

The PRC-wide rate has not been amended, and applies to all entries of the subject merchandise except for entries from exporters/producers that are identified individually above.

Critical Circumstances

In our preliminary determination we found critical circumstances with respect to Zhejiang. In order to find critical circumstances in situations in which there is no previous history of dumping of the product, the Department must find that there is a reasonable basis to believe or suspect that an importer knew or should have known that the exporter was selling the subject merchandise at less than fair value. *See* section 733(e)(1)(A) of the Tariff Act. In doing so, the Department normally considers margins of 25 percent or more for EP sales sufficient to impute such knowledge of dumping. *See, e.g., Preliminary Determination*, 66 FR at 24106. In this case we imputed to Zhejiang's importers knowledge that Zhejiang was selling honey to the United States at dumped prices based on the 38.96 percent margin originally calculated for Zhejiang. *Id.* Given that, as a result of this correction of ministerial errors, the margin for Zhejiang is now less than 25 percent, we are no longer imputing knowledge of dumping with respect to imports from Zhejiang. Therefore, we now find that critical circumstances do not exist as to imports from Zhejiang. As a result, we will instruct the U.S. Customs Service to liquidate all entries of subject merchandise exported by Zhejiang that are entered, or withdrawn from warehouse, for consumption before May 11, 2001, which was the date of publication of the original preliminary determination in the **Federal Register**.

This determination is issued and published pursuant to section 733(f) and 777(i)(1) of the Tariff Act.

Faryar Shirzad,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-412-822]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Stainless Steel Bar From the United Kingdom

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

ACTION: Notice of preliminary determination of sales at less than fair value.

SUMMARY: We preliminarily determine that stainless steel bar from the United Kingdom is being, or is likely to be, sold in the United States at less than fair value, as provided in section 733(b) of the Tariff Act of 1930, as amended.

Interested parties are invited to comment on this preliminary determination. Since we are postponing the final determination, we will make our final determination not later than 135 days after the date of publication of this preliminary determination in the **Federal Register**.

EFFECTIVE DATE: August 2, 2001.

FOR FURTHER INFORMATION CONTACT: Kate Johnson or Rebecca Trainor, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-4929 or (202) 482-4007, respectively.

SUPPLEMENTARY INFORMATION:

The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("the Act"), are references 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 of Commerce ("Department's") regulations are to the regulations at 19 CFR Part 351 (April 2000).

Background

Since the initiation of this investigation (*Notice of Initiation of Antidumping Investigations: Stainless Steel Bar from France, Germany, Italy, Korea, Taiwan and the United Kingdom*, 66 FR 7620 (January 24, 2001) (*Initiation Notice*), as amended by *Corrections, Notice of Initiation of Antidumping Investigations: Stainless Steel Bar from France, Germany, Italy, Korea, Taiwan*

and the United Kingdom, 66 FR 14986 (March 14, 2001), the following events have occurred:

On January 26, 2001, we solicited comments from interested parties regarding the criteria to be used for model-matching purposes and we received comments on our proposed matching criteria on February 8, 2001.

On February 12, 2001, the United States International Trade Commission ("ITC") preliminarily determined that there is a reasonable indication that imports of stainless steel bar ("SSB") from the United Kingdom are materially injuring the United States industry (*see* ITC Investigation No. 701-TA-913-918 (Publication No. 3395)).

Also on February 12, 2001, we selected the three largest producers/exporters of SSB from the United Kingdom as the mandatory respondents in this proceeding. For further discussion, *see* Memorandum from The Team to Richard W. Moreland, Deputy Assistant Secretary for Import Administration, entitled "Respondent Selection," dated February 12, 2001. We subsequently issued the antidumping questionnaires to Corus Engineering Steels Ltd. ("Corus"), Crownridge Stainless Steel Limited ("Crownridge"), and Firth Rixson Special Steels, Ltd. ("FRSS") on February 20, 2001.

On February 13, 2001, Corus requested that certain special-quality oil field equipment steel grades be excluded from the scope of this investigation. *See* "Scope of Investigation" section of this notice for further discussion.

In February and March 2001, the petitioners¹ made submissions requesting that the Department require the respondents to report the actual content of the primary chemical components of SSB for each sale of SSB made during the period of investigation ("POI"). Also, in February and March 2001, the respondents in this and other concurrent SSB investigations requested that the Department deny the petitioners' request. The Department, upon consideration of the comments from all parties on this matter, issued a memorandum on April 3, 2001, indicating its decision not to require the respondents to report such information on a transaction-specific basis. However, the Department did require that respondents report certain additional information concerning SSB grades sold to the U.S. and home markets during the POI. (For details, *see*

¹ Carpenter Technology Corp., Crucible Specialty Metals, Electralloy Corp., Empire Specialty Steel Inc., Slater Steels Corp., and the United Steelworkers of America.

Memorandum from The Stainless Steel Bar Teams to Louis Apple and Susan Kuhbach, Office Directors, dated April 3, 2001).

During the period March through June 2001, the Department received responses to Sections A, B, C and D of its original and supplemental questionnaires from Corus and FRSS.

On April 27, 2001, pursuant to 19 CFR 351.205(e), the petitioners made a timely request to postpone the preliminary determination. We granted this request on May 7, 2001, and postponed the preliminary determination until no later than July 26, 2001. (See *Notice of Postponement of Preliminary Determinations of Sales at Less Than Fair Value: Stainless Steel Bar from France, Germany, Italy, Korea, Taiwan and the United Kingdom*, 66 FR 24114 (May 11, 2001).

On July 10 and 11, 2001, the petitioners provided comments on the questionnaire responses of FRSS and Corus, respectively, for the Department's consideration in the preliminary determination. Corus and FRSS responded to these comments on July 16 and 17, 2001, respectively.

Postponement of Final Determination and Extension of Provisional Measures

Pursuant to section 735(a)(2) of the Act, on June 8, 2001, and July 16, 2001, Corus and FRSS, respectively, requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until not later than 135 days after the date of the publication of the preliminary determination in the **Federal Register**, and extend the provisional measures to not more than six months. In accordance with 19 CFR 351.210(b), because (1) our preliminary determination is affirmative, (2) Corus and FRSS account for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting the respondent's request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly.

Scope of Investigation

For purposes of this investigation, the term "stainless steel bar" includes articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals,

rectangles (including squares), triangles, hexagons, octagons, or other convex polygons. Stainless steel bar includes cold-finished stainless steel bars that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (*i.e.*, cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), products that have been cut from stainless steel sheet, strip or plate, wire (*i.e.*, cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections.

The stainless steel bar subject to this investigation is currently classifiable under subheadings 7222.11.00.05, 7222.11.00.50, 7222.19.00.05, 7222.19.00.50, 7222.20.00.05, 7222.20.00.45, 7222.20.00.75, and 7222.30.00.00 of the *Harmonized Tariff Schedule of the United States* ("HTSUS"). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

In accordance with our regulations, we set aside a period of time for parties to raise issues regarding product coverage and encouraged all parties to submit comments within 20 calendar days of publication of the *Initiation Notice* (see 66 FR 7620–7621). The respondents in this and the companion SSB investigations filed comments seeking to exclude certain products from the scope of these investigations. The specific products identified in their exclusion requests are:

- Stainless steel tool steel
- Welding wire
- Special-quality oil field equipment steel (SQOFES)
- Special profile wire

We have addressed these requests in a Memorandum to Susan Kuhbach and Louis Apple from The Stainless Steel Bar Team, dated July 26, 2001, entitled "Scope Exclusion Requests," and a Memorandum to Louis Apple from The Stainless Steel Bar Team, dated July 26, 2001, entitled "Whether Special Profile Wire Product is Included in the Scope

of the Investigation." Our conclusions are summarized below.

Regarding stainless steel tool steel, welding wire, and SQOFES, after considering the respondents' comments and the petitioners' objections to the exclusion requests, we preliminarily determine that the scope is not overly broad. Therefore, stainless steel tool steel, welding wire, and SQOFES are within the scope of these SSB investigations. In addition, we preliminarily determine that SQOFES does not constitute a class or kind of merchandise separate from SSB.

Regarding special profile wire, we have preliminarily determined that this product does not fall within the scope as it is written because its cross section is in the shape of a concave polygon. Therefore, we have not included special profile wire in these investigations.

Finally, we note that in the concurrent countervailing duty investigation of stainless steel bar from Italy, the Department preliminarily determined that hot-rolled stainless steel bar is within the scope of these investigations. (See, *Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination: Stainless Steel Bar from Italy*, 66 FR 30414 (June 6, 2001)).

Period of Investigation

The POI is October 1, 1999, through September 30, 2000.

Use of Facts Available

Crownridge

On February 20, 2001, we sent an antidumping questionnaire to Crownridge, however, Crownridge did not respond. Prior to this date, on February 8, 2001, the U.S. Embassy in London informed us that Crownridge was no longer in business, and had been liquidated on February 6, 2001. That Crownridge was no longer in business was subsequently confirmed by counsel to Crownridge, as well as by representatives of the U.S. Embassy in London and our own research. Nevertheless, on June 15, 2001, we made a final attempt to contact the company, but were unsuccessful.

FRSS

FRSS responded to the Department's questionnaires, but failed to provide sufficient sales and cost information on which to base a preliminary antidumping duty margin, despite numerous opportunities to do so. FRSS's initial sections A–C questionnaire responses of March 23,

2001, and April 13, 2001, were deficient and/or unresponsive to many of the questions asked in the questionnaire. On May 21, 2001, we sent the respondent an extensive supplemental questionnaire on sections A–C, to which we received an inadequate response on June 11, 2001. At our request, on June 14, 2001, we met with counsel to FRSS to discuss the significant omissions and deficiencies of the questionnaire responses, and to alert counsel to the fact that the initial section D (cost of production) response was also largely inadequate, and lacked the elementary detail and narrative explanations necessary for cost calculation purposes. We allowed the company an additional opportunity to provide the missing sales and cost information discussed at the meeting. (For further details of this meeting, see Memorandum to the File from Brian Ledgerwood, dated June 18, 2001). On June 15, 2001, we issued a supplemental questionnaire for section D. Although FRSS's responses on June 22 and 29, 2001, to these last information requests were partially responsive, they still lacked the basic product, sales expense, and cost of production information necessary to perform the antidumping margin analysis.

Analysis

For the forgoing reasons, we determine that it is appropriate to apply antidumping margins based on the facts otherwise available to Crownridge and FRSS in accordance with section 776(a)(2)(A) and (B) of the Act, respectively. For further details regarding this determination, see the Memorandum to Richard W. Moreland from Louis Apple entitled "Preliminary Determination of Stainless Steel Bar (SSB) from the United Kingdom: Use of Facts Available," dated July 26, 2001 (*Facts Available Memorandum*).

Section 776(a)(2) of the Act provides that, if an interested party (1) withholds information that has been requested by the Department, (2) fails to provide such information in a timely manner or in the form or manner requested, (3) significantly impedes a determination under the antidumping statute, or (4) provides such information but the information cannot be verified, the Department shall, subject to subsections 782(c)(1) and (e) of the Act, use facts otherwise available in reaching the applicable determination.

Section 776(b) of the Act provides that adverse inferences may be used when a party has failed to cooperate by not acting to the best of its ability to comply with requests for information. See also Statement of Administrative

Action accompanying the URAA, H.R. Rep. No. 103–316, vol. 1, at 870 (1994) (SAA). While Crownridge failed to respond to the Department's questionnaire, we are satisfied that because of the special circumstances surrounding Crownridge, it was unable to provide a response. Therefore, the Department has determined that no adverse inference is warranted. Consequently, as non-adverse facts available, we have assigned Crownridge the all-others rate in this preliminary determination.

As explained above, FRSS was provided several opportunities to respond fully to the Department's questionnaires. In spite of our efforts, that included meeting with counsel for FRSS specifically to delineate deficiencies in its questionnaire responses, FRSS's responses continue to contain major deficiencies and omissions of data which render them unusable for purposes of the preliminary determination. In particular, FRSS failed to identify an affiliated producer of SSB which produced and sold SSB during the POI until late in the investigation, and then failed to provide basic sales and cost data for its affiliate. For further discussion, see the Facts Available Memorandum. Therefore, we preliminarily find that FRSS failed to act to the best of its ability to provide the information requested. Accordingly, we believe it is appropriate to use an adverse inference in selecting the facts otherwise available on which to base the antidumping rate for FRSS.

In accordance with our standard practice, we determine the margin used as adverse facts available by selecting the higher of (1) the highest margin stated in the notice of initiation, or (2) the highest margin calculated for any respondent. As adverse facts available ("AFA"), we have assigned to FRSS the highest margin in the petition. See, e.g., *Notice of Preliminary Determinations of Sales at Less Than Fair Value: Certain Large Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe From Japan and Certain Small Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe From Japan and the Republic of South Africa*, 64 FR 69718, 69722 (December 14, 1999); followed in *Notice of Final Determinations of Sales at Less Than Fair Value: Certain Large Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe From Japan and Certain Small Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe From Japan and the Republic of South Africa*, 65 FR 25907 (May 4, 2000); and *Notice of Preliminary*

Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod from Korea and Germany, 63 FR 10826, 10847 (March 5, 1998); followed in *Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod from Korea and Germany*, 63 FR 40433 (July 29, 1998).

Section 776(c) of the Act provides that, when the Department relies on secondary information (such as the petition) in using the facts otherwise available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. In this case, when analyzing the petition for purposes of the initiation, we reviewed all of the data upon which the petitioners relied in calculating the estimated dumping margins, and determined that the margins in the petition were appropriately calculated and supported by adequate evidence in accordance with the statutory requirements for initiation. In order to corroborate the petition margins for purposes of using them as AFA, we re-examined the price and cost information provided in the petition in light of information developed during this investigation. (See the *Facts Available Memorandum* for further details of our corroboration methodology.)

In accordance with section 776(c) of the Act, we were able to corroborate the information in the petition using information from independent sources that were reasonably at our disposal. As a result, we have preliminarily assigned FRSS the highest rate contained in the petition, 125.77 percent. Also, for the reasons stated above, we have preliminarily assigned to Crownridge, the "all others" rate as facts available in accordance with section 776(a) of the Act.

Fair Value Comparisons

To determine whether Corus's sales of SSB from the United Kingdom to the United States were made at less than fair value ("LTFV"), we compared the constructed export price ("CEP") to the Normal Value ("NV"), as described in the "Constructed Export Price" and "Normal Value" sections of this notice, below. In accordance with section 777A(d)(1)(A)(i) of the Act, we compared POI weighted-average CEPs to NVs.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced and sold by the respondent (i.e., Corus) in the home market during the POI that fit the description in the "Scope of Investigation" section of this

notice to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We compared U.S. sales to sales made in the home market, where appropriate. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to sales of the most similar foreign like product made in the ordinary course of trade. In making the product comparisons, we matched foreign like products based on the physical characteristics reported by the respondent in the following order of importance: general type of finish; grade; remelting process; type of final finishing operation; shape; and size.

With respect to grade, we matched products sold in the U.S. and home markets on the basis of the three most similar matches proposed by the respondent, where possible.

On July 10 and 13, 2001, the petitioners submitted general comments on product-matching issues for the Department's consideration in the preliminary determination. These comments were not received in time to be fully analyzed for the preliminary determination, but will be considered for the final determination.

With respect to home market sales of non-prime merchandise made by Corus during the POI, in accordance with our past practice, we excluded these sales from our preliminary analysis based on the limited quantity of such sales in the home market and the fact that no such sales were made to the United States during the POI. (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, 37180 (July 9, 1993)).

Constructed Export Price

Corus reported all of its U.S. sales as CEP sales made to unaffiliated customers in the United States through its U.S. affiliates. We calculated CEP, in accordance with subsection 772(b) of the Act, for sales made to the first unaffiliated purchaser that took place after importation into the United States by a seller affiliated with the producer or exporter.

We based CEP on the packed "delivered," "customer pick-up at U.S. port," or "customer pick-up at warehouse" prices to unaffiliated purchasers in the United States. We made adjustments to the starting price (i.e., gross unit price inclusive of alloy

surcharges, as applicable), where appropriate, for price-billing errors (i.e., invoice adjustments) and freight revenue. We made deductions for early payment discounts and rebates, where applicable. We also made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act; these included, where appropriate, foreign inland freight, foreign brokerage and handling, ocean freight, marine insurance, U.S. brokerage and handling, U.S. customs duties (including harbor maintenance fees and merchandise processing fees), U.S. inland insurance, U.S. inland freight expenses (freight from port to warehouse and freight from warehouse to the customer), and U.S. handling charges. In accordance with section 772(d)(1) of the Act, we deducted those selling expenses associated with economic activities occurring in the United States, including direct selling expenses (credit costs and warranty expenses), inventory carrying costs, and indirect selling expenses. We made an adjustment for profit in accordance with section 772(d)(3) of the Act.

Normal Value

A. Home Market Viability

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (i.e., whether the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales), we compared the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(B) of the Act. Because the respondent's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined that the respondent's home market was viable.

B. Affiliated-Party Transactions and Arm's-Length Test

The Department's standard practice with respect to the use of home market sales to affiliated parties for NV is to determine whether such sales are at arm's-length prices. Therefore, in accordance with that practice, we performed an arm's-length test on Corus's sales to affiliates as follows.

Sales to affiliated customers in the home market not made at arm's-length prices were excluded from our analysis because we considered them to be outside the ordinary course of trade. See

19 CFR 351.102(b). To test whether these sales were made at arm's-length prices, we compared on a model-specific basis the starting prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, and packing.

Where, for the tested models of subject merchandise, prices to the affiliated party were on average 99.5 percent or more of the price to the unaffiliated parties, we determined that sales made to the affiliated party were at arm's length. See 19 CFR 351.403(c). In instances where no price ratio could be constructed for an affiliated customer because identical merchandise was not sold to unaffiliated customers, we were unable to determine that these sales were made at arm's-length prices and, therefore, excluded them from our LTFV analysis. See *Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from Argentina*, 58 FR 37062, 37077 (July 9, 1993). Where the exclusion of such sales eliminated all sales of the most appropriate comparison product, we made a comparison to the next most similar model.

C. Cost of Production Analysis

Based on our analysis of an allegation contained in the petition, we found that there were reasonable grounds to believe or suspect that sales of SSB in the home market were made at prices below their cost of production ("COP"). Accordingly, pursuant to section 773(b) of the Act, we initiated a country-wide sales-below-cost investigation to determine whether sales were made at prices below their respective COP (see *Initiation Notice*, 66 FR at 7625).

1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of the cost of materials and fabrication for the foreign like product, plus an amount for general and administrative expenses ("G&A"), interest expenses, and home market packing costs (see "Test of Home Market Sales Prices" section below for treatment of home market selling expenses). We relied on the COP data submitted by Corus.

2. Test of Home Market Sales Prices

On a product-specific basis, we compared the weighted-average COP to the home market sales of the foreign like product, as required under section 773(b) of the Act, in order to determine whether the sale prices were below the COP. The prices were exclusive of any applicable movement charges, rebates, discounts, and direct and indirect

selling expenses. In determining whether to disregard home market sales made at prices less than their COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether such sales were made (1) within an extended period of time, (2) in substantial quantities, and (3) at prices which did not permit the recovery of all costs within a reasonable period of time.

3. Results of the COP Test

Pursuant to section 773(b)(1), where less than 20 percent of the respondent's sales of a given product are at prices less than the COP, we do not disregard any below-cost sales of that product, because we determine that in such instances the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product are at prices less than the COP, we disregard those sales of that product, because we determine that in such instances the below-cost sales represent "substantial quantities" within an extended period of time, in accordance with section 773(b)(1)(A) of the Act. In such cases, we also determine whether such sales were made at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(1)(B) of the Act.

We found that, for certain specific products, more than 20 percent of Corus's home market sales were at prices less than the COP and, in addition, such sales were made within a reasonable period of time and did not provide for the recovery of costs. We therefore excluded these sales and used the remaining above-cost sales, if any, as the basis for determining NV, in accordance with section 773(b)(1).

D. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, the Department will calculate NV based on sales at the same level of trade ("LOT") as the EP or CEP. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent). 19 CFR 351.412(c)(2). Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing. *Id.*; see also *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 (November 19, 1997). In order to determine whether the comparison sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, the "chain

of distribution"),² including selling functions,³ class of customer ("customer category"), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying levels of trade for EP and comparison market sales (*i.e.*, NV based on either home market or third country prices⁴), we consider the starting prices before any adjustments. For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act. See *Micron Technology, Inc. v. United States*, 243 F. 3d 1301, 1314–1315 (Fed. Cir. 2001).

When the Department is unable to match U.S. sales to sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, the Department may compare the U.S. sale to sales at a different LOT in the comparison market. In comparing EP or CEP sales at a different LOT in the comparison market, where available data make it practicable, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if a NV LOT is more remote from the factory than the CEP LOT and we are unable to make a LOT adjustment, the Department shall 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 (November 19, 1997).

In this case, Corus had only CEP sales. It reported that comparison-market and CEP sales were made at different LOTs, and that comparison-market sales were made at a more advanced LOT than were sales to its U.S. affiliates, Corus America Inc. ("CAI") and Avesta Sheffield Bar Company ("ASB"). Corus requested that the Department make a CEP offset in lieu of a LOT adjustment,

² The marketing process in the United States and comparison markets begins with the producer and extends to the sale to the final user or consumer. The chain of distribution between the two may have many or few links, and the respondents' sales occur somewhere along this chain. In performing this evaluation, we considered the narrative responses of each respondent to properly determine where in the chain of distribution the sale occurs.

³ Selling functions associated with a particular chain of distribution help us to evaluate the level(s) of trade in a particular market. For purposes of this preliminary determination, we have organized the common SSB selling functions into four major categories: sales process and marketing support, freight and delivery, inventory and warehousing, and quality assurance/warranty services. Other selling functions unique to specific companies were considered, as appropriate.

⁴ Where NV is based on constructed value ("CV"), we determine the NV LOT based on the LOT of the sales from which we derive selling expenses, G&A and profit for CV, where possible.

as it was unable to quantify the price differences related to sales made at the different LOTs.

Corus reported home market sales through one channel of distribution: sales of subject merchandise from the mill directly to affiliated and unaffiliated customers. Corus offers the same support and assistance to all its home market customers, including assistance in order specification, delivery, and after-sale technical support. Accordingly, all of Corus's home market sales are made in the same channel of distribution and constitute one LOT.

In the U.S. market, Corus reported two channels of distribution (*i.e.*, through its U.S. affiliate CAI, who sells "back-to-back" to unaffiliated U.S. customers and maintains no inventory; and through another affiliated company, ASB, which imports and inventories subject merchandise and makes its sales from its warehouse facilities). Corus offers the same support for its sales to CAI and ASB, accepting purchase orders and sending order confirmations as well as arranging for production and reviewing and approving quality claims. Based on our overall analysis, we found that the channels of distribution did not differ from each other with respect to selling activities and, therefore, constituted one LOT.

We compared the CEP LOT to the home market LOT and concluded that the selling functions performed for the home market customers are sufficiently similar to those performed for the U.S. customers to warrant considering them the same LOT. For both LOTs there is a high degree of selling activity related to quality assurance and warranty services, while there is a low (or non-existent) level of selling activity associated with maintaining a warehouse and inventory. Both LOTs also have similar levels of selling activity with regard to most freight and delivery services.

More specifically, the table submitted as Exhibit B–16 of the June 22, 2001, response (*selling functions table*) indicates that the degree of sales activity that Corus claimed it provided for its sales in the home market and for its U.S. sales is the same for the vast majority of selling functions identified.

However, for the remaining selling functions for which Corus claimed a different degree of sales activity for its U.S. sales and its home market sales, the levels of activity reported by Corus in the selling functions table are inconsistent with the sales process descriptions in the questionnaire response. For example, the March 27, 2001, response at pages A–16 and A–18

states that Corus sells to longstanding and ongoing customers in both markets. However, in the selling functions table, Corus reports a different degree of market research in each market. Furthermore, the selling functions table indicates a high degree of sales activity for identifying customers and making sales calls in the United Kingdom and a low degree of such activity for U.S. sales. Yet, in the sales process description in the response Corus states that its home market customers typically call or fax the Corus sales office with inquiries and then place orders by phone, fax, or mail. We are not persuaded by Corus's claim that it provides a high degree of sales activity with regard to identifying customers and making sales calls when the customers contact Corus by phone, fax, or mail. Moreover, for longstanding and ongoing customers a high degree of sales activity for identifying customers and making sales calls seems misplaced. In addition, in the selling functions table Corus attempts to distinguish the sales activity for its U.S. and home market sales with regard to the degree of service provided for performance of a customer credit check, indicating a high degree of activity for home market sales and a low degree for U.S. sales. This type of activity should be necessary when Corus sells to new and unfamiliar customers in the home market—not longstanding and ongoing customers.

Inasmuch as we consider Corus's CEP sales to be at the same LOT as that of the home market sales, Corus does not qualify for a LOT adjustment or CEP offset pursuant to sections 773(a)(7)(A) or (B) of the Act, respectively.

E. Calculation of Normal Value Based on Comparison Market Prices

We calculated NV based on delivered prices to unaffiliated customers or prices to affiliated customers that we determined to be at arm's-length (*i.e.*, gross unit price inclusive of alloy surcharges, as applicable). We made adjustments, where appropriate, to the starting price for billing/invoice corrections. We made deductions, where applicable, for discounts, rebates, and inland freight. We made adjustments for differences in costs attributable to differences in the physical characteristics of the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. In addition, we made adjustments under section

773(a)(6)(C)(iii) of the Act and 19 CFR 351.410 for differences in circumstances of sale for imputed credit expenses and warranties. We also added U.S. packing costs and deducted home market packing costs in accordance with sections 773(a)(6)(A) and (B) of the Act, respectively.

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A(a) of the Act based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

Verification

As provided in section 782(i) of the Act, we will verify all information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing the Customs Service to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the export price or constructed export price, as indicated in the chart below. These suspension-of-liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin percentage
Corus Engineering Steels Ltd ..	6.85
Crownridge Stainless Steel Limited	6.85
Firth Rixson Special Steels, Ltd	125.77
All Others *	6.85

*Pursuant to section 735(c)(5)(A), we have excluded from the calculation of the all-others rate margins which are zero or *de minimis*, or determined entirely on facts available.

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports

are materially injuring, or threaten material injury to, the U.S. industry.

Disclosure

We will disclose the calculations used in our analysis to parties in this proceeding in accordance with 19 CFR 351.224(b).

Public Comment

Case briefs for this investigation must be submitted to the Department no later than November 5, 2001. Rebuttal briefs must be filed by November 13, 2001. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Section 774 of the Act provides that the Department will hold a public hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by an interested party. If a request for a hearing is made in this investigation, the hearing will tentatively be held on November 16, 2001, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs.

If this investigation proceeds normally, we will make our final determination by no later than 135 days after the publication of this notice in the **Federal Register**.

This determination is published pursuant to sections 733(f) and 777(i) of the Act.

Dated: July 26, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

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