

This determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: May 31, 2011.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import
Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-583-008]

Preliminary Results of Antidumping Duty Administrative Review: Circular Welded Carbon Steel Pipes and Tubes From Taiwan

AGENCY: Import Administration,
International Trade Administration,
Department of Commerce.

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on circular welded carbon steel pipes and tubes from Taiwan for the period of review (POR) of May 1, 2009, to April 30, 2010. We preliminarily determine that sales of subject merchandise by Yieh Phui Enterprise Co., Ltd. (Yieh Phui) have been made below normal value (NV). If these preliminary results are adopted in our final results, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on appropriate entries. Interested parties are invited to comment on these preliminary results. We will issue the final results no later than 120 days from the publication of this notice.

DATES: *Effective Date:* June 8, 2011.

FOR FURTHER INFORMATION CONTACT:
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0649, respectively.

SUPPLEMENTARY INFORMATION:

Background

On May 7, 1984, the Department published in the **Federal Register** an antidumping duty order on circular welded carbon steel pipes and tubes from Taiwan. *See Certain Circular Welded Carbon Steel Pipes and Tubes From Taiwan: Antidumping Duty Order*, 49 FR 19369 (May 7, 1984) (*Antidumping Duty Order*). On May 3, 2009, the Department issued a notice of opportunity to request an administrative

review of this order for the POR. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 75 FR 23236, 23237 (May 3, 2010). On June 1, 2010, a domestic producer, U.S. Steel Corporation (petitioner), requested an administrative review of Yieh Phui Enterprise Co., Ltd. (Yieh Phui) and Yieh Hsing Enterprise Co., Ltd. (Yieh Hsing). Yieh Phui requested an administrative review of itself on June 1, 2010. On June 30, 2010, the Department published the notice of initiation of this antidumping duty administrative review. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 75 FR 37759 (June 30, 2010). The Department issued its original questionnaire to Yieh Phui and Yieh Hsing on July 1, 2010.

On November 18, 2010, the Department published a notice rescinding the review with respect to Yieh Hsing, following petitioner's withdrawal of its request for an administrative review of that company. *See Circular Welded Carbon Steel Pipes and Tubes From Taiwan: Notice of Partial Rescission of Antidumping Duty Administrative Review*, 75 FR 70723 (November 18, 2010).

Yieh Phui submitted a response to Section A of the Department's questionnaire on July 29, 2010, and a response to Sections B, C, and D of the Department's questionnaire on August 23, 2010. In response to the Department's September 1, 2010, supplemental questionnaire pertaining to Yieh Phui's Section A response, Yieh Phui submitted a response on September 29, 2010. In response to the Department's September 13, 2010, supplemental questionnaire pertaining to Yieh Phui's Section D response, Yieh Phui submitted a response on October 15, 2010. In response to the Department's October 14, 2010, supplemental questionnaire covering Sections A-C, Yieh Phui submitted a response on November 9, 2010. In response to the Department's December 10, 2010, supplemental questionnaire covering Sections A-D, Yieh Phui submitted a response on January 7, 2011. In response to the Department's January 24, 2011 supplemental questionnaire, Yieh Phui submitted a response on February 14, 2011. On March 25, 2011, the petitioner submitted comments and recommendations for the Department to consider in reaching its preliminary results. On April 20, 2011, Yieh Phui provided a response to the petitioner's

March 25, 2011 comments and recommendations.

On January 20, 2011, the Department extended the deadline for completion of the preliminary results by 120 days, to May 31, 2011. *See Circular Welded Pipes and Tubes from Taiwan: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review*, 76 FR 3612 (January 20, 2011).

Scope of the Order

The merchandise covered by this order is certain circular welded carbon steel pipes and tubes from Taiwan, which are defined as: Welded carbon steel pipes and tubes, of circular cross section, with walls not thinner than 0.065 inch, and 0.375 inch or more but not over 4.5 inches in outside diameter, currently classified under Harmonized Tariff Schedule of the United States (HTSUS) item numbers 7306.30.5025, 7306.30.5032, 7306.30.5040, and 7306.30.5055. Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise subject to this order is dispositive.

Comparisons to Normal Value

To determine whether sales of certain circular welded carbon steel pipes and tubes to the United States were made at less than NV, we compared the export price (EP) to the NV, as described in the "Export Price" and "Normal Value" sections of this notice.

Pursuant to sections 773(a)(1)(B)(i) and 777A(d)(2) of the Act, for Yieh Phui, we compared the EPs of individual transactions, as applicable, to the weighted-average NV of the foreign like product in the appropriate corresponding calendar month where there were sales made in the ordinary course of trade, as discussed in the "Cost of Production Analysis" section below.

Export Price

For the price to the United States, we used export price (EP), as defined in section 772(a) of the Tariff Act of 1930, as amended (the Act). Section 772(a) of the Act defines EP as the price at which the subject merchandise is first sold before the date of importation by the producer or exporter 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 (*see discussion immediately below*). We calculated an EP for Yieh Phui's U.S. sales because they were made directly to the first unaffiliated purchaser in the United States prior to importation and

constructed export price (CEP) was not otherwise warranted based on the facts on the record.

For EP sales, we made deductions from the starting price (gross unit price), where appropriate, for movement expenses in accordance with section 772(c)(2) of the Act. Movement expenses included foreign inland freight (from plant to warehouse, and from plant to port of exportation), foreign warehousing expenses, foreign brokerage fees, foreign trade promotion fees, foreign harbor maintenance fees, and international freight (consisting of ocean freight, bill of lading documentation fees, and containerization fees).

Normal Value

A. Selection of Comparison Market

Section 773(a)(1) of the Act directs that NV be based on the price at which the foreign like product is sold in the home market, provided the merchandise is sold in sufficient quantities (or value, if quantity is inappropriate) and that there is not a particular market situation that prevents a proper comparison with sales to the United States. The statute contemplates that quantities (or value) will normally be considered insufficient if they are less than five percent of the aggregate quantity (or value) of sales of the subject merchandise to the United States. See section 773(a)(1) of the Act.

We found that Yieh Phui had a viable home market for circular welded carbon steel pipes and tubes because its home market sales, by quantity, exceeded the five percent threshold. See Yieh Phui's November 9, 2010, supplemental questionnaire response, at Exhibit 3.

Yieh Phui submitted home market sales data for purposes of the calculation of NV. In deriving NV, we made adjustments as detailed in the "Calculation of Normal Value Based on Comparison Market Prices" section below.

B. Arm's-Length Sales

The respondent reported sales of the foreign like product to affiliated customers, which, according to Yieh Phui, consumed the merchandise. To test whether these sales to affiliated customers were made at arm's length, where possible, we compared the prices of sales to affiliated and unaffiliated customers, net of all movement charges, direct selling expenses, and packing. Where the price to that affiliated party was, on average, within a range of 98 to 102 percent of the price of the same or comparable merchandise sold to the unaffiliated parties at the same level of trade, we determined that the sales

made to the affiliated party were at arm's length. See *Modification Concerning Affiliated Party Sales in the Comparison Market*, 67 FR 69186 (November 15, 2002). Yieh Phui's sales to affiliated parties that were determined not to be at arm's length were disregarded in the cost test and in the comparison to U.S. sales.

C. Cost of Production Analysis

Because we disregarded below-cost sales in the most recently completed segment of the proceeding, we had reasonable grounds to believe or suspect that home market sales of the foreign like product by the respondent were made at prices below the cost of production (COP) during the POR, in accordance with section 773(b)(2)(A)(ii) of the Act. Therefore, we required Yieh Phui to submit a response to Section D of the Department's Questionnaire.¹

1. Calculation of Cost of Production

In accordance with section 773(b)(3) of the Act, we calculated the weighted-average COP by model based on the sum of materials, fabrication, general and administrative (G&A), and interest expenses.² For more details, see "Analysis Memorandum for Yieh Phui Enterprise Co., Ltd. (Yieh Phui): Circular Welded Carbon Steel Pipes and Tubes from Taiwan (A-583-008), May 1, 2009–April 30, 2010" ("Yieh Phui Preliminary Analysis Memorandum"). Based on the review of record evidence, Yieh Phui did not appear to experience significant changes in cost of manufacturing during the POR. Therefore, we followed our normal

¹ We disregarded below-cost sales in the most recently completed segment of the proceeding as of the initiation of this administrative review (see *Circular Welded Carbon Steel Pipes and Tubes From Taiwan: Preliminary Results of Antidumping Duty Administrative Review*, 69 FR 31958, 31960 (June 8, 2004) (unchanged in final results, *Circular Welded Carbon Steel Pipes and Tubes From Taiwan: Final Results of Antidumping Duty Administrative Review*, 69 FR 58390 (September 30, 2004)). The respondent in the most recently completed segment of the proceeding as of the initiation of this administrative review was Yieh Hsing Enterprise Co., Ltd. However, the Department found Yieh Phui to be the successor-in-interest to Yieh Hsing Enterprise Co., Ltd. See *Certain Circular Welded Carbon Steel Pipes and Tubes from Taiwan: Final Results of Antidumping Duty Changed Circumstance Review*, 70 FR 71802 (November 30, 2005). Accordingly, we had reasonable grounds to believe or suspect that home market sales of the foreign like product by the respondent were made at prices below the COP during the POR. See section 773(b) of the Act.

² See "Cost of Production and Constructed Value Memorandum for the Preliminary Results: Yieh Phui Enterprise Co., Ltd.: Circular Welded Carbon Steel Pipes and Tubes from Taiwan (A-583-008), May 1, 2009–April 30, 2010" regarding Yieh Phui's reported COP.

methodology of calculating an annual weighted-average cost.

2. Test of Comparison Market Sales Prices

We compared the weighted-average COPs for the respondent to its home market sales prices of the foreign like product, as required under section 773(b) of the Act, to determine whether these sales had been made at prices below the COP within an extended period of time (*i.e.*, normally a period of one year) in substantial quantities and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. On a model-specific basis, we compared the COP to the home market prices, less any applicable movement charges, discounts, rebates, and direct and indirect selling expenses.

3. Results of the COP Test

We disregard below-cost sales where: (1) 20 Percent or more of the respondent's sales of a given product during the POR were made at prices below the COP in accordance with sections 773(b)(2)(B) and (C) of the Act; and (2) based on comparisons of price to weighted-average COPs for the POR, we determine that the below-cost sales of the product were at prices that would not permit recovery of all costs within a reasonable time period, in accordance with section 773(b)(2)(D) of the Act. We found Yieh Phui made sales below cost and we disregarded such sales where appropriate. See "Yieh Phui Preliminary Analysis Memorandum."

D. Calculation of Normal Value Based on Comparison-Market Prices

We determined NV for Yieh Phui as follows. We made deductions from the gross price to account for discounts and rebates. We deducted home market packing costs and added U.S. packing costs, in accordance with sections 773(a)(6)(A) and (B) of the Act. We also deducted home market movement expenses pursuant to section 773(a)(6)(B) of the Act. In addition, we made adjustments for differences in circumstances of sale (COS) pursuant to section 773(a)(6)(C)(iii) of the Act. Specifically, we made adjustments to normal value for comparison to Yieh Phui's EP transactions by deducting direct selling expenses incurred for home market sales (*i.e.*, credit expenses) and adding U.S. direct selling expenses (*i.e.*, credit expenses, bank charges, and cargo certification fees) and U.S. commissions. See section 773(a)(6)(C)(iii) of the Act, and 19 CFR 351.410(c). Where we compared Yieh Phui's U.S. sales to home market sales

of merchandise, we made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411.

E. Calculation of Normal Value Based on Constructed Value

Section 773(a)(4) of the Act provides that, where NV cannot be based on comparison-market sales, NV may be based on constructed value (CV). Accordingly, for those models of circular welded carbon steel pipes and tubes for which we could not determine the NV based on comparison-market sales, either because there were no sales of a comparable product or all sales of the comparison products failed the COP test, we based NV on CV.

Sections 773(e)(1) and (e)(2)(A) of the Act provide that CV shall be based on the sum of the cost of materials and fabrication for the imported merchandise plus amounts for selling, general and administrative expenses (SG&A), interest expenses, profit, and U.S. packing expenses. We calculated the cost of materials and fabrication based on the methodology described in the COP section of this notice. We based SG&A and profit on the actual amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the comparison market, in accordance with section 773(e)(2)(A) of the Act.

We made adjustments to CV for differences in COS in accordance with section 773(a)(8) of the Act and 19 CFR 351.410. We deducted direct selling expenses incurred for home market sales (*i.e.*, credit expenses). *See* section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(c). We added U.S. direct selling expenses (*i.e.*, credit expenses, bank charges, and cargo certification fees) and U.S. commissions to the NV.

F. Level of Trade/Constructed Export Price Offset

In accordance with section 773(a)(1)(B) of the Act, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the EP and CEP sales, to the extent practicable. When there are no sales at the same LOT, we compare U.S. sales to comparison market sales at a different LOT. When NV is based on CV, the NV LOT is that of the sales from which we derive SG&A expenses and profit.

Pursuant to 19 CFR 351.412(c)(2), to determine whether comparison market sales were at a different LOT, we examine stages in the marketing process and selling functions along the chain of

distribution between the producer and the unaffiliated (or arm's-length affiliated) customers. The Department identifies the LOT based on: The starting price or constructed value (for normal value); the starting price (for EP sales); and the starting price, as adjusted under section 772(d) of the Act (for CEP sales). If the comparison-market sales were at a different LOT and the differences affect price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we will make a LOT adjustment under section 773(a)(7)(A) of the Act.

Finally, if the NV LOT is more remote from the factory than the CEP LOT and there is no basis for determining whether the differences in LOT between NV and CEP affected price comparability, we will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.

Yieh Phui indicated there was a single level of trade for all sales in both markets, and petitioner has not claimed that multiple levels of trade existed for Yieh Phui. Yieh Phui provided information regarding channels of distribution and selling activities performed for different categories of customers. *See* Yieh Phui's July 29, 2010, Section A response, at pages 12–14 and Exhibit 8. Yieh Phui's chart of numerous specific selling functions indicates the selling functions performed for sales in both markets are virtually identical, with no significant variation across the broader categories of sales process/marketing support, freight and delivery, inventory and warehousing, and quality assurance/warranty services. For more details, *see* Yieh Phui Preliminary Analysis Memorandum. We have preliminarily determined there is one single level of trade for all sales in both the home market and the U.S. market and, therefore, that no basis exists for a level of trade adjustment.

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A of the Act, based on exchange rates in effect on the date of the U.S. sale, as provided by the Federal Reserve Bank.

Preliminary Results of Review

As a result of this review, we preliminarily determine the following weighted-average margin exists for the period May 1, 2009, through April 30, 2010:

Weighted-average	Producer/exporter margin (percentage)
Yieh Phui Enterprise Co., Ltd	11.47

Disclosure and Public Comment

In accordance with 19 CFR 351.224(b), the Department will disclose calculations performed within five days of publication of this notice. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication of these preliminary results. *See* 19 CFR 351.309(c)(ii). Rebuttal briefs and rebuttals to written comments must be limited to issues raised in case briefs or written comments, and may be filed no later than five days after submission of case briefs. *See* 19 CFR 351.309(d). Parties who submit arguments are requested to submit with the argument: (1) A statement of the issues; (2) a brief summary of the arguments; and (3) a table of authorities. Further, parties submitting written comments should provide the Department with an additional copy of the public version of any such comments on diskette. An interested party may request a hearing within 30 days of publication of these preliminary results. *See* 19 CFR 351.310(c). Any hearing, if requested, will be held two days after the date for submission of rebuttal briefs, or the first working day thereafter. The Department intends to issue the final results of this administrative review, which will include the results of its analysis of issues raised in any such comments, within 120 days of publication of these preliminary results, pursuant to section 751(a)(3) of the Act.

Assessment

Upon completion of the administrative review, pursuant to 19 CFR 351.212(b), the Department will calculate an assessment rate on all appropriate entries. The Department intends to issue appropriate appraisal instructions for the company subject to this review directly to CBP 15 days after the date of publication of the final results of this review.

Because Yieh Phui did not report the entered value of its sales, we will calculate importer-specific (or customer-specific) per-unit duty assessment rates by aggregating the total amount of antidumping duties calculated for the examined sales of each importer (or customer) and dividing each of these amounts by the respective quantities (by weight) associated with those sales. To determine whether the duty assessment rates are *de minimis*, in accordance with

the requirement set forth in 19 CFR 351.106(c)(2), we will calculate importer-specific (or customer-specific) *ad valorem* ratios based on estimated entered values.

We will instruct CBP to assess antidumping duties on all appropriate entries covered by this review for each importer (or customer) for which the importer-specific (or customer-specific) *ad valorem* ratio is above *de minimis* (i.e., at or above 0.50 percent). Pursuant to 19 CFR 351.106(c)(2), we will instruct CBP to liquidate without regard to antidumping duties any entries for which the importer-specific (or customer-specific) *ad valorem* ratio is *de minimis* (i.e., less than 0.50 percent).

The Department clarified its “automatic assessment” regulation on May 6, 2003. *See Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003) (*Assessment Policy Notice*). This clarification will apply to entries of subject merchandise during the POR produced by the company included in the final results where the reviewed companies did not know the merchandise it sold to the intermediary (e.g., a reseller, trading company, or exporter) was destined for the United States. In such instances, we will instruct CBP to liquidate unreviewed entries at the all-others rate if there was no rate calculated in this review for the intermediary involved in the transaction. *See id.*, 68 FR at 23954.

Cash Deposit Requirements

The following deposit rates will be effective upon publication of the final results of this administrative review for all shipments of circular welded carbon steel pipes and tubes from Taiwan entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for Yieh Phui will be the rate established in the final results of this review, except if a rate is less than 0.50 percent, and therefore *de minimis*, the cash deposit will be zero; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the less-than-fair-value (LTFV) investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash

deposit rate will be 9.70 percent, the all-others rate established in the LTFV investigation. *See Antidumping Duty Order*.

These cash deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary’s presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

These preliminary results of antidumping administrative review are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: May 31, 2011.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–977]

High Pressure Steel Cylinders from the People’s Republic of China: Initiation of Antidumping Duty Investigation

DATES: *Effective Date:* June 8, 2011.

FOR FURTHER INFORMATION CONTACT:

Timothy Lord, Emeka Chukwudebe, or Matthew Renkey, AD/CVD Operations, Office 9, (202) 482–7425, (202) 482–0219, or (202) 482–2312, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION: On May 11, 2011, the Department of Commerce (“Department”) received a petition concerning imports of high pressure steel cylinders (“steel cylinders”) from the People’s Republic of China (“PRC”) filed in proper form by Norris Cylinder Company¹ (“Petitioner”). *See* Petitions for the Imposition of Antidumping and

Countervailing Duties: High Pressure Steel Cylinders from the People’s Republic of China dated May 11, 2011, (“Petition”). On May 13, 2011, the Department issued a supplemental questionnaire requesting information and clarification of certain areas of the Petition. Petitioner timely filed additional information on May 20, 2011.²

Period of Investigation

The period of investigation (“POI”) is October 2010 through March 2011. *See* 19 CFR 351.204(b)(1).

In accordance with section 732(b) of the Tariff Act of 1930, as amended (“the Act”), Petitioner alleges that imports of steel cylinders from the PRC are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States. Also, consistent with section 732(b)(1) of the Act, the Petition is accompanied by information reasonably available to Petitioner supporting its allegations.

The Department finds that Petitioner filed the Petition on behalf of the domestic industry because Petitioner is an interested party, as defined in section 771(9)(C) of the Act, and has demonstrated sufficient industry support with respect to the antidumping duty investigation that Petitioner is requesting the Department to initiate (*see* “Determination of Industry Support for the Petition” section below).

Scope of Investigation

The products covered by the scope of this investigation are steel cylinders from the PRC. For a full description of the scope of the investigation, *see* “Scope of Investigation,” in Appendix I of this notice.

Comments on Scope of Investigation

During our review of the Petition, we discussed the scope with Petitioner to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. As a result, the “Scope of Investigation” language has been modified from the language in the Petition to reflect these clarifications. *See* Memo to the File from Meredith A.W. Rutherford regarding Petitions for the Imposition of Antidumping Duties and Countervailing Duties on High Pressure Steel Cylinders

¹ Norris Cylinder Company (“Norris”) identifies itself as the sole producer of the domestic like product based on its knowledge of the industry. *See* Volume II of the Petition, at Exhibit II–1.

² *See* Petitions for the Imposition of Antidumping Duties and Countervailing Duties on Imports of High Pressure Steel Cylinders from the People’s Republic of China (the PRC): Supplemental Questions, dated May 20, 2011 (“Supplement to the AD/CVD Petition”).