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June 27, 2016

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Christian Marsh *CM*
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for Final Results of
Antidumping Duty Administrative Review: Stainless Steel
Butt-Weld Pipe Fittings from Italy; 2014-2015

I. Summary

The Department of Commerce (the Department) has analyzed the case brief submitted by Filmag Italia S.p.A. (Filmag), the sole respondent company in the 2014/2015 administrative review of the antidumping duty order on stainless steel butt-weld pipe fittings from Italy. We received no comments on the preliminary results of review from any domestic interested parties. As a result of our analysis of Filmag's comments, we have made changes to its margin calculations, as discussed below. We recommend that you approve the positions described in the "Discussion of Interested Party Comments" section of this Issues and Decision Memorandum. Below is the complete list of the issues in this administrative review for which we received comments.

II. List of Issues

Comment 1: The Calculation of Normal Value Based on Sales of Similar Products
Comment 2: The Calculation of Export Price Based on U.S. Gross Unit Price

III. Background

On February 26, 2016, the Department published the notice of the preliminary results of review.¹ Filmag, the sole respondent in this review, filed comments in a case brief on March 25, 2016. We received no comments from any domestic interested parties.

¹ See *Stainless Steel Butt-Weld Pipe Fittings From Italy: Preliminary Results of Antidumping Duty Administrative Review; 2014-2015*, 81 FR 9806 (February 26, 2016) (*Preliminary Results*).



IV. Scope of the Order

For purposes of the order, the product covered is certain stainless steel butt-weld pipe fittings. Stainless steel butt-weld pipe fittings are under 14 inches in outside diameter (based on nominal pipe size), whether finished or unfinished. The product encompasses all grades of stainless steel and “commodity” and “specialty” fittings. Specifically excluded from the definition are threaded, grooved, and bolted fittings, and fittings made from any material other than stainless steel.

The butt-weld fittings subject to the order are generally designated under specification ASTM A403/A403M, the standard specification for Wrought Austenitic Stainless Steel Piping Fittings, or its foreign equivalents (*e.g.*, DIN or JIS specifications). This specification covers two general classes of fittings, WP and CR, of wrought austenitic stainless steel fittings of seamless and welded construction covered by the latest revision of ANSI B16.9, ANSI B16.11, and ANSI B16.28. Butt-weld fittings manufactured to specification ASTM A774, or its foreign equivalents, are also covered by the order.

The order does not apply to cast fittings. Cast austenitic stainless steel pipe fittings are covered by specifications A351/A351M, A743/743M, and A744/A744M.

The butt-weld fittings subject to the order is currently classifiable under subheading 7307.23.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

V. Discussion of Interested Party Comments

Comment 1: The Calculation of Normal Value Based on Sales of Similar Products

Filmag's Comments

- The calculation of normal value should be based on the matching of identical U.S. sales and home-market sales. The Department attempts to make adjustments for the physical differences of sales of similar products based on the differences in the variable costs of manufacturing but this approach does not sufficiently differentiate one product from another. This is inappropriate because the U.S. sales were sales of standard products, with standard delivery and testing, whereas the contemporaneous home-market sales of “similar” products included custom products, manufactured from high grades of stainless steel in small quantities on an emergency delivery basis. It was not accurate for the Department to calculate normal value based on these comparisons of sales.

Department's Position

Pursuant to 19 CFR 351.414(d)(3), the Department calculates weighted-average prices on a monthly basis and compares the weighted-average monthly U.S. price to the weighted-average

normal value for the “contemporaneous month.” This month is defined under 19 CFR 351.414(f) as: (1) The month during which the particular U.S. sales under consideration were made; (2) If there are no sales of the foreign like product during this month, the most recent of the three months prior to the month of the U.S. sales in which there was a sale of the foreign like product; and (3) If there are no sales of the foreign like product during any of these months, the earlier of the two months following the month of the U.S. sales in which there was a sale of the foreign like product. If there are no sales that can be used for comparison in the foreign market within this window, then we base normal value upon constructed value because no contemporaneous sales of foreign like product have been reported.

In this review, Filmag did report sales of foreign like product, *i.e.*, merchandise sold in the home market during the period of review that was identical or similar to the subject merchandise. However, of the contemporaneous sales, there were only sales of similar products, as identified by an analysis of matching control numbers in our margin-calculation program for the preliminary results.² Filmag has argued that our analysis should take into consideration the grade of steel used in the products, which it does, and also the production quantities of the pipe fittings and the delivery terms of sales. However, these latter two considerations would not serve to identify foreign like product that is physically similar to product sold in the United States. Moreover, in our calculations of export price and normal value, we make adjustments to account for price differences arising from various delivery terms. Thus, we find no basis to Filmag’s argument to overlook contemporaneous sales of similar foreign like product and instead match its U.S. sales to home-market sales of identical product that fall outside the regulatory-defined window. Therefore, we find no changes are warranted to our price comparisons for the calculation of Filmag’s final dumping margin.

Comment 2: The Calculation of Export Price Based on U.S. Gross Unit Price

Filmag’s Comments

- In its initial questionnaire response, Filmag reported a U.S. gross unit price amount that reflected the line item price of the product, shipping expenses, and duties. However, in a supplemental questionnaire, the Department requested that Filmag revise its reported gross unit prices to no longer include the shipping expenses and duties, which resulted in an inaccurate margin calculation. The Department should include the shipping expenses and duties in the gross unit prices because, in its calculation of export price, it makes adjustments for all movement and selling expenses incurred on a sale.

² A description of the model-matching criteria appears in the Memorandum to the File regarding “Filmag Italia S.p.A. – Analysis Memorandum for the Preliminary Results of the 2014/2015 Administrative Review of Stainless Steel Butt-Weld Pipe Fittings from Italy,” dated February 19, 2016.

Department's Position

Upon review of the record, we agree with Filmag that its reported gross unit price should include the movement expenses incurred on the U.S. sales. The movement expenses were included in the agreed-upon terms of sale. Filmag was not separately reimbursed by the U.S. customer for these expenses and the customer paid the total invoice price to Filmag, inclusive of movement expenses. Thus, the expenses should be included in the gross unit price, from which movement expenses are deducted as part of the adjustments we make to calculate export price. For this reason, we have revised the gross unit prices to include a weighted-average amount for the movement expenses and we use these revised expenses in the calculation of the final dumping margin for Filmag.³

VI. Recommendation

Based on our analysis of the comments received, we recommend adopting the positions set forth above. If these recommendations are accepted, we will publish the final results of review, including the final dumping margin, for the company subject to this administrative review in the *Federal Register*.

Agree Disagree



Paul Piquado
Assistant Secretary
for Enforcement and Compliance

27 JUNE 2016
Date

³ Our revisions are detailed in the Memorandum to the File on the subject of "Analysis Memorandum for the Final Margin Calculation for Filmag Italia S.p.A.," dated concurrently with this memorandum, p. 2.