

provides for the Department, if requested, to determine, during an administrative review initiated two years or four years after publication of the order, whether antidumping duties have been absorbed by a foreign producer or exporter subject to the order if the subject merchandise is sold in the United States through an importer who is affiliated with such foreign producer or exporter. Section 751(a)(4) was added to the Act by the URAA. The Department's current regulations do not address this provision of the Act.

For transition orders as defined in section 751(c)(6)(C) of the Act, *i.e.*, orders in effect as of January 1, 1995, § 351.213(j)(2) of the Department's new antidumping regulations provides that the Department will make a duty absorption determination, if requested, in any administrative review initiated in 1996 or 1998. See 19 CFR § 351.213(j)(2), 62 FR 27394 (May 19, 1997). While the new regulations are not binding on the Department in the instant reviews, which were initiated under the interim regulations, they nevertheless serve as a statement of departmental policy. Because the order on certain cold-rolled carbon steel flat products from the Netherlands has been in effect since 1993, it is a transition order in accordance with section 751(c)(6)(C) of the Act. Since this review was initiated in 1996 and a request for a duty-absorption inquiry was made, the Department will undertake a duty absorption inquiry as part of this administrative review.

The Act provides for a determination on duty absorption if the subject merchandise is sold in the United States through an affiliated importer. In this case, the reviewed firm sold through an importer of record, Hoogovens Steel USA, Inc., that is "affiliated" within the meaning of section 751(a)(4) of the Act. Furthermore, we have preliminarily determined that there are dumping margins for respondent with respect to 18.50 percent of its U.S. sales, by quantity.

We presume that the duties will be absorbed for those sales which were dumped. This presumption can be rebutted with evidence that the unaffiliated purchasers in the United States will pay the ultimately assessed duty. However, there is no such evidence on the record. Under these circumstances, we preliminarily find that antidumping duties have been absorbed by Hoogovens Steel BV on the percentages of U.S. sales indicated. If interested parties wish to submit evidence that the unaffiliated purchasers in the United States will pay the ultimately assessed duty, they must

do so no later than 15 days after publication of these preliminary results.

Preliminary Results of Review

We preliminarily determine that the following margin exists for the period August 1, 1995 through July 31, 1996:

Company	Margin (percent)
Hoogovens Steel BV	1.95

Parties to this proceeding may request disclosure within five days of publication of this notice and any interested party may request a hearing within 10 days of publication. Any hearing, if requested, will be held 44 days after the date of publication, or the first working day thereafter. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 37 days after the date of publication. The Department will publish the final results of this administrative review, which will include the results of its analysis of issues raised in any such written comments or at a hearing, within 120 days after the publication of this notice.

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. The Department will issue appraisal instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by this review and for future deposits of estimated duties.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of cold-rolled carbon steel flat products from the Netherlands entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for the reviewed firm will be the rate established in the final results of administrative review, except if the rate is less than 0.50 percent, and therefore, *de minimis* within the meaning of 19 CFR 353.6, in which case the cash deposit rate will be zero; (2) if the exporter is not a firm covered in this review or the original investigation, but the manufacturer is, the cash deposit rate will be that established for the manufacturer of the merchandise in the final results of this review; and (3) if

neither the exporter nor the manufacturer is a firm covered in this or any previous review or the original fair value investigation, the cash deposit rate will be 19.32 percent.

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 353.26(b) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during these review periods. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 353.22.

Dated: September 2, 1997.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-580-815 & A-580-816]

Certain Cold-Rolled and Corrosion-Resistant Carbon Steel Flat Products From Korea: Preliminary Results of Antidumping Duty Administrative Reviews

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of preliminary results of antidumping duty administrative reviews.

SUMMARY: In response to requests from three respondents and from the petitioners in the original investigation, the Department of Commerce ("the Department") is conducting administrative reviews of the antidumping duty orders on certain cold-rolled and corrosion-resistant carbon steel flat products from Korea. These reviews cover three manufacturers and exporters of the subject merchandise. The period of review ("POR") is August 1, 1995, through July 31, 1996.

We preliminarily determine that sales have been made below normal value ("NV"). If these preliminary results are adopted in our final results of administrative reviews, we will instruct U.S. Customs to assess antidumping duties based on the difference between

export price ("EP") or constructed export price ("CEP") and NV.

Interested parties are invited to comment on these preliminary results. Parties who submit argument in this proceeding are requested to submit with the argument: (1) A statement of the issue; and (2) a brief summary of the argument.

EFFECTIVE DATE: September 9, 1997.

FOR FURTHER INFORMATION CONTACT: Fred Baker (Dongbu), Steve Bezirgianian (POSCO), Thomas Killiam or Alain Letort (Union), or John Kugelman, Enforcement Group III—Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Room 7866, Washington, DC 20230; telephone (202) 482-2924 (Baker), -1395 (Bezirgianian), -2704 (Killiam), -4243 (Letort), or -0649 (Kugelman).

SUPPLEMENTARY INFORMATION:

Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 ("the Act") by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR part 353 (April 1997). Although the Department's new regulations, codified at 19 CFR part 351 (62 FR 27296—May 19, 1997), do not govern these proceedings, citations to those regulations are provided, where appropriate, to explain current departmental practice.

Background

The Department published antidumping duty orders on certain cold-rolled and corrosion-resistant carbon steel flat products from Korea on August 19, 1993 (58 FR 44159). The Department published a notice of "Opportunity to Request an Administrative Review" of the antidumping duty orders for the 1995/96 review period on August 12, 1996 (61 FR 41768). On August 31, 1996, respondents Dongbu Steel Co., Ltd. ("Dongbu"), Union Steel Manufacturing Co., Ltd. ("Union"), and Pohang Iron and Steel Co., Ltd. ("POSCO"), requested that the Department conduct administrative reviews of the antidumping duty orders on cold-rolled and corrosion-resistant carbon steel flat products from Korea. On the same day, the petitioners in the original less-than-fair-value ("LTFV") investigations (AK

Steel Corporation; Bethlehem Steel Corporation; Inland Steel Industries, Inc.; LTV Steel Co., Inc.; National Steel Corporation; and U.S. Steel Group, a unit of USX Corporation) filed a similar request. We initiated these reviews on September 13, 1996 (61 FR 48882—September 17, 1996).

On October 7, 1996, the petitioners requested, pursuant to section 751(a)(4) of the Act, that the Department determine whether antidumping duties had been absorbed by the respondents during the POR. Section 751(a)(4) provides for the Department, if requested, to determine, during an administrative review initiated two years or four years after publication of the order, whether antidumping duties have been absorbed by a foreign producer or exporter subject to the order if the subject merchandise is sold in the United States through an importer who is affiliated with such foreign producer or exporter. Section 751(a)(4) was added to the Act by the URAA.

The regulations governing these reviews do not address this provision of the Act. However, for transition orders as defined in section 751(c)(6)(C) of the Act, *i.e.*, orders in effect as of January 1, 1995, section 351.213(j)(2) of the Department's new antidumping regulations provides that the Department will make a duty-absorption determination, if requested, in any administrative review initiated in 1996 or 1998. *See* 19 CFR 351.213(j)(2), 62 FR at 27394. As noted above, while the new regulations do not govern the instant reviews, they nevertheless serve as a statement of departmental policy. Because the orders on certain cold-rolled and corrosion-resistant carbon steel flat products from Korea have been in effect since 1993, they are transition orders in accordance with section 751(c)(6)(C) of the Act. Since these reviews were initiated in 1996 and a request for a duty-absorption inquiry was made, the Department will undertake a duty-absorption inquiry as part of these administrative reviews.

The Act provides for a determination on duty absorption if the subject merchandise is sold in the United States through an affiliated importer. In these cases, all reviewed firms sold through importers that are "affiliated" within the meaning of section 751(a)(4) of the Act. Furthermore, we have preliminarily determined that there are dumping margins for the following firms with respect to the percentages of their U.S. sales, by quantity, indicated below:

Name of firm	Class or kind of merchandise	Percentage of U.S. affiliate's sales with dumping margins
Dongbu	Cold-Rolled .. Corrosion-Resistant.	0.00%. 5.98%
POSCO	Cold-Rolled .. Corrosion-Resistant.	10.07% 10.63%.
Union	Cold-Rolled .. Corrosion-Resistant.	No U.S. sales in POR. 7.88%.

We presume that the duties will be absorbed for those sales which were dumped. This presumption can be rebutted with evidence that the unaffiliated purchasers in the United States will pay the ultimately assessed duty. However, there is no such evidence on the record. Under these circumstances, we preliminarily find that antidumping duties have been absorbed by the above-listed firms on the percentages of U.S. sales indicated. If interested parties wish to submit evidence that the unaffiliated purchasers in the United States will pay the ultimately assessed duty, they must do so no later than 15 days after publication of these preliminary results.

Under the Act, the Department may extend the deadline for completion of administrative reviews if it determines that it is not practicable to complete the review within the statutory time limit of 365 days. On February 18, 1997, and again on July 18, 1997, the Department extended the time limits for the preliminary results in these cases. *See Certain Cold-Rolled and Corrosion-Resistant Carbon Steel Flat Products from Korea; Extension of Time Limits for Antidumping Duty Administrative Reviews*, 62 FR 40333 (July 28, 1997).

The Department is conducting these administrative reviews in accordance with section 751 of the Act.

Scope of the Reviews

The review of "certain cold-rolled carbon steel flat products" covers cold-rolled (cold-reduced) carbon steel flat-rolled products, of rectangular shape, neither clad, plated nor coated with metal, whether or not painted, varnished or coated with plastics or other nonmetallic substances, in coils (whether or not in successively superimposed layers) and of a width of 0.5 inch or greater, or in straight lengths which, if of a thickness less than 4.75 millimeters, are of a width of 0.5 inch or greater and which measures at least 10 times the thickness or if of a thickness of 4.75 millimeters or more are of a width which exceeds 150

millimeters and measures at least twice the thickness, as currently classifiable in the Harmonized Tariff Schedule ("HTS") under item numbers 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0090, 7209.17.0030, 7209.17.0060, 7209.17.0090, 7209.18.1530, 7209.18.1560, 7209.18.2550, 7209.18.6000, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7210.90.9000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7215.50.0015, 7215.50.0060, 7215.50.0090, 7215.90.5000, 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.7000, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090. Included in this review are flat-rolled products of nonrectangular cross-section where such cross-section is achieved subsequent to the rolling process (*i.e.*, products which have been "worked after rolling")—for example, products which have been beveled or rounded at the edges. Excluded from this review is certain shadow mask steel, *i.e.*, aluminum-killed, cold-rolled steel coil that is open-coil annealed, has a carbon content of less than 0.002 percent, is of 0.003 to 0.012 inch in thickness, 15 to 30 inches in width, and has an ultra flat, isotropic surface.

The review of "certain corrosion-resistant carbon steel flat products" covers flat-rolled carbon steel products, of rectangular shape, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished or coated with plastics or other nonmetallic substances in addition to the metallic coating, in coils (whether or not in successively superimposed layers) and of a width of 0.5 inch or greater, or in straight lengths which, if of a thickness less than 4.75 millimeters, are of a width of 0.5 inch or greater and which measures at least 10 times the thickness or if of a thickness of 4.75 millimeters or more are of a width which exceeds 150 millimeters and measures at least twice the thickness, as currently classifiable in the HTS under item numbers 7210.30.0030, 7210.30.0060, 7210.41.0000, 7210.49.0030, 7210.49.0090, 7210.61.0000,

7210.69.0000, 7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.1000, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7212.60.0000, 7215.90.1000, 7215.90.3000, 7215.90.5000, 7217.20.1500, 7217.30.1530, 7217.30.1560, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090. Included in this review are flat-rolled products of nonrectangular cross-section where such cross-section is achieved subsequent to the rolling process (*i.e.*, products which have been "worked after rolling")—for example, products which have been beveled or rounded at the edges. Excluded from this review are flat-rolled steel products either plated or coated with tin, lead, chromium, chromium oxides, both tin and lead ("terne plate"), or both chromium and chromium oxides ("tin-free steel"), whether or not painted, varnished or coated with plastics or other nonmetallic substances in addition to the metallic coating. Also excluded from this review are clad products in straight lengths of 0.1875 inch or more in composite thickness and of a width which exceeds 150 millimeters and measures at least twice the thickness. Also excluded from this review are certain clad stainless flat-rolled products, which are three-layered corrosion-resistant carbon steel flat-rolled products less than 4.75 millimeters in composite thickness that consist of a carbon steel flat-rolled product clad on both sides with stainless steel in a 20%-60%-20% ratio.

These HTS item numbers are provided for convenience and customs purposes. The written descriptions remain dispositive.

The POR is August 1, 1995 through July 31, 1996. These reviews cover sales of certain cold-rolled and corrosion-resistant carbon steel flat products by Dongbu, Union, and POSCO.

Verification

As provided in section 782(i)(3) of the Act, we verified information provided by the respondents using standard verification procedures, including on-site inspection of the manufacturers' facilities, the examination of relevant sales and financial records, and selection of original documentation containing relevant information. Our verification results are outlined in the public versions of the verification reports.

Transactions Reviewed

In accordance with section 751 of the Act, the Department is required to determine the EP (or CEP) and NV of each entry of subject merchandise.

In determining NV, based on our review of the submissions by Dongbu and Union, the Department determined that Dongbu and Union need not report "downstream" sales by affiliated resellers in the home market because of their small quantity. With respect to POSCO, based on our review of the respondent's submissions, the Department determined that POSCO need not report the home market downstream sales of the service centers in which it owns a minority stake because it appears that they would have a minimal effect upon the calculation of NV, and such reporting would constitute an enormous burden. See Memorandum to Richard O. Weible from Steve Bezirgianian (August 29, 1997).

For purposes of these reviews, we are treating POSCO, Pohang Coated Steel Co., Ltd. ("POCOS"), and Pohang Steel Industries Co., Ltd. ("PSI") as affiliated parties and have "collapsed" them as a single producer of certain cold-rolled carbon steel flat products (POSCO and PSI) and certain corrosion-resistant carbon steel flat products (POSCO, POCOS, and PSI). POSCO, POCOS, and PSI were already collapsed in previous segments of these proceedings. See, *e.g.*, *Final Determinations of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, Certain Corrosion-Resistant Carbon Steel Flat Products, and Certain Cut-to-Length Carbon Steel Plate from Korea*, 58 FR 37176 (July 9, 1993). The POSCO group has submitted no information which would cause us to change that treatment.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all cold-rolled carbon steel flat products produced by the respondents, covered by the descriptions in the "Scope of the Reviews" section of this notice, *supra*, and sold in the home market during the POR, to be foreign like products for the purpose of determining appropriate product comparisons to U.S. sales of cold-rolled carbon steel flat products. Likewise, we considered all corrosion-resistant carbon steel flat products produced by the respondents and sold in the home market during the POR to be foreign like products for the purpose of determining appropriate product comparisons to corrosion-resistant

carbon steel flat products sold in the United States. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed in Appendix V of the Department's September 19, 1996 antidumping questionnaire. In making the product comparisons, we matched foreign like products based on the physical characteristics reported by the respondent and verified by the Department. Where sales were made in the home market on a different weight basis from the U.S. market (theoretical versus actual weight), we converted all quantities to the same weight basis, using the conversion factors supplied by the respondents, before making our fair-value comparisons.

Fair-Value Comparisons

To determine whether sales of certain cold-rolled and corrosion-resistant carbon steel flat products by the respondents to the United States were made at less than fair value, we compared EP (or CEP) to NV, as described in the "Export Price (or Constructed Export Price)" and "Normal Value" sections of this notice. In accordance with section 777A(d)(2) of the Act, we calculated monthly weighted-average prices for NV and compared these to individual U.S. transactions.

Use of Home-Market Sales

Section 773(a)(1)(C)(iii) of the Act provides that the Department will use third-country sales as the basis for normal value if "the particular market situation in the exporting country does not permit a proper comparison with the export price or the constructed export price." Section B.2.a(1) of the Statement of Administrative Action, which accompanied the passage of the URAA (H.R. Doc. No. 3106, 103rd Cong., 2nd Sess. 829-831 (1994)) ("SAA"), further states that "Commerce may determine that home market sales are inappropriate as a basis for determining normal value if the particular market situation would not permit a proper comparison." SAA at 822. The statute does not define "particular market situation," but the SAA indicates that "such a situation might exist where a single sale in the home market constitutes five percent of sales to the United States or where there is government control over pricing to such an extent that home market prices cannot be considered to be competitively set." *Id.*

On October 24 and November 22, 1996, and again on March 17, 1997, the

petitioners alleged that the Government of Korea controls steel prices in Korea and that the home-market prices reported by respondents are therefore not true market prices. Claiming that the home market could not be used, the petitioners requested that the Department collect third-country sales information for each of the Korean respondents, and use the respondents' sales of subject merchandise to third countries for purposes of comparison with prices in the U.S. market.

On April 15, 1997, the Department published in the **Federal Register** its notice of final results of administrative reviews in the previous segment of these proceedings. In that notice the Department found that "while there (was) some evidence of a substantial level of Korean government involvement in domestic steel pricing, there was not "convincing" evidence that the Korean government controlled domestic steel prices "to such an extent that home market prices cannot be considered to be competitively set." In other words, petitioners failed to meet the burden of demonstrating that there is a "reasonable basis for believing that a "particular market situation" exists." See "Explanation to the Final Rules," section 351.404, in the new regulations at 62 FR 27357 (May 19, 1997). We determined, therefore, that the Korean home market was viable and appropriate as a basis for NV. No factual information has been submitted in the record of these proceedings that would lead us to modify this decision. We determine, therefore, that the Korean home market still provides an appropriate basis for calculating NV.

Date of Sale

It is the Department's current practice normally to use the invoice date as the date of sale; we may, however, use a date other than the invoice date if we are satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale. See 19 CFR 351.401(i) (62 FR at 27411).

The questionnaire we sent to the respondents on September 19, 1997 instructed them to report the date of invoice as the date of sale; it also stated, however, that "[t]he date of sale cannot occur after the date of shipment." Because in these reviews the date of shipment in many instances preceded the date of invoice, we cannot use the date of invoice as the new regulations prescribe. Accordingly, as allowed by the exception set forth in § 351.401(i) of the new regulations, we used the dates of sale described below. These sale

dates reflect the dates on which the exporter or producer established the material terms of sale.

A. Dongbu

Rather than the date of invoice, we used the date of shipment as the date of sale for home-market sales by Dongbu, and the contract date as the date of sale for Dongbu's U.S. sales. We based the date of sale on those dates because the material terms of sale could, and did, change until those dates.

B. POSCO

Rather than the date of invoice, we used the date of shipment as the date of sale for all sales by the POSCO group. We based the date of sale on this date because the material terms of sale could, and did, change until that date.

C. Union

Rather than the date of invoice, we used the date of shipment as the date of sale for home-market sales by Union, and the contract date as the date of sale for Union's U.S. sales. We based the date of sale on those dates because the material terms of sale could, and did, change until those dates.

Export Price (or Constructed Export Price)

We calculated the price of United States sales based on EP, in accordance with section 772(a) of the Act, when the subject merchandise was sold to unaffiliated purchasers in the United States prior to the date of importation. In certain instances, however, we determined that CEP, as defined in section 772(b) of the Act, was a more appropriate basis for comparison with NV.

We determined that some of the sales Dongbu reported as EP sales were actually CEP sales because they were sold to the first unaffiliated customer in the U.S. after importation into U.S. customs territory. We also determined that some of those sales were made outside the period of review. We will review these sales in the review covering the period during which those sales were made. With regard to Union, we used CEP as the basis for comparison with NV in certain instances where sales were made prior to importation and Union's U.S. affiliate had substantial involvement in the U.S. sale. In these cases, our determination was based on the following facts: (a) Union America ("UA") and later Dongkuk International ("DKA"), Union's sales office in the United States, was the importer of record and took title to the merchandise; (b) UA or DKA financed the relevant sales transactions; (c) UA

arranged to have the merchandise further processed by an outside contractor in the United States on a fee-for-service basis and paid for the further processing; and (d) UA or DKA assumed the seller's risk.

Although these are the only sales we are reclassifying as CEP, for the final review results we will consider whether other sales claimed by respondents to be indirect EP sales should in fact be reclassified as CEP sales. We will reexamine the issues surrounding the affiliate's selling activities and sales operations in the United States in determining whether a particular sale should be considered indirect EP or CEP.

For all three respondents, we calculated EP based on packed prices to unaffiliated customers in the United States. Where appropriate, we made deductions from the starting price for foreign inland freight, foreign brokerage and handling, international freight, marine insurance, U.S. inland freight, U.S. brokerage and handling, U.S. Customs duties, and that portion of markups by affiliated trading companies categorized as movement expenses; we also added duty drawback to the starting price.

We calculated CEP based on packed prices to unaffiliated customers in the United States. Where appropriate, we made deductions from the starting price for foreign inland freight, foreign brokerage and handling, international freight, marine insurance, U.S. inland freight, U.S. brokerage and handling, U.S. Customs duties, commissions, credit expenses, warranty expenses, indirect selling expenses, and further processing in the United States; we also added duty drawback to the starting price. Finally, we made an adjustment for profit in accordance with section 772(d)(3) of the Act.

Normal Value

Based on a comparison of the aggregate quantity of home-market and U.S. sales, we determined that the quantity of the foreign like product sold in the exporting country was sufficient to permit a proper comparison with the sales of the subject merchandise to the United States, pursuant to section 773(a) of the Act. Therefore, in accordance with section 773(a)(1)(B)(i) of the Act, we based NV on the price at which the foreign like product was first sold for consumption in the home market, in the usual commercial quantities and in the ordinary course of trade. We excluded certain "overrun" sales in the home market from our sales comparisons because these sales were outside the ordinary course of trade.

Where appropriate, we deducted rebates, discounts, inland freight (offset, where applicable, by freight revenue), inland insurance, and packing. We also deducted value-added tax ("VAT") since the reported gross unit price included VAT. Based on our verification of home-market sales responses, we made adjustments to NV, where appropriate, for differences in credit expenses (offset, where applicable, by interest income), warranty expenses, post-sale warehousing, and for differences in weight basis. We also made adjustments, where appropriate, for home-market indirect selling expenses to offset U.S. commissions in EP and CEP comparisons.

In comparisons to EP and CEP sales, we also increased NV by U.S. packing costs in accordance with section 773(a)(6)(A) of the Act. We made adjustments to NV for differences in cost attributable to differences in physical characteristics of the merchandise, pursuant to section 773(a)(6)(C)(ii) of the Act.

Differences in Levels of Trade

In accordance with section 773(a)(1)(A) of the Act and the SAA at 829-831, to the extent practicable, the Department will calculate NV based on sales at the same level of trade ("LOT") as the U.S. sale (either EP or CEP). When there are no sales in the comparison market at the same LOT as the U.S. sale(s), the Department may compare sales in the U.S. and foreign markets at a different LOT, and adjust NV if appropriate. The NV LOT is that of the starting price of sales in the home market. See, e.g., *Certain Circular Welded Carbon Steel Pipes and Tubes from Taiwan; Preliminary Results of Antidumping Duty Administrative Review*, 62 FR 31070 (June 6, 1997).

As the Department explained in *Gray Portland Cement and Clinker from Mexico: Final Results of Antidumping Duty Administrative Review*, ("Cement from Mexico") (62 FR 17148, 17156—April 9, 1997), for both EP and CEP, the relevant transaction for the LOT analysis is the sale from the exporter to the importer. While the starting price for CEP is that of a subsequent resale to an unaffiliated buyer, the construction of the CEP results in a price that would have been charged if the importer had not been affiliated. Because the expenses deducted under section 772(d) represent selling activities in the United States, the deduction of these expenses may yield a different LOT for the CEP than for the later resale (which we use for the starting price).

To determine whether home-market sales were at a different LOT than U.S.

sales, we examine whether the home-market sales were at different stages in the marketing process than the U.S. sales. The marketing process in both markets begins with goods being sold by the producer and extends to the sale to the final user. The chain of distribution between the producer and the final user may have many or few links, and each respondent's sales occur somewhere along this chain. In the United States, the respondent's sales are generally to an importer, whether independent or affiliated. We review and compare the distribution systems in the home market and the United States, including selling functions, class of customer, and the extent and level of selling expenses for each claimed LOT. Customer categories such as distributor, retailers or end-users are commonly used by respondents to describe levels of trade, but without substantiation, they are insufficient to establish that a claimed LOT is valid. An analysis of the chain of distribution and of the selling functions substantiates or invalidates the claimed levels of trade. If the claimed levels are different, the selling functions performed in selling to each level should also be different. Conversely, if levels of trade are nominally the same, the selling functions performed should also be the same. Different levels of trade necessarily involve differences in selling functions, but differences in selling functions, even substantial ones, are not alone sufficient to establish a difference in the levels of trade. Differences in levels of trade are characterized by purchasers at different stages of marketing or their equivalent, which may be different stages in the chain of distribution and sellers performing qualitatively or quantitatively different functions in selling to them.

When we compare U.S. sales to home-market sales at a different LOT, we make a LOT adjustment if the difference in LOT affects price comparability. We determine any effect on price comparability by examining sales at different levels of trade in the home market (or the third-country market) used to calculate NV. Any price effect must be manifested in a pattern of consistent price differences between home-market (or third-country) sales used for comparison and sales at the equivalent LOT of the export transaction. See, e.g. *Granular Polytetrafluorethylene Resin from Italy; Preliminary Results of Antidumping Duty Administrative Review*, 62 FR 26283, 26285 (May 13, 1997); *Cement from Mexico* at 17148. To quantify the

price differences, we calculate the difference in the weighted average of the net prices of the same models sold at different levels of trade in the home market. Net prices are used because any difference will be due to differences in LOT rather than other factors. We use the average percentage difference between these weighted averages to adjust NV when the LOT of NV is different from that of the export sale. If there is a pattern of no price differences, then the difference in LOT does not have a price effect and no adjustment is necessary.

In the case of CEP sales, section 773 of the statute also provides for an adjustment to NV if it is compared to U.S. sales at a different LOT, provided the NV is more remote from the factory than the CEP sales and we are unable to determine whether the difference in levels of trade between CEP and NV affects the comparability of their prices. This latter situation might occur when there is no home-market (or third-country) LOT equivalent to the U.S. sales level, or where there is an equivalent home-market (or third-country) level, but the data are insufficient to support a conclusion on price effect. See, e.g., *Certain Corrosion Resistant Carbon Steel Flat Products and Cut-to-Length Carbon Steel Plate from Canada; Final Results of Antidumping Duty Administrative Reviews*, 62 FR 18448, 18466 (April 15, 1997). This adjustment, the CEP offset, is identified in section 773(a)(7)(B) and is the lower of the (1) indirect selling expenses of the home-market (or third-country) sale; or (2) indirect selling expenses deducted from the starting price used to calculate CEP. The CEP offset is not automatic each time we use CEP. See *Mechanical Transfer Presses from Japan, Final Results of Antidumping Administrative Review*, 62 FR 17148, 17156 (October 9, 1996). The CEP offset is made only when the LOT of the home-market (or third country) sale is more advanced than the LOT of the U.S. CEP sale and there is not an appropriate basis for determining whether there is an effect on price comparability. See, e.g., *Cement from Mexico*, at 17156.

A. Dongbu

In its questionnaire responses, Dongbu stated that there were no differences in its selling activities by customer categories within each market. In order independently to confirm the absence of separate levels of trade within or between the U.S. and home-markets, we examined Dongbu's questionnaire responses for indications that Dongbu's functions as a seller

differed qualitatively and quantitatively among customer categories. See commentary to § 351.412 of the Department's new regulations (62 FR at 27371).

Dongbu sold to local distributors and end-users in the U.S. market. In the home market, Dongbu also sold to local distributors and end-users. At both stages of distribution, Dongbu performed the same selling and marketing functions for all its home-market and U.S. customers. In accordance with section 773(a)(1)(B)(i) of the Act, we consider the selling functions reflected in the starting price of home-market sales before any adjustments. Our analysis of the questionnaire response leads us to conclude that sales within or between each market are not made at different levels of trade. Accordingly, we preliminarily find that all sales in the home market and the U.S. market were made at the same level of trade. Therefore, all price comparisons are at the same level of trade and any adjustment pursuant to section 773(a)(7) of the Act is unwarranted.

B. POSCO

In its questionnaire responses, POSCO stated that its home-market sales by affiliated service centers were at a different level of trade than its other home-market sales and its U.S. sales (regardless of the customer category). The respondent indicated that the service centers provide certain selling functions to all of their customers, while POSCO and its selling arms (e.g., POCOS or PSI) provide a different set of selling functions to all of their customers (including the service centers).

In order independently to confirm the presence of separate levels of trade within or between the U.S. and home markets, we examined POSCO's questionnaire responses for indications of substantive differences in selling and marketing functions, and reviewed this issue during the sales verification in Korea. See commentary to § 351.412 of the Department's new regulations (62 FR at 27371).

The POSCO group did not provide evidence of differences in selling functions to support its characterization of its home-market service-center sales as a different level of trade from its U.S. sales and its other home-market sales. The POSCO group indicated at verification that selling functions were unchanged from the second administrative review period, and for that segment of these proceedings the Department treated all POSCO group sales in both markets as having been at

the same level of trade. Accordingly, we preliminarily find that all sales in the home market and the U.S. market were made at the same level of trade. Therefore, all price comparisons are at the same level of trade and any adjustment pursuant to section 773(a)(7) of the Act is unwarranted.

C. Union

In its questionnaire responses, Union stated that there were no differences in its selling activities by customer categories within each market. In order independently to confirm the absence of separate levels of trade within or between the U.S. and home markets, we examined Union's questionnaire responses for indications that Union's functions as a seller differed, qualitatively and quantitatively, among customer categories. See commentary to § 351.412 of the Department's new regulations (62 FR at 27371).

Union sold to unrelated distributors and end-users in the U.S. market. In the home market, Union sold to unrelated distributors and end-users and to related distributors for sale to unrelated end-users. At both stages of distribution, Union performed the same selling and marketing functions for sales to all its home-market and U.S. sales. In identifying the level of trade for CEP sales, we considered only the selling activities reflected in the U.S. price after deduction of expenses and profit under section 772(d) of the Act. In accordance with section 773(a)(1)(B)(i) of the Act, we consider the selling functions reflected in the starting price of home-market sales before any adjustments. Our analysis of the questionnaire response leads us to conclude that sales within and between each market are not made at different levels of trade. Accordingly, we preliminarily find that all sales in the home market and the U.S. market were made at the same level of trade. Therefore, all price comparisons are at the same level of trade and any adjustment pursuant to section 773(a)(7) of the Act is unwarranted.

Cost-of-Production Analysis

At the time the questionnaires were issued in these reviews, the LTFV investigations were the most recently completed segments of these proceedings in which POSCO had participated. Because we disregarded certain below-cost sales by POSCO in the investigations, we found reasonable grounds in these reviews, in accordance with section 773(b)(2)(A)(ii) of the Act, to believe or suspect that POSCO made sales in the home market at prices below the cost of producing the merchandise.

Furthermore, based on the fact that we had disregarded certain sales by Dongbu and Union in the first administrative review of the antidumping duty order on certain corrosion-resistant flat products because they were made below the COP, we found reasonable grounds in these reviews, in accordance with section 773(b)(2)(A)(ii) of the Act, to believe or suspect that Dongbu and Union made sales of certain corrosion-resistant flat products in the home market at prices below the cost of producing the merchandise. Finally, petitioners alleged, on January 8, 1997, that Dongbu sold certain cold-rolled carbon steel flat products in the home market at prices below COP. Based on these allegations, the Department determined, on April 9, 1997, that it had reasonable grounds to believe or suspect that Dongbu had sold the subject merchandise in the home market at prices below the COP. We therefore initiated cost investigations with regard to Dongbu, POSCO, and Union in order to determine whether the respondents made home-market sales during the POR at prices below their COP within the meaning of section 773(b) of the Act.

Before making any fair-value comparisons, we conducted the COP analysis described below.

A. Calculation of COP

We calculated the COP based on the sum of each respondent's cost of materials and fabrication for the foreign like product, plus amounts for home-market selling, general, and administrative expenses ("SG&A"), and packing costs in accordance with section 773(b)(3) of the Act.

For certain POCOS and POSCO control numbers, we revised the cost of manufacturing ("COM") to reflect differences in production costs associated with differences in quality, thickness, and coating weight.

B. Test of Home-Market Prices

We used the respondents' weighted-average COP, as adjusted (see above), for the period July 1995 to June 1996. We compared the weighted-average COP figures to home-market sales of the foreign like product as required under section 773(b) of the Act. In determining whether to disregard home-market sales made at prices below the COP, we examined whether (1) within an extended period of time, such sales were made in substantial quantities, and (2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time. On a product-specific basis, we compared the COP to the home-market prices (not including VAT), less any

applicable movement charges, discounts, and rebates.

C. Results of COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of respondent's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product during the POR were at prices less than the COP, we found that sales of that model were made in "substantial quantities" within an extended period of time, in accordance with sections 773(b)(2)(B) and (C) of the Act, and were not at prices which would permit recovery of all costs within an extended period of time, in accordance with section 773(b)(2)(D) of the Act. When we found that below-cost sales had been made in "substantial quantities" and were not at prices which would permit recovery of all costs within a reasonable period of time, we disregarded the below-cost sales in accordance with section 773(b)(1) of the Act. Where all contemporaneous sales of a specific comparison product were at prices below the COP, we calculated NV based on CV.

D. Calculation of CV

In accordance with section 773(e) of the Act, we calculated CV based on the sum of respondents' cost of materials, fabrication, SG&A, U.S. packing costs, interest expenses, and profit. In accordance with sections 773(e)(2)(A) of the Act, we based SG&A and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. For selling expenses, we used the weighted-average home-market selling expenses. Based on our verification of the cost responses submitted by POSCO, we adjusted that respondent's reported CV to reflect adjustments to COM and G&A, as detailed in the "Calculation of COP" section of this notice. We also made adjustments, where appropriate, for home-market indirect selling expenses to offset U.S. commissions in EP and CEP comparisons.

Currency Conversion

For purposes of the preliminary results, we made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. Section 773A(a) directs the Department to use a daily exchange rate

in order to convert foreign currencies into U.S. dollars, unless the daily rate involves a "fluctuation." In accordance with the Department's practice, we have determined that a fluctuation exists when the daily exchange rate differs from a benchmark by 2.25 percent. See, e.g., *Certain Stainless Steel Wire Rods from France: Preliminary Results of Antidumping Duty Administrative Review* (61 FR 8915, 8918—March 6, 1996). The benchmark is defined as the rolling average of rates for the past 40 business days. When we determined a fluctuation existed, we substituted the benchmark for the daily rate.

Preliminary Results of the Reviews

As a result of these reviews, we preliminarily determine that the following weighted-average dumping margins exist:

Producer/manufacturer/exporter	Weighted-average margin (percent)
Certain Cold-Rolled Carbon Steel Flat Products:	
Dongbu	0.00
POSCO	3.40
Certain Corrosion-Resistant Carbon Steel Flat Products:	
Dongbu	0.09
POSCO	0.32
Union	0.63

Parties to this proceeding may request disclosure within five days of publication of this notice and any interested party may request a hearing within 10 days of publication. Any hearing, if requested, will be held 44 days after the date of publication, or the first working day thereafter. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 37 days after the date of publication of this notice. The Department will publish a notice of the final results of the administrative review, including its analysis of issues raised in any written comments or at a hearing, not later than 120 days after the date of publication of this notice.

Cash Deposit

The following cash deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section

751(a)(1) of the Act: (1) The cash deposit rate for each respondent will be the rate established in the final results of these administrative reviews (except that no deposit will be required for firms with zero or *de minimis* margins, *i.e.*, margins lower than 0.5 percent); (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in these reviews, a prior review, or the original LTFV investigations, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in these or any prior reviews, the cash deposit rate will be 14.44 percent (for certain cold-rolled carbon steel flat products) and 17.70 percent (for certain corrosion-resistant carbon steel flat products), the "all others" rate established in the LTFV investigations. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative reviews.

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 353.26 to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

These administrative reviews and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 353.22.

Dated: September 2, 1997.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 97-23857 Filed 9-8-97; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-122-822, A-122-823]

Certain Corrosion-Resistant Carbon Steel Flat Products and Certain Cut-to-Length Carbon Steel Plate From Canada: Preliminary Results of Antidumping Duty Administrative Reviews

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of preliminary results of antidumping duty administrative reviews.

SUMMARY: In response to requests from interested parties, the Department of Commerce (the Department) is conducting administrative reviews of the antidumping duty orders on certain corrosion-resistant carbon steel flat products and certain cut-to-length carbon steel plate from Canada. These reviews cover five manufacturers/exporters of the subject merchandise to the United States and the period August 1, 1995 through July 31, 1996.

We have preliminarily determined that sales have been made below normal value ("NV") by various companies subject to these reviews. If these preliminary results are adopted in our final results of these administrative reviews, we will instruct U.S. Customs to assess antidumping duties based on the difference between the export price ("EP") and the NV.

EFFECTIVE DATE: September 9, 1997.

FOR FURTHER INFORMATION CONTACT: Lyn Baranowski (Dofasco Inc. and Sorevco Inc. ("Dofasco")), Carrie Blozy (Continuous Colour Coat ("CCC")), Greg Weber (Algoma, Inc. ("Algoma")) and Gerdau MRM Steel ("MRM"), N. Gerard Zapiain (Stelco, Inc. ("Stelco")), or Rick Johnson, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-3793.

SUPPLEMENTARY INFORMATION:

The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to 19 CFR

Part 353, as they existed on April 1, 1996.

Background

On August 19, 1993, the Department published in the **Federal Register** (58 FR 44162) the antidumping duty orders on certain corrosion-resistant carbon steel flat products and certain cut-to-length carbon steel plate from Canada. On August 16, 1996, Algoma (cut-to-length steel plate) requested a review of its exports of subject merchandise. On August 21, 1996, MRM (cut-to-length steel plate) requested a review of its exports of subject merchandise. On August 30, 1996, the following companies also requested reviews for their exports of subject merchandise: CCC (corrosion-resistant steel), Dofasco (corrosion-resistant steel), and Stelco (corrosion-resistant steel and cut-to-length steel plate). On August 30, 1996, Bethlehem Steel Corporation, U.S. Steel Group (a Unit of USX Corporation), Inland Steel Industries Inc., Gulf States Steel Inc. of Alabama, Sharon Steel Corporation, Geneva Steel, and Lukens Steel Company, petitioners, requested reviews of Algoma, CCC, Dofasco, MRM, and Stelco on both classes or kinds of merchandise. On September 17, 1996, in accordance with 19 CFR 353.22(c), we published a notice of initiation of administrative reviews of these orders for the period August 1, 1995, through July 31, 1996 (61 FR 51892).

On October 10, 1996, petitioners requested that the Department determine whether antidumping duties had been absorbed by Algoma, CCC, Dofasco, MRM, Sorevco, and Stelco during the POR, pursuant to section 751(a)(4) of the Act. Section 751(a)(4) provides that the Department, if requested, will determine during an administrative review initiated two years or four years after publication of the order whether antidumping duties have been absorbed by a foreign producer or exporter subject to the order if the subject merchandise is sold in the United States through an importer who is affiliated with such foreign producer or exporter. Section 751(a)(4) was added to the Act by the URAA. The Department's interim regulations do not address this provision of the Act.

For transition orders as defined in section 751(c)(6)(C) of the Act, *i.e.*, orders in effect as of January 1, 1995, § 351.213(j)(2) of the Department's May 19, 1997 regulations provides that the Department will make a duty absorption determination, if requested, for any administrative review initiated in 1996 or 1998. *See Antidumping Duties; Countervailing Duties: Final Rule*, 62 FR 27296, 27394 ("new regulations").