

November 15, 2004

MEMORANDUM TO: James J. Jochum  
Assistant Secretary, Import Administration

FROM: Ronald K. Lorentzen  
Acting Director, Office of Policy

SUBJECT: Issues and Decision Memorandum for the Expedited Sunset Review of the Antidumping Duty Order on Stainless Steel Sheet and Strip in Coils from Italy; Final Results

### Summary

We have analyzed the substantive responses of the interested parties in the sunset review of the antidumping duty investigation covering stainless steel sheet and strip in coils (“SSSSC”) from Italy. We recommend that you approve the positions we have developed in the *Discussion of the Issues* section of this memorandum. Below is the complete list of the issues in this sunset review for which we received a substantive response:

1. Likelihood of continuation or recurrence of dumping
  - A. Weighted-average dumping margin
  - B. Volume of imports
2. Magnitude of the margin likely to prevail
  - Margins from investigation

### History of the Order

On June 8, 1999, the Department of Commerce (“Department”) published its final affirmative determination of sales at less than fair value (“LTFV”) in the *Federal Register* with respect to imports of SSSSC from Italy. See *Notice of Final Determination of Sales at Less Than Fair Value: SSSSC from Italy, Part II*, 64 FR 30750 (June 8, 1999) amended at 64 FR 40567 (July 27, 1999). In the amended final determination the Department determined the weighted-average margin for ThyssenKrupp Acciai Speciali Terni, S.A. (“TKAST”), formerly Acciai Speciali Terni, S.A.

("AST"), and all other Italian manufacturers at 11.23 percent. Also on July 27, 1999, Department published in the *Federal Register* an antidumping duty order on SSSSC from Italy. See *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; SSSSC from Italy*, 64 FR 40557 (July 27, 1999).

Since the issuance of the antidumping order, the Department has conducted three administrative reviews with respect to TKA<sup>1</sup>. In those administrative reviews, the Department determined dumping margins for TKA of 0.66 percent, 3.34 percent, and 1.62 percent, respectively. *Id.*

The Department has completed no changed circumstances reviews regarding imports of SSSSC from Italy since the issuance of the order.

On June 1, 2004, the Department published the notice of initiation of the sunset review of the antidumping duty order on SSSSC from Italy pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act").<sup>2</sup> The Department received a Notice of Intent to Participate from the domestic interested parties Nucor Corporation; Allegheny Ludlum Corporation; North American Stainless; the United Steelworkers of America, AFL-CIO; the local 3303 United Auto Workers; and Zanesville Armco Independent Organization, Inc. (collectively "the domestic interested parties") within the deadline specified in section 351.218(d)(1)(i) of the Department's Regulations ("Sunset Regulations"). The domestic interested parties claimed interested party status under section 771(9)(C) and (D) of the Act, as domestic manufacturers of SSSSC or certified unions whose workers are engaged in the production of SSSSC in the United States. We received a complete substantive response collectively from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). The Department received no response from the respondent interested parties. As a result, pursuant to section 751(c)(5)(A) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited (120-day) sunset review of this order.

#### Discussion of the Issues:

In accordance with section 751(c)(1) of the Act, the Department conducted this sunset review to determine whether revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Sections 752(c)(1)(A) and (B) of the Act provide that, in making these determinations, the Department shall consider both the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for

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<sup>1</sup>See *Notice of Final Results of Antidumping Duty Administrative Review: SSSSC from Italy*, 67 FR 1715 (January 14, 2002); *Notice of Final Results of Antidumping Duty Administrative Review: SSSSC from Italy*, 68 FR 6719 (February 10, 2003) amended by 68 FR 11521 (March 11, 2003); *Notice of Final Results of Antidumping Duty Administrative Review: SSSSC from Italy*, 68 FR 69382 (December 12, 2003).

<sup>2</sup> *Initiation of Five-Year ("Sunset") Reviews*, 69 FR 30874 (June 1, 2004).

the period before and the period after the issuance of the antidumping duty order. In addition, section 752(c)(3) of the Act provides that the Department shall provide to the International Trade Commission (“ITC”) the magnitude of the margin of dumping likely to prevail if the order were revoked. Below we address the comments of the interested parties.

#### 1. Likelihood of Continuation or Recurrence of Dumping:

##### Interested Party Comments

The domestic interested parties contend that revocation of this antidumping duty order would likely lead to a continuation or recurrence of dumping by the Italian producers of the subject merchandise due to continued dumping. *See* Substantive Response of the Domestic Interested Parties (“Domestic Response”) (July 1, 2004) at 45. The domestic interested parties also contend that the Italian SSSSC imports declined dramatically in response to the imposition of the antidumping duty order and have remained well below their pre-order levels. *Id.* at 50. The domestic interested parties point out that the Italian industry exported to the United States almost 29,000 tons of SSSSC in 1998; however, upon imposition of the order, the Italian SSSSC imports substantially decreased to 13,461 tons in 1999, averaging just 9,575 tons per year during 1999-2003 sunset review period. *Id.* at 50-51. The domestic interested parties note that although TKAST reduced its antidumping duty margin since the investigation, most recently to 1.62 percent in the July 2002-June 2003 administrative review period, the reduced margin did not result in a substantial increase of exports to the United States. *Id.* at 51. Consequently, the domestic interested parties contend that the Italian producers did not substantially increase their SSSSC exports to the United States because of the discipline of the order and an inability to complete further reviews that showed no dumping. *Id.*

##### Department's Position

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act (“URAA”), specifically the Statement of Administrative Action (“SAA”), H.R. Doc. No. 103-316, vol. 1 (1994), the House Report, H. Rep. No. 103-826, pt. 1 (1994) (“House Report”), and the Senate Report, S. Rep. No. 103-412 (1994) (“Senate Report”), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the bases for likelihood determinations. *See Policies Regarding the Conduct of the Five-Year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders, Policy Bulletin 98-3 (“Sunset Policy Bulletin”),* 63 FR 18871 (April 16, 1998). The Department clarified that determinations of likelihood will be made on an order-wide basis. *See Sunset Policy Bulletin* at section II.A.2. In addition, the Department indicated that normally it will determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly. *See Sunset Policy*

*Bulletin* at section II.A.3.

Consistent with the *Sunset Policy Bulletin*, the Department normally will determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where, *inter alia*, dumping continued at any level above *de minimis* after the issuance of the order. The Department conducted three administrative reviews since issuance of the order in which it found that dumping continued at levels above *de minimis*. See Footnote 1. In addition, the Department considers the volume of imports of the subject merchandise for the period before and after the issuance of the antidumping order. See *Sunset Policy Bulletin* at section II.A.1. Using statistics provided by the ITC Dataweb (see attached), the Department finds that imports significantly decreased after the issuance of the order. Given that dumping continued at levels above *de minimis* and that imports declined since the imposition of the order, the Department determines that dumping would likely continue or recur if the order were revoked.

## 2. Magnitude of the Margin Likely to Prevail:

### Interested Party Comments

In their substantive response, the domestic interested parties argue that the antidumping duty margins from the investigation are the margins that will likely prevail if the order were revoked in accordance with the SAA and the *Sunset Policy Bulletin*. See Domestic Response at 58. Accordingly, they contend that the Department should inform the ITC that the antidumping duty margins for TKAST and all other Italian companies covered by the order will likely prevail at 11.23 percent if revocation occurs. *Id.* at 59.

### Department's Position

In the *Sunset Policy Bulletin*, the Department stated that it normally will provide to the ITC the company-specific margin from the investigation for each company. For companies not investigated specifically or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the “All Others” rate from the investigation. Exceptions to this policy include the use of a more recently calculated margin, where appropriate. See *Sunset Policy Bulletin* sections II.B.2 and 3. The Department’s preference for selecting a margin from the investigation is based on the fact that it is the only calculated rate that reflects the behavior of exporters without the discipline of an order or suspension agreement in place.

After considering the dumping margins determined in the investigation and subsequent reviews, the Department determines that it is appropriate to report to the ITC for TKAST and “all others” the rates from the amended final determination because they are the only calculated rates that reflect the behavior of companies without the discipline of the order. Therefore, we will report to the ITC the rates as published in the amended final determination, as listed in the next section.



Final Results of Review

We determine that revocation of the antidumping duty order on SSSSC from Italy would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted-Average Margin (percent)
TKAST	11.23 percent
All Others	11.23 percent

Recommendation

Based on our analysis of the substantive response received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of review in the *Federal Register*.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_

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James J. Jochum  
Assistant Secretary  
for Import Administration

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(Date)