

“Department”) published its notice of preliminary determination of sales at less than fair value (“LTFV”) and affirmative preliminary determination of critical circumstances in the antidumping investigation of certain oil country tubular goods (“OCTG”) from the People’s Republic of China (“PRC”).<sup>1</sup> The period of investigation (“POI”) is October 1, 2008, through March 31, 2009. We invited interested parties to comment on our preliminary determination of sales LTFV and the post-preliminary memoranda. Based on our analysis of the comments received, we have made changes to our calculations for the mandatory respondents. We determine that OCTG from the PRC are being, or are likely to be, sold in the United States at LTFV as provided in section 735 of the Tariff Act of 1930, as amended (“the Act”). The estimated margins of sales at LTFV are shown in the “Final Determination Margins” section of this notice.

**FOR FURTHER INFORMATION CONTACT:** Paul Stolz or Eugene Degan, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4474 or (202) 482-0414, respectively.

**SUPPLEMENTARY INFORMATION:**

**Case History**

The Department published its Preliminary Determination on November 17, 2009. The Department subsequently issued a ministerial error allegation memorandum, in which it agreed to correct several ministerial errors.<sup>2</sup> On December 30, 2009, pursuant to the correction of ministerial errors, the Department published an amended preliminary determination.<sup>3</sup>

Between December 7, 2009, and December 18, 2009, the Department conducted verifications of Jiangsu Changbao Steel Tube Co., Ltd. and Jiangsu Changbao Precision Tube Co., Ltd. (collectively “Changbao”), and

Tianjin Pipe (Group) Corp. and Tianjin International Economic and Trading Corp. (collectively “TPCO”). See the “Verification” section below for additional information.

On February 22, 2010, TMK IPSCO, V&M Star L.P., V&M TCA, Wheatland Tube Corp., Evraz Rocky Mountain Steel, and the United States Steel Workers (collectively, “Petitioners”) filed a submission with the Department including an affidavit by a V&M Star L.P. official attesting that V&M Star L.P. obtained and tested certain OCTG produced and exported by Changbao with the corresponding mill test certificate allegedly issued by Changbao. On March 4, 2010, Changbao filed a submission which it asserted included all laboratory test reports for all of the relevant OCTG addressed in Petitioners’ February 22, 2010 submission, to all customers, in all markets for the period of July 2008, through April 2009. The Department determined to accept both of these submissions.<sup>4</sup>

On March 2, 2010, the Department issued a memorandum regarding the affiliations of TPCO in this investigation.<sup>5</sup> On March 2, 2010, the Department issued a memorandum addressing the targeted dumping allegation made by Petitioners in this investigation.<sup>6</sup> Additionally, on March 9, 2010, we released certain U.S. Customs and Border Protection (“CBP”) information regarding entry documentation for sales of OCTG made by Changbao.<sup>7</sup> On March 23, 2010, the Department released a Dunn & Bradstreet report related to the ownership of a TPCO affiliate and, on March 24, 2010, Petitioners also placed on the record a Dunn & Bradstreet report relating to the ownership of a TPCO affiliate. Also on March 25, 2010, Changbao submitted a document containing lab tests of its OCTG. We retained all of this information on the record.

We invited interested parties to comment on the *Preliminary Determination*, and the post-preliminary affiliation and Targeted

**DEPARTMENT OF COMMERCE**

**International Trade Administration**

[A-570-943]

**Certain Oil Country Tubular Goods from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, Affirmative Final Determination of Critical Circumstances and Final Determination of Targeted Dumping**

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

**DATES:** *Effective Date:* April 19, 2010.

**SUMMARY:** On November 17, 2009, the Department of Commerce (the

<sup>1</sup> See *Certain Oil Country Tubular Goods From the People’s Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination*, 74 FR 59117 (November 17, 2009) (“*Preliminary Determination*”).

<sup>2</sup> See Memorandum entitled “Ministerial Error Memorandum, Certain Oil Country Tubular Goods from the People’s Republic of China, Preliminary Determination of Sales at Less Than Fair Value,” dated December 3, 2009.

<sup>3</sup> See *Certain Oil Country Tubular Goods From the People’s Republic of China: Notice of Amended Preliminary Determination of Sales at Less Than Fair Value*, 74 FR 69065 (December 30, 2009) (“*Amended Preliminary Determination*”).

<sup>4</sup> See Memorandum regarding Resubmission of Comments on Surrogate Values by Jiangsu Changbao Steel Tube Co., Ltd. to the Department of Commerce, dated March 3, 2010.

<sup>5</sup> See Memorandum regarding OCTG from the PRC: Tianjin Pipe (Group) Co. Affiliations, dated March 2, 2010 (“TPCO Affiliation Memo”).

<sup>6</sup> See Memorandum regarding Certain Oil Country Tubular Goods from the People’s Republic of China: Targeted Dumping – Jiangsu Changbao Steel Tube Co., Ltd. and Jiangsu Changbao Precision Steel Tube Co., Ltd. and Tianjin Pipe (Group) Co., dated March 2, 2010 (“Targeted Dumping Memo”).

<sup>7</sup> See Memorandum regarding Certain Oil Country Tubular Goods from the People’s Republic of China: Release of Customs and Border Patrol Data, dated March 9, 2010 (“Changbao CBP information”).

Dumping Memo. Additionally, we invited interested parties to comment on, and submit new factual rebuttal information regarding, the Changbao CBP information. On March 9, 2010, multiple interested parties filed case briefs with respect to the *Preliminary Determination*, the TPCO Affiliation Memo and the Targeted Dumping Memo. On March 11, 2010, many of these same parties filed case briefs and new factual rebuttal information regarding the Changbao CBP information. These same parties filed rebuttal briefs on March 15, 2010. The Department held a public hearing on March 26, 2010.

### Tolling of Administrative Deadlines

As explained in the memorandum from the Deputy Assistant Secretary for Import Administration, the Department has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from February 5, through February 12, 2010. Thus, all deadlines in this segment of the proceeding have been extended by seven days. The revised deadline for this final determination is now April 8, 2010. See Memorandum to the Record from Ronald Lorentzen, DAS for Import Administration, regarding "Tolling of Administrative Deadlines As a Result of the Government Closure During the Recent Snowstorm," dated February 12, 2010.

### Verification

As provided in section 782(i) of the Act, we conducted verification of the information submitted by TPCO and Changbao for use in our final determination. See the Department's verification reports on the record of this investigation in the Central Records Unit ("CRU"), Room 1117 of the main Department building, with respect to these entities. We used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by respondents.

### Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the "Investigation of Certain Oil Country Tubular Goods from the People's Republic of China: Issues and Decision Memorandum," dated concurrently with this notice and which is hereby adopted by this notice ("Issues and Decision Memorandum"). A list of the issues which parties raised and to which we respond in the Issues and Decision Memorandum is attached to this notice

as Appendix I. The Issues and Decision Memorandum is a public document and is on file in the CRU, and is accessible on the Web at [ia.ita.doc.gov/frn](http://ia.ita.doc.gov/frn). The paper copy and electronic version of the memorandum are identical in content.

### Changes Since the Preliminary Determination

Based on our analysis of information on the record of this investigation, we have made the following changes:

#### Surrogate Financial Ratios

- For the final determination we have calculated surrogate financial ratios using the fiscal year 2008–2009 financial statements of three Indian pipe producers: Indian Seamless Metal Tubes Limited; Oil Country Tubular Ltd.; and Tata Steel Limited. See Issues and Decision Memorandum at Comment 13.
- We have made several corrections to the calculation of the surrogate financial ratios. See Final SV Memo.<sup>8</sup>

#### Company-Specific Changes Since the Preliminary Determination

##### TPCO

- For the final determination, we have calculated TPCO's inputs of iron ore pellets using its market economy purchase price for this factor. See Issues and Decision Memorandum at Comment 24.
- For the final determination, we have determined to value TPCO's billets with data from Indonesia HTS category 7207.20.100. See Issues and Decision Memorandum at Comment 20.
- For the final determination, we have applied partial adverse facts available ("AFA") for merchandise TPCO shipped to Company B, which the Department finds is an affiliate of TPCO. See Issues and Decision Memorandum at Comment 31.
- For the final determination, we have determined to omit transportation costs for TPCO's inputs of water. See Issues and Decision Memorandum at Comment 14.
- For the final determination, we have valued TPCO's inputs of natural gas using Gas Authority of India, Ltd. prices inflated to the POI. See Issues and Decision Memorandum at Comment 25.
- For the final determination, we have

valued microchromium and ferrochromium using Indian HTS subheadings 7202.4900 and 7202.4100, respectively. See Issues and Decision Memorandum at Comment 26.

- For the final determination, we have recalculated the surrogate value for iron ore powder by taking a simple average of two sets of financial statements from Indian pig iron producers, Kirloskar Ferrous Industries Limited and KIOCL Limited. See Issues and Decision Memorandum at Comment 27.
- For the final determination, we have valued oxygen and nitrogen based on surrogate values derived from the financial statements of Bhoruka Gas, Ltd. See Issues and Decision Memorandum at Comment 28.
- For the final determination, the Department separately valued domestic inland insurance for TPCO's U.S. sales. See Issues and Decision Memorandum at Comment 3.
- For the final determination, as partial AFA, we have valued TPCO's self-produced, as well as its purchased, compressed air. Because TPCO removed the consumption figures for the purchased compressed air from its factors of production ("FOP") database, we applied as the consumption rate the highest (originally) reported consumption rate for any product, and calculated cost based on the electricity consumption required to produce that highest consumption rate of compressed air. See Issues and Decision Memorandum at Comment 22.
- In the *Preliminary Determination* we valued truck freight for water in the calculation of normal value because TPCO reported truck freight for water in its FOP database. For the final determination, we have determined that TPCO did not incur truck freight for water and have not included a value for truck freight for water in the normal value calculation. See Issues and Decision Memorandum at Comment 14.
- For the final determination we have adjusted TPCO's reported U.S. gross price for sales tax incurred in the United States to ensure that the gross price value would reflect the actual invoice price because TPCO reported a value for gross price that reflected the invoice price plus U.S. sales tax. See Issues and Decision Memorandum at Comment 12.
- Based on verification findings, for the final determination we are valuing lump ore using a surrogate

<sup>8</sup> Memorandum from Sergio Balbontin, through Eugene Degnan regarding: Investigation of Certain Oil Country Tubular Goods from the People's Republic of China: Surrogate Values Memorandum for the Final Results, dated April 8, 2010 ("Final SV Memo")

- value. Lump ore was valued at the *Preliminary Determination* using market economy purchase prices.
- Based on verification findings, for the final determination, we are valuing pellets using market economy purchase prices. Pellets were valued at the *Preliminary Determination* using a surrogate value.
  - For the *Preliminary Determination*, World Trade Atlas (“WTA”) data was available for only the first five months of the POI, October 2008 through February 2009. Therefore, for surrogate values calculated for the *Preliminary Determination* using WTA data, we relied on data from only five months of the POI. For the final determination, WTA data covering the full POI is available. Therefore, for surrogate values calculated for the final determination derived from WTA data, we have relied on WTA data covering the full POI.

#### Changbao

- For the final determination, we are denying Changbao a separate rate and, accordingly, have assigned Changbao the PRC-wide entity rate of 99.14 percent. See Issues and Decision Memorandum at Comment 30, see also Memorandum from Eugene Degnan, through Wendy Frankel regarding: Application of Total Adverse Facts Available for Changbao Steel Tube Co. and Jiangsu Changbao Precision Steel Tube Co., Ltd. in the Antidumping Duty Investigation of Oil Country Tubular Goods from the People’s Republic of China, dated April 8, 2010 (“Changbao AFA Memo”).
- For the final determination, because Changbao is part of the PRC-wide entity, we have suspended liquidation of entries exported by Changbao, and determined that critical circumstances apply to Changbao’s U.S. sales.

#### Scope of Investigation

The merchandise covered by the investigation consists of certain OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (e.g., whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (“API”) or non-API specifications, whether finished (including limited service OCTG products) or unfinished

(including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of the investigation also covers OCTG coupling stock. Excluded from the scope of the investigation are casing or tubing containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.

The merchandise covered by the investigation is currently classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item numbers: 7304.29.10.10, 7304.29.10.20, 7304.29.10.30, 7304.29.10.40, 7304.29.10.50, 7304.29.10.60, 7304.29.10.80, 7304.29.20.10, 7304.29.20.20, 7304.29.20.30, 7304.29.20.40, 7304.29.20.50, 7304.29.20.60, 7304.29.20.80, 7304.29.31.10, 7304.29.31.20, 7304.29.31.30, 7304.29.31.40, 7304.29.31.50, 7304.29.31.60, 7304.29.31.80, 7304.29.41.10, 7304.29.41.20, 7304.29.41.30, 7304.29.41.40, 7304.29.41.50, 7304.29.41.60, 7304.29.41.80, 7304.29.50.15, 7304.29.50.30, 7304.29.50.45, 7304.29.50.60, 7304.29.50.75, 7304.29.61.15, 7304.29.61.30, 7304.29.61.45, 7304.29.61.60, 7304.29.61.75, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.29.10.30, 7306.29.10.90, 7306.29.20.00, 7306.29.31.00, 7306.29.41.00, 7306.29.60.10, 7306.29.60.50, 7306.29.81.10, and 7306.29.81.50.

The OCTG coupling stock covered by the investigation may also enter under the following HTSUS item numbers:

7304.39.00.24, 7304.39.00.28, 7304.39.00.32, 7304.39.00.36, 7304.39.00.40, 7304.39.00.44, 7304.39.00.48, 7304.39.00.52, 7304.39.00.56, 7304.39.00.62, 7304.39.00.68, 7304.39.00.72, 7304.39.00.76, 7304.39.00.80, 7304.59.60.00, , 7304.59.80.15, 7304.59.80.20, 7304.59.80.25, 7304.59.80.30, 7304.59.80.35, 7304.59.80.40, 7304.59.80.45, 7304.59.80.50, 7304.59.80.55, 7304.59.80.60, 7304.59.80.65, 7304.59.80.70, and 7304.59.80.80.

The HTSUS subheadings are provided for convenience and customs purposes only, the written description of the scope of the investigation is dispositive.

In accordance with the preamble to our regulations, we set aside a period of time for parties to raise issues regarding product coverage and encouraged all parties to submit comments within 20 calendar days of publication of the

*Initiation Notice*.<sup>9</sup> We received no comments from interested parties on issues related to the scope.

#### Targeted Dumping

We have analyzed the case and rebuttal briefs with respect to targeted dumping issues submitted for the record in this investigation. As a result of our analysis, the Department finds that TPCO engaged in targeted dumping. We determine that the standard average-to-average comparison methodology does not account for the identified pattern of price differences. Accordingly, we have applied the alternative average-to-transaction to all sales to calculate the dumping margin for TPCO. For further discussion, see Issues and Decision Memorandum at Comment 2.

#### Shorter Cost-Averaging Periods

On May 22, 2009, Petitioners alleged that OCTG prices, and the cost of raw material inputs used to produce subject merchandise, decreased dramatically during the POI.<sup>10</sup> Petitioners claimed that in similar instances in other proceedings, the Department has used shorter cost-averaging periods when calculating normal value (i.e., the Department calculated cost of production or constructed values on a quarterly basis for comparison to sales prices, rather than using a POI or period of review (“POR”) average).<sup>11</sup> Accordingly, Petitioners requested that the Department require respondents to report their material input usage rates on a monthly basis for both the POI and the six months preceding the POI, and that the Department calculate normal value using monthly consumption periods and monthly surrogate values rather than a POI-average of inputs and surrogate values.

The Department stated in the *Preliminary Determination* that the Department has not considered using shorter cost-averaging periods in non

<sup>9</sup> See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296 27323 (May 19, 1997); see also *Oil Country Tubular Goods From the People’s Republic of China: Initiation of Antidumping Duty Investigations*, 72 FR 20671, 20672 (May 5, 2009) (“*Initiation Notice*”).

<sup>10</sup> See Petitioners’ Letter to the Department: Certain Oil Country Tubular Goods from the People’s Republic of China: Request that the Department Collect Additional Data from the Respondents (May 22, 2009)

<sup>11</sup> See 19 CFR 351.414(d)(3): Time period over which weighted average is calculated. When applying the average-to-average method, the Secretary normally will calculate weighted averages for the entire period of investigation or review, as the case may be. However, when normal values, export prices, or constructed export prices differ significantly over the course of the period of investigation or review, the Secretary may calculate weighted averages for such shorter period as the Secretary deems appropriate.

market–economy (“NME”) cases, but only in market–economy (“ME”) cases where we determine that actual production costs changed significantly during the POI/POR, and where there was evidence of a linkage between the actual cost changes and the sales prices in a given POI/POR.<sup>12</sup> We further stated that in an NME context, except in limited circumstances when inputs are purchased from ME suppliers, the Department calculates normal value using surrogate values in lieu of actual input costs and, thus, because the use of the shorter cost–averaging periods would not more accurately reflect experience of the respondent operating in the NME during the period under examination, we would continue to base costs on POI–average surrogate values rather than the shorter cost–averaging periods for the *Preliminary Determination*.

We further stated that it is not clear how the shorter cost–averaging period methodology employed in ME cases can fit methodologically or analytically in an NME context, and we invited parties to comment on these issues and on what facts would warrant the use of shorter cost–averaging periods in this case for the final determination.

Both in a January 22, 2010, submission, and in their case briefs, Petitioners argue that the Department should use shorter cost–averaging periods to calculate the margin for Changbao. Petitioners argue that both the significance aspect and the linkage aspect of the Department’s analysis regarding the use of shorter cost–averaging periods are met in regards to Changbao. Petitioners did not, however, address the Department’s concerns, expressed in the *Preliminary Determination*, regarding how the shorter cost–averaging period methodology can appropriately be applied in the context of an NME case. Neither the January 22, 2010 submission nor the case briefs argued for the use of shorter cost–averaging periods to calculate the margin for TPCO. Accordingly, because the Petitioners’ only argue that the Department should apply the shorter cost–averaging methodology to Changbao, and we have determined that Changbao is not entitled to a separate rate in the investigation, we do not address the issue of the use of shorter cost–averaging periods in this investigation.

<sup>12</sup> See, e.g., *Stainless Steel Plate in Coils From Belgium: Final Results of Antidumping Duty Administrative Review*, 73 FR 75398 (December 11, 2008) and accompanying Issues and Decision Memorandum at Comment 4.

### Surrogate Country

In the *Preliminary Determination*, we stated that we had selected India as the appropriate surrogate country to use in this investigation for the following reasons: (1) it is a significant producer of comparable merchandise; (2) it is at a similar level of economic development comparable to that of the PRC; and (3) we have reliable data from India that we can use to value the factors of production. See *Preliminary Determination*. For the final determination, we received no comments and made no changes to our findings with respect to the selection of a surrogate country.

### Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department’s policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588 (May 6, 1991), as amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People’s Republic of China*, 59 FR 22585 (May 2, 1994), and 19 CFR 351.107(d). In the *Preliminary Determination*, we found that Changbao, TPCO and 37 separate rate–applicants demonstrated their eligibility for separate–rate status (collectively, “Separate–Rate Recipients”). For the final determination, we continue to find that the evidence placed on the record of this investigation by TPCO and the remaining Separate Rate Recipients demonstrate both a *de jure* and *de facto* absence of government control, with respect to their respective exports of the merchandise under investigation and, thus, are eligible for separate rate status.

### Use of Facts Available

Section 776(a)(2) of the Act, provides that, if an interested party: (A) withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested subject to sections 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding under the antidumping statute; or (D) provides such information but the information

cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Section 782(c)(1) of the Act provides that if an interested party “promptly after receiving a request from {the Department} for information, notifies {the Department} that such party is unable to submit the information requested in the requested form and manner, together with a full explanation and suggested alternative forms in which such party is able to submit the information,” the Department may modify the requirements to avoid imposing an unreasonable burden on that party.

Section 782(d) of the Act provides that, if the Department determines that a response to a request for information does not comply with the request, the Department will inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person the opportunity to remedy or explain the deficiency. If that person submits further information that continues to be unsatisfactory, or this information is not submitted within the applicable time limits, the Department may, subject to section 782(e), disregard all or part of the original and subsequent responses, as appropriate.

Section 782(e) of the Act states that the Department shall not decline to consider information deemed “deficient” under section 782(d) if: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

Furthermore, section 776(b) of the Act states that if the Department “finds that an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information from the administering authority or the Commission, the administering authority or the Commission ..., in reaching the applicable determination under this title, may use an inference that is adverse to the interests of that party in selecting from among the facts otherwise available.”<sup>13</sup>

For this final determination, in accordance with sections 773(c)(3)(A)

<sup>13</sup> See also *Statement of Administrative Action (“SAA”) accompanying the Uruguay Round Agreements Act (URAA)*, H.R. Rep. No. 103-316, Vol. 1 at 870 (1994).

and (B) of the Act and sections 776(a)(2)(A), (B) and (D) and 776(b) of the Act, we have determined that the use of AFA is warranted for Changbao and the PRC wide entity as discussed below.

#### Changbao

The Department has determined that the information to construct an accurate and otherwise reliable margin is not available on the record with respect to Changbao because Changbao withheld information that had been requested, significantly impeding this proceeding, and provided information that could not be verified, pursuant to sections 776(a)(1) and (2)(A), (C) and (D) of the Act.<sup>14</sup> As a result, the Department has determined to apply the facts otherwise available. Further, because the Department finds that Changbao failed to cooperate to the best of its ability, pursuant to section 776(b) of the Act, the Department has determined to use an adverse inference when applying facts available in this review. In addition, we have concluded that the nature of Changbao's unreliable submissions calls into question the reliability of the questionnaire responses in their entirety as submitted by Changbao in this investigation, including Changbao's claim of eligibility for separate rate status. Thus, we find that Changbao is part of the PRC-wide entity for purposes of this investigation.<sup>15</sup>

#### The PRC Entity (including Changbao)

Because we begin with the presumption that all companies within an NME country are subject to government control and because only the companies listed under the "Final Determination Margins" section below have overcome that presumption, we are applying a single antidumping rate - the PRC-wide rate - to all other exporters of subject merchandise from the PRC, including Changbao.<sup>16</sup> The PRC-wide rate applies to all entries of subject merchandise except for entries from the respondents identified as receiving a separate rate in the "Final Determination Margins" section below.

In the *Preliminary Determination*, the Department found that the PRC-wide entity did not respond to our requests for information because record evidence indicates there were more exporters of OCTG from the PRC during the POI than those that responded to the Quantity &

Value questionnaire or the full antidumping questionnaire. Therefore, in the *Preliminary Determination* we treated these PRC producers/exporters as part of the PRC-wide entity because they did not demonstrate that they operate free of government control over their export activities. No additional information was placed on the record with respect to these entities after the *Preliminary Determination*. In addition, because the PRC-wide entity has not provided the Department with the requested information; pursuant to section 776(a)(2)(A) and (C) of the Act, the Department continues to find that the use of facts available is appropriate to determine the PRC-wide rate. Section 776(b) of the Act provides that, in selecting from among the facts otherwise available, the Department may employ an adverse inference if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation*, 65 FR 5510, 5518 (February 4, 2000). See also, SAA at 870. We have determined that, because the PRC-wide entity did not respond to our request for information, it has failed to cooperate to the best of its ability. Therefore, the Department finds that, in selecting from among the facts otherwise available, an adverse inference is warranted. As AFA, the Department is applying the rate alleged in the Petition as adjusted by the Department for the initiation.

#### Partial AFA to TPCO

The Department has also determined that necessary information regarding the downstream sales of TPCO's affiliate, Company B, is not on the record. Further, TPCO failed to report information that had been requested and significantly impeded this proceeding, pursuant to sections 776(a)(1) and (2)(A), and (C) of the of Act, by not reporting certain downstream sales of its affiliate, as requested by the Department.<sup>17</sup> As a result, the Department has determined to apply the facts otherwise available for the unreported downstream sales. Further, because the Department finds that TPCO failed to cooperate to the best of its ability, pursuant to section 776(b) of the Act, the Department has determined to use an adverse inference when applying facts available in this review.<sup>18</sup> As partial AFA, the Department is applying

to the unreported sales the rate alleged in the Petition as adjusted by the Department for the initiation.<sup>19</sup>

#### Corroboration

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation as facts available, it must, to the extent practicable, corroborate that information from independent sources reasonably at its disposal. Secondary information is described in the SAA as "information derived from the petition that gave rise to the investigation or review, the final determination concerning subject merchandise, or any previous review under section 751 concerning the subject merchandise."<sup>20</sup> The SAA provides that to "corroborate" means simply that the Department will satisfy itself that the secondary information to be used has probative value.<sup>21</sup> The SAA also states that independent sources used to corroborate may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation.<sup>22</sup> To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used.<sup>23</sup>

As total AFA the Department preliminarily selected the rate of 99.14 from the Petition.<sup>24</sup> Petitioners' methodology for calculating the export price and normal value ("NV") in the Petition is discussed in the *Initiation Notice*.<sup>25</sup> At the *Preliminary Determination*, in accordance with section 776(c) of the Act, we corroborated our AFA margin by comparing it to the margins we found for the respondents. We found that the margin of 99.14 percent had probative value because it is in the range of

<sup>19</sup> See TPCO Final Analysis Memo.

<sup>20</sup> See SAA at 870.

<sup>21</sup> See *id.*

<sup>22</sup> See *id.*

<sup>23</sup> See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

<sup>24</sup> See *Initiation Notice*, 74 FR at 20676.

<sup>25</sup> See *Initiation Notice*, 74 FR at 20674.

<sup>14</sup> See Changbao AFA Memo.

<sup>15</sup> See Changbao AFA Memo.

<sup>16</sup> See, e.g., *Synthetic Indigo From the People's Republic of China; Notice of Final Determination of Sales at Less Than Fair Value*, 65 FR 25706 (May 3, 2000).

<sup>17</sup> See Issues and Decision Memorandum at Comment 9.

<sup>18</sup> *Id.* at 13-14.

margins we found for the mandatory respondents. Accordingly, we found that the rate of 99.14 percent was corroborated within the meaning of section 776(c) of the Act.

Similarly, for the final determination, we have also corroborated our AFA margin by comparing it to the margins we found for the respondents. We find that the margin of 99.14 percent has probative value because it is in the range of margins we found for one of the mandatory respondents. Because no parties commented on the selection of the PRC-wide rate, we continue to find that the margin of 99.14 percent has

probative value. Accordingly, we find that the rate of 99.14 percent is corroborated within the meaning of section 776(c) of the Act.

#### Critical Circumstances

In the *Preliminary Determination*, we found that critical circumstances exist for the PRC-wide entity, however, we did not find that critical circumstances exist with respect to the mandatory respondents or the Separate Rate Recipients. No comments were received regarding the Department's preliminary critical circumstances determination. For the reasons stated in the *Preliminary*

*Determination*, the Department continues to find that critical circumstances do not exist for TPCO or the Separate Rate Recipients.<sup>26</sup> We also continue to find that critical circumstances exist for the PRC entity, and because Changbao is now part of the PRC-wide entity, we also find that critical circumstances exist for Changbao.

#### Final Determination Margins

We determine that the following percentage weighted-average margins exist for the following entities for the POI:

Exporter	Producer	Weighted-Average Margin Percent
Tianjin Pipe International Economic and Trading Corporation ...	Tianjin Pipe (Group) Corporation	29.94
Angang Group Hong Kong Co., Ltd. ....	Angang Steel Co. Ltd.	29.94
Angang Steel Co., Ltd., and Angang Group International Trade Corporation .....	Angang Steel Co. Ltd.	29.94
Anhui Tianda Oil Pipe Co., Ltd. ....	Anhui Tianda Oil Pipe Co., Ltd.	29.94
Anshan Zhongyou Tipo Pipe & Tubing Co., Ltd. ....	Anshan Zhongyou Tipo Pipe & Tubing Co., Ltd.	29.94
Baotou Steel International Economic and Trading Co., Ltd. ....	Seamless Tube Mill of Inner Mongolia Baotou Steel Union Co., Ltd. <sup>27</sup>	29.94
Benxi Northern Steel Pipes Co., Ltd. ....	Benxi Northern Steel Pipes Co., Ltd.	29.94
Chengdu Wanghui Petroleum Pipe Co. Ltd. ....	Chengdu Wanghui Petroleum Pipe Co. Ltd.	29.94
Dalipal Pipe Company .....	Dalipal Pipe Company	29.94
Faray Petroleum Steel Pipe Co. Ltd. ....	Faray Petroleum Steel Pipe Co. Ltd.	29.94
Freet Petroleum Equipment Co., Ltd. of Shengli Oil Field, The Thermal Recovery Equipment, Zibo Branch .....	Freet Petroleum Equipment Co., Ltd. of Shengli Oil Field, The Thermal Recovery Equipment, Zibo Branch	29.94
Hengyang Steel Tube Group International Trading, Inc. ....	Hengyang Valin MPM Tube Co., Ltd.; Hengyang Valin Steel Tube Co., Ltd.	29.94
Huludao Steel Pipe Industrial Co., Ltd./Huludao City Steel Pipe Industrial Co., Ltd. ....	Huludao Steel Pipe Industrial Co., Ltd./Huludao City Steel Pipe Industrial Co., Ltd.	29.94
Jiangsu Chengde Steel Tube Share Co., Ltd. ....	Jiangsu Chengde Steel Tube Share Co., Ltd.	29.94
Jiangyin City Changjiang Steel Pipe Co., Ltd. ....	Jiangyin City Changjiang Steel Pipe Co., Ltd.	29.94
Pangang Group Beihai Steel Pipe Corporation .....	Pangang Group Beihai Steel Pipe Corporation	29.94
Pangang Group Chengdu Iron & Steel .....	Pangang Group Chengdu Iron & Steel	29.94
Qingdao Bonded Logistics Park Products International Trading Co., Ltd. ....	Shengli Oilfield Highland Petroleum Equipment Co., Ltd.; Shandong Continental Petroleum Equipment Co., Ltd.; Aofei Tele Dongying Import & Export Co., Ltd.; Highgrade Tubular Manufacturing (Tianjin) Co., Ltd.; Cangzhou City Baohai Petroleum Material Co., Ltd.	29.94
Qiqihaer Haoying Iron and Steel Co., Ltd. of Northeast Special Steel Group. ....	Qiqihaer Haoying Iron and Steel Co., Ltd. of Northeast Special Steel Group	29.94
Shandong Dongbao Steel Pipe Co., Ltd. ....	Shandong Dongbao Steel Pipe Co., Ltd.	29.94
ShanDong HuaBao Steel Pipe Co., Ltd. ....	ShanDong HuaBao Steel Pipe Co., Ltd.	29.94
Shandong Molong Petroleum Machinery Co., Ltd. ....	Shandong Molong Petroleum Machinery Co., Ltd.	29.94
Shanghai Metals & Minerals Import & Export Corp./ Shanghai Minmetals Materials & Products Corp. ....	Jiangsu Changbao Steel Pipe Co., Ltd.; Huludao Steel Pipe Industrial Co., Ltd.; Northeast Special Steel Group Qiqihaer Haoying Steel and Iron Co., Ltd.; Beijing Youlu Co., Ltd.	29.94
Shanghai Zhongyou Tipo Steel Pipe Co., Ltd. ....	Shanghai Zhongyou Tipo Steel Pipe Co., Ltd.	29.94
Shengli Oil Field Freet Petroleum Equipment Co., Ltd. ....	Freet Petroleum Equipment Co., Ltd. of Shengli Oil Field, The Thermal Recovery Equipment, Zibo Branch; Faray Petroleum Steel Pipe Co., Ltd.; Shengli Oil Field Freet Petroleum Steel Pipe Co., Ltd.	29.94
Shengli Oil Field Freet Petroleum Steel Pipe Co., Ltd. ....	Freet Petroleum Equipment Co., Ltd. of Shengli Oil Field, The Thermal Recovery Equipment, Zibo Branch; Anhui Tianda Oil Pipe Co., Ltd.; Wuxi Fastube Dingyuan Precision Steel Pipe Co., Ltd.	29.94

<sup>26</sup> See *Preliminary Determination*.

Exporter	Producer	Weighted-Average Margin Percent
Shengli Oilfield Highland Petroleum Equipment Co., Ltd. ....	Tianjin Pipe Group Corp.; Goods & Materials Supply Dept. of Shengli Oilfield SinoPEC; Dagang Oilfield Group New Century Machinery Co. Ltd.; Tianjin Seamless Steel Pipe Plant; Baoshan Iron & Steel Co. Ltd	29.94
Shengli Oilfield Shengji Petroleum Equipment Co., Ltd. ....	Shengli Oilfield Shengji Petroleum Equipment Co., Ltd.	29.94
Tianjin Xingyuda Import and Export Co., Ltd. & Hong Kong Gallant Group Limited .....	Tianjin Lifengyuanda Steel Group Co., Ltd.	29.94
Tianjin Seamless Steel Pipe Plant .....	Tianjin Seamless Steel Pipe Plant	29.94
Tianjin Tiangang Special Petroleum Pipe Manufacturer Co., Ltd. ....	Tianjin Tiangang Special Petroleum Pipe Manufacturer Co., Ltd.	29.94
Wuxi Baoda Petroleum Special Pipe Manufacturing Co., Ltd. ...	Wuxi Baoda Petroleum Special Pipe Manufacturing Co., Ltd.	29.94
Wuxi Seamless Oil Pipe Co., Ltd. ....	Wuxi Seamless Oil Pipe Co., Ltd.	29.94
Wuxi Sp. Steel Tube Manufacturing Co., Ltd. ....	Wuxi Precese Special Steel Co., Ltd.	29.94
Wuxi Zhenda Special Steel Tube Manufacturing Co., Ltd. ....	Huai'an Zhenda Steel Tube Manufacturing Co., Ltd.	29.94
Xigang Seamless Steel Tube Co., Ltd. ....	Xigang Seamless Steel Tube Co., Ltd.; Wuxi Seamless Special Pipe Co., Ltd.	29.94
Yangzhou Lontrin Steel Tube Co., Ltd. ....	Yangzhou Lontrin Steel Tube Co., Ltd.	29.94
Zhejiang Jianli Co., Ltd. & Zhejiang Jianli Steel Tube Co., Ltd.	Zhejiang Jianli Co., Ltd.; Zhejiang Jianli Steel Tube Co., Ltd.	29.94
PRC-wide Entity*		99.14

<sup>27</sup> In the *Preliminary Determination* and the *Amended Preliminary Determination*, we inadvertently identified the producer as Baotou Steel International Economic and Trading Co., Ltd.

\*Includes: Jiangsu Changbao Steel Tube Co., Ltd. and Jiangsu Changbao Precision Tube Co., Ltd. and Shengli Oil Field Freet Import & Export Trade Co., Ltd.

## Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

## Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing CBP to continue to suspend liquidation of all imports of subject merchandise entered or withdrawn from warehouse, for consumption on or after the following dates: (1) for TPCO and the separate rate companies, on or after November 17, 2010, the date of publication of the *Preliminary Determination* in the **Federal Register**, (2) for the PRC-wide entity (except for Changbao), on or after April 19, 2009, which is 90 days prior to the publication of the *Preliminary Determination* (consistent with our finding that critical circumstances exist for the PRC-wide entity), and (3) for Changbao, which is now part of the PRC-wide entity, 90 days prior to the date of publication of this final determination. Because Changbao had a zero margin at the *Preliminary Determination*, we instructed CBP to not suspend liquidation of entries of merchandise exported by Changbao. Accordingly, pursuant to 19 CFR 351.206(a), the Department will first issue suspension of liquidation

instructions for Changbao with this final affirmative determination of sales at less than fair value and affirmative finding of critical circumstances. We will instruct CBP to continue to require a cash deposit or the posting of a bond for all companies based on the estimated weighted-average dumping margins shown above.

Additionally, as the Department has determined in its *Certain Oil Country Tubular Goods From the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 3203 (January 20, 2010) ("*CVD Final*") that the merchandise under investigation, exported by TPCO, benefitted from an export subsidy, we will instruct CBP to require an antidumping cash deposit or posting of a bond equal to the weighted-average amount by which the NV exceeds the U.S. price for TPCO, as indicated above, minus the amount determined to constitute an export subsidy.<sup>28</sup>

For the two separate-rate companies in this investigation that also participated as mandatory respondents in the CVD investigation (*i.e.*, Wuxi Seamless Oil Pipe Co., Ltd., and Zhejiang Jianli Co., Ltd. & Zhejiang Jianli Steel Tube Co., Ltd.), because it was determined in the *CVD Final* that

these companies did not benefit from any export subsidy, we will not make an adjustment to the antidumping duty rate of these companies for purposes of cash deposits.

For the remaining separate-rate companies, we will instruct CBP to adjust the dumping margin by the amount of export subsidies included in the All Other rate from the *CVD Final*.

These suspension of liquidation instructions will remain in effect until further notice.

## ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission ("ITC") of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise

<sup>28</sup> See, *e.g.*, *Notice of Final Determination of Sales at Less Than Fair Value: Carbazole Violet Pigment 23 From India*, 69 FR 67306, 67307 (November 17, 2004).

entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

#### Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination and notice are issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: April 8, 2010.

**Ronald K. Lorentzen,**

*Deputy Assistant Secretary for Import Administration.*

#### Appendix I

##### I. General Issues

*Comment 1:* Labor Wage Rate

*Comment 2:* Application of Targeted Dumping

*Comment 3:* Deduction of Domestic Inland Insurance from U.S. Price

*Comment 4:* Exchange Rate Rupees to U.S. Dollars

*Comment 5:* Deduction of Chinese VAT from U.S. Price

*Comment 6:* Zeroing

*Comment 7:* Double Counting

##### II. TPCO Specific Issues

*Comment 8:* Total AFA to TPCO

*Comment 9:* Partial AFA for certain TPCO Transactions

*Comment 10:* TPCO Affiliations

##### III. Credit Expense

*Comment 11:* Credit Expense

##### IV. U.S. Price Deductions

*Comment 12:* Certain Deduction from U.S. Price

##### V. Surrogate Financial Statements

*Comment 13:* Financial Statements for Surrogate Ratios

##### VI. Transportation Costs

*Comment 14:* Water Transportation Costs

*Comment 15:* Addition of Freight Costs to ME Purchases

##### VII. Certain Conversion Factor Issues

*Comment 16:* Conversion Factors for Argon, Nitrogen and Oxygen

##### VIII. By-Product Offsets

*Comment 17:* By-product Offset for Steel Scrap

##### IX. General Surrogate Value Issues

*Comment 18:* Value of Ancillary Materials

*Comment 19:* Value of FOPs Purchased through Distributor

*Comment 20:* Value for Billet

*Comment 21:* Value for Coal

*Comment 22:* Value for Compressed Air

*Comment 23:* Value for Scrap Input

*Comment 24:* Value for Iron Ore Pellets

*Comment 25:* Value of Natural Gas

*Comment 26:* Value of Micro and Mid-Chromium

*Comment 27:* Value of Iron Ore and Iron Powder

*Comment 28:* Values of Oxygen and Nitrogen

*Comment 29:* Value of Pig Iron

##### X. Changbao Related Issues

*Comment 30:* Total AFA to Changbao

*Comment 31:* Changbao’s Sales to Unaffiliated PRC Trading Companies

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