

Suspension of liquidation will be extended accordingly.

In addition, because the countervailing duty investigation of hot-rolled flat-rolled carbon-quality steel products from Brazil has been aligned with the concurrent antidumping duty investigation under section 705(a)(1) of the Act, the time limit for completion of the final determination in the countervailing duty investigation will be the same date, July 6, 1999, as the final determination of the concurrent antidumping duty investigation.

This notice of postponement is published pursuant to 19 CFR 351.210(g).

Dated: April 28, 1999.

**Richard W. Moreland,**

*Acting Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-846]

#### **Brake Rotors From the People's Republic of China: Preliminary Results of New Shipper Review and Preliminary Results and Partial Rescission of First Antidumping Duty Administrative Review**

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**SUMMARY:** On May 29, 1998, the Department published a notice of initiation of an administrative review of the antidumping duty order on brake rotors from the People's Republic of China ("PRC") covering the period October 10, 1996, through March 31, 1998. The Department is preliminarily rescinding this review in part with respect to respondents who had no shipments of the subject merchandise during the period of review ("POR").

For those respondents that submitted full responses to the antidumping questionnaire and are entitled to a separate rate, we have preliminarily determined that U.S. sales have not been made below normal value. For the PRC non-market economy ("NME") entity (*i.e.*, PRC government-controlled companies, including PRC companies that did not respond to the antidumping questionnaire), we are basing the preliminary results on "facts available."

If these preliminary results are adopted in our final results of administrative review, we will instruct

the U.S. Customs Service to assess no antidumping duties on entries from the seven PRC exporters that cooperated in this review (including the one new shipper reviewed), for which the importer-specific assessment rates are zero or *de minimis* (*i.e.*, less than 0.50 percent), and to assess duties on entries from the other uncooperative reviewed exporters at the PRC-wide rate.

Interested parties are invited to comment on these preliminary results.

**EFFECTIVE DATE:** May 6, 1999.

#### **FOR FURTHER INFORMATION CONTACT:**

Brian Smith or Barbara Wojcik-Betancourt, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-1766 or (202) 482-0629, respectively.

**SUPPLEMENTARY INFORMATION:** Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("the Act"), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations at 19 CFR Part 351 (1998).

#### **Background**

On April 14, 1998, the petitioner<sup>2</sup> requested an administrative review pursuant to section 751(a)(1) of the Act and section 351.213(b) of the Department's regulations for three exporter/producer combinations<sup>2</sup> that received zero rates in the less-than-fair-value ("LTFV") investigation and thus were excluded from the antidumping duty order only with respect to subject merchandise sold through the specified exporter/producer combinations, and the following respondents in the LTFV investigation: (1) Hebei Metals and Minerals Import & Export Corporation ("Hebei"); (2) Jilin Provincial Machinery and Equipment Import & Export Corporation ("Jilin"); (3) Shandong Jiuyang Enterprise Corporation ("Jiuyang"); (4) Longjing Walking Tractor Foreign Trade Import & Export

<sup>1</sup> The petitioner is the Coalition for the Preservation of American Brake Drum and Rotor Aftermarket Manufacturers.

<sup>2</sup> The excluded exporters/producer combinations are (1) China National Automobile Industry Import & Export Corporation ("CAIEC") or Shandong Laizhou CAPCO Industry ("Laizhou CAPCO")/Laizhou CAPCO; (2) Shenyang Honbase Machinery Co., Ltd. ("Shenyang Honbase") or Laizhou Luyuan Automobile fittings Co., Ltd. ("Laizhou Luyuan")/Shenyang Honbase or laizhou Luyuan; and (3) China National Machinery and Equipment Import & Export (Xinjiang) Co., Ltd. ("Xinjiang")/Zibo Botai Manufacturing Co., Ltd. ("Zibo").

Corporation ("Longjing"); (5) Qingdao Metals, Minerals & Machinery Import and Export Corporation ("Qingdao"); (6) Shanxi Machinery and Equipment Import Export Corporation ("Shanxi"); (7) Southwest Technical Import & Export Corporation ("Southwest"); (8) Xianghe Zichen Casting Co., Ltd. ("Xianghe"); (9) Yantai Import & Export Corporation ("Yantai"); and (10) Yenhere Corporation ("Yenhere"). The petitioner also requested an administrative review of all other PRC producers and exporters of the subject merchandise.

On April 29, 1998, the excluded exporters for which the petitioner requested a review contended that the Department did not have the basis for conducting an administrative review of them because they were excluded from the antidumping duty order on brake rotors.

On April 30, 1998, the Department received a timely request from Yantai Chen Fu Machinery Co., Ltd. ("Chen Fu"), in accordance with section 751(a)(2)(B) of the Act and section 351.214(c) of the Department's regulations, for a new shipper review of this antidumping duty order.

In its April 30, 1998, request for review, Chen Fu certified that it did not export the subject merchandise to the United States during the period covered by the original LTFV investigation (the "POI"), and that it is not affiliated with any company which exported subject merchandise to the United States during the POI. Chen Fu also certified that its export activities are not controlled by the central government of the PRC. Pursuant to the Department's regulations at 19 CFR 351.214(b)(2)(iv), Chen Fu submitted documentation establishing the date on which the merchandise was first entered for consumption in the United States, the volume of that shipment, and the date of the first sale to an unaffiliated customer in the United States.

In accordance with section 751(a)(2)(B) and 19 CFR 351.214(d), we initiated a new shipper review covering Chen Fu (*Brake Rotors from the People's Republic of China: Initiation of New Shipper Antidumping Duty Administrative Review* (63 FR 28355, May 22, 1998)).

Also, on April 30, 1998, seven PRC exporters<sup>3</sup> requested an administrative review pursuant to section 751(a)(1) of the Act and section 351.213(b) of the Department's regulations, all but one of

<sup>3</sup> The seven PRC exporters are (1) Beijing Xinchangyuan Automobile Fittings Co., Ltd. ("Xinchangyuan"); (2) Jilin; (3) Longjing; (4) Jiuyang; (5) Xianghe; (6) Yantai; and (7) Yenhere.

which (Xinchangyuan) were included in the petitioner's request.

On May 11, 1998, Chen Fu agreed to waive time limits applicable to the new shipper review and conduct the new shipper review concurrently with the administrative review. On May 13, 1998, Xinchangyuan withdrew its request for an administrative review.

On May 22, 1998, the Department initiated an administrative review covering the exporters which received zero rates in the LTFV investigation (only with respect to their U.S. sales of brake rotors produced by companies other than those included in the excluded exporter/producer combinations) and the other producers and exporters for which the petitioner requested a review (*Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocations in Part* (63 FR 29370, 29371, May 29, 1998)).

During June 1998, we issued our questionnaire to the following entities: (1) all companies listed in our initiation notices; (2) the Ministry of Foreign Trade and Economic Cooperation ("MOFTEC") for review of the PRC-wide rate; and (3) the Chinese Chamber of Commerce of Importers and Exporters of Machinery and Electronic Products ("the China Chamber").

On July 24, 1998, the respondents and the petitioners submitted publicly available information ("PAI") for use in valuing the factors of production. On July 31, 1998, the parties submitted rebuttal comments on PAI. On August 10, 1998, certain respondents (namely, Chen Fu, Jilin, Longjing, Jiuyang Xianghe, Yantai and Yenhere) submitted their responses to sections A, C and D of the antidumping questionnaire. In September 1998, we issued supplemental questionnaires to the respondents. In October 1998, we received supplemental questionnaire responses from the respondents.

On November 10, 1998, the Department published in the **Federal Register** a notice of postponement of the preliminary results no later than April 30, 1999 (63 FR 63026).

On February 12, 1999, Jilin submitted corrections to its section C response in anticipation of verification. On March 2, 1999, the Department issued a decision memorandum which outlined the Department's reasons for conducting a review of the exporters rates of zero in the LTFV investigation with respect to shipments of merchandise produced by manufacturers other than those in the respective excluded exporter/producer combination. On March 11, 1999, the Department issued another decision memorandum ("March 11, 1999,

Memorandum") which stated that the Department preliminarily found no evidence that POR shipments of merchandise subject to order were made by the exporters that are excluded with respect to certain exporter/producer combinations.

#### Scope of Review

The products covered by this review are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, ranging in diameter from 8 to 16 inches (20.32 to 40.64 centimeters) and in weight from 8 to 45 pounds (3.63 to 20.41 kilograms). The size parameters (weight and dimension) of the brake rotors limit their use to the following types of motor vehicles: automobiles, all-terrain vehicles, vans and recreational vehicles under "one ton and a half," and light trucks designated as "one ton and a half."

Finished brake rotors are those that are ready for sale and installation without any further operations. Semi-finished rotors are those on which the surface is not entirely smooth, and have undergone some drilling. Unfinished rotors are those which have undergone some grinding or turning.

These brake rotors are for motor vehicles, and do not contain in the casting a logo or any original equipment manufacturer ("OEM") which produces vehicles sold in the United States (e.g., General Motors, Ford, Chrysler, Honda, Toyota, Volvo). Brake rotors covered in this review are not certified by OEM producers of vehicles sold in the United States. The scope also includes composite brake rotors that are made of gray cast iron, which contain a steel plate, but otherwise meet the above criteria. Excluded from the scope of the review are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, with a diameter less than 8 inches or greater than 16 inches (less than 20.32 centimeters or greater than 40.64 centimeters) and a weight less than 8 pounds or greater than 45 pounds (less than 3.63 kilograms or greater than 20.41 kilograms).

Brake rotors are classifiable under subheading 8708.39.5010 of the HTSUS. Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this review is dispositive.

#### Period of Review

The POR covers the period October 10, 1996, through March 31, 1998.

#### Rescission

Pursuant to 19 CFR 351.213(d)(3), we have preliminarily determined that,

during the POR, the exporters which received zero rates in the LTFV investigation did not make shipments of subject merchandise to the United States during the POR. Specifically, we preliminarily determined that during the POR, (1) neither CAIEC nor Laizhou CAPCO exported brake rotors to the United States that were manufactured by producers other than Laizhou CAPCO; (2) neither Shenyang Honbase nor Laizhou Luyuan exported brake rotors to the United States that were manufactured by producers other than Shenyang Honbase or Laizhou Luyuan; and (3) Xinjiang did not export brake rotors to the United States that were manufactured by producers other than Zibo (see memoranda dated March 2 and 11, 1999, from the team to Louis Apple, Office Director). In order to make this determination, we first examined POR subject merchandise shipment data furnished by the U.S. Customs Service. We then requested the U.S. Customs Service to examine the documentation filed at the U.S. port for each entry made by the exporters at issue to determine the manufacturer of the merchandise. Based on the results of our query (see March 11, 1999, Memorandum), we are preliminarily rescinding this review with respect to CAIEC, Laizhou CAPCO, Shenyang Honbase, Laizhou Luyuan and Xinjiang. However, we intend to verify the U.S. shipments of brake rotors made by these companies before issuing a final decision with respect to these companies.

Furthermore, we are rescinding this review with respect to Southwest, which reported that it made no shipments of subject merchandise during this POR, based on the results of our examination of shipment data furnished by the U.S. Customs Service. Because the shipment data we examined did not show U.S. entries of brake rotors during the POR from Southwest or its affiliated PRC producer, we pursued no further this inquiry with the U.S. Customs Service. We are also rescinding this review with respect to Xinchangyuan because it withdrew its request for review and no other interested party requested a review of this company.

#### Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and thus should be assessed a single antidumping duty deposit rate. Of the seven respondents that submitted questionnaire responses, one of the PRC

companies, Chen Fu, is wholly-owned by private individuals. Another respondent, Xianghe, is a joint venture between Chinese and U.S. companies. Another respondent, Yenhere, is a limited liability corporation in the PRC. The four other respondents are either wholly owned by "all the people" (Jilin, Longjing, Yantai) or collectively owned (Jiuyang). Thus, for all seven of these respondents, a separate rates analysis is necessary to determine whether the exporters are independent from government control (see *Notice of Final Determination of Sales at Less Than Fair Value: Bicycles From the People's Republic of China* ("Bicycles") 61 FR 56570 (April 30, 1996)).

To establish whether a firm is sufficiently independent from government control to be entitled to a separate rate, the Department analyzes each exporting entity under a test arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China* (56 FR 20588, May 6, 1991) and amplified in the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China* (59 FR 22585, May 2, 1994) ("Silicon Carbide"). Under the separate rates criteria, the Department assigns separate rates in NME cases only if the respondent can demonstrate the absence of both *de jure* and *de facto* government control over export activities.

#### 1. De Jure Control

Each respondent has placed on the administrative record documents to demonstrate absence of *de jure* control, including the "Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People," adopted on April 13, 1988 ("the Industrial Enterprises Law"); "The Enterprise Legal Person Registration Administrative Regulations," promulgated on June 13, 1988; the 1990 "Regulation Governing Rural Collectively-Owned Enterprises of PRC;" the 1992 "Regulations for Transformation of Operational Mechanisms of State-Owned Industrial Enterprises" ("Business Operation Provisions"); and the 1994 "Foreign Trade Law of the People's Republic of China."

As in prior cases, we have analyzed these laws and have found them to establish sufficiently an absence of *de jure* control of companies "owned by the whole people," privately owned enterprises, joint ventures, stock companies including limited liability companies, and collectively owned enterprises. See, e.g., *Final Determination of Sales at Less than Fair*

*Value: Furfuryl Alcohol from the People's Republic of China* ("Furfuryl Alcohol") 60 FR 22544 (May 8, 1995), and *Preliminary Determination of Sales at Less Than Fair Value: Certain Partial-Extension Steel Drawer Slides with Rollers from the People's Republic of China* ("Drawer Slides") 60 FR 29571 (June 5, 1995). We have no new information in this proceeding which would cause us to reconsider this determination with regard to the seven respondents mentioned above.

#### 2. De Facto Control

As stated in previous cases, there is some evidence that certain enactments of the PRC central government have not been implemented uniformly among different sectors and/or jurisdictions in the PRC. See *Silicon Carbide* and *Furfuryl Alcohol*. Therefore, the Department has determined that an analysis of *de facto* control is critical in determining whether the respondents are, in fact, subject to a degree of governmental control which would preclude the Department from assigning separate rates.

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) Whether the export prices ("EPs") are set by or subject to the approval of a governmental authority; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses (see *Silicon Carbide* and *Furfuryl Alcohol*).

Each of these seven respondents asserted the following: (1) it establishes its own EPs; (2) it negotiates contracts, without guidance from any governmental entities or organizations; (3) it makes its own personnel decisions; and (4) it retains the proceeds of its export sales, uses profits according to its business needs, and has the authority to sell its assets and to obtain loans. Additionally, the respondents' questionnaire responses indicate that company-specific pricing during the POR does not suggest coordination among exporters. This information supports a preliminary finding that there is *de facto* absence of governmental control of the export functions of these respondents. See *Pure Magnesium from the People's Republic of China: Preliminary Results of*

*Antidumping Duty New Shipper Administrative Review*, 62 FR 55215 (October 23, 1997). Consequently, we have preliminarily determined that each of these respondents has met the criteria for the application of separate rates.

Hebei, Qingdao and Shanxi, named respondents in this review, did not respond to the questionnaire issued in this review. Hebei, Qingdao and Shanxi also did not submit information which demonstrated a *de jure* and *de facto* absence of government control with respect to each company's export functions. Therefore, we have preliminarily determined that these companies are not entitled to separate rates in this review and will be considered to be part of the non-responding PRC NME entity.

#### Facts Available

Section 776(a)(1) of the Act mandates that the Department use the facts available if necessary information is not available on the record of an antidumping proceeding. In addition, section 776(a)(2) of the Act mandates that the Department use the facts available where an interested party or any other person: (A) withholds information requested by the Department; (B) fails to provide requested information by the requested date or in the form and manner requested; (C) significantly impedes an antidumping proceeding; or (D) provides information that cannot be verified.

As indicated above, Hebei, Qingdao and Shanxi failed to demonstrate that they are entitled to separate rates and therefore are presumed to be part of the PRC entity. In response to our antidumping questionnaire, MOFTEC, on behalf of the PRC NME entity, referred the Department to the China Chamber (see letter from MOFTEC to the Department, dated June 26, 1998). The China Chamber provided no response to our antidumping questionnaire, which it also received directly from the Department (see the Department's cover letter and questionnaire to the China Chamber, dated June 30, 1998). Thus, the PRC NME entity provided no questionnaire response. Therefore, in this case, the PRC NME entity, including Hebei, Qingdao and Shanxi, failed to respond to the Department's questionnaire. Therefore, by failing to respond to the Department's questionnaire in this case, the PRC NME entity, including Hebei, Qingdao and Shanxi, failed to cooperate to the best of its ability. Where the Department must base the entire dumping margin for a respondent in an administrative review on the facts

available because that respondent failed to cooperate to the best of its ability, section 776(b) also authorizes the Department to use as adverse facts available information derived from the petition, the final determination, a previous administrative review, or other information placed on the record.

As adverse facts available, imports of subject merchandise from the PRC NME entity (including Hebei, Qingdao and Shanxi and other producers/exporters who have not qualified for a separate rate) will be subject to a PRC-wide rate of 43.32 percent, which is based on the highest petition rate and which is the highest rate on the record of this proceeding. Because information from the petition constitutes secondary information, section 776(c) provides that the Department shall, to the extent practicable, corroborate that secondary information from independent sources reasonably at its disposal. The Statement of Administrative Action ("SAA") (H. Doc. 316, 103d Cong., 2nd Sess. 870) provides that "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value.

During our analysis of the petition in the LTFV investigation, we reviewed all of the data submitted and the assumptions that petitioners had made when calculating estimated dumping margins. As a result of our analysis, we recalculated the petition rate during the LTFV investigation to correct the petitioner's methodology with respect to certain factor values. See *Final Determinations of Sales at Less Than Fair Value: Brake Drums and Brake Rotors from the People's Republic of China*, 62 FR 9160, 9162 (February 28, 1997) ("Brake Rotors"). Thus, because we reviewed the petitioner's assumptions and calculations from which the petition rates were derived, and made appropriate corrections, we had determined in the LTFV investigation that the petition rates, as corrected, had probative value. We have no new information that would warrant reconsidering that decision.

#### Fair Value Comparisons

To determine whether sales of the subject merchandise by each respondent to the United States were made at LTFV, we compared the EP to the normal value ("NV"), as described in the "Export Price" and "Normal Value" sections of this notice, below.

#### Export Price

We used EP methodology in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to unaffiliated

customers in the United States prior to importation and constructed export price methodology was not otherwise indicated.

1. Chen Fu, Jilin, Jiuyang, Longjing, Xianghe, Yenhere

We calculated EP based on packed, FOB foreign port prices to the first unaffiliated purchaser in the United States. Where appropriate, we made deductions from the starting price (gross unit price) for foreign inland freight and foreign brokerage and handling in the PRC, in accordance with section 772(c) of the Act. Because foreign inland freight and foreign brokerage and handling fees were provided by NME service providers or paid for in an NME currency, we based those charges on surrogate rates from India (see "Surrogate Country" section below). To value foreign inland freight, we used the average 1994 truck freight rate contained in the Indian periodical *The Times of India*. We have used this same rate in numerous NME cases in which India has been selected as the primary surrogate (see, e.g., *Brake Rotors*, 62 FR at 9163). To value foreign brokerage and handling expenses, we relied on public information reported in the antidumping investigation of stainless steel wire rod from India (see *Brake Rotors from the People's Republic of China: Final Results of New Shipper Antidumping Duty New Shipper Administrative Review* (64 FR 9972, 9974, March 1, 1999) (*Brake Rotors New Shipper Review*)).

2. Yantai

We calculated EP based on packed, CIF, CNF or FOB U.S. port prices to the first unaffiliated purchaser in the United States. Where appropriate, we made deductions from the starting price (gross unit price) for foreign inland freight and foreign brokerage and handling in the PRC, marine insurance and international freight, in accordance with section 772(c) of the Act. As all foreign inland freight and foreign brokerage and handling fees were provided by NME service providers or paid for in a NME currency, we valued these services using the Indian surrogate values discussed above. For marine insurance, we used public information reported in the antidumping investigation of sulfur dyes, including sulfur vat dyes, from India. For ocean freight, we used Yantai's reported expense because Yantai used market-economy freight carriers (see, e.g., *Brake Rotors New Shipper Review*, 64 FR at 9974).

#### Normal Value

##### A. Non-Market Economy Status

In every case conducted by the Department involving the PRC, the PRC has been treated as a NME country. None of the parties to this proceeding has contested such treatment. Accordingly, we calculated NV in accordance with section 773(c) of the Act, which applies to NME countries.

##### B. Surrogate Country

Section 773(c)(4) of the Act requires the Department to value the NME producer's factors of production, to the extent possible, in one or more market economy countries that (1) are at a level of economic development comparable to that of the NME country, and (2) are significant producers of comparable merchandise. We determined that India is a country comparable to the PRC in terms of overall economic development (see Memorandum from the Office of Policy to Louis Apple, dated June 23, 1998, which was included in the Department's June 24, 1998, letter sent to each interested party in this proceeding). In addition, based on PAI placed on the record, we have determined that India is a significant producer of the subject merchandise. Accordingly, we considered India the primary surrogate country for purposes of valuing the factors of production as the basis for NV because it meets the Department's criteria for surrogate country selection. Where we could not find surrogate values from India, we valued those factors using values from Indonesia.

##### C. Factors of Production

In accordance with section 773(c) of the Act, we calculated NV based on the factors of production reported by the companies in the PRC which produced the subject merchandise for the exporters which sold the subject merchandise to the United States during the POR. To calculate NV, the reported unit factor quantities were multiplied by publicly available Indian or Indonesian values.

The selection of the surrogate values applied in this determination was based on the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices to make them delivered prices. For those values not contemporaneous with the POR and quoted in a foreign currency, we adjusted for inflation using wholesale price indices published in the International Monetary Fund's International Financial Statistics. For a complete analysis of surrogate values, see the Preliminary Results Valuation

Memorandum from the Team to the File, dated April 30, 1999 ("Preliminary Results Valuation Memorandum").

To value pig iron, we used domestic price data in India from the April 1996–March 1997 financial report of Lamina Foundries ("Lamina") and from the 1996 financial report of Nagpur Alloy Castings Ltd. ("Nagpur"). We removed excise and sales taxes from the average pig iron value because the financial reports indicated that these taxes were included in the values. For steel scrap, ferrosilicon, ferromanganese, lubrication oil and limestone, we used average values based on import statistics spanning from April 1996–July 1997 from *Monthly Statistics of the Foreign Trade of India* ("Monthly Statistics"). For iron scrap, we used domestic price data from Lamina's 1996–97 financial report and 1996–97 import price data from *Monthly Statistics*.

Certain types of rotors use steel sheet, lug bolts and ball bearing cups. For steel sheet, we used October 1997 prices from the Indian publication *Statistics for Iron and Steel Industry*. For lug bolts, we could not obtain a product-specific price from India (see *Notice of Final Determination of Sales at Less Than Fair Value: Bicycles from the People's Republic of China* (61 FR 19026, April 30, 1996) (Comment 17)). Therefore, we used import data covering 1997 from the Indonesian government publication *Foreign Trade Statistical Bulletin*. To value ball bearing cups, we used April 1997–July 1997 import price data from *Monthly Statistics*.

For coking coal, we used an average of prices applicable during the fourth quarter of 1996 from the International Energy Agency's *Energy Price and Taxes*, and a 1996–1997 price from the publication *Federation of Indian Chambers of Commerce*. To value firewood, we used a 1990 domestic value from the USAID publication *Marketing Opportunities for Social Forestry in Uttar Pradesh*. To value electricity, we used a price applicable during the fourth quarter of 1996 from the International Energy Agency's *Energy Price and Taxes*.

We valued labor based on a regression-based wage rate, in accordance with 19 CFR 351.408(c)(3).

To value selling, general and administrative ("SG&A") expenses, factory overhead and profit, we calculated simple averages based on financial data from five Indian producers. We used only those producers' financial reports which were contemporaneous with the POR and for which PAI demonstrated that those companies are producers of the subject merchandise (i.e., Jayaswals Neco

Limited ("Jayaswals"), Kalyani Brakes Limited ("Kalyani"), Krishna Engineering Works ("Krishna"), Nagpur, and Rico Auto Industries Limited ("Rico"). We did not use the financial reports of Lamina or Brakes India Limited in calculating the surrogate percentages because we have no PAI which demonstrates that these two companies are producers of the subject merchandise. Where appropriate, we removed from the surrogate overhead and SG&A calculations the excise duty amount listed in the financial reports (see *Brake Rotors*, 62 FR at 9164). We made certain adjustments to the percentages calculated as a result of reclassifying expenses contained in the financial reports.

In utilizing the financial data of the Indian companies, we treated the line item labeled "stores and spares consumed" as part of factory overhead because stores and spares are not direct materials consumed in the production process. Based on PAI, we considered the molding materials (i.e., sand, bentonite, coal powder, steel pellets, lead powder, waste oil) to be indirect materials included in the stores and spares consumed category of the financial statements. We based our factory overhead calculation on the cost of goods manufactured rather than on the cost of goods sold. We also included interest and/or financial expenses in the SG&A calculation. In addition, we only reduced interest and financial expenses by amounts for interest income if the Indian financial report noted that the income was short-term in nature. Where a company did not distinguish interest income as a line item within total "other income," we used the ratio of interest income to total other income as reported for the Indian metals industry in the *Reserve Bank of India Bulletin* to calculate the interest expense amount. For example, if an Indian company's financial statement indicated that the company had miscellaneous receipts or other income under the general category "other income," we applied a ratio (based on data contained in *Reserve Bank of India Bulletin*) to that miscellaneous receipts or other income figure in the financial statement to determine the amount associated with short-term interest income. To avoid double-counting, we treated the line item "packing, freight and delivery charges" as expenses to be valued separately. Specifically, to determine the packing expense, we used the respondents' reported packing factors. We used the respondents' reported distances to determine the foreign inland freight expense. For a further

discussion of other adjustments made, see the Preliminary Results Valuation Memorandum.

All inputs were shipped by truck. Therefore, to value PRC inland freight, we used the April 1994 truck rate from the *Times of India*.

In accordance with the decision of the Court of Appeals for the Federal Circuit in *Sigma Corp. v. United States*, 117 F. 3d 1401 (1997), we revised our methodology for calculating source-to-factory surrogate freight for those material inputs that are valued based on CIF import values in the surrogate country. Therefore, we have added to CIF surrogate values from India a surrogate freight cost using the shorter of the reported distances from either the closest PRC port of importation to the factory, or from the domestic supplier to the factory on an import-specific basis.

To value adhesive tape, corrugated cartons, nails, polyethylene material for bags, steel strap and steel strip, we used April 1996–July 1997 import values from *Monthly Statistics*. To value pallet wood, we selected an April 1995–March 1996 import value from *Monthly Statistics* rather than other 1996–97 values on the record because the more contemporaneous values appeared aberrational relative to the overall value of the subject merchandise (see Preliminary Results Valuation Memorandum for further discussion).

#### Currency Conversion

We made currency conversions pursuant to section 773A(a) of the Act and section 351.415 of the Department's regulations based on the rates certified by the Federal Reserve Bank.

#### Verification

As provided in section 782(i) of the Act and 19 CFR 351.307, we intend to verify certain information relied upon in making our final results. In this review, on May 5, 1998, the petitioner requested the Department to conduct verification of the information and statements submitted by the exporter/producer combinations excluded from this order. We intend to verify several respondents, including the exporter/producer combinations excluded from the order, in accordance with 19 CFR 351.307.

#### Preliminary Results of the Review

We preliminarily determine that the following margins exist for the seven respondents, who submitted full responses to the antidumping questionnaire, during the period October 10, 1996, through March 31, 1998:

Manufacturer/producer/exporter	Margin percent
Yantai Chen Fu Machinery Co., Ltd .....	0.00
Jilin Provincial Machinery & Equipment Import & Export Corporation .....	0.00
Longjing Walking Tractor Works Foreign Trade Import & Export Corporation .....	0.00
Shandong Jiuyang Enterprise Corporation .....	0.00
Xianghe Zichen Casting Co., Ltd. ....	0.00
Yantai Import & Export Corporation .....	0.00
Yenhere Corporation .....	0.00
PRC-Wide Rate .....	43.32

Parties to the proceeding may request disclosure within five days of the date of publication of this notice. Any interested party may request a hearing within 45 days of publication. Any hearing, if requested, will be held on July 22, 1999.

Issues raised in the hearing will be limited to those raised in the respective case briefs and rebuttal briefs. Case briefs from interested parties may be submitted not later than July 13, 1999. Rebuttal briefs, limited to issues raised in the case briefs, will be due July 20, 1999. Parties who submit case briefs or rebuttal briefs in this proceeding are requested to submit with each argument (1) a statement of the issue and (2) a brief summary of the argument. Parties are also encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations and cases cited.

The Department will issue the final results of this administrative and new shipper review, including the results of its analysis of issues raised in any such written briefs or at the hearing, if held, not later than 120 days after the date of publication of this notice.

Interested parties who wish to request a hearing or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, Room B-099, within 45 days of the date of publication of this notice. Requests should contain: (1) the party's name, address and telephone number; (2) the number of participants; and (3) a list of issues to be discussed. See 19 CFR 351.310(c).

#### Assessment Rates

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. Pursuant to 19 CFR 351.212(b)(1), we will calculate importer-specific ad valorem duty assessment rates based on the ratio of the total amount of the dumping

margins calculated for the examined sales to the total entered value of those same sales. In order to estimate the entered value, we will subtract international movement expenses from the gross sales value. In accordance with 19 CFR 351.106(c)(2), we will instruct the Customs Service to liquidate without regard to antidumping duties all entries of subject merchandise during the POR for which the importer-specific assessment rate is zero or *de minimis* (i.e., less than 0.50 percent). For entries subject to the PRC-wide rate, the Customs Service shall assess ad valorem duties at the rate established in the final results. The Department will issue appropriate appraisal instructions directly to the Customs Service upon completion of this review.

#### Cash Deposit Requirements

Upon completion of this new shipper review, for entries from Chen Fu, we will require cash deposits at the rate established in the final results pursuant to section 751(a)(2)(B)(iii) of the Act and section 351.214(e) of the Department's regulations and as further described below.

The following deposit requirements will be effective upon publication of the final results of these administrative and new shipper antidumping duty administrative reviews for all shipments of brake rotors from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(1) of the Act: (1) the cash deposit rate for each reviewed company will be the rate established in the final results; (2) the cash deposit rate for PRC exporters who received a separate rate in the LTFV investigation but who did not export subject merchandise during the POR or for whom there was no request for review (i.e., Southwest and Xinchangyuan) will continue to be the rate assigned in that investigation; (3) the cash deposit rate for the PRC NME entity (i.e., all other PRC exporters, including Hebei, Qingdao and Shanxi) will be 43.32 percent; and (4) the cash deposit rate for non-PRC exporters of subject merchandise from the PRC will be the rate applicable to the PRC supplier of that exporter. These requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

#### Notification to Importers

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of

antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

These administrative and new shipper administrative reviews and notice are in accordance with section 751(a)(1) and (2)(B) of the Act (19 U.S.C. 1675(a)(1) and (2)(B)) and 19 CFR 351.213 and 351.214.

Dated: April 30, 1999.

**Richard W. Moreland,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. 99-11422 Filed 5-5-99; 8:45 am]

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-580-809]

#### Circular Welded Non-Alloy Steel Pipe from the Republic of Korea; Rescission of Antidumping Duty Administrative Review.

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**ACTION:** Notice of Rescission of Antidumping Duty Administrative Review.

**SUMMARY:** In response to timely withdrawals of request for review by the petitioners and respondents, Korea Iron and Steel Co., Ltd., SeAH Steel Corporation and Shinho Steel Co., Ltd., the Department of Commerce is rescinding the 1997/1998 antidumping duty administrative review of circular welded non-alloy steel pipe from the Republic of Korea.

**EFFECTIVE DATE:** May 6, 1999.

**FOR FURTHER INFORMATION CONTACT:** Alysia Wilson or Cynthia Thirumalai, Import Administration, International Trade Administration, US Department of Commerce, 14th Street and Constitution Avenue, NW, Washington DC 20230; telephone (202) 482-0108 and 482-4087 respectively.

#### The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("the Act"), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act. In addition, all references to the Department of