

*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

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 7, 1999. Comments should be 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.

#### Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, the Department invited representatives of the relevant foreign governments for consultations with respect to the petitions filed. On June 16, 1999, the Department held consultations with representatives of the Royal Thai Government (RTG). Also on June 16, 1999, the Department held consultations with representatives of the Government of Brazil (GOB). On June 18, 1999, the Department held consultations with representatives of the

Government of Venezuela (GOV). See the June 21, 1999, memoranda to the file regarding these consultations (public documents on file in the Central Records Unit of the Department of Commerce, Room B-099).

#### Determination of Industry Support for the Petition

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.<sup>1</sup>

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.

<sup>1</sup> 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).

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 all countries, 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.

### Injury Test

Because Brazil, Indonesia, Thailand, and Venezuela are "Subsidies Agreement Countries" within the meaning of section 701(b) of the Act, section 701(a)(2) applies to these investigations. Accordingly, the ITC must determine whether imports of the subject merchandise from these countries materially injure, or threaten material injury to, a U.S. industry.

In our consultations with the Government of Venezuela, the GOV stated that Article 27.10(b) of the SCM Agreement requires that the Department decline to initiate a countervailing duty investigation of certain cold-rolled carbon steel flat products from Venezuela or to terminate any countervailing duty investigation, if initiated. The GOV noted that the volume of imports as described in the petition does not reach the thresholds required by Article 27(10)(b): the volume of imports of the subject merchandise from Venezuela is less than four percent of total U.S. imports of the like product, and, when aggregated with imports from the other developing countries named in the petition whose individual exports constitute less than four percent of total imports (Thailand and Indonesia), less than nine percent of total U.S. imports (by volume) of the like product. Article 27.10(b) is given effect by Section 771(24)(B) of the Act, which directs the International Trade Commission to apply a particular standard to developing countries' imports when

considering whether those imports are "negligible." Thus, the applicability of Article 27(10)(b) will be properly considered by the International Trade Commission during its investigation pursuant to section 703(a) of the Act. The ITC is scheduled to make its preliminary determination by July 16, 1999.

### Allegations and Evidence of Material Injury and Causation

The petitioners 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 subsidized imports of the subject merchandise. The 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 industry employment level. The allegations of injury and causation are supported by relevant evidence including business proprietary data from the petitioning firms and U.S. Customs import data. 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* the June 21, 1999, memoranda to the file (for each country) regarding the initiation of each investigation (public versions on file in the Central Records Unit of the Department of Commerce, Room B-099).

Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition, on behalf of an industry, that (1) alleges the elements necessary for an imposition of a duty under section 701(a), and (2) is accompanied by information reasonably available to petitioners supporting the allegations.

### Initiation of Countervailing Duty Investigations

The Department has examined the petitions on certain cold-rolled flat-rolled carbon-quality steel products from Brazil, Indonesia, Thailand, and Venezuela, and found that they comply with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating countervailing duty investigations to determine whether manufacturers, producers, or exporters of cold-rolled from these countries receive subsidies. *See* the June 21, 1999, memoranda to the file (for each country) regarding the initiation of each

investigation (public documents on file in the Central Records Unit of the Department of Commerce, Room B-099). We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise from Thailand and Venezuela no later than the date of our preliminary determination.

#### A. Brazil

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in Brazil:

1. *GOB Equity Infusions*
  - a. *Pre-1992 Equity Infusions*
  - b. *GOB Equity Infusions to Companhia Siderurgica Paulista (COSIPA) in 1992 and 1993*
  - c. *GOB Equity Infusion to Companhia Siderurgica Nacional (CSN) in 1992*
2. *GOB Tax Deferrals*
  - a. *COFINS, IPI, Social Contribution, Finsocial, PIS and IRPJ Arrears to the National Tax Authority;*
  - b. *INSS and FNDE Arrears to the Federal Social Security Administration;*
  - c. *ICMS Arrears to the State of Sao Paulo;*
  - d. *IPTU Arrears to the City of Cubatao.*

Based on the information contained in the petition, we are also investigating whether COSIPA was uncreditworthy in the years from 1984 to 1989 and from 1991 to 1993, whether CSN was uncreditworthy in the years from 1984 to 1992, and whether Usinas Siderurgicas de Minas Gerais (USIMINAS) was uncreditworthy in the years from 1984 to 1988. Further, we will investigate whether the producers of subject merchandise were unequityworthy to the extent that they received government equity infusions.

#### B. Indonesia

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in Indonesia:

1. *1995 Equity Infusion to PT Krakatau Steel (Krakatau).*
2. *Pre-1993 Equity Infusions to Krakatau.*
3. *Equity Infusions to PT Cold-Rolled Mill Indonesia (CRMI).*
4. *Two-Step Loan.*
5. *Bank of Indonesia Rediscount Loans.*
6. *Reduction in Electricity Tariffs.*

Based on the information in the petition, we are also investigating whether

Krakatau was uncreditworthy in 1995, whether Krakatau was unequityworthy during the years from 1988 to 1992, and in 1995, and whether CRMI was unequityworthy in 1989 and 1990.

#### C. Thailand

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in Thailand:

1. *Duty Exemptions on Imports of Raw and Essential Materials Under Section 30 of the Investment Promotion Act (IPA).*
2. *Duty Exemption on Imports of Machinery Under IPA Section 28.*
3. *Exemptions from VAT Under Section 21(4) of the VAT Act.*
4. *Corporate Income Tax Exemptions Under IPA Section 31.*
5. *Tax Benefits from Revaluation.*
6. *Additional Tax Deductions Under IPA Section 35.*
7. *Loan Guarantees on 1996 Loan to Thai Cold-rolled Steel Sheet Plc (TCRSS).*
8. *Subsidy on the 1996 Loan from RTG-Banks and Commercial Thai Banks.*
9. *Loans from the IFCT and the Thai Export-Import Bank.*
10. *Investment Inducements.*
11. *Loans from Banks Owned, Controlled, or Influenced by the RTG.*
12. *Packing Credits.*
13. *Pre-shipment Finance Facilities.*
14. *Export Insurance Program.*
15. *Trust Receipt Financing for Raw Materials.*
16. *Tax Certificates for Export.*
17. *Import Duty Exemptions for Industrial Estates.*
18. *Export Processing Zone Incentives.*
19. *IPA Subsidies for Building and Operating the Prachuap Port.*
20. *Subsidized Waterworks from Eastern Water.*
21. *Plant Construction Subsidies for Sahaviriya's Power Plant.*

Based on the information in the petition, we are also investigating whether TCRSS was uncreditworthy during the period from 1996 to the POI. Petitioners also alleged that SUS was uncreditworthy and unequityworthy during this period. However, no evidence was provided to substantiate this allegation. Thus, we are not initiating an investigation of these allegations.

We are not including in our investigation the following programs alleged to be benefitting producers and exporters of the subject merchandise in Thailand:

#### 1. *Subsidized Transport, Electricity, and Water Charges From the BoI*

Petitioners allege that, since 1995, the Board of Investment (BoI) has awarded projects of certain industries customized incentives for investments of particular strategic importance. In particular, petitioners allege that since the BoI has bestowed benefits upon the Thai auto industry, and in light of the BoI's history of promoting the steel industry, the Department should investigate whether the BOI is also offering exclusive transport, electricity, and water discounts to the steel industry. However, petitioners have not provided information showing that the Thai steel industry is eligible for any benefits in this capacity. Therefore, we are not initiating an investigation of this subsidy allegation.

#### 2. *Regional Electricity Subsidies From EGAT*

The Petitioners assert that the RTG is providing a countervailable subsidy to producers of subject merchandise through the pricing policy of the state-owned electric company. Petitioners argue that because the Thai electric company (EGAT) charges all customers of the same type the same rate for electricity, regardless of where they live or operate, EGAT is subsidizing electricity users (including TCRSS) in regions with much higher operating costs.

We are not initiating an investigation into this subsidy allegation. Petitioners have not provided information to support their allegation that RTG charged TCRSS electricity rates for less than adequate remuneration.

#### 3. *Fuel Subsidies for SSI's On-Site Power Plant*

Petitioners allege that PTT, Thailand's national oil company, which has a monopoly on petroleum based fuels, normally charges monopoly premiums but charged international market level prices to SSI. Petitioners allege that TCRSS would receive a benefit if it pays for fuel at less than adequate remuneration. Thus, petitioners argue that the Department should investigate whether SSI's Bangsaphan steel complex has its own generation facility, what price that facility pays for fuel, and what amounts TCRSS pays for use of electricity generated from the plant. However, the information in the petition does not support the claim that PTT charges monopoly premiums to all users of petroleum based fuels in Thailand. Because petitioners have failed to substantiate their allegation of discriminatory pricing in favor of

TCRSS, we are not initiating an investigation of this subsidy allegation.

#### D. Venezuela

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in Venezuela:

1. *Government Equity Infusions into Siderúrgica del Orinoco C.A. (SIDOR), Conversion of SIDOR'S Debt to Equity.*
2. *Dividend Advances from Hacienda.*
3. *Debt Assistance as Part of the Privatization of SIDOR.*
4. *GOV Provision of Iron Ore for Less than Adequate Remuneration.*
5. *Export Bond Program.*
6. *FINEXPO.*
7. *Government of Venezuela Port Concession.*
8. *Preferential Tax Incentives under Decree 1477.*
9. *1988 Grant from the National Executive of the Government of Venezuela.*
10. *Discounted Prepayment of SIDOR Debt.*

Based on the information in the petition, we are also investigating whether SIDOR was uncreditworthy during the period from 1979 to 1991, with the exception of 1988, and during the period from 1995 to 1998. Further, we will investigate whether SIDOR was unequityworthy to the extent that it received government equity infusions.

We are not including in our investigation at this time the following program alleged to be benefitting producers and exporters of the subject merchandise in Venezuela:

#### 1. *Provision of Electricity, Water, Gas and Other Fuels for Less Than Adequate Remuneration*

Petitioners allege that the GOV provides to SIDOR electricity, water, gas, and other fuels, for less than adequate remuneration. Petitioners cite to an August 1997, press report which states "the contract guarantees the winning consortium the necessary supply of electricity, water, and gas to operate the company." Petitioners also cite to the *Final Affirmative Countervailing Duty Determination; Ferrosilicon from Venezuela; and Countervailing Duty Order for Certain Ferrosilicon from Venezuela*, 58 FR 27539 (May 10, 1993) (*Ferrosilicon from Venezuela*), in which the Department found countervailable benefits from the preferential government provision of electricity. Petitioners contest the Department's finding in *Final Affirmative Countervailing Duty Determination; Steel Wire Rod From*

Venezuela, 62 FR 55014 (October 22, 1997) (*Steel Wire Rod*) that electricity was not provided for less than adequate remuneration. Further, in petitioners' view, SIDOR's privatization provides new information which warrants the reexamination of the GOV provision of electricity, and the examination of the GOV provision of water and gas.

Notwithstanding the Department's negative determination with respect to the provision of electricity for less than adequate remuneration in *Steel Wire Rod* (62 FR at 55022), petitioners have failed to provide adequate information that electricity, water and gas are being provided to SIDOR for less than adequate remuneration. We disagree with petitioners that a press report of the GOV's intent to continue providing these utilities to SIDOR after privatization suggests that those utilities are being provided for less than adequate remuneration. Petitioners have not provided any information about pricing policies or cost data that would indicate that the rates that SIDOR pays are not based upon market principles. Neither have petitioners provided any new information which would warrant reexamining our finding in *Steel Wire Rod*. Thus, we are not including this program in our initiation.

### 2. GOV-Induced Contribution

Petitioners alleged that, as part of the privatization, the Amazonia Consortium was required to invest \$300 million in plant modernization, and \$74 million in environmental control and clean-up. SIDOR's financial statement indicates that the Consortium committed to make a minimum investment of \$300 million within three years. Petitioners alleged that this committed investment constitutes revenue foregone by the GOV in its privatization of SIDOR. Petitioners also contended that in the absence of a GOV-induced equity infusion, the benefit may have taken the form of a direct reimbursement to, or credit against the purchase price.

While petitioners have documented the committed investment element of SIDOR's privatization, a simple assertion that the investment was a condition of SIDOR's sale is insufficient to demonstrate the existence of a direct or indirect financial contribution by the GOV to SIDOR. Thus, we are not investigating the investment commitments which were made as part of the privatization of SIDOR.

### 3. Grant Given Through the Reduction of Sale Price

Petitioners alleged that SIDOR's purchasers received a discount on the purchase price of SIDOR in return for

agreeing to a one-year worker layoff prohibition and a two-year retraining program. Petitioners alleged that this discount constitutes revenue foregone by the GOV in its sale of SIDOR and it confers a benefit which is specific to SIDOR.

While petitioners have documented their allegation that the terms of SIDOR's sale may have included a payment of cash and commitments with respect to employee retention and worker retraining, they have not provided evidence that demonstrates that the terms give rise to a direct or indirect financial contribution by the GOV to SIDOR. Thus, we are not investigating whether the purchase price was discounted in exchange for other commitments by SIDOR's purchasers.

Petitioners have also alleged that SIDOR was uncreditworthy from 1993 to 1998 and unequityworthy from 1996 to 1998. However, petitioners did not provide information to indicate that the company was uncreditworthy or unequityworthy during these years. Thus, we are not investigating these allegations.

### Critical Circumstances

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

As discussed above, petitioners have provided documentation supporting allegations of countervailable subsidies which are inconsistent with the Subsidies Agreement, including export subsidies that are similar to those contained in Annex I of the Subsidies Agreement.

The petitioners also have alleged that imports from Thailand and Venezuela have been massive over a relatively short period. Alleging that there was sufficient pre-filing notice of these countervailing duty 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 unfair trade 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 trade remedy 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 unfair trade 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 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 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)).

### Distribution of Copies of the Petitions

In accordance with section 702(b)(4)(A)(i) of the Act, copies of the public version of the petition have been provided to the governmental representatives of Brazil, Indonesia, Thailand, and Venezuela. We will attempt to provide copies of the public version of the petition to all the exporters named in the petition, as provided for under section 351.203(c)(2) of the Department's regulations.

### ITC Notification

Pursuant to section 702(d) of the Act, we have notified the ITC of these initiations.

### Preliminary Determination by the ITC

The ITC will determine by July 16, 1999, whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by

reason of imports of certain cold-rolled flat-rolled carbon-quality steel products from Brazil, Indonesia, Thailand, and Venezuela. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, the investigations will proceed according to statutory and regulatory time limits.

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

Date: June 21, 1999.

**Robert S. LaRossa,**

*Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-122-404]

#### Preliminary Results of Full Sunset Review: Live Swine From Canada

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

**ACTION:** Notice of preliminary results of full sunset review: Live swine from Canada.

**SUMMARY:** On December 2, 1998, the Department of Commerce ("the Department") initiated a sunset review of the countervailing duty order on live swine from Canada (63 FR 66527) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate filed on behalf of a domestic interested party and substantive comments filed on behalf of a domestic interested party and three respondent interested parties, the Department is conducting a full (240 day) review. As a result of this review, the Department preliminarily finds that termination of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy. The net countervailable subsidy and the nature of the subsidy are identified in the Preliminary Results of Review section of this notice.

**FOR FURTHER INFORMATION CONTACT:** Scott E. Smith or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th & Constitution Avenue, Washington, D.C. 20230; telephone: (202) 482-6397 or (202) 482-1560, respectively.

**EFFECTIVE DATE:** June 25, 1999.

## Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*") and in 19 C.F.R. Part 351 (1998) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*; Policy Bulletin, 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

## Scope

The merchandise subject to this countervailing duty order is shipments of live swine, except U.S. Department of Agriculture ("USDA") certified purebred breeding swine, slaughter sows and boars, and weanlings from Canada.<sup>1</sup> Weanlings are swine weighing up to 27 kilograms or 59.5 pounds.<sup>2</sup>

The merchandise subject to the order is currently classifiable under the Harmonized Tariff Schedule ("HTS") item numbers 0103.91.00 and 0103.92.00. The HTS item numbers are provided for convenience and customs purposes. The written description remains dispositive.

## Background

On December 2, 1998, the Department initiated a sunset review of the countervailing duty order on live swine from Canada (63 FR 66527), pursuant to section 751(c) of the Act. The Department received a Notice of Intent to Participate on behalf of the National Pork Producers Council ("NPPC")<sup>3</sup> on

<sup>1</sup> On August 29, 1996, the Department issued the final results of a changed circumstances review revoking the order, in part, with respect to slaughter sows and boars. The revocation became effective on April 1, 1991 (see *Live Swine from Canada: Final Results of Changed Circumstances Countervailing Duty Administrative Review, and Partial Revocation In Part of Countervailing Duty Order*, 61 FR 45402 (August 29, 1996)).

<sup>2</sup> In the *Final Affirmative Countervailing Duty Determination; Live Swine and Fresh, Chilled and Frozen Pork Products from Canada*, 50 FR 25097 (June 17, 1985), the Department also calculated a net subsidy for dressed-weight swine. However, the Department terminated its investigation with respect to fresh, chilled, and frozen pork products from Canada based on a finding by the Commission that no material injury, threat of material injury, or retardation of an infant industry existed.

<sup>3</sup> The NPPC is a trade organization representing U.S. hog and pork producers through a federation of 44 affiliated state pork producer associations with a total membership of 85,000. NPPC's

December 17, 1998, within the deadline specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. The NPPC claimed interested party status under 19 U.S.C. 1677(9)(C) and (F), as an association whose members are producers of live swine. In addition, the NPPC notes that it was the original petitioner in the underlying investigation. We received complete substantive responses from the NPPC, the Gouvernement du Quebec ("GOQ"), the Government of Canada ("GOC") and the Canadian Pork Council and its Members ("CPC") on January 6, 1999, within the deadline specified in the *Sunset Regulations* under section 351.218(d)(3)(i).

In their substantive responses, the GOQ and the GOC claimed interested party status under 19 U.S.C. 1677(9)(B), as a provincial and national government, respectively, of the country in which the subject merchandise is produced and from which it is exported. The GOQ also claimed interested party status under 19 U.S.C. 1677(3). The CPC claimed interested party status, under 19 U.S.C. 1677(9)(A), as a council whose members are hog producing organizations whose registered members are producers of the subject merchandise. The CPC also stated that a majority of its member organizations also serve as importers of record of the subject merchandise, whose imports are supplied by their registered producers. The Department, on January 13, 1999, received timely rebuttals from the NPPC, the GOQ, the GOC, and the CPC.

Because the Department received complete substantive responses from a domestic interested party and from the Canadian Government (both the GOC and the GOQ), and the CPC, and in accordance with section 351.218(e)(2)(i) of the *Sunset Regulations*, the Department is conducting a full (240 day) sunset review.

The Department determined that the sunset review of the countervailing duty order on live swine from Canada is extraordinarily complicated. In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). (See section 751(c)(6)(C) of the Act.) Therefore, on March 22, 1999, the Department extended the time limit for completion of the preliminary results of this review until not later than June 21,

membership consists of small family farms and large hog operations.