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A-583-008
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MEMORANDUM TO: James J. Jochum
Assistant Secretary
for Import Administration

FROM: Jeffrey May
Deputy Assistant Secretary
for Import Administration, Operations

SUBJECT: Issues and Decision Memorandum for the Administrative Review of the
Antidumping Duty Order for Circular Welded Carbon Steel Pipes and
Tubes from Taiwan: Notice of Final Results of Antidumping Duty
Administrative Review (A-583-008)

Summary

We have analyzed the comments and rebuttal comments of interested parties in the antidumping duty review of circular welded carbon steel pipes and tubes from Taiwan (A-583-008). As a result of our analysis, we have not made changes in the margin calculation. We recommend that you approve the positions we have developed below. In response to our preliminary results, we received comments and rebuttal comments from parties relating to credit expenses for home market sales as discussed below.

Background

We published in the Federal Register the preliminary results of this review on June 8, 2004 (see Circular Welded Carbon Steel Pipes and Tubes from Taiwan: Preliminary Results of Antidumping Duty Administrative Review, 69 FR 31958 (June 8, 2004) (Preliminary Results)). The period of review (POR) is May 1, 2002 through April 30, 2003. The review covers sales exported by one producer, Yieh Hsing Enterprise Co, Ltd (Yieh Hsing). We invited parties to comment on our preliminary results. Petitioners addressed one comment in a case brief filed on July 8, 2004 and the respondent filed a rebuttal brief on July 13, 2004.

Scope of Review

Imports covered by this review are shipments of certain circular welded carbon steel pipes and tubes. The Department defines such merchandise as welded carbon steel pipes and tubes of circular cross

~~section~~, with walls not thinner than 0.065 inch and 0.375 inch or more but not over 4.5 inches in outside diameter. These products are commonly referred to in the industry as “standard pipe” and are produced to various American Society for Testing Materials specifications, most notably A-53, A-120 and A-135. Standard pipe **is currently classified under Harmonized Tariff Schedule of the United States (HTSUS) item numbers 7306.30.5025, 7306.30.5032, 7306.30.5040, and 7306.30.5055. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under review is dispositive.**

No Changes Since the Preliminary Results

For the final results, the Department has not changed its margin calculation from the preliminary results.

Discussion of the Issue

Comment 1: Credit Expenses for Home Market Sales

Petitioners allege that Yieh Hsing’s adjustment for home market credit expenses should be denied because Yieh Hsing did not demonstrate how its sale-specific credit periods were directly related to home market sales or how periods were reasonably allocated to particular sales. Petitioners state Yieh Hsing’s method results in widely different credit periods and claims Yieh Hsing’s attempts to apportion “unlinked” payments to sales in particular months distort the margin calculation.

Petitioners state that the Department allows a respondent to establish credit days based on the average-age-of-accounts-receivables method when a respondent’s customers pay on account and do not specify the sales to which payments relate. Petitioners argue that Yieh Hsing’s method differs from the average-age-of-receivables, which establishes an average credit period for all of a customers’ sales during the POR. Petitioners assert that Yieh Hsing could have calculated an average credit period using the average-age-of-receivables method, but Yieh Hsing instead attempted to link payments with particular sales when no such linkage existed. Petitioners argue that Yieh Hsing has not met its burden to demonstrate and explain why the allocation methodology used does not cause inaccuracies or distortions.

Yieh Hsing admits that payment practices of Yieh Hsing customers “varied greatly” from month to month; therefore, the reported credit periods also varied from month to month. Yieh Hsing contends reported payment dates correspond to invoices within a particular sales period and Yieh Hsing tracks the actual payment amounts and dates to its customers’ account balances. Whereas petitioners state that a homogenized “average-age-of-accounts-receivables” payment date methodology should have been employed, Yieh Hsing claims its reported payment dates provide an accurate reflection of its customers’ actual payment practices. Yieh Hsing contends the petitioners ignore the findings from verification that demonstrate Yieh Hsing’s methodology tracks the purchasing and payment history of its customers. Yieh Hsing claims it has met the burden of employing a reasonable methodology to report

its credit periods and argues the Department should continue to use Yieh Hsing's reported home market payment dates in the final results.

Department's Position:

The Department agrees the respondent has employed a reasonable methodology to report its credit periods based on its records. In its original home market sales listing dated September 25, 2003, Yieh Hsing did not report actual payment dates as the dates of payment. In a supplemental response dated January 6, 2004, Yieh Hsing stated its home market customers typically paid on a periodic rather than invoice-specific basis. Yieh Hsing consequently revised its submission to calculate a weighted-average payment date based on the customers' actual payment records.

Yieh Hsing stated in its final supplemental questionnaire response dated February 17, 2004 that discrepancies existed in the previously reported weighted-averaged payment dates. At the outset of verification, it provided a more detailed weighted-averaged approach to calculate payment date, which incorporated its customers' accounts receivable balances and the actual payments made to Yieh Hsing. At verification, we reviewed charts showing the account receivable balances for particular customers, payment amounts and dates, all of which traced to Yieh Hsing's bank statement (see Verification Report of Yieh Hsing Sales and Cost Responses dated May 11, 2004 at pages 37 and 38).

Based upon the information on the record and the results of verification, we have concluded that the payment date methodology employed in Yieh Hsing's final home market sales database dated March 22, 2004 is reasonable because it reflects the actual payment practices of its customers.

Recommendation:

Based on our analysis of the comments received, we recommend adopting the position set forth above. If the recommendation is accepted, we will publish the final results of the review and the final weighted-average dumping margin for Yieh Hsing in the Federal Register.

AGREE_____ DISAGREE_____

James J. Jochum
Assistant Secretary
for Import Administration

Date