June 4, 2014

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for Preliminary Results of the 2012/2013 Antidumping Duty Administrative Review: Polyethylene Retail Carrier Bags from Thailand

SUMMARY

In response to requests from the domestic interested parties, the Polyethylene Retail Carrier Bag Committee and its individual members, Hilex Poly Co., LLC and Superbag Corporation (collectively, the petitioners), the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on polyethylene retail carrier bags (PRCBs) from Thailand,1 pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act). This review covers six companies. The period of review (POR) is August 1, 2012, through July 31, 2013. We preliminarily find that subject merchandise has been sold at less than normal value by the companies subject to this review.

BACKGROUND

On August 9, 2004, the Department published the Order in the Federal Register. On October 2, 2013, we published a notice of initiation of an administrative review of six companies.2 Since

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1 See Antidumping Duty Order: Polyethylene Retail Carrier Bags From Thailand, 69 FR 48204 (August 9, 2004) (Order).
the initiation of this review, we selected Beyond Packaging Co., Ltd. (Beyond Packaging) for individual examination.  

**SCOPE OF THE ORDER**

The merchandise subject to the antidumping duty order is PRCBs, which may be referred to as t-shirt sacks, merchandise bags, grocery bags, or checkout bags. The subject merchandise is defined as non-sealable sacks and bags with handles (including drawstrings), without zippers or integral extruded closures, with or without gussets, with or without printing, of polyethylene film having a thickness no greater than 0.035 inch (0.889 mm) and no less than 0.00035 inch (0.00889 mm), and with no length or width shorter than 6 inches (15.24 cm) or longer than 40 inches (101.6 cm). The depth of the bag may be shorter than 6 inches but not longer than 40 inches (101.6 cm).

PRCBs are typically provided without any consumer packaging and free of charge by retail establishments, e.g., grocery, drug, convenience, department, specialty retail, discount stores, and restaurants, to their customers to package and carry their purchased products. The scope of the order excludes (1) polyethylene bags that are not printed with logos or store names and that are closeable with drawstrings made of polyethylene film and (2) polyethylene bags that are packed in consumer packaging with printing that refers to specific end-uses other than packaging and carrying merchandise from retail establishments, e.g., garbage bags, lawn bags, trash-can liners.

As a result of changes to the Harmonized Tariff Schedule of the United States (HTSUS), imports of the subject merchandise are currently classifiable under statistical category 3923.21.0085 of the HTSUS. Furthermore, although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

**DISCUSSION OF THE METHODOLOGY**

**Selection of Respondents**

Due to the large number of companies for which the Department initiated this administrative review, the Department exercised its authority to limit the number of respondents selected for individual examination. Where it is not practicable to examine all known exporters and producers of subject merchandise because of the large number of such companies, section 777A(c)(2) of the Act allows the Department to limit its examination to either a sample of exporters, producers, or types of products that is statistically valid, based on the information available at the time of selection, or exporters and producers accounting for the largest volume of subject merchandise from the exporting country that can be reasonably examined.

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3 See memorandum from Sandra Dreisonstok, International Trade Compliance Analyst, AD/CVD Operations, Office I, to Thomas Gilgunn, Director, AD/CVD Operations, Office I, “Polyethylene Retail Carrier Bags from Thailand: Selection of Respondents for Individual Examination” dated November 14, 2013 (Respondent Selection Memorandum).
Accordingly, based on our analysis of U.S. Customs and Border Protection (CBP) import data on the record of this review and our available resources, we selected Beyond Packaging for individual examination.4

Request for Duty Absorption Determinations

On November 18, 2013, the petitioners requested that the Department determine, pursuant to 19 CFR 351.213(j), whether antidumping duties have been absorbed by all companies subject to this review. The statute only authorizes the Department to conduct duty absorption inquiries in the second and fourth administrative reviews after publication of an antidumping duty order.5 Pursuant to the court’s decision in FAG Italia, we are not conducting a duty absorption inquiry in this review because it is the ninth administrative review of the Order.

Use of Facts Otherwise Available

For the reasons discussed below, we determine that the use of adverse facts available (AFA) is appropriate for these preliminary results with respect to the weighted-average dumping margin for Beyond Packaging.

A. Use of Facts Available

On December 4, 2013, we sent the antidumping questionnaire to Beyond Packaging at the address provided by the petitioners.6 We were notified by the carrier that the shipment could not be delivered.7 In response to our request, on December 18, 2013, the petitioners placed on the record of this review the registration documentation for Beyond Packaging filed with Thailand’s Ministry of Commerce.8 This information revealed that the address to which we sent the questionnaire on December 4, 2013, is the same address that was used by Beyond Packaging to register the company with the Thai government authorities.9 The information also revealed the identity and addresses of the company’s directors at the time of the company’s registration.10

On December 30, 2013, we sent the antidumping questionnaire to the addresses of Beyond Packaging’s three known directors who, according to Beyond Packaging’s registration documents, were, at that time, authorized to represent Beyond Packaging and to bind the

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4 Id.
7 Id.
8 See letter from King & Spalding LLP on behalf of the petitioners entitled “Polyethylene Retail Carrier Bags From Thailand: Response To Request For Information” dated December 18, 2013, at attachment 2.
9 Id.
10 Id.
company to certain legal commitments. After multiple attempts to deliver to the addresses provided, on January 20, 2014, the carrier deemed these packages also as undeliverable.

Section 751(a)(2)(A) of the Act directs the Department to determine the “dumping margin” for “each entry.” Accordingly, to determine information pertaining to Beyond Packaging’s entries, on January 29, 2014, we requested that the petitioners provide us with any publicly available information regarding the names and addresses of the importers of record for subject exports made by Beyond Packaging. On January 31, 2014, the petitioners identified Globalink Enterprises, LLC (Globalink) as the sole importer of record and provided relevant information about the company. This information included publicly available information regarding the subject entries and indicated that the only known company address for Beyond Packaging was the same address to which the Department had sought to deliver the questionnaire.

We also requested entry documentation from CBP to determine the addresses for Beyond Packaging and the importer of record. CBP provided the Department with the commercial and import documentation for entries of subject merchandise exported by Beyond Packaging that had been filed with CBP during the POR. The relevant commercial invoices and documentation created by Beyond Packaging and submitted by Globalink to CBP show the same company address for Beyond Packaging which proved to be undeliverable.

We sent questionnaires to Globalink on March 5, March 27, and April 8, 2014, asking for an address or any other contact information for Beyond Packaging, as well as other general questions regarding its purchases of subject merchandise and relationship with Beyond Packaging. The first questionnaire was successfully delivered. After we did not receive a response from Globalink by the established deadline for the first questionnaire we issued two subsequent questionnaires specifying that failure to respond may result in the application of AFA. The second letter was inadvertently sent without a return receipt notification request, such that a third questionnaire, identical to the second, was also sent and successfully delivered. Globalink again did not respond to either request.

11 See Shipment Tracking Memo.
12 One of the questionnaires was not successfully mailed on December 30, 2013. This questionnaire was resent on January 27, 2014, and was also deemed undeliverable by the carrier. It was returned to us on February 10, 2014. See Shipment Tracking Memo.
14 See letter from King & Spalding LLP on behalf of the petitioners entitled “Polyethylene Retail Carrier Bags From Thailand: Response To Request For Information Regarding Importers” dated January 31, 2014, at exhibits 1 and 2.
15 Id.
16 See memorandum to the file from Sandra Dreisonstok, International Trade Compliance Analyst, AD/CVD Operations, Office I, entitled “Polyethylene Retail Carrier Bags from Thailand – Placement of Documents on the Record” dated March 5, 2014.
17 Id.
19 Id.
20 Id.
Section 776(a)(1) of the Act states that the Department “shall use” facts available if necessary information is not available on the record. Further, section 776(a)(2) of the Act provides that the Department “shall use” facts available if it determines that an interested party withheld information requested by the Department or significantly impeded a proceeding. We preliminarily determine that the use of facts available is warranted because Beyond Packaging’s address was necessary to this proceeding. Furthermore, Beyond Packaging and Globalink withheld information necessary for the Department to conduct an administrative review of Beyond Packaging’s entries, thereby significantly impeding the conduct of this proceeding.

We preliminarily find that the circumstances here are different from other instances in which the Department is unable to deliver its request for information to a respondent, and the Department rescinded the review. Unlike in those instances, in this case, Globalink, the importer for Beyond Packaging’s entries and an interested party under section 771(9)(A) of the Act, failed to respond to a request for information necessary for the conduct of this review. Further, the mandatory respondent exporter appears not to have provided an accurate working address for itself, or its directors, on record with its own government nor to have maintained an accurate working address for purposes of document submission to CBP and entering merchandise subject to the Order into the United States. These facts demonstrate unreasonable commercial conduct by Beyond Packaging and Globalink which inhibited the Department’s ability to administer the antidumping law. In accordance with the Department’s mandate to effectively administer the antidumping law and provide the statutory relief requested by the domestic industry, as supported by information on the record of an administrative review, the Department preliminarily determines that the use of facts available is warranted in determining a weighted-average dumping margin for merchandise produced and/or exported by Beyond Packaging.

B. Application of Facts Available With an Adverse Inference

Section 776(b) of the Act provides that if the Department finds that an interested party fails to cooperate by not acting to the best of its ability to comply with a request for information, the Department may use an inference adverse to the interests of that party in selecting the facts otherwise available. In addition, the SAA provides that the Department may employ an adverse inference “to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”

As explained above, the Department made several attempts to deliver the antidumping questionnaire to Beyond Packaging’s corporate address as well as to the personal addresses of

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21 See Certain Frozen Warmwater Shrimp from Thailand; Partial Rescission of Antidumping Duty Administrative Review, 72 FR 50931 (September 5, 2007); and Certain Steel Concrete Reinforcing Bars From Turkey; Final Results and Rescission of Antidumping Duty Administrative Review in Part, 71 FR 65082 (November 7, 2006).
22 See Notice of Final Results of Antidumping Duty Administrative Review: Stainless Steel Bar from India, 70 FR 54023, 54025-26 (September 13, 2005), and Notice of Final Determination of Sales at Less Than Fair Value and Final Negative Critical Circumstances: Carbon and Certain Alloy Steel Wire Rod from Brazil, 67 FR 55792, 55794-96 (August 30, 2002).
24 See SAA at 870; and, e.g., Certain Polyester Staple Fiber from Korea: Final Results of the 2005-2006 Antidumping Duty Administrative Review, 72 FR 69663 (December 10, 2007).
three members of its board of directors. Beyond Packaging’s corporate address was originally provided by the petitioners in their request for an administrative review. Subsequently, the Department confirmed this address with the information provided by Beyond Packaging to its importer and CBP in the documents to support the POR entries of subject merchandise from Beyond Packaging. Furthermore, Beyond Packaging provided the same address in its business registration with the Government of Thailand. Beyond Packaging’s Thai business registration also included the identity and personal addresses for three board members who, according to the registration materials, were authorized to bind Beyond Packaging in legal matters.

A company exercising good business practices and due diligence would provide accurate and reliable information to government authorities, including contact information, and maintain such information for those authorities. It appears that Beyond Packaging and Globalink did not do so. The information provided to CBP by Globalink, which contained information from Beyond Packaging for the purpose of supporting entries of its merchandise into the United States, proved to be unreliable. The address for Beyond Packaging submitted by Beyond Packaging and provided by Globalink to CBP is identical to the address Beyond Packaging provided in its business registration to the Thai government. A company’s business registration should reflect current and accurate information, including its corporate address, and other material information, such as the identity and contact information for members of its board of directors. However, the Department has been unable to rely on this information to conduct this administrative review. Additionally, Globalink, a U.S. importer of Beyond Packaging’s merchandise subject to this review, failed to respond to the Department’s additional attempts to obtain the necessary information to conduct this review.

A company such as Beyond Packaging which sells merchandise into the United States should be knowledgeable of the laws governing its sales into the United States, including the U.S. antidumping duty law when its merchandise is subject to an antidumping duty order. Beyond Packaging and Globalink knew, or reasonably should have known, that Beyond Packaging’s shipments of PRCBs from Thailand to the United States were subject to the Order. In addition, Beyond Packaging and Globalink knew, or reasonably should have known, that these entries of subject merchandise could be, and are, subject to an administrative review in accordance with the U.S. antidumping laws. This includes the Department’s standard notifications published in the Federal Register announcing the opportunity to request a review in the anniversary month of an order, the initiation of an administrative review if one is requested, the process for participation as an interested party to an administrative review, and the identification of companies who are expected to provide the Department information with which it may conduct the administrative review.

25 See letter from the petitioners to the Secretary of Commerce, “Polyethylene Retail Carrier Bags from Thailand: Request for Administrative Review” dated August 30, 2013.
26 See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 78 FR 46573 (August 1, 2013) (Opportunity Notice).
27 See Initiation Notice.
29 See Respondent Selection Memorandum.
In light of the fact that Beyond Packaging and its U.S. importer, Globalink, are on notice as to the conduct of this review, and the unreasonable commercial conduct of these companies, we preliminarily determine that Beyond Packaging and Globalink have not cooperated by acting to the best of their ability in providing the necessary information for the Department to calculate a weighted-average dumping margin for Beyond Packaging’s exports of subject merchandise to the United States for this POR. Accordingly, we preliminarily find that the application of facts available with an adverse inference, pursuant to section 776(b) of the Act, is warranted for the weighted average dumping margin for Beyond Packaging for the preliminary results of this administrative review.

C. Selection and Corroboration of Information Used as Facts Available

Where the Department applies AFA because a respondent fails to cooperate by not acting to the best of its ability to comply with a request for information, section 776(b) of the Act authorizes the Department to rely on information derived from the petition, a final determination, a previous administrative review, or other information placed on the record.\(^\text{30}\) As AFA, we preliminarily assign to Beyond Packaging a weighted-average dumping margin of 122.88 percent, the highest rate found in the Final LTFV.\(^\text{31}\) We applied this rate in the Final LTFV as well as in each successive administrative review of this proceeding.\(^\text{32}\) This rate achieves the purpose of applying an adverse inference, \textit{i.e.}, it is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated.\(^\text{33}\)

Section 776(c) of the Act requires that, to the extent practicable, the Department corroborate secondary information from independent sources that are reasonably at its disposal. Secondary information is defined as “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.”\(^\text{34}\) As clarified in the SAA, “corroborate” means that the Department will satisfy itself that the secondary information to be used has probative value.\(^\text{35}\) To corroborate secondary information, the Department will examine, to the extent practicable, the reliability and relevance of the information.\(^\text{36}\) As emphasized in the SAA, however, the Department need not prove that the selected facts available are the best alternative information.\(^\text{37}\) Further, independent sources used to corroborate such

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\(^{30}\) See also 19 CFR 351.308(c) and SAA at 868-870.

\(^{31}\) See Notice of Final Determination of Sales at Less Than Fair Value: Polyethylene Retail Carrier Bags From Thailand, 69 FR 34122, 34125 (June 18, 2004) (Final LTFV).


\(^{33}\) See Gallant Ocean (Thailand) Co. v. United States, 602 F.3d 1319 (CAFC 2010).

\(^{34}\) See SAA at 870.

\(^{35}\) Id.

\(^{36}\) See 2006-2007 Final Results and accompanying Issues and Decision Memorandum at comment 1.

\(^{37}\) See SAA at 869.
evidence may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation or review.\textsuperscript{38}

The 122.88 percent rate is derived from the petition in the investigation. Specifically, the petitioners calculated a dumping margin using a normal value and export price derived from a single large Thai producer and exporter.\textsuperscript{39} In the investigation, the Department found the rate of 122.88 percent to be reliable because the rate was calculated in consideration of source documents from that large Thai producer and exporter, including a review of several other price quotes of various sizes of PRCBs commonly produced in Thailand, import statistics, and affidavits from managers of that Thai company.\textsuperscript{40} With respect to the relevance aspect of corroboration, the Department determined that, because the price quote reflected commercial practices of the particular industry during the period of investigation, the information was relevant to mandatory respondents which refused to participate in the investigation.\textsuperscript{41} Accordingly, the Department found the rate to be corroborated in the investigation.

The rate of 122.88 percent has been applied to other producers or exporters since the investigation. Indeed, it was affirmed by the Court of Appeals for the Federal Circuit (CAFC) in \textit{KYD} as corroborated for purposes of the second administrative review of the \textit{Order}. For purposes of that review, the CAFC held that the rate was “well-grounded because…that margin was supported not only by the evidence submitted with the petition, but also by Commerce’s calculation of “high volume transaction-specific margins for cooperative companies which are both higher than the 122.88 percent petition rate and are close to that rate.”\textsuperscript{42}

Beyond Packaging has not been individually examined in a prior segment of this proceeding. Beyond Packaging provided the Department with no company-specific commercial information and no information has been presented in the current review that calls into question the relevance or reliability of this rate. Accordingly, by using information that was corroborated in the investigation and preliminarily determined to be relevant to Beyond Packaging in this review, we corroborated the AFA rate “to the extent practicable.”\textsuperscript{43} We therefore preliminarily determine that the AFA rate is corroborated for purposes of this administrative review.

\textbf{Rate for Non-Examined Companies}

The statute and the Department’s regulations do not directly address the establishment of a rate to be applied to companies not selected for individual examination where the Department limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. The

\textsuperscript{38} See 19 CFR 351.308(d) and SAA at 870.
\textsuperscript{39} See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Polyethylene Retail Carrier Bags from Thailand, 69 FR 3552, 3553-3554 (January 26, 2004) (Prelim LTFV), unchanged in Final LTFV.
\textsuperscript{40} Id.
\textsuperscript{41} See Prelim LTFV, 69 FR at 3553-3554.
\textsuperscript{42} See \textit{KYD} v. \textit{United States}, 607 F.3d at 766 (CAFC 2010).
\textsuperscript{43} See section 776(c) of the Act, 19 CFR 351.308(d), and \textit{NSK Ltd. v. United States}, 347 F. Supp. 2d 1312, 1336 (CIT 2004) (stating, “pursuant to the ‘to the extent practicable’ language…the corroboration requirement itself is not mandatory when not feasible”).
Department’s practice in cases involving limited selection based on exporters or producers accounting for the largest volumes of trade has been to look to section 735(c)(5) of the Act for guidance, which provides instructions for calculating the all-others rate in an investigation. Section 735(c)(5)(A) of the Act instructs that we are not to calculate an all-others rate using any rates that are zero, *de minimis* or based entirely on facts available. Section 735(c)(5)(B) of the Act also provides that, where all rates are zero, *de minimis*, or based entirely on facts available, we may use “any reasonable method” for assigning the rate to all-other respondents.

In this review, we determined a weighted-average dumping margin for Beyond Packaging, the sole company that we selected for individual examination, entirely on the basis of AFA. In previous cases, the Department determined that a “reasonable method” to use when, as here, the rate of the respondent selected for individual examination is based on AFA, is to apply to those companies not selected for individual examination the average of the most recently determined rates that are not zero, *de minimis*, or based entirely on facts available (which may be from a prior administrative review).44 If any such non-examined company had its own calculated rate that is contemporaneous with or more recent than such prior determined rates, however, the Department applied such individual rate to the non-examined company in the review in question, including when that rate is zero or *de minimis*.45 However, all prior rates calculated in administrative reviews for this proceeding, except for those calculated in the *Section 129 Determination*,46 were calculated using the methodology the Department abandoned in its *Final Modification for Reviews*47 for administrative reviews with preliminary results issued after April 16, 2012. Based on this, and in accordance with the statute, we determine that a reasonable method for establishing the weighted-average dumping margin for companies not selected for individual examination in this review is to apply the all-others rate of 4.69 percent, established in the *Section 129 Determination*. This rate was calculated based on the commercial experience of exporters of the subject merchandise during the investigation, and does not use the methodology abandoned by the Department in its *Final Modification for Reviews*.

44 See *Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part*, 73 FR 52823, 52824 (September 11, 2008), and accompanying Issues and Decision Memorandum at comment 16.
45 Id.
46 See *Notice of Implementation of Determination Under Section 129 of the Uruguay Round Agreements Act and Partial Revocation of the Antidumping Duty Order on Polyethylene Retail Carrier Bags From Thailand*, 75 FR 48940 (August 12, 2010) (*Section 129 Determination*).
47 See *Antidumping Proceedings: Calculation of the Weighted Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012) (*Final Modification for Reviews*).
RECOMMENDATION

We recommend applying the above methodology for these preliminary results.

Agree                Disagree

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

4 June 2014
Date