

Section 201 Duties

The Department notes that merchandise subject to this review is subject to duties imposed under section 201 of the Act (section 201 duties). Because the Department has not previously addressed the appropriateness of deducting section 201 duties from export price and constructed export price, on September 9, 2003 the Department published a request for public comments on this issue (68 FR 53104). All comments are due by October 9, 2003 and rebuttal comments are due October 24, 2003. Since the Department has not made a determination on this issue at this time, for purposes of these preliminary results, no adjustment has been made.

Normal Value Comparisons

To determine whether the respondent's sales of SSWR from Korea to the United States were made at less than NV, we compared the export price (EP) and constructed export price (CEP), as appropriate, to the 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.

Export Price

For all reported U.S. sales, other than those made by the U.S. affiliate POSAM, 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, to unaffiliated purchasers 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.

Constructed Export Price

For all reported sales by the U.S. affiliate POSAM, in calculating U.S. price, the Department used CEP, as defined in section 772(b) of the Act, because the merchandise was sold, after importation, to unaffiliated purchasers in the United States. 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 section 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.

For further details, see Calculation Memorandum dated September 30, 2003, on file in the Central Records Unit, Room B-099 of the Main Commerce Building (CRU).

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 Department adjusts the CEP, pursuant to section 772(d), prior to performing the LOT analysis, as articulated by the Department's regulations at section 351.412. See *Micron Technology, Inc. v. United States*, 243 F.3d 1301, 1315 (Fed. Cir. 2001).

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 as provided 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 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). 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 their questionnaire responses, Changwon and Dongbang reported that, during the POR, they sold the foreign like product in the home market through one channel of distribution and in the United States through one channel of distribution. We examined the selling functions for the collapsed entity POSCO/Changwon/Dongbang and found that the selling functions performed by Changwon and Dongbang in the home market are similar. Also, we found that the selling functions performed by Changwon and Dongbang with respect to the U.S. channels of distribution are similar. Based on the similarity of the selling functions, we have determined that the collapsed entity's sales of SSWR are made at one LOT in the home market and one LOT in the U.S. market. Moreover, we examined the selling functions for the collapsed entity POSCO/Changwon/