

for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Regarding implementation of the use provision of the scope of this investigation, and any order which may be issued in this investigation, we are well aware of the difficulty and burden associated with such certifications. Therefore, in order to maintain the effectiveness of any order that may be issued in light of actual substitution in the future (which the use criterion is meant to achieve), yet administer certification procedures in the least problematic manner, we have developed an approach which simplifies these procedures to the greatest extent possible.

First, we will not require use certification until such time as petitioner or other interested parties provide the Department with a reasonable basis to believe or suspect that substitution is occurring. Second, we will require use certification only for the product(s) (or specification(s)) for which evidence is provided that substitution is occurring. For example, if, based on evidence provided by petitioner, the Department finds a reasonable basis to believe or suspect that pipe produced to the API-5L specification is being used as standard pipe, we will require use certifications for imports of API-5L specification pipe. Third, normally we will require only the importer of record to certify to the use of the imported merchandise. If it later proves necessary for adequate implementation, we may also require producers who export such products to the United States to provide such certification on invoices accompanying shipments to the United States.

Period of Investigation

The period of investigation (POI) is April 1, 1994, through March 31, 1995.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products sold in the home market, fitting the description specified in the "Scope of Investigation" section above, to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed in the Department's antidumping questionnaire.

RIH claimed that it sells to customers at two levels of trade in the home market: distributors and end-users/

fabricators. However, RIH reported that there are no differences in the selling functions it performed for the different customers. Thus, based on the absence of distinct levels of trade, we did not make any distinctions between levels of trade in our comparisons.

Fair Value Comparisons

To determine whether RIH's sales of pipe to the United States were made at less than fair value, we compared Export Price (EP) to the Normal Value (NV), as specified below.

Export Price

We calculated EP, in accordance with section 772(a) of the Act, because the subject merchandise was sold to the first unaffiliated purchaser in the United States prior to importation, and Constructed Export Price (CEP) under section 772(b) is not otherwise warranted based on the facts of this investigation.

We based EP on packed, FOB Port (U.S. or Durban, South Africa) prices to unaffiliated customers in the United States. We made deductions from the starting price (gross unit price), where appropriate, for the following charges: inland freight in South Africa; international freight; marine insurance; and brokerage and handling.

Normal Value

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared the volume of RIH's home market sales of the subject merchandise to the volume of RIH's U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(B) of the Act. Since RIH's aggregate volume of home market sales of the subject merchandise was greater than five percent of its aggregate volume of U.S. sales for the foreign like product, we determined that the home market was viable. Therefore, we have based NV on home market sales.

We based NV on FOB factory, delivered, or collected prices to unaffiliated customers, or prices to affiliated customers which were determined to be at arm's length (see discussion below regarding these sales). We made deductions from the starting price for freight, discounts, and rebates, and post-sale billing corrections. For certain sales, we added freight revenue to the gross unit price. In accordance with section 773(a)(6) of the Act, we deducted home market packing costs and added U.S. packing costs.

In addition, we adjusted for differences in the circumstances of sale, in accordance with section

773(a)(6)(C)(iii). These circumstances included differences in imputed credit expenses and commissions. We instructed RIH to report a sample of actual payment dates for purposes of calculating credit expenses. Based on this sample, we have calculated a weighted-average credit period to be used for those sales without actual payment days. We then calculated credit expenses for all home market sales using a POI-average interest rate.

RIH requested that we make a circumstance-of-sale adjustment for rebates it receives from its steel suppliers for exported pipe. As stated in *Final Results of Antidumping Duty Administrative Review; Light-Walled Welded Rectangular Carbon Steel Tubing from Taiwan* (56 FR 26382, June 7, 1991) (*Tubing from Taiwan*), we will not make circumstance of sale adjustments to account for differences in production costs. In *Tubing from Taiwan*, the Department denied a circumstance of sale adjustment for the same type of rebate involved here. Although the rebate was paid on export, we found it to be a delayed price adjustment on raw materials used in the production of the exported merchandise. Thus, the rebate involved a difference in production costs, not a difference in circumstances of sales, between the exported and domestically consumed product. Similarly, as the rebate received by RIH does not reflect a difference in the circumstances of sales, we have made no adjustment for these rebates.

RIH paid commissions on some U.S. sales, but paid no commissions on any home market sales. Thus, we deducted the lesser of either (1) the amount of the weighted-average commission paid on the U.S. sales of a product; or (2) the sum of the weighted average indirect selling expenses paid on the home market sales, and then added the weighted-averaged amount of the commission paid on the U.S. sales to NV in accordance with 19 CFR 353.56(b)(1).

RIH reported that its sales to its affiliated resellers are made at arm's length. In our October 13, 1995, supplemental questionnaire, we instructed RIH to report all sales to the final customer, rather than to its affiliated resellers. In its questionnaire response, RIH stated that it was too burdensome to report this information due to the difficulties involved in tracing these sales to the first unaffiliated customer.

For purposes of the preliminary determination, we have accepted RIH's argument regarding this burden. RIH has not, however, adequately demonstrated