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**Final Results of Redetermination Pursuant to Court Remand
Certain Cold-Rolled Steel Flat Products from the Republic of Korea
Hyundai Steel Company v. United States,
Court No. 16-00228, Slip. Op. 18-80 (CIT June 28, 2018)**

A. Summary

The Department of Commerce (Commerce) has prepared these final results of redetermination pursuant to the remand order of the U.S. Court of International Trade (CIT or the Court) in *Hyundai Steel Company v. United States*, Court No. 16-00228, Slip. Op. 18-80 (June 28, 2018) (*Remand Order*). These final results of redetermination concern *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) (*Final Determination*) and accompanying Issues and Decision Memorandum (IDM).

As set forth in detail below, pursuant to the Court's *Remand Order*, Commerce has removed its application of adverse facts available (AFA) for domestic movement expenses, pursuant to sections 776(a) and (b) of the Tariff Act of 1930, as amended (the Act), for transactions for which Hyundai Steel Company (Hyundai Steel) did not incur domestic movement expenses. Additionally, we have reanalyzed our application of AFA to Hyundai Steel's "Spec C" sales¹ and have assigned a new AFA rate to these "Spec C" sales based on the instructions of the Court. We have also reconsidered Hyundai Steel's claim for a level-of-trade (LOT) offset based on the instructions of the Court, and we continue to determine that no constructed export price (CEP) offset is warranted for Hyundai Steel's U.S. sales. Finally, we have determined that correction of the ministerial errors identified by the Court have no effect on Hyundai Steel's margin calculation.

¹ "Spec C" sales are sales that Hyundai Steel reported as commercial quality, which we determined to be of either drawing or deep drawing quality. See *Final Determination* and accompanying IDM at Comment 12.

On September 18, 2018, we released our Draft Results of Redetermination to interested parties.² On September 26, 2018, Hyundai Steel³ and the petitioners⁴ provided comments. We respond to these comments below. After considering these comments and analyzing the record, for purposes of these final results of redetermination, we have made a change in the application of the AFA amount for Hyundai Steel. With regard to the other issues discussed in this final redetermination, we have continued to apply the methodology employed in the Draft Results of Redetermination. Based upon the result of our analyses, we have recalculated Hyundai Steel's weighted-average dumping margin, which has changed from 34.33 percent to 28.42 percent in this final redetermination.

B. Background

Commerce published the *Final Determination* on July 29, 2016,⁵ and issued the antidumping duty order on September 20, 2016.⁶ Hyundai Steel filed an action before the CIT to challenge several aspects of Commerce's *Final Determination*.

After review, the Court sustained Commerce' determination that Hyundai Steel failed to demonstrate that the affiliated parties who supplied Hyundai Steel with home market movement, home market warehousing, U.S. international freight, and U.S. inland freight expenses did so on

² See "Draft Results of Redetermination Pursuant to Court Remand—Certain Cold Rolled Steel Flat Products from the Republic of Korea," dated September 18, 2018 (Draft Results of Redetermination).

³ See Hyundai Steel Letter re: "Certain Cold-Rolled Flat Steel Products from the Republic of Korea: Comments on Draft Remand Redetermination" dated September 18, 2018 (Hyundai Steel Draft Comments).

⁴ The petitioners are: Arcelor Mittal USA LLC, AK Steel Corporation, Nucor Corporation, Steel Dynamics, Inc., and United States Steel Corporation (U.S. Steel) (collectively, the petitioners). See Remand of the Original Investigation of Certain Cold Rolled Steel Flat Products from the Republic of Korea –Petitioners' Comments on Draft Results of Redetermination on Remand dated September 18, 2018 (Petitioner Draft Comments).

⁵ See *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) (*Final Determination*).

⁶ 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*).

an arm's-length basis.⁷ The Court further sustained Commerce's application of AFA to the affiliated parties who provided Hyundai Steel with home market movement, home market warehousing, U.S. international freight, and U.S. inland freight.⁸ Additionally, the Court sustained Commerce's application of AFA to three product specifications reported by Hyundai Steel.⁹

However, the Court held that Commerce should explain whether it intended to apply AFA to those U.S. sales where: (1) Hyundai Steel used an unaffiliated freight provider to supply domestic inland freight; or (2) Hyundai Steel incurred no domestic inland freight charges in the U.S.¹⁰ While the Court found that Commerce appropriately assigned an AFA freight amount to U.S. sales for which Hyundai Steel secured freight services from affiliated parties,¹¹ the Court found Commerce offered no justification as to why Commerce applied AFA freight amounts to U.S. sales for which Hyundai Steel either: (1) incurred no domestic inland freight or warehousing expense; or (2) the domestic inland freight or warehousing was provided by unaffiliated parties.¹²

Additionally, the Court determined that the AFA adjustment applied to Hyundai Steel's U.S. "Spec C" sales was not supported by substantial evidence.¹³ In the *Final Determination*, as AFA, Commerce selected the highest calculated rate for any other reported sale by Hyundai Steel.¹⁴ The Court sustained the application of an AFA rate on Hyundai Steel's Spec C sales.¹⁵

⁷ See *Remand Order* at 20-22.

⁸ *Id.* at 22-31.

⁹ *Id.* at 38-43.

¹⁰ *Id.* at 34.

¹¹ *Id.* at 22-31.

¹² *Id.* at 34.

¹³ *Id.* at 43-46.

¹⁴ See *Final Determination* and accompanying IDM at Comment 12.

¹⁵ See *Remand Order* at 39-41.

However, the Court found the U.S. sale associated with the highest calculated rate for Hyundai Steel in the *Final Determination* to be aberrational.¹⁶ The Court noted that the U.S. sale selected as AFA was invoiced in a different manner than other Hyundai Steel sales because of the nature of the product.¹⁷ Based on the foregoing, the Court remanded this matter to Commerce, and directed Commerce to select an AFA margin which was not based on an aberrational sale.¹⁸

The Court also directed Commerce to reconsider its denial of a CEP offset concerning Hyundai Steel's CEP sales.¹⁹ The Court noted that Commerce determined that one LOT existed in the home market.²⁰ The Court also noted that Commerce found Hyundai Steel to have three channels of distribution in the U.S. market: Channel 1 sales (export price (EP) sales through unaffiliated Korean distributors); Channel 2 sales (CEP sales through Hyundai Steel's U.S. affiliates to unaffiliated processors); and Channel 3 sales (CEP sales through Hyundai Steel's U.S. affiliate to unaffiliated and affiliated U.S. processors). Finally, the Court noted that, regarding the LOT in the U.S. market, Commerce found: (1) that Hyundai Steel's Channel 1 and Channel 3 sales were at a more advanced LOT than Channel 2 sales; and (2) that Hyundai Steel's Channel 1 and Channel 3 sales were at the same LOT as its home market sales.²¹ The Court determined that Commerce's decision that Hyundai Steel's U.S. CEP sales were at the same LOT as Hyundai's home market sales, "cannot be reconciled" with Commerce's determination that Hyundai Steel's Channel 2 U.S. sales are at a less advanced LOT than Hyundai Steel's

¹⁶ *Id.* at 43-46.

¹⁷ *Id.* at 45.

¹⁸ *Id.* at 46.

¹⁹ *Id.* at 47-49.

²⁰ *Id.* at 47-48, citing *Final Determination* and accompanying IDM at Comment 18.

²¹ *Id.* at 48, citing *Final Determination* and accompanying IDM at Comment 18.

Channel 1 and Channel 3 U.S. sales. Thus, the Court directed Commerce to reconsider this analysis and determination.²²

Finally, the Court directed Commerce to reconsider whether to correct ministerial errors which Commerce had previously found to have no effect on the margin calculation and, thus, declined to correct in the LTFV investigation.²³ The errors involved: (1) the magnitude by which the AFA rate selected on Hyundai Steel's Spec C sales exceeded the calculated rate set forth in Hyundai Steel's margin calculation;²⁴ and (2) the application of AFA for certain Hyundai Steel product matching control numbers (CONNUMs).²⁵

Pursuant to the *Remand Order* issued by the Court, we address below: (1) our revised calculation of domestic inland freight expenses for Hyundai Steel; (2) the AFA rate to be applied to Hyundai Steel's U.S. Spec C Sales; (3) the analysis of Hyundai Steel's claimed CEP offset based upon the Court's instructions in the *Remand Order*; and (4) whether to correct certain ministerial errors in Hyundai Steel's margin calculation.

²² *Id.* at 49, citing *Final Determination* and accompanying IDM at Comment 18.

²³ *Id.* at 50.

²⁴ See Memorandum Re: Antidumping Duty Investigation of Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Allegation of Ministerial Errors in the Final Determination, dated August 31, 2016 (Ministerial Error Memorandum) at 2-3.

²⁵ *Id.* at 6-8.

C. Analysis

1) Assignment of AFA on Hyundai Steel Transactions

Consistent with the Court's instructions,²⁶ we have reconsidered our application of an AFA freight amount to Hyundai Steel's U.S. sales. For this final redetermination, and as explained below, we have made no AFA freight amount adjustment to those U.S. sales for which Hyundai Steel incurred no domestic inland freight.

As noted in the *Final Determination*, Commerce intended to apply the AFA charge to Hyundai Steel's U.S. inland freight charges, because Hyundai Steel failed to demonstrate that it obtained freight services from affiliated parties on an arm's-length basis.²⁷ Because the basis for this AFA adjustment was Hyundai Steel's failure to demonstrate that it obtained these freight services from affiliated parties on an arm's-length basis, we find it inappropriate to apply an AFA freight adjustment to those sales for which Hyundai Steel incurred no domestic inland freight.²⁸

In the investigation, Commerce assigned Hyundai Steel an AFA amount of [] Korean won (KRW) for its U.S. inland freight charges.²⁹ In applying this AFA amount in this final redetermination, we note that Hyundai Steel reported that it incurred no inland freight on its U.S. [] sales.³⁰ Because Hyundai Steel incurred no freight expense on the [] U.S. sales, for purposes of this final redetermination, we have applied no AFA freight amount adjustment to Hyundai Steel's [] sales.³¹

²⁶ See *Remand Order* at 34.

²⁷ See *Final Determination* and accompanying IDM at Comment 15.

²⁸ See *Final Determination* and accompanying IDM at Comment 15.

²⁹ See Hyundai Steel Final Determination Calculation Memorandum at 6.

³⁰ See Hyundai Steel December 15, 2015 Supplemental B-C Response at Exhibit S-29.

³¹ See "Final Determination Calculation for Hyundai Steel Company v. United States Court No., 16-00228, Slip. Op. 18-80—Analysis for Hyundai Steel in the Draft Redetermination" (Final Analysis Memorandum) at 2.

However, with respect to the AFA freight adjustment for those sales for which the domestic inland freight was provided by parties who are unaffiliated with Hyundai Steel, we find that record evidence fails to support Hyundai's contention that it procured freight services exclusively from affiliated freight suppliers only at its [] plant, an assertion we credited in the Draft Results of Redetermination.³² In this final redetermination, we have reviewed the freight documentation provided by Hyundai Steel in its November 9, 2016, Section C Response; December 15, 2015, Supplemental Response; and February 2, 2016, Supplemental Response.³³ Our review of this documentation (which includes, *inter alia*, freight contracts, supplier contracts, and freight invoices) indicates that Hyundai Steel has made no designation as to how much of the freight services at either Hyundai Steel's [] or [] plants were provided by unaffiliated suppliers.³⁴ Moreover, despite Hyundai Steel's contention that it utilized affiliated suppliers exclusively at its [] plant,³⁵ its November 9, 2015 Section C Response provides evidence that [] (an affiliated supplier) was involved in freight logistic planning at both Hyundai's [] and [] plants.³⁶ Having reviewed the record evidence concerning the freight services that Hyundai Steel secured at both its [] and [] plants, we find evidence on the record to show that freight was incurred at both the [] and [] plants,³⁷ but no information to establish the percentage of freight charges that were provided by unaffiliated vs. affiliated suppliers. Therefore, in this final redetermination, we have included the full [] AFA amount

³² See Hyundai Steel's August 1, 2018 Ministerial Error Comments at 5-6.

³³ See Hyundai Steel November 9, 2015 Section C Response at C-27; *see also* Hyundai Steel's December 15, 2015 Supplemental Response at 21 and Exhibit S-26.; *see also* Hyundai Steel's February 2, 2016 Supplemental Section B-C Response at Exhibit 2.

³⁴ *Id.*

³⁵ See Hyundai Steel's August 1, 2018 Ministerial Error Comments at 5-6.

³⁶ See Hyundai Steel November 9, 2015 Section C Response at C-27.

³⁷ *Id.*

calculated in the LTFV investigation as the AFA freight amount assigned to Hyundai Steel for this set of U.S. sales.³⁸

Consistent with the analysis presented above, in applying this AFA amount in this final redetermination, we have amended the formula consistent with this analysis. That is, we have:

(1) not applied an AFA freight amount to the [] sales on which Hyundai reported no freight expense; and (2) applied the full [] AFA freight charges on all of the remaining freight transactions reported by Hyundai Steel, at both the [] and [] plants.³⁹

Based on the foregoing, for purposes of this final redetermination, we have used the following formula to apply the AFA amount to Hyundai's U.S. sales: IF DINLFTPU GT 0 THEN

DINLFTPU = [].⁴⁰

2) AFA Margin Assigned to Spec C Sales

Based on the Court's instructions to select an AFA margin for Hyundai Steel's Spec C sales that is not based on an aberrational sale, for purposes of this final redetermination, we have amended the AFA calculation for Spec C sales and assigned an AFA rate of [] percent to these transactions. The [] percent margin corresponds to the second-highest calculated margin for Hyundai Steel, and was calculated for invoice [], which was sold on []

[].⁴¹ We further note that the quantity sold of this sale was [] metric tons and that the U.S. selling price (net of all adjustments) is \$[] per metric ton.⁴² Moreover, from our examination of Hyundai Steel's U.S. database, including our examination of the quantity and gross selling price associated with this sale, we find no evidence to suggest that this

³⁸ See *Final Determination* and accompanying IDM at Comment 15.

³⁹ See Hyundai Steel December 15, 2015 Supplemental B-C Response at Exhibit S-29; see also *Final Analysis Memorandum* at 2.

⁴⁰ See *Final Analysis Memorandum* at 2.

⁴¹ *Id.*

⁴² *Id.*

sale is aberrational.⁴³ Specifically, Hyundai Steel reported sales quantities in the U.S. ranging from [] metric tons to [] metric tons, and we find that the quantity of [] metric tons for the sale on invoice [] represents a non-aberrational sales quantity within that range.⁴⁴ Based on the foregoing, and consistent with the instructions of the Court, we have applied an AFA margin of [] to Hyundai Steel's Spec C sales for this final redetermination.

3) *Denial of CEP Offset*

We have revised our analysis of Hyundai Steel's LOT, consistent with the *Remand Order*. As explained below, we have reconsidered the conclusion that we reached in the *Final Determination*, wherein we found that Hyundai Steel's Channel 2 U.S. sales were at a less-advanced LOT than Hyundai Steel's Channel 1 or Channel 3 U.S. sales.⁴⁵ For purposes of this final redetermination, we continue to find that the distribution and selling information provided by Hyundai Steel concerning its U.S. sales establishes that Hyundai Steel's Channel 2 CEP sales do not differ substantially enough so as to differentiate Hyundai's Channel 2 sales to unaffiliated processors in the United States as a separate LOT from either Hyundai Steel's Channel 1 EP sales or Channel 3 CEP sales through Hyundai Steel America (HSA) to affiliated and unaffiliated processors. Additionally, we find that Hyundai Steel's home market sales were at the same LOT as all of Hyundai Steel's U.S. sales.

As the Court has noted, in an LOT analysis, Commerce typically considers: (1) sales and marketing; (2) freight and delivery; (3) inventory maintenance and warehousing; and (4) warranty and technical support activities undertaken by the respondent in both the home market

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ See *Final Determination* and accompanying IDM at Comment 18.

and the United States.⁴⁶ Based upon our analysis of these four selling functions, we continue to find, as we did in the *Final Determination*, that Hyundai Steel performed sales and marketing, freight and delivery services, and technical services, and inventory management for its reported sales to affiliated and unaffiliated customers in the home market at the same relative level of intensity for both its Channel 1 and Channel 3 sales.⁴⁷

However, with respect to Hyundai Steel's sales activity in the United States, for purposes of this final redetermination, we have determined that Hyundai Steel's Channel 2 U.S. sales were also made at the same LOT as its Channel 1 and Channel 3 U.S. sales. We have reviewed the selling functions reported by Hyundai Steel, including the: (1) sales and marketing; (2) freight and delivery; (3) inventory maintenance and warehousing; and (4) warranty and technical support activities undertaken by Hyundai Steel. Based upon our re-examination of this information, we find that the selling functions that Hyundai Steel performed on each of its U.S. sales channels establish that Hyundai Steel's Channel 1, Channel 2, and Channel 3 U.S. sales represent the same LOT.

Regarding the specific selling functions reported by Hyundai Steel for each of its sales channels, we noted in the *Final Determination* that Hyundai Steel reported that it provided selling functions for Channel 2 U.S. sales in three of the four categories noted above (*i.e.*, sales and marketing, freight and delivery services, and inventory management), and that it performed them at the same level of intensity as for its Channel 1 and Channel 3 U.S. sales.⁴⁸ These sales functions include providing direct sales personnel, sales and marketing support, market research

⁴⁶ See *Remand Order* at 47; see also *Final Determination* and accompanying IDM at Comment 18.

⁴⁷ See Hyundai Steel November 19, 2015, section A supplemental questionnaire at 10 and Exhibit SA-13 (Hyundai Supplemental Section A Response); see also *Final Determination* and accompanying IDM at Comment 18.

⁴⁸ See *Final Determination* and accompanying IDM at Comment 18.

sales forecasting, inventory maintenance, order input/processing, and freight and delivery arrangement.⁴⁹ Although we stated in the *Final Determination* that Hyundai Steel provided no selling functions in the fourth category, warranty and technical support,⁵⁰ upon re-examination of the record, we find that Hyundai Steel did, in fact, report that it provided technical assistance for its Channel 2 U.S. sales, as well as its Channel 1 and Channel 3 U.S. sales.⁵¹ Because Hyundai Steel provided selling functions in all four categories for all three of its U.S. sales channels, and compared against the body of selling functions that Hyundai Steel reported on its Channel 1 and 3 U.S. sales, we find that the differences in LOT between Hyundai Steel's Channel 2 U.S. sales and Hyundai Steel's Channel 1 and Channel 3 U.S. sales are an insufficient basis to establish Channel 2 sales to be at a separate LOT from either Hyundai Steel's Channel 1 or Channel 3 sales. Based upon this analysis, we have determined that one LOT exists for Hyundai Steel's sales in the United States and that this LOT is the same LOT for Hyundai Steel's Channel 1, Channel 2, and Channel 3 sales.

We next compared the U.S. LOT to the home market (HM) LOT. Based on the totality of circumstances, we determine that HM sales were made at the same LOT as Hyundai's U.S. sales. During the LTFV sales verification of Hyundai Steel, we examined the selling expenses it reported and concluded that there is significant variation between Hyundai Steel's home market and U.S. CEP sales.⁵² However, as noted above, we find for purposes of this draft redetermination that there is one LOT in the U.S. market. Based on the foregoing, we conclude that analysis of the: (1) sales and marketing; (2) freight and delivery; (3) inventory maintenance

⁴⁹ See Hyundai Supplemental Section A Response at 10 and exhibit SA-13; see also *Final Determination* and accompanying IDM at Comment 18.

⁵⁰ See *Final Determination* and accompanying IDM at Comment 18.

⁵¹ See Hyundai Supplemental Section A Response at Exhibit SA-13.

⁵² See Memorandum Re: "Verification of Hyundai Steel Corporation Sales Responses in the Antidumping Duty Investigation of Cold-Rolled Steel Flat Products from the Republic of Korea," dated May 26, 2016 (Hyundai Steel Verification Report) at 10 and Exhibit 11.

and warehousing; and (4) warranty and technical support activities undertaken by Hyundai Steel establishes no meaningful difference in LOT between the home market and the United States.

Accordingly, we have denied Hyundai Steel's claim for a CEP offset.

4) Whether the Ministerial Errors Identified by the Court Affect Hyundai Steel's U.S. Margin

As noted previously, for purposes of this final redetermination, we have revised the AFA rate assigned to Hyundai Steel's Spec C sales. Moreover, we have selected an alternative sale as the basis of this AFA margin.⁵³ In spite of these changes, we find that the correction of the ministerial errors noted by the Court continues to have no effect on Hyundai Steel's margin calculation.

D. Interested Party Comments on Draft Results of Redetermination

On September 18, 2018, we released our Draft Results of Redetermination to interested parties.⁵⁴ On September 26, 2018, Hyundai Steel⁵⁵ and the petitioners⁵⁶ provided comments. No other interested party submitted comments.

Issue 1: Application of an AFA Freight Amount

The Petitioners' Comments:

- In the draft redetermination, Commerce incorrectly limited its application of the U.S. domestic inland freight AFA amount to U.S. sales which were shipped from Hyundai Steel's [] plant.⁵⁷

⁵³ See Draft Analysis Memorandum at 2.

⁵⁴ See Draft Results of Redetermination.

⁵⁵ See Hyundai Steel Draft Comments.

⁵⁶ See Petitioner Draft Comments.

⁵⁷ See Petitioner Draft Comments at 3-7.

- Commerce cited to Exhibit S-29 of Hyundai Steel’s December 15, 2015 Supplemental Response to support its conclusion that the freight services provided by Hyundai Steel at the [] plant were provided by unaffiliated suppliers.⁵⁸ However, Hyundai Steel provides no demonstration in its December 15, 2015 Supplemental Response as to whether the freight expenses in question were provided by affiliated or unaffiliated suppliers.⁵⁹
- Hyundai Steel asserted in its August 1, 2016 ministerial error comments that Exhibit S-29 to Hyundai Steel’s December 15, 2018 Supplemental Response establishes that all freight transactions involving inland freight from affiliated parties were limited to shipments from Hyundai Steel’s [] plant.⁶⁰ However, Commerce never verified that all shipments from Hyundai Steel’s other production facility, the [] plant, were provided by unaffiliated suppliers.⁶¹
- Commerce has never verified that all the freight services incurred by Hyundai Steel at its [] plant were supplied by unaffiliated suppliers. Commerce’s May 27, 2016 verification report indicates that “[]”⁶² However, this statement from the verification report fails to establish that all subject merchandise “[]”⁶³ A statement that “all freight provided from the [] plant to the

⁵⁸ *Id.* at 3.

⁵⁹ *Id.* at 4.

⁶⁰ *Id.* at 4-5, citing Hyundai Steel’s August 1, 2018 Ministerial Error Comments at 5.

⁶¹ *Id.*

⁶² *Id.* at 4-5, citing Commerce’s May 27, 2016 verification report at 39.

⁶³ *Id.* at 5.

Dangjin port was provided by an [] freight provider” would have constituted new factual information which is unsupported by the record.⁶⁴ Hyundai Steel has failed to provide any record evidence establishing that unaffiliated suppliers exclusively provided freight services on sales on Hyundai Steel’s sales from the [] factory.⁶⁵

- Hyundai Steel’s December 15, 2016 Supplemental Response, in fact, establishes that affiliated suppliers arranged shipments from both the [] and [] factories.⁶⁶ Additionally, freight contracts provided by Hyundai Steel during the course of this proceeding further establish that Hyundai Steel incurred freight charges at both its [] and [] factories from affiliated suppliers.⁶⁷
- Based on the foregoing, Commerce should revise its margin calculation and apply the AFA freight charge “to all sales for which Hyundai incurred inland freight either the [] or the [] plant to the port. Finally, Commerce should recalculate the AFA margin assigned to its Spec C sales based on reanalysis of the [] freight amount.⁶⁸

Hyundai Steel’s Comments:

- The *Remand Order* instructed Commerce to remove the application of AFA with respect to both sales in which Hyundai Steel incurred no inland freight expense or in which the service was provided by an unaffiliated supplier.⁶⁹
- In the draft redetermination, Commerce incorrectly assigned an AFA margin to all sales, including its [] sales on which Hyundai incurred no inland freight expense.⁷⁰

⁶⁴ *Id.* at 5.

⁶⁵ *Id.*

⁶⁶ *Id.* at 6-7.

⁶⁷ *Id.*, citing Hyundai Steel December 15, 2015 Supplemental Response at S-11 and Hyundai Steel February 2, 2016 Response at 2-3 and Exhibit 2.

⁶⁸ *Id.* at 7.

⁶⁹ See Hyundai Steel Draft Comments at 2, citing *Remand Order* at 34.

⁷⁰ *Id.* at 3.

Hyundai Steel asserts that Commerce should correct this error by adjusting the margin calculation to read:

IF DINLFTPU GT 0 THEN DINLFTPU = [].⁷¹

Commerce Position: Consistent with the position taken in the Draft Redetermination, we find it inappropriate to apply an AFA freight amount to Hyundai Steel's [] sales because Hyundai Steel incurred no freight expense on its [] sales.⁷² However, in this final redetermination, we have determined that record evidence shows that, contrary to the claim in its August 1, 2018 ministerial error allegation, Hyundai Steel incurred freight expenses from affiliated suppliers at both its [] plant as well as its [] plant.⁷³ We base this determination on the freight information which Hyundai Steel provided in its November 9, 2015 Section C Response, its December 15, 2015 Supplemental response, and its February 2, 2016 Supplemental Response.⁷⁴

As explained previously in this final redetermination, we have reviewed the information provided by Hyundai Steel concerning its freight activities at both its [] and [] plants.⁷⁵ This documentation (which includes, *inter alia*, freight contracts, supplier contracts, and freight invoices) indicates that [] (an affiliated supplier) was involved in freight logistics at both Hyundai Steel's [] plant and its [] plant.⁷⁶ Thus, based on the analysis provided above, for this final redetermination, we have: (1) not applied an AFA

⁷¹ *Id.* at 4.

⁷² See Draft Redetermination at 5. Hyundai argues that our SAS programming in the Draft Redetermination incorrectly applied the AFA freight amount to Hyundai's [] sales. We have corrected the programming for this final redetermination to not apply the AFA freight amount to Hyundai's [] sales.

⁷³ See Hyundai Steel's August 1, 2018 Ministerial Error Comments at 5-6.

⁷⁴ See Hyundai Steel November 9, 2015 Section C Response at C-27; see also Hyundai Steel's December 15, 2015 Supplemental Response at 21 and Exhibit S-26; see also Hyundai Steel's February 2, 2016 Supplemental Section B-C Response at Exhibit 2.

⁷⁵ *Id.*

⁷⁶ See Hyundai November 9, 2016 Section C Response at C-27.

freight amount to the [] sales on which Hyundai reported no freight expense; and (2) applied the full [] AFA freight charge on all of the remaining freight transactions reported by Hyundai Steel, at both the [] and [] plants.⁷⁷ Consistent with this analysis, we have used the following formula to apply the AFA amount to Hyundai's U.S. sales: IF DINLFTPU GT 0 THEN DINLFTPU=[].⁷⁸

Issue 2: CEP Offset

Hyundai Steel's Comments:

- In the *Remand Order*, the Court determined that Commerce erred in determining that its U.S. Channel 2 sales were at a less advanced LOT than either its U.S. Channel 1 or Channel 3 sales.⁷⁹
- Commerce's Draft Redetermination conclusion that Channel 2 Sales are at the same LOT as Hyundai Steel's Channel 1 and Channel 3 sales ignores record evidence establishing that Hyundai Steel "performs minimal selling functions for its Channel 2 sales."⁸⁰
- Hyundai Steel's Section A Response at exhibit SA-13 establishes that Hyundai Steel's U.S. subsidiary HCUSA undertook much higher levels of sales forecasting, personnel training, marketing support and "other key selling functions" on Channel 2 sales than Hyundai Steel undertook on either its Channel 1 or Channel 3 sales.⁸¹

⁷⁷ See Hyundai Steel December 15, 2015 Supplemental B-C Response at Exhibit S-29; *see also* Final Analysis Memorandum at 2.

⁷⁸ See Final Analysis Memorandum at 2.

⁷⁹ See Hyundai Steel Draft Comments at 4, citing *Remand Order* at 48-49.

⁸⁰ *Id.* at 5.

⁸¹ *Id.*

- Based on the difference in selling functions, “required to maintain and develop end-user customers and customer relationships,” a CEP offset is warranted for Hyundai Steel’s Channel 2 sales.⁸²

No other interested parties commented on this issue.

Commerce Position:

We disagree with Hyundai Steel. For the reasons noted below, we find that the selling functions reported by Hyundai Steel on its Channel 2 sales establish that these sales are at the same LOT as Hyundai’s Channel 1 and Channel 3 sales. Consistent with the analysis described above and in the Draft Redetermination,⁸³ in this final redetermination, we have reviewed the selling functions reported by Hyundai Steel for each of its U.S. sales channels. These selling functions include: (1) sales and marketing; (2) freight and delivery; (3) inventory maintenance and warehousing; and (4) warranty and technical support activities.⁸⁴ As previously noted in the *Final Determination*,⁸⁵ Hyundai Steel reported that it provided selling functions for Channel 2 sales in three of the four categories noted above (*i.e.*, sales and marketing, freight and delivery, and inventory maintenance and warehousing).⁸⁶ Additionally, as previously indicated, Hyundai Steel has reported that it performed (1) sales and marketing, (2) freight and delivery, (3) inventory maintenance and warehousing; and (4) warranty and technical support activities at the same level of intensity for its Channel 1 and Channel 3 U.S. sales.⁸⁷ Moreover, with regard to warranty and technical support activities, Hyundai Steel provided technical assistance for its Channel 2 U.S. sales, as well as for its Channel 1 and Channel 3 U.S. sales.⁸⁸

⁸² *Id.* at 6.

⁸³ *See* Draft Redetermination at 8.

⁸⁴ *See* Hyundai Steel November 19, 2015 Supplemental Section A Response at Exhibit SA-13.

⁸⁵ *See Final Determination* and accompanying IDM at Comment 18.

⁸⁶ *See* Hyundai Steel November 19, 2015 Supplemental Section A Response at Exhibit SA-13.

⁸⁷ *Id.*

⁸⁸ *Id.*

Hyundai Steel has asserted that it has provided a “minimal level” of sales forecasting on its Channel 2 sales relative to its Channel 1 or Channel 3 sales, and that the selling activities related to Channel Hyundai’s 2 sales significantly exceed the corresponding selling activities that Hyundai Steel performed on its Channel 1 and Channel 3 sales.⁸⁹ However, as noted in the Draft Redetermination, with regard to its (1) sales and marketing; (2) freight and delivery; (3) inventory maintenance and warehousing; and (4) warranty and technical support activities, Hyundai Steel did engage in sales activity on all of its U.S. sales.⁹⁰ Specifically, as noted in the *Final Determination*, Hyundai Steel reported that it provided selling functions for Channel 2 U.S. sales in the sales and marketing, freight and delivery services, and inventory management categories, and that it performed them at the same level of intensity as for its Channel 1 and Channel 3 U.S. sales.⁹¹ These sales functions include providing direct sales personnel, sales and marketing support, market research sales forecasting, inventory maintenance, order input/processing, and freight and delivery arrangement.⁹² In addition, Hyundai Steel reported that it provided selling functions in the warranty and technical support category (*i.e.*, technical assistance) for its Channel 2 U.S. sales, as well as its Channel 1 and Channel 3 U.S. sales.⁹³ We continue to find that Hyundai Steel’s claimed higher level of those selling activities on its Channel 2 sales relative to its Channel 1 or Channel 3 sales fails to establish that Channel 2 sales are at a separate LOT from either Hyundai Steel’s Channel 1 or Channel 3 sales.

We, therefore, continue to find that for all three of its U.S. sales channels, Hyundai Steel provided selling functions for each of the (1) sales and marketing, (2) freight and delivery, (3)

⁸⁹ See Hyundai Steel Draft Comments at 5.

⁹⁰ See Draft Redetermination at 8-9.

⁹¹ See *Final Determination* and accompanying IDM at Comment 18.

⁹² See Hyundai Supplemental Section A Response at 10 and exhibit SA-13; see also *Final Determination* and accompanying IDM at Comment 18.

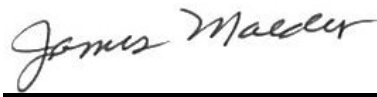
⁹³ See Hyundai Supplemental Section A Response at Exhibit SA-13.

inventory maintenance and warehousing; and (4) warranty and technical support selling functions. Based upon this analysis, we continue to determine that Hyundai Steel's Channel 2 U.S. sales are at the same LOT as Hyundai Steel's Channel 1 and Channel 3 sales. Therefore, in this final redetermination, we have made no change in the LOT analysis for Hyundai from that presented in the draft redetermination.

E. Final Results of Redetermination

As a result of this final redetermination, Hyundai Steel's weighted-average dumping margin has changed from 34.33 percent to 28.42 percent. Upon a final and conclusive decision in this litigation, Commerce will instruct U.S. Customs and Border Protection to collect cash deposits consistent with the final results of redetermination.

10/16/2018



Signed by: JAMES MAEDER

James Maeder
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations