

carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). This investigation does not cover casing, tubing, or drill pipe containing 10.5 percent or more of chromium. The OCTG subject to this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.20.10.00, 7304.20.10.10, 7304.20.10.20, 7304.20.10.30, 7304.20.10.40, 7304.20.10.50, 7304.20.10.60, 7304.20.10.80, 7304.20.20.00, 7304.20.20.10, 7304.20.20.20, 7304.20.20.30, 7304.20.20.40, 7304.20.20.50, 7304.20.20.60, 7304.20.20.80, 7304.20.30.00, 7304.20.30.10, 7304.20.30.20, 7304.20.30.30, 7304.20.30.40, 7304.20.30.50, 7304.20.30.60, 7304.20.30.80, 7304.20.40.00, 7304.20.40.10, 7304.20.40.20, 7304.20.40.30, 7304.20.40.40, 7304.20.40.50, 7304.20.40.60, 7304.20.40.80, 7304.20.50.10, 7304.20.50.15, 7304.20.50.30, 7304.20.50.45, 7304.20.50.50, 7304.20.50.60, 7304.20.50.75, 7304.20.60.10, 7304.20.60.15, 7304.20.60.30, 7304.20.60.45, 7304.20.60.50, 7304.20.60.60, 7304.20.60.75, 7304.20.70.00, 7304.20.80.00, 7304.20.80.30, 7304.20.80.45, 7304.20.80.60, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.20.10.30, 7306.20.10.90, 7306.20.20.00, 7306.20.30.00, 7306.20.40.00, 7306.20.60.10, 7306.20.60.50, 7306.20.80.10, and 7306.20.80.50.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

#### *Applicable Statute and Regulations*

Unless otherwise indicated, all citations to the Statute and to the Department's regulations are in reference to the provisions as they existed on December 31, 1994.

#### *Period of Investigation*

The POI is January 1, 1994, through June 30, 1994.

#### *Such or Similar Comparisons*

We have determined for purposes of the preliminary determination that the OCTG covered by this investigation comprises a single category of "such or similar" merchandise within the meaning of section 771(16) of the Act. Where there were no sales of identical

merchandise in the third country to compare to U.S. sales, we made similar merchandise comparisons on the basis of the characteristics listed in Appendix V of the Department's antidumping questionnaire.

The Appendix V criteria were intended to avoid matching casing and tubing products. However, in using the product matches supplied by Siderca, a casing product was matched to a tubing product in two instances. Therefore, we modified the Appendix V criteria to match, whenever possible, U.S. sales of tubing with PRC sales of tubing and U.S. sales of casing with PRC sales of casing, by making that the primary matching criterion.

Thus, we made similar merchandise comparisons on the basis of: (1) Whether OCTG is casing or tubing; (2) whether OCTG is seamless or welded; (3) the grade of OCTG finish; (4) end finish; (5) outside diameter; (6) OCTG length; (7) full-body normalization; and (8) wall thickness (see the January 24, 1995, memorandum from John Beck to David L. Binder for a detailed discussion).

In certain other instances, Siderca did not follow correctly the Department's matching hierarchy instructions. We have corrected the product concordance for these problems (see the January 24, 1995, memorandum from John Beck to David L. Binder for a detailed discussion).

We made adjustments, where appropriate, for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act.

#### *Fair Value Comparisons*

To determine whether Siderca's sales of OCTG from Argentina to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

#### *United States Price*

We based USP on exporter's sales price (ESP), in accordance with section 772(c) of the Act, because the subject merchandise was sold to the first unrelated purchaser after importation into the United States.

For OCTG that was further manufactured in the United States, we deducted all value added in the United States, pursuant to section 772(e)(3) of the Act. The value added consists of the costs of the materials, fabrication, and general expenses associated with the portion of the merchandise further manufactured in the United States, as

well as a proportional amount of profit attributable to the value added. We accepted Siderca's cost data without making any adjustments for purposes of the preliminary determination. We calculated profit by deducting from the sales price of the finished product all production and selling costs incurred by the company. We then allocated the total profit proportionately to all components of cost. We deducted only the profit attributable to the value added. In determining the costs incurred to produce the finished merchandise, we included: (1) Materials; (02) fabrication; and (3) general expenses including selling (SG&A), and interest expenses.

We calculated ESP based on packed, delivered and ex-U.S. warehouse prices to unrelated customers in the United States. We made deductions from gross unit price, where appropriate, for foreign loading charges, foreign inland freight, ocean freight, marine insurance, U.S. duty, U.S. inland freight, U.S. handling, U.S. brokerage, credit expense and U.S. and Argentine indirect selling expenses, including technical services, inventory carrying costs, and other U.S. and Argentine indirect selling expenses. Finally, we added duty drawback and duties uncollected by reason of exportation.

For certain sales, Siderca had not yet shipped or received payment for the sale. In order to calculate credit expenses, we assigned the average number of credit days when shipment and payment dates were missing, and used the date of the preliminary determination, January 26, 1995, as the assumed payment date when only payment dates were missing (see the January 26, 1995, concurrence memorandum).

#### *Foreign Market Value*

We compared the volume of home market sales of subject merchandise to the volume of third-country sales to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating FMV, in accordance with section 773(a)(1)(B) of the Act. Pursuant to 19 CFR 353.48, we found that the home market was not viable because it represented less than five percent of the amount sold to third countries. We therefore based FMV on third-country sales.

We determined, pursuant to 19 CFR 353.49(b), that the PRC is the most appropriate third-country market because: (1) The volume of Siderca's PRC sales during the POI was the largest of any third country; (2) the merchandise exported to the PRC is