

performed on its sales to home market customers. For example, Corus Staal provided similar freight and delivery services, technical/warranty assistance, and sales logistics support on its sales to home market customers and on its sales to RBC and RBN. See, e.g., Corus Staal's January 30, 2003, QR at pages A-20 through A-46. Therefore, the Department has preliminarily determined the record does not support Corus Staal's claim that home market sales are at a different, more advanced LOT than its CEP sales to RBC and RBN. Accordingly, no CEP offset adjustment to NV is warranted for Corus Staal's reported CEP sales.

As to Corus Staal's sales to unaffiliated customers in the United States which we have reclassified as CEP transactions, we considered whether a LOT adjustment may be appropriate. As noted above, we have preliminarily determined that one LOT exists in the home market, and therefore, there is no basis upon which to determine whether there is a pattern of consistent price differences between LOTs. Thus, we examined whether Corus Staal's home market sales were at a different, more advanced LOT than its sales to U.S. unaffiliated customers to determine whether a CEP offset was necessary. Comparing the selling activities performed and services offered by Corus Staal on its sales to unaffiliated customers in the United States to those activities performed on its home market sales, we found there to be few differences in the selling functions performed by Corus Staal on its sales to unaffiliated customers in the United States and those performed for sales in the home market. For example, on sales to both home market customers and to unaffiliated U.S. customers, Corus Staal provided similar strategic and economic planning, freight and delivery services, technical/warranty assistance, research and development, and sales logistics support. See, e.g., Corus Staal's January 30, 2003, QR at pages A-20 through A-46. As a result, we preliminarily find that there is not a significant difference in selling functions performed in the U.S. and foreign markets on these sales. Thus, we find that Corus Staal's home market sales and sales to unaffiliated customers in the United States were made at the same LOT; accordingly, no CEP offset adjustment is warranted.

Finally, for those sales which we are continuing to classify as EP, we considered whether a LOT adjustment is warranted. Again, comparing the selling activities performed and services offered by Corus Staal on its sales to unaffiliated customers in the United

States to those activities performed on its home market sales, we found there to be few differences in the selling functions performed by Corus Staal. Thus, we find that Corus Staal's home market sales and sales to unaffiliated customers in the United States were made at the same LOT, and therefore, no LOT adjustment is necessary.

Normal Value

A. Selection of Comparison Market

To determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (i.e., the aggregate volume of home market sales of the foreign like product is greater than five percent of the aggregate volume of U.S. sales), we compared the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(B) of the Tariff Act. Because the respondent's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined the home market was viable. See, e.g., Corus Staal's January 30, 2003, QR at Attachment A-2.

B. Affiliated Party Transactions and Arm's-Length Test

Corus Staal reported that it made sales in the home market to affiliated resellers and end-users. Sales to affiliated customers in the home market not made at arm's-length prices are excluded from our analysis because we consider them to be outside the ordinary course of trade. See 19 CFR 351.102(b). Prior to performing the arm's-length test, we aggregated multiple customer codes reported for individual affiliates in order to treat them as single entities. See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69194 (November 15, 2002) (*Modification to Affiliated Party Sales*). To test whether the sales to affiliates were made at arm's length prices, we compared on a model-specific basis the starting prices of sales to affiliated and unaffiliated customers net of all direct selling expenses, discounts and rebates, movement charges, and packing. Where prices to the affiliated party were, on average, within a range of 98 to 102 percent of the price of identical or comparable merchandise to the unaffiliated parties, we determined that the sales made to the affiliated party were at arm's length. See *Modification to Affiliated Party Sales* at 69187-88. In accordance with

the Department's practice, we only included in our margin analysis those sales to affiliated parties that were made at arm's length.

C. Cost of Production Analysis

Because we disregarded sales of certain products made at prices below the cost of production (COP) in the investigation of hot-rolled steel from the Netherlands (see *Notice of Final Determination of Sales at Less Than Fair Value; Certain Hot-Rolled Carbon Steel Flat Products From The Netherlands*, 66 FR 50408 (October 3, 2001), as amended, *Notice of Amended Final Determination of Sales at Less Than Fair Value; Certain Hot-Rolled Carbon Steel Flat Products From The Netherlands*, 66 FR 55637 (November 2, 2001)), we have reasonable grounds to believe or suspect that Corus Staal made sales of the foreign like product at prices below the COP, as provided by section 773(b)(2)(A)(ii) of the Tariff Act. Therefore, pursuant to section 773(b)(1) of the Tariff Act, we initiated a COP investigation of sales by Corus Staal.

In accordance with section 773(b)(3) of the Tariff Act, we calculated the weighted-average COP for each model based on the sum of Corus Staal's material and fabrication costs for the foreign like product, plus amounts for SG&A and packing costs. The Department relied on the COP data reported by Corus Staal, except as noted below:

—For merchandise produced at the direct sheet plant (DSP), Corus Staal claimed a start-up adjustment for the entire POR. Having determined that the startup period ended on November 30, 2001, we decreased Corus Staal's claimed startup adjustment accordingly. In addition, for DSP products, we amortized the capital cost (the startup adjustment allowed) of the DSP line over a ten-year period and included 11 months of amortization cost in the total cost of manufacture (TCOM).

—We adjusted Corus Staal's reported standard cost because respondent overstated the amount of general and administrative (G&A) expenses that should have been removed from the standard cost.

—We revised the G&A ratio to exclude the G&A expenses accounted for in the standard cost and to include two adjustments identified on the first day of the cost verification.

—We adjusted Corus Staal's TCOM to reflect the unexplained difference found in its cost reconciliation at the cost verification.

For further detail regarding these adjustments, see the Department's "Cost of Production and Constructed Value