

### Participation Requirements

All parties interested in participating in the 2nd U.S. Carpet Trade Mission to the Afghanistan International Carpet Fair in Kabul, Afghanistan must complete and submit an application package for consideration by the Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. This trade mission is designed for a minimum of 5 and a maximum of 10 qualified companies. Participating companies must be incorporated or otherwise organized in the United States.

There are no fees for participation in this mission. Lodging expenses including three nights in the four-star Serena Hotel in Kabul will be covered by the Export Promotion Agency of Afghanistan. Necessary transportation including airport pickup will be provided by the U.S. Embassy in Kabul, Afghanistan. Expenses for travel to Kabul, meals, and incidentals will be the responsibility of each mission participant.

#### Conditions for Participation:

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's: Products and/or services, primary market objectives, and goals for participation. If we receive an incomplete application, we may either reject the application, request additional information, or take the lack of information into account when we evaluate the applications.

#### Selection Criteria for Participation:

- Consistency of company's goals with the scope and desired outcome of the mission;
- Capacity and intent to import goods from Afghanistan, export equipment consistent with the scope and desired outcome of the mission, or capacity and intent to invest in Afghanistan. Timely receipt of the company's signed and completed application, participation agreement.

Additionally, U.S. exporters applying for this mission, such as carpet finishing machinery manufacturers or distributors, must certify that the company's products or services are either produced in the United States, or, if not, are marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content. The production and content requirements do not apply to U.S. buyer and U.S. investor applicants.

Referrals from political organizations and any documents, including the

application, containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

### VIII. Timeframe for Recruitment and Applications

Mission recruitment will be conducted in an open and public manner, including publication in the **Federal Register**, posting on the Commerce Department trade mission calendar (<http://www.ita.doc.gov/doctm/tmcal.html>) and other Internet Web sites, press releases to general and trade media, direct mail, broadcast fax, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. The Office of Business Liaison and the International Trade Administration will explore and welcome outreach assistance from other interested organizations, including other U.S. Government agencies.

Applications for the Mission will be made available July XX, 2008 through August 1, 2008. Applications can be completed on-line on the Afghanistan Investment and Reconstruction Task Force Web site at <http://www.trade.gov/afghanistan> or can be obtained by contacting the U.S. Department of Commerce Afghanistan Investment and Reconstruction Task Force at 202-482-1812, [AfghanInfo@mail.doc.gov](mailto:AfghanInfo@mail.doc.gov), or via the contact information below.

The application deadline is August 1, 2008. Completed applications should be submitted to the Afghanistan Investment and Reconstruction Task Force. Applications received after August 1, 2008 will be considered only if space and scheduling constraints permit.

*Disclaimer:* Trade mission members participate in the trade mission and undertake related travel at their own risk and are advised to obtain insurance accordingly. Any question regarding insurance coverage must be resolved by the participant and its insurer of choice. The U.S. Government does not make any representations or guarantees as to the safety or security of participants. Companies should consult the State Department's travel warning for Afghanistan: [http://travel.state.gov/travel/cis\\_pa\\_tw/tw/tw\\_921.html](http://travel.state.gov/travel/cis_pa_tw/tw/tw_921.html). ITA will coordinate with the U.S. Embassy in Kabul to arrange for transportation of the mission participants to and from the airport and hotel. Transportation for certain optional activities, including visits to commercial sites in Kabul, may be provided by the Export Promotion Agency of Afghanistan. The hotel that

will be the primary venue for the mission is a luxury hotel and does have strong security measures in place.

The U.S. Government does not make any representations or guarantees as to the commercial success of businesses which participate in this trade mission.

*Contact Information:* Noor Alam, Afghanistan Investment and Reconstruction Task Force, U.S. Department of Commerce, Washington, DC 20230, Tel: (202) 482-1812, Fax: (202) 482-0980, e-mail: [AfghanInfo@ita.doc.gov](mailto:AfghanInfo@ita.doc.gov).

#### Noor Alam,

*International Trade Specialist, Afghanistan Investment and Reconstruction Task Force, U.S. Department of Commerce.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-580-816]

#### Certain Corrosion-Resistant Carbon Steel Flat Products From the Republic of Korea: Notice of Preliminary Results of the Antidumping Duty Administrative Review

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

**SUMMARY:** In response to requests from petitioners,<sup>1</sup> the Department of Commerce (the Department) is conducting the fourteenth administrative review of the antidumping order on corrosion-resistant carbon steel flat products (CORE) from the Republic of (Korea). This review covers seven manufacturers and exporters (collectively, the respondents) of the subject merchandise: LG Chem., Ltd. (LG), Haewon MSC Co. Ltd. (Haewon), Dongkuk Industries Co., Ltd. (Dongkuk), Dongbu Steel Co., Ltd., (Dongbu); Hyundai HYSCO (HYSCO); Pohang Iron & Steel Co., Ltd. (POSCO) and Pohang Coated Steel Co., Ltd. (POCOS) (collectively, the POSCO Group); and Union Steel Manufacturing Co., Ltd. (Union). The period of review (POR) is August 1, 2006, through July 31, 2007. We preliminarily determine that during the POR, Dongbu, HYSCO, the POSCO Group, and Union, made sales of subject merchandise at less than normal value (NV). In addition, based on the preliminary results for the respondents

<sup>1</sup> Petitioners are the United States Steel Corporation (U.S. Steel), Nucor Corporation (Nucor), and Mittal Steel USA ISG, Inc. (Mittal Steel USA).

selected for individual review, we have preliminarily determined a weighted-average margin for those companies that were not selected for individual review. If these preliminary results are adopted in the final results of this administrative review, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries of subject merchandise during the POR.

**DATES:** *Effective Date:* September 9, 2008.

**FOR FURTHER INFORMATION CONTACT:**

Jolanta Lawska (Union), Cindy Robinson (Dongbu), Christopher Hargett (HYSCO) and Victoria Cho (the POSCO Group, and non-selected companies), AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-8362, (202) 482-3797, (202) 482-4161, and (202) 482-5075, respectively.

**SUPPLEMENTARY INFORMATION:**

**Background**

On August 19, 1993, the Department published the antidumping order on CORE from Korea. See *Antidumping Duty Orders on Certain Cold-Rolled Carbon Steel Flat Products and Certain Corrosion-Resistant Carbon Steel Flat Products from Korea*, 58 FR 44159 (August 19, 1993) (*Orders on Certain Steel from Korea*). On August 2, 2007, we published in the **Federal Register** the *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 72 FR 42383 (August 2, 2007). On August 31, 2007, respondents and petitioners requested a review of Dongbu, HYSCO, the POSCO Group, Union, Dongkuk, Haewon and LG. The Department initiated this review on September 19, 2007. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 72 FR 54428 (September 25, 2007).

On December 6, 2007, the Department selected Dongbu, HYSCO, the POSCO Group and Union as mandatory respondents in this review. See Memorandum from Christopher Hargett, International Trade Compliance Analyst, through James Terpstra, Program Manager, to Melissa Skinner, Director, Office 3, entitled "2006-2007 Antidumping Duty Administrative Review of Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Selection of Respondents for Individual Review," dated December 6, 2007. The Department indicated that it

would calculate a weighted-average of the mandatory respondents' margins to apply to those companies not selected for individual examination.

During the most recently completed segments of the proceeding in which Dongbu, HYSCO, the POSCO Group, and Union participated,<sup>2</sup> the Department disregarded sales below the cost of production (COP) that failed the cost test. Therefore, pursuant to section 773(b)(2)(A)(ii) of the Tariff Act of 1930, as amended (the Act), we had reasonable grounds to believe or suspect that sales by these companies of the foreign like product under consideration for the determination of NV in this review were made at prices below the COP. We instructed Dongbu, HYSCO, the POSCO Group, and Union to respond to sections A-D of the initial questionnaire,<sup>3</sup> which we issued on December 6, 2007.

On May 2, 2008, the Department published a notice extending the time period for issuing the preliminary results of the fourteenth administrative review to September 2, 2008. See *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Extension of Time Limits for the Preliminary Results of Antidumping Duty Administrative Review*, 73 FR 24220 (May 2, 2008).

**Dongbu**

On January 22, 2008, Dongbu submitted its section A response to the initial questionnaire. On February 5, 2008, Dongbu submitted its sections B-D response to the initial questionnaire. On July 14, 2007, Dongbu submitted its supplemental questionnaire response for sections A-D.

**HYSCO**

On February 4, 2008, HYSCO submitted its section A-D response to the Department's initial questionnaire. HYSCO submitted its responses to the Department's two section A-D

<sup>2</sup> See *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Preliminary Results of Antidumping Duty Administrative Review*, 71 FR 53370, 53375 (September 11, 2006) (unchanged in *Notice of Final Results of the Twelfth Administrative Review of the Antidumping Duty Order on Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea*, 72 FR 13086 (March 20, 2007); and *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea; Notice of Amended Final Results of the Twelfth Administrative Review*, 72 FR 20815 (April 26, 2007)).

<sup>3</sup> Section A: Organization, Accounting Practices, Markets and Merchandise.

Section B: Comparison Market Sales.

Section C: Sales to the United States.

Section D: Cost of Production and Constructed Value.

supplemental questionnaires on May 15, 2008, and June 19, 2008, respectively.

**The POSCO Group**

On February 4, 2008, the POSCO Group submitted its sections A-D response to the Department's initial questionnaire. On June 10, 2008, the POSCO Group submitted its sections A-C supplemental questionnaire responses. The POSCO Group submitted its section D supplemental questionnaire responses on June 12, 2008, June 18, 2008, and July 29, 2008, respectively.

On August 31, 2007, the POSCO Group requested revocation, in part, of the antidumping duty order of CORE from Korea with respect to the POSCO Group. On June 11, 2008, the POSCO Group withdrew its request for revocation and continued to participate as a mandatory respondent in this proceeding.

On January 22, 2008, Union submitted its section A response to the initial questionnaire. On February 4, 2008, Union submitted its sections B-C response to the initial questionnaire. Union submitted its response to the Department's sections A-D supplemental questionnaire on July 16, 2008.

**Period of Review**

The POR covered by this review is August 1, 2006, through July 31, 2007.

**Scope of the Order**

This order 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 measure 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 measure at least twice the thickness, as currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers 7210.30.0030, 7210.30.0060, 7210.41.0000, 7210.49.0030, 7210.49.0090, 7210.49.0091, 7210.49.0095, 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 the order are flat-rolled products of non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process including products which have been beveled or rounded at the edges (*i.e.*, products which have been “worked after rolling”). Excluded from this order 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 order 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 order 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 HTSUS item numbers are provided for convenience and customs purposes. The written descriptions remain dispositive.

#### Product Comparisons

In accordance with section 771(16) of the Act, we considered all CORE products produced by the respondents, covered by the scope of the order, and sold in the home market during the POR to be foreign like products for the purpose of determining appropriate product comparisons to CORE sold in the United States.

Where there were no sales in the ordinary course of trade 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 antidumping questionnaire. In making the product comparisons, we matched foreign like products based on the Appendix V

physical characteristics reported by each respondent.

#### Collapsing the POSCO Group and Union

On April 9, 2008, U.S. Steel submitted comments asking the Department to seek additional information regarding the POSCO Group’s and Union’s interest in each other’s company. We have received additional information from the POSCO Group and Union. Based on our analysis of the facts of this case and the evidence on the record, we will treat the POSCO Group and Union as separate entities for these preliminary results. While the POSCO Group and Union are affiliated pursuant to section 771(33)(E) of the Act, we have determined that the criteria for 19 CFR 351.401(f) have not been satisfied. Therefore, for these preliminary results, the Department will not collapse the POSCO Group and Union. Due to the proprietary nature of this issue, *see* the collapsing memo.<sup>4</sup>

#### Normal Value Comparisons

To determine whether sales of CORE by the respondents to the United States were made at less than NV, we compared the Export Price (EP) or Constructed Export Price (CEP) to the NV, as described in the “Export Price/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.

#### Export Price/Constructed Export Price

For the price to the United States, we used, as appropriate, EP or CEP, in accordance with sections 772(a) and (b) of the Act. We calculated EP when the merchandise was sold by the producer or exporter outside of the United States directly to the first unaffiliated purchaser in the United States prior to importation and when CEP was not otherwise warranted based on the facts on the record. We calculated CEP for those sales where a person in the United States, affiliated with the foreign exporter or acting for the account of the exporter, made the sale to the first unaffiliated purchaser in the United States of the subject merchandise.

<sup>4</sup> See the Department’s September 2, 2008, Memorandum from the Team to Melissa Skinner, Director, AD/CVD Operations, Office 3, titled, “Whether to Collapse the Antidumping Duty Order with Respect to Subject Merchandise Produced and Exported by Pohang Iron & Steel Co., Ltd. (POSCO) and Pohang Coated Steel Co., Ltd. (POCOS) (collectively, the POSCO Group); and Union Steel Manufacturing Co. Ltd. (Union)” (the collapsing memo).

In determining whether to classify U.S. sales as either EP or CEP sales, the Department must examine the totality of the circumstances surrounding the U.S. sales process, and assess where the reviewed sales or agreements of sale were made for purposes of section 772(b) of the Act. In accordance with section 772(c)(2) of the Act, we made deductions, where appropriate, for movement expenses including inland freight from plant or warehouse to port of exportation, foreign brokerage, handling and loading charges, export duties, international freight, marine insurance, U.S. inland freight expenses, warehousing, and U.S. duties.

In accordance with section 772(a) of the Act, we calculated EP for a number of Union’s and HYSCO’s U.S. sales because these sales were made before the date of importation and were sales directly to unaffiliated customers in the United States, and because CEP methodology was not otherwise indicated. We based EP on the packed and/or delivered duty paid prices to unaffiliated customers in the United States. We made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act, which included, where appropriate, foreign inland freight from the mill to the U.S. border, inland freight from the border to the customer or warehouse, and U.S. brokerage and handling. We adjusted for direct expenses (credit expenses) in accordance with section 772(c)(2)(A) of the Act.

In accordance with section 772(b) of the Act, we calculated CEP sales where the record established that sales made by Dongbu, HYSCO, the POSCO Group, and Union were made in the United States after importation. Dongbu’s, HYSCO’s, the POSCO Group’s, and Union’s respective affiliates in the United States (1) took title to the subject merchandise and (2) invoiced and received payment from the unaffiliated U.S. customers for their sales of the subject merchandise to those U.S. customers. Thus, where appropriate, the Department has determined that these U.S. sales should be classified as CEP transactions under section 772(b) of the Act. Where appropriate, we also made deductions from the starting price for foreign inland freight, foreign inland insurance, foreign brokerage and handling, international freight, marine insurance, U.S. warehousing expenses, U.S. wharfage, U.S. inland freight, U.S. brokerage and handling, loading expenses, other U.S. transportation expenses, U.S. customs duties, commissions, credit expenses, letter of credit expenses, warranty expenses, other direct selling expenses, inventory

carrying costs incurred in the United States, and other indirect selling expenses in the country of manufacture and the United States associated with economic activity in the United States. See section 772(c)(2)(A) of the Act. Pursuant to section 772(d)(3) of the Act, we made an adjustment for CEP profit. Where appropriate, we added interest revenue to the gross unit price.

Consistent with the Department's normal practice, for Union we added the reported duty drawback to the gross unit price. We did so in accordance with the Department's long-standing test, which requires that: (1) The import duty and rebate be directly linked to, and dependent upon, one another; and (2) the company claiming the adjustment demonstrates that there were sufficient imports of imported raw materials to account for the duty drawback received on the exports of the manufactured product. See *Certain Polyethylene Terephthalate Film, Sheet and Strip From India: Preliminary Results of Antidumping Duty Administrative Review*, 72 FR 44086, 44087 (August 7, 2007) (unchanged in *Certain Polyethylene Terephthalate Film, Sheet and Strip from India: Final Results of Antidumping Duty Administrative Review*, 73 FR 7252 (February 7, 2008)); see also section 772(c)(1)(B) of the Act.

#### **HYSCO's Sales of Subject Merchandise That Were Further Manufactured and Sold as Non-Subject Merchandise in the United States**

In its Section A questionnaire response and its June 19, 2008 submission, HYSCO requested that the Department excuse it from reporting information for certain POR sales of subject merchandise imported by its wholly owned U.S. subsidiary, HYSCO America Company (HAC), that were further manufactured after importation and sold as non-subject merchandise in the United States, claiming that determining CEP for sales through HAC would be unreasonably burdensome.

Section 772(e) of the Act provides that when the value added in the United States by an affiliated party is likely to exceed substantially the value of the subject merchandise, the Department shall use one of the following prices to determine CEP if there is a sufficient quantity of sales to provide a reasonable basis of comparison and the use of such sales is appropriate: (1) The price of identical subject merchandise sold by the exporter or producer to an unaffiliated person; or (2) the price of other subject merchandise sold by the exporter or producer to an unaffiliated person.

The record evidence shows that the value added by the affiliated party to the subject merchandise after importation in the United States was significantly greater than the 65 percent threshold we use in determining whether the value added in the United States by an affiliated party substantially exceeds the value of the subject merchandise. See 19 CFR 351.402(c)(2); see also HYSCO's Second Supplemental Sections A–C Response, dated June 19, 2008, at S–6. We then considered whether there were sales of identical subject merchandise or other subject merchandise sold in sufficient quantities by the exporter or producer to an unaffiliated person that could provide a reasonable basis of comparison. In addition to the sales to HAC that were further manufactured, HYSCO also had CEP sales of similar, but not identical, subject merchandise to unaffiliated customers in the United States in back-to-back transactions through another HYSCO affiliate in the United States, Hyundai HYSCO USA (HHU), and EP sales through an unaffiliated trading company.

Decisions as to the appropriate methodology for determining CEP for sales involving further manufacturing generally must be made on a case-by-case basis. In this instance, we find that there is a reasonable quantity of sales of identical or other subject merchandise to an unaffiliated person. See “Calculation Memorandum for Hyundai HYSCO,” dated September 2, 2008. Further, another reasonable method for determining CEP for the HAC CEP sales is not evident. In this case, HYSCO reported that the value added after importation is very large and the further manufacturing very complex. See HYSCO's Second Supplemental Sections A–C Response, dated June 19, 2008, at S–6. Therefore, consistent with the previous administrative review of CORE from Korea, and similar to our practice in other cases,<sup>5</sup> we relied on HYSCO's other sales of similar merchandise to unaffiliated parties in the United States as the basis for calculating CEP for HYSCO's sales through HAC.

<sup>5</sup> See, e.g., *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review*, 72 FR 51584, 51587 (September 10, 2007) (unchanged in *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Final Results of the Thirteenth Administrative Review*, 73 FR 14220 (March 17, 2008)); *Certain Hot-Rolled Carbon Steel Flat Products from the Netherlands: Final Results of Antidumping Duty Administrative Reviews*, 72 FR 28676 (May 22, 2007).

#### **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.

Where appropriate, we deducted rebates, discounts, inland freight (offset, where applicable, by freight revenue), inland insurance, and packing. Additionally, we made adjustments to NV, where appropriate, for credit expenses, warranty expenses, post-sale warehousing, and differences in weight basis. We also made adjustments, where appropriate, for home market indirect selling expenses and inventory carrying costs to offset U.S. commissions.

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.

For purposes of calculating NV, section 771(16) of the Act defines “foreign like product” as merchandise which is either (1) identical or (2) similar to the merchandise sold in the United States. When no identical products are sold in the home market, the products which are most similar to the product sold in the United States are identified. For the non-identical or most similar products which are identified based on the Department's product matching criteria, an adjustment is made to the home market sales price to account for the actual physical differences between the products sold in the United States and the home market or third country market. See 19 CFR 351.411 and section 773(a)(6)(C)(ii) of the Act.

#### **Level of Trade**

In accordance with section 773(a)(1)(B) of the Act, we determined NV based on sales in the comparison market at the same level of trade (LOT) as the CEP sales, to the extent practicable. When there were no sales at the same LOT, we compared U.S. sales to comparison market sales at a different LOT.

Pursuant to 19 CFR 351.412, to determine whether CEP sales and NV

sales were at different LOTs, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated (or arm's-length) customers. If the comparison market sales are at a different LOT and the differences affect price comparability, as manifested in a pattern of consistent price differences between sales at different LOTs in the country in which NV is determined, we will make an LOT adjustment under section 773(a)(7)(A) of the Act. For CEP sales, if the NV LOT is at a more advanced stage of distribution than the CEP LOT and the data available do not provide an appropriate basis to determine an LOT adjustment, we will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act. *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, 61732–33 (November 19, 1997).

We did not make an LOT adjustment under 19 CFR 351.412(e) because, as there was only one home market LOT for each respondent, we were unable to identify a pattern of consistent price differences attributable to differences in LOTs (*see* 19 CFR 351.412(d)). Under 19 CFR 351.412(f), we are preliminarily granting a CEP offset for Dongbu, HYSCO, the POSCO Group, and Union because the NV for each company is at a more advanced LOT than the LOT for their U.S. CEP sales.

For a detailed description of our LOT methodology and a summary of company-specific LOT findings for these preliminary results, *see* the September 2, 2008, "Calculation Memorandum for Dongbu Steel Co., Ltd.," "Calculation Memorandum for Hyundai HYSCO," "Calculation Memorandum for the POSCO Group," and "Calculation Memorandum for Union Steel Manufacturing Co., Ltd.," the public versions of which are on file in the Central Records Unit, Room 1117 of the main Department building.

## Cost of Production

### A. Calculation of COP

We are investigating COP for Dongbu, HYSCO, the POSCO Group, and Union because during the most recently completed segments of the proceeding in which Dongbu, HYSCO, the POSCO Group, and Union participated, the Department found and disregarded sales that failed the cost test for each of these companies. We calculated company-specific COPs for Dongbu, HYSCO, the POSCO Group, and Union based on the sum of each respondent's cost of

materials and fabrication for the foreign like product, plus amounts for home-market selling expenses, selling, general and administrative expenses (SG&A), and packing costs in accordance with section 773(b)(3) of the Act. *See* "Test of Home Market Sales Prices" section below for treatment of home market selling expenses.

We relied on the COP data as submitted by Dongbu, HYSCO, and Union. We also relied on the COP data submitted by the POSCO Group except in the calculation of G&A expense ratios for POSCO and POCOS. Specifically, we disallowed the gains related to trading securities as offsets to G&A expenses in the calculation of POSCO's G&A expense rate and, for POCOS, we disallowed the gains on tangible assets and the gains related to available for sale securities as offsets to the G&A expenses. *See* Memorandum from Frederick W. Mines to Neal M. Halper, Director Office of Accounting, titled "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results—POSCO," dated September 2, 2008.

### B. Test of Home-Market Prices

In determining whether to disregard home market sales made at prices below the COP, as required under sections 773(b)(1)(A) and (B) of the Act, we compared the weighted-average COP figures to home market sales of the foreign like product and 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)(1) of the Act, we may disregard below-COP sales in the determination of NV if these sales have been made within an extended period of time in substantial quantities and were not at prices which permit recovery of all costs within a reasonable period of time. Where 20 percent or more of a respondent's sales of a given product during the POR were at prices less than the COP for at least six months of the POR, we determined 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. Where prices of a respondent's sales of a given product were below the per-unit COP at the time of sale and below the weighted-

average per-unit costs for the POR, we determined that sales were not at prices which would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. In such cases, we disregarded the below-cost sales in accordance with section 773(b)(1) of the Act.

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of a 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."

We tested and identified below-cost home market sales for Dongbu, HYSCO, the POSCO Group, and Union. We disregarded individual below-cost sales of a given product and used the remaining sales as the basis for determining NV, in accordance with section 773(b)(1) of the Act. *See* the September 2, 2008, "Calculation Memorandum for Dongbu Steel Co., Ltd.," "Calculation Memorandum for Hyundai HYSCO," "Calculation Memorandum for the POSCO Group," and "Calculation Memorandum for Union Steel Manufacturing Co., Ltd."

### Arm's-Length Sales

Dongbu, HYSCO, and the POSCO Group also reported that they made sales in the home market to affiliated parties. The Department calculates NV based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the producer or exporter, *i.e.*, sales at arm's length. *See* 19 CFR 351.403(c).

To test whether these sales were made at arm's length, we compared the starting prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, discounts and packing. In accordance with the Department's current practice, if the prices charged to an affiliated party were, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for merchandise identical or most similar to that sold to the affiliated party, we considered the sales to be at arm's-length prices. *See Notice of Preliminary Results and Partial Rescission of Antidumping Duty Administrative: Ninth Administrative Review of the Antidumping Duty Order on Certain Pasta from Italy*, 71 FR 45017, 45020 (August 8, 2006) (unchanged in *Notice of Final Results of the Ninth Administrative Review of the Antidumping Duty Order on Certain Pasta from Italy*, 72 FR 7011 (February

14, 2007)); and 19 CFR 351.403(c). Conversely, where we found sales to the affiliated party that did not pass the arm's-length test, all sales to that affiliated party have been excluded from the NV calculation. See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69187 (November 15, 2002).

#### Currency Conversion

For purposes of these preliminary results, we made currency conversions in accordance with section 773A(a) of the Act, based on the official exchange rates published by the Federal Reserve Bank.

#### Preliminary Results of the Review

As a result of this review, we preliminarily find that the following weighted-average dumping margins exist:

Manufacturer/exporter	Percent margin
Dongbu .....	1.91
HYSKO .....	1.17
The POSCO Group .....	0.79
Union .....	1.90
Review-Specific Average Rate Applicable to the Following Companies: <sup>6</sup>	
LG, Haewon, and Dongkuk ...	1.69

<sup>6</sup>This rate is based on the weighted average of the margins calculated for those companies selected individual review, excluding *de minimis* margins or margins based entirely on adverse facts available.

The Department will disclose calculations performed within five days of the date of publication of this notice to the parties of this proceeding in accordance with 19 CFR 351.224(b). Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication of these preliminary results of review. See 19 CFR 351.309(c)(ii). Rebuttal briefs are limited to issues raised in such briefs or comments and may be filed no later than five days after the time limit for filing the case briefs or comments. See 19 CFR 351.309(d). Parties submitting arguments in this proceeding are requested to submit with the argument: (1) A statement of the issue, (2) a brief summary of the argument, and (3) a table of authorities. Case and rebuttal briefs and comments must be served on interested parties in accordance with 19 CFR 351.303(f). Further, parties submitting written comments are requested to provide the Department with an additional copy of the public version of any such comments on a diskette.

An interested party may request a hearing within 30 days of publication of

these preliminary results. See 19 CFR 351.310(c). Any hearing, if requested, ordinarily will be held two days after the due date of the rebuttal briefs. The Department will issue the final results of this administrative review, which will include the results of its analysis of issues raised in any such comments, or at a hearing, if requested, within 120 days of publication of these preliminary results.

#### Assessment Rate

Upon completion of the administrative review, the Department shall determine, and CBP shall assess, antidumping duties on all appropriate entries. Pursuant to 19 CFR 351.212(b)(1), for all sales made by the respondent for which it has reported the importer of record and the entered value of the U.S. sales, we have calculated importer-specific assessment rates based on the ratio of the total amount of antidumping duties calculated for the examined sales to the total entered value of those sales. Where the respondent did not report the entered value for U.S. sales, we have calculated importer-specific assessment rates for the merchandise in question by aggregating the dumping margins calculated for all U.S. sales to each importer and dividing this amount by the total quantity of those sales. To determine whether the duty assessment rates were *de minimis*, in accordance with the requirement set forth in 19 CFR 351.106(c)(2), we calculated importer-specific *ad valorem* rates based on the estimated entered value. Where the assessment rate is above *de minimis*, we will instruct CBP to assess duties on all entries of subject merchandise by that importer. Pursuant to 19 CFR 351.106(c)(2), we will instruct CBP to liquidate without regard to antidumping duties any entries for which the assessment rate is *de minimis* (i.e., less than 0.50 percent). The Department will issue assessment instructions directly to CBP 15 days after publication of the final results of this review.

The Department clarified its "automatic assessment" regulation on May 6, 2003. See *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003). This clarification will apply to entries of subject merchandise during the POR produced by the respondents for which it did not know its merchandise was destined for the United States. In such instances, we will instruct CBP to liquidate unreviewed entries at the all-others rate if there is no rate for the intermediate company(ies) involved in the transaction. For a full discussion of

this clarification, see *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003).

#### Cash Deposit Requirements

The following deposit rates will be effective upon publication of the final results of this administrative review for all shipments of CORE for Korea entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(2)(C) of the Act: (1) The cash deposit rates for the companies listed above will be the rates established in the final results of this review, except if the rate is less than 0.5 percent and, therefore, *de minimis*, the cash deposit will be zero; (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 final results in which that manufacturer or exporter participated; (3) if the exporter is not a firm covered in these reviews, a prior review, or the original less-than-fair-value (LTFV) investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent final results for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in these or any previous review conducted by the Department, the cash deposit rate will be 17.70 percent, the all-others rate established in the LTFV. See *Orders on Certain Steel from Korea*. These cash deposit requirements, when imposed, shall remain in effect until further notice.

#### Notification to Importers

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) 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 preliminary results of review are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: September 2, 2008.

**David M. Spooner,**

*Assistant Secretary for Import Administration.*

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