

approve sales to Incheon's U.S. customers. Also, Incheon claims that Hyundai U.S.A. does not provide customer support to Incheon's U.S. customers. In considering the third of the three factors to determine whether certain sales warrant classification as EP sales, we preliminarily determine that the affiliated purchaser in the United States, Hyundai U.S.A., acted as a processor of sales-related documentation and a communication link with the unrelated U.S. buyer and that its sales activities are merely ancillary.

In examining the third factor of our analysis in detail to determine whether certain sales warrant classification as EP sales, we note the following. First, Incheon states that it solicits and negotiates sales, and approves its U.S. sales prices and that Hyundai U.S.A. does not perform any of these functions. This contrasts with our analysis for Incheon in *Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils From the Republic of Korea* ("Stainless Steel Sheet and Strip in Coil from Korea"), 64 FR 30664, 30686 (June 8, 1999), where the record contained information that Hyundai U.S.A. had solicited sales, both with and without Incheon employees. The record in the present case indicates that Incheon personnel, and not those of Hyundai U.S.A., call on U.S. customers. Although Hyundai U.S.A. personnel attended meetings with U.S. customers, they only did so in an observational capacity and in the company of Incheon personnel. Thus, Hyundai U.S.A. personnel did not solicit or negotiate any sales, nor did they even independently meet with Incheon's customers. This contrasts with *Stainless Steel Sheet and Strip in Coil from Korea*, where we found that Hyundai U.S.A. employees had made sales calls without Incheon employees. Second, Incheon states that it bears the credit risk if a U.S. customer does not remit payment to Hyundai U.S.A., but that, during the POI, there were no instances of a U.S. customer not paying Hyundai U.S.A. This contrasts with the *Stainless Steel Sheet and Strip in Coil from Korea*, where the record contained specific evidence that Hyundai U.S.A. was bearing the credit risk. Third, we note that Incheon reported post-sale warehousing at the U.S. port prior to delivery to the U.S. customer. We note that warehousing is not automatically indicative that the U.S. sales should be classified as CEP transactions. See *Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel*

Wire Rod From Italy, 63 FR 40422, 40425 (July 29, 1998). Thus, based on the above record, we preliminarily determine that Incheon's U.S. sales of structural steel beams, in which Hyundai U.S.A. was involved in the sales process, reported as EP sales, qualify as EP sales.

We based EP on the packed, delivered, tax and duty paid price to unaffiliated purchasers in the United States. We made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act; these included, where appropriate, foreign inland freight from the plant to the port of export, foreign wharfage, international freight, marine insurance, U.S. warehousing, U.S. loading, U.S. customs duty, and U.S. wharfage. Additionally, we added to the U.S. price an amount for duty drawback pursuant to section 772(c)(1)(B) of the Act. For a further discussion of this issue, see *Preliminary Analysis Memo: Incheon*.

Kangwon

Kangwon identified three channels of distribution for U.S. sales. In channel one, Kangwon sold directly to the U.S. customers. In channel two, Kangwon sold to the U.S. customers through its affiliated distributor, Sampyo Corporation. Additionally, for a certain percentage of U.S. channel one and two sales, Kangwon reported that Sampyo America, a subsidiary of Kangwon, relays pricing information and sales order information between Kangwon and its U.S. customers. In channel three, Kangwon sold directly to unaffiliated Korean trading companies for resale of subject merchandise to the United States. For U.S. sales channel three, we based our calculation on EP, in accordance with section 772(a) of the Act, because the subject merchandise was sold by the producer or exporter directly to the first unaffiliated purchaser in the United States prior to importation, and CEP methodology was not otherwise indicated. For U.S. channel one and two sales, including those for which Kangwon has reported that Sampyo America had a role in the sales process, we based our calculation on EP, in accordance with section 772(a) of the Act, because the subject merchandise was sold by the producer or exporter directly to the first unaffiliated purchaser in the United States prior to importation, and CEP methodology was not otherwise indicated. In determining that channel one and two sales in which Sampyo America had a role should be treated as EP, we applied our three factor test, described above.

In determining that channel one and two sales in which Sampyo America had a role should be treated as EP, we applied our three factor test described above. The record indicates that in all instances Kangwon's channel one and two sales were shipped directly from the manufacturer to the unaffiliated U.S. customer and that the reported U.S. sales were made in the customary commercial channel, thereby satisfying the first two factors for EP sales. In determining, for those U.S. sales for which Kangwon has indicated that Sampyo America participated in the sales process, whether the U.S. affiliate acted solely as a "processor of sales-related documentation" and a "communication link" with the unaffiliated U.S. customer, we reviewed the selling functions performed by Sampyo America and the sales process for these sales.

Kangwon reported that Sampyo America's only participation in the sales negotiation process for U.S. channel one and two sales is to relay pricing information and sales order information between Kangwon and its U.S. customers. Kangwon maintains that all U.S. sales are negotiated and approved by Kangwon's Export Department. Kangwon reported that for a certain percentage of sales, Kangwon rejected the terms of an order forwarded by Sampyo America. In addition to forwarding inquiries and confirmations to and from the customer and Kangwon, Kangwon stated that employees of Sampyo America also undertook business trips, at the instruction and control of Kangwon and by Kangwon employees, to meet with Kangwon's U.S. customers and provided general market research information for both subject and non-subject merchandise to Kangwon. Consequently, because Sampyo America's function for certain of Kangwon's U.S. channel one and two sales is limited to relaying pricing information and sales order information between Kangwon and its U.S. customers, we preliminarily determine that Kangwon's U.S. sales of structural beams, in which Sampyo America was involved in the sales process, reported as EP sales, qualify as EP sales. For a further discussion of this issue, see *Analysis Memorandum: Kangwon*.

We based EP on the packed prices to unaffiliated purchasers in the United States. Where appropriate, we deducted billing adjustments and price discounts from the gross unit price. We made deductions for foreign inland freight (plant to distribution warehouse), warehousing expense, foreign inland freight (warehouse to port of exportation), brokerage and handling,