

Procurement List: Filter, Air Conditioning, 4130-00-951-1208.

**Beverly L. Milkman,**

*Executive Director.*

[FR Doc. 00-369 Filed 1-6-00; 8:45 am]

BILLING CODE 6353-01-P

## POSTAL SERVICE BOARD OF GOVERNORS

### Sunshine Act Meeting

#### *Governors Vote To Close Meeting*

By telephone vote on December 27, 1999, a majority of the Governors contacted and voting, the Governors voted to close to public observation a meeting held in Washington, D.C., via teleconference. The Governors determined that prior public notice was not possible.

#### ITEM CONSIDERED:

Succession Planning for the Office of the Governors.

#### GENERAL COUNSEL CERTIFICATION:

The General Counsel of the United States Postal Service has certified that the meeting was properly closed under the Government in the Sunshine Act.

#### CONTACT PERSON FOR MORE INFORMATION:

Requests for information about the meeting should be addressed to the Secretary of the Board, Thomas J. Koerber, at (202) 268-4800.

**Thomas J. Koerber,**

*Secretary.*

[FR Doc. 00-481 Filed 1-5-00; 12:51 pm]

BILLING CODE 7710-12-M

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-583-834]

#### Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Taiwan

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

**EFFECTIVE DATE:** January 7, 2000.

#### FOR FURTHER INFORMATION CONTACT:

Abdelali Elouaradia or Keir Whitson at (202) 482-0498 and (202) 482-1777, respectively; Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

### 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 Department of Commerce (Department) regulations refer to the regulations codified at 19 CFR part 351 (April 1999).

### Preliminary Determination

We preliminarily determine that certain cold-rolled flat-rolled carbon-quality steel products (cold-rolled steel products) from Taiwan are being sold, 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.<sup>1</sup> 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) (*Initiation Notice*). Since the initiation of the investigation, the following events have occurred.

On June 22, 1999, the Department issued Section A antidumping questionnaires to all known exporters of subject merchandise in Taiwan, including all of those named in the original petition.<sup>2</sup>

On July 9, 1999, the Department selected China Steel Corporation (CSC) as a mandatory respondent in this investigation and issued Sections B, C, and D of the antidumping questionnaire

<sup>1</sup>The petitioners in this investigation are Bethlehem Steel Corporation, Gulf States Steel, the Independent Steelworkers Union, Ispat Inland Steel, LTV Steel Company Inc., National Steel Corporation (not a petitioner in the Japan case), Steel Dynamics, U.S. Steel Group (a unit of USX Corporation), Weirton Steel Corporation, and United Steelworkers of America.

<sup>2</sup>Section A of the questionnaire requests general information concerning a company's corporate structure and business practices, the merchandise under investigation that it sells, and the manner in which it sells that merchandise in all of its markets. Section B requests a complete listing of all home market sales, or, if the home market is not viable, of sales in the most appropriate third-country market. Section C requests a complete listing of U.S. sales. Section D requests information on the cost of production (COP) of the foreign like product and the constructed value (CV) of the merchandise under investigation.

to CSC. See *Respondent Selection Memo*, July 9, 1999. In addition, on July 19, 1999, we received a request from Taiwan Tokkin Co., Ltd. (Taiwan Tokkin) that it be included as a voluntary respondent in this investigation. Subsequently, on August 6, 1999, we accepted Taiwan Tokkin as a voluntary respondent. However, we did not issue the questionnaire to Taiwan Tokkin because on July 22, 1999, the company informed us that it had already obtained copies of each section.

Responses to various sections of the Department's questionnaire were received from Taiwan Tokkin and CSC between July and September 1999. We issued supplemental questionnaires where appropriate.

On July 16, 1999, the United States International Trade Commission (the ITC) preliminarily determined that there is a reasonable indication that imports of the products under investigation are materially injuring the United States industry. See *Certain Cold-Rolled Steel Products From Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela: Determinations*, 64 FR 41458 (July 30, 1999).

In their comments on Taiwan Tokkin's questionnaire responses, petitioners raised the issue of whether the country of origin of Taiwan Tokkin's exports to the United States was actually Japan. Subsequently, Taiwan Tokkin submitted comments on this issue on September 27, 1999. Additional comments were submitted by petitioners and Taiwan Tokkin on October 15, 1999, and, October 21, 1999, respectively. See *Taiwan Tokkin—Country of Origin*, below.

On November 5, 1999, the Department postponed the preliminary determination in this case for 30 days in accordance with section 733(c) of the Act and 19 CFR 351.205(b)(2). See *Notice of Postponement of Preliminary Antidumping Duty Determinations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from Indonesia, the People's Republic of China, Taiwan and Turkey*, 64 FR 61825 (November 15, 1999).

### Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such

postponement is made by exporters who account for a significant proportion of exports of the subject merchandise or if, in the event of a negative preliminary determination, a request for such postponement is made by the petitioners. The Department's regulations, at 19 CFR 351.210(e)(2), require that requests by respondents for postponement of a final determination be accompanied by a request for extension of provisional measures from a four-month period to not more than six months.

On October 25, 1999, CSC requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until not later than 135 days after the date of the publication of an affirmative preliminary determination in the **Federal Register**. CSC also included a request to extend the provisional measures to not more than six months. Accordingly, since we have made an affirmative preliminary determination, we have postponed the final determination until not later than 135 days after the date of the publication of the preliminary determination.

**Period of Investigation**

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

This period corresponds to each respondent's four most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, June 1999).

**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 <sup>2</sup>
Hardness .....	≥ 475 Vickers hardness number

## PHYSICAL PROPERTIES

Flatness .....	<0.2% of nominal strip width
----------------	------------------------------

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/mm<sup>2</sup>

## SURFACE ROUGHNESS

Thickness (mm)	Roughness (μm)
t≤0.209 .....	Rz≤0.5
0.209<t≤0.310 .....	Rz≤0.6
0.310<t≤0.440 .....	Rz≤0.7
0.440<t≤0.560 .....	Rz≤0.8
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 <sup>2</sup>

## 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 % .....	0.004	0.4	0.09	0.009	0.65	0.4
Max. Weight % .....						

## MECHANICAL PROPERTIES

Hardness .....	B 60-75 (AIM 65)
----------------	------------------

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		0.023	0.03	0.03		0.08		0.003
Max. Weight % .....	0.06	0.40	0.02	(Aim- ing 0.018 Max.)		(Aim- ing 0.05)	0.02	0.08		(Aim- ing 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		0.023	0.03	0.03		0.08		0.003
Max. Weight % .....	0.06	0.40	0.02	(Aim- ing 0.018 Max.)		(Aim- ing 0.05)	0.02	0.08		(Aim- ing 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 % .....		0.01	00.012

- 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.

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 (Scope Memorandum)*, November 1, 1999, 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*.

**Facts Available**

In its response to Section B of the Department’s antidumping questionnaire, CSC reported a code designated “X” for certain home market sales observations in response to requested categories for yield strength, standard thicknesses, and standard

widths. The Department issued a supplemental questionnaire requesting, in part, that CSC re-code these observations in conformity with the categories provided in the original questionnaire. CSC replied that it did not have the necessary information in its records to comply with the Department’s questionnaire categories and that it had used the “X” code to designate those areas where it did not have the necessary information. In order to avoid introducing any distortions from product misclassification in the fair value comparison of CSC’s home market sales to its U.S. sales, we have determined that we cannot use the product characteristics with a code designated as “X” for certain home market sales and, therefore, the use of facts otherwise available is necessary in this situation, pursuant to section 776(a) of the Act.

Section 776(a) 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 and the Commission shall, subject to section 782(d), use the facts otherwise available

in reaching the applicable determination under this title." The statute requires that certain conditions be met before the Department may resort to the facts otherwise available. Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party the opportunity to remedy or explain the deficiency. If the party fails to remedy the deficiency within the applicable time limits, the Department may, subject to section 782(e), disregard all or part of the original and subsequent responses, as appropriate. Briefly, section 782(e) provides that the Department "shall not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all the applicable requirements established by the administering authority" if the information is timely, can be verified, is not so incomplete that it cannot be used, and if the interested party acted to the best of its ability in providing the information. Where all of these conditions are met, and the Department can use the information without undue difficulties, the statute requires it to do so.

As noted above, we determined that we cannot rely on home market sales for which certain product characteristics were designated as "X." Therefore, in accordance with section 776(a) of the Act, we have determined that use of facts available is appropriate. Since it is not possible to determine the extent to which these sales might have served as comparison merchandise for U.S. sales, we have assigned to any U.S. sales that did not have identical matches the weighted-average margin calculated for all identical matches.

#### Selection of Respondents

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department discretion, when faced with a large number of exporters/producers, to limit its examination to a reasonable number of such companies if it is not practicable to examine all companies. Where it is not practicable to examine all known producers/exporters of subject merchandise, this provision permits the Department to investigate either: (1) A sample of exporters, producers, or types of products that is statistically valid based on the

information available at the time of selection, or (2) exporters and producers accounting for the largest volume of the subject merchandise that can be reasonably examined.

After consideration of the complexities expected to arise in this proceeding and the resources available to the Department, we determined that it was not practicable in this investigation to examine a large number of producers/exporters of subject merchandise. Instead, we found that, given our resources, we would be able to investigate the producer/exporter with the greatest export volume, as identified above. Because CSC accounted for more than 50 percent of all known exports of the subject merchandise from Taiwan during the POI, we selected CSC as the sole respondent. Additionally, on August 6, 1999, we granted a request from Taiwan Tokkin that it be included as a voluntary respondent in this investigation.

#### Product Comparisons

In accordance with section 771(16) of the Act, all products produced by the respondents covered by the description in the *Scope of Investigation* section, above, and sold in Taiwan during the POI are considered to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We have relied on 14 criteria to match U.S. sales of subject merchandise to comparison-market sales of the foreign like product: hardening and tempering, paint, carbon level, quality, yield strength, minimum thickness, thickness tolerance, width, edge finish, form, temper rolling, leveling, annealing, and surface finish. These characteristics have been weighted by the Department where appropriate. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics as listed above.

#### Fair Value Comparisons

To determine whether sales of cold-rolled steel products from Taiwan were made in the United States at less than fair value, we compared the export price (EP) to the normal value (NV), as described in the *Export Price* and *Normal Value* sections of this notice. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated weighted-average EPs for comparison to weighted-average NVs.

#### Export Price

In accordance with section 772 of the Act, we calculated an EP for each sale. Section 772(a) of the Act defines EP as the price at which the subject merchandise is first sold before the date of importation by the exporter or producer outside the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States. Consistent with this definition, we have found that CSC and Taiwan Tokkin made only EP sales during the POI.

For CSC and Taiwan Tokkin, we calculated EP based on packed prices charged to the first unaffiliated customer in the United States. We based EP on ex-factory and FOB prices to unaffiliated customers in the United States. We made deductions from the starting price, where appropriate, for movement expenses including foreign brokerage, loading and inland freight from the factory to the foreign port. Finally, for Taiwan Tokkin, we increased the starting price by the amount of duty drawback.

Taiwan Tokkin based its duty drawback calculation on a ratio of kilograms of raw material required to produce one kilogram of finished cold-rolled strip. We note that the ratio permitted under the drawback scheme appears to be at odds with Taiwan Tokkin's own production information. Accordingly, we will examine this issue closely at verification to determine whether we should continue to include the reported amount for duty drawback in our calculation of EP for the final determination.

#### Taiwan Tokkin—Country of Origin

Taiwan Tokkin's reported U.S. sales were for merchandise that was first imported into Taiwan from Japan as cold-rolled coil, processed by Taiwan Tokkin, and then exported to the United States as cold-rolled strip. As previously mentioned, petitioners raised the issue of whether the country of origin of Taiwan Tokkin's exports to the United States is actually Japan. In their comments on this issue, petitioners argued that Taiwan Tokkin's production process does not substantially transform the merchandise and, therefore, it retains Japanese country of origin. In support of this contention, they put forth the following arguments: (1) Taiwan Tokkin's imported and exported material are both cold-rolled products and stay within the same class or kind of merchandise; (2) under U.S. Customs regulations 19 CFR 120.20 dealing with the country of origin, a change in HTSUS heading from 7209 to 7211, as

occurs in this case, does not change the country of origin; and (3) Taiwan Tokkin's production process does not make any dramatic changes to the product, and the substantial transformation of the merchandise occurs in Japan where it was processed from slabs into hot bands and then cold-rolled into coils.

Taiwan Tokkin contends that the imported merchandise is substantially transformed in Taiwan and, therefore, acquires Taiwanese country of origin. Taiwan Tokkin argues that (1) Taiwan Tokkin's production process of slitting and repeated cold-rolling and annealing significantly changes the physical characteristics of the imported material and imparts a spring like-quality to the product, with higher tensile strength and flexibility; (2) while the raw material has no other use than for conversion into cold-rolled strip, the finished product is used in the production of end-products such as tape measures, springs and parts of electronic machinery; and (3) the value added to the merchandise through its production process is significant.

We have preliminarily accepted Taiwan Tokkin's claim that its merchandise sold to the United States is of Taiwanese origin. However, we intend to continue our analysis of this issue based on our findings at verification and comments submitted by the interested parties. We invite interested parties in this proceeding to submit comments or information concerning this issue, including arguments for the appropriate treatment of Taiwan Tokkin's sales if the Department determines that the country of origin of the merchandise in question is Japan.

## Normal Value

### A. Selection of Comparison Markets

Section 773(a)(1) of the Act directs that NV be based on the price at which the foreign like product is sold in the home market, provided that the merchandise is sold in sufficient quantities (or value, if quantity is inappropriate) and that there is no particular market situation that prevents a proper comparison with the EP. The statute contemplates that quantities (or value) will normally be considered insufficient if they are less than five percent of the aggregate quantity (or value) of sales of the subject merchandise to the United States.

CSC and Taiwan Tokkin had viable home markets of cold-rolled steel products, and they reported home market sales data for purposes of the calculation of NV.

In deriving NV, we made adjustments as detailed in *Calculation of Normal Value Based on Home-Market Prices* and *Calculation of Normal Value Based on Constructed Value*, below.

### B. Cost of Production Analysis

Based on allegations contained in the petition and in accordance with section 773(b)(2)(A)(i) of the Act, we found reasonable grounds to believe or suspect that sales of cold-rolled steel products made in Taiwan were made at prices below the COP. See *Initiation Notice*, 64 FR 34194 (June 25, 1999). As a result, the Department conducted an investigation to determine whether CSC and Taiwan Tokkin made home market sales during the POI at prices below their respective COPs, within the meaning of section 773(b) of the Act. We conducted the COP analysis described below.

#### 1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated a weighted-average COP based on the sum of CSC's and Taiwan Tokkin's respective costs of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses (G&A), selling expenses, commissions, packing expenses and interest expenses. We relied on the COP data submitted by CSC and Taiwan Tokkin in their respective supplemental cost questionnaire responses, except as noted below, where the submitted costs were not appropriately quantified or valued.

#### CSC

We adjusted CSC's reported scarp recovery values to account for the overstatement of scrap credits resulting from the inclusion of downgraded products. Secondly, we adjusted CSC's G&A and financial expense ratios. For the G&A expense ratio, we included certain revenues and expenses that had been excluded from the reported amount. In addition, we adjusted the cost of goods sold figure to be on the same basis as the reported cost of manufacturing. For the financial expense ratio, we adjusted the cost of goods sold figure to be on the same basis as the reported cost of manufacturing.

*Taiwan Tokkin.* Taiwan Tokkin adjusted its reported conversion costs by excluding costs associated with packing, freight, royalties, and including costs associated with direct labor. Tokkin calculated this adjustment as a percentage of conversion costs, but applied the adjustment to the total cost of manufacturing. We revised Taiwan Tokkin's cost adjustment percentage to

one based on total cost of manufacturing, so that the adjustment percentage matches the basis to which it is applied.

Taiwan Tokkin did not submit revised conversion costs for one control number (CONNUM) for merchandise produced prior to the POI but sold during the POI. Therefore, we assigned to that CONNUM the reported direct material costs and the conversion costs of a CONNUM with the most similar product characteristics.

We adjusted Taiwan Tokkin's G&A and financial expense ratios by excluding certain costs from the cost of goods sold used in the denominator to ensure that the denominator is on the same basis as the cost of manufacturing to which the ratios are being applied. We adjusted Taiwan Tokkin's financial expense ratio to include certain financial expenses that had been omitted from the submitted calculation.

#### 2. Test of Home-Market Sales Prices

We compared the weighted-average COP for Taiwan Tokkin and CSC, adjusted where appropriate (see above), to home market sales of the foreign like product, as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below the COP within an extended period of time (*i.e.*, a period of one year) in substantial quantities<sup>3</sup> and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time.

On a model-specific basis, we compared the revised COP to the home market prices, less any applicable movement charges, discounts and rebates.

#### 3. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of a respondent's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product during the POI were at prices less than the COP, we determined such sales to have been made in "substantial quantities" within an extended period of time in accordance with section 773(b)(2)(B) of the Act. In such cases, because we compared prices to POI average costs,

<sup>3</sup>In accordance with section 773(b)(2)(C)(i) of the Act, we determined that sales made below the COP were made in substantial quantities if the volume of such sales represented 20 percent or more of the volume of sales under consideration for the determination of NV.

we also determined that such sales were not made at prices that would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. We therefore disregarded the below-cost sales and used the remaining sales as the basis for determining NV, in accordance with section 773(b)(1) of the Act. For those U.S. sales of cold-rolled steel products for which there were no comparable home-market sales in the ordinary course of trade, we compared EPs to CV in accordance with section 773(a)(4) of the Act. *See Calculation of Normal Value Based on Constructed Value*, below.

#### C. Calculation of Normal Value Based on Home-Market Prices

We performed price-to-price comparisons where there were sales of comparable merchandise in the home market that did not fail the cost test.

For CSC and Taiwan Tokkin, we calculated NV based on delivered or FOB prices and made deductions from the starting price, where appropriate, for inland freight. In addition, we made circumstance-of-sale (COS) adjustments for direct expenses, where appropriate, in accordance with section 773(a)(6)(C)(iii) of the Act. These included imputed credit expenses and warranty expenses. For CSC, we also adjusted for discounts and rebates. In accordance with sections 773(a)(6)(A) and (B) of the Act, for both CSC and Taiwan Tokkin, we deducted home market packing costs and added U.S. packing costs.

In addition, the Department notes that CSC, during the fourth quarter of the POI, instituted a "special incentive program" for certain customers in the home market. These sales were included for purposes of calculating NV for the preliminary determination. At verification, the Department will conduct a detailed examination of this program in order to determine whether or not the Department should continue to include these sales in its calculation of NV for the final determination.

#### D. Calculation of Normal Value Based on Constructed Value

Section 773(a)(4) of the Act provides that, where NV cannot be based on comparison-market sales, NV may be based on CV. Accordingly, for those models of cold-rolled steel products for which we could not determine the NV based on comparison-market sales, either because there were no sales of a comparable product or all sales of the comparison products failed the COP test, we based NV on CV.

Section 773(e)(1) of the Act provides that CV shall be based on the sum of each respondent's cost of materials, fabrication, interest expense, selling, general and administrative (SG&A) expenses and profit. We made adjustments to each respondent's reported cost as indicated above in the COP section. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized by each respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country.

In addition, for each respondent we used U.S. packing costs as described in the *Export Price* section of this notice, above.

We made adjustments to CV for differences in COS in accordance with section 773(a)(8) of the Act and 19 CFR 351.410. These involved the deduction of direct selling expenses incurred on home market sales from, and the addition of U.S. direct selling expenses to, CV.

#### Level of Trade

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the EP transaction. The normal-value LOT is that of the starting-price sales in the comparison market or, when NV is based on CV, that of the sales from which we derive SG&A expenses and profit. The U.S. LOT for EP sales is also the level of the starting-price sale, which is usually from exporter to importer.

To determine whether NV sales are at a different LOT than EP, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different LOT and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make a level-of-trade adjustment under section 773(a)(7)(A) of the Act. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997).

In implementing these principles in this investigation, we obtained information from each respondent about the marketing stages involved in the reported U.S. and home market sales, including a description of the selling

activities performed by the respondents for each channel of distribution. In identifying LOTs for EP and home market sales, we considered the selling functions reflected in the starting price before any adjustments.

With respect to each respondent's EP sales, in this investigation we found a single LOT in the United States, and a single, identical LOT in the home market. It was thus unnecessary to make any level-of-trade adjustment for comparison of EP and home market prices. *See Memorandum to the File: Preliminary Determination Calculation Memorandum for Taiwan Tokkin Co., Ltd.*, November 8, 1999, and *Memorandum to the File: Preliminary Determination Calculation Memorandum for China Steel Corporation*, November 8, 1999.

#### Currency Conversions

We made currency conversions into U.S. dollars in accordance with section 773A(a) of the Act based on exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

#### Verification

In accordance with section 782(i) of the Act, we intend to 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 U.S. Customs to suspend liquidation of all entries of cold-rolled steel products from Taiwan, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We are also instructing U.S. Customs 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 provided below.

Manufacturer/exporter	Margin (percent)
CSC .....	14.80
Taiwan Tokkin .....	4.72
All Others .....	14.80 <sup>4</sup>

<sup>4</sup> In accordance with section 735(c)(5) of the Act and section 351.204(d)(3) of the Department's regulations, we excluded the weighted-average dumping margin for Taiwan Tokkin, a voluntary respondent in this investigation, from the calculation of the all-others rate.

## ITC Notification

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

## Public Comment

Case briefs for this investigation must be submitted no later than one week after the issuance of the verification reports. Rebuttal briefs must be filed within five days after the deadline for submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes.

Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made in an investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230. In the event that the Department receives requests for hearings from parties to several cold-rolled cases, the Department may schedule a single hearing to encompass all those cases. Parties should confirm by telephone the time, date, and place 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 within 30 days of the publication of this notice. Requests should specify the number of participants and provide a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs.

If this investigation proceeds normally, we will make our final determination no later than 135 days after the date of publication of this notice in the **Federal Register**.

This determination is issued pursuant to sections 733(d) and 777(i)(1) of the Act.

Dated: December 28, 1999.

**Holly A. Kuga,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. 00-297 Filed 1-6-00; 8:45 am]

**BILLING CODE 3510-DS-P**

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-560-807]

#### Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Indonesia

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

**EFFECTIVE DATE:** January 7, 2000.

**FOR FURTHER INFORMATION CONTACT:**

Arland DiGirolamo or Gabriel Adler at (202) 482-1278 or (202) 482-1442, respectively; Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

#### 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 Department of Commerce (Department) regulations refer to the regulations codified at 19 CFR part 351 (April 1999).

#### Preliminary Determinations

We preliminarily determine that cold-rolled flat-rolled carbon-quality steel products (cold-rolled steel products) from Indonesia are being sold, 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.<sup>1</sup> See *Initiation of*

<sup>1</sup> The petitioners in this investigation are Bethlehem Steel Corporation, Gulf States Steel, the Independent Steelworkers Union, Ispat Inland Steel, LTV Steel Company Inc., National Steel Corporation (not a petitioner in the Japan case), Steel Dynamics, U.S. Steel Group (a unit of USX Corporation), Weirton Steel Corporation, and United Steelworkers of America.

*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) (*Initiation Notice*). Since the initiation of the investigation, the following events have occurred.

The Department issued an antidumping questionnaire to PT Krakatau, the only known producer of cold rolled steel products in Indonesia, on June 22, 1999 (Section A) and July 9, 1999 (Sections B through D).<sup>2</sup> We issued supplemental questionnaires where appropriate. PT Krakatau submitted timely responses to the Department's questionnaires.

On July 16, 1999, the United States International Trade Commission (the ITC) preliminarily determined that there is a reasonable indication that imports of the products under investigation are materially injuring the United States industry. See *Certain Cold-Rolled Steel Products From Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela: Determinations*, 64 FR 41458 (July 30, 1999).

On November 5, 1999, the Department postponed the preliminary determination in this case for 30 days in accordance with section 733(c) of the Act and 19 CFR 351.205(b)(2). See *Notice of Postponement of Preliminary Antidumping Duty Determinations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from Indonesia, the People's Republic of China, Taiwan and Turkey*, 64 FR 61825 (November 15, 1999).

#### *Postponement of Final Determination and Extension of Provisional Measures*

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of

<sup>2</sup> Section A of the questionnaire requests general information concerning a company's corporate structure and business practices, the merchandise under investigation that it sells, and the manner in which it sells that merchandise in all of its markets. Section B requests a complete listing of all home market sales, or, if the home market is not viable, of sales in the most appropriate third-country market. Section C requests a complete listing of U.S. sales. Section D requests information on the cost of production (COP) of the foreign like product and the constructed value (CV) of the merchandise under investigation.