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April 2, 2013

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Import Administration

FROM: Edward C. Yang 
Senior Director
China Non-Market Economy Unit

SUBJECT: Decision Memorandum for the Preliminary Results of
Antidumping Duty Administrative Review: Circular Welded
Carbon Steel Pipes and Tubes from Thailand; 2011 – 2012
Administrative Review

SUMMARY

The Department of Commerce (the Department) is conducting this administrative review of the antidumping duty order on circular welded carbon steel pipes and tubes from Thailand. The review covers two producers/exporters of the subject merchandise, Saha Thai Steel Pipe (Public) Company, Ltd. (Saha Thai), and Pacific Pipe Company Limited (Pacific Pipe). The period of review (POR) is March 1, 2011, through February 29, 2012. The Department preliminarily determines that Saha Thai has not sold subject merchandise at less than normal value (NV), and that Pacific Pipe had no shipments of subject merchandise during the POR.

Background

On March 11, 1986, the Department published in the Federal Register an antidumping duty order on circular welded carbon steel pipes and tubes from Thailand. See Antidumping Duty Order: Circular Welded Carbon Steel Pipes and Tubes from Thailand, 51 FR 8341 (March 11, 1986). On March 1, 2012, the Department published a notice of opportunity to request an administrative review of the order. See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review, 77 FR 12559 (March 1, 2012). On March 30, 2012, Saha Thai requested that the Department conduct an administrative review of its sales of circular welded carbon steel pipes and tubes from Thailand in the U.S. market. On March 30, and April 2, 2012, respectively, Wheatland Tube Company and United States Steel Corporation, producers of the domestic like product, requested that the Department conduct an administrative review of Saha Thai and Pacific Pipe. On April 30, 2012, the Department



initiated an administrative review of Saha Thai and Pacific Pipe. See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part, 77 FR 25401 (April 30, 2012).

On May 11, 2012, the Department issued an antidumping duty questionnaire to Saha Thai and Pacific Pipe. On May 31, 2012, Pacific Pipe submitted a no shipment certification, stating the company had no sales, exports, or shipments to, or entries into, the United States of merchandise subject to the antidumping duty order during the POR. Pacific Pipe requested that the Department rescind the administrative review with respect to Pacific Pipe. The Department received timely responses to the initial and supplemental questionnaires from Saha Thai. United States Steel Corporation and Wheatland Tube Company submitted comments on Saha Thai's questionnaire responses.

On August 8, 2012, both Wheatland Tube Company and United States Steel Corporation requested that the Department conduct verification of the questionnaire responses submitted by Saha Thai. On August 20, 2012, Wheatland Tube Company submitted factual information from a previous administrative review with regard to Saha Thai. On October 16, and November 14, 2012, respectively, Wheatland Tube Company and United States Steel Corporation filed targeted dumping allegations with regard to Saha Thai. On November 26, 2012, Saha Thai responded to United States Steel Corporation's targeted dumping allegation.

On November 2, 2012, the Department extended the time for issuing the preliminary results of this review from 245 days to 365 days. See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Circular Welded Carbon Steel Pipes and Tubes from Thailand: Extension of Time Limit for Preliminary Results of the Antidumping Duty Administrative Review". On December 19, 2012, the Department issued a memorandum, correcting the due date for the preliminary results to be April 2, 2013. See Memorandum to the File, "2011-2012 Administrative Review of Circular Carbon Welded Steel Pipes and Tubes from Thailand, Preliminary Results Due Date".

Scope of the Order

The products covered by the antidumping order are certain circular welded carbon steel pipes and tubes from Thailand. The subject merchandise has an outside diameter of 0.375 inches or more, but not exceeding 16 inches. These products, which are commonly referred to in the industry as "standard pipe" or "structural tubing" are hereinafter designated as "pipes and tubes." The merchandise is classifiable under the Harmonized Tariff Schedule of the United States (HTSUS) item numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085 and 7306.30.5090. Although the HTSUS subheadings are provided for convenience and purposes of U.S. Customs and Border Protection (CBP), our written description of the merchandise subject to the order is dispositive.

Preliminary Determination of No Shipments

The Department received a timely submission from Pacific Pipe reporting to the Department that it did not sell or export the subject merchandise to the United States during the POR.¹ We transmitted a “No-Shipment Inquiry” to CBP regarding this company. Pursuant to this inquiry, the Department received CBP data indicating there may have been entries manufactured by Pacific Pipe during the POR. The exact nature of the information is business proprietary; therefore, for a complete discussion, see Memorandum to the file, “Analysis of Shipment of Subject Merchandise Produced by Pacific Pipe Company Limited,” dated concurrently with this memorandum. Based on record evidence, we preliminarily determine that Pacific Pipe had no shipments during the POR.

Our past practice concerning no-shipment respondents was to rescind the administrative review if the respondent certified that it had no shipments and we confirmed the certified statement through an examination of CBP data.² We would then instruct CBP to liquidate any entries of merchandise produced by the no-shipment respondent at the deposit rate in effect on the date of entry.

However, in our May 6, 2003, “automatic assessment” clarification, we explained that, where respondents in an administrative review demonstrated that they had no knowledge of sales through resellers to the United States, we would instruct CBP to liquidate such entries at the all-others rate applicable to the proceeding.³ Because “as entered” liquidation instructions do not alleviate the concerns which the Assessment Policy Notice was intended to address, instead of rescinding the review with respect to Pacific Pipe, we find it appropriate to complete the review and issue liquidation instructions to CBP concerning entries for Pacific Pipe following the final results of the review. If we continue to find that Pacific Pipe had no shipments of subject merchandise in the final results, we will instruct CBP to liquidate all existing entries of merchandise produced by Pacific Pipe but exported by other parties at the all-others rate.⁴

Comparisons to Normal Value

Pursuant to section 773(a)(1)(B) of the Tariff Act of 1930, as amended (Act) and 19 CFR 351.414(c)(1) and (d) (2012), to determine whether Saha Thai’s sales of the subject merchandise from Thailand to the United States were made at less than NV, the Department compared the export price (EP) to the NV as described in the “Export Price” and “Normal Value” sections of this memorandum.

¹ See Letter from Pacific Pipe, dated May 31, 2012.

² See 19 CFR 351.213(d)(3). See also Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe (Over 4 1/2 Inches) From Japan: Final Results of Antidumping Duty Administrative Review, 77 FR 27428, 27430 (May 10, 2012).

³ See Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties, 68 FR 23954 (May 6, 2003) (Assessment Policy Notice).

⁴ See, e.g., Magnesium Metal From the Russian Federation: Preliminary Results of Antidumping Duty Administrative Review, 75 FR 26922, 26923 (May 13, 2010), unchanged in Magnesium Metal From the Russian Federation: Final Results of Antidumping Duty Administrative Review, 75 FR 56989 (September 17, 2010).

Product Comparisons

Pursuant to section 771(16) of the Act, we determined products described in the “Scope of the Order” section, above, sold by Saha Thai in Thailand during the POR to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We have relied on six criteria to match U.S. sales of subject merchandise to home market sales: grade, size (nominal pipe size), wall thickness, schedule of pipe sold, surface finish, and end finish. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to home market sales of the most similar foreign like product on the basis of the characteristics listed above.

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1) (2012), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping investigations, the Department examines whether to use the average-to-transaction method as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department’s examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping investigations.⁵ In recent investigations, the Department applied a “differential pricing” analysis for determining whether application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.⁶ The Department finds the differential pricing analysis used in those recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department intends to continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department’s additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of EPs for comparable merchandise that differs significantly among purchasers, regions, or time periods.⁷ If such a pattern is found, then the differential pricing analysis evaluates whether such

⁵ See Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011, 77 FR 73415 (December 10, 2012).

⁶ See Memoranda to Paul Piquado, Assistant Secretary for Import Administration, from Abdelali Elouaradia, Director of AD/CVD Operations Office 4, entitled “Less Than Fair Value Investigation of Xanthan Gum from Austria: Post-Preliminary Analysis and Calculation Memorandum”, “Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., T Jd.) and Shandong Fufeng Fermentation Co., Ltd.”, and “Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Deosen Biochemical Ltd.” all dated March 4, 2013.

⁷ As noted above, differential pricing was used in recent investigations. It was also used in the recent antidumping

differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer names. Regions are defined using the reported destination code (*i.e.*, city name) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the CONNUM and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between EP and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen’s *d* test is applied when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen’s *d* coefficient is calculated to evaluate the extent to which the net prices to a particular purchaser, region or time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen’s *d* test: small, medium or large. Of these thresholds, the large threshold (*i.e.*, 0.8) provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant if the calculated Cohen’s *d* coefficient is equal to or exceeds the large threshold.

Next, the “ratio test” assesses the extent of the significant price differences for all sales as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test account for 66 percent or more of the value of total sales, then the identified pattern of EPs that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen’s *d* test. If 33 percent or less of the value of total sales passes the Cohen’s *d* test, then the results of the Cohen’s *d* test do not support consideration of an alternative to the average-to-average method.

duty administrative review of polyester staple fiber from Taiwan. See Polyester Staple Fiber from Taiwan: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012, 78 FR 17637 (March 22, 2013) and accompanying Decision Memorandum.

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of EPs that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the average-to-average method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if 1) there is a 25 percent relative change in the weighted-average dumping margin between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margin moves across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.

B. Results of the Differential Pricing Analysis

For Saha Thai, the results of the first two tests, the Cohen's *d* test and the ratio test, show the existence of a pattern of EPs for comparable merchandise that differ significantly among purchasers, regions, or time periods. However, the Department determines that the average-to-average method can appropriately account for such differences because there is not a meaningful difference in the weighted-average dumping margin when calculated using the average-to-average method and the alternative method. Accordingly, the Department has determined to use the average-to-average method in making comparisons of EP and NV for Saha Thai.⁸

Date of Sale

For Saha Thai, we preliminarily determine that contract date is the appropriate date of sale for U.S. sales in this administrative review because it best represents the date upon which the final material terms of sale were established. This is consistent with the most recently completed administrative review of this proceeding.⁹

⁸ In these preliminary results, the Department applied the weighted-average dumping margin calculation method adopted in Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification, 77 FR 8101 (February 14, 2012). In particular, the Department compared monthly weighted-average EPs with monthly weighted-average NVs and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.

⁹ See Circular Welded Carbon Steel Pipes and Tubes from Thailand: Preliminary Results of Antidumping Duty Administrative Review, 77 FR 20782, 20784 (April 6, 2012), unchanged in Circular Welded Carbon Steel Pipes and Tubes from Thailand: Final Results of Antidumping Duty Administrative Review, 77 FR 61738 (October 11, 2012) (2010-2011 Final Results).

In the home market, the date of invoice is when material terms of sale are established. Therefore, we are using the invoice date as the date of sale for home market sales. This is consistent with the most recently completed administrative review of this proceeding.¹⁰

Export Price

Like the 2010-2011 administrative review, we classified all of Saha Thai's sales to its U.S. customers as EP sales because, pursuant to section 772(a) of the Act, we found that Saha Thai is not affiliated with its distributors, which are the first purchasers in the United States. In accordance with section 772(c)(2) of the Act, we made deductions from the gross unit price for foreign inland freight, foreign brokerage and handling, foreign inland insurance, foreign warehousing, ocean freight, U.S. brokerage and handling charges, and U.S. duties. In this review, we also requested and Saha Thai reported invoice-specific freight revenue amounts for each transaction where freight revenue was received. We are following our normal practice with regard to capping the amount of freight revenue allowed by the amount of the corresponding freight expense incurred.¹¹

Section 772(c)(1)(B) of the Act states that EP should be increased by the amount of any import duties "imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the subject merchandise to the United States." Saha Thai claimed an adjustment to EP for the duties exempted on its imports of hot-rolled steel coil into a bonded warehouse. In determining whether an adjustment should be made to EP for this exemption, we look for a reasonable link between the duties imposed and those rebated or exempted. We do not require that the imported input be traced directly from importation through exportation. We do require, however, that the company meet our "two-pronged" test in order for this addition to be made to EP. The first element is that the import duty and its rebate or exemption be directly linked to, and dependent upon, one another; the second element is that the company must demonstrate that there were sufficient imports of the imported material to account for the duty drawback or exemption granted for the export of the manufactured product.¹²

Saha Thai has provided information to demonstrate that it meets both prongs of our "two-pronged" test. Specifically, under the Thai bonded warehouse regime, Saha Thai is exempted from paying the import duty on hot-rolled coils used in the production of exported subject merchandise.¹³ In addition, the quarterly reports submitted by Saha Thai to the Thai government establish that Saha Thai imported sufficient raw material to account for the duty exemptions received on exported pipe.¹⁴ Therefore, for these preliminary results, we are making an upward adjustment to EP for these duty exemptions.¹⁵

¹⁰ Id.

¹¹ See 2010-2011 Final Results and accompanying Issues and Decision Memorandum at Comment 3.

¹² See, e.g., Saha Thai Steel Pipe (Public) Co. v. United States, 635 F.3d 1335, 1340-41 (Fed. Cir. 2011).

¹³ See Saha Thai's supplemental questionnaire response, dated July 17, 2012, at 39-42.

¹⁴ Id.

¹⁵ See Memorandum to the File from Jun Jack Zhao, International Trade Compliance Analyst, entitled, "Circular Welded Carbon Steel Pipes and Tubes from Thailand: Preliminary Analysis Memorandum for Saha Thai Steel Pipe (Public) Company, Ltd." dated concurrently with this memorandum and hereby incorporated by reference (Saha Thai Preliminary Analysis Memorandum).

Normal Value

A. Home Market Viability

To determine whether there was a sufficient volume of sales of subject merchandise in the home market to serve as a viable basis for calculating NVs, we compared the volume of Saha Thai's home market sales of the foreign like product to the volume of its U.S. sales of the subject merchandise, in accordance with section 773(a)(1) of the Act. In accordance with section 773(a)(1)(B) of the Act, and 19 CFR 351.404(b), because Saha Thai's aggregate volume of home market sales of the foreign like product was greater than five percent of the aggregate volume of U.S. sales of the subject merchandise, we find that the home market is viable for comparison purposes for Saha Thai.¹⁶

B. Level of Trade

Pursuant to section 773(a)(1)(B)(i) of the Act, to the extent practicable, NV is normally based on the prices in the home market that are made at the same level of trade (LOT) as the EP. The NV LOT is that of the starting-price sale in the comparison market, or when NV is based on constructed value, that of the sales from which we derive selling, general and administrative (SG&A) and profit. For EP, the U.S. LOT is the level of the starting-price sale, which is usually from exporter to importer. To determine whether Saha Thai's home market sales are at a different LOT than its U.S. sales, we examine stages in the marketing and selling functions along the chain of distribution between the producer and unaffiliated customer. If the home market sales are at a different LOT, and the difference affects the price comparability, as manifested in a pattern of consistent price differences between sales at different levels of trade in the country in which NV is determined, we make an LOT adjustment under section 773(a)(7)(A) of the Act and 19 CFR 351.410(c).¹⁷

For the U.S. market, Saha Thai reported only one LOT for its EP sales. For its home market sales, Saha Thai reported that its sales to unaffiliated customers were at the same LOT as its U.S. sales. However, Saha Thai reported that, if the Department used the downstream sales of any of its affiliated resellers, these sales were made at a distinct LOT. Thus, it claims, in such circumstances, that its home market would consist of two LOTs. As such, Saha Thai provided information about the marketing and selling functions performed by the affiliated resellers for their sales to unaffiliated customers.¹⁸

Our preliminary analysis of Saha Thai's responses indicates selling functions do not vary significantly by customer category or market, but do vary by distribution channel. Specifically, we preliminarily find that Saha Thai sold at two LOTs in the home market (sales directly to customers and sales through affiliated resellers), and at one LOT in the U.S. market (sales directly to customers). We find that the home market sales directly to customers are at the same

¹⁶ See Saha Thai's questionnaire response, dated June 15, 2012, at Exhibit A-1; and Saha Thai's supplemental questionnaire response, dated January 10, 2013, at Exhibit SR2-3.

¹⁷ See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa, 62 FR 61731 (November 19, 1997).

¹⁸ See Saha Thai's Section A questionnaire response, dated June 13, 2012, at 20-27 and Exhibit A-9.

LOT as the LOT for U.S. sales directly to customers. For our complete analysis, see “Level of Trade” section in the Saha Thai Preliminary Analysis Memorandum; see also 2010-2011 Final Results. The Saha Thai Preliminary Analysis Memorandum includes the Department’s conclusions in chart form indicating how selling functions vary by distribution channel, and how they do not otherwise vary by customer or market. However, because we were able to match all U.S. sales to home market sales at a comparable LOT, no LOT adjustment was necessary.

C. Affiliated Party Transactions and the Arm’s-Length Test

The Department’s practice with respect to the use of home market sales to affiliated parties for NV is to determine whether such sales are at arm’s-length prices. To examine whether home market sales were made at arm’s length, we compared on a product- and LOT-specific basis the starting price of sales to affiliated customers to the starting price of sales to unaffiliated customers, net of all movement charges, direct selling expenses, discounts and packing. Where the prices to the affiliated party were, on average for all products, within a range of 98 to 102 percent of the same or comparable merchandise to all unaffiliated parties, we determined that all of the sales made to that affiliated party were at arm’s length.¹⁹ Where the affiliated party did not pass the arm’s-length test, the Department excluded all sales to that affiliated party from the NV calculation. With certain exceptions, because such sales were either consumed by the affiliate or were in insignificant volumes, in accordance with 19 CFR 351.403(d), we did not rely on downstream sales in place of the excluded sales to the affiliate.

D. Cost of Production Analysis

We examined the cost data for Saha Thai and determined that our quarterly cost methodology was not warranted. Therefore, we have applied our standard cost methodology, using POR costs based on the reported data, adjusted as described below.

We found that Saha Thai made sales below cost in the most recently completed segment of this proceeding in which Saha Thai was examined, and that such sales were disregarded.²⁰ Thus, in accordance with section 773(b)(3) of the Act, we calculated cost of production (COP) based on the sum of Saha Thai’s cost of materials and fabrication for the foreign like product, plus amounts for SG&A expenses, interest expenses, and home market packing costs. Details regarding the calculation of COP, including adjustments made to the COP reported by Saha Thai, as well as other calculation details can be found in the Saha Thai Preliminary Analysis Memorandum, with attached SAS program logs and outputs, as well as the Memorandum from Ji Young Oh to Neal M. Halper “Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results – Saha Thai Steel Pipe (Public) Company, Ltd.,” dated concurrently with this notice.

¹⁹ See Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade, 67 FR 69186, 69187 (November 15, 2002).

²⁰ See 2010-2011 Final Results.

E. Cost of Production Test

For Saha Thai, we compared the revised COP figures to home market prices on a product-specific basis, net of applicable billing adjustments, discounts and rebates, movement charges, and selling expenses, to determine whether home market sales had been made at prices below COP. In determining whether to disregard home market sales made at prices below COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether, within an extended period of time, such sales were made in substantial quantities, and whether such sales were made at prices which did not permit the recovery of all costs within a reasonable period of time in the normal course of trade.

In accordance with section 773(b) of the Act, where less than 20 percent of a given product was sold at prices lower than COP, we disregarded no below-cost sales of that product, because the below-cost sales were not made in “substantial quantities.” However, we disregarded the below-cost sales that: (1) have been made within an extended period of time (within six months to one year) in substantial quantities (20 percent or more), as defined by sections 773(b)(2)(B) and (C) of the Act; and (2) were not made at prices which permit recovery of all costs within a reasonable period of time, as prescribed by section 773(b)(2)(D) of the Act. Accordingly, we are disregarding certain of Saha Thai’s home market sales in the calculation of NV because (1) 20 percent or more of a given product was sold at prices less than COP and (2) based on our comparison of prices to weighted-average COP values for the POR, they were made at prices that would not permit recovery of all costs within a reasonable period of time. We used the remaining home market sales for Saha Thai as the basis for determining NV, in accordance with section 773(b)(1) of the Act.²¹

F. Calculation of Normal Value Based on Comparison Market Prices

We calculated NV based on the price Saha Thai reported for home market sales to unaffiliated customers which we determined were within the ordinary course of trade. We made deductions from NV, consistent with section 773(a)(6)(B)(ii) of the Act, for inland freight expenses from the plant to the customer and warehouse expenses associated with certain sales. In addition, we made adjustments for differences in circumstances of sale in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. We made these adjustments, where appropriate, by deducting direct selling expenses incurred on home market sales and adding U.S. direct selling expenses to NV. In this case, the only direct selling expense in either market was for credit expenses. We also made adjustments for differences in domestic and export packing expenses in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act. See Saha Thai Preliminary Analysis Memorandum for further details.

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A of the Act and 19 CFR 351.415, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank. The exchange rates are available on the Import Administration website at <http://ia.ita.doc.gov/exchange/index.html>.

²¹ See Saha Thai Preliminary Analysis Memorandum.

Recommendation

We recommend applying the above methodology for these preliminary results.

✓
Agree

Disagree

Paul Piquado
Paul Piquado
Assistant Secretary
for Import Administration

2 APRIL 2013
(Date)