

considered the import data of the mandatory respondents. In this case, we found massive imports for one respondent, based on an increase in imports of more than 100 percent, but not massive imports for the other. We also considered whether U.S. customs data would permit the Department to analyze imports of subject merchandise. However, that data includes products not subject to this investigation. Therefore, it is not appropriate to base our critical circumstances determination on that data. (See Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils From Germany, 64 FR 30710, 30728 (June 8, 1999)). Under these circumstances, while we normally do not consider the relative volumes of imports from respondents, we considered that the respondent with massive imports accounts for a larger volume of imports than the respondent that did not have the massive imports. Based on these facts, we find that there were massive imports from the uninvestigated companies. Thus we preliminarily find critical circumstances with respect to companies in the "all others" category.

Accordingly, we preliminary determine that critical circumstances exist for USIMINAS/COSIPA and for companies in the "all others category" but not for CSN.

Verification

In accordance with section 782(i) of the Act, we will verify all information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of cold-rolled steel products from Brazil that are entered, or withdrawn from warehouse, for consumption: (1) For CSN, on or after the date of publication of this notice in the **Federal Register**; and (2) for USIMINAS/COSIPA and all others, on or after the date 90 days prior to the date of publication of this notice in the **Federal Register**. We will instruct the U.S. Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the EP, as indicated in the chart below. These instructions suspending liquidation will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter manufacturer	Weighted-average margin (in percent)
CSN	51.24
USIMINAS/COSIPA	40.65
All Others	42.97

International Trade Commission Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final antidumping determinations are affirmative, the ITC will determine whether these imports are materially injuring, or threatening material injury to, the U.S. industry. The deadline for that ITC determination is the later of 120 days after the date of this preliminary determination or 45 days after the date of our final determination.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than fifty days after the date of publication of this notice, and rebuttal briefs, limited to issues raised in case briefs, no later than fifty-five days after the date of publication of this preliminary determination. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, any hearing will be held fifty-seven days after publication of this notice at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief, and may make rebuttal presentations only on arguments included in that party's rebuttal brief.

See 19 CFR 351.310(c). We intend to make our final determination no later than 75 days after the date of issuance of this notice.

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Act.

Dated: November 1, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-821-810]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation

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

EFFECTIVE DATE: November 10, 1999.

FOR FURTHER INFORMATION CONTACT: Michael Panfeld (Severstal), Maria Dybczak (NISCO), or Rick Johnson, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0172, (202) 482-5811, and (202) 482-3818, respectively.

The Applicable Statute

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

Preliminary Determination

We preliminarily determine that cold-rolled flat-rolled carbon-quality steel products ("cold-rolled steel") from the Russian Federation are being, or are likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

This investigation was initiated on June 21, 1999. See *Initiation of*

Antidumping Duty Investigations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from Argentina, Brazil, the People's Republic of China, Indonesia, Japan, the Russian Federation, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela, 64 FR 34194 (June 25, 1999). Since the initiation of this investigation the following events have occurred:

The Department set aside a period for all interested parties to raise issues regarding product coverage. From July through October 1999, the Department received responses from a number of parties including importers, respondents, consumers, and petitioners, aimed at clarifying the scope of the investigation. See *Memorandum to Joseph A. Spetrini*, November 1, 1999 (*Scope Memorandum*) for a list of all persons submitting comments and a discussion of all scope comments. There are several scope exclusion requests for products which are currently covered by the scope of this investigation that are still under consideration by the Department. These items are considered to be within the scope for this preliminary determination; however, these requests will be reconsidered for the final determination. See *Scope Memorandum*.

On June 21, 1999, the Department requested comments from petitioners and respondents regarding the criteria to be used for model matching purposes. Petitioners, as well as numerous respondents in many of the concurrent cold-rolled steel investigations, submitted comments on proposed model matching criteria on June 28, 1999.

On June 22, 1999, the Department issued Section A of its antidumping questionnaire to the Embassy of the Russian Federation, as well as courtesy copies to the following possible producers/exporters of subject merchandise: AmurSteel, Novo Lipetsk Met Kombinat ("NISCO"), Magnitogorskiy Kalibrovchniy Zavod ("MKZ"), Magnitogorskiy Metallurgicheskiy Kombinat ("MMK"), Mechel, Novosibprokat Joint-Stock Co., JSC Severstal ("Severstal"), St. Petersburg Steel Rolling Mill, and Volgograd Steel Works ("Red October").

On July 1 and July 13, 1999, we received section A questionnaire responses from Severstal and NISCO. On July 2, 1999, MMK submitted a letter stating that it would not participate in the Department's investigation. On July 9, 1999, the Department issued sections C and D of its antidumping questionnaire to Severstal and NISCO, the only Russian producers to fully

respond to the Department's section A questionnaire.

On July 16, 1999, the United States International Trade Commission ("the ITC") made a preliminary finding of threat of material injury with respect to subject imports from the Russian Federation.

On July 20, 1999, the Department received a fax from MKZ stating that it could not produce and did not export subject merchandise into the United States. On July 28, 1999, the Department issued a letter to both NISCO and the Ministry of Trade of the Russian Federation requesting that the company resubmit its July 1 and 19, 1999 responses to section A of the questionnaire in a manner conforming to the Department's instructions. On July 29, 1999, in response to NISCO's request, we issued an additional letter detailing those interested parties to whom NISCO was required to serve. On July 30, 1999, in response to a fax from NISCO, we issued a third letter instructing the company with regard to re-submission of its response to section A of the questionnaire. NISCO resubmitted its questionnaire response to section A on August 9, 1999. In addition, on August 11, 1999, NISCO submitted a statement requesting and explaining why certain information should be treated as business proprietary information.

Petitioners filed comments on Severstal's and NISCO's section A questionnaire responses on August 3, 11, 12 and 19, 1999. We issued supplemental questionnaires for section A to Severstal and NISCO on August 24, 1999, and received NISCO's and Severstal's responses on September 13 and 14, 1999, respectively. On August 30, 1999, we received responses to sections C and D of the questionnaire from Severstal and NISCO. Petitioners filed comments on Severstal's and NISCO's section C and D questionnaire responses on September 7, 8, 9 and 10, 1999. We issued supplemental questionnaires for sections C and D to NISCO and Severstal on September 10, 1999, and received responses to these supplemental questionnaires on September 29 and October 4, 1999, respectively. We received additional comments from petitioners on NISCO's section C and D supplemental questionnaire responses on October 8, 1999. On October 11, 1999, NISCO provided updated usage factor information. Although this information has been filed too close to the date of our preliminary determination to allow the Department to fully review this additional submission, we will consider this information for the final

determination. On October 12, 1999, we issued an additional supplemental questionnaire to both Severstal and NISCO. On October 27, 1999, NISCO submitted its response to the additional supplemental questionnaire. On the same date, petitioners submitted comments on NISCO's submission. Because NISCO's supplemental was submitted too close to the date of this determination, the Department will not consider NISCO's response for the purposes of this preliminary determination; however, the Department will consider, if appropriate, NISCO's supplemental submission for the final determination.

Scope of Investigation

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

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

Steel products included in the scope of this investigation, regardless of definitions in the Harmonized Tariff Schedules of the United States ("HTSUS"), are products in which: (1)

iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight, and; (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

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

All products that meet the written physical description, and in which the

chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this investigation:

- SAE grades (formerly also called AISI grades) above 2300;
- Ball bearing steels, as defined in the HTSUS;
- Tool steels, as defined in the HTSUS;
- Silico-manganese steel, as defined in the HTSUS;
- Silicon-electrical steels, as defined in the HTSUS, that are grain-oriented;
- Silicon-electrical steels, as defined in the HTSUS, that are not grain-oriented and that have a silicon level exceeding 2.25 percent;

- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507);
- Silicon-electrical steels, as defined in the HTSUS, that are not grain-oriented and that have a silicon level less than 2.25 percent, and
 - (a) fully-processed, with a core loss of less than 0.14 watts/pound per mil (.001 inches), or
 - (b) semi-processed, with core loss of less than 0.085 watts/pound per mil (.001 inches);
- Certain shadow mask steel, which is aluminum killed cold-rolled steel coil that is open coil annealed, has an ultra-flat, isotropic surface, and which meets the following characteristics:
Thickness: 0.001 to 0.010 inches
Width: 15 to 32 inches

CHEMICAL COMPOSITION

Element	C
Weight %	<0.002%

- Certain flapper valve steel, which is hardened and tempered, surface polished, and which meets the following characteristics:

Thickness: ≤ 1.0 mm
Width: ≤ 152.4 mm

CHEMICAL COMPOSITION

Element	C	Si	Mn	P	S
Weight %	0.90–1.05	0.15–0.35	0.30–0.50	≤ 0.03	≤ 0.006

MECHANICAL PROPERTIES

Tensile Strength	≤ 162 Kgf/mm ²
Hardness	≤ 475 Vickers hardness number

PHYSICAL PROPERTIES

Flatness	<0.2% of nominal strip width
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Microstructure: Completely free from decarburization. Carbides are spheroidal and fine within 1% to 4% (area percentage) and are undissolved in the uniform tempered martensite.

NON-METALLIC INCLUSION

	Area Percentage
Sulfide Inclusion	≤ 0.04
Oxide Inclusion	≤ 0.05

Compressive Stress: 10 to 40 Kgf/mm².

SURFACE ROUGHNESS

Thickness (mm)	Roughness (μ m)
$t \leq 0.209$	$R_z \leq 0.5$
$0.209 < t \leq 0.310$	$R_z \leq 0.6$
$0.310 < t \leq 0.440$	$R_z \leq 0.7$
$0.440 < t \leq 0.560$	$R_z \leq 0.8$

SURFACE ROUGHNESS—Continued

Thickness (mm)	Roughness (μm)
0.560 < t	Rz ≤1.0

- Certain ultra thin gauge steel strip, which meets the following characteristics:
 Thickness: ≤ 0.100 mm +/− 7%
 Width: 100 to 600 mm

CHEMICAL COMPOSITION

Element	C	Mn	P	S	Al	Fe
Weight %	≤0.07	0.2–0.5	≤0.05	≤0.05	≤0.07	Balance

MECHANICAL PROPERTIES

Hardness	Full Hard (Hv 180 minimum)
Total Elongation	<3%
Tensile Strength	600 to 850 N/mm ²

PHYSICAL PROPERTIES

Surface Finish	≤0.3 micron
Camber (in 2.0 m)	≤3.0 mm
Flatness (in 2.0 m)	≤0.5 mm
Edge Burr	<0.01 mm greater than thickness
Coil Set (in 1.0 m)	<75.0 mm

- Certain silicon steel, which meets the following characteristics:
 Thickness: 0.024 inches +/− .0015 inches
 Width: 33 to 45.5 inches

CHEMICAL COMPOSITION

Element	C	Mn	P	S	Si	Al
Min. Weight %					0.65	
Max. Weight %	0.004	0.4	0.09	0.009		0.4

MECHANICAL PROPERTIES

Hardness	B 60–75 (AIM 65)
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PHYSICAL PROPERTIES

Finish	Smooth (30–60 microinches)
Gamma Crown (in 5 inches)	0.0005 inches, start measuring ¼ inch from slit edge
Flatness	20 I-UNIT max.
Coating	C3A–08A max. (A2 coating acceptable)
Camber (in any 10 feet)	1/16 inch
Coil Size I.D.	20 inches

MAGNETIC PROPERTIES

Core Loss (1.5T/60 Hz) NAAS	3.8 Watts/Pound max.
Permeability (1.5T/60 Hz) NAAS	1700 gauss/oersted typical
	1500 minimum

- Certain aperture mask steel, which has an ultra-flat surface flatness and which meets the following characteristics:
 Thickness: 0.025 to 0.245 mm
 Width: 381–1000 mm

CHEMICAL COMPOSITION

Element	C	N	Al
Weight %	<0.01	0.004 to 0.007	<0.007

- Certain tin mill black plate, annealed and temper-rolled, continuously cast, which meets the following characteristics:

CHEMICAL COMPOSITION

Element	C	Mn	P	S	Si	Al	As	Cu	B	N
Min. Weight %	0.02	0.20	0.02	0.023 (Aiming 0.018	0.03	0.03	0.02	0.08	—	0.003
Max. Weight %	0.06	0.40		Max.)		0.08 (Aiming 0.05)				(Aiming 0.005)

Non-metallic Inclusions: Examination with the S.E.M. shall not reveal individual oxides >1 micron (0.000039 inches) and inclusion groups or clusters shall not exceed 5 microns (0.000197 inches) in length.

Surface Treatment as follows:

The surface finish shall be free of defects (digs, scratches, pits, gouges, slivers, etc.) and suitable for nickel plating.

SURFACE FINISH

	Roughness, RA microinches (micrometers)		
	Aim	Min.	Max.
Extra Bright	5 (0.1)	0 (0)	7 (0.2)

- Certain full hard tin mill black plate, continuously cast, which meets the following characteristics:

CHEMICAL COMPOSITION

Element	C	Mn	P	S	Si	Al	As	Cu	B	N
Min. Weight %	0.02	0.20	0.02	0.023 (Aiming 0.018	0.03	0.03	0.02	0.08	—	0.003
Max. Weight %	0.06	0.40		Max.)		0.08 (Aiming 0.05)				0.008 (Aiming 0.005)

Non-metallic Inclusions: Examination with the S.E.M. shall not reveal individual oxides >1 micron (0.000039 inches) and inclusion groups or clusters shall not exceed 5 microns (0.000197 inches) in length.

Surface Treatment as follows:

The surface finish shall be free of defects (digs, scratches, pits, gouges, slivers, etc.) and suitable for nickel plating.

SURFACE FINISH

	Roughness, RA Microinches (Micrometers)		
	Aim	Min.	Max.
Stone Finish	16 (0.4)	8 (0.2)	24 (0.6)

- Certain "blued steel" coil (also know as "steamed blue steel" or "blue oxide") with a thickness and size of 0.38 mm × 940 mm × coil, and with a bright finish;
- Certain cold-rolled steel sheet, which meets the following characteristics:
Thickness (nominal): >0.019 inches
Width: 35 to 60 inches

CHEMICAL COMPOSITION

Element	C	O	B
Max. Weight %	0.004		
Min. Weight %		0.010	0.012

- Certain band saw steel, which meets the following characteristics:

Thickness: ≤1.31 mm

Width: ≤80 mm

CHEMICAL COMPOSITION

Element	C	Si	Mn	P	S	Cr	Ni
Weight %	1.2 to 1.3	0.15 to 0.35	0.20 to 0.35	≤0.03	≤0.007	0.3 to 0.5	≤0.25

Other properties:

Carbide: fully spheroidized having >80% of carbides, which are ≤0.003 mm and uniformly dispersed

Surface finish: bright finish free from pits, scratches, rust, cracks, or seams
Smooth edges

Edge camber (in each 300 mm of length): ≤7 mm arc height
Cross bow (per inch of width): 0.015 mm max.

The merchandise subject to this investigation is typically classified in the HTSUS at subheadings:

7209.15.0000, 7209.16.0030,
7209.16.0060, 7209.16.0090,
7209.17.0030, 7209.17.0060,
7209.17.0090, 7209.18.1530,
7209.18.1560, 7209.18.2550,
7209.18.6000, 7209.25.0000,
7209.26.0000, 7209.27.0000,
7209.28.0000, 7209.90.0000,
7210.70.3000, 7210.90.9000,
7211.23.1500, 7211.23.2000,
7211.23.3000, 7211.23.4500,
7211.23.6030, 7211.23.6060,
7211.23.6085, 7211.29.2030,
7211.29.2090, 7211.29.4500,
7211.29.6030, 7211.29.6080,
7211.90.0000, 7212.40.1000,
7212.40.5000, 7212.50.0000,
7225.19.0000, 7225.50.6000,
7225.50.7000, 7225.50.8010,
7225.50.8085, 7225.99.0090,
7226.19.1000, 7226.19.9000,
7226.92.5000, 7226.92.7050,
7226.92.8050, and 7226.99.0000.

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

Period of Investigation

The period of investigation (POI) is October 1, 1998 through March 31, 1999.

Facts Available

Section 776(a) of the Act provides that, if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or in the form or manner requested, significantly impedes a proceeding under the antidumping statute, or provides information which cannot be verified, the Department shall use, subject to sections 782(d) and (e) of the Act, facts otherwise available in reaching the applicable determination. Pursuant to section 782(e), the Department shall not decline to consider submitted information if all of the following requirements are met: (1) The information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

NISCO

Section 776(a)(2)(B) of the Act requires the Department to use facts available when a party does not provide the Department with information by the established deadline or in the form and manner requested by the Department.

Based on NISCO's responses to section D of the Department's questionnaire, we preliminarily find that the company did not report model-specific usage factors consistent with the Department's matching criteria in the original and supplemental questionnaires. NISCO explained that its accounting system, based on product codes, prevented the company from reporting usage factors on the model-specific basis required by the Department. Because the evidence on the record indicates that NISCO's product codes have no relation to separately identifiable models based on the Department's matching criteria, the Department would only be able to use NISCO's usage factors if NISCO had provided sufficient narrative explanation and/or supporting documentation which would allow the Department to adjust the information on the record. However, NISCO failed to provide any narrative explanation or supporting documentation with regard to the methodology used in calculating the reported usage factors in time for the Department to evaluate it for this preliminary determination. Without information regarding how these usage factors were calculated, we were unable to determine how to adjust the reported usage factors to conform to the Department's requirement that reported usage factors which reflect unique, model-specific factors of production. Therefore, we find that the application of facts available for NISCO's dumping margin is appropriate for the preliminary determination because: (1) NISCO has not reported model-specific usage factors, resulting in usage factors which are not accurate reflections of the models to which they relate; and (2) NISCO has failed to provide information regarding its methodology for calculating and reporting its usage factors. As a result, the normal values calculated from NISCO's reported usage factors cannot serve as a reliable basis for reaching a preliminary determination (see section 782(e)(3) of the Act) and we have instead relied on facts available for the purpose of assigning a dumping margin to NISCO for this preliminary determination.

Section 776(b) of the Act provides that adverse inferences may be used when a party has failed to cooperate by not acting to the best of its ability to

comply with the Department's requests for information. *See also* Statement of Administrative Action accompanying the URAA, H.R. Rep. No. 316, Vol. 1, 103d Cong., 2d Sess. 870 (1994)(SAA). As noted in the case history, NISCO, a pro se company, has submitted responses to the questionnaires issued by the Department, including detailed responses to sections A (general information) and C (U.S. sales information), and has sought guidance from the Department relating to various aspects of this investigation (see "Case History" section above). In addition, as we noted above, NISCO has stated for the record that the company's accounting system does not record production expenses based on the Department's model-match criteria, but instead records factors of production on a much broader basis. Therefore, we preliminarily find that the evidence on the record at this time is not sufficient to conclude that NISCO has failed to cooperate by not acting to the best of its ability to comply with the Department's requests for information and, therefore, the application of adverse facts available under section 776(b) of the Act is not warranted.

Because there is a single calculated margin obtained in the course of this investigation, that of respondent Severstal, we have assigned Severstal's rate of 177.59 percent to NISCO as the facts available rate. We note that, due to our reliance on a calculated margin as facts available for NISCO, the corroboration requirement of section 776(c) of the Act does not apply.

Severstal

We have applied partial facts available with regard to two factors of production reported by Severstal. First, Severstal did not provide a detailed listing of usage rates for the factor of production it termed "recycled materials." Because Severstal did not report specific usage factors for each of its "recycled materials," the Department is unable to value these materials precisely. Thus, for purposes of this preliminary determination, we have valued recycled materials using steel scrap because scrap is the most prevalent item in Severstal's description of recycled materials (see, Exhibit D-16 of Severstal's October 4, 1999 submission).

Additionally, in its supplemental questionnaire response, Severstal reported for the first time "additional materials" as an input, but provided no narrative description of this input and did not identify the unit of measure in which this input has been reported. In order to value these "additional

materials," as facts available, we have calculated and applied a weighted-average of the values for all other reported inputs which are added at the same stage of the production process as these "additional materials," and made an adjustment for units of measure. For a further discussion of issues involving additional and recycled materials, see the "Factor Valuations" section, below.

For these two factors, we have applied a non-adverse assumption in calculating a surrogate value because, at this time, it does not appear that Severstal did not act to the best of its ability in responding to the Department's questionnaire. Severstal has developed an alternative methodology for reporting its factors of production in this investigation compared to the methodology it employed in previous antidumping investigations (i.e., the hot-rolled and cut-to-length plate investigations). Severstal has described this process as very time-consuming during meetings with the Department regarding the development of this new methodology. On this basis, we preliminarily find that the statutory requirements for making adverse inferences do not apply with regard to Severstal's reporting of these factors of production.

The Russia-Wide Rate

U.S. import statistics indicate that the total quantity and value of U.S. imports of certain cold-rolled steel from the Russian Federation is greater than the total quantity and value of cold-rolled steel reported by all Russian companies that submitted responses. Given this discrepancy, we conclude that not all exporters of Russian cold-rolled steel responded to our questionnaire. Moreover, on July 2, 1999, MMK submitted a letter to the Department, via fax, stating that it would not participate in the initiated antidumping investigation on cold-rolled steel. See *Memorandum to the File: Re: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products from the Russian Federation: Response of Magnitogorsk Iron & Steel Works*, dated July 6, 1999. Accordingly, we are applying a single antidumping duty deposit rate—the Russia-wide rate—to all exporters in the Russian Federation, other than those specifically identified below under "Suspension of Liquidation," based on our presumption that those respondents who failed to respond constitute a single enterprise and are under common control by the Russian Federation government. See, e.g., *Final Determination of Sales at Less Than Fair Value: Bicycles from the People's*

Republic of China, 61 FR 19026 (April 30, 1996).

This Russia-wide antidumping rate is based on the facts available. Section 776(a)(2) of the Act provides that "if an interested party or any other person (A) withholds information that has been requested by the administering authority; (B) fails to provide such information by the deadlines for the submission of the information or in the form and manner requested, subject to subsections (c)(1) and (e) of section 782; (C) significantly impedes a proceeding under this title; or (D) provides such information but the information cannot be verified as provided in section 782(i), the administering authority shall, subject to section 782(d), use the facts otherwise available in reaching the applicable determination under this title."

In addition, section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information," the Department may use information that is adverse to the interests of that party as the facts otherwise available.

As discussed above, all Russian exporters that do not qualify for a separate rate are treated as a single enterprise. Because some exporters of the single enterprise failed to respond to the Department's requests for information, that single enterprise is considered to be uncooperative. In such situations, the Department generally selects as total adverse facts available the higher of the highest margin from the petition or the highest rate calculated for a respondent in the proceeding. In the present case, there is only one calculated margin (which is the highest margin on the record). Therefore, although the single enterprise is deserving of the assignment of a margin based on an adverse inference, we find that the current information on the record does not provide a sufficient basis for drawing an adverse inference. Accordingly, the Department has based the Russia-wide rate on the only calculated margin, which is the highest margin in the investigation, and, therefore, for the preliminary determination, the Russia-wide rate is 177.59 percent. For the final determination, the Department will consider all margins on the record at that time for the purpose of determining the most appropriate margin based on adverse facts available.

Date of Sale

For its U.S. sales, Severstal reported the date of order specification as the

date of sale. As stated in 19 CFR 351.401(i), the Department will use as the date of sale that date which best reflects the date on which the exporter or producer establishes the material terms of sale. Severstal has stated that the material terms of sale, namely price, quantity and product characteristics, are set on the order specification date and, therefore, it is the most appropriate date to use as date of sale. The Department is using the date of sale for U.S. sales as reported by respondent Severstal for this preliminary determination. We intend to examine fully this issue at verification, and we will incorporate our findings, as appropriate, in our analysis for the final determination.

Nonmarket Economy Country Status

The Department has treated the Russian Federation as a nonmarket economy ("NME") country in all past antidumping investigations and administrative reviews (see, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation*, 64 FR 38626 (July 19, 1999); *Titanium Sponge from the Russian Federation: Final Results of Antidumping Administrative Review*, 64 FR 1599 (January 11, 1999); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from the Russian Federation*, 62 FR 61787 (November 19, 1997); *Notice of Final Determination of Sale at Less Than Fair Value: Pure Magnesium and Alloy Magnesium from the Russian Federation*, 60 FR 16440 (March 30, 1995). A designation as an NME remains in effect until it is revoked by the Department (see section 771(18)(C) of the Act). The Department is continuing to treat the Russian Federation as an NME for this preliminary determination. The respondents have not sought revocation of NME status in this investigation.

Surrogate Country

When the Department is investigating imports from an NME, section 773(c) of the Act provides for the Department to base normal value ("NV") on the NME producers' factors of production, valued in a surrogate market economy country or countries considered appropriate by the Department. In accordance with section 773(c)(4), the Department, in valuing the factors of production, utilizes, to the extent possible, the prices or costs of factors of production in one or more market economy countries that are comparable in terms of economic development to the NME country and are significant producers of comparable merchandise. The sources

of individual factor values are discussed in the NV section below.

The Department has determined that Tunisia, Colombia, Poland, Venezuela, South Africa, and Turkey are countries comparable to the Russian Federation in terms of overall economic development. See *Memorandum to Rick Johnson, Program Manager, from Jeff May, Director, Office of Policy; Re: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation: Nonmarket Economy Status and Surrogate Country Selection* ("Policy Memorandum"), dated June 24, 1999. Additionally, the Department has determined that Turkey, Poland, South Africa, and Venezuela are significant producers of cold-rolled steel products. See *Memorandum to the File; Re: Selection of a Surrogate Country*, dated November 1, 1999. As noted in the *Policy Memorandum*, in the event that more than one country satisfies both statutory requirements, the Department should narrow the field to a single country on the basis of data availability and quality. See also *Notice of Final Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation*, 64 FR 38626 (July 19, 1999); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cased Pencils from the Peoples Republic of China*, 59 FR 55625 (November 8, 1994). Based on the information on the record, we have preliminarily determined that Turkey is an appropriate surrogate because it is at a comparable level of economic development and is a significant producer of comparable merchandise. Furthermore, there is a wide array of publicly available information for Turkey. Accordingly, we have calculated NV using Turkish prices to value Severstal's factors of production, when available and appropriate. We have obtained and relied upon public information wherever possible. For a further discussion of the Department's selection of Turkey as the primary surrogate, see *Memorandum to the File; Re: Selection of a Surrogate Country*, dated November 1, 1999.

In accordance with section 351.301(c)(3)(i) of the Department's regulations, for a final determination in an antidumping investigation, interested parties may submit publicly available information to value factors of production within 40 days after the date of publication of this preliminary determination.

Separate Rates

The Department presumes that a single dumping margin is appropriate

for all exporters in an NME country. See *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) ("*Silicon Carbide*"). The Department may, however, consider requests for a separate rate from individual exporters. Severstal and NISCO have each requested a separate, company-specific rate. To establish whether a firm is sufficiently independent from government control to be entitled to a separate rate, the Department analyzes each exporting entity under a test arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) and amplified in *Silicon Carbide*. Under the separate rates criteria, the Department assigns separate rates in NME cases only if a respondent can demonstrate the absence of both *de jure* and *de facto* government control over export activities. For a complete analysis of separate rates, see *Memorandum to Edward C. Yang, Re: Separate Rates for Exporters that Submitted Questionnaire Responses* ("Separate Rates Memo"), dated November 1, 1999.

1. Absence of De Jure Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) An absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies.

Respondents have placed on the administrative record a number of documents to demonstrate absence of *de jure* control. These documents include laws, regulations, and provisions enacted by the central government of the Russian Federation, describing the deregulation of Russian enterprises as well as the deregulation of the Russian export trade, except for a list of products that may be subject to central government export constraints. Respondents claim that the subject merchandise is not on this list. This information provides a sufficient basis for a preliminary finding that there is an absence of *de jure* government control. See *Separate Rates Memo*, dated November 1, 1999.

2. Absence of De Facto Control

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export

functions: (1) whether the export prices ("EP") are set by or subject to the approval of a governmental authority; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. Both responding companies have reported that they are publicly-owned. In no case is there aggregate government ownership greater than 25 percent.

Severstal has stated that its prices are negotiated with its customers and are not subject to review by or guidance from any government organization. Additionally, Severstal notes that the independence of private parties, such as Severstal, to negotiate prices is guaranteed by Russian legislation (Article 424 of the Civil Code). There is no evidence on the record to suggest that there is any government involvement in the determination of sales prices.

Severstal stated that it can retain all export earnings, and that there are no restrictions on the use of the company's export revenues, other than certain currency controls (see below), and that Severstal alone decides how profits will be utilized. Severstal further reports that its Board of Directors is elected by the general meeting of the shareholders, which also elects the general director of the company. Severstal also stated that it does not need to notify the government of the identity of its management.

Regarding currency controls, Severstal and NISCO explained that under Russian law, prior to March 15, 1999, they were required to convert fifty percent of their foreign currency earnings into rubles at the market-denominated exchange rate in effect on the date of exchange. See Instruction of the Russian Federation Central Bank No. 7, "On the Procedure for the Mandatory Sale by Enterprises, Conglomerates, and Organizations of a Portion of the Foreign Exchange Revenue through Authorized Banks and on the Execution of Transactions in the Russian Federation Exchange Market" (June 29, 1992); Partial Alteration of Procedure Governing Mandatory Sale of Part of "Foreign Currency Earning and Collection of Export Duties, Russian Federation President's Edict No. 629 (June 14, 1992); and Law of the Russian Federation No. 3615-1 of October 9, 1992 on Hard Currency Regulation and Control, included in Exhibit A-11 of

Severstal's July 20, 1999 section A response. In addition, we note that Russian Federation Presidential Decree dated March 15, 1999 "On Changes in Mandatory Sale of Part of Currency Revenue" modified the conversion percentage to 75 percent. There is no evidence of any further restrictions on the use of Severstal's and/or NISCO's proceeds.

With regard to NISCO, there is no evidence on the record to suggest that there is any government involvement in the determination of sales prices. As the information concerning NISCO's sales process is proprietary, for a further discussion of this issue, see *Separate Rates Memo* (proprietary version).

In addition, NISCO stated that there are no restrictions on the usage of export revenues, except for the certain currency controls discussed above. Also, NISCO explained that it calculates its export profits as the difference between the sales proceeds and the total costs of the products sold. NISCO also stated that its Board of Directors decides how the profits will be used and that there is no government involvement in these decisions. NISCO further reports that the chairman of the board of directors is elected from among the board by vote of the board members, the members of the Board are elected by vote at the annual shareholders' meeting for a term of one year, and the director general is also elected by vote at the annual shareholders' meeting for a term of one year. NISCO stated that it is not required to notify any governmental authorities of the identity of its managers.

In addition, respondents' questionnaire responses indicate that company-specific pricing during the POI does not suggest coordination among exporters. This information supports a preliminary finding that there is an absence of de facto governmental control of the export functions of these companies. Consequently, we preliminarily determine that Severstal and NISCO meet the criteria for application of separate rates. For a further discussion of this issue, see *Separate Rates Memo*.

Fair Value Comparisons

To determine whether cold-rolled steel products from the Russian Federation sold to the United States by Severstal were made at less than fair value, we compared the EP to the NV, as described in the "Export Price" and "Normal Value" sections of this notice.

Export Price

For Severstal, we preliminarily calculated EP in accordance with

section 772(a) of the Act, because the subject merchandise was sold to the first unaffiliated purchaser in the United States prior to importation and constructed export price ("CEP") methodology was not otherwise indicated. We will examine the EP/CEP designation further at verification. In accordance with section 777A(d)(1)(A)(i) of the Act, we compared POI-wide weighted-average EPs to the NV based on factors of production.

We calculated EP based on either packed FOB prices or FCA prices to unaffiliated trading companies. When appropriate, for FOB sales, we made deductions from the starting price for brokerage and handling. These services were assigned a surrogate value based on public information from *Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from Turkey*. See *Memorandum to Edward C. Yang; Re: Factor Valuation for Severstal* ("Factor Valuation Memo"), dated November 1, 1999. We also made adjustments for foreign inland freight, which was valued using Polish transportation rates, since public information on Turkish values was unavailable. Because the mode of transportation reported by Severstal is proprietary, for a further discussion, see *Factor Valuation Memo* (proprietary version).

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using a factors-of-production methodology if: (1) The merchandise is exported from an NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act.

Factors of production include: (1) Hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs, including depreciation. We calculated NV based on factors of production reported by Severstal with the following exceptions: industrial steam, water, and packing materials. For further discussions of these exceptions, see *Factor Valuation Memo*, and *Memorandum to the File, Re: Margin Calculation for the Preliminary Determination for JSC Severstal* (Severstal), dated November 1, 1999. We valued all the input factors using publicly available published information as discussed in the "Surrogate Country" and "Factor Valuations" sections of this notice.

Factor Valuations

The selection of the surrogate values was based on the quality and contemporaneity of the data. When possible, we valued material inputs on the basis of tax-exclusive domestic prices in the surrogate country. When we were not able to rely on domestic prices, we used import prices to value factors. As appropriate, we adjusted import prices to make them delivered prices. For those values not contemporaneous with the POI, we adjusted for inflation using producer or wholesale price indices, as appropriate, published in the International Monetary Fund's International Financial Statistics.

To value coal, iron ore concentrate, iron ore pellets, limestone, ferroalloys, scrap, kerosene, coal tar, and solid by-products, we used public information published by the United Nations Trade Commodity Statistics for 1997 ("UNTCS"). Severstal did not provide information regarding iron content for iron ore pellets. For the preliminary determination, we have valued iron ore pellets based on the 1997 UNTCS Turkish value for HTS 260112, which represents iron ore pellets with a low iron content. We have based our valuation on evidence from *The Making, Shaping and Treating of Steel* that indicates low iron content iron ore pellets are used in blast furnaces. See *Factor Valuation Memo*, Attachment 5. We have inquired as to iron content in a supplemental questionnaire and intend to fully review actual iron ore content at verification. Charge by-products were valued at the same rate as coal.

We have valued certain of the energy inputs and non-solid by-products at their natural gas equivalents (natural gas, oxygen, blast furnace gas, coke oven gas, nitrogen, residual fuel oil, argon, and benzoin) based on public information from "Energy Prices and Taxes: 1st Quarter 1999," published by the International Energy Agency, OECD.

For electricity, we based the dollar per kWh on the average of 4th quarter 1998 and 1st quarter 1999 prices. These prices were taken from Table 20 ("Electricity Prices for Households in U.S. Dollars/kWh") of *Energy Prices and Taxes: First Quarter 1999*, International Energy Agency, OECD.

Because we were unable to obtain publicly available Turkish values, we used Polish transport information to value transport for raw materials. Since the mode of transportation reported by Severstal is proprietary, for a full discussion of this issue, see *Factor Valuation Memo* (proprietary version).

For labor, we used the Russian regression-based wage rate at Import Administration's homepage, Import Library, Expected Wages of Selected NME Countries, revised in May 1999. Because of the variability of wage rates in countries with similar per capita gross domestic products, section 351.408(c)(3) of the Department's regulations provides for the use of a regression-based wage rate. The source of this wage rate data on the Import Administration's homepage is found in the *1998 Year Book of Labour Statistics*, International Labour Office ("ILO"), (Geneva: 1998), Chapter 5: Wages in Manufacturing.

To value overhead, general expenses and profit, we used public information reported in the 1998 financial statements of Ereğli Demir ve Çelik Fabrikalari TAS ("Erdemir"), a Turkish steel producer. We adjusted Erdemir's depreciation expenses for the effects of high inflation, and we reduced its financial expenses for estimated short-term interest income and we excluded estimated long-term foreign exchange losses. We carried through the financial expense changes to the profit rate calculations. For a further discussion of this issue, see Attachment 5 of the *Factor Valuation Memo*.

As stated above in the "Facts Available" section of this notice, there were several factors of production for which we did not have complete information. With regard to "recycled materials," we have valued recycled materials using steel scrap because in Severstal's description of recycled materials, scrap is the most prevalent item (see, Exhibit D-16 of Severstal's October, 4, 1999 submission). For "additional materials," we have calculated and applied a weighted-average of the values for all other reported inputs which are added at the same stage of the production process as these "additional materials." In addition, we made the assumption, based on information contained in Exhibit D-4 of Severstal's October 4, 1999 supplemental response, that this factor was reported on a unit of measure other than a metric ton basis. We have made an adjustment to the unit of measure accordingly. See *Analysis Memo: Severstal*, dated November 1, 1999.

Finally, Severstal reported a large number of different types of packing materials. However, because the record does not contain surrogate values for these materials, and because we have not been able to otherwise locate surrogate values for these materials, we have used the ratio of packing materials to total cost of production based on

public information from *Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Turkey*. For a further discussion, see *Factor Valuation Memo* (proprietary version).

Verification

As provided in section 782(i) of the Act, we will verify all information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct the U.S. Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the EP, as indicated below. These suspension-of-liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin (percent)
JSC Severstal	177.59
Novolipetsk Iron & Steel Corp ..	177.59
Russia-Wide	177.59

International Trade Commission Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether imports of cold-rolled steel from the Russian Federation are materially injuring, or threatening material injury to, the U.S. industry.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than fifty days after the date of publication of this notice, and rebuttal briefs, limited to issues raised in case briefs, no later than fifty-five days after the date of publication of this preliminary determination. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if

requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs.

Tentatively, any hearing will be held fifty-seven days after publication of this notice at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief, and may make rebuttal presentations only on arguments included in that party's rebuttal brief. See *19 CFR 351.310(c)*.

If this investigation proceeds normally, we will make our final determination no later than January 15, 2000.

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Act.

Dated: November 1, 1999.

Robert S. LaRussa,

Assistant Secretary, for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-791-807]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From South Africa

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

EFFECTIVE DATE: November 10, 1999.

FOR FURTHER INFORMATION CONTACT: Carrie Blozy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0165.