

produced to various ASTM specifications, most notably A-120, A-53 and A-135. During the review period, this merchandise was classified under item numbers 7306.30.10 and 7306.30.50 of the HTS. The HTS numbers are provided for convenience and Customs purposes. The written description remains dispositive.

The review covers the period January 1, 1993, through December 31, 1993.

#### Calculation Methodology for Assessment and Cash Deposit Purposes

We calculated the net subsidy on a country-wide basis by first calculating the subsidy rate for Saha Thai. As this was the only exporter of the subject merchandise, we used Saha Thai's rate as the country-wide rate. Since the country-wide rate calculated using this methodology was *de minimis*, as defined by 19 CFR § 355.7(1994), no further calculations were necessary.

#### Analysis of programs

##### I. Program Conferring Subsidies

###### Export Packing Credits

Export packing credits (EPCs) are short-term loans used for pre-shipment export financing. The loans are issued by commercial banks in baht for up to 180 days. The commercial banks are required to charge no more than a maximum interest rate of 10 percent *per annum* on the loan. Interest is paid on the due date of the loan. To obtain these loans, exporters issue promissory notes to the lending bank. The notes must be supported by an irrevocable letter of credit, a sales agreement, a purchase order, warehouse receipt, or issuance export bill. Commercial banks can lend up to the amount of the shipment. The commercial banks may rediscount 50 percent of the loan with the Bank of Thailand (BOT). On the date the loan is due, the BOT debits the commercial bank's account for the principal and the interest due. The commercial bank, in turn, debits the exporter's account or extends further credit at negotiated, commercial rates to the exporter.

If the exporter fails to export the total value of the goods by the due date, the BOT automatically charges the commercial bank a penalty retroactive to the first day of the loan. In case of non-performance by the exporter on the due date of the loan, this penalty is passed on to the exporter. During the period of review (POR), the penalty interest rate was 6.5 percent *per annum* on the entire loan. This penalty is forgiven and the exporter receives the EPC preferential rate if it makes the export shipment or receives payment in foreign currency for the product within

60 days after the due date of the promissory note. Because EPCs are available only to exporters, they are countervailable to the extent that the loans are provided at preferential rates.

To determine whether the loans are preferential, we ordinarily use as the benchmark the interest rate for the predominant source of short-term financing in the country in question. Where there is no single, predominant source of short-term financing, we may use a benchmark composed of the interest rates for two or more sources of short-term financing in the country in question, weighted, whenever possible, according to the value of the financing granted by each source. In *Final Countervailing Duty Determination and Countervailing Duty Order: Steel Wire Rope from Thailand* (56 FR 46299; Sept. 11, 1991) (*Steel Wire Rope*), the Department concluded that the minimum loan rate (MLR) and the minimum overdraft rate (MOR) as reported in the BOT Quarterly Bulletin are more representative of the prevailing short-term interest rates in Thailand than the rates used in previous cases. Based on that determination and on the recent United States Court of International Trade (CIT) decision in *Royal Thai Government and TTU Industrial Corp. v United States*, 850 F. Supp. 44 (CIT 1994), which said that the average rate of the MLR and MOR rates was the appropriate benchmark for short term loans, we are using the average of the 1993 MLR and MOR rates as reported in the BOT Quarterly Bulletin for 1993. That rate was 11.18 percent, which exceeded the maximum interest rate on EPCs of 10 percent. Therefore, we preliminarily determine that EPC loans are preferential.

To calculate the benefit provided to Saha Thai, currently the only known producer/exporter of the subject merchandise,<sup>1</sup> by the EPC loans during the POR, we compared the amount of interest actually paid to the amount that would have been paid at the benchmark rate. During the verification of the 1992 administrative review, we noted that the company had to specify the destination of the merchandise in order to receive the EPC loans. (See, *Certain Circular Welded Carbon Steel Pipes and Tubes From Thailand: Preliminary Results of Countervailing Duty Administrative Review* (60 FR 15901; March 28, 1995).) Because Saha Thai had to specify the destination of the subject merchandise for approval and because they exported

only the subject merchandise to the United States, we divided the benefit by its total exports of the subject merchandise to the United States to arrive at a net bounty or grant of 0.23 percent *ad valorem*.

##### II. Programs Preliminary Found Not To Be Used

We also examined the following programs and preliminarily determine that Saha Thai did not apply for or receive benefits under these programs for the review period.

1. Tax Certificates for Exporters
2. Electricity Discounts for Exporters
3. Tax and Duty Exemptions Under Section 28 of the Investment Promotion Act
4. Repurchase of Industrial Bills
5. Export Processing Zones
6. International Trade Promotion Fund/Export Promotion Fund
7. Reduced Business Taxes for Producers of Intermediate Goods for Export Industries
8. Additional Incentives under the IPA.

##### Preliminary Results of Review

For the period of January 1, 1993, through December 31, 1993, we preliminarily determine the net subsidy to be 0.23 percent *ad valorem* for all exporters and producers of pipe and tube from Thailand. In accordance with 19 CFR § 355.7, any rate less than 0.5% *ad valorem* is *de minimis*.

If the final results of this review remain the same as these preliminary results, the Department intends to instruct the U.S. Customs Service to liquidate, without regard to countervailing duties, all shipments of the subject merchandise from Thailand exported on or after January 1, 1993, and on or before December 31, 1993.

The Department intends to instruct the Customs Service to collect cash deposits of zero percent *ad valorem* of the f.o.b. invoice price on all shipments of this merchandise entered, or withdrawn from the warehouse, for consumption on or after the date of publication of the final results of this administrative review.

Parties to the proceeding may request disclosure of the calculation methodology and interested parties may request a hearing not later than 10 days after the date of publication of this written notice. Interested parties may submit written arguments in case briefs on these preliminary results within 30 days of the date of publication. Rebuttal briefs, limited to arguments raised in case briefs, may be submitted seven days after the time limit for filing the case brief. Any hearing, if requested, will be held seven days after the

<sup>1</sup> S.A.F. is an export trading company that is related to Saha Thai that began operations in 1993. All pipe exported by S.A.F. is produced by Saha Thai. We are treating the two companies as one corporate entity for purposes of our calculations.