFR 351.401(i); see also *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090 (CIT 2001) (quoting 19 CFR 351.401(i)).

³⁰ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand*, 69 FR 76918 (December 23, 2004), and accompanying IDM at Comment 10; and *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.

³¹ See Dalmine October 3, 2022 BQR at 32; see also Dalmine October 11, 2022 CQR at 30-31; and Memorandum “Preliminary Results Analysis Memorandum for Dalmine S.p.A.,” dated concurrently with this memorandum (Preliminary Calculation Memo).

1. EP

We calculated EP based on packed prices to unaffiliated purchasers in the United States. We made deductions from the starting price, where appropriate, for movement expenses, *i.e.*, foreign inland freight and foreign brokerage and handling, in accordance with section 772(c)(2)(A) of the Act. Where applicable, we offset movement expenses by the amount of movement-related revenues; we capped these revenues by the amount of the associated expenses incurred on the subject merchandise, in accordance with our practice.³²

2. CEP

We calculated CEP based on packed, delivered prices to unaffiliated purchasers in the United States. We made deductions from the starting price, where appropriate, for movement expenses, *i.e.*, foreign inland freight, foreign brokerage and handling, U.S. brokerage and handling, U.S. customs duties, international freight, marine insurance, warehousing, and U.S. inland freight, in accordance with section 772(c)(2)(A) of the Act. Where applicable, we offset movement expenses by the amount of movement-related revenues; we capped these revenues by the amount of the associated expenses incurred on the subject merchandise, in accordance with our practice.³³

In accordance with section 772(d)(1) of the Act, we calculated CEP by deducting selling expenses associated with economic activities occurring in the United States, which include direct selling expenses (*i.e.*, credit expenses) and indirect selling expenses (*i.e.*, U.S. inventory carrying costs and other indirect selling expenses).

Finally, we made an adjustment for profit allocated to CEP selling expenses, in accordance with section 772(d)(3) of the Act. In accordance with section 772(f) of the Act, we calculated the CEP profit rate using the expenses incurred by Dalmine and its U.S. affiliate, TGS USA, on their sales of subject merchandise in the United States and the profit associated with those sales.

F. 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), Commerce normally compares 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 Commerce determines that no viable home market exists, Commerce may, if appropriate, use a respondent's sales of the foreign like product to a third

³² See, e.g., *Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administrative Review*, 74 FR 40167 (August 11, 2009), and accompanying IDM at Comment 3; see also Dalmine October 11, 2022 CQR at 36-37.

³³ See Preliminary Calculation Memo.

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.

In this review, Commerce preliminarily determines that the aggregate volume of home market sales of the foreign like product for Dalmine was greater than five percent of the aggregate volume of its U.S. sales of the subject merchandise.³⁴ Therefore, Commerce used home market sales as the basis for NV for Dalmine, in accordance with section 773(a)(1)(B) of the Act.

2. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, Commerce will calculate NV based on sales at the same level of trade (LOT) as the U.S. sales. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).³⁵ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.³⁶ 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),³⁷ we consider the starting prices before any adjustments. For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.³⁸

When Commerce is unable to compare the NV based on the prices of the foreign like product in the comparison market with EP or CEP at the same LOT, Commerce may compare the U.S. sale prices to sale prices at a different LOT in the comparison market. In comparing EP or CEP to sale prices at a different LOT in the comparison market, where available data make it possible, we make an LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if the NV LOT is at a more advanced stage of distribution than the LOT of the CEP and there is no basis for determining whether the difference in LOTs between NV and CEP affects price comparability (*i.e.*, no LOT adjustment is possible), Commerce will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.³⁹

In this review, we obtained information from Dalmine regarding the marketing stages involved in making reported home market and U.S. sales, including a description of the selling activities

³⁴ See Dalmine September 16, 2022 AQR at 2.

³⁵ See 19 CFR 351.412(c)(2).

³⁶ *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) (*OJ from Brazil*), and accompanying IDM at Comment 7.

³⁷ Where NV is based on constructed value (CV), we determine the NV LOT based on the LOT of the sales from which we derive selling, general, and administrative expenses, and profit for CV, where possible. See 19 CFR 351.412(c)(1).

³⁸ See *Micron Tech., Inc. v. United States*, 243 F. 3d 1301, 1314-16 (Fed. Cir. 2001).

³⁹ See *OJ from Brazil* IDM at Comment 7.

performed for each channel of distribution.⁴⁰ Specifically, in our questionnaires to Dalmine, we requested that Dalmine “{r}eview documentation demonstrating that you performed each of these activities,” “{i}ndicate how often you performed each of the specific activities,” and show how the expenses associated with “sales made at different claimed levels of trade impact price comparability.”⁴¹ Based on the questionnaire responses provided by Dalmine, our LOT findings are summarized below.

In the home market, Dalmine reported that it made all of its sales through two channels of distribution, *i.e.*, to unaffiliated distributors and end users.⁴² Dalmine ranked its selling functions by level of intensity on a scale of zero to ten.⁴³ These selling activities⁴⁴ are grouped into five selling function categories: (1) provision of sales support; (2) provision of training services; (3) provision of technical support; (4) provision of logistical services; and (5) performance of sales-related administrative activities.⁴⁵ Based on those categories, we find that Dalmine performed the same selling functions for its home market sales through both reported home market channels, albeit in varying claimed degrees of intensity.⁴⁶

According to 19 CFR 351.412(c)(2), Commerce will determine that sales are made at different LOTs if they are made at different marketing stages (or their equivalent). Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stage of marketing.⁴⁷ Commerce considers both quantitative and qualitative evidence in its LOT analysis,⁴⁸ including the following: (1) how expenses assigned to POR sales made at different claimed LOT impact price comparability functions; (2) a demonstration of how indirect selling expenses vary by the different LOT claimed; and (3) an explanation of how the quantitative analysis provided by the respondent supports its claimed levels of intensity for the reported selling activities.⁴⁹

Notwithstanding that Dalmine reported two channels of distribution in the home market, we find that the differences in selling activities were not sufficient to warrant finding different LOTs in the home market. Although Dalmine provided a narrative response listing those selling functions which it performed in its home market, the documentation that it provided in support of the performance of these functions did not illustrate their relative intensities in either channel.⁵⁰ Dalmine’s examples included sales documents for its home market sales, none of which provided

⁴⁰ See Dalmine September 16, 2022 AQR at 15-19 and Exhibit A4; *see also* Dalmine March 10, 2023 at 6-12 and Exhibit Supp. A2.

⁴¹ See Initial Questionnaire.

⁴² See Dalmine September 16, 2022 AQR at 15-16.

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ See *OJ from Brazil* IDM at Comment 7.

⁴⁸ See, e.g., *Emulsion Styrene-Butadiene Rubber from Brazil: Final Results of Antidumping Duty Administrative Review; 2017-2018*, 85 FR 38847 (June 29, 2020), and accompanying IDM at Comment 1.

⁴⁹ See *Corrosion-Resistant Steel Products from the Republic of Korea: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2017-2018*, 85 FR 15114 (March 17, 2020), and accompanying IDM at Comment 4.

⁵⁰ See Dalmine September 16, 2022 AQR at Exhibit A-7; *see also* Dalmine October 3, 2022 BQR at Exhibit B-15; and Dalmine March 10, 2023 at 6-12 and Exhibit Supp. A2.

clarity as to the difference in the intensity or function performance for the provided sales activities.⁵¹ Further, although Dalmine claimed that it performed these selling functions at varying degrees of intensity in each channel, it provided no quantitative support to show that these differences resulted in corresponding price differences, or how its indirect selling expenses differed for each channel.⁵² Thus, we preliminarily find that Dalmine has not satisfied its burden of proof that Dalmine's home market sales during the POR were made at different LOTs, and, thus, we preliminarily find that there is one LOT in the home market.

With respect to the U.S. market, Dalmine made U.S. sales during the POR through the following five channels of distribution: (1) direct to the U.S. unaffiliated customer (EP sales); (2) to the U.S. customer via an affiliate in Romania, S.C. Silcotub S.A. (Silcotub), who cut the merchandise in Romania and then invoiced the U.S. customer for it (EP sales); (3) to the U.S. customer via TGS USA, including back-to-back sales to U.S. distributors and end users (CEP sales); (4) to the U.S. customer via the affiliated Tenaris Group Services Uruguay (TGS Uruguay) and TGS USA (CEP sales); and (5) to the U.S. customer via Silcotub, TGS Uruguay, and TGS USA (CEP sales).⁵³ Based on the above-referenced selling function categories, we preliminarily find that Dalmine performed selling functions related to each of the five categories for its U.S. sales. Within these channels of distribution, Dalmine reported the same or similar selling activities were performed at different levels of intensity.⁵⁴

Dalmine failed to provide support for its assertion that its selling activities are performed at different levels of activity for sales to the U.S. market. Dalmine did not differentiate the specific activities it performed for each sales activity category across the reported channels of distribution.⁵⁵ For example, for the provision of sales support category, Dalmine reported that it performed "sales forecasting to supply customers with {cold-drawn mechanical tubing}, strategic/economic planning related to sales and production of {cold-drawn mechanical tubing} for customers, advertising and sales promotion of Dalmine's {cold-drawn mechanical tubing} products by participating in workshops and conferences, sales/marketing support related to {cold-drawn mechanical tubing} and market research related to sales to existing and potential {cold-drawn mechanical tubing} customers and markets."⁵⁶ While Dalmine reported it performed this selling function at a lower level in one channel compared to the other channels, Dalmine provided no evidence to substantiate which selling activities it performed in each channel and how it considered the various selling activities when determining the intensity level reported.

⁵¹ *Id.*

⁵² See Dalmine September 16, 2022 AQR at 19 ("{The} expenses {provided in Dalmine's indirect selling expense calculations} should capture any differences between levels of trade that are not based on direct selling expenses") and Dalmine March 13, 2022 SQR at 7 (Dalmine's expenses for performing these activities for EP and CEP sales are provided in the indirect selling expenses in Exhibit B15 of Dalmine's Section B response"). However, Dalmine's home market indirect selling expenses in Exhibit B-15 of Dalmine October 3, 2022 BQR do not differentiate between the selling functions performed in the home market.

⁵³ See Dalmine September 16, 2022 AQR at 15-19 and Exhibit A4; see also Dalmine March 10, 2023 at 6-12 and Exhibit Supp. A2.

⁵⁴ *Id.*

⁵⁵ See Dalmine September 16, 2022 AQR at 17-18.

⁵⁶ *Id.*

Because Dalmine’s initial claim was insufficient, in our supplemental section A questionnaire (*i.e.*, the section related to general information about the company), we requested that Dalmine provide documentation demonstrating it had performed each selling activity during the POR, and to explain how that documentation supports its claim that such activity is relevant to the LOT analysis.⁵⁷ In response, Dalmine merely referred Commerce to its previously-submitted sales-related documentation, which it stated, “demonstrates the sales-related administrative activities performed by the affiliated companies in the various channels of distribution.”⁵⁸ Dalmine then stated that it would “submit sample documentation regarding the provision of logistical services, and it will submit the calculation of indirect selling expenses, which cover the provision of sales support, training services, and technical support” in response to sections B and C of the initial questionnaire (*i.e.*, the sections relating to home market and U.S. sales, respectively).⁵⁹ Despite Commerce’s explicit request, Dalmine did not explain how its sales-related documentation supported its claimed intensities for any of its channels of distribution. Furthermore, in its later responses, while Dalmine did provide an aggregate calculation of its indirect selling expenses,⁶⁰ it did not indicate to which selling activities these expenses related nor how the expenses justified its reported intensities of individual selling activities within specific distribution channels.

In light of these deficiencies, Commerce again requested that Dalmine document that it performed each claimed activity.⁶¹ However, in reply, Dalmine simply stated the “selling functions are captured in the indirect selling expenses reported for each company. Dalmine’s expenses for performing these activities for EP and CEP sales are provided in the indirect selling expenses in Exhibit B15 of Dalmine’s Section B response.”⁶² Commerce repeated its request final time, asking that Dalmine “{e}xplain how this documentation supports your claim that you performed each reported activity and discuss how the reported activity is relevant to the LOT analysis,”⁶³ with the same result (*i.e.*, Dalmine again referred to its already-submitted aggregate indirect selling expenses). Thus, despite multiple opportunities to support its claim, Dalmine failed to adequately describe its selling activities, differentiate them across each channel of distribution, or provide any documentation that supports its reported intensity levels. Accordingly, after analyzing the evidence on the record, we preliminarily find there is one LOT in the U.S. market.

Finally, we compared the U.S. LOT to the home market LOT and found that the selling functions performed for U.S. and home market customers do not differ significantly. While Dalmine claimed that it performed some selling functions at different levels of intensity in the home and U.S. markets,⁶⁴ we find that neither the qualitative nor the quantitative evidence Dalmine

⁵⁷ See Commerce’s Letter, “Supplemental Section A and B Questionnaire,” dated February 21, 2023 (Commerce Supplemental Questionnaire).

⁵⁸ See Dalmine September 16, 2022 AQR at 18.

⁵⁹ *Id.*

⁶⁰ See Dalmine October 3, 2022 BQR at Exhibit B-15.

⁶¹ See Commerce Supplemental Questionnaire.

⁶² See Dalmine March 10, 2023 SQR at 7.

⁶³ *Id.*

⁶⁴ *Id.*

provided to support this claim⁶⁵ was adequate to demonstrate that the home market LOT was at a different marketing stage than the U.S. LOT. Dalmine failed to demonstrate how: (1) each expense related to the intensity at which it reported it performed each associated selling function; or (2) the expenses compare between the home and U.S. markets. Accordingly, when we view the selling function categories in totality, including the supporting evidence, we do not find the differences in selling functions performed in the home and U.S. markets to be substantially different, such that Dalmine made these sales at different LOTs.

In summary, while Dalmine claimed that it made sales in the home and U.S. markets at different LOTs, as stated above, we preliminarily find the LOTs are the same in both markets. As a result, an LOT adjustment is not possible for Dalmine, pursuant to section 773(a)(7)(A) of the Act; and a CEP offset is not warranted pursuant to section 773(a)(7)(B) of the Act and 19 CFR 351.412(f).

3. Cost of Production

In accordance with section 773(b)(2)(A)(ii) of the Act, Commerce requested cost of production (COP) information from Dalmine. We examined Dalmine'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.

Calculation of COP

We calculated the COP for the respondent based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses and interest expenses, in accordance with section 773(b)(3) of the Act.

We relied on the COP data submitted by Dalmine except as follows:

- Dalmine purchased certain inputs from affiliated parties. We adjusted the reported costs for those inputs in accordance with section 773(f)(3) of the Act, *i.e.*, the “major input rule.”⁶⁶

Test of Comparison Market Prices

On a product-specific basis, pursuant to section 773(b) of the Act, we compared the adjusted weighted-average COP to the per-unit price of the home market sales of the foreign like product to determine whether these sales had been made at prices below the COP. In particular, in determining whether to disregard home market sales made at prices below the COP, we examined whether such sales were made within an extended period of time in substantial quantities and at prices which permitted the recovery of all costs within a reasonable period of time, in accordance with sections 773(b)(2)(B), (C), and (D) of the Act. For purposes of this comparison, we used COP exclusive of selling and packing expenses. The prices were net of

⁶⁵ See Dalmine October 3, 2022 BQR at Exhibit B-15; and Dalmine October 11, 2022 CQR at Exhibits C20 through C24.

⁶⁶ See Preliminary Calculation Memo.

billing adjustments, movement expenses, actual (*i.e.*, not imputed) selling expenses, and packing expenses, where appropriate.

Results of COP Test

Section 773(b)(1) of the Act provides that, where sales made at less than the COP “have been made within an extended period of time in substantial quantities” and “were not at prices which permit recovery of all costs within a reasonable period of time,” Commerce may disregard such sales when calculating NV. Pursuant to section 773(b)(2)(C)(i) of the Act, we did not disregard below-cost sales that were not made in “substantial quantities,” *i.e.*, where less than 20 percent of sales of a given product were made at prices less than the COP. We disregarded below-cost sales when they were made in substantial quantities, *i.e.*, where 20 percent or more of Dalmine’s sales of a given product were at prices less than the COP and where “the weighted average per unit price of the sales . . . is less than the weighted average per unit cost of production for such sales.”⁶⁷ Finally, based on our comparison of prices to the weighted-average COPs, we considered whether the prices would permit the recovery of all costs within a reasonable period of time.⁶⁸

4. Calculation of NV Based on Comparison Market Prices

We calculated NV based on delivered or ex-factory prices to unaffiliated customers. We made adjustments, where appropriate, from the starting price for billing adjustments, in accordance with 19 CFR 351.401(c). We also made deductions for movement expenses, including inland freight and warehousing expenses, under section 773(a)(6)(B)(ii) of the Act.

For comparisons to EP sales, we made adjustments under section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410 for differences in circumstances of sale. Specifically, we deducted direct selling expenses incurred for home market sales, *i.e.*, imputed credit expenses, and added U.S. direct selling expenses, *i.e.*, imputed credit expenses. For comparisons to CEP sales, we made deductions for home market imputed credit expenses, pursuant to section 773(a)(6)(C) of the Act.

For comparisons to both EP and CEP sales, we also deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(6)(A) and (B) of the Act.

When comparing U.S. sales with home market sales of similar merchandise, we also made adjustments for differences in costs attributable to differences in the physical characteristics of the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like product and the subject merchandise.⁶⁹

⁶⁷ See section 773(b)(2)(C)(ii) of the Act.

⁶⁸ See section 773(b)(2)(D) of the Act.

⁶⁹ See section 773(a)(6)(C)(ii) of the Act; *see also* 19 CFR 351.411.

V. CURRENCY CONVERSION

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

VI. RECOMMENDATION

Based on our analysis, we recommend adopting the above positions in these preliminary results. If this recommendation is accepted, we will publish the preliminary results of the review and the preliminary dumping margin in the *Federal Register*.

Agree

Disagree

6/30/2023

X



Signed by: LISA WANG

Lisa W. Wang
Assistant Secretary
for Enforcement and Compliance