



SEP 27 2013

A-821-808
Admin Review: 01/01/12 – 12/31/12
Public Document
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TO: Ronald K. Lorentzen
Deputy Assistant Secretary for
Import Administration

FROM: Lynn Fischer Fox 
Deputy Assistant Secretary
for Policy and Negotiations

RE: Decision Memorandum for the Preliminary Results of Administrative Review of
the Agreement Suspending the Antidumping Investigation of Certain
Cut-to-Length Carbon Steel Plate from the Russian Federation

Summary

In response to a request from Nucor Corporation (Nucor), a domestic interested party, the Department of Commerce (the Department) is conducting an administrative review of the Agreement Suspending the Antidumping Investigation on Certain Cut-to-Length Carbon Steel Plate from the Russian Federation (Agreement) for the period January 1, 2012 through December 31, 2012, to review the current status of the Agreement and compliance with the Agreement by Joint Stock Company Severstal (Severstal). For the reasons stated in this memorandum, the Department preliminarily determines that Severstal is in compliance with the Agreement and that the Agreement is functioning as intended.

Scope of the Agreement

See Attachment One.

Period of Review (POR)

The POR is January 1, 2012 through December 31, 2012.



Background

On December 20, 2002, the Department signed an agreement under section 734(b) of the Tariff Act of 1930, as amended (the Act), with Russian steel producers/exporters, including Severstal, suspending the antidumping duty investigation on certain cut-to-length carbon steel plate (CTL plate) from the Russian Federation. *See Suspension of Antidumping Duty Investigation of Certain Cut-to-Length Carbon Steel Plate from the Russian Federation*, 68 FR 3859 (January 27, 2003) (*Agreement Notice*).

On January 31, 2013, Nucor submitted a request for an administrative review of the Agreement, pursuant to *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 78 FR 288 (January 3, 2013). The review was initiated on February 28, 2013. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 13631 (February 28, 2013).

The Department examined U.S. Customs and Border Protection (CBP) import data for the 2012 calendar year and determined that CTL plate produced by Severstal accounted for substantially all (not less than 85 percent) of the subject merchandise imported into the United States during the January 1, 2012 through December 31, 2012 period of review. *See* Memo to the file from Anne D'Alauro dated September 27, 2013, with attached summary of CBP import data for 2012. On March 14, 2013 and May 31, 2013, the Department issued its questionnaire and supplemental questionnaire to Severstal. Severstal submitted its questionnaire responses on April 23, 2013 and June 27, 2013.

Preliminary Results of Review

Section 751(a)(1)(C) of the Act specifies that the Department shall “review the current status of, and compliance with, any agreement by reason of which an investigation was suspended.” In this case, the Department and Severstal signed the Agreement suspending the underlying antidumping duty investigation on December 20, 2002. Pursuant to the Agreement, each signatory producer/exporter individually agrees to make any necessary price revisions to eliminate completely any amount by which the normal value (NV) of the subject merchandise exceeds the U.S. price of its merchandise subject to the Agreement. *See Agreement Notice*, 68 FR at 3860-61. For this purpose, for any semi-annual period for which a signatory requests NVs, the Department calculates the NV in accordance with section 773(e) of the Act, and U.S. price in accordance with section 772 of the Act. *See id.* at 3862-63, Appendix A. Further, the Department calculates the NV for purposes of the Agreement by adjusting the constructed value; in effect, any expenses uniquely associated with the covered products sold in the domestic market are subtracted from the constructed value, and any such expenses which are uniquely associated with the covered products sold in the United States are added to the constructed value to calculate the NV. *See id.* at 3862, Appendix A.

On March 14, 2013 and May 31, 2013, the Department issued its questionnaire and supplemental questionnaire, respectively, to Severstal. Severstal submitted its responses on April 23, 2013 and

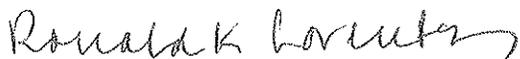
June 27, 2013, respectively. No interested party has submitted comments to date. Our review of the information submitted by Severstal indicates that the company has adhered to the terms of the Agreement and the Agreement is functioning as intended. In its questionnaire response, Severstal described the system which it and its U.S. sales arm, Severstal Export GmbH, have established to ensure that each product sold to the United States is sold at or above the relevant NV. *See* April 23, 2013 Severstal Questionnaire Response at 8-9. Severstal indicated that it is committed to compliance with the Agreement and that its system of compliance has worked well since it began shipping subject merchandise under the Agreement. Severstal further indicated that it did not make any sales of the subject merchandise into the United States below the appropriate NVs during the POR. *See id.* at 10. In response to the Department's questionnaire, Severstal states that it did not sell the subject merchandise during the POR to customers in Canada or other third countries that was destined for the United States and is not aware of any such sales. *See id.* at 11.

The Department finds no evidence in the information submitted of any discrepancies in Severstal's exports to the United States, either directly or through third countries, which would constitute a violation of the Agreement. Furthermore, the Department examined Severstal's reported sales and cost information covering the 2012 POR for purposes of calculating and releasing requested NVs to Severstal on December 20, 2012, and June 28, 2013. *See* December 20, 2012, letter from Sally Craig Gannon to Severstal with attachments. *See also* June 28, 2013, letter from Sally Craig Gannon to Severstal with attachments. In addition, the Department verified the company's sales during the January 1, 2012 through June 30, 2012 period for completeness and accuracy, and also concluded that Severstal's monitoring showed that "all U.S. sales were made above the NV." *See* Sales Verification Report, dated November 15, 2012, at 2. Our review of the information submitted by Severstal indicates that the company has adhered to the terms of the Agreement and that the Agreement is functioning as intended.

Recommendation

Based on the record evidence discussed above, we recommend preliminarily determining that Severstal has been in compliance with the Agreement, and that the Agreement is functioning as intended. If this recommendation is accepted, we will publish the preliminary results of review in the Federal Register.

Agree Disagree



Ronald K. Lorentzen
Deputy Assistant Secretary for
Import Administration

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Date

ATTACHMENT ONE

The products covered by the Agreement are hot-rolled iron and non-alloy steel universal mill plates (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm and of a thickness of not less than 4 mm, not in coils and without patterns in relief), of rectangular shape, neither clad, plated nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances; and certain iron and non-alloy steel flat-rolled products not in coils, of rectangular shape, hot-rolled, neither clad, plated, nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances, 4.75 mm or more in thickness and of a width which exceeds 150 mm and measures at least twice the thickness. Included as subject merchandise in this Agreement are flat-rolled products of nonrectangular cross-section where such cross-section is achieved subsequent to the rolling process (i.e., products which have been "worked after rolling")--for example, products which have been bevelled or rounded at the edges. This merchandise is currently classified in the Harmonized Tariff Schedule of the United States (HTS) under item numbers 7208.40.3030, 7208.40.3060, 7208.51.0030, 7208.51.0045, 7208.51.0060, 7208.52.0000, 7208.53.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.13.0000, 7211.14.0030, 7211.14.0045, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000. Excluded from the subject merchandise within the scope of this Agreement is grade X-70 plate. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this Agreement is dispositive.