

We preliminarily find that Ugine had significant changes to its prices and volumes between contract date and invoice date. Moreover, we note for some CEP sales, Ugine was unable to report an order date because Hague did not maintain this information in its normal course of business. Therefore, since there were significant changes between contract date and invoice date and the Department's preference is not to mix invoice dates and contract dates from the same market in its analysis, we are using the earlier of Ugine's U.S. affiliates' invoice date or shipment date as the date of sale for the preliminary results.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all SSSS products covered by the "Scope of the Review" section of this notice, *supra*, which were produced and sold by Ugine in the home market during the POR, to be foreign like products for the purpose of determining appropriate product comparisons of U.S. sales of SSSS products. We relied on nine characteristics to match U.S. sales of subject merchandise to comparison sales of the foreign like product (listed in order of preference): (1) Grade; (2) hot/cold rolled; (3) gauge; (4) surface finish; (5) metallic coating; (6) non-metallic coating; (7) width; (8) temper; and (9) edge trim. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics and reporting instructions listed in the Department's questionnaire.

Constructed Export Price

In accordance with section 772(a) of the Act, export price ("EP") is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States. In accordance with section 772(b) of the Act, CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise, or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter.

For purposes of this review, Ugine classified all of its exported sales of SSSS as CEP sales. During the review

period Ugine made sales to the United States through its two U.S. based affiliates, Usinor Stainless USA and Hague, which then resold the merchandise to unaffiliated customers. According to Ugine, Usinor Stainless USA serves as a national "super-distributor" for Ugine in the U.S. market. Hague is an affiliated customer in the United States which further manufactured the SSSS before selling to unaffiliated customers. Therefore, because Ugine's U.S. sales were made by Usinor Stainless USA and Hague after the subject merchandise was imported into the United States, it is appropriate to classify these sales as CEP sales.

We calculated the CEP in accordance with Section 772(b) of the Act. We based CEP on the packed ex-warehouse or delivered prices to unaffiliated purchasers in the United States. We also made deductions for the following movement expenses, where appropriate, in accordance with 772(c)(2)(A) of the Act: foreign inland freight from plant to distribution warehouse, international freight, marine insurance, U.S. inland freight from port to warehouse, U.S. inland freight from warehouse/plant to the unaffiliated customer, U.S. warehouse expenses, other U.S. transportation expense, wharfage expenses, and Customs duties. In accordance with section 772(d)(1) of the Act, we deducted selling expenses associated with economic activities occurring in the United States, including direct selling expenses, inventory carrying costs, discounts, rebates, credit, warranty expenses, commissions and other indirect selling expense.

For products that were further manufactured after importation, we adjusted for all costs of further manufacturing in the United States in accordance with section 772(d)(2) of the Act. We deducted the profit allocated to expenses deducted under section 772(d)(1) and (d)(2) in accordance with sections 772(d)(3) and 772(f) of the Act. In accordance with section 772(f) of the Act, we computed profit based on total revenues realized on sales in both the U.S. and home markets, less all expenses associated with those sales. We then allocated profit to expenses incurred with respect to U.S. economic activity (including further manufacturing costs), based on the ratio of total U.S. expenses to total expenses for both the U.S. and home market. We also adjusted the starting price for billing adjustments and freight revenue.

Normal Value

After testing home market viability and whether home market sales were at below-cost prices, we calculated NV as noted in the "Price-to-Constructed Value ("CV") Comparison" and "Price-to-Price Comparisons" sections of this notice.

Cost of Production Analysis

Because we disregarded sales below the cost of production in the most recently completed segments of these proceedings on SSSS from France, we have reasonable grounds to believe or suspect that sales by Ugine in its home market were made at prices below the cost of production ("COP"), pursuant to section 773(b)(1) of the Act. *See Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils from France*, 64 FR 30820 (June 8, 1999) ("LTV Final"); *Notice of Final Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from France*, 67 FR 6493 (February 12, 2002); and *Notice of Final Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from France*, 67 FR 78773 (December 26, 2002). Therefore, pursuant to section 773(b)(1) of the Act, we conducted a COP analysis of home market sales by Ugine as described below.

A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated a weighted-average COP based on the sum of Ugine's cost of materials and fabrication for the foreign like product, plus amounts for selling, general and administrative expenses ("SG&A"), including interest expenses, and packing costs. We relied on the COP data submitted by Ugine in its original and supplemental cost questionnaire responses. Ugine reported that it had purchases of scrap from an affiliated supplier. However, we find that Ugine's purchases of scrap do not constitute a major input because they do not represent a significant portion of the cost of manufacturing.¹⁷ Section 773(f)(2) states that the Department can disregard transactions with affiliated parties if the amount representing that input does not fairly reflect the amount usually reflected in sales of merchandise under consideration in the

¹⁷ See Memorandum from Cheryl Werner through James C. Doyle, Program Manager, to the File; Analysis for Ugine S.A. for the Preliminary Results of the 3rd Administrative Review on Stainless Steel Sheet and Strip Coils from France for the period July 1, 2001 through June 30, 2002, dated July 31, 2003, at 4.