

unaffiliated purchasers in the United States. We made deductions, where appropriate, consistent with section 772(c)(2)(A) of the Act, for the following movement expenses: inland freight from the plant to port of exportation, foreign brokerage and handling, wharfage, container tax, bill of lading charge, terminal handling charge, international freight, marine insurance, and U.S. customs duty.

We increased EP, where appropriate, for duty drawback in accordance with section 772(c)(1)(B) of the Act. East Young and Huvis claim to have received duty drawback under the two systems in place in Korea: either the individual-rate system or the fixed-rate system (*i.e.*, the simplified fixed drawback system). In prior investigations and administrative reviews, the Department has examined the individual-rate system and found that the government controls in place enable the Department to examine the criteria under this system for receiving a duty drawback adjustment (*i.e.*, that (1) the rebates received were directly linked to import duties paid on inputs used in the manufacture of the subject merchandise, and (2) there were sufficient imports to account for the rebates received). See *Final Results of Antidumping Duty Administrative Review and Partial Termination of Administrative Review: Circular Welded Non-Alloy Steel Pipe From the Republic of Korea*, 62 FR 55574, 55577 (October 27, 1997). Huvis provided documentation demonstrating that it received duty drawback under the individual-rate system. We examined this documentation and confirmed that Huvis met the Department's two-prong test for receiving a duty drawback adjustment. Accordingly, we are allowing the full duty drawback adjustment on all of Huvis' U.S. sales.

For all sales by East Young, duty drawback was received under the fixed-rate system. The Department has found that the Korean fixed-rate duty drawback system does not sufficiently link import duties paid to rebates received upon export. Therefore, the fixed-rate system does not, in and of itself, meet the Department's criteria, *i.e.*, that the rebates received were directly linked to import duties paid on inputs used in the manufacture of the subject merchandise, and that there were sufficient imports to account for the rebates received. See *id.* In this case, East Young was unable to demonstrate successfully that duty drawback which it received under the fixed-rate system met the Department's criteria for a duty drawback adjustment. See *East Young Verification Report* at 22. Accordingly,

for purposes of these preliminary results, we are not granting East Young duty drawback adjustments claimed under the fixed-rate system.

Finally, we made the following company-specific changes to EP. For East Young, we reclassified certain expenses reported by the respondent as direct selling expenses (*i.e.*, wharfage, container tax, bill of lading charge, terminal handling charge) as movement expenses. Also, based on our findings at verification, we recalculated East Young's reported packing costs and corrected the reporting of the U.S. matching control numbers to include a missing characteristic. For further detail on these changes, see Memorandum to the File, "*Preliminary Results Calculation Memorandum for East Young Co., Ltd.*," dated June 2, 2003 ("East Young Calculation Memorandum"), which is on file in the CRU.

For Huvis, based on our verification findings, we revised the reporting of product finish and corrected the matching control numbers for certain product types. In addition, we revised foreign brokerage and handling expense, credit expense, and bank fees for certain observations. For further detail on these changes, see Memorandum to the File, "*Preliminary Results Calculation Memorandum for Huvis Corporation*," dated June 2, 2003 ("Huvis Calculation Memorandum"), which is on file in the CRU.

Normal Value

A. Selection of Comparison Market

In order to determine whether there was a sufficient volume of sales of certain PSF in the home market to serve as a viable basis for calculating NV, we compared each respondent's home market sales of the foreign like product to its volume of U.S. sales of the subject merchandise, in accordance with section 773(a) of the Act. In the case of Huvis, because the aggregate volume of home market sales of the foreign like product was greater than five percent of the aggregate volume of U.S. sales for the subject merchandise, we determined that the home market provided a viable basis for calculating NV. Therefore, for Huvis, in accordance with section 773(a)(1)(B)(i) of the Act, we based NV on the prices at which the foreign like product was first sold for consumption in the exporting country in the usual commercial quantities and in the ordinary course of trade.

East Young reported that its home market sales of PSF during the POR were less than five percent of its sales to the United States. Therefore, East

Young did not have a viable home market for purposes of calculating NV. As noted above in the "Background" section, East Young reported that the United Kingdom was its largest third-country market and, consequently, submitted its sales to the United Kingdom for purposes of calculating NV. Pursuant to section 773(a)(1)(B)(ii) of the Act, sales to a particular third-country market may be utilized if (I) the prices in such market are representative; (II) the aggregate quantity of the foreign like product sold by the producer or exporter in the third-country market is five percent or more of the aggregate quantity of the subject merchandise sold in or to the United States; and (III) the Department does not determine that a particular market situation in the third-country market prevents a proper comparison with the U.S. price. Based on our review of these criteria, the Department found that East Young had more than one potential comparison market that satisfied these criteria. See *East Young Comparison Market Memo*.

In accordance with 19 CFR 351.404(e), in selecting a third-country market where prices in more than one third country satisfy the criteria of section 773(a)(1)(B)(ii) of the Act, the Department will generally select the third country based on the following criteria: (1) the foreign like product exported to a particular third country is more similar to the subject merchandise exported to the United States than is the foreign like product exported to other third countries; (2) the volume of sales to a particular third country is larger than the volume of sales to other third countries; and (3) such other factors as the Department considers appropriate. Regarding the third criterion, the Department has never formally specified "such other factors" that the Department considers appropriate and, therefore, the Department's determination of whether other factors exist is made on a case-by-case basis. See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27358 (May 19, 1997).

We believe that the existence of a dumping finding in a third-country market which includes the merchandise and the company that is being investigated or reviewed by the Department is a relevant factor in determining whether to use such market as a basis for determining NV. Such a scenario signifies a clear reason to believe or suspect that a NV calculated using sales in such market would potentially be understated, thereby undermining the validity and accuracy of our dumping calculations. See also *Alloy Piping Products, Inc. v. United*