

## 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.*

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## 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.

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 22, 1999, PT Krakatau filed a request for the postponement of the final determination in the event of an affirmative preliminary determination. On October 28, PT Krakatau filed a request for the extension of provisional measures from a four-month period to not more than six months in the event that the Department postpones the final determination. 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 the 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:  $\leq 1.0$  mm

Width:  $\leq 152.4$  mm

#### CHEMICAL COMPOSITION:

Element .....	C	Si	Mn	P	S
Weight % .....	0.90–1.05	0.15–0.35	0.30–0.50	$\leq 0.03$	$\leq 0.006$

## MECHANICAL PROPERTIES

Tensile Strength .....	$\geq 162 \text{ Kgf/mm}^2$
Hardness .....	$\geq 475$ 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 percent- age
Sulfide Inclusion .....	$\leq 0.04\%$
Oxide Inclusion .....	$\leq 0.05\%$

Compressive Stress: 10 to 40 Kgf/mm<sup>2</sup>.

## SURFACE ROUGHNESS

Thickness (mm)	Roughness ( $\mu\text{m}$ )
$t \leq 0.209$ .....	Rz $\leq 0.5$
$0.209 < t \leq 0.310$ .....	Rz $\leq 0.6$
$0.310 < t \leq 0.440$ .....	Rz $\leq 0.7$
$0.440 < t \leq 0.560$ .....	Rz $\leq 0.8$
$0.560 < t$ .....	Rz $\leq 1.0$

- Certain ultra thin gauge steel strip, which meets the following characteristics:  
Thickness:  $\leq 0.100 \text{ mm} \pm 7\%$   
Width: 100 to 600 mm

## CHEMICAL COMPOSITION

Element .....	C	Mn	P	S	Al	Fe
Weight % .....	$\leq 0.07$	0.2–0.5	$\leq 0.05$	$\leq 0.05$	$\leq 0.07$	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 .....	$\leq 0.3$ micron
Camber (in 2.0 m) .....	$< 3.0 \text{ mm}$
Flatness (in 2.0 m) .....	$\leq 0.5 \text{ mm}$
Edge Burr .....	$< 0.01 \text{ mm}$ greater than thickness
Coil Set (in 1.0 m) .....	$< 75.0 \text{ mm}$

- Certain silicon steel, which meets the following characteristics:  
Thickness: 0.024 inches  $\pm$  .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) .....	3.8 Watts/Pound max.
NAAS .....	
Permeability (1.5T/60 Hz) .....	1700 gauss/oersted typical.
NAAS .....	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				0.03				0.003
Max. Weight % .....	0.06	0.40	0.02	0.023 (Aiming 0.018 Max.)	0.03	0.08 (Aiming 0.05)	0.02	0.08		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.
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				0.03				0.003
Max. Weight % .....	0.06	0.40	0.02	0.023 (Aiming 0.018 Max.)	0.03	0.08 (Aiming 0.05)	0.02	0.08		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 known 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.

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*.

*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. We determined that PT Krakatau was the only known exporter of subject merchandise and therefore

chose it as the only respondent from Indonesia. This company accounted for 100 percent of all known exports of the subject merchandise during the POI.

*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 Indonesia 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 listed above.

*Fair Value Comparisons*

To determine whether sales of cold-rolled steel products from Indonesia 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 normal values. Indonesia experienced high inflation during the POI, as measured by the Wholesale Price Index, published in the June 1999 issue of International Financial Statistics. Accordingly, to avoid distortions caused by the effects of high inflation on prices, consistent with our practice in cases involving high inflation, we calculated EPs and NVs on a monthly-average basis, rather than a POI average basis.<sup>3</sup> See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Pasta from Turkey*, 61 FR 1351, 1354 (January 19, 1996).

#### *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 PT Krakatau made only EP sales during the POI.

We based EP on ex-factory and FOB prices to unaffiliated customers in the United States. In accordance with section 772(c)(2) of the Act, we made deductions from the starting price, where appropriate, for movement expenses including foreign brokerage and inland freight from the factory to the foreign port.

<sup>3</sup> Investigations involving exports from countries with highly inflationary economies require special methodologies for comparing prices and calculating CV and COP. The Department generally considers that an inflation rate in excess of 25 percent warrants application of a calculation methodology that takes into account the effect of high inflation on prices and costs. See *Notice of Preliminary Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils from South Korea*, 64 FR 137, 139 (January 4, 1999). Based on the Wholesale Price Index (WPI) obtained from the International Monetary Fund (IMF), we determined that Indonesia experienced inflation of approximately 40 percent over the course of the POI. PT Krakatau has argued that the Department should not employ a high inflation analysis because the high inflation that occurred during the POI was isolated to the first six months of the period. We will consider this issue further for the final determination, and invite parties to comment.

#### *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.

PT Krakatau has a viable home market of cold-rolled steel products, and it reported home market sales data for purposes of the calculation of NV.

In deriving NV, we made adjustments as detailed in the *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 made by petitioner in this case in a submission dated September 29, 1999, 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 Indonesia were made at prices below the COP. As a result, the Department has conducted an investigation to determine whether PT Krakatau made sales in its home market at prices below their respective COPs during the POI 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 the cost of materials and fabrication for the foreign like product, plus amounts for the home market general and administrative (G&A) expenses, selling expenses, commissions, packing expenses, and interest expenses. As noted above, we determined that the Indonesian economy experienced significant inflation during the POI. Therefore, in order to avoid the distorting effect of inflation on our comparison of costs and prices, we computed indexed monthly costs based on the weighted average of all monthly costs as indexed over the POI. See, e.g., *Certain Steel Concrete Reinforcing Bar from Turkey*, 64 FR 49510, 49153 (September 10, 1999).

We relied on the COP data submitted by PT Krakatau in its cost questionnaire response, except, as noted below, in

specific instances where the submitted costs were not appropriately quantified or valued: (a) we adjusted the reported depreciation expense to account for the effects of inflation, (b) we computed the respondent's G&A and financial expense ratios on a constant currency basis using monthly IMF WPI indices, and (c) we recalculated the reported G&A and financial expense ratios to reflect certain expenses and offsets that had not been completely accounted for by the respondent.

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

We compared the adjusted weighted-average COP to the 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>4</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 (indexed) POI average costs, 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. Therefore, we disregarded the below-cost sales.

We found that, for certain models of cold-rolled steel products, more than 20 percent of the home market sales by PT Krakatau were made within an extended period of time at prices less than the COP. Further, the prices did not provide for the recovery of costs within a

<sup>4</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.

reasonable period of time. We therefore disregarded these 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.

We calculated NV based on delivered or FOB prices and made deductions from the starting price, where appropriate, for foreign brokerage and handling fees, foreign inland freight from the plant to the customer, and insurance. 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 expenses included imputed credit expenses and bank charges. In accordance with sections 773(a)(6)(A) and (B) of the Act, we deducted home market packing costs and added U.S. packing costs.

#### 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 constructed value.

Section 773(e)(1) of the Act provides that constructed value shall be based on the sum of the cost of materials and fabrication for the imported merchandise plus amounts for selling, general, and administrative expenses (SG&A), profit, and U.S. packing costs. We calculated the cost of materials and fabrication based on the methodology described in the *Calculation of COP* section of this notice, above. We based SG&A and profit on the actual amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in the comparison market,

in accordance with section 773(e)(2)(A) of the Act.

In addition, 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, constructed value.

#### 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 NV 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 an LOT 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 PT Krakatau about the marketing stages involved in the reported U.S. and home market sales, including a description of the selling activities performed by the respondent 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.

In the home market, PT Krakatau sells to end-users and local trading companies. The respondent provides extensive selling functions to all home market customers, irrespective of the channel of distribution. These include technical assistance and customer support. Therefore, we find that all sales in the home market were made at a single LOT. In the U.S. market, PT

Krakatau sells to trading companies only. In contrast to home market sales, the respondent provides no technical assistance, customer support, or any other selling function for U.S. sales. Therefore, we find that all sales in the U.S. market were made at a single LOT, which is different from the home market LOT. Since the record contains no information that would allow us to determine the extent, if any, to which this difference in LOTs affects price comparability, we have not made an LOT adjustment for this preliminary determination.

#### Currency Conversions

We made currency conversions into U.S. dollars in accordance with section 773A of the Act based on exchange rates in effect on the dates of the U.S. sales. The Department's preferred source for exchange rates is the Federal Reserve Bank. However, since the Federal Reserve Bank does not publish exchange rates for the Indonesian rupiah, we have relied on exchange rates obtained from the Dow Jones Service, as published in the Wall Street Journal.

#### Verification

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

#### Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the Customs Service to suspend liquidation of all entries of cold-rolled steel products from Indonesia, 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 the 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 or CEP, as indicated in the chart below. These instructions suspending liquidation will remain in effect until further notice.

The weighted-average dumping margin is provided below:

Manufacturer/exporter	Margin (percent)
PT Krakatau .....	49.28
All Others .....	49.28

#### 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 the imports covered by this determination 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 this 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 published pursuant to sections 733(f) and 777(i)(1) of the Act.

Dated: December 28, 1999.

**Holly A. Kuga,**  
Acting Assistant Secretary for Import Administration.

[FR Doc. 00-298 Filed 1-6-00; 8:45 am]

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-859-801]

#### 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 Slovakia

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

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

**FOR FURTHER INFORMATION CONTACT:** Doug Campau or Abdelali Elouaradia, at (202) 482-1784 or (202) 482-0498, 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 the Department of Commerce's (the Department's) 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 Slovakia 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 and July 29, 1999, the Department issued section A non-market economy (NME) and market economy<sup>2</sup> antidumping questionnaires, respectively, to VSZ, a.s. (VSZ), the only known exporter of subject merchandise in Slovakia. As of the date of initiation of this investigation, Slovakia was still considered an NME country. On June 25, 1999, the Department received a letter from VSZ, requesting, on behalf of the Government of Slovakia, that the Department revoke the NME status of Slovakia under section 771(18)(A) of the Act. On July 2, 1999, the Department initiated a formal inquiry into Slovakia's NME status. While the Department conducted this inquiry, VSZ voluntarily submitted responses to both the Department's market economy questionnaire and the Department's NME questionnaire.

On July 16, 1999, the United States International Trade Commission (ITC) preliminarily determined that there was a reasonable indication that imports of the products under investigation were 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 October 13, 1999, the Department revoked Slovakia's NME status. See Memorandum to Robert S. LaRussa (October 13, 1999). Thereafter, this investigation continued under the Department's market economy procedures. See *Revocation of Slovakia's Non Market Economy Status*, below.

On October 19, 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 Slovakia*, 64 FR 57842 (October 27, 1999). On December 6, 1999, the Department further extended the deadline for the preliminary determination to December 28, 1999. See *Notice of Postponement of Preliminary Antidumping Duty Determinations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel*

<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> Both versions of the questionnaire were issued because VSZ had requested that the NME status of Slovakia be revoked.