

and should be treated as uncooperative respondents.

*Department's Position:* We disagree with the Committee and have assigned the "All Others" rate to the unlocated companies. The U.S. Embassy in Seoul, Korea, provided us with information for each company and their response to our inquiry is in the public file. The Embassy confirmed, with help from the Korea Iron and Steel Association, that Atlantic and Pacific was bankrupt, Seo Hae was closed, and Kwang Shin Industries was closed. None of these companies had forwarding addresses. The Embassy initially provided us with addresses for Dong-Il metal and Dong Yong and we sent them questionnaires. We did not receive responses from these companies and later the questionnaires for these companies were returned by the U.S. Postal Service as undeliverable. Also, upon further inquiry, we learned through the Embassy that Dong Yong Rope and Dong-Il Metal were closed. We are not applying BIA to these companies because we use BIA as an adverse assumption for companies that have refused to cooperate in the Department's solicitation or verification of information. Therefore, we are continuing to classify these companies as "unlocated companies," and are assigning them the "All Others" rate.

*Comment 5:* The Committee states that, because the Department did not verify Chun Kee's COP information, it must use constructed value in the calculation of the foreign market value for Chun Kee. The Committee contends that the Department was obligated to verify Chun Kee's COP response under the statute and the Department's regulations. Further, it argues that Chun Kee's constructed value information cannot be relied upon without a cost verification. Therefore, the Committee asserts, the Department should base its calculation on information submitted in the Committee's original petition, dated November 15, 1994, which constitutes BIA.

Chun Kee responds by stating that it was fully cooperative and provided all of the cost information as requested. Further, it was ready, willing, and able to substantiate its cost information through verification. It cites *Olympic Adhesives v. United States*, 889 F.2d 1565, 1574 (Fed. Cir. 1990), to argue that the Department may not make adverse inferences unless a respondent refuses or is unable to provide information requested by the Department. Further, Chun Kee argues that the Committee's request for a verification was untimely and in any case there was not good cause for verification. Further, even if the Department should have verified the

COP information, Chun Kee asserts that there would still not be a basis for making adverse inferences against it.

*Department's Position:* We agree with Chun Kee. Although the Committee cites 19 CFR 353.36(a)(1)(v) in arguing that we were required to verify Chun Kee's submitted information, the statute and regulations state that we will verify all factual information submitted if no verification was conducted during either of the two immediately preceding administrative reviews. Section 776(b)(3)(B) of the Act. See also 19 CFR 353.36(a)(v)(B). Since this is only the first administrative review, and no information has been placed on the record indicating that Chun Kee's response is inaccurate, we are not obligated to verify any responses. Hence, we have used the cost information Chun Kee submitted in this review.

*Comment 6:* The Committee asserts that the Department should reject the claimed circumstance-of-sale (COS) adjustment to foreign market value for Chun Kee, Chung Woo, and Manho regarding home market credit expenses. The Committee argues that these three respondents' calculations for credit expenses are incorrect because they used the total value of home market sales, including non-subject merchandise, and divided this amount by the total accounts receivable balance. The Committee asserts that these calculations must include non-subject merchandise since the total sales values of subject merchandise for each firm vary from the figures in the credit expense calculations. The Committee argues that the Department has only allowed such an adjustment when the calculations are exclusive of non-subject merchandise, citing *AFBs from Germany* and *Final Determination of Sales at Less Than Fair Value: Polyethylene Terephthalate Film, Sheet, and Strip from the Republic of Korea*, 56 FR 16305, 16310 (April 22, 1991) (*Pet Film from Korea*).

All three respondents argue that they provided their home market imputed credit expenses in accordance with well-established Department policy. They argue further that the Department never asked any of the respondents to revise their methodology, nor did the petitioner urge the respondents to do so during the course of the review. They cite *Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, Certain Corrosion-Resistant Carbon Steel Flat Products, and Certain Cut-to Length Carbon Steel Plate from Korea*, 58 FR 37176, 37184 (July 9, 1993)

(*Carbon Steel Flat Products from Korea*), in which the Department accepted credit expenses where company-wide credit periods were used to calculate credit. They also state that, for Chun Kee, Chung Woo, and Manho, the Department verified their methodology and found no discrepancies. They state that, while the calculation included data on non-subject merchandise, there is no difference between the payment terms for subject and non-subject merchandise, nor do terms of payment under the respondents' open accounting system recognize a difference between subject and non-subject merchandise. Due to the similarities among all of the products they sold and the similarities of the payment, the respondents claim that there is no business reason to maintain different accounts based on different types of merchandise, and the payment methods do not even allow it. Hence, respondents argue, they could not possibly provide information that does not exist in their accounting records. Further, the respondents claim that their case is not analogous to the cases petitioner cites since, in *AFBs from Germany*, by including sales of non-subject merchandise in the turnover rate calculation, the respondent distorted the actual average credit period of the subject merchandise. In addition, the respondents assert, at verification in *AFBs from Germany*, the Department found that the average credit period for the subject merchandise was much less than the respondent had originally reported. Chun Kee, Chung Woo and Manho argue that there is no indication that the inclusion of non-subject merchandise in their calculations of the turnover period distorts the credit calculation. Further, respondents claim that, in *Pet Film from Korea*, the Department accepted a respondent's company-wide turnover calculation. Respondents claim that the only difference between *Pet Film from Korea* and the present review is that in the present case the accounts receivable balances for subject and non-subject merchandise cannot be separated. Therefore, respondents argue, the Department should accept their company-wide turnover calculations.

*Department's Position:* We disagree with the Committee and have not changed our adjustment for home market credit expenses. In *AFBs from Germany*, as cited by the Committee, we rejected the respondent's calculation of home market credit expenses because its calculation distorted the actual average credit period on the products under investigation and we discovered that the average credit period on sales of subject