

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 investigation.

Allegations and Evidence of Material Injury and Causation

The petition alleges that the U.S. industry producing the domestic like products is being materially injured, and is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. 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 income, (5) employment, (6) output, (7) sales, (8) return on investment, (9) capacity utilization, (10) ability to raise capital and (11) cash flow.

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*, November 15, 1999).

Initiation of Antidumping Investigation

Based upon our examination of the petition on circular seamless stainless steel hollow products from Japan, we find that the petition meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of circular seamless stainless steel hollow products from Japan 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 Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of Japan. 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 December 10, 1999, whether there is a reasonable indication that imports of circular seamless stainless steel hollow products from Japan are causing

material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

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

Dated: November 15, 1999.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99-30282 Filed 11-18-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmitted No. 00-17]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated 21 July 1996.

FOR FURTHER INFORMATION CONTACT: Ms. J. Hurd, DSCA/COMPT/RM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 00-17 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: November 15, 1999.

Patricia L. Toppings,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5001-10-M



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

3 NOV 1999

In reply refer to:
I-99/013509

Honorable J. Dennis Hastert
Speaker of the House of
Representatives
Washington, D.C. 20515-6501

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 00-17, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to the Netherlands for defense articles and services estimated to cost \$225 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in black ink, appearing to read "MS Davison", is located below the "Sincerely," text.

MICHAEL S. DAVISON, JR.
LIEUTENANT GENERAL, USA
DIRECTOR

Attachments

Same ltr to: House Committee on International Relations
Senate Committee on Appropriations
Senate Committee on Foreign Relations
House Committee on National Security
Senate Committee on Armed Services
House Committee on Appropriations

Transmittal No. 00-17

**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act (U)**

- (i) **Prospective Purchaser:** The Netherlands
- (ii) **Total Estimated Value:**
- | | |
|--------------------------|-----------------------|
| Major Defense Equipment* | \$ 179 million |
| Other | \$ <u>46 million</u> |
| TOTAL | \$ 225 million |
- (iii) **Description of Articles or Services Offered:** Thirty APACHE AN/APG-78 Longbow Fire Control Radar with APR-48A Radar Frequency Interferometer, test and support equipment, spare and repair parts, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical support and other related elements of logistics support.
- (iv) **Military Department:** Army (WAH)
- (v) **Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:** None
- (vi) **Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:** See Annex attached
- (vii) **Date Report Delivered to Congress:** 3 NOV 1999

POLICY JUSTIFICATION

The Netherlands - APACHE Longbow Fire Control Radar with Radar Frequency Interferometer

The Government of the Netherlands has requested a possible sale for remanufacture of 30 APACHE AN/APG-78 Longbow Fire Control Radar with APR-48A Radar Frequency Interferometer, test and support equipment, spare and repair parts, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical support and other related elements of logistics support. The estimated cost is \$225 million.

This proposed sale will contribute to the foreign policy and national security of the United States by improving the military capabilities of Netherlands and enhancing weapon system standardization and interoperability of this important NATO ally.

The Netherlands desires these articles to fulfill their strategic commitments for self-defense, with coalition support, in the region. The proposed sale will upgrade its anti-armor day/night missile capability, provide for the defense of vital installations and provide close air support for the military ground forces. The Netherlands will have no difficulty absorbing these radar into its armed forces.

The proposed sale of this equipment and support will not affect the basic military balance in the region.

The principal contractors will be Lockheed Martin Federal Systems, Owego, New York; and Longbow LLC, Orlando, Florida. One or more proposed offset agreements may be related to this proposed sale.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government and contractor representatives to the Netherlands.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 00-17**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act****Annex
Item No. vi****(vi) Sensitivity of Technology:**

1. The AH-64D APACHE Attack Helicopter includes the following classified or sensitive components:

a. AN/APG-78 AH-64D Longbow Fire Control Radar (FCR) is an active fire control radar system providing detection, location, classification and prioritization of targets to be prosecuted by the Longbow HELLFIRE Modular Missile System or handed over to other on-board sensor systems. This enables the APACHE helicopter to detect and fire upon targets in visual conditions which preclude the use of visual or infrared imaging systems. Hardware is Unclassified; releasable technical manuals for operation and organic level maintenance are Unclassified. The data, including operational software, proposed for release will not, in itself, facilitate reverse engineering.

b. The AN/APR-48A Radar Frequency Interferometer (RFI) is part of the AN/APG-78 FCR. It passively detects, locates in azimuth, and identifies radar emitters and sends the emitter identification and location to either the FCR or to the APACHE Weapons Processor for display to the aircrew. Emitter information can also be used to prioritization. Hardware is classified Confidential when the User Data Module (UDM) is attached to the RFI Processor Assembly, Unclassified when the UDM is absent. Releasable technical manuals for operation and organic level maintenance are Unclassified. The data, including operational software, proposed for release will not facilitate reverse engineering.

2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures or equivalent systems which might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

3. A determination has been made that the Netherlands can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.