weighted-average cost data, we used as best information available the highest monthly cost by product as the actual cost for the POR. We segregated home-market sales by finish into galvanized and non-galvanized products. As best information available, we took the highest product cost in each of these two groups and applied it to all products within the specific groups.

In accordance with section 773 of the Act, for those U.S. models for which we were able to find a home market such or similar match that had sufficient above-cost sales, we calculated FMV based on the packed, F.O.B., ex-factory, or delivered prices to unrelated purchasers in the home market. We made adjustments, where applicable, for post-sale inland freight and for home market direct expenses. We also adjusted FMV for differences in circumstances of sale based on direct selling expenses.

Reimbursement

Petitioners requested that the Department examine the issue of reimbursement where the producer/exporter is the importer of record. Section 353.26 of the Department's regulations states that ''[i]n calculating the United States price, the Secretary will deduct the amount of any antidumping duty which the producer or reseller: (i) [P]aid directly on behalf of the importer; or (ii) [r]eimbursed to the importer.'' 19 CFR 353.26(a)(1). The Department's interpretation of the regulation is that it anticipates that separate corporate entities must exist as producer/reseller and importer in order to invoke the regulation. In the present case, the U.S. importer of record, Hylsa, is also the same corporate entity that produces and exports the subject merchandise. In such a case, there is no separate company or separate U.S. subsidiary, wholly owned or otherwise, that acts as the importer of record. Rather, the importer and exporter are one and the same corporate entity. In this case, there can be no payment made to, or on behalf of, the importer within the meaning of the regulation. Accordingly, the Department interprets its reimbursement regulation as inapplicable in this case.

Preliminary Results of Review

As a result of our comparison of USP to FMV we preliminarily determine that the following margin exists:

CIRCULAR WELDED NON-ALLOY STEEL PIPES AND TUBES

Producer/manufacturer/exporter	Weighted—average margin (percent)
Hylsa 92/93	32.62
Hylsa 93/94	27.66

Interested parties may request disclosure within 5 days of the date of publication of this notice and may request a hearing within 10 days of publication. Any hearing, if requested, will be held 44 days after the date of publication or the first business day thereafter. Case briefs and/or written comments from interested parties may be submitted no later than 30 days after the date of publication. Rebuttal briefs and rebuttals to written comments, limited to issues raised in those comments, may be filed not later than 37 days after the date of publication of this notice. The Department will publish the final results of these administrative reviews including the results of its analysis of issues raised in any such written comments or at a hearing.

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. Individual differences between the USP and FMV may vary from the percentages stated above.

Furthermore, the following deposit requirements will be effective for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided for by section 751(a)(1) of the Act:

(1) The cash deposit rate for the reviewed company will be the rate established in the final results of the 93/94 review; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, or the original LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this review, the cash deposit rate will be 32.62 percent. This is the ''all others'' rate from the LTFV investigation. *See Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From Mexico,* 57 FR 42953 (September 17, 1992).

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 353.26 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 Department's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review and this notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 353.22.

Dated: June 15, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–16244 Filed 6–24–99; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–357–811, A–351–830, A–570–854, A–560–807, A–588–849, A–821–810, A–859–801, A–791–807, A–583–834, A–549–814, A–489–808, A–307–815]

Initiation of Antidumping Duty Investigations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Argentina, Brazil, the People's Republic of China, Indonesia, Japan, the Russian Federation, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela

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

EFFECTIVE DATE: June 25, 1999.

FOR FURTHER INFORMATION CONTACT: Rick Johnson (Russian Federation, South Africa) at (202) 482–3818; Jim Doyle (People's Republic of China) at (202) 482–0159; John Kugelman (Turkey) at (202) 482–0649; Linda Ludwig (Brazil, Venezuela), at (202) 482–3833; and Steven Presing or Kris Campbell (Argentina, Indonesia, Japan, Thailand, Taiwan, Slovakia) at (202) 482–0194 and (202) 482–3813, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230.

Initiation of Investigations

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995,

the effective date of the amendments made to the Tariff Act of 1930 (''the Act'') by the Uruguay Round Agreements Act (''URAA''). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR Part 351 (1998).

The Petitions

On June 2, 1999, the Department of Commerce (''the Department'') received petitions filed in proper form by Bethlehem Steel Corporation, Gulf States Steel, Ispat Inland Steel, LTV Steel Company Inc., National Steel Corporation,[1] Steel Dynamics, U.S. Steel Group (a unit of USX Corporation), Weirton Steel Corporation, and United Steelworkers of America (collectively ''petitioners''). On June 8, 1999, the Independent Steelworkers Union joined as a co-petitioner. The Department received supplemental information to the petitions since June 2, 1999.

In accordance with section 732(b) of the Act, petitioners allege that imports of certain cold-rolled flat-rolled carbon-quality steel products (''cold-rolled steel'') from Argentina, Brazil, the People's Republic of China (''China''), Indonesia, Japan, the Russian Federation (''Russia''), Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring an industry in the United States.

The Department finds that petitioners filed these petitions on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and (D) of the Act and they have demonstrated sufficient industry support with respect to each of the antidumping investigations they are requesting the Department to initiate (*see Determination of Industry Support for the Petitions below*).

Scope of Investigations

For purposes of these investigations, the products covered are certain cold-rolled (cold-reduced) flat-rolled carbon-quality steel products, neither clad, plated, nor coated with metal, but whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances, both in coils, 0.5 inch wide or wider, (whether or not in successively superimposed layers and/or otherwise coiled, such as spirally oscillated coils), and also in straight lengths, which, if less than 4.75 mm in thickness having a width that is 0.5 inch or greater and that measures at least 10 times the thickness; or, if of a thickness of 4.75 mm or more, having a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular or other shape and include products of either rectangular or non-rectangular 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 beveled or rounded at the edges.

Specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (''IF'')) steels, high strength low alloy (''HSLA'') steels, and motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of these investigations, regardless of definitions in the Harmonized Tariff Schedules of the United States (''HTSUS''), are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight, and; (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium (also called columbium), or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of these investigations unless specifically excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of these investigations:

- SAE grades (formerly also called AISI grades) above 2300;
- Ball bearing steels, as defined in the HTSUS;
- Tool steels, as defined in the HTSUS;
- Silico-manganese steel, as defined in the HTSUS;
- Silicon-electrical steels, as defined in the HTSUS, that are grain-oriented;
- Silicon-electrical steels, as defined in the HTSUS, that are not grain-oriented and that have a silicon level exceeding 2.25 percent;
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).

The merchandise subject to these investigations is typically classified in the HTSUS at subheadings: 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0090, 7209.17.0030, 7209.17.0060, 7209.17.0090, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2550, 7209.18.6000, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7210.90.9000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6075, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7225.19.0000, 7225.50.6000, 7225.50.7000, 7225.50.8010, 7225.50.8015, 7225.50.8085, 7225.99.0090, 7226.19.1000, 7226.19.9000, 7226.92.5000, 7226.92.7050, 7226.92.8050, and 7226.99.0000.

Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (''U.S. Customs'') purposes, the written description of the merchandise under investigation is dispositive.

During our review of the petition, we discussed the scope with the petitioners to ensure that the scope in the petition accurately reflects the product for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. In particular, we seek comments on the specific levels of alloying elements set out in the description above, the clarity of grades and specifications excluded by example from the scope, and the physical and chemical description of the product coverage. The Department encourages all parties to submit such comments by July 12, 1999. Comments should be

[1] National Steel is not a petitioner in the Japan case.

addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the ''industry'' as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (''ITC''), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[2]

Section 771(10) of the Act defines the domestic like product as ''a product that is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation,'' *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

The domestic like product referred to in the petitions is the single domestic like product defined in the ''Scope of Investigation'' section, above. The Department has no basis on the record to find the petitioners' definition of the domestic like product to be inaccurate. The Department, therefore, has adopted the domestic like product definition set forth in the petitions.

Moreover, the Department has determined that the petitions (and subsequent amendments) and supplemental information obtained through the Department's research contain adequate evidence of industry support; therefore, polling is unnecessary (*see Attachment to the Initiation Checklist, Re: Industry Support*, June 21, 1999). For Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela, petitioners established industry support representing over 50 percent of total production of the domestic like product. Accordingly, the Department determines that these petitions are filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which our decision to initiate these investigations is based. Petitioners, in determining normal value (''NV'') for Argentina, Brazil, Indonesia, Japan, South Africa, Taiwan, Thailand, Turkey, and Venezuela, relied upon price data contained in confidential market research reports filed with the Department. At the Department's request, petitioners arranged for the Department to contact the authors of the reports to verify the accuracy of the data, the methodology used to collect the data, and the credentials of those gathering the market research. The Department's discussions with the authors of the market research reports are summarized in *Memorandum to the File: Re—Foreign Market Research Reports,* dated June 21, 1999. For a more detailed discussion of the deductions and adjustments relating to home market price, U.S. price and factors of production and sources of data for each country named in the petition, *see Initiation Checklist,* dated June 21, 1999. Should the need arise to use as facts available under section 776 of the Act any of this information in our preliminary or final determinations, we may re-examine the information and revise the margin calculations, if appropriate.

Argentina

Petitioners identified Siderar Limited (''Siderar'') as the only producer and exporter of cold-rolled steel from Argentina. Petitioners based export price (''EP'') on a written price quote from a trading company not affiliated with Siderar. While the quote contains various products, petitioners chose one example, which falls within the HTSUS number (7209.16.00.90) that accounts for 66.57 percent of total imports of cold-rolled steel from Argentina during the period March 1998 through February 1999. Because the terms of the U.S. sale included delivery to the United States, petitioners calculated a net U.S. price by subtracting estimated costs for international freight, barge freight, and unloading and wharfage. In addition, petitioners subtracted a U.S. trading company mark-up, based on an industry expert's affidavit, and the U.S. customs duty.

With respect to normal value (''NV''), petitioners obtained gross unit prices, contemporaneous with the pricing information used as the basis for EP, for the products offered for sale to customers in Argentina that are either identical or similar to those sold to the United States. The prices used in the calculation of NV were ex-factory prices. Therefore, no adjustments for movement were required. The only deduction made to the starting price was for credit expense.

The estimated dumping margin in the petition, based on a comparison between Siderar's U.S. prices and NV, is 24.53 percent.

Brazil

Petitioners identified six Brazilian producers and exporters of cold-rolled steel. Based on their information, petitioners concluded that Companhia Siderurgica Nacional (''CSN''), Usinas Siderurgicas de Minal Gerais (''USIMINAS''), and Companhia Siderurgica Paulista (''COSIPA'') are the principal Brazilian producers of subject merchandise.[3]

Petitioners based EP on two separate methods for both CSN and USIMINAS/COSIPA. First, export price was determined based on the import average unit value (''AUV'') for the three ten-

2 *See Algoma Steel Corp. Ltd.*, v. *United States,* 688 F. Supp. 639, 642–44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition,* 56 FR 32376, 32380–81 (July 16, 1991).

3 The Department recently concluded that USIMINAS and COSIPA are affiliated and that those producers should be collapsed (*see Notice of Preliminary Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil,* 64 FR 8299, February 19, 1999).

digit categories of the HTSUS accounting for 90 percent of in-scope imports from Brazil during the fourth quarter of 1998. Petitioners presumed that the customs values used to calculate the AUV for each HTSUS category reflect the actual ''transaction value'' of the merchandise being shipped by Brazilian mills. Second, export price was determined based on Brazilian producers' offers for sale of cold-rolled steel in the United States. Petitioners obtained this information from industry sources in the United States. Petitioners made deductions from each quoted offer price for movement-related charges and expenses, particularly international freight, international insurance, and U.S. import duties, based on 1998 U.S. import statistics and the 1998 HTSUS schedule. No adjustments were made for discounts, rebates, credit terms, warranties, foreign inland freight, foreign brokerage and handling or U.S. brokerage and handling, as there was insufficient information available.

With respect to NV, petitioners used market research to determine a gross unit price for sales in December 1998/ January 1999 to customers in Brazil of products that are either identical or similar to those sold in the United States. The home market price employed was the average of the range of Brazilian transaction prices reported by petitioners' market research report.

Petitioners provided information demonstrating reasonable grounds to believe or suspect that all of the home market sales of cold-rolled steel provided in the petition were made at prices below the cost of production (''COP''), within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales below cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing (''COM''), selling, general, and administrative expenses (''SG&A'') expenses. To calculate COP, petitioners relied on their own production experience, adjusted for known differences between costs incurred to produce the merchandise in the United States and in the foreign market. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

Based on our analysis, all of the home market sales reported in the petition were shown to be made at prices below the cost of production. Therefore, petitioners based NV on the constructed value (''CV'') of the merchandise, pursuant to sections 773(a)(4) and 773(e) of the Act. Petitioners compared U.S. sales to the fully-absorbed cost of production for the product, calculated using petitioners' manufacturing costs, adjusted for known cost differences between the United States and Brazil, and non-manufacturing expenses obtained from Brazilian producers' financial statements. Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A, and profit of the merchandise. To calculate COM and SG&A, petitioners followed the same methodology used to determine COP. Accordingly, we relied on this methodology after adjusting certain cost elements as noted above. Petitioners derived profit based on amounts reported in CSN's, USIMINAS' and COSIPA's 1997 financial statements.

Based on comparisons of import AUV to adjusted CV, estimated margins range from 37.53 to 63.32 percent. Based on comparisons of price quotes to adjusted CV, estimated margins range from 31.48 to 56.66 percent.

China

Petitioners identified Baoshan Iron & Steel Corporation (''Bao Steel'') as a possible exporter of cold-rolled steel from China, and stated that Bao Steel is believed to be responsible for the majority (65.3 percent) of Chinese exports during the period.

Petitioners based EP on two models derived from a sales quote for subject merchandise from Bao Steel. However, because this sales quote was not within the anticipated period of investigation, the Department has not considered this quote for the purposes of initiation. Nevertheless, on June 11, 1999, petitioners submitted a calculation of U.S. price based on average unit values based on U.S. import statistics. Petitioners utilized import data from October 1, 1998 through March 31, 1999, using HTSUS numbers 7209.16.00.90 and 7209.17.00.90. The AUVs were calculated by dividing the free along side values by net tons. Petitioners made no deductions from these calculated AUVs.

Petitioners asserted that China is an NME country to the extent that sales or offers for sale of such or similar merchandise in China or to third countries do not permit calculation of normal value under 19 CFR 351.404. Petitioners, therefore, constructed a normal value based on the factors of production methodology pursuant to section 773(c) of the Act. In previous investigations, the Department has determined that China is an NME. *See, e.g., Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People's Republic of China,* 64 FR 5770, 5773 (Feb. 5, 1999). In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for China has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the normal value of the product is based on factors of production valued in a surrogate market economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of China's NME status and the granting of separate rates to individual exporters. *See, e.g., Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the PRC,* 59 FR 22585 (May 2, 1994).

For the normal value calculation, petitioners based the factors of production, as defined by section 773(c)(3) of the Act (raw materials, labor, and energy), for cold-rolled steel on the quantities of inputs used by petitioners. Petitioners asserted that detailed information is not available regarding the quantities of inputs used by cold-rolled producers in China. Thus, they have assumed, for purposes of the petition, that the main producer in China (Bao Steel) uses the same inputs in the same quantities as petitioners. Petitioners have used one U.S. producer's factors of production through the hot-rolled production stage, and another U.S. producer's factors of production for the additional processing stages necessary to produce cold-rolled steel. Petitioners argued that the use of petitioners' factors is conservative because the U.S. steel industry is more efficient than the Russian steel industry. Based on the information provided by petitioners, we believe that petitioners' use of their own adjusted factors of production represents information reasonably available to petitioners and is appropriate for purposes of initiation of this investigation.

Petitioners selected India as the appropriate surrogate country. Petitioners stated that every antidumping determination published by the Department within the last twelve months involving Chinese products has utilized India as the surrogate country. Petitioners further cite to *Certain Preserved Mushrooms from the PRC,* 63 FR 72255 (December 31, 1998), where the Department

determined that India is at a comparable level of development with China. Petitioners maintain that India is the most suitable surrogate among the potential surrogates, because: (1) It is at a comparable stage of economic development; (2) of the five most suitable countries, India is the largest producer of comparable merchandise; and (3) because information regarding unit factor costs in India is readily available. Based on the information provided by petitioners and Department practice, we believe that petitioners' use of India as a surrogate country is appropriate for purposes of initiation of this investigation.

In accordance with section 773(c)(4) of the Act, petitioners valued factors of production, where possible, on reasonably available, public surrogate country data. Materials were valued based on India's import values, as published in the *Monthly Statistics of the Foreign Trade of India.* Labor was valued using the regression-based wage rate for the PRC, in accordance with 19 CFR 351.408(c)(3). Electricity was valued using the rate for India published in *Performance Review Iron & Steel.* Natural gas was valued using natural gas prices in India.

For depreciation, overhead, SG&A, financial expenses and profit, petitioners applied rates derived from the financial statements of an Indian producer of subject merchandise, Steel Authority of India Limited (''SAIL''), and have applied these ratios to the COM derived for Bao Steel. Based on the information provided by petitioners, we believe that their surrogate values represent information reasonably available to petitioners and are acceptable for purposes of initiation of this investigation.

Based on comparisons of EP to NV, calculated in accordance with section 773(c) of the Act, the calculated dumping margins for cold-rolled steel from China range from 21.33 to 23.72 percent.

Indonesia

Petitioners identified PT Krakatau Steel (''Krakatau'') as the primary producer and exporter of cold-rolled steel from Indonesia, accounting for virtually all exports to the United States between March 1998 and February 1999. Petitioners based EP for Krakatau on a U.S. price for a sale of one product from a range of products encompassed by an offer from a U.S. trading company to an unaffiliated customer. They chose an offer for a product that falls within HTSUS category 7209.16.00.90 (imports under this category amounted to approximately 62.2 percent of subject imports between March 1998 and February 1999). Because the terms of the offer were delivered to the United States, petitioners calculated a net U.S. price by subtracting estimated costs for shipment from the factory in Indonesia to the port of export, and for brokerage and port charges. In addition, petitioners subtracted a U.S. trading company mark-up, and estimated customs duties and import fees, derived from the 1999 HTSUS schedule.

Petitioners based normal value on gross unit prices, based on foreign market research and contemporaneous with the pricing information used as the basis for EP, for products offered for sale to customers in Indonesia that are either identical or similar to those products sold to the United States. They adjusted these prices by subtracting estimated average delivery costs. In addition, petitioners adjusted normal value for differences in circumstances of sale by subtracting average home market packing expenses and credit expenses, and adding average U.S. packing expenses and credit expenses.

The estimated dumping margin in the petition, based on a comparison of Krakatau's U.S. price and its home market prices, is 43.90 percent.

Japan

Petitioners identified Kawasaki Steel Corporation, Kobe Steel, Ltd., Nippon Steel Corporation, Nisshin Steel Co., Ltd., NKK Corporation, and Sumitomo Metal Industries, Ltd. (''Sumitomo'') as the major producers and exporters of subject merchandise from Japan to the United States. Petitioners based EP for Sumitomo on a November 1998 U.S. price offering for a sale to an unaffiliated purchaser. Petitioners selected two products encompassed in the offer, which fall under HTSUS numbers (7209.16.00.90 and 7209.17.00.90) that represent 62.6 percent of total imports of cold-rolled carbon steel flat products from Japan during the period March 1998 through February 1999. Because the prices stated in the offer are for products delivered to the United States, petitioners calculated a net U.S. price for each product by subtracting estimated costs for shipment from the factory in Japan to the port of export and Japanese trading company mark-ups. In addition, petitioners subtracted unloading and wharfage charges, ocean freight and insurance, and U.S. Customs duties.

With respect to NV, petitioners obtained Sumitomo's prices from foreign market research, contemporaneous with the pricing information used as the basis for EP, for the products offered for sale to customers in Japan which are either identical or similar to those sold to the United States. Petitioners adjusted these prices by subtracting foreign movement charges, packaging expenses, and credit expenses.

In addition, petitioners provided information demonstrating reasonable grounds to believe or suspect that sales of cold-rolled steel in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A and packing. To calculate COP, petitioners based COM on their own production experience, adjusted for known differences between costs incurred to produce cold-rolled steel in the United States and in Japan using publicly available data. To calculate SG&A, including financial expenses, petitioners relied upon the fiscal year 1998 audited financial statements of a Japanese steel producer. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP within the meaning of section 773(b)(2)(A)(I) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

Pursuant to section 773 of the Act, petitioners also based normal value for sales in Japan on CV. Because home market prices are suspected to be below COP, for this initiation, we are accepting CV as the appropriate basis for normal value. Petitioners calculated CV using the same COM and SG&A expense figures used to compute Japanese home market costs. Consistent with section 773(e)(2) of the Act, the petitioners also added to CV an amount for profit. Profit was based upon the aforementioned Japanese producer's fiscal year 1998 financial statements.

The estimated dumping margins in the petition, based on a comparison between Sumitomo's U.S. prices and CV, range from 48.92 to 53.04 percent. The estimated dumping margins, based on a comparison of Sumitomo's U.S. and home market prices, range from 26.60 to 28.57 percent.

Russia

Petitioners identified AmurSteel, Novo Lipetsk Met Kombinat (''Novolipetsk''), Magnitogorskiy Kalibrovochniy Zavod, Magnitogorskiy Metallurgischeskiy Kombinat (''Magnitogorsk''), Mechel,

Novosibprokat Joint-Stock Co., Severstal, St. Petersburg Steel Rolling Mill, and Volgograd Steel Works (''Red October'') as possible exporters of cold-rolled steel from Russia. Petitioners further asserted that two of these producers, Severstal and Magnitogorsk, are the primary producers of subject merchandise in Russia.

Petitioners based EP for these two companies on two methods: (1) Import values declared to U.S. Customs; and (2) an actual U.S. selling price known to petitioners based on a sales offer from a trading company. In calculating import values declared to U.S. Customs, petitioners used the HTSUS categories which petitioners claim to represent the import categories with the largest volumes of imports from Russia, and which contained only subject merchandise (*i.e.*, 7209.16.0060, 7209.17.0060, and 7209.17.0090). Petitioners deducted foreign inland freight from the customs values in order to obtain ex-factory prices. In order to calculate foreign inland freight, petitioners used transportation rates from Poland as they were the most appropriate public figures reasonably available to the petitioners. Petitioners used the Polish rail transport rate because the per-capita GNP of Poland is much closer to Russia's GNP than U.S. GNP, and because the transportation rates for Poland revealed the information needed to permit calculation of a rate in dollars-per-ton. Based on the information presented by petitioners, we believe that the use of Polish rail rates represents information reasonably available to petitioners and is acceptable for purposes of initiation of this investigation.

In order to calculate actual U.S. selling prices known to petitioners, petitioners relied on a single U.S. sales offering to an unaffiliated purchaser in the United States. Petitioners derived a net U.S. price by subtracting amounts attributed to foreign inland freight (*see* paragraph above for a description of the methodology), cost-insurance-freight (''CIF'') charges, and duties, where appropriate.

Petitioners asserted that Russia is an NME country to the extent that sales or offers for sale of such or similar merchandise in Russia or to third countries do not permit calculation of normal value under 19 CFR 351.404. Petitioners, therefore, constructed a normal value based on the factors of production methodology pursuant to section 773(c) of the Act. In previous investigations, the Department has determined that Russia is an NME. *See, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation* (''*Russian Hot-Rolled Steel*''), 64 FR 9312 (February 25, 1999) and *Ferrovanadium and Nitrided Vanadium From the Russian Federation: Notice of Final Results of Antidumping Duty Administrative Review,* 62 FR 65656 (December 15, 1997). In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for Russia has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the normal value of the product is based on factors of production valued in a surrogate market economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of Russia's NME status and the granting of separate rates to individual exporters. *See, e.g., Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the PRC,* 59 FR 22585 (May 2, 1994).

For the normal value calculation, petitioners based the factors of production, as defined by section 773(c)(3) of the Act (raw materials, labor, and energy), for cold-rolled steel on the quantities of inputs used by petitioners. Petitioners asserted that detailed information is not available regarding the quantities of inputs used by cold-rolled steel producers in Russia. Thus, they have assumed, for purposes of the petition, that producers in Russia use the same inputs in the same quantities as petitioners. The only exception to this assumption is that petitioners have also included an ''open hearth cost adjustment'' to account for the relatively poorer efficiency of the open hearth furnaces which are still used to some degree by Russian steel producers. Petitioners have used one U.S. producer's factors of production through the hot-rolling production stage, and another U.S. producer's factors of production for the additional processing stages necessary to produce cold-rolled steel. Petitioners argued that the use of petitioners' factors is conservative because the U.S. steel industry is more efficient than the Russian steel industry. Based on the information provided by petitioners, we believe that petitioners' use of their own adjusted factors of production represents information reasonably available to petitioners and is appropriate for purposes of initiation of this investigation. Petitioners selected Turkey as the primary surrogate market economy country. Petitioners assert that Turkey is the most suitable among the potential surrogates, because: (1) It is at a comparable stage of economic development; (2) the per-capita GNP of Turkey differs only slightly from that of Russia; and (3) Turkey is a significant producer of comparable merchandise (in accordance with section 773(c)(4) of the Act). Based on the information provided by petitioners, we believe that petitioners' use of Turkey as a surrogate country is appropriate for purposes of initiation of this investigation.

In accordance with section 773(c)(4) of the Act, petitioners valued factors of production, where possible, on reasonably available, public surrogate country data. Materials were valued based on Turkish import values reported in U.S. dollars, as published in the 1996 and 1997 United Nations Trade Commodity Statistics (''U.N. Trade Commodity Statistics''), and inflated based on U.S. inflation rates. Labor was valued using the regression-based wage rate for Russia provided by the Department, in accordance with 19 CFR 351.408(c)(3). Electricity and natural gas were valued using the rate for Turkey published in a quarterly report of the OECD's International Energy Agency from the third quarter of 1998.

Petitioners' calculation of scrap recovery costs at different stages of production included an adjustment to the surrogate value which was derived from petitioners' recorded scrap costs. However, given the statutory requirement to value, to the extent possible, all elements of CV using information from a country at a comparable level of economic development, we have rejected petitioners' calculation of NV with respect to scrap. Instead, we have simply applied a scrap value based on the 1997 U.N. Trade Commodity Statistics value for scrap from Turkey. For depreciation, overhead, SG&A, financial expenses, and profit, petitioners applied rates derived from the financial statements of a Turkish producer of subject merchandise, Eregli Demir ve Celik Fabrikalari T.A.S. (''Erdemir''), and have applied these ratios to the COM derived for two Russian producers, Magnitogorsk and Severstal. Based on the information provided by petitioners, we believe that their surrogate values represent information reasonably available to petitioners and are acceptable for purposes of initiation of this investigation.

Based on comparisons of EP to NV, calculated in accordance with section

773(c) of the Act, the calculated dumping margins for cold-rolled steel from Russia range from 56.80 to 73.98 percent.

Slovakia

Petitioners identified VSZ, a.s. (''VSZ'') as the only producer of subject merchandise in Slovakia exporting to the United States. Petitioners based EP on a U.S. price offering for a sale to an unaffiliated purchaser. Petitioners selected two products encompassed in the offer which fall under HTSUS numbers 7209.16.00.90 and 7209.17.00.90. These HTSUS numbers represent 89.5 percent of total imports of cold-rolled carbon steel from Slovakia during the period September 1998 through February 1999. Petitioners calculated net U.S. price by taking gross price to U.S. customers, and then subtracting U.S. trading company mark-ups, unloading and wharfage charges, ocean freight and insurance, based on official U.S. import statistics, estimated costs for U.S. import duties and fees, and estimated costs for shipment from the VSZ factory in Slovakia to the port of export (based on a rate quote in Mexico, the petitioners' preferred surrogate country).

Petitioners noted that the Department has never had occasion to determine whether Slovakia is an NME country to the extent that sales or offers for sale of such or similar merchandise in Slovakia do not permit calculation of NV under 19 CFR 351.404. In previous investigations, however, the Department has determined that Czechoslovakia, the predecessor of both the Czech Republic and Slovakia, was an NME. *See e.g., Final Determination of Sales at Less Than Fair Value: Carbon Steel Wire Rod From Czechoslovakia*, 49 FR 19370 (May 7, 1984). In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for Slovakia has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, pursuant to section 773(c) of the Act, petitioners construct NV of the product based on factors of production valued in a surrogate market economy country. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of Slovakia's NME status and the granting of separate rates to individual exporters. *See e.g., Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the PRC*, 59 FR 22585 (May 2, 1994).

Petitioners selected Mexico as the most appropriate surrogate market economy. Petitioners stated that: (1) The per-capita GNP of Mexico is virtually identical to that of Slovakia; (2) the economies of Mexico and Slovakia are similar in terms of GDP composition by sector, and that the two economies had similar rates of GDP growth in 1997 and 1998; and (3) Mexico is a significant producer of the subject merchandise. Petitioners believe Mexico is a suitable surrogate because it is at a comparable level of economic development and is a significant producer of comparable merchandise (in accordance with section 773(c)(4) of the Act). Based on the information provided by petitioners, we believe their use of Mexico as a surrogate country is appropriate for purposes of initiation of this investigation.

For the NV calculation, petitioners based the factors of production, as defined by section 773(c)(3) of the Act (raw materials, labor, and energy), for cold-rolled steel on the quantities of inputs used by the petitioners. Petitioners asserted that detailed information is not available regarding the quantity of inputs used by VSZ. Thus, they have assumed, for purposes of the petition, that VSZ uses the same inputs in the same quantities as petitioners. Specifically, petitioners have used one U.S. producer's factors of production through the hot-rolling production stage, and another U.S. producer's factors of production for the additional processing stages necessary to produce cold-rolled steel. Petitioners contend that the use of petitioners' factors is conservative because the U.S. steel industry is more efficient than the steel industry in Slovakia.

In accordance with section 773(c)(4) of the Act, petitioners valued factors of production, where possible, on reasonably available, public surrogate country data. Materials were valued based on Mexican import statistics as published in the *World Trade Atlas* for the period January 1998 through November 1998 and in the 1996 reports of the United Nations Statistical Division (adjusted for the effects of deflation in the U.S. producer price index). Labor was valued using a regression-based wage rate for Slovakia provided by the Department, in accordance with 19 CFR 351.408(c)(3). Electricity and natural gas were valued using the rates for Mexico published in a quarterly report of the OECD's International Energy Agency. For interest expense, depreciation, SG&A, and profit, petitioners applied rates derived from the 1997 financial statements of AHMSA, a Mexican producer of the subject merchandise. However, claiming that AHMSA's financial statements lacked the specificity necessary to determine an accurate overhead rate, the petitioners calculated an overhead rate using information from the1997 financial statements of Sendzimira, a Polish producer of the subject merchandise. (Poland, like Mexico, is at a level of economic development comparable to that of Slovakia.) The Petitioners applied this ratio to the sum of all discrete material, energy, and labor components included in the cost model. Based on the information provided by the petitioners, we believe that the surrogate values represent information reasonably available to the petitioners and are acceptable for purposes of initiation of this investigation.

Based on comparisons of EP to NV, calculated in accordance with section 773(c) of the Act, the estimated dumping margins for cold-rolled steel from Slovakia range from 61.28 to 63.45 percent.

South Africa

Petitioners identified Iscor Limited (''Iscor'') as a producer and exporter of cold-rolled steel from South Africa. Petitioners based EP for Iscor on a U.S. price offering for the first sale to an unaffiliated purchaser during the period April 1, 1998 through March 31, 1999. According to petitioners, all imports of South African cold-rolled steel since March 1998 were produced by Iscor. The product encompassed in the offer falls under HTS number 7209.17.00.90, which represents 45 percent of total imports of cold-rolled carbon steel flat products from South Africa during the period April 1, 1998 through March 31, 1999. Petitioners calculated a net U.S. price by subtracting ocean freight and insurance, unloading and wharfage charges, and estimated costs for U.S. import duties and fees.

With respect to NV, petitioners obtained home market prices for a product offered for sale in South Africa which is comparable to the product used as the basis for the U.S. price offer. The home market prices were contemporaneous with the U.S. price offer. Petitioners used the simple average of the range of prices to establish a normal value. Petitioners made several adjustments to the home market price including a circumstance of sale adjustment for credit expenses.

The estimated dumping margin in the petition, based on a comparison between Iscor's U.S. price and NV, is 16.65 percent.

Taiwan

Petitioners identified China Steel Corporation (''CSC''), Kao Hsing Chang Iron and Steel Corporation, Ornatube Enterprise Co. Ltd., Sheng Yu Steel Co. Ltd., Yieh Hsing Enterprise Co. Ltd., Yieh Loong Enterprise Co. Ltd., Yieh Phui Enterprise Co. Ltd., and Tung Mung Development Co. as possible exporters of cold-rolled steel from Taiwan. CSC was identified as the major producer of subject merchandise in Taiwan and the principal exporter of subject merchandise to the United States. Petitioners determined EP using two different methods. First, petitioners based EP on the AUV for the three HTSUS categories (7209.16.0090, 7209.17.0090, and 7209.18.6000) that encompass the largest volume of subject merchandise imports from Taiwan during the fourth quarter of 1998. For each of the three HTSUS categories, petitioners relied on official U.S. import statistics to arrive at a calculated import AUV using reported import quantity and value.

Second, petitioners based EP on a U.S. price offering for a sale of subject merchandise to an unaffiliated purchaser in December 1998. To calculate an ex-factory EP for merchandise delivered to the United States, petitioners made deductions from the quoted price for international freight, international insurance, and U.S. import duties based on the CIF charges associated with Taiwanese imports of HTSUS category 7209.16.00.90, the category containing the products covered by the price quote, during 1998.

With respect to NV, petitioners established a home market price by averaging the range of Taiwanese transaction prices, contemporaneous with the pricing information used as the basis for EP. The home market price is ex-factory and, therefore, no adjustments for movement were required.

In addition, petitioners alleged pursuant to section 773(b) of the Act that sales in the home market were made at prices below the fully absorbed COP, and requested that the Department conduct a country-wide sales-below-cost investigation. Petitioners provided information that demonstrated reasonable grounds to believe or suspect that sales of cold-rolled steel in the home market were made at prices below the fully absorbed COP.

Pursuant to section 773(b)(3) of the Act, COP includes COM, SG&A expenses and packing expenses. Petitioners calculated COM based on their own production experience, adjusted for known differences between costs incurred to produce cold-rolled steel in the United States and in Taiwan using publically available data. To calculate fixed overhead and SG&A, including financial expenses, the petitioners relied upon the 1997 audited financial statements of CSC. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP within the meaning of section 773(b)(2)(A)(I) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

In light of the above, for this initiation, we are accepting CV as the appropriate basis for NV. Petitioners calculated CV pursuant to sections 773(a)(4) and 773(e) of the Act. Petitioners calculated CV for Taiwanese producers based on publicly available data and the petitioners' own production experience, adjusted for known differences between costs incurred to produce cold-rolled steel in the United States and in Taiwan. Petitioners calculated CV using the same COM and SG&A expense figures used to compute Taiwanese home market costs. Consistent with section 773(e)(2) of the Act, the petitioners also added to CV an amount for profit. Profit was based upon CSC's 1997 financial statements.

The estimated dumping margins in the petition range from 38.20 to 54.54 percent.

Thailand

Petitioners identified Sahaviriya Steel Industries Public Co. Ltd., The Siam United Steel Co. Ltd., and BHP Steel (Thailand) Ltd. as the primary producers and exporters of cold-rolled steel from Thailand. Petitioners determined EP using two different methods. They first calculated EP based on the AUV for 7209.16.00.90, 7209.17.00.90 and 7209.18.15.30, the three ten-digit categories of the HTSUS accounting for the largest volume of in-scope imports from Thailand during the fourth quarter of 1998. For each of these HTSUS categories, petitioners calculated the AUV using the reported quantity and customs value for imports as recorded in offical U.S. import statistics for the fourth quarter of 1998.

Second, the petitioners determined EP based on offers for sale of cold-rolled steel in the United States. The petitioners obtained this information from industry sources in the United States. The petitioners made deductions for international freight, international insurance, and U.S. import duties based on the CIF charges associated with Thai imports of HTSUS category 7209.16.00.90, the category containing the products covered by the price quotes, derived from official U.S. import statistics for the fourth quarter of 1998.

With respect to NV, petitioners obtained a home market price, contemporaneous with the pricing information used as the basis for EP, for the products offered for sale to customers in Thailand that are either identical or similar to those sold in the United States. This price was based on the average of the range of Thai transaction prices provided in petitioners' market research report for products offered for sale to customers in Thailand that are either identical or similar to those products sold to the United States. The price used by petitioners is ex-factory, exclusive of all taxes. Therefore, no adjustments were required.

In addition, petitioners provided information demonstrating reasonable grounds to believe or suspect that sales of cold-rolled steel in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of COM, SG&A and packing expenses. To calculate COP, petitioners based COM on their own production experience, adjusted for known differences between costs incurred to produce cold-rolled carbon steel flat products in the United States and in Thailand using publicly available data. To calculate fixed overhead and SG&A, including financial expenses, petitioners relied upon the 1998 audited financial statements of a Thai steel producer. Based upon the comparison of the adjusted price of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

In light of the above, and pursuant to sections 773(a)(4) and 773(e) of the Act, petitioners based normal value for sales in Thailand on CV. Petitioners calculated CV using the same COM and SG&A expense figures used to compute Thai home market costs. Petitioners added to CV no amount for profit, because the Thai steel producer reported a loss in its 1998 financial statements.

The estimated dumping margins in the petition range from 57.57 percent to 80.67 percent.

Turkey

Petitioners identified two firms, Eregli Demir ve Celik Fabrikalari, TAS (''Erdemir'') and Borusan Birlesik Boru Fabrikalari, AS and Borcelik Celik Sanayii ve Ticaret, AS (''Borusan''), as possible exporters of cold-rolled steel from Turkey. Petitioners further identified Erdemir as the single largest producer, accounting for nearly 80 percent of the production of subject merchandise in Turkey. EP for Erdemir was based on prices at which the merchandise was offered for sale by an unaffiliated trading company in the United States. The product selected for EP falls within HTSUS number 7209.16.0090, which comprised 57.07 percent of all the subject merchandise imported between March 1998 and February 1999. Petitioners calculated the FOB price for this sale by subtracting amounts for U.S. inland freight, international freight, wharfage and handling charges incurred in unloading the merchandise from the vessel to a barge and later unloading the barge onto a flatbed truck. Prices for U.S. inland freight, wharfage and handling charges were obtained from a quote provided by a freight forwarder. Petitioners calculated a weighted-average per-ton amount for international freight by comparing the total CIF value and the total free-along-side (''FAS'') value for the specific HTSUS item covering this merchandise. In addition, petitioners deducted applicable U.S. customs duties. To obtain the price of Erdemir's first sale in the United States to an unaffiliated person, *i.e.*, the trading company, petitioners lowered the offered price from the trading company by three percent to account for the trader's mark-up.

With respect to NV, petitioners obtained gross unit prices, based on foreign market research and contemporaneous with the pricing information used as the basis for EP, for products offered for sale in Turkey which were virtually identical to those upon which EP was based. As the price offers were on ''ex-works'' terms, petitioners made no adjustments to obtain NV, with the exception of circumstance-of-sale (''COS'') adjustments as provided under section 773(a)(6)(C) of the Act. Petitioners adjusted the gross home market price by deducting home market credit expenses and adding U.S. credit expenses.

In addition, petitioners alleged pursuant to section 773(b) of the Act that sales in the home market were made at prices below the fully absorbed COP, and requested that the Department conduct a country-wide sales-below-cost investigation. Pursuant to section 773(b)(3) of the Tariff Act, COP includes the COM, SG&A, and packing expenses. Petitioners calculated COP for Turkish producers based on publicly available data and one petitioning company's own production experience, adjusted for known differences between costs incurred to produce cold-rolled carbon steel flat products in the United States and in Turkey. To calculate unit factor costs for certain materials and SG&A expenses, petitioners relied upon Erdemir's 1997 audited financial statements. Petitioners adjusted all unit factor costs that were denominated in Turkish lira to account for the effects of inflation in Turkey. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

In addition to their price-to-price comparison, petitioners provided a CV comparison. Petitioners calculated CV for sales in Turkey pursuant to sections 773(a)(4) and 773(e) of the Act, using the same COM and SG&A expense figures used to compute Turkish home market COP. Consistent with section 773(e)(2) of the Act, petitioners also added to CV an amount for profit, using data drawn from Erdemir's 1997 financial statements.

The estimated dumping margin based on a price-to-price comparison was 13.85 percent. Relying on a price-to-CV comparison, the resulting margin was 32.91 percent.

Venezuela

Petitioners identified Siderurgica del Orinoco CA (''SIDOR'') as a possible exporter of cold-rolled steel from Venezuela. Petitioners further identified this company as the primary producer of the subject merchandise in Venezuela. Petitioners based EP for this company on two methods: (1) Two price quotes dated December 1998 and January 1999 from trading companies for sale to unaffiliated U.S. purchasers; and (2) import values declared to U.S. Customs. Because the terms for the first U.S. sale were delivered to the U.S. customer, petitioners calculated a net U.S. price by subtracting U.S. inland freight. The terms of sale for the second price quote were CIF, duty paid ex-dock. In addition, for both U.S. sales offers, petitioners subtracted ocean freight and insurance and estimated costs for U.S. import duties and fees. In calculating import values declared to U.S. Customs, petitioners used three HTSUS categories which accounted for all imports from Venezuela of the subject merchandise (*i.e.*, 7209.16.00.90, 7209.17.00.90 and 7209.18.15.60).

With respect to NV, petitioners used home market ex-factory prices, contemporaneous with the pricing information used as the basis for EP, for cold-rolled steel in commercial grades in standard. Petitioners provided information in the petition demonstrating reasonable grounds to believe or suspect that sales of cold-rolled steel in the home market were made at prices below the COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a sales below cost investigation. Because the entire range of home market prices was below the producer's COP, petitioners based NV on CV, pursuant to sections 773(a)(4) and 773(e) of the Act. Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A, and profit. To calculate COM, petitioners relied on one U.S. producer's COM of manufacturing cold-rolled steel during calendar year 1998. The sole exception was for costs associated with the electric arc furnace (''EAF'') production of liquid steel, which were based on the costs of a different U.S. plant because the producer's plant does not have an EAF. Where appropriate, the U.S. producer's costs were adjusted for known differences between manufacturing costs in the United States and Venezuela. Petitioners valued the major inputs in cold-rolled steel production based on the per unit values reported in publications of international agencies. Whenever possible, petitioners used unit factor prices paid by Venezuelan producers during 1998. When these were unavailable, petitioners used the most recent prices available and adjusted them for inflation. The calculated average processing cost was adjusted for unique costs associated with producing different product categories used in the price quotes and average unit values. Petitioners estimated SIDOR's per-unit depreciation expense using the ratio of depreciation expenses to cost of goods sold (''COGS'') minus SIDOR's reported depreciation during 1997, as reported in the audited financial statements for 1997. The calculated ratio was applied to SIDOR's total manufacturing costs minus depreciation to arrive at the estimated depreciation expense. Petitioners multiplied SIDOR's ratio of

SG&A expenses to COGS, as reported in the audited financial statements for 1997, by its estimated COM inclusive of product-specific adjustments, period costs and depreciation to arrive at an estimate of per-unit SG&A expenses. Petitioners did not include financial expenses in COP, as SIDOR reported a net monetary gain in 1997. As SIDOR experienced a loss in 1997, petitioners also did not include any profit in the estimated CV.

Petitioners calculated product-specific CV for matching to U.S. price quotes and average unit import values. The estimated dumping margins based on comparison of CV to U.S. price quotes is 32.23 percent to 52.61 percent. The estimated dumping margins based on comparison of CV to import average unit values is 25.54 percent to 56.72 percent.

Initiation of Cost Investigations

As noted above, pursuant to section 773(b) of the Act, petitioners provided information demonstrating reasonable grounds to believe or suspect that sales in the home markets of Brazil, Japan, Taiwan, Thailand, Turkey and Venezuela were made at prices below the fully allocated COP and, accordingly, requested that the Department conduct a country-wide sales-below-COP investigation in connection with the requested antidumping investigations for these countries. The Statement of Administrative Action (''SAA''), submitted to the U.S. Congress in connection with the interpretation and application of the URAA, states that an allegation of sales below COP need not be specific to individual exporters or producers. SAA, H.R. Doc. No. 316 at 833 (1994). The SAA, at 833, states that ''Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation.''

Further, the SAA provides that ''new section 773(b)(2)(A) retains the current requirement that Commerce have' reasonable grounds to believe or suspect' that below cost sales have occurred before initiating such an investigation. 'Reasonable grounds' * * * exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices.'' *Id*. Based upon the comparison of the adjusted prices from the petition for the representative foreign like products to their costs of production, we find the existence of ''reasonable grounds to believe or suspect'' that sales of these foreign like products in Brazil, Japan, Taiwan, Thailand, Turkey, and Venezuela were made below their respective COPs within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating the requested country-wide cost investigations.

Fair Value Comparisons

Based on the data provided by petitioners, there is reason to believe that imports of cold-rolled steel from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela are being, or are likely to be, sold at less than fair value.

Critical Circumstances

The petitioners have alleged that critical circumstances exist with regard to imports of cold-rolled steel from Brazil, Japan, Thailand and Venezuela, and have supported their allegations with the following information.

First, the petitioners claim that the importers knew, or should have known, that the cold-rolled steel was being sold at less than normal value. Specifically, the petitioners allege that the margins calculated in the petition for each of the four countries exceed the 25 percent threshold used by the Department to impute importer knowledge of dumping.

The petitioners also have alleged that imports from these four countries have been massive over a relatively short period. Alleging that there was sufficient pre-filing notice of these antidumping petitions, the petitioners contend that the Department should compare imports during October-December 1998 to imports during July-September 1998 for purposes of this determination. Specifically, petitioners supported this allegation with copies of news articles discussing the likelihood of filing antidumping complaints against producers of cold-rolled steel. For example, petitioners cite to an international trade publication in September 1998 that carried an article discussing the likelihood that U.S. steel producers would file unfair trade cases related to cold-rolled steel. In addition, petitioners cite to comments made in September 1998 by the Chairman of Bethlehem Steel Corporation, who discussed the rise of cold-rolled steel imports and the possibility that antidumping cases would be filed. The Department concludes that this level of press coverage provided foreign producers of cold-rolled steel with prior knowledge of pending antidumping investigations. Therefore, the Department considered import statistics contained in the petition for the periods October-December 1998 and July-September 1998. Based on this comparison, imports of cold-rolled steel from Brazil increased by 150 percent, imports from Japan increased by 37 percent, while imports from Thailand increased by 114 percent, and imports of cold-rolled steel from Venezuela increased by 44 percent.

Although the ITC has not yet made a preliminary decision with respect to injury, petitioners note that in the past the Department has also considered the extent of the increase in the volume of imports of the subject merchandise as one indicator of whether a reasonable basis exists to impute knowledge that material injury was likely. In the cases involving Brazil, Japan, Thailand, and Venezuela, the increases in imports were more than double the amount considered ''massive.'' Taking into consideration the foregoing, we find that the petitioners have alleged the elements of critical circumstances and supported them with information reasonably available for purposes of initiating a critical circumstances inquiry. For these reasons, we will investigate this matter further and will make a preliminary determination at the appropriate time, in accordance with section 735(e)(1) of the Act and Department practice (*see* Policy Bulletin 98/4 (63 FR 55364, October 15, 1998)).

Allegations and Evidence of Material Injury and Causation

The petitions allege that the U.S. industry producing the domestic like product is being materially injured, and is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. Petitioners explained that the industry's injured condition is evident in the declining trends in net operating profits, net sales volumes, profit to sales ratios, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. The Department assessed the allegations and supporting evidence regarding material injury and causation and determined that these allegations are supported by accurate and adequate evidence and meet the statutory requirements for initiation (*see Attachments to Initiation Checklist, Re: Material Injury, June 21, 1999*).

Initiation of Antidumping Investigations

Based upon our examination of the petitions on cold-rolled steel and petitioners' responses to our supplemental questionnaire clarifying the petitions, as well as our discussions with the authors of the foreign market research reports supporting the petitions on June 16, 1999 and other measures to confirm the information contained in these reports (*see Memorandum to the File; Re: Foreign Market Research,* dated June 21, 1999), we have found that the petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of certain cold-rolled carbon steel flat products from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of each petition has been provided to the representatives of Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela. We will attempt to provide a copy of the public version of each petition to each exporter named in the petition, as appropriate.

International Trade Commission Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will determine, by no later than July 17, 1999, whether there is a reasonable indication that imports of cold-rolled steel from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 777(i) of the Act.

Dated: June 21, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–351–831, C–560–808, C–549–815, C–307–816]

Notice of Initiation of Countervailing Duty Investigations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Indonesia, Thailand, and Venezuela

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

EFFECTIVE DATE: June 25, 1999.

FOR FURTHER INFORMATION CONTACT: Dana Mermelstein or Javier Barrientos (Brazil), at (202) 482–2786; Rosa Jeong (Indonesia), at (202) 482–3853; Eva Temkin (Thailand), at (202) 482–1167; and Dana Mermelstein or Sean Carey (Venezuela), at (202) 482–2786, Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230.

INITIATION OF INVESTIGATIONS:

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 C.F.R. Part 351 (1998) and to the substantive countervailing duty regulations published in the **Federal Register** on November 25, 1998 (63 FR 65348).

The Petitions

On June 2, 1999, the Department of Commerce (the Department) received petitions filed in proper form on behalf of Bethlehem Steel Corporation, Gulf States Steel, Inc., Ispat Inland, Inc., LTV Steel Co., Inc., National Steel Corporation, Steel Dynamics, Inc., U.S. Steel Group, a Unit of USX Corporation, Weirton Steel Corporation, and United Steelworkers of America, (collectively, ''the petitioners''). On June 8, 1999, the Independent Steelworkers Union joined as a co-petitioner. Supplements to the petitions were filed on June 8, 10, 11, 14, and 15, 1999.

In accordance with section 702(b)(1) of the Act, petitioners allege that manufacturers, producers, or exporters of certain cold-rolled flat-rolled carbon-quality steel products (cold-rolled or subject merchandise) in Brazil, Indonesia, Thailand, and Venezuela receive countervailable subsidies within the meaning of section 701 of the Act. Petitioners also allege that ''critical circumstances'' exist within the meaning of section 703(e) of the Act, with respect to imports of subject merchandise from Thailand and Venezuela.

The Department finds that petitioners are interested parties as defined under sections 771(9)(C) and (D) of the Act, and have filed the petitions on behalf of the domestic industry. The petitioners have demonstrated sufficient industry support with respect to each of the countervailing duty investigations, which they are requesting the Department to initiate (*see Determination of Industry Support for the Petitions below*).

Scope of the Investigations

For purposes of these investigations, the products covered are certain cold-rolled (cold-reduced) flat-rolled carbon-quality steel products, neither clad, plated, nor coated with metal, but whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances, both in coils, 0.5 inch wide or wider, (whether or not in successively superimposed layers and/or otherwise coiled, such as spirally oscillated coils), and also in straight lengths, which, if less than 4.75 mm in thickness having a width that is 0.5 inch or greater and that measures at least 10 times the thickness; or, if of a thickness of 4.75 mm or more, having a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular or other shape and include products of either rectangular or non-rectangular 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 beveled or rounded at the edges.

Specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (''IF'')) steels, high strength low alloy (''HSLA'') steels, and motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying