

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as "Arnokrome III."<sup>2</sup>

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as "Gilphy 36."<sup>3</sup>

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this order. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 5 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as "Durphynox 17."<sup>4</sup>

Finally, three specialty stainless steels typically used in a certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).<sup>5</sup> This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as "GIN4 Mo." The second excluded stainless steel strip in coils is similar to AISI 420-J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is "GIN5" steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, "GIN6"<sup>6</sup>

#### Affiliation of Parties

Pursuant to section 771(33)(E) of the Act, the Department preliminarily finds that Arcelor S.A. ("Arcelor") is affiliated with Usinor S.A. ("Usinor"), by virtue of its acquisition of 97.58 percent of Usinor's shares. Ugine, in turn, is a wholly owned subsidiary of Usinor.<sup>7</sup> Additionally, Arcelor acquired 99.43 percent shares of Arbed S.A.'s ("Arbed's") shares, and 95.03 percent of Aceralia Corporación Siderúrgica S.A.'s ("Aceralia's") shares. Therefore, as discussed below, the Department also preliminarily finds that Arbed and Aceralia are affiliated with Usinor by virtue of the common ownership by Arcelor.

According to section 771(33)(E) of the Act, any person directly or indirectly owning, controlling, or holding with power to vote, five percent or more of the outstanding voting stock or shares of any organization and such organization shall be considered affiliated. Thus, since Arcelor owns 97.58 percent of Usinor's shares, 99.43 percent of Arbed's shares, and 95.03 percent of Aceralia's shares, it directly owns more than five percent of the shares of these companies.<sup>8</sup> Moreover, we preliminarily find this affiliation between Usinor and Arcelor, Arbed, and Aceralia and their subsidiaries to be effective as of February 28, 2002. We preliminarily find February 28, 2002, to be the date reflective of Arcelor's acquisition of Usinor's, and Aceralia's shares, because it is the effective date for the consolidation of Usinor, Arbed, and Aceralia's financial results.<sup>9</sup> According to Arcelor's consolidated financial statements, the Arcelor Group was created upon the merger of Aceralia, Arbed and Usinor, effective on February 28, 2002, in accordance with the International Financial Reporting Standards ("IFRA").<sup>10</sup> For a complete discussion of this issue, see *Memorandum from Cheryl Werner, Case Analyst through James C. Doyle to the File: Affiliation of Arcelor and Usinor*, dated July 31, 2003 ("Affiliation Memo").

#### Successorship

Ugine, an entity involved in the production and sale of subject merchandise in the United States, changed its name immediately following the POR to Ugine & ALZ France S.A. We have conducted a successorship review during this POR because entries for the new entity will be made under that name during the next POR. We also note that Usinor Stainless USA, a U.S. sales affiliate of Ugine, has changed its name to Arcelor Stainless USA.

The Department is making this successorship determination in order to apply the appropriate and necessary company-specific cash deposit rates. In determining whether Ugine & ALZ France is the successor to Ugine for purposes of applying the antidumping duty law, the Department examines a number of factors including, but not limited to, changes in: (1) Management, (2) production facilities, (3) suppliers,

<sup>5</sup> This list of uses is illustrative and provided for descriptive purposes only.

<sup>6</sup> "GIN4 Mo," "GIN5" and "GIN6" are the proprietary grades of Hitachi Metals America, Ltd.

<sup>7</sup> See Ugine's Section A questionnaire response, at page 11.

<sup>8</sup> See Ugine's April 15, 2003, successorship questionnaire response, at Exhibit 5: Arcelor Group Brochure.

<sup>9</sup> See *Home Market Verification Report*, at Exhibit 19: Arcelor's 2002 consolidated financial statements.

<sup>10</sup> *Id.*

<sup>2</sup> "Arnokrome III" is a trademark of the Arnold Engineering Company.

<sup>3</sup> "Gilphy 36" is a trademark of Imphy, S.A.

<sup>4</sup> "Durphynox 17" is a trademark of Imphy, S.A.