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November 4, 2015

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Issues and Decision Memorandum for the Final Results of the
Administrative Review of the Antidumping Duty Order on Light-
Walled Rectangular Pipe and Tube from Mexico; 2013-2014

I. Summary

We have analyzed the case brief submitted by the sole mandatory respondent, Perfiles y Herrajes LM, S.A. de C.V. (Perfiles), in this administrative review. As a result of our analysis, we have made changes to Perfiles' margin calculations in this administrative review, 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 from Perfiles:

II. Issues:

Comment 1: Discounts Granted on Home-Market Sales
Comment 2: The Proper Universe of Sales
Comment 3: Certain Home-Market Insurance Expenses

III. Background

On July 8, 2015, the Department of Commerce (the Department) published the preliminary results of the administrative review of the antidumping duty (AD) order on light-walled rectangular (LWR) pipe and tube from Mexico for the period August 1, 2013 through July 31, 2014.¹ As noted above, the review covers one producer-exporter of the subject merchandise, Perfiles, the sole mandatory respondent. On August 7, 2015, Perfiles timely submitted its case

¹ See *Light-Walled Rectangular Pipe and Tube from Mexico: Preliminary Results of Antidumping Duty Administrative Review; 2013–2014*, 80 FR 39055 (July 8, 2015) (*Preliminary Results*).



brief commenting on our *Preliminary Results*.² We received no additional comments or hearing request from interested parties.

IV. Scope of the Order

The scope of this order covers certain welded carbon-quality light-walled steel pipe and tube, of rectangular (including square) cross section, having a wall thickness of less than 4 mm.

The term carbon-quality steel includes both carbon steel and alloy steel which contains only small amounts of alloying elements. Specifically, the term carbon-quality includes products in which none of the elements listed below exceeds the quantity by weight respectively indicated; 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.10 percent of molybdenum, or 0.10 percent of niobium, or 0.15 percent of vanadium, or 0.15 percent of zirconium.

The description of carbon-quality is intended to identify carbon-quality products within the scope. The welded-carbon quality rectangular pipe and tube subject to the order is currently classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7306.61.50.00 and 7306.61.70.60. This tariff classification is provided for convenience and Customs purposes; however, the written description of the scope of the order is dispositive

V. Discussion of Interested Party Comments

Comment 1: Discounts Granted on Home-Market Sales

- In its Case Brief, Perfiles states that discounts granted on home-market sales should effectively reduce the net price for those sales.³ However, according to Perfiles, due to the manner in which the company reported home-market discounts in its sales listings, the Department's calculations effectively increased the net comparison market price.
- Perfiles contends that in its home-market sales listing, early payment and commercial discounts that reduced the home-market prices were reported as negative numbers in fields "EARLYPH" and "COMDISH."
- Therefore, when the discounts were summed to determine the total home-market discount amount, the resulting total discounts amount was negative, which caused the subsequent subtraction from the reported gross unit price to result in an increase to, rather than a decrease from the gross unit price.
- No other party commented on this issue.

Department's Position:

The Department agrees that this was an error. The Department did not intend to increase, rather than decrease, the "net price" by adjusting for these expenses. To correct for this error, the

² See Letter to the Department, "Light-Walled Rectangular Pipe and Tube from Mexico for the 2013-2014 Review Period - Case Brief of Perfiles y Herrajes LM, S.A. de C.V.," dated August 7, 2015 (Perfiles Case Brief).

³ See Perfiles Case Brief at page 3.

Department revised the computer programming language to reflect a decrease to gross unit price.⁴

Comment 2: The Proper Universe of Sales

- In its Case Brief, Perfiles states that it reported each U.S. sale of merchandise entered for consumption during the review period, including sales that occurred prior to the review period (*i.e.*, the date of sale was prior to the review period) but entered during the review period pursuant to the instructions in the Department’s October 23, 2014, questionnaire.⁵
- Perfiles contends that the Department improperly excluded sales that occurred prior to the review period but entered during the review period by limiting its analysis to only sales that entered the United States during the period of review.
- As such, Perfiles contends the Department should not exclude sales prior to the review period because they entered during the review period.
- No other party commented on this issue.

Department’s Position:

The Department agrees that this was an error. In our October 23, 2014, antidumping duty questionnaire (AD Questionnaire), we instructed Perfiles to report each U.S. sale of subject merchandise *entered* for consumption during the review period.⁶ Accordingly, it was our intention to define the universe of sales to include all export-price sales that were entered into the United States for consumption during the POR in our margin calculations pursuant to our normal practice.⁷ However, in the *Preliminary Results*, we used an incorrect “BEGINDAY” date, *i.e.*, August 1, 2013, to define the universe of U.S. sales entered during the POR, and, as a result, we did not capture all of Perfiles’ export-price sales in our U.S. Margin Program.⁸ The Department did not intend to exclude these sales, and has revised its calculations to include all of Perfiles’ export-price sales that entered during the review period in these final results.⁹

⁴ See Memorandum from Emily Maloof to the File, regarding “Analysis of Data Submitted by Perfiles y Herrajes LM, S.A. de C.V. in the Final Results of the 2013-2014 Administrative Review of the Antidumping Duty Order on Light-Walled Rectangular Pipe and Tube from Mexico,” (Perfiles’ Final Analysis Memorandum) dated concurrently with this memorandum.

⁵ See Perfiles’ Case Brief at page 4.

⁶ See AD Questionnaire at pages C-1 through C-2.

⁷ See U.S. Margin Program at Section 1-B-i, where we state that: “FOR REVIEWS: Reported CEP sales usually include all sales during the POR. For EP sales, they usually include all entries during the POR. Accordingly, there may be EP transactions with sale dates prior to the POR. Adjust the BEGINDAY and ENDDAY to capture the first and last U.S. sales. Set BEGINWIN to the day 1 of the first month of the window period, usually three months prior to the first month of U.S. sales. IT IS IMPORTANT THAT BEGINWIN HERE IN THE MARGIN PROGRAM BE THE SAME AS BEGINDAY IN THE CM PROGRAM. These dates are used to define the unique month designations used for matching purposes.” See also *Circular Welded Non-Alloy Steel Pipe From the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2012-2013*, 80 FR 32937 (June 10, 2015) and accompanying Issues and Decision Memorandum at Comment 4, pages 18-19.

⁸ See Memorandum from Ilissa Shefferman to the File, regarding “Perfiles y Herrajes LM S.A. de C.V. – Analysis Memorandum for the Preliminary Results of the 2013/2014 Administrative Review of the Antidumping Duty Order on Light-Walled Rectangular Pipe and Tube from Mexico,” (Perfiles’ Preliminary Analysis Memorandum) dated concurrently with this memorandum, at Attachment A.

⁹ See Perfiles Final Analysis Memorandum at page 2.

Comment 3: Certain Home-Market Insurance Expenses

- In its Case Brief, Perfiles argues that since losses on self-insured home-market sales represent direct costs incurred in connection with the transport of merchandise in the home market, they should be deducted from the gross unit price to determine the normal value for Perfiles' home-market sales.¹⁰
- Specifically, Perfiles states that the cost incurred for such losses, reported in field "SELFINSH" of its home market sales database, should be deducted from the comparison market price.
- In order to adjust for this exclusion, Perfiles suggests subtracting "SELFINSH" from "CMMOVE" in the comparison market program.
- No other party commented on this issue.

Department's Position:

The Department agrees that this was an error. The Department did not intend to exclude the cost incurred for losses on self-insured home-market sales.¹¹ To correct this error, the Department has adjusted the calculation to reflect the value subtracted from the comparison market price.¹²

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

4 NOVEMBER 2015
Date

¹⁰ See Perfiles' Case Brief at page 3.

¹¹ See Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, titled "Decision Memorandum for Preliminary Results of Antidumping Duty Administrative Review: Light Walled Rectangular Pipe and Tube from Mexico" (Preliminary Decision Memorandum) at page 7.

¹² See Perfiles Final Analysis Memorandum at page 2.