

issue, 2) a brief summary of the argument and 3) a table of authorities. Further, we would appreciate it if parties submitting written comments would provide the Department with an additional copy of the public version of any such comments on diskette. The Department will issue final results of this administrative review, including the results of our analysis of the issues in any such written comments or at a hearing, within 120 days of publication of these preliminary results.

The Department shall determine, and the U.S. Customs Service shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212(b)(1), we will calculate importer-specific *ad valorem* assessment rates for the merchandise based on the ratio of the total amount of antidumping duties calculated for the examined sales made during the POR to the total customs value of the sales used to calculate those duties. This rate will be assessed uniformly on all entries of that particular importer made during the POR. The Department will issue appropriate appraisement instructions directly to the Customs Service upon completion of the review.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of S4 in coils from Mexico entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Tariff Act:

1) The cash deposit rate for Mexinox will be the rate established in the final results of review;

2) If the exporter is not a firm covered in this review or the LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and

3) If neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash deposit rate will be the all others rate from the investigation (30.85 percent; *see Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils from Mexico*, 64 FR 40560, 40562 (July 27, 1999)).

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review

period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties. We are issuing and publishing this notice in accordance with sections 751(a)(1) and 777(i)(1) of the Tariff Act.

Dated: July 31, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-427-814]

Preliminary Results of Antidumping Administrative Review: Stainless Steel Sheet and Strip in Coils From France

AGENCY: Import Administration, International Trade Administration, U.S. Department of Commerce.

ACTION: Notice of preliminary results in the antidumping duty administrative review of stainless steel sheet and strip in coils from France.

SUMMARY: In response to requests from Ugine S.A. ("Ugine"), and Allegheny Ludlum, AK Steel Corporation (formerly Armco, Inc.), North American Stainless, Butler-Armco Independent Union, Zanesville Armco Independent Organization Inc., and the United Steelworkers of America, AFL-CIO/CLC, collectively, ("the Petitioners"), the U.S. Department of Commerce ("Department") is conducting an administrative review of the antidumping duty order on stainless steel sheet and strip ("SSSS") from France for the period July 1, 2000 through June 30, 2001. The Department preliminarily determines that a dumping margin exists for Ugine's sales of SSSS in the United States. If these preliminary results are adopted in our final results of this administrative review, we will instruct the U.S. Customs Service to assess antidumping duties on entries of Ugine's merchandise during the period of review. The preliminary results are listed in the section titled "Preliminary Results of Review," *infra*.

EFFECTIVE DATE: August 7, 2002.

FOR FURTHER INFORMATION CONTACT: Alex Villanueva, Enforcement Group III, Import Administration, International Trade Administration, U.S. Department of Commerce, 1401 Constitution

Avenue, NW., Washington, DC 20230; telephone: 202-482-3208.

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("Act"), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (2001).

Background

On July 27, 1999, the Department published in the **Federal Register** the amended final determination and antidumping duty order on SSSS from France. *See Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils from France*, 64 FR 40562 (July 27, 1999) ("Antidumping Duty Order"). On March 19, 2002, the Department published in the **Federal Register** the amended final results of the first antidumping duty administrative review of SSSS from France. *See Notice of Amended Final Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from France*, 67 FR 12522 (March 19, 2002). On July 2, 2001, the Department published in the **Federal Register** a notice of "Opportunity to Request Administrative Review" of the antidumping duty order on stainless steel sheet and strip in coils from France for the period July 1, 2000, through June 30, 2001. *See Notice of Opportunity to Request Administrative Review of Antidumping Duty or Countervailing Duty Order, Finding, or Suspended Investigation* 66 FR 34910 (July 2, 2001).

On July 31, 2001, Ugine, a French producer and exporter of subject merchandise, and the Petitioners requested that the Department conduct a review of sales or entries of merchandise subject to the Department's antidumping duty order on SSSS from France. On October 1, 2001, in accordance with section 751(a) of the Act, the Department published in the **Federal Register** a notice of initiation of this antidumping duty administrative review for the period July 1, 2000 through June 30, 2001. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 66 FR 49924 (October 1, 2001).

On November 16, 2001, Ugine reported that it made sales of subject merchandise to the United States during

the period of review in its response to Section A of the Department's questionnaire. On December 21, 2001, Ugine submitted its responses to Sections B, C, D, and E of the Department's questionnaire. On January 29, 2002, the Department issued a supplemental questionnaire for Sections A, B, C, D, and E of Ugine's questionnaire responses. On February 19, 2002, the Department published an extension of time limit for the preliminary results of the antidumping duty administrative review. *See Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review of Stainless Steel Sheet and Strip in Coil from France*, 67 FR 7357 (February 19, 2002). On February 26, 2002, Ugine submitted its response to the Department's Sections B, C, D, and E supplemental questionnaire. On March 12, 2002, the Department issued a supplemental questionnaire regarding affiliates customers in the home market. On March 19, 2002, Ugine submitted its response to this questionnaire. On March 25, 2002, the Department issued another supplemental questionnaire regarding the affiliated customers in the home market. On April 3, 2002, Ugine submitted its response to the second supplemental questionnaire regarding affiliated customers in the home market. On April 30, 2002, the Department issued a second supplemental questionnaire for Sections A, B, C, D, and E of Ugine's questionnaire responses. On May 13, 2002, Ugine submitted its response to the second supplemental questionnaire for Sections A, B, C, D, and E. On May 31, 2002, the Department issued a supplemental questionnaire to Ugine regarding the reporting of certain affiliated customers' downstream sales. Their response was due by COB June 7, 2002; however, Ugine did not submit a response.

Verification

As provided in section 782(i)(3) of the Act, we verified the information submitted by Ugine for use in our preliminary results. We used standard verification procedures, including examination of relevant accounting and production records and original source documents provided by Ugine. We verified Ugine's U.S. subsidiary, Hague Steel Corp. ("Hague"), from May 20, 2002 through May 24, 2002. Additionally, we verified sales and cost information provided by Ugine from June 10, 2002 through June 21, 2002. Our verification results are outlined in the public version of the verification report and are on file in the Central Records Unit ("CRU") located in room

B-099 of the main Department of Commerce Building, 14th Street and Constitution Avenue, NW, Washington, DC. *See Memorandum from Alex Villanueva and Jonathan Herzog, Case Analysts through James C. Doyle, Program Manager, to the File: Verification Report of the Second Administrative Review of Stainless Steel Sheet and Strip from France—United States Sales and Cost Verification Report of Hague Steel Corporation* ("U.S. Verification Report"), dated July 31, 2002, and *Memorandum from Alex Villanueva, Case Analyst through James C. Doyle, Program Manager, to the File: Verification Report of the Second Administrative Review of Stainless Steel Sheet and Strip from France—Home Market Sales and Cost Verification Report of Ugine, S.A.*, ("Home Market Verification Report"), dated July 31, 2002.

Period of Review

The period of review ("POR") is July 1, 2000 through June 30, 2001.

Scope of Review

For purposes of this administrative review, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to this order is currently classifiable in the *Harmonized Tariff Schedule of the United States* ("HTS") at subheadings:

7219.13.0031, 7219.13.0051,
7219.13.0071, 7219.1300.81,¹
7219.14.0030, 7219.14.0065,
7219.14.0090, 7219.32.0005,
7219.32.0020, 7219.32.0025,
7219.32.0035, 7219.32.0036,
7219.32.0038, 7219.32.0042,
7219.32.0044, 7219.33.0005,
7219.33.0020, 7219.33.0025,
7219.33.0035, 7219.33.0036,
7219.33.0038, 7219.33.0042,
7219.33.0044, 7219.34.0005,
7219.34.0020, 7219.34.0025,

7219.34.0030, 7219.34.0035,
7219.35.0005, 7219.35.0015,
7219.35.0030, 7219.35.0035,
7219.90.0010, 7219.90.0020,
7219.90.0025, 7219.90.0060,
7219.90.0080, 7220.12.1000,
7220.12.5000, 7220.20.1010,
7220.20.1015, 7220.20.1060,
7220.20.1080, 7220.20.6005,
7220.20.6010, 7220.20.6015,
7220.20.6060, 7220.20.6080,
7220.20.7005, 7220.20.7010,
7220.20.7015, 7220.20.7060,
7220.20.7080, 7220.20.8000,
7220.20.9030, 7220.20.9060,
7220.90.0010, 7220.90.0015,
7220.90.0060, and 7220.90.0080.

Although the HTS subheadings are provided for convenience and Customs purposes, the Department's written description of the merchandise under review is dispositive.

Excluded from the review of this order are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (i.e., flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (i.e., cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), and (5) razor blade steel. Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. *See Chapter 72 of the HTS, "Additional U.S. Note" 1(d).*

Flapper valve steel is also excluded from the scope of the order. This product is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel

¹ Due to changes to the HTS numbers in 2001, 7219.13.0030, 7219.13.0050, 7219.13.0070, and 7219.13.0080 are now 7219.13.0031, 7219.13.0051, 7219.13.0071, and 7219.13.0081, respectively.

product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as "Arnokrome III."²

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square

millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as "Gilphy 36."³

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this order. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as "Durphynox 17."⁴

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).⁵ This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as "GIN4 Mo." The second excluded stainless steel strip in coils is similar to AISI 420-J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is

"GIN5" steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, "GIN6."⁶

Normal Value Comparisons

To determine whether Ugine's sales of subject merchandise from France to the United States were made at less than fair value, we compared the constructed export price ("CEP") to the normal value ("NV"), as described in the "Constructed Export Price" and "Normal Value" sections of this notice, below. In accordance with section 777A(d)(2) of the Act, we calculated monthly weighted-average prices for NV and compared these to individual CEP transactions.

Transactions Reviewed

A. Home Market Viability

In accordance with section 773(a)(1)(C) of the Act, to determine whether there was 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 or equal to five percent of the aggregate volume of U.S. sales), we compared Ugine's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise. Pursuant to sections 773(a)(1)(B) and (C) of the Act, because Ugine'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 that the home market was viable.

B. Arm's Length Test

Ugine reported that it made sales in the home market to affiliated end users and resellers during the POR. Sales to affiliated customers in the home market not made at arm's length were excluded from our analysis. To test whether these sales were made at arm's length, we compared the starting prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, discounts and packing. Where prices to the affiliated party were on

³ "Gilphy 36" is a trademark of Imphy, S.A.

⁴ "Durphynox 17" is a trademark of Imphy, S.A.

⁵ This list of uses is illustrative and provided for descriptive purposes only.

⁶ "GIN4 Mo," "GIN5" and "GIN6" are the proprietary grades of Hitachi Metals America, Ltd.

² "Arnokrome III" is a trademark of the Arnold Engineering Company.

average 99.5 percent or more of the price to the unrelated party, we determined that sales made to the related party were at arm's length. Where no affiliated customer ratio could be calculated because identical merchandise was not sold to unaffiliated customers, we were unable to determine that these sales were made at arm's length and, therefore, excluded them from our analysis. *See, e.g., Notice of Preliminary Results of Antidumping Duty Administrative Review: Stainless Steel Plate in Coils from Italy*, 67 FR 39677, 39679 (June 10, 2002). Where the exclusion of such sales eliminated all sales of the most appropriate comparison product, we made comparisons to the next most similar model. In our home market NV calculation, we have included Ugine's sales to certain of its affiliated customers because these entities passed the Department's arm's length test criteria. Conversely, certain other affiliated customers did not pass the arm's length test and have therefore been excluded from our home market NV calculation. For a further discussion of home market sales made by Ugine to one affiliated reseller who failed the arm's length test, please see the "Facts Available" section below.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all SSSS products produced by Ugine, covered by the description in the "Scope of Review" section of this notice, *supra*, and sold in the home market during the POR to be foreign like products for the purpose of determining appropriate product comparisons to SSSS products sold in the United States. We have 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): grade, hot/cold rolled, gauge, finish, metallic coating, non-metallic coating, width, tempered/tensile strength, and edge trim.

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 reported 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 section 772(c)(2)(A) of the Act: 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, and U.S. 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, credit, warranty expenses, commissions and other indirect selling expenses.

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.

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" section of this notice.

Cost of Production Analysis

Because we disregarded sales below the cost of production in the first antidumping duty administrative review of SSSS from France, the two recently completed segment of these proceedings, 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 308204 (June 8, 1999) ("LTFV Final") and *Notice of Final Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from France*, 67 FR 6493 (February 12, 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. For these preliminary results, we did not make any adjustments to Ugine's submitted costs.

B. Test of Home Market Prices

We compared the weighted-average COP for Ugine to home market sales of the foreign like product, as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below the COP. In determining whether to disregard home market sales made at prices below the COP, we examined whether such sales were made (1) within an extended period of time in substantial quantities,

and (2) at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade, in accordance with section 773(b)(1)(A) and (B) of the Act. On a product-specific basis, we compared the COP to home market prices, less any applicable billing adjustments, movement charges, discounts, and direct and indirect selling expenses.

C. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of Ugine's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of Ugine's sales of a given product during the POR were at prices less than the COP, we determined that such sales have been made in "substantial quantities" within an extended period of time, in accordance with section 773(b)(2)(B) of the Act. In such cases, because we use POR average costs, we also determined that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. Therefore, we disregarded the below-cost sales.

D. Calculation of Constructed Value

In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of Ugine's cost of materials, fabrication, SG&A (including interest expenses), U.S. packing costs, and profit. In accordance with section 773(e)(2)(A) of the Act, we based SG&A and profit on the amounts incurred and realized by Ugine in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. For selling expenses, we used the actual weighted-average home market direct and indirect selling expenses.

Price-to-CV Comparisons

In accordance with section 773(a)(4) of the Act, we based NV on CV if we were unable to find a home market match of identical or similar merchandise. Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Act. We deducted from CV the weighted-average home market direct selling expenses.

Price-to-Price Comparisons

For those product comparisons for which there were sales at prices above the COP, we based NV on prices to

home market customers or prices to affiliated customers that were determined to be at arm's length. Where appropriate, we deducted discounts, rebates, credit expenses, warranty expenses, inland freight, inland insurance, and warehousing expense. We also adjusted the starting price for billing adjustments. We also made adjustments, where applicable, for home market indirect selling expenses to offset U.S. commissions in CEP comparisons.

We made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act. Additionally, in accordance with section 773(a)(6), we deducted home market packing costs and added U.S. packing costs. In accordance with the Department's practice, where all contemporaneous matches to a U.S. sale observation resulted in difference-in-merchandise adjustments exceeding 20 percent of the cost of manufacturing ("COM") of the U.S. product, we based NV constructed value.

For reasons discussed below in the "Level of Trade" section below, we allowed a CEP offset for comparisons made at different levels of trade. To calculate the CEP offset, we deducted the home market indirect selling expenses from NV for home market sales that were compared to U.S. CEP sales. We limited the home market indirect selling expense deduction by the amount of the indirect selling expenses deducted in calculating the CEP as required under section 772(d)(1)(D) of the Act.

Level of Trade

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade ("LOT") as the CEP transaction. 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 SG&A expenses and profit. For CEP, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different LOT than CEP, we examine stages in the marketing process and selling functions 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 levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731, 61732 (November 19, 1997).

In reviewing the selling functions reported by the respondent, we examined all types of selling functions and activities reported in the respondent's questionnaire responses on LOT and during verification. In analyzing whether separate LOTs existed in this review, we found that no single selling function was sufficient to warrant a separate LOT in the home market. See *Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27371 (May 19, 1997). However, based on a comparison of all selling functions performed for sales through affiliated parties to all selling functions performed for unaffiliated customers, we have preliminarily determined that Ugine sold merchandise at two LOTs in the home market during the POR. One LOT involved sales made through two channels: sales by Ugine directly to unaffiliated service centers or end users (Channel 1) and sales made by Ugine with the assistance of Ugine France Service in its capacity as sales agent, to unaffiliated end users (Channel 2). Additionally, the second LOT involved sales to affiliated parties made through two additional channels: sales from Ugine to its affiliate, IUP, for subsequent resales by IUP to unaffiliated end users and service centers (Channel 3) and sales from Ugine to its affiliate, IUP, for resale, with the assistance of Ugine France Service in its capacity as sales agent, to unaffiliated end users (Channel 4). From our analysis of the marketing process for these sales, we have determined that there are significant distinctions in selling activities between Ugine's sales to its affiliate in Channels 3 and 4 and its direct sales through Channels 1 or 2. See *Memorandum from Alex Villanueva, Case Analyst to the File through James C. Doyle, Program Manager, Second Antidumping Duty Administrative Review of Stainless Steel Sheet and Strip from France: Level of Trade Analysis*, dated July 31, 2002 ("LOT Memorandum"), on file in Import Administration's Central Records Unit, Room B-099, U.S. Department of Commerce, 14th &

Constitution Avenue, NW., Washington, DC. Based on these differences, we preliminarily concluded that two LOTs existed in the home market during the POR.

In order to determine the LOTs of the U.S. market, we reviewed the selling activities associated with each reported channel of distribution. Ugine only reported CEP sales in the U.S. market. Because all of Ugine's CEP sales in the U.S. market were made through Usinor Stainless USA and Hague, we found that there was one LOT in the U.S. market. For these CEP sales, we determined that fewer and different selling functions were performed for CEP sales to Usinor Stainless USA than for sales at either of the home market LOTs. In addition, we found that sales at both home market LOTs were at a more advanced stage of distribution compared to the CEP sales. *See LOT Memorandum* at 10.

We examined whether a LOT adjustment was appropriate. The Department makes this adjustment when it is demonstrated that a difference in LOTs affects price comparability. However, where the available data do not provide an appropriate basis upon which to determine a LOT adjustment, and where the NV is established at a LOT that is at a more advanced stage of distribution than the LOT of the CEP transactions, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). We were unable to quantify the LOT adjustment in accordance with section 773(a)(7)(A) of the Act, as we found that neither of the LOTs in the home market matched the LOT of the CEP transactions. Because of this, we did not calculate a LOT adjustment. Instead, a CEP offset was applied to the NV-CEP comparisons. *See LOT Memo* at 8. In the most recent administrative review of this order, where a similar fact pattern existed, we also granted a CEP offset. *See Notice of Final Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from France and accompanying Issues and Decision Memorandum* 67 FR 6493 (February 12, 2002) at Comment 8.

Facts Available

We preliminarily determine that the use of facts available is appropriate for two elements of Ugine's dumping margin calculation. Section 776(a)(2) of the Act provides that if an interested party: (A) Withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act;

(C) significantly impedes a determination under the antidumping statute; or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

In this case, at the verification of Ugine's sales information from June 10, 2002 through June 21, 2002, Ugine presented as a minor correction a very small number of previously unreported home market sales. The information Ugine supplied and accepted by the Department included the total sales value and the total weight in kilograms. *See Home Market Verification Report* at 3.

We have preliminarily determined that the use of neutral facts available, in accordance with section 776(a) of the Act, is warranted for these unreported home market sales. This unreported home market sales information should have been reported in the respondent's questionnaire responses. By failing to report these sales until the beginning of verification, the respondent prevented the Department from gathering and verifying further information necessary to its analysis. However, during verification, we noted that the total volume of unreported sales constituted less than one percent of total home market sales. Furthermore, Ugine volunteered the unreported sales information prior to the beginning of verification and the Department did not discover additional unreported sales or otherwise find that the respondent was uncooperative. Therefore, for these reasons, we are applying neutral facts available to the unreported sales information. As facts available, the Department has not considered these unreported home market sales in its dumping analysis.

Additionally, consistent with section 776(a)(2)(A) and (C) of the Act, we preliminarily determine that use of partial adverse facts available is warranted for home market sales made to an affiliated reseller who failed the arm's length test. On January 29, 2002, the Department sent Ugine a supplemental questionnaire requesting the downstream sales for all known affiliated customers and resellers who purchased the subject merchandise in the home market during the POR. On February 6, 2002, Ugine submitted a letter arguing that if the Department applies one of the criteria outlined in the letter, resales by affiliated customers need not be reported. One of these criteria specifically stated that if the customers passed the arm's length test, then there was no need to report those

customers' downstream sales. On February 26, 2002, Ugine submitted its Sections B-E supplemental questionnaire response, but did not include downstream sales for any affiliated customers. On May 31, 2002, the Department requested downstream sales for a smaller number of affiliated resellers, which included the affiliated customer who failed the arm's length test. To date, Ugine has not provided the downstream sales for any customer, including that affiliated customer. Therefore, consistent with section 776(a)(2)(A) and (C) of the Act, Ugine withheld information that had been requested by the Department, failed to provide such information in a timely manner, and significantly impeded the determination under the antidumping statute, justifying the use facts otherwise available in reaching the applicable determination. In addition, section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate to the best of its ability to comply with a request for information," the Department may use information that is adverse to the interests of that party as facts available otherwise available. In this case, Ugine failed to provide its downstream sales made by affiliated resellers as requested in the Department's February 26, 2002, and May 31, 2002, letters to Ugine.

In selecting from facts otherwise available, for these preliminary results, for those sales to the affiliated reseller that failed the arm's length test, for which Ugine did not provide downstream sales, the Department used the highest gross unit price of an identical model purchased by another affiliated customer. For that customer's sales of models that were not sold to other affiliated customers, we applied the highest gross unit price for those models with a match. The Department applied similar facts available in a recent investigation. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from France*, 67 FR 31204 (May 9, 2002).

Currency Conversion

For purposes of the preliminary results, we made currency conversions in accordance with section 773A of the Act, based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. Section 773A(a) of the Act directs the Department to use the daily exchange rate in effect on the date of sale in order to convert foreign currencies into U.S. dollars, unless the daily rate involves a "fluctuation." In accordance with the Department's

practice, we have determined as a general matter that a fluctuation exists when the daily exchange rate differs from a benchmark by 2.25 percent. *See, e.g., Certain Stainless Steel Wire Rods from France; Preliminary Results of Antidumping Duty Administrative Review*, 61 FR 8915, 8918 (March 6, 1998), and *Policy Bulletin 96-1: Currency Conversions*, 61 FR 9434 (March 8, 1996). The benchmark is defined as the rolling average of rates for the past 40 business days. When we determine a fluctuation exists, we substitute the benchmark for the daily rate.

Preliminary Results of Review

As a result of this review, we preliminarily determine that the following weighted-average dumping margin exists:

STAINLESS STEEL SHEET AND STRIP IN COILS FROM FRANCE

Producer/manufacturer/exporter	Weighted-average margin (in percent)
Ugine	1.64

Pursuant to 19 CFR 351.224, the Department will disclose to any party to the proceeding, within ten days of publication of this notice, the calculations performed. Any interested party may request a hearing within 30 days of publication. Any hearing, if requested, will be held 37 days after the date of publication, or the first working day thereafter. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 35 days after the date of publication. Parties who submit arguments are requested to submit with the argument: (1) A statement of the issue, (2) A brief summary of the argument and (3) a table of authorities. Further, the Department requests that parties submitting written comments provide the Department with an additional copy of the public version of any such comments on a computer diskette. The Department will publish the final results of this administrative review, which will include the results of its analysis of issues raised in any such written comments or at a hearing, within 120 days after the publication of this notice.

Assessment

Upon issuance of the final results of review, the Department shall determine,

and Customs shall assess, antidumping duties on all appropriate entries. The Department will issue appraisement instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the results and for future deposits of estimated duties. For duty assessment purposes, we calculated an importer-specific assessment rate by dividing the total dumping margins calculated for the U.S. sales to the importer by the total entered value of these sales. This rate will be used for the assessment of antidumping duties on all entries of the subject merchandise by that importer during the POR.

Cash Deposits

The following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication of the final results of this administrative review, as provided in section 751(a)(1) of the Act: (1) The cash deposit rate for Ugine will be that established in the final results of this review; (2) for previously reviewed or investigated companies not covered in this review, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the original LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established in the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash deposit rate will continue to be the “all other” rate established in the LTFV investigation, which was 9.38 percent. *See Antidumping Duty Order*, at 40565.

Notification to Interested Parties

This notice serves as a preliminary reminder to importers of their responsibility under regulation 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary’s presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review and notice is published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: July 31, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 02-19990 Filed 8-6-02; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-580-834]

Stainless Steel Sheet and Strip in Coils From the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review and Intent To Rescind in Part

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of preliminary results and partial rescission of antidumping duty administrative review of stainless steel sheet and strip in coils from the Republic of Korea.

SUMMARY: The Department of Commerce (“the Department”) is conducting an administrative review of the antidumping duty order on stainless steel sheet and strip in coils (“SSSS”) from the Republic of Korea in response to a request from respondents Pohang Iron & Steel Co., Ltd. (“POSCO”), Samwon Precision Metals Co., Ltd. (“Samwon”), Daiyang Metal Co., Ltd. (“DMC”), and petitioners,¹ who requested a review of POSCO and DMC. This review covers imports of subject merchandise from POSCO and DMC. The period of review (“POR”) is July 1, 2000, through June 30, 2001.

Our preliminary results of review indicate that POSCO and DMC have sold the subject merchandise at less than normal value (“NV”) during the POR. We have also preliminarily determined to rescind the review with respect to Samwon because the evidence on the record indicates that Samwon had no shipments of subject merchandise to the United States during the POR. If these preliminary results are adopted in our final results of review, we will instruct the U.S. Customs Service to assess antidumping duties on entries of POSCO’s and DMC’s subject merchandise during the POR, in accordance with Sections 19 CFR 351.106 and 351.212(b) of the Department’s regulations.

¹ Allegheny Ludlum, AK Steel Corporation (formerly Armco, Inc.), J&L Specialty Steel, Inc., North American Stainless, Butler-Armco Independent Union, Zanesville Armco Independent Union, and the United Steelworkers of America, AFL-CIO/CLC.