

Republic of Korea, Mexico, and Venezuela, 61 FR 11608 (March 21, 1996), pipe certified to the API 5L line-pipe specification and pipe certified to both the API 5L line-pipe specifications and the less-stringent ASTM A-53 standard-pipe specifications, which falls within the physical parameters as outlined above, and entered as line pipe of a kind used for oil and gas pipelines is outside of the scope of the antidumping duty order.

Imports of these products are currently classifiable under the following *Harmonized Tariff Schedule of the United States* ("HTSUS") subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. Although the HTSUS subheadings are provided for convenience and CBP purposes, our written description of the scope of this proceeding is dispositive.

Verification

As provided in section 782(i) of the Act, during September through November 2003, we verified the information provided by the respondents in Korea and at the U.S. sales facilities using standard verification procedures, including on-site inspection of the manufacturers' facilities, examination of relevant sales, cost and financial records, and selection of original documentation containing relevant information. The Department reported its findings from the SeAH sales and cost verifications conducted in Korea on November 25, 2003. See Memorandum to the File, "Verification of the Sales and Cost Response of SeAH Steel Corporation Ltd.," dated November 25, 2003 ("SeAH Sales and Cost Verification Report"), which is on file in the CRU. The SeAH CEP verification report and the verification reports for Husteel and HYSCO will be released at a later date.

Fair Value Comparisons

To determine whether sales of circular welded non-alloy steel pipe to the United States were made at less than normal value ("NV"), we compared export price ("EP") or constructed export price ("CEP") to NV, as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this notice. In accordance with 19 CFR 351.414(c)(2), we compared individual EPs and CEPs to weighted-average NVs, which were calculated in accordance with section 777A(d)(2) of the Act.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced and sold by the respondents in the home market during the POR that fit the description in the "Scope of the Order" section of this notice to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We compared U.S. sales to sales of identical merchandise in the home market made in the ordinary course of trade, where possible. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to sales of the most similar foreign like product made in the ordinary course of trade. To determine the appropriate product comparisons, we considered the following physical characteristics of the products in order of importance: grade, nominal pipe size, wall thickness, surface finish and end finish.

Export Price and Constructed Export Price

We calculated EP in accordance with section 772(a) of the Act for those sales where the merchandise was sold to the first unaffiliated purchaser in the United States prior to importation by the exporter or producer outside the United States and the constructed export price methodology was not otherwise indicated. Husteel and HYSCO made EP sales during the POR. We based EP on either FOB or CNF (duty-paid) prices to unaffiliated purchasers in the United States. We identified the correct starting price by adjusting the reported gross unit price, where applicable, for billing adjustments. We made deductions from the starting price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These deductions included, where appropriate, domestic inland freight, brokerage and handling, international freight, marine insurance, U.S. customs duties, U.S. inland freight, and other U.S. transportation expenses.

In accordance with section 772(b) of the Act, we calculated CEP for those sales to the first unaffiliated purchaser that took place after importation into the United States. We based CEP on packed CIF and CNF duty-paid prices to unaffiliated purchasers in the United States. We identified the correct starting price by adjusting the reported gross unit price, where applicable, for billing adjustments and early payment discounts. We made deductions from the starting price for movement expenses, including domestic inland

freight, foreign and U.S. brokerage and handling, international freight, marine insurance, U.S. customs duties, and other transportation expenses, where appropriate, in accordance with section 772(c)(2)(A) of the Act. In accordance with section 772(d)(1) of the Act, we deducted those selling expenses associated with economic activities occurring in the United States, including direct and indirect selling expenses, commissions and warranty expenses. We made an adjustment for profit in accordance with section 772(d)(3) of the Act.

We increased EP and CEP, where appropriate, for duty drawback in accordance with section 772(c)(1)(B) of the Act. There are two systems in place in Korea through which Korean companies can claim duty drawback: 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) and *Certain Polyester Staple Fiber from Korea: Final Results of Antidumping Duty Administrative Review*, 68 FR 59366 (October 15, 2003). Husteel, HYSCO, and SeAH each provided documentation demonstrating that it received duty drawback under the individual-rate system. We examined this documentation and confirmed that each of the companies 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 Husteel's, HYSCO's, and SeAH's U.S. sales.

Consistent with the preceding review, we have used the purchase order date as the date of sale for most U.S. transactions. While each company has a slightly different U.S. sales process, consistent throughout the responses is the notion that price and quantity are established, then the factory produces the subject merchandise, and finally, after a significant period of time, the product is shipped and an invoice