

terminated effective January 1, 1990. However, producers and exporters who applied for discounts on exports prior to January 1, 1990, are still eligible to receive residual benefits on those exports.

Based on our verification, we found that neither EGAT, MEA, or PEA provided residual benefits during the POR on exports of subject merchandise to the United States. See verification report dated June 1, 1995.

2. Repurchase of Industrial Bills

Under Section II(f) of the suspension agreement, the producers and exporters are not to apply for, or receive, any promissory notes from the Bank of Thailand (BOT) for exports of subject merchandise to the United States.

In 1988, this program was changed from "Rediscount of Industrial Bills" to "Repurchase of Industrial Bills" (see "Notification of the Bank of Thailand #2531 re: Repurchase of Industrial Bills 1988"). Under this program, companies can receive discounted financing for working capital on industrial bills for a period of 120 days. This program operates similarly to the Export Packing Credit Program where companies can receive financing from a commercial bank or the Industrial Finance Corporation at interest rates of 10% or less. The BOT will then repurchase 50% of the bills from the commercial bank or Industrial Finance Corporation.

Based on our verification, we found the signatories subject to this review were not among those that applied for, or received, industrial bills for exports of subject merchandise to the United States during the POR. See verification report dated June 1, 1995.

3. Investment Promotion Act: Section 28, 31, 35, and 36

Under Section II (i) of the suspension agreement, the producers and exporters are to notify the Department in writing prior to applying for, or receiving, benefits under the Investment Promotion Act on shipments exported to the United States.

The Investment Promotion Act of 1977 (IPA) is a general act, administered by the Board of Investment (BOI), that allows for the promotion of different industries selected for development assistance by the BOI. Under this program, producers and exporters must be granted a BOI license which enables them to receive various IPA benefits. Such benefits include the following:

Section 28—IPA Section 28 provides an exemption from payment of import duties on imported machinery.

Section 31—IPA Section 31 provides an exemption of juristic person income

tax on the net profit derived from the promoted activity.

Section 35—IPA Section 35 provides certain income tax benefits to firms located in investment promotion zones.

Section 36 (1)—IPA Section 36(1) allows companies an exemption from import duties on raw and essential materials used to produce goods for export.

Section 36 (4)—IPA Section 36(4) grants companies permission to deduct from taxable income an amount equal to 5% of the increase in export earnings over the previous year.

Based on our verification, we found no indication of signatories receiving benefits under these programs during the POR. See verification report dated June 1, 1995.

4. International Trade Promotion Fund

Under Section II(h) of the suspension agreement, the producers and exporters are to notify the Department in writing prior to applying for or accepting any new benefit which is, or is likely to be, a countervailable bounty or grant on shipments of subject merchandise exported, directly or indirectly, to the United States. Although the Department has never determined this program to be countervailable, we reviewed this program in the administrative review.

This program, governed by the "Rule on Administration of the International Trade Promotion Fund (ITPF), B.E. 2532 (1989)," promotes and develops Thai exports worldwide through incoming and outgoing trade missions. The ITPF provides training and seminars for exporters, and publicity through public advertisements.

Based on our verification, we confirmed that Saha Union and its relateds (Union Spinning, Union Thread, and Venus Thread) participated in an international trade fair, promoting subject merchandise. Saha Union and its related companies paid their own expenses to participate in the trade fair. See verification report dated June 1, 1995.

5. Export Processing Zones

Under Section II (i) of the suspension agreement, producers and exporters shall notify the Department in writing prior to making an application to locate in an Export Processing Zone.

This program is governed by the "Industrial Estates Authority of Thailand Act, B.E. 2522, 1979." Under this program, a company must apply to the Industrial Estate Authority of Thailand (IEAT) for permission to locate in an export processing zone (EPZ). All EPZ's are located inside an industrial estate. Companies located within an

EPZ can receive import duty exemptions on equipment and raw materials, and exemption of export duties on exported goods.

Based on our verification, we found no use of this program by signatories to the suspension agreement. See verification report dated June 1, 1995.

6. Duty Drawback

Under Section II (c) of the suspension agreement, exporters and producers are not to apply for, or receive, rebates on shipments of subject merchandise in excess of the import duties paid on items that are physically incorporated into exported products.

Under this program, Thai Customs will refund import duties paid on imported goods used in the production of an exported product. In order to qualify for duty drawback, the goods must be exported through an authorized port, the exports must be shipped within one year of the date of importation of the goods on which drawback is claimed, and the producer/exporter must request drawback within six months of the date of exportation of the goods.

During the POR, Saha Union, Union Spinning, Union Thread, Venus Thread, and Thai Melon used duty drawback on exported goods of subject merchandise to the United States. Based on verification, we found that the amount of drawback received was not in excess of the items physically incorporated into the exported product. See verification report dated June 1, 1995.

7. Double Deduction for Foreign Marketing Expenses

Under Section II (e) of the suspension agreement, the producers and exporters are not to apply for, or receive, the double deduction of foreign marketing expenses for income tax purposes or financing on concessionary terms from the BOT on exports of subject merchandise.

From 1978 through 1981, the BOI granted trading companies a benefit on the double deduction of foreign marketing expenses from taxable income. In order to receive this benefit, a company had to be promoted through the BOI. This program was terminated in 1981 "BOI Announcement No. 1/2524."

Based on verification, we found no use of this benefit. See verification report dated June 1, 1995.

8. Tax Certificates

Under Section II (c) of the suspension agreement, the producers and exporters can apply or receive tax certificates on shipments of subject merchandise