



A-549-502
Administrative Review
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MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: James Maeder 
Director, Office of
Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of
Antidumping Duty Administrative Review: Circular Welded
Carbon Steel Pipes and Tubes from Thailand; 2012 – 2013
Administrative Review

I. 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 or 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, 2012, through February 28, 2013. The Department preliminarily determines that Saha Thai sold subject merchandise at less than normal value (NV), and that Pacific Pipe had no shipments of subject merchandise during the POR.

II. 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.¹ On March 1, 2013, the Department published a notice of opportunity to request an administrative review of the order.² On March 29, 2013, 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 29, and April 1, 2013, respectively, Wheatland Tube Company and United States Steel Corporation, producers of the domestic like product, requested that the Department conduct an

¹ See *Antidumping Duty Order: Circular Welded Carbon Steel Pipes and Tubes from Thailand*, 51 FR 8341 (March 11, 1986)

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 78 FR 13858 (March 1, 2013).



administrative review of Saha Thai and Pacific Pipe. On May 1, 2013, the Department initiated an administrative review of Saha Thai and Pacific Pipe.³

On May 1, 2013, the Department issued an antidumping duty questionnaire to Saha Thai and Pacific Pipe. On June 17, 2013, 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 6 and 8, 2013 respectively, both United States Steel Corporation and Wheatland Tube Company requested that the Department conduct verification of the questionnaire responses submitted by Saha Thai. On August 20, 2013, Wheatland Tube Company submitted factual information from a previous administrative review with regard to Saha Thai. On November 1, 2013, Wheatland Tube Company and United States Steel Corporation filed targeted dumping allegations with regard to Saha Thai.

As explained in the memorandum from the Assistant Secretary for Enforcement and Compliance, the Department exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 1, through October 16, 2013.⁴ Therefore, all deadlines in this segment of the proceeding have been extended by 16 days.

On November 7, 2013, the Department extended the time for issuing the preliminary results of this review from 245 days to 365 days.⁵

III. 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), the written description of the merchandise subject to the order is dispositive.

³ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 25418 (May 1, 2013).

⁴ See Memorandum for the Record from Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government" (October 18, 2013).

⁵ 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" (November 7, 2013).

IV. PRELIMINARY DETERMINATION OF NO SHIPMENTS

The Department received a timely submission from Pacific Pipe reporting that it did not sell or export the subject merchandise to the United States during the POR.⁶ The Department received CBP data indicating there may have been entry(ies) of subject merchandise manufactured by Pacific Pipe during the POR, but such entry(ies) were imported into the United States outside of the POR.⁷ Based on such 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.⁸ 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.⁹ 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 any 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.¹⁰

V. COMPARISON 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), 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.

⁶ See Letter from Pacific Pipe, dated June 17, 2013.

⁷ See Memorandum to the File from Katlin Wojnar, entitled “Circular Welded Carbon Steel Pipes and Tubes from Thailand: Release of Customs Entry Data” (February 20, 2014).

⁸ See 19 CFR 351.213(d)(3); see also *Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe (Over 41/2 Inches) From Japan: Final Results of Antidumping Duty Administrative Review*, 77 FR 27428, 27430 (May 10, 2012).

⁹ See *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003) (*Assessment Policy Notice*).

¹⁰ 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).

VI. 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 product for purposes of determining the appropriate NVs for sales of subject merchandise in the United States. In order to identify comparable products sold in the home market, we relied on six physical characteristics: grade, size (nominal pipe size), wall thickness, pipe schedule, surface finish, and end finish. Where there were no sales of identical merchandise in the home market with which to determine an NV for U.S. sales, we determined the NV based on home market sales of the foreign like product most similar to the subject merchandise sold in the United States on the basis of the physical characteristics listed above.

VII. DISCUSSION OF METHODOLOGY

A. *Determination of Comparison Method*

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (the average-to-average (A-to-A) method) unless the Secretary determines that another method is appropriate in a particular situation. In antidumping duty investigations, the Department examines whether to use the average-to-transaction (A-to-T) 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.¹¹ In recent investigations, the Department applied a “differential pricing” analysis for determining whether application of A-to-T 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.¹² The Department finds that 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 A-to-A method in calculating weighted-average dumping margins.

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

¹¹ 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), and accompanying Issues and Decision Memorandum at Comment 1.

¹² See, e.g., *Xanthan Gum From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33350 (June 4, 2013), and accompanying Issues and Decision Memorandum at Comment 3; *Hardwood and Decorative Plywood From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 58273 (September 23, 2013), and accompanying Issues and Decision Memorandum at Comment 3.

pricing analysis evaluates whether such differences can be taken into account when using the A-to-A 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 product control number and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between EPs or constructed export prices and NVs 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* coefficient is calculated 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 used 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 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, and the sales in the test groups pass the Cohen’s *d* test, if the calculated Cohen’s *d* coefficient is equal to or exceeds the large threshold (*i.e.*, 0.8).

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 prices that differ significantly supports the consideration of the application of the A-to-T method to all sales as an alternative to the A-to-A 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 A-to-T method to those sales identified as passing the Cohen’s *d* test as an alternative to the A-to-A method, and application of the A-to-A 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 A-to-A method.

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 prices 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 A-to-A 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 A-to-A method only. If the difference between the two calculations is meaningful, then this demonstrates that the A-to-A 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 A-to-A 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

Based on the results of the differential pricing analysis, we find that 83.98 percent of Saha Thai's U.S. sales pass the Cohen's *d* test, and confirm the existence of a pattern of EPs for comparable merchandise that differ significantly among purchasers, regions, or time periods. Further, the Department determines that the A-to-A method cannot appropriately account for such differences because the resulting weighted-average dumping margins move across the *de minimis* threshold when calculated using the A-to-A method and an alternative method based on the A-to-T method applied to all U.S. sales. Accordingly, the Department determined to use the A-to-T method for all U.S. sales to calculate the weighted-average dumping margin for Saha Thai.

C. 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 Department's practice in previous reviews.¹³

As in previous reviews,¹⁴ in the home market, the invoice establishes the material terms of sale. Therefore, we are using the invoice date as the date of sale for home market sales.

¹³ See *Circular Welded Carbon Steel Pipes and Tubes from Thailand: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 65272 (October 31, 2013) (*2011-2012 Final Results*), and accompanying Issues and Decision Memorandum at Comment 6.

¹⁴ See, e.g., *Circular Welded Carbon Steel Pipes and Tubes from Thailand: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 2078221105, 20784 (April 96, 20132), and accompanying Decision Memorandum, unchanged in *2011-2012 Final Results*.

D. *Export Price*

As in previous reviews,¹⁵ 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 preliminarily find 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, lighterage, ocean freight, U.S. brokerage and handling charges, and U.S. duties. 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.¹⁶

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.¹⁷

Saha Thai 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.¹⁸ 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.¹⁹ Therefore, for these preliminary results, we are making an upward adjustment to EP for these duty exemptions.

E. *Normal Value*

1. *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

¹⁵ See, e.g., *id.*

¹⁶ See, e.g., *2011-2012 Final Results*, and accompanying Issues and Decision Memorandum at Comment 5.

¹⁷ See, e.g., *Saha Thai Steel Pipe (Public) Co. v. United States*, 635 F.3d 1335, 1340-41 (Fed. Cir. 2011).

¹⁸ See Saha Thai's questionnaire response, dated June 28, 2013 (Section C), at 39-42 and Exhibits C 4-7.

¹⁹ *Id.*

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.²⁰

2. *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) expenses and profit. For EP, the U.S. LOT is the level of the starting-price sale, which is usually from the exporter to the 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 LOTs 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).²¹

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.²²

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 LOT as the LOT for U.S. sales directly to customers. However, because we were able to match all U.S. sales to home market sales at a comparable LOT, no LOT adjustment is warranted.

3. *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

²⁰ See Saha Thai's questionnaire response, dated June 12, 2013 (Section A), at Exhibit A-1.

²¹ 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).

²² See Saha Thai's questionnaire response, dated June 12, 2013 (Section A), at 20-27 and Exhibit A-9.

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.²³ 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 one exception, 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. For the single exception, we relied on downstream sales of the affiliate reported by Saha Thai.

4. *Cost of Production Analysis*

Because the Department disregarded sales which were made at prices below the cost of production (COP) in the most recently completed administrative review as of the initiation of the instant review,²⁴ we are conducting a sales-below-cost investigation in this review pursuant to section 7773(b)(3) of the Act. Accordingly, Saha Thai submitted its response to Section D of the antidumping questionnaire on June 28, 2013. In accordance with section 773(b)(3) of the Act, we calculated 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. We examined the cost data and determined that our quarterly cost methodology is not warranted. Therefore, we applied our standard methodology of using annual costs based on the reported data. Based on our analysis of Saha Thai's questionnaire responses, we made the following adjustments to Saha Thai's reported COP:

- We included the POR change in slit coil inventory less the cost of slit coils that were sold in the reported costs
- We adjusted the reported total cost of manufacturing to account for the incorrect production quantities used in its cost to financial accounting system adjustment factor.

Details regarding the calculation of Saha Thai's COP, as well as other calculation details can be found in the Memorandum to Neal Halper, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results – Saha Thai Steel Pipe (Public) Company Ltd.," dated April 17, 2014 (Saha Thai Preliminary Analysis Memorandum), and in the preliminary results SAS programs.

²³ See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69187 (November 15, 2002).

²⁴ See *Circular Welded Carbon Steel Pipes and Tubes From Thailand: Preliminary Results of Antidumping Duty Administrative Review*, 77 FR 20782, 20785-86 (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).

5. *Cost of Production Test*

On a product-specific basis, we compared Saha Thai's COP values, as revised by the Department, to home market prices, net of applicable billing adjustments, movement charges, selling expenses, and packing, to determine whether home market sales had been made at prices below COP. In determining whether to disregard Saha Thai's 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 less than COP, we did not disregard any 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 section 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 determined to disregard certain home market sales of Saha Thai in the determination 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 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 as the basis for determining NV, in accordance with section 773(b)(1) of the Act.²⁵

6. *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. 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 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.²⁶

7. *Price-to-Constructed Value Comparisons*

Where we were unable to find home market sales of comparable merchandise, in accordance with section 773(a)(4) of the Act, we based NV on constructed value (CV). Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Act.

²⁵ See Saha Thai Preliminary Analysis Memorandum for further details.

²⁶ *Id.*

8. *Constructed Value*

In accordance with section 773(e) of the Act, and where applicable, we calculated CV based on the sum of Saha Thai's material and fabrication costs, SG&A expenses, profit and U.S. packing costs. We calculated the COP component of CV as described above in the "Cost of Production" section of this memorandum. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized by Saha Thai in connection with the production and sales of the foreign like product at the same level of trade as the U.S. sale, in the ordinary course of trade, for consumption in the foreign country.

F. *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 Enforcement and Compliance website at <http://enforcement.trade.gov/exchange/index.html>.

VIII. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.



Agree

Disagree



Paul Piquado
Assistant Secretary
for Enforcement and Compliance

17 APRIL 2014
(Date)