A-469-805

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June 26, 2017

**MEMORANDUM TO:** Ronald K. Lorentzen

Acting Assistant Secretary

for Enforcement and Compliance

**FROM:** Gary Taverman

Deputy Assistant Secretary

for Antidumping and Countervailing Duty Operations

**SUBJECT:** Certain Stainless Steel Bar from Spain: Issues and Decision

Memorandum for the Final Results of the Antidumping Duty

Administrative Review; 2015-2016

# I. SUMMARY

The Department of Commerce (the Department) analyzed the case and rebuttal briefs submitted by interested parties in the administrative review of the antidumping duty order on stainless steel bar (SSB) from Spain. As a result of this analysis, we have not made changes to the *Preliminary Results*.<sup>1</sup> We recommend that you approve the positions described in the "Discussion of Comments" section of this memorandum.

#### II. LIST OF COMMENTS

Comment 1: Whether the Department Should Have Granted Gerdau's Untimely Extension

Request

Comment 2: Whether the Department Should Apply Adverse Facts Available (AFA) to Gerdau

# III. BACKGROUND

On March 3, 2017, the Department published the *Preliminary Results* of the 2015-2016 administrative review of the antidumping duty order on certain SSB from Spain.<sup>2</sup> In those results, the Department preliminarily determined that Gerdau Aceros Especiales Europa, S.L. (Gerdau) failed to cooperate to the best of its ability by not submitting a supplemental Section D response, and applied a weighted-average dumping margin based on adverse facts available

<sup>&</sup>lt;sup>1</sup> See Stainless Steel Bar from Spain: Preliminary Results of Antidumping Duty Administrative Review; 2015 – 2016, 82 FR 12441 (March 3, 2017) (Preliminary Results).





(AFA) of 62.85.<sup>3</sup> The review covers one producer/exporter of the subject merchandise, Gerdau Aceros Especiales Europa, S.L. (Gerdau). The period of review (POR) is March 1, 2015, through February 29, 2016. On March 10, 2017, Gerdau filed a request for a hearing.<sup>4</sup> On April 21, 2017, Gerdau timely submitted a case brief regarding the Department's preliminary decision.<sup>5</sup> On April 26, 2017, the petitioners timely submitted a rebuttal brief.<sup>6</sup> At the Department's request to correct an error in the company's case brief, Gerdau timely submitted a revised case brief on April 27, 2017.<sup>7</sup> On May 23, 2017, the Department held a public hearing.

# III. SCOPE OF THE ORDER

The merchandise subject to the order is SSB. The term SSB with respect to the order means articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, colddrawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. SSB includes cold-finished SSBs that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process. Except as specified above, the term does not include stainless steel semi-finished products, cut-length flat-rolled products (i.e., cutlength rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections. The SSB subject to the order is currently classifiable under subheadings 7222.10.00, 7222.11.00, 7222.19.00, 7222.20.00, 7222.30.00 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 the order is dispositive.<sup>8</sup>

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<sup>&</sup>lt;sup>3</sup> *Id.* at 12442.

<sup>&</sup>lt;sup>4</sup> See Letter to the Department re: Request for Hearing, dated March 10, 2017.

<sup>&</sup>lt;sup>5</sup> See Gerdau's Case Brief, "Stainless Steel Bar from Spain: Case Brief," dated April 21, 2017.

<sup>&</sup>lt;sup>6</sup> See Petitioners' Rebuttal Brief, "Stainless Steel Bar from Spain: Petitioners' Rebuttal Brief," dated April 26, 2017 (Petitioners' Rebuttal Brief). The petitioners in this case are Carpenter Technology Corporation, Crucible Industries LLC, Electralloy, a Division of G.O. Carlson, Inc., North American Stainless, Universal Stainless & Alloy Products, Inc., and Valbruna Slater Stainless, Inc. (collectively, the petitioners).

<sup>&</sup>lt;sup>7</sup> See Memorandum regarding: Communication with Respondent Regarding Resubmission of Case Brief, dated April 26, 2017; Gerdau's Case Brief, "Stainless Steel Bar from Spain: Case Brief," dated April 27, 2017 (Gerdau Case Brief).

# VI. DISCUSSION OF COMMENTS

# **Comment 1: Whether the Department Should Have Granted Gerdau's Untimely Extension Request**

# **Gerdau's Comments:**

- In rejecting Gerdau's untimely supplemental Section D filing, the Department did not apply the balancing test outlined in *Grobest*, which requires the Department to accept late filings when the interests of accuracy and fairness outweigh the burden placed on the Department by accepting the late filing and the interest in finality.<sup>9</sup>
- Had the Department properly applied the *Grobest* balancing test, the Department would have had to accept Gerdau's supplemental Section D filing.<sup>10</sup>
- Gerdau's late filing is similar to the facts in *Artisan Manufacturing*, where the CIT found that the Department's rejection of a late Quantity and Value questionnaire response which counsel represented was the result of their own neglect was inappropriate because accepting the response would not result in delay or jeopardize the integrity of the record.<sup>11</sup>
- While Gerdau's counsel has been previously notified by the Department about the risks of missing filing deadlines via a warning in a separate investigation before the Department not involving Gerdau, Gerdau has not and, therefore, should not be penalized for its one untimely extension request, when it has timely filed all other matters in this review.<sup>12</sup>
- The immediacy of the measures taken by Gerdau following its missed filing deadline, including the retention of new counsel, should be considered by the Department in granting Gerdau's untimely extension request.<sup>13</sup>
- The Department should reopen the record and allow Gerdau to submit any information the Department deems missing, extend the final results, and schedule a verification of Gerdau's sales.<sup>14</sup>

#### The Petitioners' Comments:

• In *PSC VSMPO-Avisma*, the Court of Appeals for the Federal Circuit (Federal Circuit) held that the Department need not engage in a balancing analysis when enforcing its

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<sup>&</sup>lt;sup>9</sup> Gerdau Case Brief at 6-8 (citing *Grobest v. United States*, 815 F. Supp. 2d 1342 (CIT 2012)) (*Grobest*). <sup>10</sup> *Id.* at 8-9.

<sup>&</sup>lt;sup>11</sup> *Id.* at 10 (citing *Artisan Manufacturing Corp. v. United States*, 978 F. Supp. 2d 1334 (CIT 2014)) (*Artisan Manufacturing*).

<sup>&</sup>lt;sup>12</sup> *Id.* at 12-13 (citing Department Letter re: Section D Supplemental Questionnaire Extension Request, dated December 22, 2016 at Attachment).

<sup>&</sup>lt;sup>13</sup> *Id.* at 27 (citing Letter to the Secretary from Gerdau re: Extension Request for Section D Supplemental Questionnaire Response, dated December 27, 2016).

<sup>&</sup>lt;sup>14</sup> *Id.* at 15 and 28.

- deadlines; therefore, the Department's denial of Gerdau's untimely extension request is in accordance with law.<sup>15</sup>
- Because Gerdau had notice of the Department's deadlines and extension request requirements, the Department's denial of Gerdau's untimely extension request does not lead to an unfair result.<sup>16</sup>
- Unlike the circumstances in *Grobest*, Gerdau is a mandatory respondent, not seeking a separate rate, and Gerdau's untimely extension requests were filed later in the proceeding and requested a cumulative 15-day extension.<sup>17</sup>
- Gerdau's untimely extension request is also unlike the untimely filed Quantity and Value questionnaire response in *Artisan Manufacturing*, because it is not inconsequential to the Department's review.<sup>18</sup>
- Gerdau's failure to timely request an extension on its supplemental Section D filing is more similar to *Dongtai Peak* than *Grobest* or *Artisan Manufacturing*, where the Federal Circuit found the Department reasonably determined that the respondent could at a minimum have submitted a timely extension request.<sup>19</sup>
- The Department's recent revisions to its regulations concerning the time limits for the submission of factual information and the acceptance of untimely extension requests demonstrate the Department intended to establish definitive deadlines.<sup>20</sup>

**Department Position:** The Department agrees with the petitioners that Gerdau's untimely extension request was properly denied. On December 20, 2016, counsel for Gerdau submitted an untimely request for an extension to file the company's Section D supplemental questionnaire response, which was due on December 19, 2016.<sup>21</sup> Counsel acknowledged that the request was untimely, and stated that this resulted from preoccupation with other cases.<sup>22</sup> The Department denied this untimely request because Gerdau's extension request failed to meet the requirements of 19 CFR 351.302(c), which requires that an "extraordinary circumstance" exist before an untimely extension request is granted.<sup>23</sup> In the letter denying Gerdau's request, the Department noted that counsel for Gerdau had previously received a warning regarding an untimely submission in a separate case, which indicated that the future late submissions in any other proceeding would be rejected.<sup>24</sup> Gerdau submitted a second extension request on December 27,

<sup>17</sup> *Id.* at 11-12 (citing *Grobest*).

<sup>&</sup>lt;sup>15</sup> Petitioners' Rebuttal Brief at 7-8 (citing *PSC VSMPO-Avisma Corp. v. United States*, 668 F.3d 715 (Fed. Cir. 2012) (*PSC VSMPO-Avisma*)).

<sup>&</sup>lt;sup>16</sup> *Id.* at 8.

<sup>&</sup>lt;sup>18</sup> *Id.* at 12 (citing *Artisan Manufacturing*).

<sup>&</sup>lt;sup>19</sup> Id. at 13 (citing Dongtai Peak v. United States, 777 F.3d 1343, 1354-55 (Fed. Cir. 2015) (Dongtai Peak)).

<sup>&</sup>lt;sup>21</sup> See Letter to the Department re: Gerdau Extension Request dated December 20, 2016.

<sup>&</sup>lt;sup>23</sup> See Department Letter re: Section D Supplemental Questionnaire Extension Request, dated December 22, 2016, see also Extension of Time Limits, 78 FR 57790 (September 20, 2013) at 57793 ("Examples of extraordinary circumstances include a natural disaster, riot, war, force majeure, or medical emergency. Examples that are unlikely to be considered extraordinary circumstances include insufficient resources, inattentiveness, or the inability of a party's representative to access the Internet {.}"

<sup>&</sup>lt;sup>24</sup> *Id.* at Attachment.

2016, which stated that the company's retention of new counsel constituted extraordinary circumstances that justified granting an untimely extension request.<sup>25</sup> The Department denied this second request, finding that the company's subsequent decision to hire new counsel was not an extraordinary circumstance which led to its failure to file a timely extension request.<sup>26</sup> Thus, the Department never received the requested supplemental section D response. Additionally, as Gerdau acknowledges in its case brief,<sup>27</sup> the company had previously filed multiple timely extension requests and was, therefore, well aware of the procedures for requesting an extension. Accordingly, the Department's denial of the untimely extension request was consistent with the Act and the Department's regulation pertaining to the deadline for the submission of factual information.

Although Gerdau argues that the Department is required to accept the late filing under Grobest and Artisan Manufacturing, the Department disagrees. First, the facts in those cases differ significantly from those of the present review. Neither Grobest nor Artisan involved a supplemental response from a mandatory respondent and, instead, dealt with the untimely submissions of a separate rate certification and a quantity and value response, respectively, from a separate rate applicant. Moreover, the submission deadlines in the cases cited by Gerdau were set for the relative beginning of the cases. On the contrary, Gerdau's untimely request was submitted approximately two months before the Department released its *Preliminary Results*, necessitating a stricter enforcement of deadlines. If the additional extension requested by Gerdau were to have been granted, then the time necessary to conduct a thorough analysis and possible issuance of further supplemental questionnaires could have jeopardized the timely completion of the *Preliminary Results*. Second, the Department's decision is supported by Federal Circuit precedent, which has affirmed that the Department has discretion both to set deadlines and to enforce those deadlines by rejecting untimely filings.<sup>28</sup> Specifically, the Federal Circuit has rejected the type of balancing requirement proposed by Gerdau, affirming the Department's broad discretion to reject untimely information and stating that "courts must not improperly intrude upon an agency's power to implement and enforce proper procedures for constructing an agency record."<sup>29</sup> A similar set of facts existed in *Dongtai Peak*, in which the Federal Circuit found that the Department properly exercised is discretion in denying extension requests that were submitted after the established deadline.<sup>30</sup> The court in that case further held that "{i}t is not for {the respondent} to establish Commerce's deadlines or to dictate to Commerce whether and when Commerce actually needs the requested information."31

Gerdau claims that it should not be penalized by counsel negligence. The Department is not treating Gerdau any differently than it treats any other party. For untimely extension requests, all parties must show that they meet the higher standard of "extraordinary circumstances" in order

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<sup>&</sup>lt;sup>25</sup> See Letter to the Department re: Gerdau Extension Request for Section D Supplemental Questionnaire Response dated December 27, 2016.

<sup>&</sup>lt;sup>26</sup> See Department Letter re: Section D Supplemental Questionnaire Extension Request, dated December 29, 2016.

<sup>&</sup>lt;sup>27</sup> See Gerdau Case Brief at 9.

<sup>&</sup>lt;sup>28</sup> See, e.g., NTN Bearing Corp. v. United States, 74 F.3d 1204, 1206-07 (Fed. Cir. 1995).

<sup>&</sup>lt;sup>29</sup> See PSC VSMPO-Avisma, 668 F.3d at 761.

<sup>&</sup>lt;sup>30</sup> See Dongtai Peak, 777 F. 3d at 1351-1352.

<sup>&</sup>lt;sup>31</sup> *Id.* at 1352.

for the Department to extend the time for such requests.<sup>32</sup> We have stated that "examples of extraordinary circumstances include a natural disaster, riot, war, *force majeure*, or medical emergency,"<sup>33</sup> none of which were cited by Gerdau as its reason for failing to file a timely extension request. We have also stated that "examples that are unlikely to be considered extraordinary circumstances include insufficient resources, inattentiveness, or the inability of a party's representative to access the Internet on the day on which the submission was due…" and "a technical failure of… ACCESS generally is not an extraordinary circumstance." ACCESS generally is not an extraordinary circumstance." Cerdau did not meet this standard. The Department is not treating Gerdau differently from any other interested party subject to the deadlines established by the Department. The acceptance of untimely-filed submissions puts undue burden on the Department, and the Department properly rejected Gerdau's untimely-filed submissions.<sup>35</sup>

# Comment 2: Whether the Department Should Apply AFA to Gerdau

#### **Gerdau's Comments:**

- The record is sufficient for the Department to calculate a margin based on Gerdau's submitted responses and databases.<sup>36</sup>
- Gerdau provided fully usable and reconciled cost data, such that there are no substantial gaps in the record that need to be filled with information otherwise available.<sup>37</sup>
- Imposing on Gerdau a high rate based on an adverse inference is severe and improper, considering that the missed deadline was the result of counsel's preoccupation with other cases and not a mistake by Gerdau. <sup>38</sup>
- If the Department determines to apply an adverse action or adjustment to Gerdau for failing to submit its supplemental Section D filing, it should do so only to the extent necessary to induce cooperation with the Department's administrative process, and not apply total AFA.<sup>39</sup>
- Rather than apply total AFA to Gerdau for its first counsel's failure, the Department should suspend or bar Gerdau's first counsel from practice before the Department under 19 CFR 351.313.<sup>40</sup>

<sup>&</sup>lt;sup>32</sup> See 19 C.F.R 351.302(b).

<sup>&</sup>lt;sup>33</sup> See Extension of Time Limits, 78 Fed. Reg. at 57793.

 $<sup>^{34}</sup>$  Id

<sup>&</sup>lt;sup>35</sup> See Dongtai Peak, 777 F. 3d at 1352.

<sup>&</sup>lt;sup>36</sup> Gerdau Case Brief at 15-16.

<sup>&</sup>lt;sup>37</sup> *Id.* at 17-20 (arguing where on the record information the Department has deemed missing is located (internal citations omitted)).

<sup>&</sup>lt;sup>38</sup> Id. at 11 (citing Artisan Manufacturing Corp. v. United States, 978 F. Supp. 2d 1334 (CIT 2014)) (Artisan Manufacturing).

<sup>&</sup>lt;sup>39</sup> *Id.* at 21.

<sup>&</sup>lt;sup>40</sup> *Id.* at 22 (citing 19 CFR 351.313).

#### **The Petitioners' Comments:**

- Gerdau's purported claim that the record is sufficient without its supplemental Section D
  filing is an inaccurate reflection of the record, as it remains void of data and explanations
  requested by the Department, as explained in the Department's Preliminary Decision
  Memorandum.<sup>41</sup>
- The Department properly determined that Gerdau has failed to cooperate to the best of its ability and correctly applied total AFA to Gerdau.<sup>42</sup>
- As Gerdau acknowledges, the Department does not distinguish between a company and its representative; therefore, the application of total AFA to Gerdau as a result of its counsel's failure is not excessively punitive and is in line with the Department's practice. 43
- The AFA rate the Department has assigned to Gerdau is appropriate, because it was the rate previously assigned to Gerdau's predecessor company in an earlier segment of this proceeding for failing to provide cost information.

**Department's Position:** The Department agrees with the petitioners that the application of AFA is appropriate. On December 9, 2016, the Department issued a supplemental questionnaire regarding Gerdau's Section D questionnaire response.<sup>44</sup> In this supplemental questionnaire, the Department requested a variety of information necessary to understand the company's reported costs, including: a full explanation of, and calculation worksheet for, one of the reported variables;<sup>45</sup> the existence of additional input suppliers, along with supporting documentation;<sup>46</sup> additional information about the process of sourcing inputs, as well as supporting documentation regarding the negotiation process;<sup>47</sup> the terms and conditions and interest rates for any loans obtained from affiliated parties;<sup>48</sup> the quantity and value of Gerdau's purchases of billets and blooms from all suppliers;<sup>49</sup> information regarding charges made to customers in both the home and U.S. markets;<sup>50</sup> supporting documentation regarding the company's handling of scrap;<sup>51</sup> information regarding the control numbers provided for the home and U.S. markets;<sup>52</sup> and a demonstration of all calculations reported in the cost of production database for three individual product control numbers.<sup>53</sup> This information is necessary to determine whether Gerdau accounted for all of its production costs relating to the subject merchandise and to otherwise ensure the accuracy of the cost data provided. Gerdau failed to submit a response to this supplemental questionnaire. Without this necessary information, it is impossible for the

<sup>&</sup>lt;sup>41</sup> Petitioners' Rebuttal Brief at 15-24 (arguing how the Department's list of deficiencies is supported by the record (internal citations omitted)).

<sup>&</sup>lt;sup>42</sup> *Id.* at 26.

<sup>&</sup>lt;sup>43</sup> *Id.* at 27.

<sup>&</sup>lt;sup>44</sup> See Department Letter re: Section D Supplemental Questionnaire, dated December 9, 2016.

<sup>&</sup>lt;sup>45</sup> *Id.* at Question 8.

<sup>&</sup>lt;sup>46</sup> *Id.* at Question 11.

<sup>&</sup>lt;sup>47</sup> *Id.* at Question 12.

<sup>&</sup>lt;sup>48</sup> *Id.* at Question 15.

<sup>&</sup>lt;sup>49</sup> *Id.* at Ouestion 13.

<sup>&</sup>lt;sup>50</sup> *Id.* at Question 16.

<sup>&</sup>lt;sup>51</sup> *Id.* at Question 5.

<sup>&</sup>lt;sup>52</sup> *Id.* at Ouestion 4.

<sup>&</sup>lt;sup>53</sup> *Id.* at Question 7.

Department to determine a margin. In accordance with section 776 of the Act, the Department determines that the use of total AFA is warranted with respect to Gerdau.

When the Department determines that a questionnaire response is deficient, section 782(d) of the Act requires the Department to "inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person with an opportunity to remedy or explain the deficiency {.}" As discussed above, the Department afforded Gerdau an opportunity to remedy its response by issuing a supplemental questionnaire, because the company did not provide a variety of information requested by the Department. Without this information, the Department is unable to determine whether Gerdau accounted for all of its production costs relating to the subject merchandise. Thus, the Department is unable to rely on Gerdau's submitted costs. Because Gerdau has not provided the necessary information on the record, the use of facts available for the final results of review is warranted, pursuant to section 776(a)(1) of the Act. Furthermore, because Gerdau has failed to provide such information in the form and manner required and impeded this review, the use of facts available for the final results is warranted pursuant to sections 776(a)(2)(B), (C), and (D) of the Act.

Despite the request for additional information pursuant to 782(d) of the Act, the company failed to provide adequate cost data that we could use in our calculations. Therefore, we find that Gerdau has failed to cooperate to the best of its ability, in accordance with section 776(b) of the Act. Consequently, the Department has determined that, in selecting from among the facts otherwise available, an adverse inference is warranted.<sup>54</sup>

Where the Department uses AFA because a respondent failed to cooperate by not acting to the best of its ability to timely comply with a request for information, section 776(b) of the Act authorizes the Department to rely on information derived from the petition, a final determination, a previous administrative review, or other information placed on the record.<sup>55</sup> Under section 776(d) of the Act, the Department may use any dumping margin from any segment of a proceeding under an antidumping duty order when applying an adverse inference, including the highest of such margins.<sup>56</sup> The TPEA also makes clear that the Department is not required to corroborate any dumping margin applied in a separate segment of the same proceeding.<sup>57</sup> As total AFA, we have applied the AFA rate determined in the 2005-2006 administrative review of this case, which is 62.85 percent, and thus corroboration is not required.<sup>58</sup>

Gerdau's claim that data on the record from its section A, B, and C questionnaire responses are usable is unsubstantiated. Due to the numerous elements of the cost, U.S. sales, and home market sales files that are impacted by the missing data, the Department cannot implement any gap-filling provisions, further invoking the AFA standard.<sup>59</sup> We are not able to calculate a current dumping margin for Gerdau because we cannot ascertain with confidence that the cost of

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<sup>&</sup>lt;sup>54</sup> See Section 776(b) of the Act.

<sup>&</sup>lt;sup>55</sup> See SAA at 868-870; 19 CFR 351.308(c)(1) & (2).

<sup>&</sup>lt;sup>56</sup> See section 776(d)(1)-(2) of the Act; The Trade Preferences Extension Act of 2015 (TPEA), section 502(3).

<sup>&</sup>lt;sup>57</sup> See section 776(c)(2) of the Act; TPEA section 502(2).

<sup>&</sup>lt;sup>58</sup> See Stainless Steel Bar from Spain: Final Results of Antidumping Duty Administrative Review, 72 FR 42395 (August 2, 2007).

<sup>&</sup>lt;sup>59</sup> Petitioners' Rebuttal Brief at 24 (arguing how the Department's list of deficiencies is supported by the record (internal citations omitted)).

production data it provided reflect, reasonably and accurately, the costs Gerdau incurred to produce the merchandise under consideration. The Department disagrees with Gerdau's comment that the record is sufficient to calculate non-AFA margins and the data are usable without significant gaps.

The Department disagrees with Gerdau's argument that imposing a higher rate is severe and improper. Gerdau, as a mandatory respondent, failed to provide complete information required to determine rates in a timely manner. Incomplete information warrants the Department's application of facts available. This rate is neither excessive nor punitive, and instead, consistent with Department practice and section 776(d) of the Act, which allows the Department to use any dumping margin from any segment of a proceeding in order to ensure a party acts to the best of its ability.<sup>60</sup>

Nevertheless, Gerdau argues that the Department should apply a rate only to the extent necessary to induce cooperation with the Department's administrative process. As previously discussed, the Department had granted numerous extensions, yet Gerdau failed to follow the Department's protocol to ensure timely submission of the section D questionnaire response data. To induce cooperation, as permitted by statute, the Department's practice is to select the highest margin determined in the proceeding and apply it to uncooperative respondents. The Court of International Trade has upheld our use of the highest margin, holding that "the purposes of using the highest prior antidumping duty rate are to offer assurance that the exporter will not benefit from refusing to provide information, and to produce an antidumping duty rate that bears some relationship to past practices in the industry in question." Therefore, consistent with the court's rationale, the statute, and the Department's practice, applying the highest margin in this proceeding, established in the investigation and applied in a prior administrative review, is likely to induce Gerdau's cooperation in the future.

The Department disagrees with the comment to only take punitive measures against Gerdau's first counsel. Applying an AFA rate of 62.85 percent to Gerdau for its failure to act to the best of its ability is not punitive but, rather, necessary to induce Gerdau's cooperation. Nonetheless, the Department does not distinguish between a company and its representative and it is irrelevant that it was not Gerdau, itself, that missed the Department's deadline for submission of its supplemental cost response or a letter requesting an extension of time.<sup>63</sup> The failure of counsel does not exempt Gerdau from the application of AFA.

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<sup>&</sup>lt;sup>60</sup> See section 776(d) of the Act; Sidenor Industrial SL v. U.S., 664 F. Supp.2d 1349, 1357-59 (CIT 2009) (regarding the use of AFA in preceding court cases (internal citations omitted)).

<sup>&</sup>lt;sup>61</sup> See, e.g., Stainless Steel Bar from Spain: Final Results of Antidumping Duty Administrative Review, 72 FR 42395 (August 2, 2007).

<sup>&</sup>lt;sup>62</sup> See Shanghai Taoen, 360 F. Supp. 2d 1339, 1348 (CIT 2005).

<sup>&</sup>lt;sup>63</sup> Petitioners' Rebuttal Brief at 27 (arguing how the counsel and respondent are one in the same (internal citations omitted)).

# VII. RECOMMENDATION

Based on our analysis of the comments received, we recommend adopting the above positions. If these recommendations are accepted, we will publish the final results of this review and the final weighted-average dumping margins in the *Federal Register*.

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Agree	Disagree
	6/26/2017
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Signed by: RONA	LD LORENTZEN
Ronald K. Lore	entzen

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance