

1870, Pennsylvania Avenue and 14th Street, NW., Washington, DC 20230; Attention: Section 201 Duties.

**FOR FURTHER INFORMATION CONTACT:** Becky Erkul, Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce, at (202) 482-1277.

### Background

Several parties have advocated that the Department deduct countervailing duties, as well as duties imposed under section 201 of the Trade Act of 1974 (section 201 duties), from export price (EP) and constructed export price (CEP) in calculations of dumping margins pursuant to sections 772(c)(2)(A) and 772(d) of the Tariff Act of 1930, as amended (the Act).

Section 772(c)(2)(A) of the Act requires that the Department deduct from EP and CEP any United States import duties included in the price. This statutory deduction existed prior to the passage of the Uruguay Round Agreements Act (URAA), and the URAA did not modify it in any respect. In addition, section 772(d) of the Act requires the Department to deduct U.S. selling expenses from CEP. Once again, there was a similar statutory deduction for U.S. selling expenses under the pre-URAA antidumping law.

The Department is seeking comments on the appropriate treatment of section 201 duties and countervailing duties under these provisions in antidumping duty calculations.

### Comments—Deadline, Format, and Number of Copies

Parties wishing to comment should file a signed original and six copies of each set of initial and rebuttal comments. All comments will be available for public inspection and photocopying in the Import Administration's Central Records Unit, Room B-099, between the hours of 8:30 a.m. and 5 p.m. on business days. Each person submitting a comment should include the commenter's name and address, and give reasons for any recommendations. In order to ensure timely and complete distribution of comments, the Department recommends the submission of initial and rebuttal comments in electronic form to accompany the required paper copies. Comments filed in electronic form should be submitted on a DOS formatted 3.5" diskette, Iomega Zip disk, or Compact Disc (CD-R or CD-RW).

Comments received in electronic form will be made available to the public in Portable Document Format (PDF) on the Internet at the IA Web site at the following address: <http://ia.ita.doc.gov/>.

Any questions concerning file formatting, document conversion, access on the Internet, or other electronic filing issues should be addressed to Andrew Lee Beller, Import Administration Webmaster, at (202) 482-0866, e-mail address [webmaster\\_support@ita.doc.gov](mailto:webmaster_support@ita.doc.gov).

### Hearing

After reviewing all comments and rebuttal comments, the Department will determine if a public hearing is warranted, and, if so, will announce a place and time for that hearing.

Dated: September 3, 2003.

**James J. Jochum,**

*Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-122-822]

#### **Certain Corrosion Resistant Carbon Steel Flat Products From Canada: Preliminary Results of Antidumping Duty Administrative Review**

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

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on certain corrosion resistant carbon steel flat products (CORE) from Canada in response to a request by petitioners, Bethlehem Steel Corporation, National Steel Corporation, and United States Steel Corporation. This review covers shipments of this merchandise to the United States during the period of August 1, 2001, through July 31, 2002.

We have preliminarily determined that U.S. sales have been made below normal value (NV). If these preliminary results are adopted in our final results, we will instruct the U.S. Bureau of Customs and Border Protection (BCBP) to assess antidumping duties based on the difference between the export price (EP) or constructed export price (CEP) and the NV. Interested parties are invited to comment on these preliminary results. *See Preliminary Results of Review* section of this notice.

**EFFECTIVE DATE:** September 9, 2003.

**FOR FURTHER INFORMATION CONTACT:** Christian Hughes or Elfi Blum-Page, Office of Antidumping/Countervailing Duty Enforcement VII, Import Administration, International Trade

Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-0190 or (202) 482-0197, respectively.

### Background

The Department published the antidumping duty order on CORE from Canada on August 19, 1993 (58 FR 44162). On August 6, 2002, the Department published a notice of opportunity to request administrative review of the antidumping duty order on CORE from Canada (67 FR 50856). On August 30, 2002, the Department received a timely request for an administrative review of the antidumping duty order on CORE from petitioners. On September 25, 2002, we published a notice initiating an administrative review of CORE for Dofasco Inc. (Dofasco) and Stelco Inc. (Stelco). *See Initiation of Antidumping and Countervailing Duty Administrative Reviews, Requests for Revocation in Part and Deferral of Administrative Reviews*, 67 FR 60210 (September 25, 2002).

On February 25, 2003, the Department extended the deadline for the preliminary results of this antidumping duty administrative review from May 3, 2002, until no later than August 31, 2003. Since the 120-day extension falls on a weekend and the next business day is a holiday, the due date is September 2, 2003. *See Notice of Extension of Time Limit for Preliminary Results of the Antidumping Duty Administrative Review: Corrosion-Resistant Carbon Steel Flat Products from Canada*, 68 FR 10204 (March 4, 2003).

On July 3, 2003, the Department rescinded the antidumping duty administrative review with respect to Stelco because petitioners withdrew their request for the review and no other party had requested a review of Stelco. *See Certain Corrosion-Resistant Carbon Steel Flat Products from Canada: Rescission, in Part, of Antidumping Duty Administrative Review*, 68 FR 41302 (July 11, 2003). Therefore, this administrative review only covers Dofasco.

### Scope of the Antidumping Duty Order

The product covered by this antidumping duty order is certain corrosion-resistant steel, and includes 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 Harmonized Tariff Schedule (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, and 7217.90.5090. Included in this review are corrosion-resistant, flat-rolled products of non-rectangular 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.

#### Verification

Although verification in this administrative review was not required under section 351.307(b)(1)(v) of the Department's regulations, the Department conducted verification of certain sales information provided by Dofasco using standard verification

procedures, on-site inspection of the manufacturer's facilities, and the examination of relevant sales and financial records. Our verification results are outlined in the public and proprietary versions of the Memorandum to File: Report on the Verification of Dofasco Inc. in the Ninth (01/02) Antidumping Duty Administrative Review for Certain Corrosion-Resistant Carbon Steel Flat Products from Canada, dated August 27, 2003 (*Verification Report*), which are on file in the Central Records Unit, room B-099 of the main Commerce Building.

#### Analysis

##### *Collapsing of Dofasco and Sorevco, Inc.*

For purposes of this review, we have collapsed Dofasco and Sorevco Inc. (Sorevco) and have treated them as a single respondent, as we have done in prior segments of the proceeding. *See e.g., Certain Corrosion-Resistant Carbon Steel Flat Products from Canada: Final Determination of Sales at Less than Fair Value*, 58 FR 37099 (1993); *see also Certain Corrosion-Resistant Carbon Steel Flat Products and Certain Cut-to-Length Carbon Steel Plate from Canada: Final Results of Antidumping Duty Administrative Reviews, and Determination Not to Revoke in Part*, 65 FR 9243 (February 24, 2000) (*Canadian Steel 5th*). No new information or evidence of changed circumstances has been obtained in this review to warrant reconsideration of our decision to collapse these two companies.

##### *Product Comparisons*

In accordance with section 771(16) of the Tariff Act of 1930, as amended (the Act), we considered all products produced by the respondent that are covered by the description in the *Scope of Antidumping Duty Order* section, above, and sold in the home market during the period of review (POR), to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. 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 most similar foreign like product on the basis of the characteristics listed in Appendix V of the Department's October 25, 2002 antidumping questionnaire.

##### *Normal Value Comparisons*

To determine whether sales of subject merchandise to the United States were made at less than NV, we compared the EP or the CEP to NV, as described in the 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. transaction prices.

##### *Export Price*

We used EP when the subject merchandise was sold, directly or indirectly, to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted by facts on the record. Based on evidence on the record, we conclude that the long-term contract sales are made by Dofasco's U.S. affiliate, Dofasco U.S.A. (DUSA), and should be classified as CEP sales.

Dofasco makes certain sales in the United States through DUSA. The sales involving DUSA are either made through long-term contracts or are spot sales. Evidence on the record indicates that, for spot sales, while DUSA is involved, the sales are made by Dofasco. We are treating these sales as EP sales. However, based on evidence on the record, we conclude that the long-term contract sales made by DUSA should be classified as CEP sales. *See Memorandum to File: Analysis of Dofasco, Inc. and Sorevco, Inc. (Dofasco) for the Preliminary Results of the Ninth Administrative Review of Corrosion-Resistant Carbon Steel Flat Products from Canada*, dated September 2, 2003. (*Dofasco Analysis Memo*).

The Department calculated EP and CEP for Dofasco based on packed prices to customers in the United States. We made deductions from the starting price, net of discounts and rebates, for movement expenses (foreign and U.S. movement, U.S. Customs duty and brokerage, and post-sale warehousing) in accordance with section 772(c)(2) of the Act and section 351.401(e) of the Department's regulations. In addition, for CEP sales, in accordance with sections 772(d)(1) and (2) of the Act, we deducted from the starting price credit expenses, indirect selling expenses, including inventory carrying costs, commissions, royalties, and warranty expenses incurred in the United States and Canada associated with economic activities in the United States. As in prior reviews, certain Dofasco sales have undergone minor further processing in the United States as a condition of sale to the customer. The Department has deducted the price charged to Dofasco by the unaffiliated contractor for this minor further processing from gross unit price to determine U.S. price. *See Canadian Steel 5th Review*.

As provided in section 351.401(i) of the Department's regulations, we determined the date of sale based on the date on which the exporter or producer

established the material terms of sale. Dofasco reported that, except for long-term contracts and sales of secondary products, the date on which all material terms of sale are established is the final order acknowledgment date. Therefore, we used this reported date as the date of sale. For Dofasco's sales made pursuant to long-term contracts, we used date of the contract as date of sale. We used shipment date as the date of sale for sales of secondary products for which there is no order acknowledgment.

#### *Normal Value*

The Department determines the viability of the home market and the comparison market by comparing the aggregate quantity of home market and U.S. sales. We determined that Dofasco's quantity of sales in its home market exceeded five percent of its sales to the United States of CORE. See section 351.404(b) of the Department's regulations. Moreover, there is no evidence on the record supporting a particular market situation in the exporting company's country that would not permit a proper comparison of home market and U.S. prices. Therefore, in accordance with section 773(a)(1)(B)(i) of the Act, we have 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 and, to the extent practicable, at the same level of trade (LOT) as the EP or CEP.

We used sales to affiliated customers only where we determined such sales were made at arms-length prices (*i.e.*, at prices comparable to the prices at which the respondent sold identical merchandise to unaffiliated customers).

The Department disregarded sales below cost of production (COP) in the last completed review. See *Notice of Final Results of Antidumping Duty Administrative Reviews and Determination Not to Revoke in Part: Certain Corrosion-Resistant Carbon Steel Flat Products and Cut-to-Length Carbon Steel Plate From Canada*, 66 FR 3543 (January 16, 2001) (*Canadian Steel 6th*). We therefore have reasonable grounds to believe or suspect, pursuant to section 773(b)(2)(A)(ii) of the Act, that sales of the foreign like product under consideration for the determination of NV in this review may have been made at prices below COP. Thus, pursuant to section 773(b)(1) of the Act, we examined whether Dofasco's sales in the home market were made at prices below the COP.

We compared sales of the foreign like product in the home market with

model-specific COP figures for the POR. In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of the costs of materials and fabrication employed in producing the foreign like product, plus SG&A expenses and all costs and expenses incidental to placing the foreign like product in packed condition and ready for shipment. In our sales-below-cost analysis, we used home market sales and COP information provided by Dofasco in its questionnaire responses.

We made adjustments to COP and CV to reflect appropriately Dofasco's expenses associated with painting services provided by an affiliate. We made further adjustments by using Dofasco's fiscal year 2002 financial statements for general & administrative (G&A) expenses.

We compared the weighted-average COPs to home market sales of the foreign like product, as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below the COP. In determining whether to disregard home market sales made at prices below the COP, we examined whether such sales were made (1) within an extended period of time in substantial quantities, and (2) at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade, in accordance with section 773(b)(1)(A) and (B) of the Act. On a product-specific basis, we compared the COP to home market prices, less any movement charges, discounts, and direct and indirect selling expenses.

Pursuant to section 773(b)(2)(c) of the Act, where less than 20 percent of a respondent's sales of a given model were at prices less than COP, we did not disregard any below-cost sales of that model because the below-cost sales were not made in substantial quantities within an extended period of time. Where 20 percent or more of a respondent's sales of a given model were at prices less than COP, we disregarded the below-cost sales because they were made in substantial quantities within an extended period of time, in accordance with sections 773(b)(B) and (c) of the Act. Because we compared prices to POR-average costs, we also determined that the below-cost prices did not permit the recovery of costs within a reasonable period of time.

In accordance with section 773(a)(4) of the Act, we used constructed value (CV) as the basis for NV when there were no above-cost contemporaneous sales of identical or similar merchandise in the comparison market. We calculated CV in accordance with section 773(e) of the Act. We included

the cost of materials and fabrication, selling, general and administrative expenses (SG&A), and profit. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses 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.

In accordance with section 773(a)(1)(B)(i) of the Act, where possible, we based NV on sales at the same LOT as the U.S. price. See the *Level of Trade* section below.

For those product comparisons for which there were sales at prices above COP, we based NV on home market prices to affiliated (when made at prices determined to be arms-length) or unaffiliated parties, in accordance with section 351.403 of the Department's regulations. Home market starting prices were based on packed prices to affiliated or unaffiliated purchasers in the home market net of discounts and rebates. We made adjustments, where applicable, for packing and movement expenses, in accordance with sections 773(a)(6)(A) and (B) of the Act. We also made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act and for circumstance-of-sales (COS) differences in accordance with 773(a)(6)(C)(iii) of the Act and section 351.410 of the Department's regulations. For comparisons to EP, we made COS adjustments to NV by deducting home market direct selling expenses (credit, warranties, and royalties) and adding U.S. direct selling expenses. For comparison to CEP, we made COS adjustments by deducting home market direct selling expenses pursuant to section 773(a)(6)(C)(iii) of the Act and section 351.410 of the Department's regulations. We offset commissions paid on sales to the United States by the lesser of U.S. commissions or comparison (home) market indirect selling expenses.

#### *Level of Trade*

In accordance with section 773(a)(1)(B)(i) of the Act, to the extent practicable, we determined NV based on sales in the comparison market at the same LOT as U.S. sales. The NV LOT is the level of the starting-price sale in the comparison market or, when NV is based on CV, the level of the sales from which we derive SG&A and profit. For EP, the U.S. LOT is also the level of the starting-price sale, which is usually

from exporter to importer. For CEP, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different LOT than EP or CEP, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make an LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). *See Notice of Final Determination of Sales at Less than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997); *see also Preliminary Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils From Italy*, 68 FR 47032 (August 7, 2003).

In the current review, Dofasco claimed that sales in both the home market and the United States market were made at three LOTs. As discussed in detail in *Dofasco Analysis Memo*, to evaluate Dofasco's LOT claims, we examined information regarding the distribution systems in both the U.S. and Canadian markets, including the selling functions, classes of customer, and selling expenses for each respondent. As a result of our analysis, we have preliminarily concluded that Dofasco did sell at three different LOTs based on the selling functions performed. *See Dofasco Analysis Memo*. However, the Department did not find that there existed a pattern of consistent price differences between the three levels of trade. Therefore, we did not make LOT adjustments when comparing sales at different LOTs. For a detailed discussion, *see Dofasco Analysis Memo*.

#### Currency Conversion

We made currency conversions pursuant to section 351.415 of the Department's regulations at the rates certified by the Federal Reserve Bank.

#### Preliminary Results of Review

We preliminarily determine that the following dumping margin exists:

Manufacturer/Exporter	Time period	Margin (percent)
Dofasco Inc .....	08/01/01–07/31/02.	0.62

#### Duty Assessment and Cash Deposit Requirements

The Department shall determine, and the BCBP shall assess, antidumping duties on all appropriate entries. The Department will issue appropriate appraisement instructions directly to the BCBP within 15 days of publication of the final results of review. Furthermore, the following deposit rates will be effective with respects to all shipments of CORE from Canada entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results, as provided for by section 751(a)(2)(c) of the Act: (1) For Dofasco, the cash deposit rate will be the rate established in the final results of this review; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will be the company-specific rate established for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the less-than-fair-value (LTFV) investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the subject merchandise; and (4) for all other producers and/or exporters of this merchandise, the cash deposit rate shall be the all other rate established in the LTFV investigation, which is 61.88 percent. *See Amended Final Determinations of Sales at Less Than Fair Value and Antidumping Orders: Certain Corrosion-Resistant Carbon Steel Flat Products and Certain Cut-to-Length Carbon Steel Plate From Canada*, 60 FR 49582 (September 26, 1995). These deposit rates, when imposed, shall remain in effect until publication of the final results of the next administrative review.

#### Public Comment

Pursuant to 19 section 351.224(b) of the Department's regulations, the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within five days after the date of publication of this notice. Pursuant to section 351.309 of the Department's regulations, interested parties may submit written comments in response to these preliminary results. Case briefs are to be submitted within 30 days after the date of publication of this notice, and rebuttal briefs, limited

to arguments raised in case briefs, are to be submitted no later than five days after the time limit for filing case briefs. Parties who submit arguments in this proceeding are requested to submit with the argument: (1) a statement of the issues, and (2) a brief summary of the argument. Case and rebuttal briefs must be served on interested parties in accordance with section 351.303(f) of the Department's regulations.

Also, pursuant to section 351.310 of the Department's regulations, within 30 days of the date of publication of this notice, interested parties may request a public hearing on arguments to be raised in the case and rebuttal briefs. Unless the Secretary specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs. Parties will be notified of the time and location. The Department will publish the final results of this administrative review, including the results of its analysis of issues raised in any case or rebuttal brief, not later than 120 days after publication of these preliminary results, unless extended.

#### Notification to Importers

This notice serves as a preliminary reminder to importers of their responsibility under section 351.402(f) of the Department's regulations 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.

This administrative review and notice are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: September 2, 2003.

**James J. Jochum,**

*Assistant Secretary for Import Administration.*

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