Dated: September 6, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–201–817]

Oil Country Tubular Goods From Mexico: Preliminary Results of Antidumping Duty Administrative Review and Notice of Intent Not To Revoke in Part

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

ACTION: Notice of preliminary results of antidumping duty administrative review and intent not to revoke in part.

SUMMARY: In response to requests from two respondents, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on oil country tubular goods (OCTG) from Mexico. This review covers two manufacturers and exporters of the subject merchandise, Tubos de Acero de Mexico, S.A. de C.V. (TAMSA) and Hylsa S.A. de C.V. (Hylsa). The period of review (POR) is August 1, 1998, through July 31, 1999. We preliminarily determine that sales have not been made below normal value (NV). If these preliminary results are adopted in our final results of administrative review, we will instruct U.S. Customs to assess antidumping duties based on the difference between export price (EP) or constructed export price (CEP) and NV. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: September 12, 2000.

FOR FURTHER INFORMATION CONTACT: Phyllis Hall (TAMSA), Dena Aliadinov (Hylsa), or Linda Ludwig, Enforcement Group III, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Room 7866, Washington, DC 20230; telephone (202) 482-1398, (202) 482–2667, or (202) 482–3833, respectively.

The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act) are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR part 351 (1999).

Background

The Department published a final determination of sales at less than fair value for OCTG from Mexico on June 28, 1995 (60 FR 33567), and subsequently published the antidumping duty order on August 11, 1995 (60 FR 41056). The Department published a notice of ''Opportunity to Request an Administrative Review'' of the antidumping duty order for the 1998/1999 review period on August 11, 1999 (64 FR 43649). Respondents TAMSA and Hylsa requested that the Department conduct an administrative review of the antidumping duty order on OCTG from Mexico. On August 31, 1999, Hylsa and TAMSA submitted timely requests that the order be revoked in part with respect to Hylsa and TAMSA, respectively. We initiated this review on September 24, 1999. See 64 FR 53318 (October 1, 1999).

Under section 751(a)(3)(A) of the Act, the Department may extend the deadline for issuing a preliminary determination in an administrative review if it determines that it is not practicable to complete the preliminary review within the statutory time limit of 245 days. On March 14, 2000, the Department published a notice of extension of the time limit for the preliminary results in this case to August 30, 2000. See Extension of Time Limit: Oil Country Tubular Goods from Mexico; Antidumping Administrative Review, 65 FR 13716 (March 14, 2000).

Period of Review

The review covers the period August 1, 1998 through July 31, 1999. The Department is conducting this review in accordance with section 751 of the Act.

Scope of the Review

Imports covered by this review are oil country tubular goods, hollow steel products of circular cross-section, including oil well casing, tubing, and drill pipe, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). This scope does not cover casing, tubing, or drill pipe containing 10.5 percent or more of chromium. The OCTG subject to this order are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.21.30.00, 7403.21.60.00, 7304.29.10.10, 7304.29.10.20, 7304.29.10.30, 7304.29.10.40, 7304.29.10.50, 7304.29.10.60, 7304.29.10.80, 7304.29.20.10, 7304.29.20.20, 7304.29.20.30, 7304.29.20.40, 7304.29.20.50, 7304.29.20.60, 7304.29.20.80, 7304.29.30.10, 7304.29.30.20, 7304.29.30.30, 7304.29.30.40, 7304.29.30.50, 7304.29.30.60, 7304.29.30.80, 7304.29.40.10, 7304.29.40.20, 7304.29.40.30, 7304.29.40.40, 7304.29.40.50, 7304.29.40.60, 7304.29.40.80, 7304.29.50.15, 7304.29.50.30, 7304.29.50.45, 7304.29.50.60, 7304.29.50.75, 7304.29.60.15, 7304.29.60.30, 7304.29.60.45, 7304.29.60.60, 7304.29.60.75, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.20.10.30, 7306.20.10.90, 7306.20.20.00, 7306.20.30.00, 7306.20.40.00, 7306.20.60.10, 7306.20.60.50, 7306.20.80.10, and 7306.20.80.50.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

The Department has determined that couplings, and coupling stock, are not within the scope of the antidumping order on OCTG from Mexico. See Letter to Interested Parties; Final Affirmative Scope Decision, August 27, 1998.

Duty Absorption

On November 1, 1999, a petitioner (North Star Steel Ohio) requested that the Department determine, with respect to TAMSA, whether antidumping duties had been absorbed during the POR. Section 751(a)(4) of the Act provides for the Department, if requested, to determine during an administrative review initiated two or four years after the publication of the order, whether antidumping duties have been absorbed by a foreign producer or exporter, if the subject merchandise is sold in the United States through an affiliated importer. Because TAMSA sold to the United States through an importer that is affiliated within the meaning of section 751(a)(4) of the Act, and because this review was initiated four years after the publication of the order, we will make a duty absorption determination in this segment of the proceeding.

Because we have preliminarily determined that there are no dumping margins for TAMSA with respect to its U.S. sales, we also preliminarily determine that there is no duty absorption. As our analysis of the dumping margin may be modified in

our final results, if interested parties wish to submit evidence that the unaffiliated purchasers in the United States will pay any ultimately assessed duty charged to affiliated importers, they must do so no later than 15 days after publication of these preliminary results. Any such information will be considered by the Department if we determine in our final results that there are dumping margins on certain U.S. sales.

Intent Not To Revoke

Section 351.222 of the Department's regulations requires, inter alia, that a company requesting revocation submit the following: (1) A certification that the company has sold the subject merchandise at not less than NV in the current review period and that the company will not sell at less than NV in the future; (2) a certification that the company sold the subject merchandise in commercial quantities in each of the three years forming the basis of the receipt of such a request; and (3) an agreement that the order will be reinstated if the company is subsequently found to be selling the subject merchandise at less than fair value. *Id.* at 351.222(e)(i). Thus, in determining whether a requesting party is entitled to a revocation inquiry, the Department must determine that the party received a zero or *de minimis* margins for three years forming the basis for the request. 19 CFR 351.222(e)(1). See, *e.g.,* Notice of Final Results of Antidumping Duty Administrative Review and Determination Not to Revoke the Antidumping Duty Order: Brass Sheet and Strip From the Netherlands, 65 FR 742, 743 (January 6, 2000).

Additionally, in determining whether a requesting party is entitled to a revocation inquiry, the Department must be able to determine that the company has continued to participate meaningfully in the U.S. market during each of the three years at issue. See Pure Magnesium From Canada; Preliminary Results of Antidumping Administrative Review and Notice of Intent Not To Revoke Order in Part (Pure Magnesium From Canada), 63 FR 26147, 26149 (May 12, 1998). This practice has been codified by § 351.222(e) where a party requesting a revocation review is required to certify that they have sold the subject merchandise in commercial quantities. See also § 351.222(d)(1) of the Department's regulations, which state that, ''before revoking an order or terminating a suspended investigation, the Secretary must be satisfied that, during each of the three (or five) years, there were exports to the United States *in commercial quantities* of the subject merchandise to which a revocation or termination will apply.'' (emphasis added); see also the preamble of the Department's latest revision of the revocation regulation stating: ''The threshold requirement for revocation continues to be that respondent not sell at less than normal value for at least three consecutive years and that, during those years, respondent exported subject merchandise to the United States in *commercial quantities.''* (emphasis added) Amended Regulation Concerning the Revocation of Antidumping and Countervailing Duty Orders, 64 FR 51236, 51237 (September 22, 1999) (Amended Revocation Regulations). For purposes of revocation, the Department must be able to determine that past margins reflect a company's normal commercial activity. Sales during the POR which, in the aggregate, are an abnormally small quantity do not provide a reasonable basis for determining that the discipline of the order is no longer necessary to offset dumping. As the Department has previously stated, the commercial quantities requirement is a threshold matter. See *e.g.,* Pure Magnesium From Canada; Final Results of Antidumping Duty Administrative Review and Determination Not to Revoke Order in Part, 64 FR 50489, 50490 (September 17, 1999). Thus, a party must have meaningfully participated in the marketplace in order to substantiate the need for further inquiry regarding whether continued imposition of the order is warranted.

On August 31, 1999, TAMSA and Hylsa each submitted a request, in accordance with 19 CFR 351.222 (e)(1), that the Department revoke the order covering OCTG from Mexico with respect to their sales of this merchandise. The requests for revocation were accompanied by certifications from both TAMSA and Hylsa that they had not sold the subject merchandise at less than NV for a three-year period, including this review period, and would not do so in the future.

Hylsa

We have preliminarily determined a weighted-average margin of 1.47 percent for Hylsa in the current review period. The margin calculated during the current review period constitutes one of the three consecutive reviews cited by Hylsa to support its request for revocation. Consequently, we preliminarily find that Hylsa does not qualify for revocation of the order under section 351.222(b) of the Department's regulations. Therefore, we have not addressed the issues of whether Hylsa shipped in commercial quantities or whether the continued application of the antidumping duty order is necessary to offset dumping with regard to Hylsa.

TAMSA

In analyzing normal commercial activities characteristic of TAMSA, we examined its sales of merchandise to the United States during the period covered by the antidumping investigation (annualized), and the second, third and fourth administrative reviews. TAMSA's actual sales volume for these periods, on which the Department has based this decision, is proprietary. However, based on ranged (*i.e.,* approximate) quantities in the public version of TAMSA's second supplemental response, TAMSA made very limited sales in the United States, totaling approximately 51 metric tons of subject merchandise during the twelve month period covered by the fourth administrative review.[1] By contrast, during the period covered by the antidumping investigation, which was only six months long, TAMSA made sales totaling approximately 11,000 metric tons.[2] In other words, TAMSA's sales for the entire year covered by the fourth review period were only 0.23 percent of its sales volume during the annualized period covered by the investigation. Similarly, TAMSA made only a few sales of subject merchandise in the United States during both the second and third administrative reviews, totaling approximately 110 metric tons and 130 metric tons respectively.[3] In other words, TAMSA sales in the second and third reviews were only 0.5 percent and 0.59 percent, respectively. Therefore, the number of sales and total sales volume is so small in the U.S. market, both in absolute terms and in comparison with the period of investigation, that we cannot reasonably conclude that the zero margins TAMSA received are reflective of the company's normal commercial experience.

In making a determination with respect to revocation based on an absence of dumping, the Department must consider ''whether the continued application of the antidumping order is otherwise necessary to offset dumping.''

[1] TAMSA's second supplemental response (ranged values, public version) in the current administrative review of OCTG from Mexico (May 17, 2000 at Exhibit A29).

[2] TAMSA's second supplemental response (ranged values, public version) in the current administrative review of OCTG from Mexico (May 17, 2000 at Exhibit A29).

[3] TAMSA's second supplemental response (ranged values, public version) in the current administrative review of OCTG from Mexico (May 17, 2000 at Exhibit A29).

See 19 CFR 351.222(b)(1) (B) and (C) as amended in Amended Revocation Regulations, 64 FR at 51236. The ability to sell to the United States market during three sequential years without dumping is normally deemed to be probative as to a company's future pricing practices. However, this approach assumes that the company continues to participate meaningfully in the U.S. market during that period. In this case, the three years in question are characterized by a negligible number and volume of sales by TAMSA to the U.S. market; therefore, the fact that TAMSA made these sales without dumping does not have the same probative value it would otherwise have. In light of this fact, we preliminarily find that TAMSA did not meaningfully participate in the marketplace for purposes of qualifying for a revocation inquiry and thus, because it has not sold the subject merchandise for three years in commercial quantities within the meaning of 351.222(e), does not qualify for a revocation inquiry. *See* Analysis Memorandum for TAMSA, dated August 30, 2000.

Verification

As provided in section 782(i) of the Act, we verified information provided by both Hylsa and TAMSA (sales and cost) using standard verification procedures, including on-site inspection of the manufacturer's facilities and the examination of the relevant sales and financial records.

Our verification results are outlined in the public versions of the verification reports. See Sales Verification Report dated August 30, 2000 and Cost Verification Report dated August 28, 2000 for Hylsa and Sales Verification Report dated August 30, 2000 and Cost Verification Report dated August 24, 2000 for TAMSA.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by the respondents, covered by the descriptions in the ''Scope of the Review'' section of this notice, supra, and sold in the home market during the POR, to be a foreign like product for purposes of determining appropriate product comparisons to U.S. sales. 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 in the Department's October 4, 1999 questionnaire, or to constructed value (CV).

Fair Value Comparisons

To determine whether sales of OCTG from Mexico to the United States were made at less than fair value, we compared the EP or CEP to the NV, as described in the ''Export Price and Constructed Export Price'' and ''Normal Value'' sections of this notice, below. In accordance with section 777A (d)(2) of the Act, we calculated monthly weighted-average prices for NV and compared these to individual U.S. transactions.

We have used the date of invoice as the date of sale for all home market sales made by TAMSA during the POR. For U.S. sales made by TAMSA, we have used the date of shipment, which corresponds to date of invoice, as the date of sale. For U.S. sales made by Hylsa, we have used the reported purchase order date as the date of sale. Although the Department generally uses invoice date as the date of sale, section 351.401(i) of the Department's regulations stipulates that ''the Secretary may use a date other than the date of invoice if the Secretary is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.'' The agreed-upon price for Hylsa's U.S. sales does not change after the purchase order is issued; therefore, we determined that the purchase order date most accurately reflects the point in time at which the parties reached final agreement as to the material terms of the sale. See Analysis Memorandum for Hylsa, dated August 30, 2000.

Export Price and Constructed Export Price

Hylsa

We calculated EP in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation. We based EP on packed prices to unaffiliated customers in the United States. Where appropriate, we made deductions from the starting price for foreign inland freight, foreign brokerage and handling, U.S. brokerage and handling, and U.S. customs duties.

TAMSA

Section 772(a) of the Act states that EP is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States. Section 772(b) of the Act states that CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter.

In its response to the Department, TAMSA claimed that its sales to the United States were EP sales. However, we reclassified the U.S. sales as CEP sales because the subject merchandise was first sold to an unaffiliated purchaser by a U.S. affiliate of TAMSA (Siderca) after importation into the United States. Siderca receives the purchase order from the unaffiliated U.S. customer, confirms the purchase order with a sales acknowledgment, invoices the unaffiliated U.S. customer, and receives payment. Moreover, sales through Siderca are made through transactions in which Siderca takes title to the merchandise prior to making the sale to the U.S. customer. Based upon its analysis, the Department has preliminarily determined to treat TAMSA's U.S. sales as CEP sales, as defined in section 772(b) of the Act.

We based CEP on the delivered price to unaffiliated customers in the United States. We made adjustments, where applicable, for movement expenses (foreign and U.S. inland freight, foreign and U.S. brokerage, handling expenses, ocean freight, insurance, and U.S. customs duties), credit expenses, and indirect selling expenses that were associated with economic activity in the United States. Finally, we made an adjustment for CEP profit in accordance with section 772(d)(3) of the Act.

Normal Value

In order to determine whether there were sufficient sales of OCTG in the home market (HM) to serve as a viable basis for calculating NV, we compared the volume of home market sales of subject merchandise to the volume of subject merchandise sold in the United States, in accordance with section 773(a)(1)(C) of the Act.

Hylsa

Hylsa reported that it had no viable home or third country market during the POR. Therefore, in accordance with section 773(a)(4) of the Act, we based NV for Hylsa on CV. In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of the costs of materials; labor; overhead; selling, general & administrative (SG&A) expenses; profit; interest expenses; and U.S. packing costs.

We relied on Hylsa's submitted CV, except in the following specific

instances. (See Constructed Value Calculation Adjustments for the Preliminary Determination, Memorandum from Gina Lee to Neal Halper, August 30, 2000).

1. We revised Hylsa's CV data to include the minor corrections presented to us at verification.

2. We revised Hylsa's general and administrative (G&A) rate to be based on the 1999 financial statements instead of the POR financial data. We added extraordinary expenses which related to bonuses as well as the 1999 exchange gains and losses (EGL) related to purchases. We also deducted packing expenses from the cost of goods sold (COGS) denominator.

3. We adjusted Hylsa's financial expense rate to be based on the 1999 financial statements instead of the POR financial data of Alfa, S.A. de C.V., Hylsa's parent company. We also deducted packing expenses from the COGS denominator.

4. We used the profit rate from Hylsa's tubular products division for purposes of calculating the CV. *See* below.

In this case, because Hylsa did not have a viable home market or third country market for this product, we based Hylsa's profit and indirect selling expenses on the following methodology. In accordance with section 773(e)(2)(B)(iii) of the Act, we calculated indirect selling expenses incurred and profit realized by the producer based on the sale of merchandise of the same general types as the exports in question. Specifically, we based our profit calculations and indirect selling expenses on the income statement of Hylsa's tubular products division, a general pipe division that produces OCTG and like products.

TAMSA

TAMSA's aggregate volume of HM sales of the foreign like product was greater than five percent of its respective aggregate volume of U.S. sales of the subject merchandise. Therefore, for TAMSA, we have based NV on HM sales.

Level of Trade

In accordance with section 773(a)(1)(B)(i) 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 or CEP 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 selling, general and administrative expenses and profit. For EP, the U.S. LOT is also the level of the starting price sale, which is usually from the exporter to the importer. For CEP, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different LOT than EP or CEP sales, 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. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the differences in the levels between NV and CEP affects price comparability, we adjust NV under section 773(A)(7)(B) of the Act (the CEP offset provision). (See, e.g., 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).

Hylsa

Because NV for Hylsa is based on CV, the level of trade is that of the sales from which we derive SG&A expenses and profit used in the CV calculations. We derived profit and indirect selling expenses from Hylsa's tubular products division submitted financial sheets worksheets, which we examined at verification.

We compared EP sales to home market sales of the tubular products division to determine whether they were made at the same LOT. To perform this analysis, we compared the selling functions performed by Hylsa on its EP sales to the functions performed on its home market sales in the tubular products division. We found that the selling functions performed for U.S. customers of OCTG did not vary from those performed for the home market customers of the tubular products division. Consequently, the Department preliminary determines that a LOT adjustment is not appropriate for Hylsa's sales.

TAMSA

It is the Department's policy to match, whenever possible, U.S. sales to home market sales of identical merchandise. The Department determined that the U.S. sales made by TAMSA had matches in the home market of identical merchandise within the same month of the U.S. sales. The U.S. sales matched exclusively to home market sales made by TAMSA to PEMEX. We then sought to determine whether these sales to PEMEX were made at the same level of trade as TAMSA's sales to the United States. To determine whether TAMSA's CEP and NV sales were at the same LOT, we compared the CEP sales to the PEMEX HM sales in accordance with the methodology discussed above.

Our analysis of the stages in the marketing process indicates that the sales to the United States were made at a different point in the chain of distribution than the relevant sales to PEMEX. Whereas the sales to PEMEX were made to the end user, TAMSA's U.S. sales, for which we have constructed an export price, were made to a distributor (Siderca). Therefore, the Department analyzed the different selling functions and services which TAMSA provided to these two customers.

We requested information concerning the selling functions associated with sales in each market for TAMSA. In addition to the standard selling functions that TAMSA provided to all home market customers, such as inventory maintenance, technical advice, and others, TAMSA provides other services on a just-in-time basis to PEMEX. Provision of these services requires staff dedicated to administering the just-in-time agreements, and entails certain expenses for TAMSA. Such expenses include provisions and expenditures for breach of contract, salaries and overhead for extra personnel to administer the just-in-time agreements, and other costs. These expenses and selling functions do not exist for TAMSA's sales to the United States. See Analysis Memorandum for TAMSA dated August 30, 2000 for further discussion. Based on this analysis, we preliminarily determine that TAMSA's home market sales to PEMEX and its CEP sales were made at different LOTs.

Section 773(a)(7)(B) of the Act directs us to make an adjustment for differences in LOTs where such differences affect price comparability. Where such an adjustment is not feasible, and the home market LOT is more advanced than the CEP LOT, the Department must make a CEP offset. We examined the data for TAMSA and have determined that we do not have an appropriate basis for a LOT adjustment. Specifically, we note that although TAMSA made sales to other customers which involved different sales functions, it made no sales in Mexico at the LOT of the CEP which could be used to calculate the extent to which price comparability can be attributed to differences in LOT. Thus, the Department is unable to

calculate the amount for a LOT adjustment.

As indicated above, in accordance with section 773(a)(7)(B) of the Act, a CEP offset is warranted where NV is established at a LOT which constitutes a more advanced stage of distribution (or the equivalent) than the LOT of the CEP sale, and a LOT adjustment is not feasible. Because we have determined that TAMSA's home market LOT is different from the CEP LOT and is at a more advanced stage of distribution, as well as that an LOT adjustment is not feasible, we have made a CEP offset pursuant to section 773(a)(7)(B) of the Act.

Cost-of-Production Analysis

Because the Department disregarded sales below cost for TAMSA in the comparison market during the last completed segment of the proceeding, we initiated a cost of production (COP) analysis of TAMSA's home market sales in accordance with section 773(b) of the Act. We conducted the COP analysis as described below.

A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated the weighted-average COP, by model, based on the sum of the cost of materials, fabrication and general expenses, and packing costs. We relied on the submitted COPs, except in the following specific instances where the submitted costs were not appropriately quantified or valued.

1. We adjusted the COP and CV by including the standard costs plus the POR variance for those products which were sold, but not produced during the POR.

2. We revised the fixed overhead and variance rate calculations for a mathematical error and computed the expenses as a percentage of standard cost of manufacturing rather than standard cost of sales.

3. We revised the reserve for inventory obsolescence rate calculation by computing the expense as a percentage of total standard costs rather than a per-ton amount.

4. We revised the 1999 G&A expense rate calculation to include certain ''other expenses.''

5. We revised the 1999 financial expense rate calculation to exclude interest income related to accounts receivable.

B. Test of Home-Market Prices

We used TAMSA's weighted-average COPs for the reporting period as adjusted above. In order to determine whether these sales had been made at prices below the COP, we compared the adjusted weighted-average COP figures to home-market sales of the foreign like product as required under section 773(b) of the Act. In determining whether to disregard home-market sales made at prices below the COP, we examined whether (1) within an extended period of time, such sales were made in substantial quantities, and (2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time. On a product-specific basis, we compared the COP to the home-market prices, less any applicable movement charges, discounts, and rebates.

C. Results of COP Test

In accordance with section 773(b)(2)(C), for models for which less than 20 percent of TAMSA's sales of a given product were at prices below 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.'' For models for which 20 percent or more of TAMSA's sales during the POR were at prices below 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. Furthermore, because we compared prices to POR average COPs, we determined that below-cost prices did not 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 such below-cost sales made by TAMSA.

We found that for OCTG products, TAMSA made comparison-market sales at prices below the COP within an extended period of time in substantial quantities. Further, we found that these sales prices did not permit recovery of costs within a reasonable period of time. We therefore excluded these sales from our analysis in accordance with section 773(b)(1) of the Act.

D. Calculation of CV

In accordance with section 773(e) of the Act, we calculated CV based on the sum of each company's cost of materials, fabrication, SG&A, U.S. packing costs, interest expenses, and profit. See Normal Value section above for a discussion of the calculation of SG&A and profit for Hylsa.

Price-to-Price Comparisons

We calculated NV for TAMSA based on packed, FOB or delivered prices to unaffiliated customers in Mexico. We made adjustments for discounts and billing adjustments. We made deductions, where appropriate, for foreign inland freight, warehousing and inland insurance pursuant to section 773(a)(6)(B) of the Act. In addition, we made adjustments for differences in circumstances-of-sale (COS) in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. We made COS adjustments for imputed credit expenses, interest revenue, performance bond costs, royalties and warranties. Finally, we deducted home market packing costs and added U.S. packing costs in accordance with section 773(a)(6) of the Act.

Price to Constructed Value Comparisons

Where we compared EP to CV for Hylsa, we made COS adjustments by deducting from CV the weighted-average home market direct selling expenses and adding the U.S. direct selling expenses, in accordance with section 773(a)(8) of the Act and section 19 CFR 351.401(c).

Based on our findings at verification, we made adjustments to the reported values for U.S. credit expense, U.S. packing, and U.S. direct selling expense. See Analysis Memorandum for Hylsa for further discussion.

Currency Conversion

For purposes of the preliminary results, we made currency conversions in accordance with section 773A of the Act, based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. Section 773A(a) of the Act directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars, unless the daily rate involves a ''fluctuation.'' In accordance with the Department's practice, we have determined as a general matter that a fluctuation exists when the daily exchange rate differs from a benchmark by 2.25 percent. See, e.g., Certain Stainless Steel Wire Rods from France; Preliminary Results of Antidumping Duty Administrative Review, 61 FR 8915, 8918 (March 6, 1998), and Policy Bulletin 96–1: Currency Conversions, 61 FR 9434 (March 8, 1996). The benchmark is defined as the rolling average of rates for the past 40 business days. When we determine a fluctuation exists, we substitute the benchmark for the daily rate.

Preliminary Results of the Review

As a result of this review, we preliminarily determine that the following weighted-average dumping margin exists:

OIL COUNTRY TUBULAR GOODS

Producer/manufacturer/exporter	Weighted-average margin
TAMSA	0
Hylsa	1.47

The Department will disclose calculations performed within five days of the date of publication of this notice to the parties of this proceeding in accordance with 19 CFR 351.224(b). An interested party may request a hearing within 30 days of publication of these preliminary results. See 19 CFR 351.310(c). Any hearing, if requested, will be held 37 days after the date of publication, or the first working day thereafter. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication of these preliminary results of review. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 35 days after the date of publication. Parties who submit arguments are requested to submit with the argument (1) A statement of the issue, (2) a brief summary of the argument (no longer than five pages including footnotes) and (3) a table of authorities. Further, we would appreciate it if parties submitting written comments would provide the Department with an additional copy of the public version of any such comments on diskette. The Department will issue the final results of this administrative review, which will include the results of its analysis of issues raised in any such comments, within 120 days of publication of these preliminary results.

Upon issuance of the final results of the review, the Department will determine, and Customs will assess, antidumping duties on all appropriate entries. The Department will issue appraisement instructions directly to Customs. The final results of this review will be the basis for the assessment of antidumping duties on entries of merchandise covered by the results and for future deposits of estimated duties. For duty assessment purposes, we will calculate an importer-specific assessment rate by dividing the total dumping margins calculated for the U.S. sales to the importer by the total entered value of these sales. This rate will be used for the assessment of antidumping duties on all entries of the subject merchandise by that importer during the POR.

If the Department determines that revocation is warranted for TAMSA or Hylsa, this decision will apply to all unliquidated entries of subject merchandise produced by TAMSA or Hylsa exported to the United States and entered, or withdrawn from warehouse, for consumption on or after August 1, 1999, the first day after the period under review.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication of the final results of this administrative review, as provided for by section 751(a)(1) of the Act: (1) The cash deposit rate for the reviewed companies will be the rate as stated above; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the original less than fair value (LTFV) investigation, but the manufacturer is, the cash deposit rate will be the rate established in the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any other previous review conducted by the Department, the cash deposit rate will continue to be the ''all other'' rate established by the LTFV investigation, which was 23.79 percent.

This notice serves as a preliminary reminder to importers of their responsibilities under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review and this notice are in accordance with Section 751(a)(1) and 777(i)(1) of the Act.

Dated: August 30, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–23393 Filed 9–11–00; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–580–807]

Polyethylene Terephthalate Film, Sheet and Strip From Korea: Final Results of Antidumping Duty Administrative Review

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

ACTION: Notice of final results of antidumping duty administrative review.

SUMMARY: On May 8, 2000, the Department of Commerce (the Department) published the preliminary results of the administrative review of the antidumping duty order on polyethylene terephthalate film, sheet, and strip (PET film) from the Republic of Korea (65 FR 26574). The review covers three manufacturers/exporters of the subject merchandise to the United States: H.S, Industries (HSI), Hyosung Corporation (Hyosung) and SKC Limited (SKC). The review covers the period June 1, 1998 through May 31, 1999. We gave interested parties an opportunity to comment on the preliminary results.

The final weighted-average dumping margins for the reviewed firms are listed in the section entitled Final Results of Review. As a result of comments received, we have made changes to the final margin calculations for SKC.

EFFECTIVE DATE: September 12, 2000.

FOR FURTHER INFORMATION CONTACT: Michael J. Heaney or Robert James, AD/CVD Enforcement Group III, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482–4475 or (202) 482–0649, respectively.

Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Tariff Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR Part 351 (1999).

SUPPLEMENTARY INFORMATION:

Background

On May 8, 2000, the Department published in the **Federal Register** the preliminary results of administrative