

companies in the other ventures and inter-company business relationships (e.g., SSI sells subject merchandise to Thai Cold Rolled and company A acts as SSI's selling arm for some of its non-subject merchandise).

SSI claims that it is not affiliated with company A pursuant to Section 771(33)(F) nor the U.S. customer, a trading company, and thus it did not supplement its U.S. sales data with the sales made by the U.S. trading company to the next unaffiliated customer. SSI claims that it did not commonly control Thai Cold Rolled Steel with company A nor was it required to sell subject merchandise to Thai Cold Rolled Steel and that Thai Cold Rolled Steel has other suppliers. Additionally, SSI points out that it does not have ownership in company A nor in the U.S. customer, and that there are no common family members, officers or director, partner or employer/employee relationships between SSI and company A or the U.S. customer.

In this case, the Department preliminarily does not find that SSI and the U.S. customer were affiliated, because the nature of the relationship between SSI and company A, one of the two owners of the U.S. customer, with respect to non-subject merchandise did not have the potential to impact decisions concerning the production, pricing or cost of the subject merchandise.

Fair Value Comparisons

To determine whether sales of subject merchandise were made in the United States at less than fair value, we compared the export price (EP) or constructed export price (CEP) to the NV, as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this notice. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated EPs and compared these prices to weighted-average normal values or CVs, as appropriate.

Export Price

In accordance with section 772 of the Act, we calculated either an EP or a CEP, depending on the nature of each sale. Section 772(a) of the Act defines EP as the price at which the subject merchandise is first sold by the foreign exporter or producer before the date of importation to an unaffiliated purchaser in the United States, or to an unaffiliated purchaser for exportation to the United States. We have preliminarily determined that all of SSI's U.S. sales during the POR were EP sales.

We calculated EP based on prices charged to the first unaffiliated U.S. customer, which was a trading company in this case. We used the final contract date as the date of sale as determined by the Department in the original investigation. We based EP on the packed CFR prices to the first unaffiliated purchasers outside Thailand. We made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act, including: foreign inland freight and foreign brokerage and handling.

Duty Drawback

Section 772(c)(1)(B) of the Act provides that EP shall 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." The Department determines that an adjustment to U.S. price for claimed duty drawback is appropriate when a company can demonstrate that (1) there is a sufficient link between the import duty and the rebate, and (2) there are sufficient imports of the imported material to account for the duty drawback received for the export of the manufactured product (the "two pronged test"). See *Rajinder Pipes Ltd. v. United States*, 70 F. Supp. 2d 1350, 1358 (CIT 1999). See also *Certain Welded Carbon Standard Steel Pipes and Tubes from India: Final Results of New Shippers Antidumping Duty Administrative Review*, 62 FR 47632 (September 10, 1997) and *Federal Mogul Corp. v. United States*, 862 F. Supp. 384, 409 (CIT 1994).

During the POR, SSI received duty drawback for its U.S. sales and for certain sales in the home market that were exported from Thailand as non-subject merchandise by unaffiliated further manufacturers and produced from SSI hot-rolled coil. Under the Thai Board of Investment ("BOI") duty drawback scheme, SSI applies to the BOI for a duty exemption for the imported slab with the BOI maintaining a running tally of SSI's requests for slab exemptions. When SSI intends to export, it again applies to the BOI requesting a duty exemption for the exported material. During verification, the Department found that SSI maintains its duty exemption records on a FIFO (first in first out) basis. SSI noted that it applies for the BOI import surcharge exemption when the company expects export sales. Additionally, we noted that when SSI submits its application for duty drawback, SSI is not required by the Thai government to link the specific imported slab to the

specific exported hot-rolled coil. The Department concludes that for SSI's U.S. sales, the company uses a methodology consistent with Department practice for applying its duty drawback received upon export of subject merchandise to the United States. See *Far East Mach. II*, 12 CIT at 975, 699 F.Supp. at 312; see also *Final Determination of Sales at Less Than Fair Value: Oil Country Tubular Good from Korea*, 60 FR 33561 (June 28, 1995). SSI meets the second criterion of the two-pronged test for its U.S. sales, as all of SSI's hot-rolled steel is made from imported slab. With respect to the duty drawback SSI received from certain home market sales that were ultimately exported, SSI received duty drawback from the BOI when the exporting company applied for the duty drawback. SSI stated that only one of its home market customers applied to the BOI for the import duty exemption. For this company, SSI applied the amount of drawback it received from the BOI over all of SSI's home market sales to this company. SSI stated that it is unable to determine which sales of hot-rolled coil it made to this further processor were destined for the export market versus the home market. Verification confirms SSI's assertion about the inability to directly link SSI's hot-rolled coil to the further manufactured product, but the Department believes that SSI's domestic customer has an adequate link to the BOI drawbacks for the following reasons. First, SSI stated that this customer applies for duty drawback in the same manner as SSI. Second, SSI's accounting records demonstrate that the company records in its accounting system these duty drawbacks in a similar manner as its U.S. market drawbacks. Thus, the Department finds that there is a sufficient link for SSI's local export sales. Since SSI received this duty drawback from its slab imports, the second criterion of the two pronged test for these local export sales is the same as SSI's direct U.S. sales: all of SSI's hot-rolled steel is made from imported slab. For these preliminary results, the Department is adding the duty drawback as reported by SSI to normal value.

Normal Value

After testing home market viability and whether home market sales were at below-cost prices, the Department calculated NV as noted in the "Price-to-Price Comparisons" and "Price-to-CV Comparison" sections of this notice.