

and dividing the amount by the total entered value of the sales examined.

Cash Deposit Requirements

The following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of LNPP from Japan that are entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(2)(c) of the Act: (1) No cash deposit will be required for LNPP from Japan that are produced by TKS and that are also exported by TKS (unless the margin established for the company in the final results of this review is above *de minimis*); (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the original 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 merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be 58.69 percent, the "All Others" rate made effective by the LTFV investigation. These requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification to Importers

This notice also 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.

This administrative review and notice are published in accordance with section 751(a)(1) of the Act and 19 CFR 351.221.

Dated: October 1, 2001.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 01-25272 Filed 10-5-01; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-580-829]

Stainless Steel Wire Rod From the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review

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

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

SUMMARY: In response to requests from U.S. producers of the subject merchandise, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on stainless steel wire rod (SSWR) from the Republic of Korea (Korea). The review covers two manufacturers/exporters of subject merchandise to the United States during the period of review (POR), September 1, 1999 through August 31, 2000. Based upon our analysis, the Department has preliminarily determined that dumping margins exist for both manufacturers/exporters. If these preliminary results are adopted in our final results of administrative review, we will instruct the United States Customs Service (Customs) to assess antidumping duties as appropriate. Interested parties are invited to comment on these preliminary results. Parties who submit arguments in this proceeding are requested to submit with the argument (1) a statement of the issue, and (2) a brief summary of the argument.

EFFECTIVE DATE: October 9, 2001.

FOR FURTHER INFORMATION CONTACT: Alexander Amdur or Karine Gziryan, AD/CVD Enforcement, Office IV, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 482-5346 or (202) 482-4081, respectively.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

Unless otherwise stated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions as of 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 references to the regulations of the Department are to 19 CFR part 351 (2000).

Background

On September 15, 1998, the Department published in the **Federal Register** the antidumping duty order on SSWR from Korea. See *Notice of Amendment of Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Stainless Steel Wire Rod From Korea*, 63 FR 49331 (September 15, 1998). On September 20, 2000, the Department published a notice of "Opportunity to Request an Administrative Review" of the antidumping duty order on SSWR from Korea. See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 65 FR 56868 (September 20, 2000). On September 29, 2000, the petitioners, Carpenter Technology Corp., Empire Specialty Steel, and the United Steel Workers of America, AFL-CIO/CLC, requested an administrative review of Changwon Specialty Steel Co., Ltd. (Changwon) and Dongbang Specialty Steel Co., Ltd. (Dongbang) (collectively, respondents) for the period September 1, 1999 through August 31, 2000. On October 24, 2000, the Department initiated an administrative review of Changwon and Dongbang.¹

On October 20, 2000, we issued an antidumping questionnaire to Changwon and Dongbang. The Department received Changwon's and Dongbang's responses in December 2000. We issued supplemental questionnaires to Changwon and Dongbang in February and May 2001, and received responses from Changwon and Dongbang in March and June 2001.

On June 11, 2001, the Department published in the **Federal Register** a notice extending the deadline for issuing the preliminary results in this case until no later than October 1, 2001. See *Stainless Steel Wire Rod From the Republic of Korea: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review*, 66 FR 31210 (June 11, 2001).

Scope of the Review

For purposes of this review, SSWR comprises products that are hot-rolled or hot-rolled annealed and/or pickled and/or descaled rounds, squares,

¹ The Department inadvertently omitted this case from the initiation notice published on October 30, 2000. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews, Requests for Revocation in Part and Deferral of Administrative Reviews*, 65 FR 64662 (October 30, 2000). However, a correction in the subsequent initiation notice was published on November 30, 2000. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 65 FR 71299 (November 30, 2000).

octagons, hexagons or other shapes, in coils, that may also be coated with a lubricant containing copper, lime or oxalate. SSWR is made of alloy steels containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. These products are manufactured only by hot-rolling or hot-rolling annealing, and/or pickling and/or descaling, are normally sold in coiled form, and are of solid cross-section. The majority of SSWR sold in the United States is round in cross-sectional shape, annealed and pickled, and later cold-finished into stainless steel wire or small-diameter bar. The most common size for such products is 5.5 millimeters or 0.217 inches in diameter, which represents the smallest size that normally is produced on a rolling mill and is the size that most wire-drawing machines are set up to draw. The range of SSWR sizes normally sold in the United States is between 0.20 inches and 1.312 inches in diameter.

Two stainless steel grades are excluded from the scope of the review. SF20T and K-M35FL are excluded. The chemical makeup for the excluded grades is as follows:

SF20T

Carbon 0.05 max
Manganese 2.00 max
Phosphorous 0.05 max
Sulfur 0.15 max)
Silicon 1.00 max
Chromium 19.00/21.00
Molybdenum 1.50/2.50
Lead-added (0.10/0.30)
Tellurium-added (0.03 min)

K-M35FL

Carbon 0.015 max
Silicon 0.70/1.00
Manganese 0.40 max
Phosphorous 0.04 max
Sulfur 0.03 max
Nickel 0.30 max
Chromium 12.50/14.00
Lead 0.10/0.30
Aluminum 0.20/0.35

The products subject to this review are currently classifiable under subheadings 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075 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 review is dispositive.

Verification

As provided in section 782(i) of the Act, on July 17 to 27, 2001 and August 2 to 3, 2001, we verified sales and cost

information provided by Changwon and sales information provided by Dongbang, using standard verification procedures, including an examination of relevant sales and financial records. Our verification results are outlined in the public version of the verification report and are on file in the Central Records Unit (CRU) located in room B-099 of the main Department of Commerce Building, 14th Street and Constitution Avenue, NW., Washington, DC.

Duty Absorption

On November 14, 2000, the petitioners requested that the Department determine whether antidumping duties had been absorbed during the POR by the respondents. Section 751(a)(4) of the Act provides for the Department, if requested, to determine during an administrative review initiated two or four years after the publication of the order, whether antidumping duties have been absorbed by a foreign producer or exporter, if the subject merchandise is sold in the United States through an affiliated importer. Because the collapsed entity Pohang Iron and Steel Co., Ltd. (POSCO)/Changwon/Dongbang (see "Affiliation and Collapsing" section of this notice) sold to unaffiliated customers in the United States through an importer that is affiliated, and because this review was initiated two years after the publication of the order, we will make a duty absorption determination in this segment of the proceeding within the meaning of section 751(a)(4) of the Act.

On February 16, 2001, the Department requested evidence from each respondent to demonstrate that U.S. purchasers will pay any ultimately assessed duties charged to them. The Department requested that this information be provided no later than March 2, 2001. No respondent provided such evidence. Consequently, we have preliminarily determined that duty absorption by all respondents has occurred in this administrative review. As our analysis of the dumping margins may be modified in our final results, if interested parties wish to submit evidence that the unaffiliated purchasers in the United States will pay any ultimately assessed duty charged to affiliated importers, they must do so no later than 15 days after publication of these preliminary results. Any such information will be considered by the Department if we determine in our final results that there are dumping margins on the respondents' U.S. sales.

Affiliation and Collapsing

A. Changwon, POSCO, and Dongbang

During the less than fair value (LTFV) investigation, POSCO was the sole supplier to Dongbang of black coil (unfinished SSWR). See *Notice of Final Determination of Sales at Less than Fair Value: Stainless Steel Wire Rod from Korea*, 63 FR 40404, 40410 (July 29, 1998) (*Final Determination*). Based on this fact, and the fact that Dongbang was not able to obtain suitable black coil from alternative sources, the Department determined that POSCO and its wholly-owned subsidiary, Changwon, were affiliated with Dongbang through a close supplier relationship pursuant to section 771(33)(G) of the Act and § 351.102(b) of the Department's regulations. See *id.* The Department, in the investigation stage, also collapsed Changwon, POSCO, and Dongbang as a single entity for purposes of the dumping analysis in accordance with § 351.401(f) of the Department's regulations. See *id.*

Because neither POSCO, Changwon, nor Dongbang has provided any new evidence showing that this finding no longer holds true, we have continued to find that POSCO and Changwon are affiliated with Dongbang through a close supplier relationship.² Further, we have continued to treat POSCO, Changwon, and Dongbang as a single entity and to calculate a single margin for them. (See, e.g., *Frozen Concentrated Orange Juice from Brazil: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review*, 66 FR 29930, 29931 (June 4, 2001), citing *Certain Welded Carbon Steel Pipes and Tubes from Thailand: Preliminary Results of Antidumping Duty Administrative Review*, 64 FR 17998, 17999 (April 13, 1999) (unchanged by the final results)).

B. Affiliation Between Changwon, Dongbang and U.S. Trading Company Customers

Changwon and Dongbang³ reported U.S. sales to trading companies whom they classified as unaffiliated parties in their December 11 and December 20, 2000 section A and C questionnaire

² During the POR, Changwon, and not POSCO, was Dongbang's sole supplier of black coil. However, since we continue to treat POSCO and Changwon as a single entity (as we did in the LTFV investigation), this does not change our determination that POSCO/Changwon are affiliated with Dongbang through a close supplier relationship.

³ Although, as discussed above, we are treating POSCO, Changwon, and Dongbang, as a single entity, we may, in certain instances, refer to POSCO, Changwon, and Dongbang separately to distinguish the information separately reported by these companies.

responses. The petitioners contend that Changwon and Dongbang are affiliated with these trading company customers through a principal/agent relationship. Under section 771(33)(G) of the Act, principals and agents are affiliated because, "by definition, a principal controls its agent." See *Notice of Final Determination of Sales at Less than Fair Value: Engineered Process Gas Turbo-Compressor Systems, Whether Assembled or Unassembled, and Whether Complete or Incomplete, from Japan*, 62 FR 24394, 24403 (May 5, 1997) (*Turbo-Compressors from Japan*). In determining whether a principal/agent relationship exists, the Department first examines whether an explicit agreement exists from the alleged principal, authorizing the agent to act on its behalf in a specified context. This agreement must not only state that such a relationship exists, but the alleged agent must expressly consent to such representation on behalf of the principal. However, the Department also recognizes that while agency relationships are "frequently established by a written contract, this is not essential." See *id.* at 24402-24403 (expressing the principal/agent test); see also *Stainless Steel Sheet and Strip in Coils From Taiwan: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review*, 66 FR 41509, 41512 (August 8, 2001).

In the absence of an agency contract, "the analysis of whether a relationship constitutes an agency is case-specific and can be quite complex; there is no bright line test." See *Turbo-Compressors from Japan*, 62 FR at 24403. The Department's examination of allegations of an agency relationship has focused on a range of criteria, including (but not limited to) the following: (1) The foreign producer's role in negotiating price and other terms of sale; (2) the extent of the foreign producer's interaction with the U.S. customer; (3) whether the agent/reseller maintains inventory; (4) whether the agent/reseller takes title to the merchandise and bears the risk of loss; and (5) whether the agent/reseller further processes or otherwise adds value to the merchandise. *Id.*

In the instant case, based on the totality of the circumstances, we believe that Changwon's and Dongbang's trading company customers are independent, unaffiliated resellers, and that a principal/agent relationship does not exist between Changwon, Dongbang, and their respective trading company customers. The record evidence indicates that, even though most of Changwon's and Dongbang's sales and order documentation on the record indicates the name of the ultimate end

user, and Changwon's and Dongbang's identity presumably was disclosed to most of the end user customers, Changwon and Dongbang negotiated the terms of sales and set the prices with their trading company customers, and did not market to the trading companies' end user customers. See, e.g., Changwon sales verification exhibits 11 to 18; Dongbang sales verification exhibits 8, 9, 10, 11 and 20; and Pohang Steel America Corp. Verification exhibits 7 and 8. Furthermore, Changwon and Dongbang, except in very limited instances, did not interact directly with the ultimate end users. The sales documentation in the questionnaire responses and verification exhibits also shows that trading company customers take title to the inventory and bear the risk of loss.

We also note that the facts in this case differ from those in *Turbo-Compressors from Japan*, where the Department determined that a principal/agent relationship existed based upon the fact that the respondent effectively controlled the price, among other terms of sale, in the transaction with the ultimate U.S. end user, and conducted some marketing of its product to the end user in the pre-sale period. See *Turbo-Compressors from Japan*, 62 FR at 24403. In the present case, the record does not contain any of these same facts. Furthermore, we also note that *Turbo-Compressors from Japan* involved a single sale through a single trading company, while the present case involves numerous sales to multiple trading companies, as well as more complex and varied fact patterns.

Because of the proprietary nature of this issue, for further discussion, see Memorandum from Holly Kuga to Bernard Carreau on Whether Changwon and Dongbang are Affiliated With Certain U.S. Customers Under Section 771(33) of the Act, dated October 1, 2001.

Normal Value Comparisons

To determine whether the respondents' sales of SSWR from Korea to the United States were made at less than normal value, we compared the export price (EP) and constructed export price (CEP), as appropriate, to the normal value (NV), as described in the "Export Price," "Constructed Export Price" and "Normal Value" sections of this notice, below. We first attempted to compare contemporaneous U.S. and comparison market sales of products that are identical with respect to the following characteristics: grade, diameter, further processing and coating. Where we were unable to compare sales of identical merchandise,

we compared U.S. sales to comparison market sales of the most similar merchandise based on the above characteristics, which are listed in order of importance for matching purposes. Where we were unable to find appropriate comparison market sales made in the ordinary course of trade, of comparable merchandise for the merchandise sold in the United States, we made comparisons to constructed value (CV).

Export Price

For Dongbang's reported sales, in calculating U.S. price, the Department used EP, as defined in section 772(a) of the Act, because the merchandise was sold, prior to importation, by Dongbang to an unaffiliated purchaser in the United States, or to an unaffiliated purchaser for exportation to the United States, and CEP methodology was not otherwise warranted based on the facts on the record. We calculated EP based on the packed, delivered prices charged to unaffiliated customers in the United States or to unaffiliated customers for exportation to the United States. In accordance with section 772(c)(2)(A) of the Act, we made deductions from the starting price, where applicable, for foreign movement expenses (including brokerage and handling and inland freight), international freight, and marine insurance. We added duty drawback received on imported materials, pursuant to section 772(c)(1)(B) of the Act, as recalculated pursuant to corrections presented at verification.

Constructed Export Price

Changwon reported its sales as EP sales. However, after an analysis of Changwon's information on the record, we preliminarily determine that Changwon's sales should be classified as CEP sales. The record in this case shows that Changwon's U.S. sales during the POR were made through two of its affiliates: POSCO Steel Sales & Service Co., Ltd. (POSTEEL) in Korea and Pohang Steel America Corporation (POSAM) in the United States. POSAM served as a point of contact for Changwon's U.S. customers, and relayed price inquiries and purchase orders from U.S. customers to and from Changwon through POSTEEL. See p. 24 of Changwon's December 11, 2000 Section A response. After Changwon confirmed the price and quantity of the sales and produced the orders, POSTEEL and POSAM arranged for transportation of Changwon's merchandise to the U.S. customers. See *id.* During this process, title passed from Changwon to POSTEEL, and then to

POSAM. POSAM then invoiced Changwon's U.S. customers, and received payment from these U.S. customers. *See id.* These facts were also present in the original LTFV investigation in which we determined Changwon's sales through POSTEEL and POSAM to be CEP sales (*see Stainless Steel Wire Rod From Korea: Amendment of Final Determination of Sales at Less Than Fair Value Pursuant to Court Decision*, 66 FR 41550 (August 8, 2001)) (*Amended Final Determination*).

Based upon these facts, including POSAM's role in invoicing and receiving payment from Changwon's U.S. customers, and Changwon's lack of direct contact with its U.S. customers, we have determined, consistent with the decision of the U.S. Court of Appeals for the Federal Circuit in *AK Steel v. United States*, 226 F.3d 1330 (Fed. Cir. 2000), that Changwon's U.S. sales were made in the United States by its U.S. affiliate, and thus, are properly classified as CEP sales.

We calculated CEP based on delivered prices to unaffiliated customers in the United States. We made deductions from the starting price, where appropriate, for foreign and U.S. brokerage and handling, foreign and U.S. inland freight, international freight, marine insurance, U.S. duties, and direct and indirect selling expenses to the extent that they are associated with economic activity in the United States in accordance with sections 772(c)(2)(A) and 772(d)(1)(B) and (D) of the Act. These deductions included credit expenses. We added duty drawback received on imported materials pursuant to section 772(c)(1)(B) of the Act. Finally, in accordance with section 772(d)(3) of the Act, we made a deduction for CEP profit.

We included those U.S. sales presented in the corrections at Changwon's U.S. verification. Consistent with the Department's practice, we excluded those reported sales that entered the U.S. under a temporary import bond and were subsequently re-exported to a third country. *See, e.g., Oil Country Tubular Goods from Japan: Preliminary Results and Recission of Antidumping Administrative Review*, 64 FR 48589 (September 7, 1999) (unchanged by the final results); *see also Remand Determination: Titanium Metals Corp. v. United States*, 94-04-00236 (CIT April 17, 1995), affirmed by, *Titanium Metals Corp. v. United States*, 901 F. Supp. 362 (CIT 1995).

For further details, see Calculation Memorandum dated October 1, 2001.

Level of Trade (LOT)

In accordance with section 773(a)(1)(B) of the Act, to the extent practical, we determined NV based on sales in the comparison market at the same LOT as the EP or CEP sales. The NV LOT is that of the starting-price sales in the comparison market or, when NV is based on CV, that of the sales from which we derive selling, general, and administrative (SG&A) expenses and profit. For EP sales, the U.S. LOT is also the level of the starting-price sale. For CEP sales, it is the level of the constructed sale from the exporter to the importer. The Court of Appeals for the Federal Circuit (Federal Circuit) has held that the statute unambiguously requires Commerce to deduct the selling expenses set forth in section 772(d) from the CEP starting price prior to performing its LOT analysis. *See Micron Technology, Inc. v. United States*, 243 F.3d 1301, 1315 (Fed. Cir. 2001). Consequently, the Department will continue to adjust the CEP, pursuant to section 772(d), prior to performing the LOT analysis, as articulated by the Department's regulations at 351.412.

To determine whether NV sales are at a different LOT than the EP or CEP sales, we examined stages in the marketing process and selling activities 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 a 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).

In determining whether separate levels of trade (LOTs) exist, we obtained information from the collapsed entity POSCO/Changwon/Dongbang about the marketing stages for the reported U.S. and comparison market sales, including a description of the selling activities performed by POSCO/Changwon/Dongbang for each channel of distribution. In identifying LOTs for EP and comparison market sales, we considered the selling functions

reflected in the starting price before any adjustments. *See* 19 CFR 351.412(c)(1)(i) and (iii). In identifying LOTs for CEP sales, we considered the selling functions reflected in the starting price, as adjusted under section 772(d) of the Act. *See* 19 CFR 351.412(c)(ii). We expect that, if claimed LOTs are the same, the selling functions and activities of the seller at each level should be similar. Conversely, if a party claims that LOTs are different for different groups of sales, the selling functions and activities of the seller for each group should be dissimilar.

In this review, Changwon and Dongbang claimed that their respective sales involved identical selling functions, irrespective of the channel of distribution or market. We examined these selling functions for the collapsed entity POSCO/Changwon/Dongbang (for Changwon's CEP sales, after deducting POSAM's selling expenses incurred in the United States), and found that sales activities were limited in nature and scope in both the comparison and U.S. markets, and consisted primarily of providing freight and packing services. Therefore, we have preliminarily found that there is one LOT in the U.S. and comparison market, and thus, no LOT adjustment or CEP offset is required for comparison of U.S. sales to comparison market sales. For further details, *see* Memorandum on Level of Trade Analysis dated October 1, 2001.

Normal Value

After testing home market viability, whether sales to affiliates were at arm's-length prices, and whether home market sales failed the cost test, we calculated NV as noted in subsection 4, "Calculation of NV," below.

1. 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 respondents' volume of home market sales of the foreign like product to the volume of their U.S. sales of subject merchandise, in accordance with section 773(a)(1) of the Act. Because the respondents' aggregate volume of home market sales of the foreign like product is greater than five percent of their aggregate volume of U.S. sales of subject merchandise, we determined that the home market is viable for the respondents.

2. *Affiliated-Party Transactions and Arm's-Length Test*

Sales to affiliated customers in the home market not made at arm's length prices (if any) were excluded from our analysis because the Department considered them to be outside the ordinary course of trade. *See* 19 CFR 351.102. To test whether these sales were made at arm's length prices, the Department compared, on a model-specific and quality-specific (*i.e.*, prime and non-prime quality) basis, the 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 unaffiliated parties, the Department 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, the Department was unable to determine that these sales were made at arm's length prices and, therefore, excluded them from our analysis. *See Notice of 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, the Department made a comparison to the next most similar product.

3. *Cost of Production (COP) Analysis*

In the investigation of SSWR from Korea, the most recently completed segment of this proceeding, the Department disregarded POSCO/Changwon/Dongbang's sales that were found to have failed the cost test. Accordingly, the Department, pursuant to section 773(b) of the Act, initiated a COP investigation of the respondents for purposes of this administrative review. We conducted the COP analysis as described below.

A. *Cost Averaging Periods*

On December 4, 2000, the respondents notified the Department that they intended to calculate and report semi-annual weighted-average costs in their respective Section D submissions. The respondents contended that reporting annual weighted-average costs in this review would distort the dumping analysis due to substantial increases in the price of nickel, a major input of SSWR, during the POR. The Department decided to

use a single weighted-average POR cost in its calculations. The Department concluded that, because nickel prices, and the respondents' costs, did not consistently increase during the POR, and because the nickel prices and the respondents' average reported sales price did not correspondingly increase during the POR, using a single POR weighted-average cost would not distort the dumping analysis. *See* Memorandum to Tom Futtner, on the 1999–2000 Administrative Review of the Antidumping Order on Stainless Steel Wire Rod from Korea, dated March 19, 2001.

On December 4, 2000, the respondents also requested that the Department allow them to report costs for the two closest semi-annual periods to the POR, July 1, 1999, through June 30, 2000. The Department, as stated in the Department's October 20, 2000 antidumping questionnaire, may permit reporting of COP and CV based on a company's fiscal year, if the fiscal year ends within three months of the POR. However, the respondents' fiscal year, the calendar year, does not end within three months of the POR. Furthermore, the respondents did not demonstrate that the costs that they incurred for the period July 1, 1999 through June 30, 2000 are representative of the costs that they incurred during the POR. Therefore, on February 7, 2001, the Department denied the respondents' request, and requested that the respondents calculate the reported COP and CV figures based on the actual costs incurred during the POR. On March 16, 2001, the respondents reported model-specific weighted-average costs for the POR.

B. *Calculation of COP*

In accordance with section 773(b)(3) of the Act, we calculated the weighted-average COP, by model, for the POR based on the sum of materials and fabrication costs, general and administrative (G&A) expenses, and packing costs. Pursuant to section 773(f)(3) of the Act, and § 351.407(b) of the Department's regulations, for a certain proprietary major input supplied to Changwon by affiliates, we used the higher of cost, transfer price, or market price. We relied on the submitted collapsed costs except in the specific instances noted below, where the submitted costs were not appropriately quantified or valued.

1. In 1999, POSCO and Dongbang Transport Logistics Co., Ltd. (Dongbang Transport) (the companies on which we based the consolidated interest expense of Changwon and Dongbang, respectively) wrote off all of their

deferred foreign exchange losses through retained earnings. POSCO and Dongbang Transport originally capitalized these losses with the intention of recognizing the loss over time on their income statements. Subsequently, POSCO and Dongbang Transport expensed these deferred losses directly to equity in 1999. Therefore, we adjusted POSCO/Changwon/Dongbang's reported interest expense to include the entire amount of the remaining deferred foreign exchange losses.

2. We excluded from Changwon's G&A expense calculation certain non-operating expense and income items, such as gains and losses on disposal of certain monetary instruments and other investment; gain on valuation of certain monetary instruments and redemption of debenture; extraordinary gain on a received asset; and certain proprietary miscellaneous non-operating income because these items do not relate to the general manufacturing activities of the company.

3. We excluded from Dongbang's G&A calculation a loss on disposition of trade receivables because this item does not relate to the general manufacturing activities of the company, and included this loss in Dongbang's indirect selling expenses.

4. We excluded from POSCO's G&A calculation (for G&A expenses included in certain proprietary inputs transferred to Changwon) certain non-operating expense and income items, such as gains and losses on futures, and disposition of investment assets; gain on valuation of securities, disposition of securities, disposition of investment assets, and redemption of corporate bond; and extraordinary gain on asset donation, because these items do not relate to the general manufacturing activities of the company.

For further details, *see* Calculation Memorandum dated October 1, 2001.

C. *Test of Comparison Market Sales Prices*

As required under section 773(b) of the Act, we compared the adjusted weighted-average COPs to the comparison market sales of the foreign like product, in order to determine whether these sales had been made at prices below the COP within an extended period of time in substantial quantities, and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. On a product-specific basis, we compared the revised COP to the comparison market prices, less any applicable movement charges and direct and indirect selling expenses.

D. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of POSCO/Changwon/Dongbang's sales of a given product were made at prices below the COP, we did not disregard any below-cost sales of that product because the below-cost sales were not made in "substantial quantities." Where 20 percent or more of POSCO/Changwon/Dongbang's sales of a given product were made at prices below the COP, we determined that such sales were made in substantial quantities within an extended period of time (*i.e.*, a period of one year). Further, because we compared prices to POR-average costs, we determined that the below-cost prices would not permit recovery of all costs within a reasonable time period, and thus, we disregarded the below-cost sales in accordance with sections 773(b)(1) and (2) of the Act.

We found that for certain products, POSCO/Changwon/Dongbang made home market sales at prices below the COP within an extended period of time in substantial quantities. Further, we found that these sales prices did not permit the recovery of costs within a reasonable period of time. We therefore excluded these sales from our analysis in accordance with section 773(b)(1) of the Act.

E. Calculation of CV

In accordance with section 773(e)(1) of the Act, we calculated POSCO/Changwon/Dongbang's CV based on the sum of POSCO/Changwon/Dongbang's cost of materials, fabrication, SG&A, including interest expenses, and profit. We calculated the COPs included in the calculation of CV as noted above in the "Calculation of COP" section of this notice. In accordance with section 773(e)(2)(A) of the Act, we based SG&A and profit on the amounts incurred and realized by POSCO/Changwon/Dongbang in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country.

4. Calculation of NV

We determined price-based NVs for POSCO/Changwon/Dongbang as follows: We calculated NV based on packed, delivered and ex-factory prices to home market customers. We increased the starting price for freight and interest revenue, where applicable, and duty drawback revenue received from customers (as corrected by Dongbang in the corrections presented at the beginning of verification). We made deductions from the starting price for foreign inland freight, where

appropriate, pursuant to section 773(a)(6)(B)(ii) of the Act. Pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(c), we made circumstance-of-sale (COS) adjustments to the starting price, where appropriate, for differences in credit, warranty, and bank expenses.

We deducted home market packing costs from, and added U.S. packing costs to, the starting price, in accordance with section 773(a)(6)(A) and (B) of the Act. Where appropriate, we made adjustments to NV to account for differences in the physical characteristics of the merchandise sold in the U.S. and comparison market, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411.

Where we based NV on CV, we made adjustments to CV for COS differences, in accordance with section 773(a)(8) of the Act and 19 CFR 351.410. We made COS adjustments by deducting direct selling expenses incurred on comparison market sales and adding U.S. direct selling expenses.

Currency Conversion

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

Preliminary Results of Review

As a result of this review, we preliminarily determine that the following weighted-average margin exists for the period September 1, 1999, through August 31, 2000:

Manufacturer/exporter	Margin (percent)
POSCO/Changwon/Dongbang	4.56

We will disclose the calculations used in our analysis to parties to this proceeding within five days of the publication date of this notice. *See* 19 CFR 351.224(b). Any interested party may request a hearing within 30 days of the publication date of this notice. *See* 19 CFR 351.310(c). If requested, a hearing will be held 44 days after the date of publication of this notice, or the first workday thereafter. Interested parties may submit case briefs within 30 days of the date of publication of this notice. Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than 7 days after the deadline for filing case briefs. Interested parties are invited to comment on the preliminary results. Parties who submit arguments are requested to submit with each argument: (1) A statement of the issue, (2) a brief summary of the

argument and (3) a table of authorities. Further, we would appreciate it if parties submitting written comments would provide the Department with an additional copy of the public version of any such comments on a diskette. The Department will publish the notice of the final results of this administrative review, which will include the results of its analysis of issues raised in any written comments or hearing, within 120 days from the publication date of this notice.

Assessment Rate

Pursuant to 19 CFR 351.212(b), the Department calculated an assessment rate for each importer of subject merchandise. Upon completion of this review, the Department will instruct Customs to assess antidumping duties on appropriate entries. For Changwon's reported sales, since Changwon reported the entered values and importer for its sales, we have calculated importer-specific *ad valorem* duty assessment rates based on the ratio of the total amount of dumping margins calculated for the examined sales to the entered value of sales used to calculate those duties. For Dongbang's reported sales, since Dongbang did not report the entered value for its sales, we have calculated importer-specific ⁴ per unit duty assessment rates based on the ratio of the total amount of dumping margins calculated for the examined sales to the quantity of sales used to calculate those duties. Where the importer-specific assessment rate is above *de minimis*, we will instruct Customs to assess the importer-specific rate uniformly on all entries made during the POR.

Cash Deposit Requirements

The following cash deposit requirements will be effective upon publication of these final results for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of these final results of administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for the reviewed companies will be the rate listed above (except that if the rate is *de minimis*, *i.e.*, less than 0.5 percent, a cash deposit rate of zero will be required); (2) for previously investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the original

⁴ Dongbang also did not report the importers of its sales, but we determined the importers from Dongbang's sales documentation on the record.

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 merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be the "all others" rate of 5.77 percent, which is the "all others" rate established in the LTFV investigation (*see Amended Final Determination*). These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification to Interested Parties

This notice also 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 the antidumping duties occurred and the subsequent assessment of double antidumping duties.

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

Dated: October 1, 2001.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 01-25270 Filed 10-5-01; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration; Notice of Intent To Prepare a Restoration Plan and Programmatic Environmental Impact Statement/Environmental Impact Report (RP/EIS); Request for Comments

AGENCY: National Oceanic and Atmospheric Administration (NOAA), Commerce.

SUMMARY: Natural Resource Trustee agencies (the Trustees) have formed the Montrose Settlements Restoration Program (MSRP) to plan and oversee the restoration of natural resources that have been injured by the release of hazardous substances, DDTs and PCBs, in the Southern California Bight marine environment. The MSRP will prepare a Restoration Plan and programmatic Environmental Impact Statement/Environmental Impact Report (RP/EIS) addressing the restoration of these natural resources. The Trustees

announce the initiation of a public process to determine the scope of issues under consideration. The purpose of this notice is to inform the public of this process and the opportunity to participate in the development of the RP/EIS. All persons affected by, or otherwise interested in, the proposed restoration plan are invited to participate in determining the scope of significant issues to be considered in the RP/EIS by submitting written comments or by attending scoping meetings. Through the scoping process, the Trustees will identify and prioritize alternatives for potential restoration actions.

DATES: Comments must be submitted in writing on or before November 24, 2001. Public meetings have been scheduled October 13, 2001, October 21, 2001, November 1, 2001. Details on these meetings are provided in the **SUPPLEMENTARY INFORMATION** section.

ADDRESSES: Comments should be submitted to: The Montrose Settlements Restoration Program, c/o NOAA's Office of General Counsel, 501 W. Ocean Boulevard, Suite 4470, Long Beach, California 90802. Alternatively, comments may be submitted electronically to the following E-mail address: msrp@noaa.gov. All comments received, including names and addresses, will become part of the public record.

FOR FURTHER INFORMATION CONTACT: Jennifer Boyce, Montrose Settlements Restoration Program c/o NOAA's Office of General Counsel 501 W. Ocean Boulevard, Suite 4470, Long Beach, California 90802, (562) 980-4086; or visit the MSRP web site at: www.darcnw.noaa.gov/montrose.htm.

SUPPLEMENTARY INFORMATION:

Background

During the period from the late 1940s to the early 1970s, Los Angeles area industries discharged and dumped thousands of tons of DDTs and PCBs into ocean waters off the Southern California coast. Almost all of the DDT originated from the Montrose Chemical Corporation's manufacturing plant in Torrance, CA, and was discharged into Los Angeles County sewers that empty into the Pacific Ocean at White Point, on the Palos Verdes shelf. Montrose also dumped hundreds of tons of DDT-contaminated waste into the ocean near Santa Catalina Island. Additionally, large quantities of PCBs (polychlorinated biphenyls) from numerous sources throughout the L.A. basin were released into ocean waters through the Los Angeles County sewer system. In 1992 and 1993, United States

Geological Survey (USGS) surveys found that more than 100 metric tons (110 US tons) of DDTs and 10 metric tons (11 US tons) of PCBs remained in the sediments of the Palos Verdes Shelf.

In 1990, the U.S. Department of Justice (DOJ) and the California Attorney General filed a lawsuit under CERCLA, alleging that a number of defendants were responsible for releasing DDTs and PCBs and other hazardous substances into the environment. The lawsuit charged that the DDTs and PCBs injured natural resources, including fish and wildlife that live in and around coastal waters in Southern California.

The state and federal governments have settled the final remaining legal claims brought in 1990. A total of \$140 million in damages have been paid under four separate settlement agreements. The majority of the settlement money will go to the U.S. EPA to reduce the exposure of people and wildlife to DDTs and PCBs. Approximately \$30 million is available for natural resource restoration projects.

Injuries to Natural Resources

DDTs and PCBs are slow to break down and, therefore, bioaccumulate and become more concentrated in animals at higher levels in the food web. When feeding on prey contaminated with DDTs and PCBs, animals at the top of the food web, such as bald eagles and peregrine falcons, can accumulate injurious concentration of these chemicals. DDTs in particular cause these birds to produce eggs with shells that are so thin that they allow developing embryos to dry out, or they break when the adults sit on them during incubation.

Bald eagles were a resident breeding species on all of the California Channel Islands from before the turn of the century until at least the 1930's. The last confirmed nesting of an eagle on the Channel Islands was in 1947. By the early 1960s, bald eagles had disappeared from all of the Channel Islands.

The American peregrine falcon preys on birds of both aquatic and terrestrial ecosystems. As mentioned above, DDTs cause eggshell thinning in birds, including peregrines. This reduces the number of fledglings per nest, which eventually decreases the number of adults in the breeding population. Peregrines were relatively common throughout California in the early 1900s and were part of Native American history and culture. The peregrines declined dramatically in North America following the application of DDT beginning in the 1940s. In California,