



A-549-502
Administrative Review
POR: 3/1/2013-2/28/2014
Public Document
E&C/Office VII: DL

DATE: March 31, 2015

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: *for* Christian Marsh *ST*
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Circular Welded Carbon Steel Pipes and Tubes from Thailand:
Decision Memorandum for the Preliminary Results of
Antidumping Duty Administrative Review; 2013-2014

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, 2013, through February 28, 2014. The Department preliminarily determines that Saha Thai and Pacific Pipe did not sell subject merchandise at less than normal value (NV) during the POR.

II. BACKGROUND

On March 11, 1986, the Department published in the *Federal Register* the antidumping duty order on circular welded carbon steel pipes and tubes from Thailand.¹ The Department published a notice of opportunity to request an administrative review of the order on March 3, 2014.² On March 28, 2014, Pacific Pipe 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. Additionally, Wheatland Tube Company (Petitioner), a producer of the domestic like product, requested that the Department conduct an administrative review of Saha

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*, 79 FR 11757 (March 3, 2014).

Thai and Pacific Pipe on March 31, 2014. Subsequently, on April 30, 2014, the Department initiated the instant administrative review of Saha Thai and Pacific Pipe.³

The Department issued initial antidumping duty questionnaires to both Saha Thai and Pacific Pipe on July 30, 2014 and a few supplemental questionnaires thereafter. Both respondents submitted timely-filed responses to all questionnaires issued by the Department. Between August 22 and 26, 2014, Pacific Pipe filed requests to prepare its responses using fiscal year costs and to limit its home market sales. Both of these requests were opposed by Petitioner. After analyzing the requests and comments, the Department denied the requests.⁴

During the time period leading up to these preliminary results, Petitioner filed a number of submissions. Specifically, on May 30, 2014, Petitioner requested the Department conduct a duty absorption inquiry of Saha Thai and Pacific Pipe.⁵ On August 8, 2014, Petitioner requested the Department verify the information provided by both respondents. Between September 12 and October 29, 2014, Petitioner submitted comments on Saha Thai's questionnaire responses. These filings included an October 3, 2014 submission containing factual information from a previous administrative review with regard to Saha Thai. Additionally, on October 29, 2014, Petitioner filed a targeted dumping allegation with respect to Saha Thai's sales.

On October 22, 2014, the Department extended the time for issuing the preliminary results of this review from 245 days to 365 days.⁶

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*, 79 FR 24398 (April 30, 2014).

⁴ See Letter from the Department to Pacific Pipe Public Company Limited regarding "Response to: Circular Welded Carbon Steel Pipes and Tubes from Thailand; Requests for: 1) Shifting of Cost Reporting Period 2) Shifting of Home Market Sales Reporting Period, and 3) Limiting Products Reported in the Home Market Sales Database," dated September 11, 2014.

⁵ See "Duty Absorption" section for further analysis below.

⁶ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, regarding "Circular Welded Carbon Steel Pipes and Tubes from Thailand: Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review" (October 22, 2014).

IV. COMPARISON TO NORMAL VALUE

Pursuant to section 773(a) of the Tariff Act of 1930, as amended (Act), and 19 CFR 351.414(c)(1) and (d), to determine whether Pacific Pipe or 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.

V. 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 and Pacific Pipe in Thailand during the POR to be the 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.

VI. 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 (or constructed export prices (CEPs)) (the average-to-average or A-to-A method) unless the Department determines that another method is appropriate in a particular situation. In antidumping duty investigations, the Department examines whether to compare weighted-average NVs with transaction-specific EPs (or CEPs) (the average-to-transaction or 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 duty investigations.⁷ 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.⁸ The Department finds that the differential pricing analysis used in recent investigations

⁷ 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.

⁸ 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.

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 CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential 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 or consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, zip) 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 CEPs 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

1. Saha Thai

Based on the results of the differential pricing analysis, we find that 77.46 percent of Saha Thai's U.S. sales pass the Cohen's *d* test, and confirm the existence of a pattern of prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. Further, the Department determines that the A-to-A method appropriately accounts for such differences because there is not a meaningful difference in the weighted-average dumping margins 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 has preliminarily determined to use the A-to-A method for all U.S. sales to calculate the weighted-average dumping margin for Saha Thai.

2. Pacific Pipe

Based on the results of the differential pricing analysis, we find that 0.00 percent of Pacific Pipe's U.S. sales pass the Cohen's *d* test, and, by extension, do not indicate the existence of a pattern of prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. Accordingly, the Department has preliminarily used the A-to-A method for all U.S. sales to calculate the weighted-average dumping margin for Pacific Pipe.

C. Date of Sale

1. Saha Thai

Saha Thai reported that the material terms of its U.S. sales were finalized at the contract date, while, for home market sales, the terms were finalized on the invoice date.⁹ Based on the information placed on the record of this proceeding, we preliminarily determine that it is appropriate to rely on the contract date as the date of sale for Saha Thai's U.S. sales and the invoice date as the date of sale for the company's home market sales.

2. Pacific Pipe

Pacific Pipe stated that the material terms of the U.S. sales are finalized upon issuance of the *pro forma* invoice while, for home market sales, the material terms are finalized on the date of the invoice.¹⁰ Accordingly, we preliminarily determine that it is appropriate to use the date of the *pro forma* invoice and invoice as the dates of sale for Pacific Pipe's U.S. and home market sales, respectively.

D. Export Price

1. Saha Thai

We have 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 also reported freight revenue for those sales 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 duty drawback, *i.e.*, the duties exempted on its imports of hot-rolled steel coil into a bonded warehouse. In determining whether an adjustment for duty drawback should be made, we look for a reasonable link between the duties imposed and those rebated or exempted. We do not require that the imported material be traced directly from importation through exportation. We do require, however, that the company meet our "two-

⁹ See Saha Thai's September 19, 2014 Section C Questionnaire Response at 20; see also Saha Thai's September 19, 2014 Section B Questionnaire Response at 23.

¹⁰ See Pacific Pipe's September 22, 2014 Section C Questionnaire Response at C-11; see also Pacific Pipe's September 22, 2014 Section B-D Questionnaire Response at B-11.

¹¹ See, e.g., 2011-2012 *Final Results*, and accompanying Issues and Decision Memorandum at Comment 5.

pronged” test in order for this adjustment 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 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 duty drawback as claimed by Saha Thai.

2. Pacific Pipe

We have classified all of Pacific Pipe’s sales to its U.S. customers as EP sales because, pursuant to section 772(a) of the Act, we preliminarily find that Pacific Pipe is not affiliated with 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, and insurance.

We note that Pacific Pipe claimed that an adjustment to EP is warranted for the revenue received under the “Blue Corner Program,” which pays exporters of certain goods a portion of the value of their export sales. For the instant review, we have preliminarily determined that it is not appropriate to make an adjustments to EP because there is no information indicating that this program meets the Department’s well-established two-pronged test for duty drawback as described above for Saha Thai, nor do we find any other basis for an adjustment to EP.¹⁵

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 each respondent’s home market sales of its 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 both Saha Thai’s and Pacific Pipe’s aggregate volumes of home market sales of the foreign like product were greater than five

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 September 19, 2014, Section C Questionnaire Response at 39-42, Exhibits C-4-7.

¹⁴ *Id.*

¹⁵ See Pacific Pipe Preliminary Analysis Memorandum, dated concurrently with this memorandum for a more detailed explanation.

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 both respondents.¹⁶

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 a respondent'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).¹⁷

a. Saha Thai

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, then 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 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.

¹⁶ See Saha Thai's September 3, 2014 Section A Questionnaire Response at Exhibit A-1; see also Pacific Pipe's September 8, 2014 Section A Questionnaire Response at Exhibit 1.

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, 61732-3 (November 19, 1997).

¹⁸ See Saha Thai's September 3, 2014 Section A Questionnaire Response at 18-29, Exhibit A-7.

b. Pacific Pipe

Pacific Pipe reported only one LOT for its EP sales to the U.S. market, which we preliminarily find to be at the same LOT as its home market sales.¹⁹

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 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.²⁰ 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.

a. Saha Thai

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.

b. Pacific Pipe

Pacific Pipe did not have sales to affiliated customers in the home market.

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,²¹ we are conducting a sales-below-cost investigation in this review pursuant to section 773(b)(3) of the Act. Saha Thai and Pacific Pipe submitted responses to Section D of the antidumping questionnaire on September 19, 2014 and September 22, 2014, respectively. In

¹⁹ See Pacific Pipe's September 8, 2014 Section A Questionnaire Response at 11-14, Exhibit 6.

²⁰ See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69187 (November 15, 2002).

²¹ For Saha Thai, see *Circular Welded Carbon Steel Pipes and Tubes from Thailand: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 21105 (April 9, 2013) and accompanying Decision Memorandum, unchanged in *Circular Welded Carbon Steel Pipes and Tubes from Thailand: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 65272 (October 31, 2013). For Pacific Pipe, see *Circular Welded Carbon Steel Pipes and Tubes from Thailand: Preliminary Results of Antidumping Duty Administrative Review*, 77 FR 20782, 20785-20786 (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).

accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of each respondent'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 for either respondent. Therefore, we applied our standard methodology of using annual costs based on the reported data from both Saha Thai and Pacific Pipe.

Based on our analyses of Saha Thai's and Pacific Pipe's questionnaire responses thus far, we have made no adjustments to Saha Thai's or Pacific Pipe's reported COP. On March 16, 2015, we released supplemental section D questionnaires to Saha Thai and Pacific Pipe. The responses to these questionnaires will be incorporated into the final results of this administrative review.

5. Cost of Production Test

On a product-specific basis, we compared Saha Thai's and Pacific Pipe's COP values to the respective company's 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 and Pacific Pipe'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 the COP, we did not disregard 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 have preliminarily determined to disregard certain home market sales of Saha Thai and Pacific Pipe as outside of the ordinary course of trade 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 the weighted-average COP for the POR of the sold product, 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.

6. Calculation of Normal Value Based on Comparison Market Prices

We calculated NV based on the price each respondent 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 freight 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. 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.²²

7. Price-to-Constructed Value Comparisons

Where we were unable to determine NV based on 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.

8. Constructed Value

In accordance with section 773(e) of the Act, and where applicable, we calculated CV based on the sum of each respondent's COP, 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 the respondents in connection with the production and sales of the foreign like product at the same LOT as the U.S. sale, in the ordinary course of trade, for consumption in the comparison (*i.e.*, home) market.

F. Duty Absorption

On May 30, 2014, Petitioner requested that the Department conduct a duty absorption inquiry of both respondents.²³ Section 751(a)(4) of the Act provides for the Department, if requested, to determine during an administrative review initiated two or four years after publication of the order whether antidumping duties have been absorbed by the foreign producer or exporter if the subject merchandise is sold in the United States through an affiliated importer.²⁴ Because this review was not initiated at the two-year or four-year interval from publication of the antidumping duty order, the Department is not authorized to conduct a duty absorption inquiry in the instant review.²⁵

G. 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>.

²² See Saha Thai Preliminary Analysis Memorandum; *see also* Pacific Pipe Preliminary Analysis Memorandum.

²³ See Letter to the Department regarding "Circular Welded Carbon Steel Pipes and Tubes from Thailand: Request for Duty Absorption Determination," dated May 30, 2014.

²⁴ See 19 CFR 351.213(j).

²⁵ See *FAG Italia S.p.A. v. United States*, 291 F.3d 806 (Fed. Cir. 2002).

VII. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

✓
Agree

Disagree


Paul Piquado
Assistant Secretary
for Enforcement and Compliance

30 MARCH 2015
(Date)