

K-M35FL

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

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.

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 section 351.102(b) of the Department's regulations. *See id.* In the *Final Determination*, the Department also collapsed Changwon, POSCO, and Dongbang and treated them as a single entity for purposes of the dumping analysis in accordance with section 351.401(f) of the Department's regulations. *See id.*

Neither POSCO, Changwon, nor Dongbang has provided any new evidence requiring the Department to revisit this finding. Therefore, we continue 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

Dongbang reported U.S. sales to trading companies whom it classified as unaffiliated parties in its November 19, and December 12, 2002 questionnaire responses. The petitioners (Carpenter Technology Corporation and Empire Specialty Steel) contend that Dongbang is affiliated with these trading company customers through a principal/agent relationship.

In the review of SSWR from Korea covering the period September 1, 1999 through August 31, 2000, the petitioners also contended that Changwon and Dongbang were affiliated with certain U.S. trading company customers through a principal/agent relationship. However, the Department determined that no such relationship existed. *See Stainless Steel Wire Rod From Korea; Final Results of Antidumping Duty Administrative Review*, 67 FR 6685 (February 13, 2002). *See also* 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. Because the petitioners have not provided any new evidence indicating a change in the relationship between these companies, we continue to find that Dongbang is not affiliated with its U.S. trading company customers through a principal/agent relationship.

Duty Absorption

On November 5, 2002, the petitioners requested that the Department determine whether antidumping duties had been absorbed during the POR by the respondent. Section 751(a)(4) of the Tariff Act of 1930, as amended (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 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 four 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 21, 2003, the Department requested evidence from the respondent to demonstrate that the U.S. purchasers will pay any antidumping duties ultimately assessed on entries during the POR. In its response, submitted on February 28, 2003, Changwon, which is affiliated with the importer of the subject merchandise, stated that it negotiates a duty paid delivered price that includes the antidumping duties, and thus it sets prices so as to pass the cost of the antidumping duties to the customer. In determining whether the antidumping duties have been absorbed by the respondent during the POR we presume that the duties will be absorbed for those sales that have been made at less than normal value (NV). This presumption can be rebutted with evidence (*e.g.*, an agreement between the affiliated importer and unaffiliated purchaser) that the unaffiliated purchaser will pay the full duty ultimately assessed on the subject merchandise.

Although Changwon claims that the price charged to the unaffiliated U.S. customer includes duties paid, it provided no evidence that these duties include antidumping duties nor did it provide an agreement between the affiliated importer and the unaffiliated purchaser stating that the unaffiliated purchaser will pay the full duty ultimately assessed on the subject merchandise. Therefore, we preliminarily find that antidumping duties have been absorbed by POSCO/Changwon/Dongbang on all U.S. sales made through its affiliated importer.

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.