



A-580-881
POR: 9/1/18 - 8/31/19
Public Document
E&C/OVI: MH/GM/MC

January 15, 2021

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

FROM: James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the
Antidumping Duty Administrative Review: Certain Cold
Rolled Steel Flat Products from the Republic of Korea; 2018-
2019

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty (AD) order on certain cold-rolled steel flat products (cold-rolled steel) from the Republic of Korea (Korea) for the period of review (POR) September 1, 2018 through August 31, 2019. We preliminarily determine that respondents Hyundai Steel Company (Hyundai) and POSCO/POSCO International Corporation (hereafter, POSCO/PIC),¹ who were

¹ In the less-than-fair-value investigation, we collapsed Daewoo International Corporation (DWI) with POSCO. *See Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 11757 (March 7, 2016), and accompanying Preliminary Decision Memorandum (PDM) at 7-8 (unchanged in *Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 81 FR 49953 (July 29, 2016), and accompanying Issues and Decision Memorandum (IDM) at 1). In the first administrative review, Commerce collapsed POSCO with POSCO Daewoo Co., Ltd. *See Cold Rolled Steel Flat Products from the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Review; 2016-2017*, 83 FR 51661 (October 12, 2018), and accompanying PDM at 7-8 (unchanged in *Certain Cold Rolled Steel Flat Products from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2016-2017*, 84 FR 24083 (May 24, 2019)). POSCO reports during the instant review that the company formerly known as DWI and its successor company POSCO Daewoo (PDW) is now doing business as POSCO International Corporation (PIC). *See* POSCO/PDW's Letter, "Cold-Rolled Steel Flat Products from the Republic of Korea; 2018-2019: POSCO's Respondent Selection Comments," dated December 11, 2019 at 2-3 (POSCO/PIC's Respondent Selection Comments). In its questionnaire response, POSCO subsequently reported that PDW became PIC on March 18, 2019. *See* POSCO/PIC's Letter, "Third Administrative Review of Cold-Rolled Steel Flat Products from Korea: POSCO's Section A Response," dated February 18, 2020, at 1 and A-1 (POSCO/PIC Section AQR). Based on our analysis in the instant review, we are preliminarily collapsing POSCO and PIC, which we find to be the successor-in-interest to PDW and DWI. *See* Memorandum, "Third Administrative Review of Cold-Rolled Steel Flat Products from the Republic of Korea: POSCO and POSCO International Corporation Affiliation and Collapsing



both selected for individual examination, did not make sales of the subject merchandise at prices below normal value (NV) during the POR.

II. BACKGROUND

On September 20, 2016, we published in the *Federal Register* the AD order on cold-rolled steel from Korea.² On September 3, 2019, we published a notice of opportunity to request an administrative review of the *Order*.³ On September 30, 2019, we received a timely request from Dongbu Steel Co., Ltd. and its wholly owned subsidiary, Dongbu Incheon Steel Co., Ltd. (collectively, Dongbu), for a review of itself.⁴ On September 30, 2019, we received a timely request from Hyundai for a review of itself,⁵ a timely request from POSCO for an administrative review of itself,⁶ and a timely request from the petitioners⁷ requesting an administrative review of 38 companies.⁸

On November 12, 2019, Commerce initiated an administrative review of the *Order* for the POR, covering 38 companies.⁹ In the *Initiation Notice*, Commerce stated that, if it limited the number of respondents for individual examination in this administrative review, it intended to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports during the POR.¹⁰ Accordingly, on December 4, 2019, Commerce released the CBP data to all interested parties under an administrative protective order and requested comments regarding the data and respondent selection.¹¹ On December 11, 2019, we received respondent selection comments from Hyundai¹² and POSCO/PIC.¹³ On January 15, 2020, we selected, as mandatory

Memorandum,” dated concurrently with these preliminary results. Accordingly, hereafter we refer to the collapsed entity as “POSCO/PIC.”

² See *Certain Cold-Rolled Steel Flat Products from Brazil, India, the Republic of Korea, and the United Kingdom: Amended Final Affirmative Antidumping Determinations for Brazil and the United Kingdom and Antidumping Duty Orders*, 81 FR 64432 (September 20, 2016) (*Order*).

³ See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 84 FR 45949 (September 3, 2019).

⁴ See Dongbu’s Letter, “Certain Cold-Rolled Steel Flat Products from the Republic of Korea, Case No. A-580-881: Request for Administrative Review,” dated September 30, 2019.

⁵ See Hyundai’s Letter, “Cold-Rolled Steel Flat Products from the Republic of Korea: Administrative Review Request,” dated September 30, 2019.

⁶ See POSCO’s Letter, “Cold-Rolled Steel Flat Products from the Republic of Korea: Administrative Review Request,” dated September 30, 2019.

⁷ The petitioners are ArcelorMittal USA LLC, AK Steel Corporation, Nucor Corporation, Steel Dynamics, Inc., and United States Steel Corporation.

⁸ See Petitioners’ Letter, “Cold-Rolled Steel Flat Products from the Republic of Korea: Request for Administrative Review of Antidumping Duty Order,” dated September 30, 2019.

⁹ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 84 FR 61011, 61013 (November 12, 2019) (*Initiation Notice*).

¹⁰ *Id.* at 61011.

¹¹ See Memorandum, “Cold-Rolled Steel Flat Products from the Republic of Korea; 2018-2019: Release of U.S. Customs and Border Protection Import Data,” dated December 4, 2019.

¹² See Hyundai’s Letter, “Cold-Rolled Steel Flat Products from the Republic of Korea; 2018-2019: Hyundai Steel’s Respondent Selection Comments,” dated December 11, 2019.

¹³ See POSCO/PIC’s Respondent Selection Comments.

respondents, the two producers or exporters accounting for the largest volume of subject merchandise during the POR (*i.e.*, in alphabetical order, Hyundai and POSCO/PIC).¹⁴

On February 5, 2020, all requests for administrative review of 32 of the 38 companies were timely withdrawn.¹⁵ Therefore, on October 2, 2020, in accordance with 19 CFR 351.213(d)(1), we rescinded this review with respect to the 32 companies which are listed in the Appendix to the *Partial Rescission* notice.¹⁶

We issued AD questionnaires to Hyundai and POSCO/PIC on January 17, 2020. On February 18, 2020, Hyundai and POSCO/PIC timely submitted responses to section A of Commerce's AD questionnaire (*i.e.*, the section relating to general information).¹⁷ From March 2 to March 9, 2020, POSCO/PIC submitted timely responses to sections B through E of Commerce's AD questionnaire (*i.e.*, the sections relating to home market sales, U.S. sales, cost of production (COP), and U.S. further manufacturing).¹⁸ From March 2 to March 9, 2020, Hyundai submitted timely responses to sections B through E of Commerce's AD questionnaire.¹⁹ Between April 22 and May 15, 2020, Commerce issued supplemental questionnaires to Hyundai and POSCO/PIC, to which we received timely responses.²⁰

On March 23, 2020, the petitioners filed timely allegations that a particular market situation (PMS) existed with respect to Hyundai's and POSCO/PIC's prices and COP of cold-rolled steel in Korea during the POR.²¹ On July 10, 2020, in accordance with 19 CFR 351.301(c)(2)(v), we accepted the petitioners' PMS Allegations and determined that macro-level factors detailed in the PMS Allegations warrant further investigation and analysis of the prices and production costs of all producers of cold-rolled steel in Korea, and we solicited comments from interested parties

¹⁴ See Memorandum, "2018-2019 Administrative Review of Cold-Rolled Steel Flat Products from the Republic of Korea: Respondent Selection," dated January 15, 2020.

¹⁵ See Petitioners' Letter, "Cold-Rolled Steel Flat Products from the Republic of Korea: Petitioners' Partial Withdrawal of Request for Review," dated February 5, 2020.

¹⁶ See *Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Partial Rescission of Antidumping Duty Administrative Review; 2018–2019*, 85 FR 63253 (October 7, 2020) (*Partial Rescission*).

¹⁷ See Hyundai's Letter, "Cold-Rolled Steel Flat Products from the Republic of Korea: Initial Section A Questionnaire Response," dated February 18, 2020 (Hyundai AQR); and POSCO/PIC Section AQR.

¹⁸ See POSCO/PIC's Letter, "Cold Rolled Steel Flat Products from the Republic of Korea: POSCO's Initial Sections B and D Response," dated March 2, 2020 (POSCO/PIC's BDQR); *see also* POSCO/PIC's Letter, "Cold Rolled Steel Flat Products from the Republic of Korea: POSCO's Initial Sections C and E Response," dated March 6, 2020 (POSCO/PIC's CEQR).

¹⁹ See Hyundai's Letter, "Cold Rolled Steel Flat Products from the Republic of Korea: Hyundai Steel's Initial Sections B and C Response," dated March 6, 2020 (Hyundai's BCQR); *see also* Hyundai's Letter, "Cold Rolled Steel Flat Products from the Republic of Korea: Hyundai Steel's Initial Section D and E Response," dated March 2, 2020 (Hyundai's DEQR).

²⁰ See Hyundai's Letter, "Cold-Rolled Steel Products from the Republic of Korea: Hyundai Steel's Supplemental Section D Questionnaire Response," dated June 5, 2020; *see also* POSCO/PIC's Letter, "Cold-Rolled Steel Flat Products from the Republic of Korea: POSCO's Response to the Department's April 22, 2020 Supplemental Questionnaire," dated June 18, 2020; POSCO/PIC's Letter, "Cold-Rolled Steel Flat Products from the Republic of Korea: POSCO's Response to the Department's August 14, 2020, Supplemental Sections B-E Questionnaire," dated September 14, 2020 (POSCO/PIC's SBCEQR).

²¹ See Petitioners' Letter, "Cold Rolled Steel Flat Products from the Republic of Korea: Allegation of a Particular Market Situation Affecting Respondent's Input Costs," dated March 23, 2020 (Petitioners' PMS Allegation).

with respect to the PMS Allegations.²² On July 31, 2020, the petitioners submitted a clarification to the PMS Allegations.²³ On August 3, 2020, Hyundai and POSCO/PIC submitted comments on the PMS Allegations.²⁴ On December 30, 2020, Commerce requested additional information from the petitioners relating to the PMS Allegations, and on January 7, 2021, the petitioners provided that information.²⁵

On January 5, 2021, in the context of a changed circumstance review, Commerce preliminary determined that KG Dongbu Steel Co., Ltd. (KG Dongbu Steel) is the successor-in-interest to Dongbu Steel Co., Ltd. (Dongbu Steel) and Dongbu Incheon Steel Co., Ltd. (Dongbu Incheon) for purposes of determining AD cash deposits and liabilities pursuant to the AD orders on certain cold-rolled steel and certain corrosion resistant steel products (CORE) from Korea.²⁶ The final results of this changed circumstances review are currently due in February 2021; we intend to incorporate the final results in the final results of this administrative review.

On April 24, 2020, Commerce tolled all deadlines in administrative reviews by 50 days.²⁷ On July 20, 2020, Commerce extended the deadline for the preliminary results of this review by 100 days, in accordance with 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act).²⁸ On July 21, 2020, Commerce tolled all deadlines in administrative reviews by an additional 60 days.²⁹ On December 3, 2020, in accordance with section 751(a)(3)(A) of the Act, Commerce extended the preliminary results of review by an additional 18 days, until January 15, 2021.³⁰

We are conducting this review in accordance with section 751 of the Act.

III. SCOPE OF THE ORDER

The products covered by the *Order* are certain cold-rolled (cold-reduced), flat-rolled steel products, whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement

²² See Memorandum, “2018-2019 Administrative Review of Antidumping Duty Order on Cold Rolled Steel Flat Products from the Republic of Korea: Deadlines for Submission of Factual Information Pertaining to Particular Market Situation,” dated July 10, 2020.

²³ See U.S. Steel’s Letter, “Factual Information to Clarify Aspects of Domestic Interested Parties’ Particular Market Situation Allegation,” dated July 31, 2020 (U.S. Steel’s Clarifying Information).

²⁴ See Hyundai’s and POSCO/PIC’s Letter, “Cold-Rolled Steel Products from the Republic of Korea: Particular Market Situation Comments and Rebuttal Factual Information,” dated August 3, 2020.

²⁵ See U.S. Steel’s Letter, “Cold-Rolled Steel Flat Products from the Republic of Korea: Response to Particular Market Situation Request for Information,” dated January 7, 2021.

²⁶ See *Certain Cold-Rolled Steel Flat Products and Certain Corrosion-Resistant Steel Products from the Republic of Korea: Preliminary Results of Antidumping Duty and Countervailing Duty Changed Circumstance Reviews*, 86 FR 287 (January 5, 2021) (*Dongbu CCR*).

²⁷ See Memorandum, “Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews in Response to Operational Adjustments Due to COVID-19,” dated April 24, 2020.

²⁸ See Memorandum, “Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review,” dated July 20, 2020.

²⁹ See Memorandum, “Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews,” dated July 21, 2020.

³⁰ See Memorandum, “Extension of Deadline for Preliminary Results of 2018-2019 Antidumping Duty Administrative Review,” dated December 3, 2020.

(width) of 12.7 mm or greater, regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, *etc.*). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

- (1) where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and
- (2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies. Steel products included in the scope of the *Order* are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:
 - 2.50 percent of manganese, or
 - 3.30 percent of silicon, or
 - 1.50 percent of copper, or
 - 1.50 percent of aluminum, or
 - 1.25 percent of chromium, or
 - 0.30 percent of cobalt, or/
 - 0.40 percent of lead, or
 - 2.00 percent of nickel, or
 - 0.30 percent of tungsten (also called wolfram), or
 - 0.80 percent of molybdenum, or
 - 0.10 percent of niobium (also called columbium), or
 - 0.30 percent of vanadium, or
 - 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper,

niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes cold-rolled steel that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the *Order* if performed in the country of manufacture of the cold-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of the *Order* unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of the *Order*:

- Ball bearing steels;³¹
- Tool steels;³²
- Silico-manganese steel;³³
- Grain-oriented electrical steels (GOES) as defined in the final determination of the U.S. Department of Commerce in *Grain-Oriented Electrical Steel from Germany, Japan, and Poland*.³⁴
- Non-Oriented Electrical Steels (NOES), as defined in the antidumping orders issued by the U.S. Department of Commerce in *Non-Oriented Electrical Steel from the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan*.³⁵

³¹ Ball bearing steels are defined as steels which contain, in addition to iron, each of the following elements by weight in the amount specified: (i) not less than 0.95 nor more than 1.13 percent of carbon; (ii) not less than 0.22 nor more than 0.48 percent of manganese; (iii) none, or not more than 0.03 percent of sulfur; (iv) none, or not more than 0.03 percent of phosphorus; (v) not less than 0.18 nor more than 0.37 percent of silicon; (vi) not less than 1.25 nor more than 1.65 percent of chromium; (vii) none, or not more than 0.28 percent of nickel; (viii) none, or not more than 0.38 percent of copper; and (ix) none, or not more than 0.09 percent of molybdenum.

³² Tool steels are defined as steels which contain the following combinations of elements in the quantity by weight respectively indicated: (i) more than 1.2 percent carbon and more than 10.5 percent chromium; or (ii) not less than 0.3 percent carbon and 1.25 percent or more but less than 10.5 percent chromium; or (iii) not less than 0.85 percent carbon and 1 percent to 1.8 percent, inclusive, manganese; or (iv) 0.9 percent to 1.2 percent, inclusive, chromium and 0.9 percent to 1.4 percent, inclusive, molybdenum; or (v) not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or (vi) not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

³³ Silico-manganese steel is defined as steels containing by weight: (i) not more than 0.7 percent of carbon; (ii) 0.5 percent or more but not more than 1.9 percent of manganese, and (iii) 0.6 percent or more but not more than 2.3 percent of silicon.

³⁴ See *Grain-Oriented Electrical Steel from Germany, Japan, and Poland: Final Determinations of Sales at Less Than Fair Value and Certain Final Affirmative Determination of Critical Circumstances*, 79 FR 42501, 42503 (July 22, 2014). This determination defines grain-oriented electrical steel as “a flat-rolled alloy steel product containing by weight at least 0.6 percent but not more than 6 percent of silicon, not more than 0.08 percent of carbon, not more than 1.0 percent of aluminum, and no other element in an amount that would give the steel the characteristics of another alloy steel, in coils or in straight lengths.”

³⁵ See *Non-Oriented Electrical Steel from the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan: Antidumping Duty Orders*, 79 FR 71741, 71741-42 (December 3, 2014). The orders define

The products subject to the *Order* are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6090, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7225.50.6000, 7225.50.8080, 7225.99.0090, 7226.92.5000, 7226.92.7050, and 7226.92.8050.

The products subject to the *Order* may also enter under the following HTSUS numbers: 7210.90.9000, 7212.50.0000, 7215.10.0010, 7215.10.0080, 7215.50.0016, 7215.50.0018, 7215.50.0020, 7215.50.0061, 7215.50.0063, 7215.50.0065, 7215.50.0090, 7215.90.5000, 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.7000, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.19.0000, 7226.19.1000, 7226.19.9000, 7226.99.0180, 7228.50.5015, 7228.50.5040, 7228.50.5070, 7228.60.8000, and 7229.90.1000.

The HTSUS subheadings above are provided for convenience and U.S. Customs purposes only. The written description of the scope of the *Order* is dispositive.

IV. AFFILIATION AND COLLAPSING

To the extent that Commerce's practice does not conflict with section 773(c) of the Act, Commerce has, in other proceedings, treated certain exporters and producers as a single entity if record facts of the case supported such treatment.³⁶ Pursuant to 19 CFR 351.401(f)(1), Commerce will treat producers as a single entity, or "collapse" them, where: (1) those producers are affiliated; (2) the producers have production facilities for producing similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities; and (3) there is a significant potential for manipulation of price or production.³⁷ In determining whether a significant potential for manipulation exists, 19 CFR 351.401(f)(2) states that Commerce may consider various factors, including: (1) the level of

NOES as "cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. The term 'substantially equal' means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (*i.e.*, the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (*i.e.*, parallel to) the rolling direction of the sheet (*i.e.*, B800 value). NOES contains by weight more than 1.00 percent of silicon but less than 3.5 percent of silicon, not more than 0.08 percent of carbon, and not more than 1.5 percent of aluminum. NOES has a surface oxide coating, to which an insulation coating may be applied."

³⁶ See *Certain Steel Nails from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances and Postponement of Final Determination*, 73 FR 3928, 3932 (January 23, 2008) (unchanged in *Certain Steel Nails from the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value*, 73 FR 7254 (February 7, 2008), and *Certain Steel Nails from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 33977 (June 16, 2008)).

³⁷ See, *e.g.*, *Gray Portland Cement and Clinker from Mexico: Final Results of Antidumping Duty Administrative Review*, 63 FR 12764, 12774-75 (March 16, 1998).

common ownership; (2) the extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and (3) whether the operations of the affiliated firms are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers.³⁸

“Collapsing” starts with a determination of whether two or more companies are affiliated. Section 771(33)(E) of the Act defines affiliated persons to include “{a}ny person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting stock or shares of any organization and such organization.” Section 771(33)(F) of the Act defines affiliated persons to include “{t}wo or more persons directly or indirectly controlling, controlled by, or under common control with, any person.” Section 771(33)(G) of the Act defines affiliated persons to include “{a}ny person who controls any other person and such other person.” Section 771(33) of the Act further stipulates that a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person, and the Statement of Administrative Action accompanying the Uruguay Round Agreements Act (SAA) notes that control may be found to exist within corporate groupings.³⁹

POSCO and PIC

For the reasons set forth in the proprietary POSCO/PIC Preliminary Affiliation and Collapsing Memorandum,⁴⁰ we preliminarily determine that POSCO and PIC are affiliated pursuant to section 771(33)(E) of the Act because PIC is majority-owned by POSCO.⁴¹ Due to the business proprietary nature of information relating to this analysis, a more detailed discussion of this matter can be found in the POSCO/PIC Preliminary Affiliation and Collapsing Memorandum.

Commerce relies on the totality of the circumstances in deciding when to treat affiliated parties as a single entity pursuant to 19 CFR 351.401(f). In this case, we have sufficient information to find that POSCO and PIC are affiliated.⁴² We further find that the production facilities available to either company are essentially the same and substantial retooling of either manufacturing facility would not be required in order to restructure manufacturing priorities. Moreover, record evidence demonstrates significant potential for manipulation of prices and production between POSCO and PIC due to: (1) level of common ownership; (2) overlapping management; and (3) intertwined operations.⁴³

³⁸ See, e.g., *Nihon Cement Co., Ltd. v. United States*, 17 C.I.T. 400 (May 25, 1993); see also, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Collated Roofing Nails from Taiwan*, 62 FR 51427, 51436 (October 1, 1997).

³⁹ See SAA, H.R. Doc. 103-316, vol 1 (1994) at 838 (stating that control may exist within the meaning of section 771(33) of the Act in the following types of relationships: (1) corporate or family groupings, (2) franchises or joint venture agreements, (3) debt financing, and (4) close supplier relationships in which either party becomes reliant upon the other).

⁴⁰ See Memorandum, “Cold-Rolled Steel Flat Products from the Republic of Korea: POSCO and POSCO International Corporation Affiliation and Collapsing Memorandum,” dated concurrently with this memorandum (POSCO/PIC Preliminary Affiliation and Collapsing Memorandum).

⁴¹ *Id.*; see also POSCO Section AQR at Exhibit A-5.2.

⁴² See POSCO/PIC Preliminary Affiliation and Collapsing Memorandum.

⁴³ See POSCO/PIC Preliminary Affiliation and Collapsing Memorandum.

In accordance with 19 CFR 351.401(f) and Commerce's practice,⁴⁴ we are treating POSCO and PIC as a single entity for the purposes of these preliminary results.⁴⁵

V. RATE FOR NON-EXAMINED COMPANY

In addition to the mandatory respondents, this review covers KG Dongbu Steel which was not selected for individual examination.⁴⁶ For the reasons set forth in the *Dongbu CCR*,⁴⁷ which we incorporate by reference, we preliminarily determine that KG Dongbu Steel is the successor-in-interest to Dongbu Steel and Dongbu Incheon for purposes of determining AD cash deposits and liabilities pursuant to the *Order*.⁴⁸ As discussed below, Commerce is applying the non-examined company rate calculated in this review to KG Dongbu Steel for purposes of these preliminary results. If the preliminary results in the *Dongbu CCR* remain unchanged in the final results of the changed circumstance review with respect to KG Dongbu Steel, Commerce intends to apply the non-examined company rate that will be calculated in the final results of this review to KG Dongbu Steel.

The statute and Commerce's regulations do not address the establishment of a rate to be applied to companies not selected for individual examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in a market economy investigation, for guidance when calculating the rate for companies which were not selected for individual examination in an administrative review. Under section 735(c)(5)(A) of the Act, the all-others rate is normally "an amount equal to the weighted average of the estimated weighted average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely {on the basis of facts available}."

In this review, we have preliminarily calculated weighted-average dumping margins for Hyundai and POSCO/PIC that are zero percent. Consistent with the Court of Appeals for the Federal Circuit's decision in *Albemarle*,⁴⁹ and our practice, we have preliminarily determined that the zero percent dumping margin calculated for the two mandatory respondents, Hyundai and POSCO/PIC, will be assigned to the non-examined companies under section 735(c)(5)(B) of the Act. This is the only dumping margin determined in this review and thus, it is appropriate to apply this dumping margin to the non-examined company, KG Dongbu Steel.

⁴⁴ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from Indonesia*, 72 FR 60636 (October 25, 2007), and accompanying IDM; see also *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia: Final Determination of Sales at Less Than Fair Value*, 75 FR 59223 (September 27, 2010), and accompanying IDM.

⁴⁵ See POSCO/PIC Preliminary Affiliation and Collapsing Memorandum.

⁴⁶ See *Initiation Notice* at 61013; see also *Partial Rescission* at 63254; *Dongbu CCR* at 287.

⁴⁷ See *Dongbu CCR*.

⁴⁸ *Id.*, at 287; see also *Order*.

⁴⁹ See *Albemarle Corp. v. United States*, 821 F. 3d 1345 (Fed. Cir. 2016) (*Albemarle*).

VI. DISCUSSION OF THE METHODOLOGY

A. Comparisons to Normal Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether Hyundai and POSCO/PIC's sales of subject merchandise were made at less than NV, Commerce compared the export price (EP) or constructed export price (CEP), as appropriate, to the NV as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this memorandum.

1. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs) (*i.e.*, the average-to-average method) unless Commerce determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, Commerce examines whether to compare weighted-average NVs with the EPs (or CEPs) of individual sales (*i.e.*, the average-to-transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern Commerce's examination of this question in the context of administrative reviews, Commerce nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in less-than-fair-value investigations.⁵⁰

In recent investigations, Commerce applied a "differential pricing" analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.⁵¹ Commerce finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce's additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average method in calculating a respondent's weighted-average dumping margin.

The differential pricing analysis used in these preliminary results examines whether there exists a pattern of prices for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchaser, region and time period to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping

⁵⁰ See *Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012), and accompanying IDM at Comment 1; see also *Apex Frozen Foods Private Ltd. v. United States*, 37 F. Supp. 3d 1286, 1293 (CIT 2014).

⁵¹ See, e.g., *Xanthan Gum from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013); *Steel Concrete Reinforcing Bar from Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014); and *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015) (*Welded Line Pipe*).

margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer codes. Regions are defined using the reported destination code (*i.e.*, zip, state) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the period of review based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region and time period, that Commerce uses in making comparisons between EP (or CEPs) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* coefficient is a generally recognized statistical measure of the extent of the difference between the mean (*i.e.*, weighted-average price) of a test group and the mean (*i.e.*, weighted-average price) of a comparison group. First, for comparable merchandise, the Cohen’s *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser, region or time period each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen’s *d* coefficient is used to evaluate the extent to which the prices to the particular purchaser, region, or time period differ significantly from the prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen’s *d* test: small, medium, or large (0.2, 0.5, and 0.8, respectively). Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass the Cohen’s *d* test, if the calculated Cohen’s *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

Next, the “ratio test” assesses the extent of the significant price differences for all sales as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen’s *d* test. If 33 percent or less of the value of total sales passes the Cohen’s *d* test, then the results of the Cohen’s *d* test do not support consideration of an alternative to the average-to-average method.

If both tests in the first stage (*i.e.*, the Cohen’s *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, Commerce examines whether using only the average-to-average method can appropriately account for such differences. In considering this question, Commerce tests whether using an alternative

comparison method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, then this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative comparison method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if: (1) there is a 25 percent relative change in the weighted-average dumping margins between the average-to-average method and the appropriate alternative method where both rates are above the *de minimis* threshold; or (2) the resulting weighted-average dumping margins between the average-to-average method and the appropriate alternative method move across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.

2. Results of the Differential Pricing Analysis

For Hyundai, based on the results of the differential pricing analysis, Commerce preliminarily finds that 27.10 percent of the value of U.S. sales pass the Cohen's *d* test, which does not confirm the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods.⁵² Thus, the results of the Cohen's *d* and ratio tests do not support consideration of an alternative to the average-to-average method. Accordingly, Commerce preliminarily determines to apply the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Hyundai.

For POSCO, based on the results of the differential pricing analysis, Commerce preliminarily finds that 67.31 percent of the value of U.S. sales pass the Cohen's *d* test, which confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods.⁵³ Further, Commerce preliminarily determines that there is no meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to all U.S. sales. Thus, for these preliminary results, Commerce is applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for POSCO.

B. Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced and sold by the respondents in Korea during the POR that fit the description in the "Scope of the Order" section of this notice to be foreign like products for purposes of determining appropriate product

⁵² For additional details, see Memorandum, "Third Administrative Review of Certain Cold Rolled Flat Products from the Republic of Korea—Analysis of Hyundai Steel Company," dated concurrently with this memorandum (Hyundai Preliminary Analysis Memorandum).

⁵³ For additional details, see Memorandum, "Third Administrative Review of Certain Cold Rolled Flat Products from the Republic of Korea—Analysis of POSCO/PIC," dated concurrently with this memorandum (POSCO/PIC Preliminary Analysis Memorandum).

comparisons to U.S. sales. We compared U.S. sales to sales made in the home market, where appropriate. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to sales of the most similar foreign like product made in the ordinary course of trade.

In making product comparisons, we matched foreign like products based on the physical characteristics reported by the respondents⁵⁴ in the following order of importance: painted, minimum specified carbon content, quality, minimum specified yield strength, nominal thickness, nominal width, form, and heat treatment. For Hyundai and POSCO/PIC's sales of cold-rolled steel in the United States, the reported control number identifies the characteristics of cold-rolled steel as it entered the United States.

C. Date of Sale

In accordance with 19 CFR 351.401(i), normally, we will use the date of invoice, as recorded in the producer's or exporter's records kept in the ordinary course of business, as the date of sale. Furthermore, if the shipment date precedes the invoice date, then Commerce will use the date of shipment as the date of sale. The regulation provides that we may use a date other than the date of the invoice if Commerce is satisfied that a different date better reflects the date on which the material terms of sale are established.⁵⁵

Hyundai

For its home market sales, Hyundai reported the earlier of shipment date (*i.e.*, the date the merchandise leaves the factory or warehouse) or invoice date in the data field SALEDATH.⁵⁶ Hyundai normally recognizes a sale at the time of shipment from the factory. However, in some limited instances, customers requested that Hyundai delay shipments to a later date. Consequently, certain home market sales that were invoiced during the POR had not yet shipped from Hyundai's factory. In these instances, because Hyundai has issued invoices for these sales, and ownership of the merchandise was transferred to the customer when the tax invoices were issued, Hyundai has reported these sales in its sales database.⁵⁷ Hyundai also reported that for home market sales, all material terms of sale (*e.g.*, quantity and value) can change up to the point of shipment.⁵⁸ Therefore, for purposes of these preliminary results, we used the earlier of the shipment date or the invoice date as the date of sale to determine Hyundai's home market date of sale. This is consistent with Commerce's normal methodology regarding date of sale because the material terms of sale are still subject to change when orders are confirmed.⁵⁹

⁵⁴ See, *e.g.*, Hyundai Section B-EQR; and POSCO/PIC's BEQR.

⁵⁵ See 19 CFR 351.401(i); see also *Allied Tube and Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-92 (CIT 2001) (*Allied Tube*); and *Yieh Phui Enterprise Co. v. United States*, 791 F. Supp. 2d 1319 (CIT 2011) (affirming that Commerce may use invoice date unless a party demonstrates that the material terms of its sale were established on another date).

⁵⁶ See Hyundai AQR at A-26

⁵⁷ See Hyundai BDQR at B-20.

⁵⁸ *Id.*

⁵⁹ See 19 CFR 351.401(i); *Allied Tube*, 132 F. Supp. 2d at 1090-92.

For its U.S. sales, Hyundai reported the shipment date from Hyundai's factory as the date of sale for its sales through unaffiliated distributors in Korea and those sales through Hyundai Corporation. For its U.S. sales through Hyundai Steel America (HSA) to unaffiliated processors, Hyundai reported the date of shipment from HSA's warehouse as the date of sale. For U.S. sales through affiliated processors to unaffiliated processors, Hyundai reported the date of shipment from the affiliated processor's facility as the date of sale. For both home market and U.S. sales, Hyundai issues its commercial invoices (U.S. market) or tax invoices (home market) at or after the time of shipment.⁶⁰ For U.S. sales, Hyundai reported the shipment date from Hyundai's factory as the date of sale, thus, Commerce will rely on shipment date, consistent with Commerce's practice of using the earlier of shipment or invoice date as the date of sale.⁶¹

POSCO/PIC

For its home market sales, POSCO/PIC reported the date of sale as the earlier of invoice date or shipment date.⁶² POSCO/PIC indicated the terms of sale for home market sales are finalized on the shipment date.⁶³ For purposes of these preliminary results, we used the date of the shipment as the date of sale for POSCO/PIC's home market sales, consistent with Commerce's practice of using the earlier of shipment or invoice date as the date of sale.⁶⁴

For the U.S. market, POSCO/PIC reported the shipment date from the factory in Korea as the date of sale for the CEP sales which were made on a back-to-back basis and shipped directly to unaffiliated customers.⁶⁵ For sales by POSCO/PIC's U.S. affiliates from inventory, POSCO/PIC reported the date of the invoice from the U.S. affiliate to its unaffiliated U.S. customer as the date of sale.⁶⁶ For these preliminary results, we are using the POSCO shipment date or the affiliate's invoice date, as appropriate, as the date of sale for POSCO/PIC's U.S. market sales. This is consistent with Commerce's normal methodology regarding date of sale, as the date of sale is normally the date of invoice (or the shipment date, if earlier), and because the material terms of sale are still subject to change when orders are confirmed. This is in accordance with 19 CFR 351.401(i), as noted above.⁶⁷

⁶⁰ See Hyundai's AQR at A-26 to A-28.

⁶¹ *Id.*; see also 19 CFR 351.401(i); and *Allied Tube*, 132 F. Supp. 2d at 1090-92.

⁶² See POSCO/PIC's BDQR at B-24 to B-26.

⁶³ *Id.*

⁶⁴ *Id.*; see also 19 CFR 351.401(i); and *Allied Tube*, 132 F. Supp. 2d at 1090-92.

⁶⁵ See POSCO/PIC's CEQR at C-19.

⁶⁶ *Id.*

⁶⁷ See also, e.g., *Non-Oriented Electrical Steel From the Republic of Korea: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 79 FR 29426 (May 22, 2014), and accompanying PDM at 15-16 (unchanged in *Non-Oriented Electrical Steel From the Republic of Korea: Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances*, 79 FR 61612 (October 14, 2014) ("As the information on the record indicates that the material terms of sale...could change until the date of shipment or invoice, where applicable, for both U.S. and comparison market sales, for purposes of these preliminary results, we used the date of shipment (if earlier than the date of invoice) or the date of invoice as the date of sale for POSCO's reported U.S. and comparison market sales.")).

D. Export Price and Constructed Export Price

Section 772(a) of the Act defines EP as “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 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, as adjusted under subsection (c).”

Section 772(b) of the Act defines CEP as “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, as adjusted under subsections (c) and (d).” As explained below, we based the U.S. price on the CEP for both Hyundai and POSCO/PIC.

Hyundai

Hyundai reported that it made CEP sales through its affiliated reseller/processor, HSA.⁶⁸ We did not increase U.S. price for Hyundai because Hyundai did not make a claim for a duty drawback adjustment.⁶⁹ We calculated CEP based on a packed price to customers in the United States. We made deductions from the starting price (adjusted for billing adjustments) for any movement expenses (*e.g.*, foreign inland freight, foreign brokerage and handling, U.S. brokerage and handling, international freight, marine insurance, U.S. inland freight, and U.S. duty), in accordance with section 772(c)(2)(A) of the Act. In accordance with section 772(d)(1) of the Act, we calculated CEP by deducting selling expenses associated with economic activities occurring in the United States, which include direct selling expenses (imputed credit expenses and U.S. inventory carrying costs) and indirect selling expenses. In addition, pursuant to section 772(d)(3) of the Act, we further reduced the starting price by an amount for profit to arrive at CEP.⁷⁰ Finally, the record evidence shows that Hyundai demonstrated the adjustment to price for the cost of any further manufacturing in the United States for sales used in the calculations, in accordance with section 772(d)(2) of the Act.

POSCO/PIC

POSCO/PIC classified its U.S. sales as CEP sales because all such sales were invoiced and sold by U.S. affiliates, either as direct mill sales or from inventory maintained at U.S. warehouses.⁷¹ We calculated CEP based on the packed prices to unaffiliated purchasers in the United States. We adjusted these prices for movement expenses, including foreign inland freight, foreign brokerage and handling, international freight, marine insurance, U.S. brokerage and handling, U.S. customs duties, U.S. inland freight, and U.S. warehousing expenses, in accordance with section 772(c)(2)(A) of the Act. In accordance with section 772(d)(1) of the Act, we calculated CEP by deducting selling expenses associated with economic activities occurring in the United States, which included indirect selling expenses. We also made an adjustment to price for the cost of any further manufacturing or assembly (including repacking) for sales used in the

⁶⁸ See Hyundai’s AQR at A-13.

⁶⁹ See Hyundai Section BCQR at C-50.

⁷⁰ For additional details, see Hyundai Analysis Memorandum.

⁷¹ See, *e.g.*, POSCO/PIC CEQR at C-17.

calculations, in accordance with section 772(d)(2) of the Act. In addition, pursuant to section 772(d)(3) of the Act, we further reduced the starting price by an amount for profit to arrive at CEP.⁷² POSCO/PIC reported CEP sales by POSCO to unaffiliated Korean trading companies and by PIC to unaffiliated U.S. customers during the POR.⁷³ Accordingly, we based CEP on a packed price to the first unaffiliated purchaser, whether located in Korea or in the United States. We made deductions for movement expenses, in accordance with section 772(c)(2)(A) of the Act, which included, foreign inland freight, foreign brokerage and handling, international freight, marine insurance, and certain additional U.S. movement expenses, as appropriate.⁷⁴ We did not make any adjustments for countervailable export subsidies for Hyundai or POSCO because there were no measurable export subsidies in the most recently completed countervailing duty administrative review.⁷⁵ Hyundai and POSCO did not claim an adjustment for duty drawback in this review. Accordingly, no adjustment has been made for duty drawback in these preliminary results.

E. Particular Market Situation

On March 23, 2020, the petitioners alleged that Commerce should find that a cost-based and price-based PMS existed during the POR in Korea, which distorted the COP and sales prices of cold-rolled steel.⁷⁶ Further, the petitioners submitted factual information in support of these allegations. On July 31, 2020, U.S. Steel provided additional factual information to clarify the PMS Allegations.⁷⁷ On September 3, 2020, Commerce accepted these clarifying comments.⁷⁸ On September 24, 2020, Hyundai and POSCO/PIC timely filed comments and factual information in response to the PMS Allegations and U.S. Steel's Clarifying PMS Information.⁷⁹

The petitioners alleged that a series of factors affecting hot-rolled coil (HRC), the primary material input in the production of cold-rolled steel, render, individually or collectively, the costs of cold-rolled steel production in Korea outside the ordinary course of trade.⁸⁰ The petitioners alleged that the existence of a PMS is supported by substantial evidence based on: (1) Chinese overcapacity of HRC; (2) Korean overcapacity of HRC; (3) Korean government intervention in Korea's steel market; (4) distortion in the Korean electricity market; (5) overcapacity and subsidization that impact shipping rates; (6) distorted ore prices.⁸¹ The petitioners argue that Commerce should make adjustments to the respondents' COP in order to remedy the alleged price distortions as it has done in recent reviews of oil country tubular goods from Korea, as well

⁷² For additional details, see POSCO/PIC Analysis Memorandum.

⁷³ See, e.g., POSCO/PIC's AQR at A-21 through A-24.

⁷⁴ For additional reference to these certain additional U.S. movement expenses, about which some information on the record is proprietary, see POSCO/PIC Analysis Memorandum.

⁷⁵ See section 772(c)(1)(C) of the Act; see also *Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2017*, 85 FR 38361 (June 26, 2020).

⁷⁶ See Petitioners' PMS Allegation.

⁷⁷ See U.S. Steel's Clarifying Information.

⁷⁸ See Memorandum, "Administrative Review of the Antidumping Order on Certain Cold Rolled Steel Flat Products from the Republic of Korea: Request to Reject U.S. Steel's July 31, 2020, Submission Related to Particular Market Situation Allegation," dated September 3, 2020.

⁷⁹ See Hyundai's and POSCO/PIC's Letter, "Cold-Rolled Steel Products from Korea: Submission of Factual Information in Response to U.S. Steel's July 31, 2020, Clarifying PMS Submission," dated September 24, 2020.

⁸⁰ See Petitioners' PMS Allegation.

⁸¹ *Id.* at 73-87.

as in *CWP from Turkey Preliminary Results* and *Pipe and Tube from India Preliminary Results*.⁸²

For these preliminary results, Commerce considered the totality of circumstances on the record, including the petitioners' allegation as a whole. For the reasons more fully explained in the proprietary PMS Memorandum, Commerce preliminarily finds that a cost-based PMS existed in Korea during the POR concerning the cost of the main production input, HRC, as a component of the COP for the cold-rolled steel that Hyundai and POSCO/PIC produced.⁸³ While we preliminarily find that a PMS existed in Korea affecting the material costs for HRC, we do not find for these preliminary results that a PMS existed such that home market sale prices of cold-rolled steel are distorted, *i.e.*, home market sale prices of cold-rolled steel are outside the ordinary course of trade.⁸⁴

In addition to finding that a cost-based PMS existed in Korea during the POR, Commerce has determined that there is sufficient evidence to quantify the impact of this PMS with respect to the costs for HRC. In quantifying the impact, Commerce has determined to make an upward adjustment to costs for HRC. Specifically, the cost for all purchased input HRC will be increased by the adjustment factor derived in the Regression Analysis.⁸⁵ Commerce preliminarily finds that this rate appropriately quantifies the impact of the PMS concerning the distortion in the cost of HRC that existed in Korea during the POR. Specifically, the Regression Analysis sufficiently quantifies the impact of the PMS on the material cost of HRC and derives a corresponding adjustment factor that, when applied to the costs of HRC, accounts for the distortions induced by the observed PMS.⁸⁶

⁸² *Id.* at 2, 14-15, Exhibits 4 and 5; see also *Circular Welded Carbon Steel Standard Pipe and Tube Products From Turkey: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Determination of No Shipments; 2017-2018*, 84 FR 34345 (July 18, 2019) (*CWP from Turkey Preliminary Results*), and accompanying PDM (also adjusted in *Circular Welded Carbon Steel Standard Pipe and Tube Products from Turkey: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2017-2018*, 85 FR 3616 (January 22, 2020); *Welded Carbon Steel Standard Pipes and Tubes From India: Preliminary Results of Antidumping Duty Administrative Review; 2017-2018*, 84 FR 33916 (July 16, 2019) (*Pipe and Tube from India Preliminary Results*), and accompanying PDM (also adjusted in *Welded Carbon Steel Standard Pipes and Tubes from India: Final Results of Antidumping Duty Administrative Review; 2017-2018*, 85 FR 2715 (January 16, 2020)); *Certain Oil Country Tubular Goods from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2014-2015*, 82 FR 18105 (April 17, 2017), and accompanying IDM at Comment 3; *Certain Oil Country Tubular Goods from the Republic of Korea: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2015-2016*, 83 FR 17146 (April 18, 2018), and accompanying IDM at Comment 1; *Certain Oil Country Tubular Goods from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2016-2017*, 84 FR 24085 (May 24, 2019), and accompanying IDM at Comments 1-A and 1-B.

⁸³ For a complete discussion, see Memorandum, "Cold-Rolled Steel from the Republic of Korea: Preliminary Particular Market Situation Memorandum," dated concurrently with this memorandum (PMS Memorandum).

⁸⁴ For a complete discussion, see PMS Memorandum.

⁸⁵ *Id.* Such an adjustment will not be made with respect to POSCO/PIC because this company did not purchase HRC during the POR.

⁸⁶ See PMS Memorandum.

F. Normal Value

1. Comparison Market Viability

In order 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 equal to or greater than five percent of the aggregate volume of U.S. sales), we normally compare 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 sections 773(a)(1)(A) and (B) of the Act. If we determine that no viable home market exists, we may, if appropriate, use a respondent's sales of the foreign like product to a third country market as the basis for comparison market sales in accordance with section 773(a)(1)(C) of the Act and 19 CFR 351.404.

In this review, we determined that the aggregate volume of home market sales of the foreign like product for Hyundai and POSCO/PIC was greater than five percent of the aggregate volume of its U.S. sales of the subject merchandise.⁸⁷ Therefore, we used home market sales as the basis for NV for Hyundai and POSCO/PIC, in accordance with section 773(a)(1)(B) of the Act. Consistent with our practice, we also included Hyundai and POSCO/PIC's home market sales to affiliated parties for purposes of determining home market viability.⁸⁸

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

Commerce may calculate NV based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the exporter or producer, *i.e.*, sales were made at arm's-length prices.⁸⁹ Commerce excludes home market sales to affiliated customers that are not made at arm's-length prices from our margin analysis because Commerce considers them to be outside the ordinary course of trade. Consistent with 19 CFR 351.403(c) and (d) and our practice, "{Commerce} *may* calculate normal value based on sales to affiliates if the agency is satisfied that the transactions were made at arm's length."⁹⁰

Hyundai and POSCO/PIC reported they had sales of merchandise under consideration to affiliated parties in the home market during the POR.⁹¹ Pursuant to 19 CFR 351.403(c) and in accordance with Commerce's practice, where the price to the affiliated party was, on average, within a range of 98 to 102 percent of the price of the same or comparable merchandise sold to

⁸⁷ See Hyundai Section AQR at Exhibit A-1; and POSCO/PIC Section AQR at Exhibit A-1.

⁸⁸ See *Certain Oil Country Tubular Goods from Saudi Arabia: Final Determination of Sales at Less Than Fair Value*, 79 FR 41986 (July 18, 2014), and accompanying IDM at Comment 2 (use of affiliated party sales in viability determination).

⁸⁹ See 19 CFR 351.403(c).

⁹⁰ See *China Steel Corp. v. United States*, 264 F. Supp. 2d 1339, 1365 (CIT 2003) (emphasis in original); and *China Steel Corp v. United States*, 306 F. Supp. 2d 1291 (CIT 2004).

⁹¹ See Hyundai Section AQR at A-4; and POSCO/PIC Section AQR at Exhibit A-1.

unaffiliated parties, we determined that sales made to the affiliated party were at arm's length.⁹² Sales to affiliated customers in the home market that were not made at arm's-length prices were excluded from our analysis because we considered these sales to be outside the ordinary course of trade.⁹³

3. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, Commerce will calculate NV based on sales at the same level of trade (LOT) as the U.S. sales. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent).⁹⁴ Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing.⁹⁵ In order to determine whether the comparison market sales are at different stages in the marketing process than the U.S. sales, we examine the distribution system in each market (*i.e.*, the chain of distribution), including selling functions and class of customer (customer category), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying LOTs for EP and comparison market sales (*i.e.*, NV based on either home market or third country prices),⁹⁶ we consider the starting prices before any adjustments. For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.⁹⁷

When Commerce is unable to match sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, Commerce may compare the U.S. sale to sales at a different LOT in the comparison market. In comparing EP or CEP sales at a different LOT in the comparison market, where available data make it possible, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if the NV LOT is at a more advanced stage of distribution than the LOT of the CEP and there is no basis for determining whether the difference in LOTs between NV and CEP affects price comparability (*i.e.*, no LOT adjustment is possible), Commerce will grant a CEP offset, as provided in section 773(a)(7)(B) of the Act.⁹⁸

⁹² See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69187 (November 15, 2002) (establishing that the overall ratio calculated for an affiliate must be between 98 percent and 102 percent in order for sales to be considered in the ordinary course of trade and used in the normal value calculation).

⁹³ See 19 CFR 351.102(b)(35).

⁹⁴ See 19 CFR 351.412(c)(2).

⁹⁵ *Id.*; see also *Certain Orange Juice from Brazil: Final Results of Antidumping Duty Administrative Review and Notice of Intent Not to Revoke Antidumping Duty Order in Part*, 75 FR 50999 (August 18, 2010) (*Orange Juice from Brazil*), and accompanying IDM at Comment 7.

⁹⁶ Where NV is based on CV, we determine the NV LOT based on the LOT of the sales from which we derive selling, general and administrative expenses, and profit for CV, where possible. See 19 CFR 351.412(c)(1).

⁹⁷ See *Micron Tech., Inc. v. United States*, 243 F. 3d 1301, 1314-16 (Fed. Cir. 2001).

⁹⁸ See, *e.g.*, *Orange Juice from Brazil* IDM at Comment 7.

Hyundai

In the home market, Hyundai reported that it made sales through one channel of distribution (*i.e.*, directly to its customers, regardless of whether a customer is a distributor or an end-user).⁹⁹ Hyundai reported that it performed the following selling functions for sales to home market customers: sales forecasting; strategic economic planning and market research; advertising; sales/marketing support; personnel training/exchange; engineering services/technical assistance; inventory maintenance; post-sale warehousing; freight and delivery arrangements; order input/processing; provide rebates/cash discounts/commission and warranty service.¹⁰⁰ Selling activities can be generally grouped into five selling function categories for analysis: (1) sales support; (2) training services; (3) technical support; (4) logistical services; and (5) sales related administrative activities. Hyundai reported that it performed the same selling functions at the same relative level of intensity for all of its home market sales. However, as noted below, we are unable to rely on the data Hyundai provided with respect to the intensity of its selling functions.

With respect to the U.S. market, Hyundai reported that it made sales through two channels of distribution, CEP sales through its affiliate, HSA, to unaffiliated parties (Channel 1) and to affiliated parties which further processed the subject merchandise before sale (Channel 2).¹⁰¹ With respect to the U.S. LOT for both Channel 1 and Channel 2 sales, Hyundai reported that it performed the following selling functions for its sales to the United States: sales forecasting; strategic economic planning and market research; advertising; sales promotion; sales/marketing support; personnel training/exchange; distributor/dealer training; engineering services/technical assistance; post-sale warehousing; inventory maintenance; order input/processing; provide rebates/cash discounts/ commission; freight and delivery arrangements; and warranty service.¹⁰² Based on the selling function categories noted above, we find that, with respect to both Channels 1 and 2, Hyundai performed: (1) sales support; (2) training services; (3) technical support; (4) logistical services; and (5) sales related administrative activities.¹⁰³ Hyundai reported it performed the same selling functions at the same relative level of intensity for both channels of trade in the U.S. However, as noted below, we are unable to rely on the data Hyundai provided with respect to the intensity of its selling functions.

Hyundai maintains that it used a quantitative method based on the number of employees to determine intensities of the different selling functions. For the home market and U.S. channels of trade, Hyundai reported the intensities at which these functions are performed on a scale of one to ten.¹⁰⁴ However, a review of the exhibit in which these calculations are presented indicates that Hyundai provided numbers of employees within certain broad divisions of the company to calculate the intensity of the various selling functions, rather than indicating the hours spent performing these functions.¹⁰⁵ Moreover, there is nothing that ties the level of employees within accounting divisions to the specific, individual selling functions (*e.g.* sales and marketing support and inventory maintenance) rather than to other functions unrelated to

⁹⁹ See Hyundai Section AQR at A-20.

¹⁰⁰ *Id.* at A-19 to A-27 and Exhibits A-11 to A-13.

¹⁰¹ *Id.* at A-19-20 and Exhibits A-11 to A-12.

¹⁰² *Id.* at AQR at A-19 to A-23 and at Exhibits A-11 to A-13.

¹⁰³ *Id.* at A-14.

¹⁰⁴ *Id.* at Exhibit A-13-2.

¹⁰⁵ *Id.* at Exhibit A-13-1.

customer selling.¹⁰⁶ Additionally, the information presented by Hyundai concerning the number of employees employed fails to establish how much of these employees' time was specifically devoted to the selling functions these employees performed as compared to other broad corporate activities undertaken by Hyundai.¹⁰⁷ Accordingly, we have not granted a CEP offset or level of trade adjustment for Hyundai, pursuant to section 773(a)(7)(B) of the Act.

POSCO/PIC

In the home market, POSCO/PIC reported that it made sales through four channels of distribution: (1) sales to end-users; (2) sales to affiliated resellers; (3) direct shipments to unaffiliated customers in Korea; and (4) cyber transactions.¹⁰⁸ POSCO/PIC reported that it performed the following selling functions for sales to all home market customers: sales forecasting; strategic economic planning; advertising; sales promotion; sales/marketing support; market research; personnel training/exchange; direct sales personnel; technical assistance; engineering services; packing and repacking; inventory maintenance; freight and delivery arrangement; order input/processing; and warranty services.¹⁰⁹ Based on the selling function categories noted above, we find that with respect to all four channels, POSCO/PIC performed: (1) sales support; (2) training services; (3) technical support; (4) logistical services; and (5) sales-related administrative activities.¹¹⁰ POSCO/PIC reported it performed the same selling functions at the same relative level of intensity, with the exception of sales support, for all of its home market sales. However, we are unable to rely on the data POSCO/PIC provided with respect to the intensity of its selling functions.

With respect to the U.S. market, POSCO/PIC reported that it made sales through two channels of distribution: CEP sales through PIC and POSCO International America (PIA) (Channel 1), and CEP Sales through POSCO America (POSAM) and POSCO America Alabama Processing Center Co., Ltd. (AAPC) (Channel 2).¹¹¹ With respect to the U.S. LOT for both Channel 1 and Channel 2 sales, POSCO/PIC reported that it performed the following selling functions for its sales to the United States: sales forecasting; strategic economic planning; sales/marketing support; market research; personnel training/exchange; direct sales personnel; technical assistance; packing; freight and delivery arrangement; order input/processing; and warranty services.¹¹² Based on the selling function categories noted above, we find that with respect to both Channels 1 and 2, POSCO/PIC performed sales support, training services, technical support, logistical services, and sales related administrative activities for U.S. sales. POSCO/PIC reported it performed the same selling functions at the same relative level of intensity, with the exception of some logistical services, for its U.S. sales in Channel 1 and Channel 2. However, as discussed below, we are unable to rely on the data POSCO/PIC provided with respect to the intensity of its selling functions.

¹⁰⁶ *Id.* at Exhibit A-13-2.

¹⁰⁷ *Id.* at Exhibits A-13-1 and A-13-2.

¹⁰⁸ See POSCO/PIC's AQR at A-19 to A-21.

¹⁰⁹ *Id.* at A-24 to A-28 and Exhibit A-7.

¹¹⁰ *Id.* at Exhibit A-7.

¹¹¹ *Id.* at A-21 to A-22 and Exhibit A-7.

¹¹² *Id.*

POSCO/PIC maintains that it used a quantitative method based on the number of employees to determine intensities of the different selling functions. For the home market and U.S. channels of trade, POSCO/PIC reported the intensities at which these functions are performed on a scale of one to ten based on the hours worked by certain employees.¹¹³ However, in the exhibit in which these figures are presented, POSCO/PIC submitted only limited general corporate information that does not include evidence of the intensity levels claimed for the reported selling activities.¹¹⁴ Therefore, in a supplemental questionnaire, for each selling function performed, we requested that POSCO/PIC provide the number of labor hours that employees spent on each of these activities.¹¹⁵ In response, POSCO/PIC stated that it did not maintain such hourly activity information for each activity.¹¹⁶ We also asked that POSCO/PIC provide the documents maintained in the ordinary course of business (*e.g.*, expense ledgers maintained in the ordinary course of business, statements of company officials, *etc.*) that it used to report the different levels of intensity in the two markets and to explain how the source documents support POSCO/PIC's claims regarding the reported levels of intensity for each activity.¹¹⁷ In response, for each activity, POSCO/PIC reported that it relied on general information from sales personnel involved in the sales of subject merchandise to determine different levels of intensity with respect to each sales activity.¹¹⁸ POSCO/PIC did not provide documentation that ties the number of employees within accounting divisions to the specific, individual selling functions rather than to other functions unrelated to customer selling. Additionally, the information presented by POSCO/PIC concerning the number of employees employed fails to establish how much time these employees specifically devoted to the selling functions claimed by POSCO/PIC, as compared to other broad corporate activities undertaken by POSCO/PIC. Because POSCO/PIC did not provide the data or documentation to support its quantitative analysis of the selling functions it performed, we have not relied on these data in these preliminary results.

As such, we cannot determine if the home market sales and U.S. sales are made at different LOTs, and we have made no LOT adjustment for these preliminary results. Accordingly, we have not granted a CEP offset for POSCO/PIC, pursuant to section 773(a)(7)(B) of the Act.

4. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of costs of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses, and interest expenses.¹¹⁹

We relied on the COP data submitted by Hyundai and POSCO/PIC, as reported in their section D responses except as noted below.¹²⁰ We examined Hyundai's and POSCO/PIC's cost data and

¹¹³ *Id.* at Exhibit A-7.

¹¹⁴ *Id.* at Exhibit A-7.1.

¹¹⁵ See Commerce's Letter, "Administrative Review of the Antidumping Duty Order on Cold Rolled Steel Flat Products from the Republic of Korea: Supplemental Questionnaire," dated April 22, 2020.

¹¹⁶ See POSCO/PIC's SAQR at SA-2.

¹¹⁷ See Commerce's Letter, "Administrative Review of the Antidumping Duty Order on Cold Rolled Steel Flat Products from the Republic of Korea: Supplemental Questionnaire," dated April 22, 2020.

¹¹⁸ See POSCO/PIC's SAQR at SA-2 to SA-3.

¹¹⁹ See "Test of Comparison Market Sales Prices" section for treatment of home market selling expenses.

¹²⁰ See Hyundai Analysis Memorandum; and POSCO/PIC Analysis Memorandum.

determined that our quarterly cost methodology is not warranted, therefore, we applied our standard methodology of using annual costs based on the reported data. We adjusted the cost of inputs purchased by POSCO/PIC from affiliated suppliers to reflect market price of the inputs in accordance with section 773(f)(2) of the Act. We increased Hyundai's reported cost for purchased HRC as a component of COP using a specific adjustment applicable to the PMS that we found to exist in Korea concerning this input of production as discussed above.

i. Test of Comparison Market Sales Prices

On a product-specific basis, pursuant to section 773(b) of the Act, we compared the adjusted weighted-average COPs to the home market sales prices of the foreign like product in order to determine whether the sales prices were below the COPs. For purposes of this comparison, we used COPs exclusive of selling and packing expenses. The prices were exclusive of any applicable billing adjustments, discounts and rebates, where applicable, movement charges, actual direct and indirect selling expenses, and packing expenses.

ii. Results of the COP Test

In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether: (1) within an extended period of time, such sales were made in substantial quantities; and (2) such sales were not made at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade. In accordance with sections 773(b)(2)(B) and (C) of the Act, where less than 20 percent of the respondent's comparison market sales of a given product are at prices less than the COP, we do not disregard any below-cost sales of that product because we determine that in such instances the below-cost sales were not made within an extended period of time and in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product are at prices less than the COP, we disregard the below-cost sales when: (1) they were made within an extended period of time in "substantial quantities," in accordance with sections 773(b)(2)(B) and (C) of the Act; and, (2) based on our comparison of prices to the weighted-average COPs for the POR, they were at prices which would not permit the recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act.

We found that, for certain products, more than 20 percent of Hyundai's and POSCO/PIC's home market sales during the POR were at prices less than the COP and, in addition, such sales did not provide for the recovery of costs within a reasonable period of time. We therefore excluded these sales and used the remaining sales, if any, as the basis for determining NV, in accordance with section 773(b)(1) of the Act.¹²¹

5. Calculation of NV Based on Comparison-Market Prices

For those comparison products for which there were appropriate sales at prices above the COP for Hyundai and POSCO/PIC, we based NV on comparison market prices. We calculated NV based on packed prices to customers in Korea.

¹²¹ See Hyundai Analysis Memorandum; and POSCO/PIC Analysis Memorandum.

When comparing U.S. sales with home market sales of similar merchandise, we also made adjustments for differences in costs attributable to differences in the physical characteristics of the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like product and subject merchandise.¹²²

Hyundai

We calculated NV based on prices to customers on various sales terms.¹²³ We made deductions, where appropriate, from the starting price for movement expenses, including inland freight and warehousing, under section 773(a)(6)(B)(ii) of the Act. We made adjustments for differences in packing, in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act, and in circumstances of sale, in accordance with section 773(a)(6)(c)(iii) of the Act and 19 CFR 351.410.

POSCO/PIC

We calculated NV based on prices to customers on various sales terms.¹²⁴ We made deductions, where appropriate, from the starting price for billing adjustments in accordance with 19 CFR 351.401(c). We also made deductions from the starting price for movement expenses, including inland freight, warehousing, and loading and unloading charges, in accordance with section 773(a)(6)(B)(ii) of the Act. We offset those movement expenses with reported freight revenue, with the latter capped at the sum of the movement expenses, in accordance with our normal practice. We made adjustments for differences in packing, in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act, and in circumstances of sale, in accordance with section 773(a)(6)(c)(iii) of the Act and 19 CFR 351.410.

VII. CURRENCY CONVERSION

Where appropriate, we made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

¹²² See 19 CFR 351.411(b).

¹²³ For additional detail, see Hyundai Analysis Memorandum.

¹²⁴ For additional detail, see POSCO/PIC Analysis Memorandum.

VIII. RECOMMENDATION

We recommend applying the above methodology for these preliminary results.



Agree



Disagree

1/15/2021

X



Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance