

board members and officers participate in board meetings, vote, and voice their opinions on proposals before the board. Because the interlocking directors actively participate in the decision-making process, the potential for these interlocking directors to influence pricing and production decisions for both Union and DKI exists.

With respect to the third factor, the Department has recently clarified that, although not necessarily determinative, this factor is essential. The information presented indicates that DKI and Union produce the identical types of products for the major characteristics that are relevant to production and price decisions for cold-rolled material. They make the same grades and qualities of cold-rolled steel, and material in overlapping thicknesses and thickness tolerances. In regards to thickness tolerances, DKI can relax its rolling practices to make material to Union's tolerances, and Union has the capability to produce material comparable to DKI, yet is not supplying it in the home market. The very existence of DKI suggests that there is a domestic market for tight tolerance material in many of the grades and qualities of steel being supplied by Union. With Union not supplying this material in the home market, it indicates that DKI is meeting domestic demand for this material.

With respect to the fourth factor, Union and DKI have overlapping board members who serve in multiple roles. KSEC filings indicate that both DKI and Union are controlled by DSM. Union's 1993 financial data was combined with DSM's on an "equity-method" basis. (The equity method is used when an investor has the ability to exercise significant influence over the operating and financial policies of the investment.) Union sold subject merchandise through DKI during the POR, and DKI slit sheet into narrower widths for Union during the POR.

On May 22, 1995, for the reasons outlined above, the Department decided to "collapse" Union and DKI for purposes of this review. (For further details, see the collapsing memo.)

The Department is conducting this review in accordance with section 751 of the Act.

#### Scope of the Review

These products include cold-rolled (cold-reduced) carbon steel flat-rolled products, of rectangular shape, neither clad, plated nor coated with metal, whether or not painted, varnished or coated with plastics or other nonmetallic substances, in coils (whether or not in successively superimposed layers) and of a width of

0.5 inch or greater, or in straight lengths which, if of a thickness less than 4.75 millimeters, are of a width of 0.5 inch or greater and which measures at least 10 times the thickness or if of a thickness of 4.75 millimeters or more are of a width which exceeds 150 millimeters and measures at least twice the thickness, as currently classifiable in the HTS under item numbers 7209.11.0000, 7209.12.0030, 7209.12.0090, 7209.13.0030, 7209.13.0090, 7209.14.0030, 7209.14.0090, 7209.21.0000, 7209.22.0000, 7209.23.0000, 7209.24.1000, 7209.24.5000, 7209.31.0000, 7209.32.0000, 7209.33.0000, 7209.34.0000, 7209.41.0000, 7209.42.0000, 7209.43.0000, 7209.44.0000, 7209.90.0000, 7210.70.3000, 7210.90.9000, 7211.30.1030, 7211.30.1090, 7211.30.3000, 7211.30.5000, 7211.41.1000, 7211.41.3030, 7211.41.3090, 7211.41.5000, 7211.41.7030, 7211.41.7060, 7211.41.7090, 7211.49.1030, 7211.49.1090, 7211.49.3000, 7211.49.5030, 7211.49.5060, 7211.49.5090, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7217.11.1000, 7217.11.2000, 7217.11.3000, 7217.19.1000, 7217.19.5000, 7217.21.1000, 7217.29.1000, 7217.29.5000, 7217.31.1000, 7217.39.1000, and 7217.39.5000. Included 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. Excluded is certain shadow mask steel, *i.e.*, aluminum-killed, cold-rolled steel coil that is open-coil annealed, has a carbon content of less than 0.002 percent, is of 0.003 to 0.012 inch in thickness, 15 to 30 inches in width, and has an ultra flat, isotropic surface. These HTS item numbers are provided for convenience and customs purposes. The written description remains dispositive.

The POR is August 18, 1993 through July 31, 1994. This review covers sales of certain cold-rolled carbon steel flat products by Dongbu and Union.

#### Verification

As provided in section 776(b) of the Act, we verified information provided by the respondent using standard verification procedures, including on-site inspection of the manufacturers' facilities, the examination of relevant sales and financial records, and selection of original documentation

containing relevant information. Our verification results are outlined in the public versions of the verification reports.

#### United States Price

The Department used purchase price, in accordance with section 772(b) of the Act, because the subject merchandise was sold to unrelated purchasers in the United States. As described below in the "Foreign Market Value" section of this notice, we added the Korean value-added tax to USP.

#### Dongbu

All of Dongbu's U.S. sales were based on the price to the first unrelated purchaser in the United States. The Department determined that purchase price, as defined in section 772(b) of the Act, was the appropriate basis for calculating USP. Depending on the channel of trade, we treated the date of either the purchase order, the internal confirmation or the date of the production order as date of sale. We made adjustments to purchase price, where appropriate, for home-market value-added tax, foreign inland freight, foreign brokerage, ocean freight, containerization, U.S. duty and U.S. brokerage and handling.

No other adjustments were claimed or allowed.

#### Union

All of Union's U.S. sales were based on the price to the first unrelated purchaser in the United States. The Department determined that purchase price, as defined in section 772(b) of the Act, was the appropriate basis for calculating USP. Because quantities were not finalized until the merchandise was actually shipped to the United States, we treated the date of shipment as date of sale (see the Department's analysis memorandum dated September 28, 1995). We made adjustments to purchase price, where appropriate, for cash discounts and rebates, home-market value-added tax, foreign inland freight, foreign brokerage and handling, ocean freight, marine insurance, U.S. duty, U.S. brokerage and handling, U.S. inland freight, and duty drawback. Because Union had understated its U.S. credit expenses by not including bank charges therein, we increased Union's U.S. credit expense by the amount of those charges, which we obtained from the audited financial statement of Union's U.S. subsidiary.

No other adjustments were claimed or allowed.