

maintenance, repair, modification or testing.

III. After notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to Stand by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be subject to the provisions of this Order.

IV. This Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

V. This Order is effective immediately and shall remain in effect until January 22, 2009.

VI. A copy of this Order shall be delivered to Stand. This Order shall be published in the **Federal Register**.

Dated: July 19, 1999.

Eileen M. Albanese,

Director, Office of Exporter Services.

[FR Doc. 99-19215 Filed 7-27-99; 8:45 am]

BILLING CODE 3510-DT-M

DEPARTMENT OF COMMERCE

International Trade Administration

[A-851-802, A-588-850, A-588-851, A-201-827, A-791-808, A-485-805]

Initiation of Antidumping Duty Investigations: Certain Large Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe From Japan and Mexico; and Certain Small Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe From the Czech Republic, Japan, the Republic of South Africa and Romania

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

EFFECTIVE DATE: July 28, 1999.

FOR FURTHER INFORMATION CONTACT:

Steven Presing or Kris Campbell at (202) 482-0194 and (202) 482-3813, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 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 30, 1999, the Department of Commerce ("the Department") received petitions on large diameter carbon and alloy seamless standard, line and pressure pipe ("large diameter pipe") filed in proper form by U.S. Steel Group, (a unit of USX Corp.-Fairfield Seamless Pipe Mill), USS/Kobe Steel Company. Also that day, the Department received petitions on small diameter carbon and alloy seamless standard, line and pressure pipe ("small diameter pipe") filed in proper form from Koppel Steel Corporation, Sharon Tube company, U.S. Steel Group, USS/Kobe Steel Company and Vision Metals, Inc. (Gulf States Tube Division). On June 30, 1999, the United Steel Workers of America joined as co-petitioners in all of the cases. The Department received supplemental information to the petitions throughout the 20-day initiation period.

In accordance with section 732(b) of the Act, the petitioners allege that imports of certain large and small diameter pipe from the above-mentioned countries 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 the 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).

Scopes of Investigations

Scope of Large Diameter Investigations

The scope of these investigations includes large diameter seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes produced, or equivalent, to the American Society for Testing and Materials ("ASTM") A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and the American Petroleum Institute ("API") 5L specifications and meeting the physical parameters described below, regardless of application. The scope of these

investigations also includes all products used in standard, line, or pressure pipe applications and meeting the physical parameters described below, regardless of specification. Specifically included within the scope of these investigations are seamless pipes greater than 4.5 inches (114.3 mm) up to and including 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (hot finished or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish.

The seamless pipes subject to these investigations are currently classifiable under the subheadings 7304.10.10.30, 7304.10.10.45, 7304.10.10.60, 7304.10.50.50, 7304.31.60.50, 7304.39.00.36, 7304.39.00.40, 7304.39.00.44, 7304.39.00.48, 7304.39.00.52, 7304.39.00.56, 7304.39.00.62, 7304.39.00.68, 7304.39.00.72, 7304.51.50.60, 7304.59.60.00, 7304.59.80.30, 7304.59.80.35, 7304.59.80.40, 7304.59.80.45, 7304.59.80.50, 7304.59.80.55, 7304.59.80.60, 7304.59.80.65, and 7304.59.80.70 of the Harmonized Tariff Schedule of the United States ("HTSUS").

Specifications, Characteristics, and Uses: Large diameter seamless pipe is used primarily for line applications such as oil, gas, or water pipeline, or utility distribution systems. Seamless pressure pipes are intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas and other liquids and gasses in industrial piping systems. They may carry these substances at elevated pressures and temperatures and may be subject to the application of external heat. Seamless carbon steel pressure pipe meeting the ASTM A-106 standard may be used in temperatures of up to 1000 degrees Fahrenheit, at various American Society of Mechanical Engineers ("ASME") code stress levels. Alloy pipes made to ASTM A-335 standard must be used if temperatures and stress levels exceed those allowed for ASTM A-106. Seamless pressure pipes sold in the United States are commonly produced to the ASTM A-106 standard.

Seamless standard pipes are most commonly produced to the ASTM A-53 specification and generally are not intended for high temperature service. They are intended for the low temperature and pressure conveyance of water, steam, natural gas, air and other liquids and gasses in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipes (depending on type and code) may carry liquids at

elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature uses or conditions are anticipated, standard pipe may be manufactured to ASTM A-333 or ASTM A-334 specifications.

Seamless line pipes are intended for the conveyance of oil and natural gas or other fluids in pipe lines. Seamless line pipes are produced to the API 5L specification.

Seamless water well pipe (ASTM A-589) and seamless galvanized pipe for fire protection uses (ASTM A-795) are used for the conveyance of water.

Seamless pipes are commonly produced and certified to meet ASTM A-106, ASTM A-53, API 5L-B, and API 5L-X42 specifications. To avoid maintaining separate production runs and separate inventories, manufacturers typically triple or quadruple certify the pipes by meeting the metallurgical requirements and performing the required tests pursuant to the respective specifications. Since distributors sell the vast majority of this product, they can thereby maintain a single inventory to service all customers.

The primary application of ASTM A-106 pressure pipes and triple or quadruple certified pipes in large diameters is for use as oil and gas distribution lines for commercial applications. A more minor application for large diameter seamless pipes is for use in pressure piping systems by refineries, petrochemical plants, and chemical plants, as well as in power generation plants and in some oil field uses (on shore and off shore) such as for separator lines, gathering lines and metering runs. These applications constitute the majority of the market for the subject seamless pipes. However, ASTM A-106 pipes may be used in some boiler applications.

The scope of these investigations includes all seamless pipe meeting the physical parameters described above and produced to one of the specifications listed above, regardless of application, and whether or not also certified to a non-covered specification. Standard, line, and pressure applications and the above-listed specifications are defining characteristics of the scope of these investigations. Therefore, seamless pipes meeting the physical description above, but not produced to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications shall be covered if used in a standard, line, or pressure application.

For example, there are certain other ASTM specifications of pipe which,

because of overlapping characteristics, could potentially be used in ASTM A-106 applications. These specifications generally include ASTM A-161, ASTM A-192, ASTM A-210, ASTM A-252, ASTM A-501, ASTM A-523, ASTM A-524, and ASTM A-618. When such pipes are used in a standard, line, or pressure pipe application, such products are covered by the scope of these investigations.

Specifically excluded from the scope of these investigations are boiler tubing and mechanical tubing, if such products are not produced to ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications and are not used in standard, line, or pressure pipe applications. In addition, finished and unfinished oil country tubular goods ("OCTG") are excluded from the scope of these investigations, if covered by the scope of another antidumping duty order from the same country. If not covered by such an OCTG order, finished and unfinished OCTG are included in this scope when used in standard, line or pressure applications.

Scope of Small Diameter Investigations

The scope of these investigations includes small diameter seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes and redraw hollows produced, or equivalent, to the American Society for Testing and Materials ("ASTM") A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and the American Petroleum Institute ("API") 5L specifications and meeting the physical parameters described below, regardless of application. The scope of these investigations also include all products used in standard, line, or pressure pipe applications and meeting the physical parameters described below, regardless of specification. Specifically included within the scope of these investigations are seamless pipes and redraw hollows, less than or equal to 4.5 inches (114.3 mm) in outside diameter, regardless of wall-thickness, manufacturing process (hot finished or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish.

The seamless pipes subject to these investigations are currently classifiable under the subheadings 7304.10.10.20, 7304.10.50.20, 7304.31.30.00, 7304.31.60.50, 7304.39.00.16, 7304.39.00.20, 7304.39.00.24, 7304.39.00.28, 7304.39.00.32, 7304.51.50.05, 7304.51.50.60, 7304.59.60.00, 7304.59.80.10,

7304.59.80.15, 7304.59.80.20, and 7304.59.80.25 of the HTSUS.

Specifications, Characteristics, and Uses: Seamless pressure pipes are intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas and other liquids and gasses in industrial piping systems. They may carry these substances at elevated pressures and temperatures and may be subject to the application of external heat. Seamless carbon steel pressure pipe meeting the ASTM A-106 standard may be used in temperatures of up to 1000 degrees Fahrenheit, at various American Society of Mechanical Engineers ("ASME") code stress levels. Alloy pipes made to ASTM A-335 standard must be used if temperatures and stress levels exceed those allowed for ASTM A-106. Seamless pressure pipes sold in the United States are commonly produced to the ASTM A-106 standard.

Seamless standard pipes are most commonly produced to the ASTM A-53 specification and generally are not intended for high temperature service. They are intended for the low temperature and pressure conveyance of water, steam, natural gas, air and other liquids and gasses in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipes (depending on type and code) may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature uses or conditions are anticipated, standard pipe may be manufactured to ASTM A-333 or ASTM A-334 specifications.

Seamless line pipes are intended for the conveyance of oil and natural gas or other fluids in pipe lines. Seamless line pipes are produced to the API 5L specification.

Seamless water well pipe (ASTM A-589) and seamless galvanized pipe for fire protection uses (ASTM A-795) are used for the conveyance of water.

Seamless pipes are commonly produced and certified to meet ASTM A-106, ASTM A-53, API 5L-B, and API 5L-X42 specifications. To avoid maintaining separate production runs and separate inventories, manufacturers typically triple or quadruple certify the pipes by meeting the metallurgical requirements and performing the required tests pursuant to the respective specifications. Since distributors sell the vast majority of this product, they can thereby maintain a single inventory to service all customers.

The primary application of ASTM A-106 pressure pipes and triple or quadruple certified pipes is in pressure

piping systems by refineries, petrochemical plants, and chemical plants. Other applications are in power generation plants (electrical-fossil fuel or nuclear), and in some oil field uses (on shore and off shore) such as for separator lines, gathering lines and metering runs. A minor application of this product is for use as oil and gas distribution lines for commercial applications. These applications constitute the majority of the market for the subject seamless pipes. However, ASTM A-106 pipes may be used in some boiler applications.

Redraw hollows are any unfinished pipe or "hollow profiles" of carbon or alloy steel transformed by hot rolling or cold drawing/hydrostatic testing or other methods to enable the material to be sold under ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications.

The scope of these investigations includes all seamless pipe meeting the physical parameters described above and produced to one of the specifications listed above, regardless of application, and whether or not also certified to a non-covered specification. Standard, line, and pressure applications and the above-listed specifications are defining characteristics of the scope of these investigations. Therefore, seamless pipes meeting the physical description above, but not produced to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications shall be covered if used in a standard, line, or pressure application.

For example, there are certain other ASTM specifications of pipe which, because of overlapping characteristics, could potentially be used in ASTM A-106 applications. These specifications generally include ASTM A-161, ASTM A-192, ASTM A-210, ASTM A-252, ASTM A-501, ASTM A-523, ASTM A-524, and ASTM A-618. When such pipes are used in a standard, line, or pressure pipe application, such products are covered by the scope of these investigations.

Specifically excluded from the scope of these investigations are boiler tubing and mechanical tubing, if such products are not produced to ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications and are not used in standard, line, or pressure pipe applications. In addition, finished and unfinished OCTG are excluded from the scope of these investigations, if covered by the scope of another antidumping duty order from the same

country. If not covered by such an OCTG order, finished and unfinished OCTG are included in this scope when used in standard, line or pressure applications.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the merchandise under investigation is dispositive.

During our review of the petitions, we discussed the scope with the petitioners to ensure that the scope in the petitions 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. The Department encourages all parties to submit such comments by August 10, 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, NW, Washington, DC 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 determinations.

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.¹

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.

There are two domestic like products, one for small diameter pipe and one for large diameter pipe. These domestic like products, as referred to in the petitions, are the domestic like products defined in the "Scopes 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*, July 20, 1999). For both large and small diameter, the 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 the Department's decision to initiate these investigations is based.

The petitioners, in determining normal value ("NV") for Japan, Mexico and South Africa relied upon price data contained in confidential market research reports filed with the

¹ 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).

Department. At our request, the 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 July 20, 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 July 20, 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.

Czech Republic

The petitioners based EP on a U.S. price for a sale to an unaffiliated purchaser, and calculated net U.S. price by subtracting from gross price unloading and wharfage charges, international shipping charges, U.S. customs duties, and an industry standard U.S. trading company mark-up.

The petitioners noted that the Department has never had occasion to determine whether the Czech Republic is a non-market economy (NME) country to the extent that sales or offers for sale of the foreign like product in the Czech Republic 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 Slovak Republic and the Czech Republic, was an NME. See e.g., *Carbon Steel Wire Rod from Czechoslovakia; Preliminary Negative Countervailing Duty Determination*, 49 FR 6773 (February 23, 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 the Czech Republic 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, the petitioners constructed 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 the Czech Republic'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).

The petitioners selected Brazil as the most appropriate surrogate market economy. The petitioners stated that: (1) Brazil is ranked third in proximity to the Czech Republic with respect to a similar per capita GNP; (2) Brazil is a significant producer of the subject merchandise; and (3) the petitioners have been able to secure detailed financial statements for Brazil's major seamless pipe producer. The petitioners believe Brazil is the most appropriate surrogate market economy because it is a significant producer of comparable merchandise (in accordance with section 773(c)(4) of the Act). Based on the information provided by the petitioners, we believe their use of Brazil as a surrogate country is appropriate for purposes of initiation of this investigation.

For the NV calculation, the petitioners based the factors of production, as defined by section 773(c)(3) of the Act (raw materials, labor, and energy), for small diameter pipe on the same basic billet round input used by the petitioners, adjusted to reflect unit factor costs in the surrogate. The petitioners asserted that detailed information is not available regarding the Czech producers' actual usage rates. Thus, the petitioners have assumed, for purposes of the petition, that Czech producers of subject merchandise use the same basic billet round input as the petitioners. Specifically, the petitioners have used one U.S. producer's factors of production through the heating, piercing, rolling, and finishing of a billet round into finished pipe.

In accordance with section 773(c)(4) of the Act, the petitioners valued factors of production, where possible, on reasonably available, public surrogate country data. The petitioners estimate Czech producers' unit factor cost for billet rounds by utilizing Brazilian import/export statistics as published in the 1997 reports of the United Nations Statistical Division. Labor was valued using a regression-based wage rate for the Czech Republic provided by the Department in accordance with 19 CFR 351.408(c)(3). This value was multiplied by the usage rate of the U.S. steel company to calculate total cost of labor. Electricity rates were taken from *Energy, Prices and Taxes*, Fourth Quarter 1998. The petitioners determine depreciation for Czech producers by drawing from the 1997 annual report of a major Brazilian producer of seamless pipe. In addition, petitioners have calculated

selling, general and administrative expenses as well as a net financial expense based on expenses reported in the 1998 financial statements of Brazil's major pipe producer. The necessary financial information to determine factory overhead (including all indirect labor, materials, and utilities) was not available for the major pipe producer in Brazil. The Brazilian producer's financial statements group all direct and indirect costs into cost of goods sold, and provide no means by which to segregate these items. Therefore, the petitioners instead utilized the financial statements of a South African pipe producer and relied upon the factory overhead incurred by this producer as a surrogate for the Czech Republic. (South Africa, like Brazil, is at a level of economic development comparable to that of the Czech Republic.) In determining an amount of profit for constructed value, the petitioners could not use Brazil's major pipe producer as a surrogate because this producer reported a net loss in 1998. Therefore, the petitioners have used the financial statements of two Brazilian steel companies, neither of which produce pipe, to estimate a profit percentage to be used as surrogate for the Czech producer. However, given that the petitioners did not capture correctly the Brazilian producers' profit, we recalculated the profit rate and the overall estimated dumping margins accordingly. See *Memorandum to the File: Re—Recalculation of Brazilian Surrogate Profit Rate*, dated July 20, 1999.

Based on the information provided by the petitioners, we believe that their 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 small diameter pipe from the Czech Republic range from 161.18 to 167.42 percent.

Japan (Both Large and Small Diameter Pipe)

For both small and large diameter pipe, the petitioners based EP on a price quote from a Japanese trading company to an unaffiliated customer.

The petitioners calculated a net U.S. price by subtracting estimated costs for the trading company mark-up, foreign inland freight, brokerage and port charges, international freight, unloading and wharfage, U.S. movement, U.S. discount and U.S. customs duties.

NV is based upon prices for products which are identical to the products used

as the basis for the U.S. price. The petitioners calculated the net ex-factory price by deducting foreign movement charges. In addition, the petitioners deducted domestic packing expenses, added U.S. packing expenses and adjusted for differences in credit expenses between the U.S. and Japanese market.

In addition, the petitioners provided information demonstrating reasonable grounds to believe or suspect that large and small diameter pipe sold in the home market were made at prices below the fully absorbed 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") and packing. To calculate COP, petitioners based COM on their own production experience, adjusted for known differences between costs incurred to produce certain seamless pipe products in the United States and in Japan using market research and publicly available data.

To calculate SG&A and 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 sections 773(a)(4), 773(b) and 773(e) of the Act, petitioners also based NV for sales in Japan on constructed value ("CV"). For this initiation, we are accepting CV as the appropriate basis for NV. The petitioners calculated CV using the same COM, SG&A and financial 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 a Japanese producer's fiscal year 1998 financial statements. We adjusted the CV for differences in circumstances of sales by subtracting home market credit expenses and adding U.S. credit and packing expenses.

The margin calculations based on price to CV, as revised, indicate dumping margins ranging from 74.17–106.07 percent for small diameter pipe

and 64.00–107.80 percent for large diameter pipe. The estimated dumping margins, based on price-to-price comparisons range from 50.42–51.07 percent for small diameter pipe and 50.21–53.52 percent for large diameter pipe.

Mexico

The petitioners based EP on an offer for sale of a range of products from a distributor which is affiliated with the one known Mexican producer.

The petitioners calculated a net U.S. price by deducting estimated values for U.S. inland freight, U.S. port charges, customs duty, ocean freight, insurance, foreign inland freight, loading and warehousing charges.

With respect to NV the petitioners obtained gross unit prices for products offered for sale in Mexico which are identical to those sold in the United States. The petitioners deducted from the gross price foreign inland freight charges and domestic packing expenses, added export packing expenses and adjusted for differences in U.S. and Mexican credit expenses.

The estimated dumping margins in the petition based on a comparison of TAMSA's U.S. and home market prices range from 26.07–27.42 percent.

Romania

The petitioners based EP on U.S. price offers for sale to an unaffiliated purchaser. Because the offers were from trading companies to unrelated purchasers in the United States prior to importation of the merchandise, the petitioners treated the sales as export price (EP) sales.

To determine net U.S. price, the petitioners deducted from gross price U.S. port charges including unloading and wharfage, international shipping charges, U.S. Customs duties, and a trading company mark-up.

With respect to NV, the petitioners assert that Romania is an NME country and pursuant to 19 U.S.C. 1677(18)(C)(i) (section 771(18)(C)(i) of the act), "any determination that a foreign country is a nonmarket economy country shall remain in effect until revoked by the administering authority." Because Romania's status as an NME has not been revoked, the petitioners' allocation is based upon a nonmarket economy analysis. In previous investigations, the Department has determined that Romania is an NME. See e.g., *Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from France, Germany, Italy, Japan, Romania, Singapore, Sweden, and United Kingdom*, 64 FR 8790, 8796 (February 23, 1999) (Preliminary

Results) and *Tapered Roller Bearings and Parts Thereof From Romania*, 63 FR 36390 (July 6, 1998) (Final Results). 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 Romania has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the NV 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 Romania'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 NV calculation, the petitioners assert that Indonesia is the most suitable among the potential surrogates, because: (1) It is the most significant producer of comparable merchandise among those countries economically similar to Romania; and (2) the financial statements of the leading Indonesian steel producer are available (in contrast, the petitioners state that financial statements are not reasonably available with respect to steel producers in Egypt, Algeria, and the Philippines, other countries economically comparable to Romania). Egypt, Algeria, and the Philippines have a higher comparability ranking by per capita GNP than Indonesia as calculated from data from the World Bank, *World Development Report 1998/99*. However, the petitioners assert that none of those potential surrogates (including Indonesia) is a significant producer of the subject merchandise. The petitioners point to *Antifriction Bearings from Romania*, in which the Department made clear that the surrogate need not be a significant producer of the identical merchandise. The petitioners further assert that the Department has used surrogate countries which did not produce merchandise identical to the subject merchandise. They cite *Sebacic Acid from the PRC*, in which the Department chose India as the surrogate for China despite the fact that India did not produce the subject merchandise. Accordingly, the petitioners submit that for the purpose of identifying a surrogate, steel in general may be considered "comparable" to seamless pipe. Indonesia is the most significant steel manufacturer, producing over 3.8 million MT of crude steel. Based on the

information on the record, we believe that the petitioners' use of Indonesia as a surrogate country is appropriate for the purposes of initiation.

For the NV calculation, the petitioners based the factors of production, as defined by section 773(c)(3) of the Act (raw materials, labor, and energy), for small diameter carbon and alloy seamless standard, line, and pressure pipe on Indonesian import statistics. Since none of the principal Romanian producers are integrated steel producers (*i.e.*, they do not make their own steel from raw materials, rather they purchase billet rounds from other countries), the petitioners have used the factors of production of a U.S. steel producer for the heating, piercing, rolling, and finishing of a billet round into finished pipe.

In accordance with section 773(c)(4) of the Act, the petitioners valued factors of production, where possible, on reasonably available, public surrogate country data. For the purposes of determining Indonesian unit factor costs, the petitioners utilize the most recent information reasonably available and substitute such costs for those of the U.S. producer. The petitioners use company specific data in the form of financial statements from an Indonesian steel producer to calculate depreciation, factory overhead, SG&A, financial expense, and profit. Labor was valued using a regression-based wage rate for Romania provided by the Department in accordance with 19 CFR 351.408(c)(3). This value was multiplied by the usage rate of the U.S. steel company to calculate total cost of labor. For electricity, the usage rate of the U.S. steel company was used. Petitioners valued electricity using the rates for Indonesia as published in a news article. For natural gas, petitioners applied the usage rate of the U.S. steel company in conjunction with the Indonesian unit factor cost for natural gas, as determined from the financial statement of YPF, a large Indonesian provider of natural gas.

The estimated dumping margins in the petition are based on a comparison of U.S. price and constructed value. These comparisons reveal estimated dumping margins ranging from 30.83—42.36 percent.

South Africa

The petitioners used prices from two sources as the basis for EP. For two sizes of pipe, they used prices from a price list for South African products obtained from a trading company. For a third size of pipe, petitioners provided a price quote for South African pipe from an

international trading company to an unaffiliated U.S. customer.

The petitioners calculated a net U.S. price by subtracting estimated costs for domestic inland freight, international freight, loading and wharfage and U.S. customs duty.

NV is based upon prices for products offered for sale in South Africa which are identical to the products used as the basis for the U.S. price. The petitioners calculated NV by subtracting estimated costs for inland freight. Additionally, the petitioners made adjustments for differences in credit and packing.

The estimated dumping margins in the petition range from 36.82—43.51 percent.

Initiation of Cost Investigations

As noted above, pursuant to section 773(b) of the Act, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales in the Japanese home market were made at prices below the fully absorbed COP and, accordingly, requested that the Department conduct country-wide sales-below-COP investigations in connection with the requested antidumping investigations for Japan. The Statement of Administrative Action ("SAA"), of the URAA, states that an allegation of sales below COP need not be specific to individual exporters or producers. SAA 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 Japan were made below the COP 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 the petitioners, there is reason to believe that imports of small and large diameter pipe from the above-referenced countries are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petitions allege that the U.S. industry producing the domestic like products are 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. The petitioners explained that the industry's injured condition is evident in the declining trends in (1) U.S. market share, (2) average unit sales values, (3) share of domestic consumption, (4) operating profits, (5) employment, (6) output, (7) sales, (8) return on investment, (9) capacity utilization, (10) hours worked, and (11) wages paid.

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*, July 20, 1999).

Initiation of Antidumping Investigations

Based upon our examination of the petitions on large and small diameter pipe, we find 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 small diameter carbon and alloy seamless standard, line and pressure pipe from the Czech Republic, Japan, the Republic of South Africa and Romania, and certain large diameter carbon and alloy seamless standard, line and pressure pipe from Japan and Mexico 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 the Czech Republic, Japan, Mexico, Romania and the Republic of South

Africa. We will attempt to provide a copy of the public versions 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 September 3, 1999, whether there is a reasonable indication that imports of certain small diameter carbon and alloy seamless standard, line and pressure pipe from the Czech Republic, Japan, the Republic of South Africa and Romania, and certain large diameter carbon and alloy seamless standard, line and pressure pipe from Japan and Mexico 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: July 20, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99-19307 Filed 7-27-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-806]

Silicon Metal From the People's Republic of China; Notice of rescission of New Shipper Review

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

ACTION: Notice of Recission of New Shipper Review.

SUMMARY: On December 7, 1998, in response to a request by Zunyi Titanium Plant, an exporter and producer, the Department of Commerce initiated a new shipper review concerning the antidumping duty order on silicon metal from the People's Republic of China (PRC). The period of review was June 1, 1998 through November 30, 1998. This review has now been rescinded as a result of the withdrawal of the request for review by Zunyi

Titanium Plant, the only party that requested the review.

EFFECTIVE DATE: July 28, 1999.

FOR FURTHER INFORMATION CONTACT:

Sarah Ellerman or Maureen Flannery, AD/CVD Enforcement, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230, telephone: (202) 482-4106 and (202) 482-3020, respectively.

SUPPLEMENTARY INFORMATION:

Background

On June 10, 1991, the Department of Commerce (the Department) published an antidumping duty order on silicon metal from the PRC (56 FR 26649). On December 7, 1998, Zunyi Titanium Plant, an exporter and a producer, requested a new shipper review in reference to the antidumping duty order on silicon metal from the PRC. In accordance with 19 CFR 351.214(d), we published the initiation of the review on February 1, 1999 (64 FR 4842) covering the period of June 1, 1998 through November 30, 1998. On May 11, 1999, Zunyi Titanium Plant withdrew its request for review.

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. In addition, unless otherwise indicated, all citations to the Department's regulations refer to 19 CFR part 351 (1998).

Recission of Review

The Department's regulations at 19 CFR 351.214(f)(1) provide that the Department "may rescind a new shipper review * * * if a party that requested a review withdraws its request no later than 60 days after the date of publication of notice of initiation of the requested review." Zunyi Titanium Plant withdrew its request for new shipper review on May 11, 1999.

Although this date is more than 60 days from the date of initiation, consistent with the Department's past practice in the context of administrative reviews conducted under section 751(a) of the Act, the Department has discretion to extend the time period for withdrawal on a case-by-case basis. (See *e.g. Iron Construction Casings from Canada: Notice of Recission of Antidumping Duty Administrative Review*, 63 FR 45797 (August 27, 1998).) In this case, the Department has

determined to grant the request to rescind this new shipper review based on the fact that the Department has not yet devoted considerable time and resources to this proceeding. Moreover, rescission of this review would not prejudice any party in this proceeding, as Zunyi Titanium Plant would continue to be included in the PRC-wide rate to which it was subject at the time of its request for this new shipper review.

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published in accordance with sections 751(a)(2)(B) and 777(i)(1) of the Tariff Act of 1930, as amended.

Dated: July 21, 1999.

Barbara E. Tillman,

Acting Deputy Assistant Secretary, AD/CVD Enforcement Group III.

[FR Doc. 99-19306 Filed 7-27-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-856]

Initiation of Antidumping Duty Investigation: Synthetic Indigo From the People's Republic of China

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

EFFECTIVE DATE: July 28, 1999.

FOR FURTHER INFORMATION CONTACT:

Dinah McDougall or David J. Goldberger, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3773 or (202) 482-4136, respectively.

Initiation of Investigation

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