

**Appendix II****Products Initially Covered by Reference Prices**

Not painted  
 Not varnished  
 Not coated with plastics  
 Structural Quality (not including High Strength Low Alloy) or Commercial Quality  
 In coils  
 Width greater than or equal to 600mm  
 Nominal Thickness greater than 0.09 inches  
 Minimum Specified Yield Strength of less than 50,000 psi  
 Carbon content less than or equal to 0.25%  
 Carbon content greater than 0.06%  
 Without patterns in relief

Either including all of these extras or none of them: temper rolled; pickled & oiled; edge trimmed

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**DEPARTMENT OF COMMERCE****International Trade Administration**

[C-351-829]

**Suspension of Countervailing Duty Investigation: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil**

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

**SUMMARY:** The Department of Commerce (the Department) has suspended the countervailing duty investigation involving certain hot-rolled flat-rolled carbon-quality steel products from Brazil. The basis for the suspension is an agreement between the Department and the Government of Brazil wherein the GOB has agreed not to provide any new or additional export or import substitution subsidies on the subject merchandise and has agreed to restrict the volume of direct or indirect exports to the United States of hot-rolled flat-rolled carbon-quality steel products from all Brazilian producers/exporters in order to eliminate completely the injurious effects of exports of this merchandise to the United States.

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

**FOR FURTHER INFORMATION CONTACT:** Linda Ludwig at (202) 482-3833, Antidumping and Countervailing Duty Enforcement Group III, Import Administration, International Trade Administration, U.S. Department of

Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

**SUPPLEMENTARY INFORMATION:****Background**

On October 15, 1998, the Department initiated a countervailing duty investigation under section 702 of the Tariff Act of 1930 (the Act), as amended, to determine whether manufacturers, producers, or exporters of certain hot-rolled flat-rolled carbon-quality steel products from Brazil receive subsidies (63 FR 56623). On November 25, 1998, the International Trade Commission (ITC) published its affirmative preliminary injury determination. On December 1, 1998 and January 22, 1999, we postponed the preliminary determination until no later than February 12, 1999. *See Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil: Postponement of Time Limit for Countervailing Duty Investigation*, 63 FR 67459 (December 7, 1998) and *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil: Postponement of Time Limit for Countervailing Duty Investigation*, 64 FR 4638 (January 29, 1999).

On February 12, 1999, the Department preliminary determined that countervailable subsidies are being provided to Companhia Siderurgica Nacional (CSN), Usinas Siderurgicas de Minas Gerais (USIMINAS) and Companhia Siderurgica Paulista (COSIPA). *See Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil*, 64 FR 8313 (February 19, 1999). We conducted verification of the questionnaire responses of the Government of Brazil (GOB), CSN, USIMINAS and COSIPA from April 5 through April 16, 1999.

The Department and the GOB initialed a proposed agreement suspending the investigation on June 6, 1999. Interested parties were informed that the Department intended to finalize the Agreement on July 6, 1999, and were invited to provide written comments on the agreement. We received comments from petitioners (Bethlehem Steel Corp., Ispat Inland Inc., LTV Steel Company, Inc., National Steel Corp., U.S. Steel Group (a Unit of USX Corp.), California Steel Industries, Gallatin Steel Company, Geneva Steel, Gulf States Steel Inc., Ipsco Steel Inc., Steel Dynamics, Weirton Steel Corporation, and Independent Steelworkers Union).

The Department and the GOB signed the final suspension agreement on July 6, 1999.

**Scope of Suspension Agreement**

*See Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil*, signed on July 6, 1999.

**Suspension of Investigation**

The Department consulted with the parties to the proceeding and has considered their positions with respect to the proposed suspension agreement. In accordance with section 704(c) of the Act, we have determined that extraordinary circumstances are present in this case as defined by section 704(c)(4) of the Act. (*See* July 6, 1999, Extraordinary Circumstances Memorandum to Robert S. LaRussa.)

The suspension agreement provides that: (1) The GOB will not provide any new or additional export or import substitution subsidies on the subject merchandise; and (2) the GOB will restrict the volume of direct or indirect exports to the United States of subject merchandise from all Brazilian producers/exporters.

We have also determined that the suspension agreement can be monitored effectively and is in the public interest, pursuant to section 704(d) of the Act. (*See* July 6, 1999, Public Interest Memorandum to Robert S. LaRussa.) We find, therefore, that the criteria for suspension of the investigation pursuant to section 704(c) of the Act have been met. The terms and conditions of the suspension agreement, signed July 6, 1999, are set forth in Appendix I to this notice.

The suspension of liquidation ordered in the final affirmative determination in this case shall continue in effect, subject to section 704(h)(3) of the Act. Section 704(f)(2)(B) of the Act provides that the Department may adjust the security required to reflect the effect of the Agreement. Pursuant to this provision, the Department has found that the Agreement eliminates completely the injurious effects of the imports and, thus, the Department is adjusting the security required from producers and/or exporters to zero. The security rates in effect for imports from non-signatory producers/exporters remain as published in our final determination.

On July 6, 1999, we received a request from petitioners requesting that we continue the investigation. Pursuant to this request, we are continuing the investigation in accordance with section 704(g) of the Act and have notified the ITC of our determination. If the ITC's injury determination is negative, the agreement will have no force or effect, and the investigation will be terminated

(see section 704(f)(3)(A) of the Act). If the ITC's determination is affirmative, the Department will not issue a countervailing duty order as long as the suspension agreement remains in force (see section 704(f)(3)(B) of the Act).

This notice is published pursuant to section 704(f)(1)(A) of the Act.

Dated: July 6, 1999.

**Bernard T. Carreau,**

*Acting Assistant Secretary for Import Administration.*

### **Appendix I: Agreement Suspending the Countervailing Duty Investigation on Hot-Rolled Flat-Rolled Carbon-Quality Steel From Brazil**

The U.S. Department of Commerce (the "DOC") enters into this countervailing duty suspension agreement ("the Agreement")<sup>1</sup> with the Government of Brazil (the "GOB") through the Ministry of Foreign Relations. Pursuant to this suspension agreement, the GOB will restrict exports to the United States of certain hot-rolled flat-rolled carbon-quality steel products (hereinafter called Hot-Rolled Steel) from all Brazilian producers/exporters, subject to the terms and conditions set forth below.

#### **I. Definitions**

For purposes of this Agreement, the following definitions apply:

A. Date of Export—of Hot-Rolled Steel into the United States shall be the date on which the GOB's export license issuing authority issued the Export License.

B. Effective Date—means date on which this Agreement and the notice of suspension of investigation are published in the **Federal Register**.

C. Export License—is the document issued by the GOB's export license issuing authority that serves as both an export limit certificate and a certificate of origin.

D. Export and Import Substitution Subsidies—include those subsidies that have been determined to be export or import substitution subsidies in the preliminary determination in the countervailing duty investigation underlying this agreement (unless the investigation is continued and a contrary decision is reached in the final determination), in any final U.S. countervailing duty investigation of a Brazil product, or in any final review of a Brazil product under section 751 of the Act, and include subsidies which

may apply to other products or exports to other destinations to the extent that such subsidies cannot be segregated as applying solely to such other products or exports.

D. Hot-Rolled Steel means the certain hot-rolled, flat-rolled, carbon quality steel products from Brazil described in Appendix II and sometimes referred to as the "subject merchandise" of the suspended investigation.

E. Indirect Exports means exports of Hot-Rolled Steel from Brazil to the United States through one or more third countries, whether or not such exports are further processed, provided that the further processing does not result in a substantial transformation or a change in the country of origin.

F. Party to the Proceeding means any producer, exporter, or importer of Hot-Rolled Steel, union of workers engaged in the production of Hot-Rolled Steel, associations of such parties, or the government of any country from which such merchandise is exported, that actively participated in the countervailing duty investigation, through written submission of factual information or written argument, as provided for in section 771(9) of the Act.

G. Export Limit Period means one of the following periods:

H. Initial Export Limit Period—The Initial Export Limit Period shall begin on October 1, 1999, and end on September 30, 2000. The Subsequent Export Limit Periods shall consist of each subsequent year period from October 1 through the following September 30.

I. United States means the customs territory of the United States of America (the 50 States, the District of Columbia and Puerto Rico) and foreign trade zones located within the territory of the United States.

J. Violation means noncompliance with the terms of this Agreement, whether through an act or omission, except for noncompliance that is inconsequential, inadvertent, or does not substantially frustrate the purposes of this Agreement.

#### **II. Suspension of Investigation**

On the Effective Date, the DOC will suspend its countervailing duty investigation of Hot-Rolled Steel from Brazil initiated on October 15, 1998 (63FR56607, published October 22, 1998), in accordance with Section 704 of the Act and Section 208 of the Regulations.

#### **III. Non-provision of Export Subsidies**

A. The GOB will not bestow any Export Subsidies or Import Substitution

Subsidies upon the subject merchandise.

B. The GOB recognizes that the provision of export or import substitution subsidies on the production or shipment of Hot-Rolled Steel exported directly or indirectly from Brazil to the United States may result in termination of this Agreement and resumption of the investigation pursuant to the provisions of section 704(i) of the Act.

C. The GOB shall notify the DOC in writing of any new benefit which is, or which the GOB has reason to know would be, an export or import substitution subsidy on shipments of Hot-Rolled Steel exported, directly or indirectly, from Brazil to the United States, including subsidies which may apply to both the subject merchandise and other products or exports to other destinations, to the extent such benefits cannot be segregated as applying solely to such other products or exports.

#### **IV. Export Limits**

A. The quota level in metric tons (MT) for each of the periods shall be as follows:

Effective Date through September 30, 1999: 0 MT  
October 1, 1999 through September 30, 2000: 295,000 MT  
October 1, 2000 through September 30, 2001: 295,000 MT  
October 1, 2001 through September 30, 2002: 295,000 MT  
October 1, 2002 through September 30, 2003: 295,000 MT  
October 1, 2003 through September 30, 2004: 295,000 MT

B. No Hot-Rolled Steel covered by this Agreement, whether exported directly or indirectly from Brazil, shall be entered into the United States unless, when cumulated with all prior entries of Hot-Rolled Steel exported from Brazil during each yearly Export Limit Period in which that Hot-Rolled Steel was exported, it does not exceed the export limits set forth in the previous paragraph.

C. When Hot-Rolled Steel is imported into the United States and is subsequently re-exported, or re-packaged and re-exported, or further processed (but still covered by this Agreement) and re-exported, the amount re-exported shall be deducted from the amount of exports that have been counted against the export limit for the Export Limit Period in which the re-export takes place. The deduction will be applied only after the DOC has received, and has had the opportunity to verify, evidence demonstrating the original importation, any repackaging or

<sup>1</sup> Pursuant to Section 704(b) and (c) of the Tariff Act of 1930, as amended (19 U.S.C. 1671c(b) & (c)) (the "Act"), and Section 208 of part 351 of Title 19 of the Code of Federal Regulations (the "Regulations").

further processing, and subsequent exportation.

D. The GOB's export license issuing authority will not issue export licenses authorizing the exportation to the United States of Hot-Rolled Steel covered by this Agreement in any half of any Export Limit Period that exceeds 60 percent of the export limit for that Export Limit Period.

E. Notwithstanding any other provision of this Agreement, up to 15 percent of the export limit for any Export Limit Period may be carried over to the Subsequent Export Limit Period and up to 15 percent of the export limit for any Export Limit Period may be carried back to the last 90 days of the previous Export Limit Period. Any carried over or carried back allowance shall be counted against the export limit for the subsequent or previous Export Limit Period, respectively.

## V. Implementation

A. The United States shall require presentation of an original stamped Export License as a condition for entry into the United States of Hot-Rolled Steel covered by this Agreement, except where there are multiple shipments under a single license. For multiple shipments at multiple ports, the original license shall be presented at each port and deductions made upon that original license for individual entries at each Port. For multiple entries at one port, the original license will be presented and deductions made for the first entry drawn from that license. Subsequent entries at that port can be made from certified copies of the original which reflect all of the deductions made from the original license. The United States will prohibit the entry of any Hot-Rolled Steel from Brazil not accompanied by an original stamped Export License, except as provided herein.<sup>1</sup>

B. Export Licenses must contain, for each Hot-Rolled Steel product covered by the license, the exact product description, applicable reference price, the quantity in metric tons, and dimensions (gauge, width, and, in the case of coils, length, if appropriate). If necessary, additional information may be included on the Export License or, if necessary, a separate page attached to the Export License. DOC will deduct the quantity listed on each Export License from the export limit for the Export Limit Period in which the Date of Export falls. However, if the bills of lading for all of the shipments under an Export License establish that the actual imports into the United States under

that license were less than the total volume listed on the license, DOC will reflect the actual amount as having been deducted from the volume listed on the export license, but, notwithstanding the carry-over and carry-back limitations in section IV.D., will authorize the export license issue a new Export License in the same or Subsequent Export Licensing Period authorizing additional exports equal in volume to the volume of the undershipment. Exports under such additional licenses will be counted against the export limit for the Export Limit Period containing the Date of Export of the undershipment.

C. The GOB will ensure compliance with all of the provisions of this Agreement. In order to ensure such compliance, the GOB will take at least the following measures:

1. Ensure that no steel subject to this Agreement is exported from Brazil for entry into the United States during any Export Limit Period that exceeds the export limit for that Export Limit Period.

2. Establish an export limit licensing and enforcement program for all direct and indirect exports of Hot-Rolled Steel to the United States no later than 120 days after the Effective Date.

3. Require that applications for Export Licenses be accompanied by a report containing all of the information listed in Appendix III (Exports of Hot-Rolled Steel).

4. Refuse to issue an Export License to any applicant that does not permit full verification and reporting under this Agreement of all of the information in the application.

5. Issue Export Licenses sequentially, endorsed against the export limit for the relevant Export Limit Period, and reference any notice of export limit allocation results for the relevant Export Limit Period. Export Licenses shall remain valid for entry into the United States for six months. DOC and GOB may agree to an extension of the validity of the Export License in extraordinary circumstances.

6. Issue Export Licenses in the English language and, at the discretion of the export license issuing authority, also in the Portuguese language.

7. Issue Export Licenses no earlier than 90 days before the day on which the Hot-Rolled Steel is accepted by a transportation company, as indicated in the bill of lading or a comparable transportation document, for export.

8. Permit full verification of all information related to the administration of this Agreement on an annual basis or more frequently, as deemed necessary, to ensure that the

GOB is in full compliance with this Agreement.

9. Ensure compliance with all procedures established in order to effectuate this Agreement by any official Brazilian institution, chamber, or other authorized Brazilian company, and any Brazilian producer, exporter, broker, and trader of Hot-Rolled Steel.

10. Impose strict measures, such as prohibition from participation in the export limits allowed by the Agreement, in the event that any Brazilian company does not comply in full with the requirements established by GOB pursuant to this Agreement.

D. If any Hot-Rolled steel from Brazil is entered into the United States in excess of the Export Limit or without a valid Export License, DOC shall notify GOB of the entry(ies) and provide to GOB all of the information concerning the entry(ies) that DOC is able to disclose consistent with U.S. law. GOB shall respond within 21 days. If DOC determines that entry of Hot-Rolled Steel from Brazil in excess of the Export Limit or without a valid Export License has occurred, DOC shall provide GOB with an opportunity for prompt consultations, which shall be completed within 60 days after DOC notified GOB of the excessive or unlicensed entry. Once the consultations have been completed, unless DOC has concluded that the excessive or unlicensed entry did not occur, DOC shall count against the Export Limit for the period in which the excessive or licensed entry occurred twice the volume of the entry. If the Export Limit for the period in which the excessive or unlicensed entry occurred has been reached, any remaining portion of the excessive or unlicensed entry will be subtracted from the next period's Export Limit.

## VI. Anticircumvention

A. The GOB will take all necessary measures to prevent circumvention of this Agreement. These measures shall include requiring that all Brazilian exporters of Hot-Rolled Steel agree, as a condition of receiving any Export License under this Agreement, not to export directly or indirectly to the United States Hot-Rolled Steel that is not accompanied by an Export License issued pursuant to this Agreement.

1. When GOB has received an allegation that circumvention has occurred, including an allegation from DOC, GOB shall promptly initiate an inquiry, normally complete the inquiry within 45 days and notify DOC of the results of the inquiry within 15 days after the conclusion of the inquiry.

2. If GOB determines that a Brazilian company has participated in a

<sup>1</sup> The validity of an Export License will not be affected by a subsequent change of an HTS number.

transaction circumventing this agreement, GOB shall impose penalties upon such company including, but not limited to, denial of access to export certificates for hot-rolled steel under this agreement.

3. If GOB determines that a Brazilian company has participated in the circumvention of this agreement, GOB shall count against the export limit for the Export Limit Period in which the circumvention took place and amount of hot-rolled steel equivalent to the amount involved in such circumvention and shall immediately notify DOC of the amount deducted. If sufficient tonnage is not available in the current Export Limit Period, then the remaining amount shall be deducted from the subsequent Export Limit Period or Periods.

4. If GOB determines that a company from a third country has circumvented the Agreement and DOC and GOB agree that no Brazilian company participated in or had knowledge of such activities, then the parties shall hold consultations for the purpose of sharing information regarding such circumvention and reaching mutual agreement on the appropriate measures to be taken to eliminate such circumvention. If the parties are unable to reach mutual agreement within 45 days, then DOC may take appropriate measures, such as deducting the amount of hot-rolled steel involved in such circumvention from the export limit for the then-current Export Limit Period or a subsequent Period. Before taking such measures, DOC will notify GOB of the facts and reasons constituting the basis for DOC's intended action and will afford GOB 15 days in which to comment.

B. DOC will investigate any allegations of circumvention which are brought to its attention both by asking GOB to investigate such allegations and by itself gathering relevant information. GOB will respond to requests from DOC for information relating to such allegations. In distinguishing normal arrangements from those which would result in the circumvention of the export limits established by this Agreement, DOC will take the following factors into account:

1. Existence of any verbal or written agreement leading to circumvention of this agreement;

2. Existence and function of any subsidiaries or affiliates of the parties involved;

3. Existence and function of any historical and traditional patterns of production and trade among the parties involved, and any deviation from such patterns;

4. Existence of any payments unaccounted for by previous or subsequent deliveries, or any payments to one party for Hot-rolled steel delivered or swapped by another party;

5. Sequence and timing of the arrangements; and

6. Any other information relevant to the transaction or circumstances.

C. In the event that DOC determines that a Brazilian company has participated in a transaction circumventing this Agreement, DOC and GOB shall hold consultations for the purpose of sharing evidence regarding such circumvention and reaching mutual agreement on an appropriate resolution of the problem. If DOC and GOB are unable to reach mutual agreement within 60 days, DOC may take appropriate measures, such as deducting the amount of hot-rolled steel involved in such circumvention from the export limit for the current Export Limit Period (or, if necessary, the Subsequent Export Limit Period) or instructing U.S. Customs to deny entry to any Brazilian hot-rolled steel sold by the company found to be circumventing the Agreement. Before taking such measures, DOC will notify GOB of the basis for DOC's intended action and GOB will comment within 30 days. DOC will enter its determinations regarding circumvention into the record of the Agreement. GOB may request an extension of up to 15 days for any of the deadlines mentioned in this Section.

#### **VII. Monitoring and Notifications**

A. GOB will collect and provide to DOC such information as is necessary and appropriate to monitor the implementation of, and compliance with, this Agreement, including the following:

1. Thirty days following the allocation of export rights for any Export Limit Period, GOB shall notify DOC of each allocation recipient and the volume granted to each recipient. GOB also shall inform DOC of any changes in the volume allocated to individual quota recipients within 60 days of the date on which such changes become effective.

2. GOB shall collect and provide to DOC information on exports to the United States in the format in Appendix III to this Agreement, and on the aggregate quantity and value of exports of Hot-Rolled Steel to all other countries. This information will be based on semi-annual periods (October 1 through March 31 and April 1 through September 30), and will be provided no later than 90 days following the end of each half year period, beginning on June 30, 2000 (for the period from the Effective Date through March 31, 2000).

3. The GOB shall certify to DOC, in accordance with the reporting schedule in section VII.A.2., whether it continues to be in compliance with the Agreement by providing that all exports of Hot-Rolled Steel to the United States are not and will not be eligible for any export subsidies, as provided in Section III. The GOB shall notify the DOC if any producer/exporter of Hot-Rolled Steel to the United States applies for or receives, directly or indirectly, any export or import substitution subsidy.

4. The GOB shall immediately notify and provide copies to the DOC of any resolution, decree, legislation or equivalent Government action governing any export or import substitution subsidy which is issued, altered or amended in any way as to be applicable or available to producers/exporters of Hot-Rolled Steel to the United States.

5. The GOB will inform the DOC of any violations of any provisions of this Agreement that come to its attention and of the measures taken with respect thereto.

6. The GOB and the DOC recognize that the effective monitoring of this Agreement may require that the GOB provide information additional to that identified above. Accordingly, after consulting with the GOB, the DOC may request additional reporting requirements consistent with U.S. law and regulations during the course of this Agreement. The GOB shall also collect and provide to DOC, within 45 days of the request, any such additional information requested by DOC.

B. The DOC will verify all information related to the administration of this Agreement, including all information relating to potential circumvention of this Agreement, annually or more frequently as deemed necessary.

C. The DOC may disregard any information submitted after the deadlines set forth in this Section or any information which it is unable to verify to its satisfaction.

#### **VIII. Disclosure and Comment**

A. The DOC shall make available to representatives of each Party to the Proceeding, under appropriately-drawn administrative protective orders consistent with U.S. laws and regulations, business proprietary information submitted to the DOC semi-annually or upon request pursuant to this Agreement, and in any administrative review of this Agreement.

B. Not later than 45 days after the date of disclosure of information pursuant to section VII.A., the Parties to the Proceeding may submit written

comments to DOC, not to exceed 30 pages.

C. At the end of each Export Limit Period, each Party to the Proceeding may request a hearing on issues raised during the preceding Export Limit Period. If such a hearing is requested, it will be conducted in accordance with U.S. laws and regulations.

#### IX. Consultations

A. The DOC and the GOB may request consultations with the other concerning this agreement at any time.

B. If the DOC requests consultations with the GOB concerning potential noncompliance with, or Violation of, this Agreement, it may simultaneously request the GOB to provide the DOC with all information relating to the allegation. The GOB will provide the requested information to the DOC within 21 days of the DOC's request. Any Party to the Proceeding may submit comments on the information submitted by the Signatory within 10 days after the DOC receives the information. The consultations shall be held within 45 days after the DOC's request for consultations or for relevant information, unless the DOC and the GOB agree on a later date.

#### X. Violations

A. If the DOC determines that this Agreement is being or has been violated, DOC will take such action as it determines appropriate under U.S. laws and regulations.

B. If the DOC determines that this Agreement no longer meets the requirements of the Act, the DOC shall take whatever action it deems appropriate under Section 704(i) of the Act and the Regulations.

C. In the event that the DOC resumes the original investigation, it will conduct the resumed investigation on the basis of the original administrative record and the statutes, regulations, policies, and practices in effect on the Effective Date.

#### XI. Duration

A. This Agreement will remain in force until the underlying countervailing duty proceeding is terminated in accordance with U.S. law.

B. The GOB may terminate this Agreement at any time upon written notice to the DOC. Termination shall be

effective 60 days after such notice is given to the DOC. Upon termination at the request of the GOB, the provisions of U.S. countervailing duty law and regulations shall apply.

#### XII. Other Provisions

A. The DOC determines that extraordinary circumstances are present in this case, that this Agreement is in the public interest, that effective monitoring of this Agreement by the United States is practicable, and that this Agreement will completely eliminate injury to the domestic industry producing the like product by imports of Hot-Rolled Steel from Brazil.

B. For all purposes hereunder, the signatory Parties shall be represented by, and all communications and notices shall be given and addressed to:

DOC:

U.S. DOC of Commerce, Assistant Secretary for Import Administration, International Trade Administration, Washington, D.C. 20230

GOB:

Ministério das Relações Exteriores, Divisão de Política Comercial, 70.170-900—Brasília—DF—Brazil Embassy of Brazil, 3006 Massachusetts Ave. NW, Washington, D.C. 20008

Signed on this 6th of July 1999. 3

Robert Larussa,

*Assistant Secretary for Import Administration, U.S. Department of Commerce.*

Regis Arslanian,

*Minister-Counselor, Embassy of Brazil.*

#### Appendix I—Definition of Hot-Rolled Steel

For purposes of this investigation, the products covered are certain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers) regardless of thickness, and in straight lengths, of a thickness less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of these investigations.

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 the substrate for 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. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products to be included in the scope of this investigation, regardless of HTSUS definitions, 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  
1.50 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  
0.012 percent of boron, or  
0.10 percent of molybdenum, or  
0.10 percent of niobium, or  
0.41 percent of titanium, or  
0.15 percent of vanadium, or  
0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of this investigation unless otherwise excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this investigation:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including *e.g.*, ASTM specifications A543, A387, A514, A517, and A506).
- SAE/AISI grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 1.50 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10–0.14% .....	0.90% Max .....	0.025% Max ....	0.005% Max ....	0.30–0.50% .....	0.50–0.70% .....	0.20–0.40% .....	0.20% Max.

Width = 44.80 inches maximum; Thickness = 0.063–0.198 inches;

Yield Strength = 50,000 ksi minimum; Tensile Strength = 70,000–88,000 psi.

- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	Mo
0.10–0.16% ..	0.70–0.90% ..	0.025% Max	0.006% Max	0.30–0.50% ..	0.50–0.70% ..	0.25% Max ...	0.20% Max ...	0.21% Max.

Width = 44.80 inches maximum; Thickness = 0.350 inches maximum;  
Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	V(wt.)	Cb
0.10–0.14%	1.30–1.80%	0.025% Max.	0.005% Max.	0.30–0.50%	0.50–0.70%	0.20–0.40%	0.20% Max	0.10 Max ...	0.08% Max

Width = 44.80 inches maximum; Thickness = 0.350 inches maximum;  
Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	Nb	Ca	Al
0.15% Max	1.40% Max.	0.025% Max.	0.010% Max.	0.50% Max.	1.00% Max.	0.50% Max.	0.20% Max.	0.005% Min.	Treated ....	0.01–0.07%

Width = 39.37 inches; Thickness = 0.181 inches maximum;

Yield Strength = 70,000 psi minimum for thicknesses ≤ 0.148 inches and 65,000 psi minimum for thicknesses > 0.148 inches;

Tensile Strength = 80,000 psi minimum.

- Hot-rolled dual phase steel, phase-hardened, primarily with a ferritic-martensitic microstructure, contains 0.9 percent up to and including 1.5 percent silicon by weight, further characterized by either (i) tensile strength between 540 N/mm<sup>2</sup> and 640 N/mm<sup>2</sup> and an elongation percentage ≥ 26 percent for thicknesses of 2 mm and above, or (ii) a tensile strength between 590 N/mm<sup>2</sup> and 690 N/mm<sup>2</sup> and an elongation percentage ≥ 25 percent for thicknesses of 2mm and above.

• Hot-rolled bearing quality steel, SAE grade 1050, in coils, with an inclusion rating of 1.0 maximum per ASTM E 45, Method A, with excellent surface quality and chemistry restrictions as follows: 0.012 percent maximum phosphorus, 0.015 percent maximum sulfur, and 0.20 percent maximum residuals including 0.15 percent maximum chromium.

• Grade ASTM A570–50 hot-rolled steel sheet in coils or cut lengths, width of 74 inches (nominal, within ASTM tolerances), thickness of 11 gauge (0.119 inch nominal), mill edge and skin passed, with a minimum copper content of 0.20%.

The merchandise subject to these investigations is classified in the Harmonized Tariff Schedule of the United States ("HTSUS") at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, 7211.19.75.90, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00. Certain hot-rolled flat-rolled carbon-quality steel covered

by this investigation, including: Vacuum degassed, fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

#### Appendix II—Information To Be Contained in Export Licenses

1. Export License: Indicate the number(s) relating to each sale and or entry.
2. Complete Description of Merchandise: Include the 10 digit HTS category, the ASTM or equivalent grade, and the width and thickness of merchandise.
3. Quantity: Indicate in metric tons.
- 4 F.O.B. Sales Value: Indicate value and currency used.
5. Unit Price: Indicate unit price per metric ton and currency used, and reference price.
6. Date of Sale: The date all essential terms of the order (i.e. price and quantity) become fixed.
7. Sales Order Number(s): Indicate the number(s) relating to each sale and/or entry.
8. Date of Export: Date the Export License is issued.
9. Date of Entry: Date the merchandise entered the United States or the date book transfer took place.
10. Importer of Record: Name and address.
11. Trading Company: Name and address of trading company involved in sale.
12. Customer: Name and address of the first unaffiliated party purchasing from the Brazilian exporter.
13. Customer Relationship: Indicate whether the customer is affiliated or unaffiliated to the Brazilian exporter.

14. Allocation to Exporter: Indicate the total amount of quota allocated to the individual exporter during the Relevant Period.
15. Allocation Remaining: Indicate the remaining export limit allocation available to the individual exporter during the export limit period.
16. Destination: The complete name and address of the first unaffiliated purchaser.
17. Other: The identity of any party(ies) in the transaction chain between the producer and the first unaffiliated purchaser.

#### List of Heat Numbers

GOB shall ensure that all shipments of Hot-Rolled Steel exported to the United States pursuant to this Agreement, shall be accompanied by a list of heat numbers under the shipment. GOB understands that DOC intends to fully verify this data during verifications.

#### Appendix III—Information on Exports of Hot-Rolled Steel

In accordance with the established format, the GOB's license issuing authority shall collect and provide to DOC all information necessary to ensure compliance with this Agreement. This information will be provided to DOC on a semi-annual basis.

The GOB's license issuing authority will collect and maintain data on exports to the United States on a continuous basis. Data for exports to countries other than the United States, will be reported upon request.

The GOB's license issuing authority will provide a narrative explanation to substantiate all data collected in accordance with the following formats.

The GOB's license issuing authority will provide all Export Licenses issued to Brazilian entities, which shall contain the following information with the exception that information requested in item #9, date of entry, item #10, importer of record, item #16, final destination, and item #17, other, may be omitted if unknown to the licensing authority and the licensee.

1. Export License: Indicate the number(s) relating to each sale and or entry.
2. Complete Description of Merchandise: Include the 10 digit HTS category, the ASTM or equivalent grade, and the width and thickness of merchandise.
3. Quantity: Indicate in metric tons.
- 4 F.O.B. Sales Value: Indicate value and currency used.
5. Unit Price: Indicate unit price per metric ton, currency used, and reference price
6. Date of Sale: The date all essential terms of the order (i.e, price and quantity) become fixed.
7. Sales Order Number(s): Indicate the number(s) relating to each sale and/or entry.
8. Date of Export: Date the Export License is issued.

9. Date of Entry: Date the merchandise entered the United States or the date book transfer took place.
10. Importer of Record: Name and address.
11. Trading Company: Name and address of trading company involved in sale.
12. Customer: Name and address of the first unaffiliated party purchasing from the Brazilian exporter.
13. Customer Relationship: Indicate whether the customer is affiliated or unaffiliated to the Brazilian exporter.
14. Allocation to Exporter: Indicate the total amount of quota allocated to the individual exporter during the Relevant Period.
15. Allocation Remaining: Indicate the remaining export limit allocation available to the individual exporter during the export limit period.

16. Destination: The complete name and address of the first unaffiliated purchaser.
17. Other: The identity of any party(ies) in the transaction chain between the producer and the first unaffiliated purchaser.

**List of Heat Numbers**

The GOB's license issuing authority shall ensure that all shipments of Hot-Rolled Steel exported to the United States pursuant to this Agreement, shall be accompanied by a list of heat numbers under the shipment. The GOB's license issuing authority understands that DOC intends to fully verify this data during verifications.

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