

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, e.g., ASTM specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron and Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearings steels, as defined in the HTS.
- Tool steels, as defined in the HTS.
- Silico-manganese (as defined in the HTS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTS.

The merchandise subject to this order is classified in the HTS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled flat-rolled carbon steel flat products covered by this order, including: vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTS subheadings are provided for convenience and U.S. Customs purposes, the written description of the scope of this order is dispositive.

Verification

As provided in section 782(i) of the Tariff Act, we verified the cost and sales information provided by Corus Staal using standard verification procedures, including on-site inspection of the manufacturer's facilities and the examination of relevant sales and financial records. Our verification results are outlined in the public and proprietary versions of the cost and sales verification reports, which are on file in the Central Records Unit of the Department. The Department verified Corus Staal's cost responses from May 12, 2003, through May 16, 2003, and sales responses from June 16, 2003, through June 20, 2003. The Department also verified the value-added information reported by Corus Staal for Thomas Steel Strip Corporation (Thomas Steel) from August 21, 2003, through August 22, 2003. The results of these verifications are found in the cost verification report dated October 2, 2003, the Corus Staal sales verification report dated September 25, 2003, and the Thomas Steel value-added verification report dated October 1, 2003, on file in the Central Records Unit of the Department in room B-099 of the main Commerce building.

Affiliated-Party Sales Issues

During the POR, Corus Staal sold the foreign like product to several affiliated resellers in the home market. These include Namascor BV (Namascor), a service center wholly-owned by Corus Staal, and Laura Metaal BV (Laura), a manufacturer and service center in which Corus Staal's parent company, Corus Nederland BV, has a shareholder interest. For purposes of our analysis, we used Namascor's and Laura's sales to unaffiliated customers, and, where Laura consumed the subject merchandise purchased from Corus Staal in its manufacturing operations, we used Corus Staal's sales to Laura. In addition, Corus Staal sold the foreign like product to Feijen Service Center, a business unit of Corus Service Center Maastricht (Feijen), and to Corus Vlietjonge BV (Vlietjonge),² also a service center. Both Feijen and Vlietjonge are affiliated with Corus Staal through the former British Steel companies, whose parent, British Steel plc, merged with Koninklijke Hoogovens NV (now Corus Nederland BV) in October 1999 to form the Corus Group plc. In its January 30, 2003, response to the Department's January 9, 2003, questionnaire and in a letter dated April 9, 2003, Corus Staal requested an

² Namascor also resold some of the foreign like product to Vlietjonge.

exemption from reporting downstream sales by Feijen and Vlietjonge because of the nature and quantity of the products sold. On April 16, 2003, the Department excused Corus Staal from reporting downstream sales by Feijen and Vlietjonge; therefore, we have used Corus Staal's sales to Feijen and Vlietjonge to perform our analysis.

In the U.S. market, Corus Staal sold subject merchandise to Thomas Steel, a further manufacturer of battery-quality hot band steel. Thomas Steel is wholly-owned by Corus USA Inc., which in turn is wholly-owned by Corus Staal's parent company, Corus Nederland BV. Claiming the value-added in the United States by Thomas Steel exceeded substantially the value of the subject merchandise as imported, Corus Staal utilized the "simplified reporting" option for the merchandise further processed by Thomas Steel. Pursuant to section 772(e) of the Tariff Act, when the subject merchandise is imported by an affiliated person and the value added in the United States by the affiliated person is likely to exceed substantially the value of the subject merchandise, we will determine the constructed export price for such merchandise using the price of identical or other subject merchandise if there is a sufficient quantity of sales to provide a reasonable basis for comparison and we determine that the use of such sales is appropriate. If there is not a sufficient quantity of such sales or if we determine that using the price of identical or other subject merchandise is not appropriate, we may use any other reasonable basis to determine the constructed export price. *See, e.g., Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review: Gray Portland Cement and Clinker From Mexico*, 67 FR 57379, 57381 (September 10, 2002) (unchanged for final results, 68 FR 1816 (January 14, 2003)). Consistent with the Department's regulations, we have determined for these preliminary results that the estimated value added in the United States by Thomas Steel accounted for at least 65 percent of the price charged to the first unaffiliated customer for the merchandise as sold in the United States, and therefore, the value added is likely to exceed substantially the value of the subject merchandise. We have also preliminarily determined there is a sufficient quantity of sales remaining to provide a reasonable basis for comparison and that we have no reason to believe another methodology would be appropriate. *See* the memorandum from Robert James and Richard Weible to Barbara E. Tillman, "Simplified