SUPPLEMENTARY INFORMATION:

Background

The Department of Commerce (the Department) published in the **Federal Register** on November 7, 1997 (62 FR 60219) a ''Notice of Opportunity to Request Administrative Review'' of the antidumping duty order on fresh garlic from the People's Republic of China (59 FR 59209, November 16, 1994). On November 18, 1997, Fook Huat Tong Kee Pte. Ltd. (FHTK), the respondent, requested an administrative review of imports of its merchandise into the United States. The Department initiated the review on December 23, 1997 (62 FR 67044).

Documentation we received from the Customs Service subsequent to the initiation of the review demonstrated that, although Customs received importation documentation for the shipment of the subject merchandise, this shipment did not result in a reviewable entry or sale within the period of review. Therefore, we are rescinding the initiation of this review in accordance with 19 CFR 351.213(d)(3). For further information regarding this recission, *see* the decision memorandum entitled ''Whether to Rescind the 96/97 Administrative Review of the Antidumping Duty Order on Fresh Garlic from the People's Republic of China,'' from Laurie Parkhill to Richard W. Moreland dated July 6, 1998.

The cash-deposit rate for FHTK will remain at 376.67 percent, the rate established in the most recently completed segment of this proceeding (59 FR 59029, November 16,1994). This notice is in accordance with section 777(i) of the Tariff Act of 1930, as amended.

Dated: July 6, 1998.

Richard W. Moreland,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 98–18595 Filed 7–10–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–427–814, A–428–825, A–475–824, A–588–845, A–201–822, A–580–834, A–583–831, A–412–818]

Initiation of Antidumping Duty Investigations: Stainless Steel Sheet and Strip in Coils From France, Germany, Italy, Japan, Mexico, South Korea, Taiwan, and the United Kingdom

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

EFFECTIVE DATE: July 13, 1998.

FOR FURTHER INFORMATION CONTACT: Abdelali Elouaradia (France), at (202) 482–2243; Robert James (Germany), at (202) 482–5222; Rick Johnson (Italy, Republic of Korea, and Taiwan) at (202) 482–3818; Dorothy Woster (Japan), at (202) 482–3362; Tom Killiam (Mexico), at (202) 482–2704; Nancy Decker (United Kingdom), at (202) 482–0196, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Initiation of Investigations

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's regulations are references to the provisions codified at 19 CFR Part 351 (62 FR 27296, May 19, 1997).

The Petition

On June 10, 1998, the Department of Commerce (''the Department'') received petitions filed in proper form by Allegheny Ludlum Corporation, Armco, Inc.,[1] J&L Specialty Steel, Inc.,[2] Washington Steel Division of Bethlehem Steel Corporation (formerly Lukens, Inc.), the United Steelworkers of America, AFL-CIO/CLC, the Butler Armco Independent Union[3] and the Zanesville Armco Independent Organization, Inc.[4] (petitioners). The Department received supplemental information to the petitions on June 15, 16, 17, 19 and 24, 1998.

In accordance with section 732(b) of the Act, petitioners allege that imports of stainless steel sheet and strip in coils (SSSS) from France, Germany, Italy, Japan, Mexico, the Republic of Korea, Taiwan, and the United Kingdom are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring an industry in the United States.

The Department finds that petitioners filed these petitions on behalf of the domestic industry because they are interested parties as defined in section 771(9) (C) and (D) of the Act and they have demonstrated sufficient industry support with respect to each of the antidumping investigations they are requesting the Department to initiate (*see Discussion* below).

Scope of Investigations

For purposes of these investigations, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*e.g.*, cold-rolled, polished, aluminized, coated, *etc.*) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to this investigation is classified in the Harmonized Tariff Schedule of the United States (''HTSUS'') at subheadings: 7219.13.00.30, 7219.13.00.50, 7219.13.00.70, 7219.13.00.80, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00,

[1] Armco, Inc. is not a petitioner in the Mexico case.

[2] J& L Specialty Steel, Inc. is not a petitioner in the France case.

[3] Butler Armco Independent Union is not a petitioner in the Mexico case.

[4] Zanesville Armco Independent Organization, Inc. is not a petitioner in the Mexico case.

7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

Excluded from the scope of this petition are the following: (1) sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (*i.e.,* flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire, and (5) razor blade steel. Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of 9.5 to 23 mm and a thickness of 0.266 mm or less, containing by weight 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. *See* Chapter 72 of the HTSUS, ''Additional U.S. and Note'' 1(d).

During our review of the petitions, we discussed scope with petitioners to insure that the scope in the petitions accurately reflect the product for which they are seeking relief. Moreover, as discussed in the preamble to the new regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by July 20, 1998. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of our preliminary determinations.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the ''industry'' as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who account for production of the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[5]

Section 771(10) of the Act defines the domestic like product as ''a product that is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation,'' *i.e.,* the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

The domestic like product referred to in the petitions is the single domestic like product defined in the ''Scope of Investigation'' section, above. The Department has no basis on the record to find petitioners' definition of the domestic like product to be inaccurate. The Department, therefore, has adopted the domestic like product definition set forth in the petitions. In this case the Department has determined that the petitions and supplemental information contained adequate evidence of sufficient industry support, and, therefore, polling is unnecessary (*See Attachment to the Initiation Checklist, Re: Industry Support,* June 30, 1998). For France, Germany, Italy, Japan, Mexico, South Korea, Taiwan, and the United Kingdom, petitioners established industry support representing over 50 percent of total production of the domestic like product.

Additionally, no member of the domestic industry pursuant to section 771(9)(C) (D) or (E) has expressed opposition on the record to the petition. Therefore, to the best of the Department's knowledge, the producers who support the petitions account for 100 percent of the production of the domestic like product produced by the portion of the industry expressing an opinion regarding the petitions. Accordingly, the Department determines that these petitions are filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Nippon Steel Corp. Japan (NSC) submitted a letter claiming that petitioners do not manufacture suspension foil, and thus, do not have standing to file an antidumping petition against such product. However, there is no requirement that petitioners manufacture all merchandise within the like product designation, only that they are producers of the like product. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from Argentina,* 58 FR 37062 (1993). Because petitioners produce the domestic like product they are interested parties within the meaning of sections 771(9)(C) (D) and (E). Therefore, in accordance with section 732(b)(1), they have standing to file the petition. Based on the foregoing, the Department determines that these petitions are filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which our decisions to initiate these investigations are based. Should the need arise to use any of this information in our preliminary or final determinations for purposes of facts available under section 776 of the Act, we may re-examine the information and revise the margin calculations, if appropriate.

France

Petitioners identified Ugine, a division of Usinor, S.A. (Usinor), and Imphy, S.A. as possible exporters of SSSS from France. Petitioners further stated that Usinor accounts for nearly all of the production in France. Petitioners based export price (EP) for Usinor on prices at which the merchandise was

[5] *See Algoma Steel Corp. Ltd.,* v. *United States,* 688 F. Supp. 639, 642–44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass Therefore from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition,* 56 FR 32376, 32380–81 (July 16, 1991).

first sold to unaffiliated purchasers in the United States in December 1997. *See* petitioners' affidavit at Exhibit 6. Because the terms of Usinor's U.S. sales were delivered to the U.S. customer, petitioners calculated a net U.S. price by subtracting estimated costs for shipment from Usinor's factory in France to the port of export. *See* Declaration of (Foreign Market Researcher) Regarding Sales and Production Cost in France of Stainless Steel Sheet and Strip in Coils, Exhibit 1 of petitioners' June 15, 1998 submission. In addition, petitioners subtracted ocean freight and insurance based on official U.S. import statistics, and estimated costs for U.S. import duties and fees based on the 1997 HTSUS schedule. Petitioners also subtracted amounts for U.S. merchandise processing fees and U.S. harbor maintenance fees (19 CFR 24.23 and 24.24, respectively). Finally, petitioners obtained net U.S. prices by subtracting U.S. inland freight costs (for a discussion of the freight cost estimate, *see* petitioners' affidavit at Exhibit 23), and credit expenses.

With respect to normal value (NV), based on foreign market research, petitioners determined that the volume of French home market sales was sufficient to form a basis for NV, pursuant to section 773(a)(1)(B)(i) of the Act. Petitioners obtained from foreign market research gross unit prices for products offered for sale during the second and third quarter of 1997 and first quarter of 1998, to customers in France which are either identical or similar to those sold to the United States. Petitioners adjusted these prices by subtracting estimated average delivery costs and credit expenses, and by adding an amount for alloy surcharge. *See Declaration of (Foreign Market Researcher) Regarding Sales and Production Cost in France of Stainless Steel Sheet and Strip in Coils,* Exhibit 1 of petitioners' June 15, 1998 submission. These net home market prices were then converted to U.S. dollar prices using the official exchange rate in effect for the month of the comparison U.S. sale.

Petitioners provided information demonstrating reasonable grounds to believe or suspect that certain of the home market sales of SSSS provided in the petition were made at prices below the cost of production (COP), within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales below cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing (''COM''), selling, general, and administrative expenses (''SG&A''), and packing costs. To calculate COP, petitioners relied on foreign market research and their own production experience, adjusted for known differences between costs incurred to produce SSSS in the United States and in the foreign market. We relied on the cost data contained in the petition except in the following instances: (1) rather than rely on the foreign market research for raw material consumption rates, we recalculated raw material costs using the submitted average domestic industry material costs in the petition adjusted for known differences in raw material input prices between the U.S. and France based on market research (in this regard, we consider it more appropriate to rely on actual raw material usage rates from a producer of the merchandise rather than hypothetical rates derived from foreign market research); (2) we recalculated fixed overhead using Usinor's 1996 audited financial statements; and (3) we recalculated SG&A and financial expenses using Usinor's 1997 consolidated financial statements.

Based on our analysis, certain of the home market sales reported in the petition were shown to be made at prices below the cost of production (*see Initiation of Cost Investigations*). For these sales, petitioners based NV on the constructed value (''CV'') of the merchandise, pursuant to sections 773(a)(4) and 773(e) of the Act. Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A expenses, packing costs and profit of the merchandise. To calculate the COM, SG&A expenses, and packing costs for CV, petitioners followed the same methodology used to determine COP. Accordingly, we relied on this methodology after adjusting certain cost elements as noted above. Petitioners derived profit for CV based on amounts reported in Usinor's 1997 financial statements.

The estimated dumping margins, based on a comparison between Usinor's U.S. prices and adjusted CV, range from 23.74 to 24.76 percent. Based on a comparison of EP to home market prices, petitioners calculated dumping margins range from 10.02 to 39.20 percent.

Germany

Petitioners identified Krupp Thyssen Nirosta GmbH (Krupp) as a possible exporter of SSSS from Germany. Petitioners further identified Krupp as the only substantial producer of subject merchandise in Germany. Petitioners based EP for Krupp on prices at which the merchandise was first sold to unaffiliated purchasers in the United States (sales were made in the second and third quarters of 1997, and the second quarter of 1998). *See* petitioners' affidavit, submitted as petition Exhibit 21. The terms of Krupp's sales were either delivered or FOB duty-paid U.S. port. Therefore, petitioners calculated FOB prices for these U.S. sales by subtracting amounts for U.S. inland freight, international freight and marine insurance based on official U.S. import statistics, U.S. import duties based on the 1997 HTSUS schedule, and foreign inland freight estimated based on foreign market research (*see Declaration of (Foreign Market Researcher) Regarding Sales and Production Cost in Germany of Stainless Steel Sheet and Strip in Coils,* Exhibit 2 of petitioners' June 15, 1998 submission). Petitioners also subtracted amounts for U.S. merchandise processing fees and U.S. harbor maintenance fees (19 CFR, sections 24.23 and 24.24, respectively). Finally, petitioners obtained net U.S. prices by subtracting credit expenses and adding alloy surcharges to applicable sales from petitioners' affidavit (*see* petition at Exhibit 21, and submission dated June 17, 1998, Exhibit E).

With respect to NV, based on foreign market research, petitioners determined that the volume of German home market sales was sufficient to form a basis for NV, pursuant to section 773(a)(1)(B)(i) of the Act. Petitioners obtained from foreign market research gross unit prices for products offered for sale (sales were made in the second and third quarters of 1997) to customers in Germany which are either identical or similar to those sold to the United States. Petitioners adjusted these prices by subtracting amounts for foreign inland freight (*see Declaration of* {Foreign Market Researcher} *Regarding Sales and Production Cost in Germany of Stainless Steel Sheet and Strip in Coils,* Exhibit 2 of petitioners' June 15, 1998 submission) and imputed credit expenses (based on ''International Financial Statistics'' of the International Monetary Fund, April 1998) and added an alloy surcharge (*See* petitioners' affidavit, submitted as petition Exhibit 21) for applicable sales. These net home market prices were then converted to U.S. dollar prices using the official exchange rate in effect for the month of the comparison U.S. sale.

Petitioners provided information demonstrating reasonable grounds to believe or suspect that the certain of the home market sales of SSSS provided in the petition were made at prices below the COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A, and

packing costs. To calculate COP, petitioners relied on foreign market research and their own production experience, adjusted for known differences between costs incurred to produce SSSS in the United States and in the foreign market. We relied on the cost data contained in the petition except in the following instances: (1) rather than rely on the foreign market research for raw material consumption rates, we recalculated raw materials costs using the submitted average domestic industry material costs in the petition adjusted for known differences in raw material input prices between the U.S. and Germany based on market research (in this regard, we consider it more appropriate to rely on actual raw material usage rates from a producer of the merchandise rather than hypothetical rates derived from foreign market research); and (2) we recalculated fixed overhead using Krupp's 1997 audited financial statements.

Based on our analysis, certain of the home market sales reported in the petition were shown to be made at prices below the cost of production (*see Initiation of Cost Investigations*). For these sales, petitioners based NV on the CV of the merchandise, pursuant to sections 773(a)(4) and 773(e) of the Act. Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A expenses, packing costs and profit of the merchandise. To calculate the COM, SG&A, and packing costs for CV, petitioners followed the same methodology used to determine COP. Accordingly, we relied on this methodology after adjusting certain cost elements as noted above. Petitioners derived profit for Krupp based on amounts reported in Krupp's 1997 financial statements.

The estimated dumping margins, based on a comparison between Krupp's U.S. price and the adjusted CV, range from 32.67 to 41.98 percent. Based on a comparison of EP to home market price, petitioners calculated dumping margins ranging from 11.81 to 17.46 percent.

Italy

Petitioners identified Arinox Srl (Arinox) and Acciai Speciali Terni SpA (AST) as possible exporters and producers of SSSS from Italy. Petitioners relied on price information for AST, which, according to petitioners, accounts for 99 percent of exports of SSSS exported to the United States from Italy. Petitioners based EP on U.S. sales prices obtained by petitioners for sales to an unaffiliated purchaser from June through October 1997. *See* petitioners' affidavit, submitted as petition Exhibit 20. Petitioners calculated a net U.S. price by subtracting amounts for foreign inland freight (*see Declaration of* {*Foreign Market Researcher*} *Regarding Sales and Production Cost in Italy of Stainless Steel Sheet and Strip in Coils,* Exhibit 3 of petitioners' June 15, 1998 submission), U.S. inland freight (*see* petitioners' affidavit, submitted as petition Exhibit 20), international freight and insurance based on average import charges reported in the official U.S. import statistics for 1997 for HTSUS categories 7219 and 7220, U.S. merchandise processing fees and U.S. harbor maintenance fees (19 CFR 24.23 and 24.24, respectively), and estimated costs for U.S. import duties based on 1997 and 1998 HTSUS schedules. Imputed credit was also deducted from export price for the price-to-price comparison, using the lending rate as published in ''International Financial Statistics'' of the International Monetary Fund, April 1998. Petitioners added an alloy surcharge for certain U.S. sales (*see* petitioners' affidavit submitted as Attachment 1 of *Stainless Steel Sheet and Strip in Coils from Italy,* June 19, 1998).

With respect to NV, based on foreign market research, petitioners determined that the volume of Italian home market sales was sufficient to form a basis for NV, pursuant to section 773(a)(1)(B)(i) of the Act. Petitioners obtained from foreign market research gross unit prices for products offered for sale in the second, third and fourth quarters of 1997 to customers in Italy which are either identical or similar to those sold to the United States. Petitioners adjusted these prices by subtracting inland freight (*see Declaration of* {*Foreign Market Researcher*} *Regarding Sales and Production Cost in Italy of Stainless Steel Sheet and Strip in Coils,* Exhibit 1 of petitioners' June 15, 1998 submission), and imputed credit expenses based on ''International Financial Statistics'' of the International Monetary Fund, April 1998. Petitioners added an alloy surcharge for certain home market sales (*see* petitioners' affidavit submitted as Attachment 1 of *Stainless Steel Sheet and Strip in Coils from Italy,* June 19, 1998). Petitioners did not adjust for packing costs because petitioners claim that data for packing for U.S. sales is not available. These net home market prices were then converted to U.S. dollar prices using the official exchange rate in effect for the month of the comparison U.S. sale.

Petitioners provided information demonstrating reasonable grounds to believe or suspect that certain of the home market sales of SSSS provided in the petition were made at prices below COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses, and packing costs. To calculate COP, petitioners relied on foreign market research and their own production experience, adjusted for known differences between costs incurred to produce SSSS in the United States and in the foreign market. We relied on the cost data contained in the petition except in the following instance. We did not rely on the foreign market research for raw material consumption rates. Instead, we recalculated raw materials costs in the petition using the submitted average domestic industry material costs adjusted for known differences in raw material input prices between the U.S. and Italy based on market research (in this regard, we consider it more appropriate to rely on actual raw material usage rates from a producer of the merchandise rather than hypothetical rates derived from foreign market research).

Based on our analysis, certain of the home market sales reported in the petition were shown to be made at prices below the cost of production (*see Initiation of Cost Investigations*). For these sales, petitioners based NV on the CV of the merchandise, pursuant to sections 773(a)(4) and 773(b) of the Act. Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A expenses, packing costs and profit for the merchandise. To calculate the COM, SG&A expenses, and packing costs for CV, petitioners followed the same methodology used to determine COP. Accordingly, we relied on this methodology after adjusting certain cost elements as noted above. Petitioners derived profit AST based on amounts reported in AST's financial statements.

The estimated dumping margins, based on a comparison between AST's U.S. price and the adjusted CV, range from 0.15 to 35.54 percent. Based on a comparison of EP to home market price, petitioners calculate dumping margins ranging from 6.02 to 18.77 percent.

Japan

Petitioners identified Kawasaki Steel Corp., Nippon Steel Corporation, Nisshin Steel Co. Ltd., Nippon Yakin Kogyo, Nippon Metal Industries, and Sumitomo Metal Industries as possible exporters of SSSS from Japan. Petitioners further identified Nisshin, Kawasaki, and Nippon Steel as the three largest producers of subject merchandise in Japan. Petitioners based

EP on U.S. sales prices from Sumitomo Metal Industries and Marubeni of America, a Japanese trading company that sells on behalf of Japanese producers in the United States, to unaffiliated trading companies in the United States in the fourth quarter of 1997 and the first quarter of 1998. *See* petitioners' affidavit, submitted as Exhibit 3 of *Stainless Steel Sheet and Strip in Coils from France and Japan,* June 9, 1998. Because the terms of the U.S. sales were delivered to the U.S. customer, petitioners calculated a net U.S. price by subtracting estimated costs for shipment from the Japanese factory to the port of export based on foreign market research. *See Declaration of* {*Foreign Market Researcher*} *Regarding Sales in Japan of Stainless Steel Sheet and Strip in Coils,* Exhibit 4 of petitioners' June 15, 1998 submission. In addition, petitioners subtracted ocean freight and insurance based on official U.S. import statistics, and estimated costs for U.S. import duties and fees based on the 1997 and 1998 HTSUS schedules. Petitioners also subtracted amounts for the U.S. merchandise processing fees and U.S. harbor maintenance fees (19 CFR 24.23 and 24.24, respectively). Finally, petitioners obtained net U.S. prices by subtracting costs incurred to transport the merchandise from the U.S. port to the customer's location in the United States (*see* petitioners' affidavit submitted as petition Exhibit 11), and credit expenses.

With respect to NV, based on foreign market research, petitioners determined that volume of Japan home market sales from Kawasaki Steel Corp., Nippon Steel Corporation, and Nisshin Steel Co. Ltd. was sufficient to form a basis for NV, pursuant to section 773(a)(1)(B)(i) of the Act. *See Declaration of* {*Foreign Market Researcher*} *Regarding Sales in Japan of Stainless Steel Sheet and Strip in Coils,* Exhibit 4 of petitioners' June 15, 1998 submission. Petitioners obtained gross unit prices from foreign market research for the products offered for sale in the fourth quarter of 1997 and the first quarter of 1998 to customers in Japan which are identical to those sold to the United States. Petitioners adjusted these prices by subtracting estimated average delivery costs and credit expenses based on foreign market research. *See Declaration of* {*Foreign Market Researcher*} *Regarding Sales in Japan of Stainless Steel Sheet and Strip in Coils,* Exhibit 4 of petitioners' June 15, 1998 submission. These net home market prices were then converted to U.S. dollar prices using the official exchange rate in effect for the month of the comparison U.S. sale.

The estimated dumping margins in the petition, based on a comparison of EP to home market prices, range from 19.9 to 57.87 percent.

Mexico

Petitioners identified Mexinox, S.A. de C.V. (Mexinox) as the exporter of subject merchandise from Mexico. Petitioners further identified Mexinox as the sole producer of subject merchandise in Mexico.

Petitioners based EP on prices obtained from foreign market researchers for sales by Mexinox of grades 304 and 430 stainless steel in coils to the United States between the third quarter of 1997 and the first quarter of 1998. *See* petitioners' affidavit, submitted as petition Exhibit 13. One sale had an alloy surcharge.

For the delivered sales, petitioners subtracted estimated U.S. inland freight charges, based on the experience of one petitioner. For all the U.S. sales, petitioners subtracted amounts for international freight and insurance, based on ''import charges'' in IM146 import statistics. Petitioners subtracted amounts for U.S. import duties based on the 1997 import duty rate of 6 percent of dutiable value, or the 1998 rate of 5 percent, as appropriate. Petitioners also subtracted amounts for U.S. merchandise processing fees of 0.19 percent of dutiable value (19 CFR section 24.23). Petitioners did not adjust for the U.S. harbor maintenance fee on the assumption that the exported product would have been shipped overland. Petitioners did not adjust for U.S. handling or packing costs, though these charges were included in the quoted U.S. prices, and did not adjust for imputed credit expenses.

With regard to NV, based on foreign market research, petitioners determined that the volume of Mexican home market sales was sufficient to form a basis for NV, pursuant to section 773(a)(1)(B)(i) of the Act. *See Declaration of* {*Foreign Market Researcher*}, Exhibit 5 of petitioners' June 15, 1998 submission. Petitioners obtained from foreign market research gross unit prices for products offered for sale in the first quarter of 1998 to customers in Mexico which are either identical or similar to those sold in the United States. Petitioners did not subtract credit expenses or make any adjustments to price, other than converting the unit of measure from metric tons to pounds. These net home market prices were then converted to U.S. dollar prices using the official exchange rate in effect for the month of the comparison U.S. sale.

Petitioners provided information demonstrating reasonable grounds to believe or suspect that certain of the home market sales of SSSS provided in the petition were made at prices below COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A, and packing costs. To calculate COP, petitioners relied on their own production experience, adjusted for known differences between costs incurred to produce SSSS in the United States and the foreign market. For certain costs, petitioners used the financial statement information from Hylsamex, a Mexican steel producer, because they were unable to obtain Mexinox's financial statements. For raw material costs, petitioners used their own operating experience as the only information reasonably available. Petitioner's calculated SG&A, and financial expenses from Hylsamex's 1997 consolidated financial statements.

Based on our analysis, certain of the home market sales reported in the petition were shown to be made at prices below the cost of production (*see Initiation of Cost Investigations*). For these sales, petitioners based NV on the CV of the merchandise, pursuant to sections 773(a)(4) and 773(e) of the Act. Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A expenses, packing costs and profit of the merchandise. To calculate the COM, SG&A expenses, and packing costs for CV, petitioners followed the same methodology used to determine COP. Accordingly, we relied on the methodology presented in the June 24, 1998 submission. Petitioners derived profit based on amounts reported in Hylsamex's 1997 consolidated financial statements.

The estimated dumping margins in the petition (as amended), based on a comparison between Mexinox's U.S. prices and CV, range from 30.09 to 41.17 percent. Based on a comparison of EP to home market prices, petitioners' calculated dumping margins range from 37.58 to 51.95 percent.

Republic of Korea

Petitioners identified Pohang Iron and Steel Company (POSCO), Sammi Steel Company (Sammi), and Inchon Iron and Steel Company (Inchon) as producers and possible exporters of SSSS from the Republic of Korea. Petitioners based EP on price quotations obtained by petitioning companies for sales to

unaffiliated U.S. purchasers of SSSS manufactured by POSCO. *See* petitioners' affidavit, submitted as petition Exhibit 24. The quoted prices were for delivered, duty paid SSSS sold during the third quarter of 1997. Petitioners calculated a net U.S. price by subtracting from the reported U.S. price shipment costs from POSCO's factory in Korea to the port of export estimated from foreign market research (*see Declaration of* {Foreign Market Researcher} *Regarding Sales in Korea of Stainless Steel Sheet and Strip in Coils,* Exhibit 6 of petitioners' June 15, 1998 submission), costs for ocean freight and insurance based on the average import charges reported in official U.S. import statistics for Korea, import duties based on the 1997 HTSUS schedule, merchandise processing and harbor maintenance fees (19 CFR 24.23 and 24.24, respectively) and domestic inland freight (*see* petitioners' affidavit, submitted as petition Exhibit 27).

With regard to NV, based on foreign market research, petitioners determined that the volume of South Korean home market sales in 1997 was sufficient to form a basis for NV, pursuant to section 773(a)(1)(B) (ii)(II) of the Act. *See Declaration of* {Foreign Market Researcher} Regarding Sales in Korea of Stainless Steel Sheet and Strip in Coils, Exhibit 6 of petitioners' June 15, 1998 submission. Petitioners obtained from foreign market research gross unit prices for SSSS manufactured by POSCO and offered for sale to customers in the Republic of Korea which are either identical or similar to those sold to the United States. Petitioners adjusted these prices by subtracting estimated average delivery costs based on foreign market research. *See Declaration of* {Foreign Market Researcher} Regarding Sales in Korea of Stainless Steel Sheet and Strip in Coils, Exhibit 6 of petitioners' June 15, 1998 submission. These net home market prices were then converted to U.S. dollar prices using the official exchange rate in effect for the month of the comparison U.S. sale.

Petitioners provided information demonstrating reasonable grounds to believe or suspect that certain of the home market sales of SSSS provided in the petition were made at prices below COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses, and packing costs. To calculate COP, petitioners relied on foreign market research and their own production experience, adjusted for known differences between costs incurred to produce SSSS in the United States and in the foreign market. We relied on the cost data contained in the petition except in the following instances: (1) rather than rely on the foreign market research for raw material consumption rates, we recalculated raw materials costs in the petition using the submitted average domestic industry material costs adjusted for known differences in raw material input prices between the U.S. and Korea based on market research (in this regard, we consider it more appropriate to rely on actual raw material usage rates from a producer of the merchandise rather than hypothetical rates derived from foreign market research); and (2) we revised the SG&A and net financing expenses based on POSCO's 1997 audited financial statements.

Based on our analysis, certain of the home market sales reported in the petition were shown to be made at prices below the cost of production (*see Initiation of Cost Investigations*). For these sales, petitioners based NV on the CV of the merchandise, pursuant to sections 773(a)(4) and 773. (e) of the Act. Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A expenses, packing costs and profit of the merchandise. To calculate the COM, SG&A expenses, and packing costs for CV, petitioners followed the same methodology to determine COP. Accordingly, we relied on this methodology after adjusting certain cost elements as noted above. Petitioners derived profit for POSCO based on amounts reported in POSCO's 1997 financial statements.

Based on comparisons of EP to adjusted CV, estimated margins range from 18.40 to 58.79 percent. Based on a comparison of EP to home market price, estimated dumping margins range from 5.58 to 13.05 percent.

Taiwan

Petitioners identified Tang Eng Iron Works, Co., Ltd. (Tang Eng), Tung Mung Development Co. Ltd. (Tung Mung), and Yieh United Steel Corp. (Yieh United) as exporters and producers of SSSS from Taiwan. Petitioners based EP on price quotations made to unaffiliated U.S. purchasers prior to the date of importation. *See* petitioners' affidavit, submitted as petition Exhibit 22. The quoted prices were for delivered and duty paid SSSS produced by Tung Mung, Yieh United and Tang Eng during the third and fourth quarter of 1997 and the first quarter of 1998. Petitioners calculated net U.S. price by subtracting amounts for U.S. inland freight (*see* petitioners' affidavit, submitted as petition Exhibit 22), international freight and marine insurance based on the average import charges reported in the official U.S. import statistics for stainless steel products under the 1997 HTSUS categories 7219 and 7220, U.S. import duties based on the 1997 HTSUS schedule, and foreign inland freight (*see Declaration of* {Foreign Market Researcher} Regarding Sales in Taiwan of Stainless Steel Sheet and Strip in Coils, Exhibit 7 of petitioners' June 15, 1998 submission). Petitioners also subtracted amounts for U.S. merchandise processing fees and U.S. harbor maintenance fees (19 CFR 24.23 and 24.24, respectively). Petitioners calculated imputed credit expenses for these U.S. sales by using 30 days as the term of payment (*see* petitioners' affidavit, submitted as petition Exhibit 22) and the average lending rate of 8.25 percent for the period April 1997 through March 1998, as published in ''International Financial Statistics'' of the International Monetary Fund, April 1998. Finally, petitioners did not adjust for differences in U.S. and home market packing expenses because those data were not available for U.S. sales.

With respect to NV, based on foreign market research, petitioners determined that the volume of Taiwanese home market sales was sufficient to form a basis for NV, pursuant to section 773(a)(1)(B)(i) of the Act. *See Declaration of* {Foreign Market Researcher} Regarding Sales in Taiwan of Stainless Steel Sheet and Strip in Coils, Exhibit 7 of petitioners' June 15, 1998 submission. Petitioners obtained from foreign market research gross unit prices for sales of SSSS by Tung Mung, Yieh United, and Tang Eng which are either identical or similar to those sold to the United States. To arrive at each net home market price for price-to-price comparison purposes, petitioners adjusted the gross prices by subtracting amounts for foreign inland freight (*see Declaration of* {Foreign Market Researcher} Regarding Sales in Taiwan of Stainless Steel Sheet and Strip in Coils, Exhibit 7 of petitioners' June 15, 1998 submission) and imputed credit expenses. Finally, petitioners converted the home market prices from New Taiwan dollars to U.S. dollars based on the exchange rate published by the Federal Reserve Bank of New York for the month in which each sale took place.

Petitioners provided information demonstrating reasonable grounds to believe or suspect that certain of the home market sales of SSSS provided in the petition were made at prices below COP, within the meaning of section 773(b) of the Act, and requested that the

Department conduct a country-wide sales-below-cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of COM, SG&A, and packing costs. To calculate COP, petitioners relied on foreign market research and their own production experience, adjusted for known differences between costs incurred to produce SSSS in the United States and in the foreign market. We relied on the cost data contained in the petition except in the following instances: (1) rather than rely on the foreign market research for raw material consumption rates for Tang Eng and Yieh United, we recalculated raw materials costs in the petition using the submitted average domestic industry material costs adjusted for known differences in raw material input prices between the U.S. and Taiwan based on market research for Tang Eng and Yieh United (in this regard, we consider it more appropriate to rely on actual raw material usage rates from a producer of the merchandise rather than hypothetical usage rates derived from foreign market research); and (2) we have not relied on the costs for Tang Mung because petitioners failed to address market price differences between the U.S. and Taiwan for the type of raw material used by Tang Mung. For amounts where there was no company specific information we used the average of the amounts for companies where there was information available.

Based on our analysis, certain of the home market sales reported in the petition were shown to be made at prices below the cost of production (see *Initiation of Cost Investigations*). For these sales, petitioners based NV on the CV of the merchandise, pursuant to sections 773(a)(4) and 773(e) of the Act. Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A expenses, packing costs and profit. To calculate the COM, SG&A expenses, and packing costs for CV, petitioners followed the same methodology used to determine COP. Accordingly, we relied on this methodology after adjusting certain cost elements as noted above. We derived profit for Tang Eng and Yieh United using the company-specific financial statements where the financial statements showed a profit, otherwise we used the average profit from the other companies showing a profit on their financial statements.

Based on comparisons of EP to adjusted CV, estimated margins range from 12.74 to 55.01 percent. The estimated dumping margins in the petition, based on a comparison between U.S. prices and home market price, range from 8.23 to 77.08 percent.

United Kingdom

Petitioners identified two United Kingdom producers and exporters of SSSS: Avesta Sheffield Ltd. (AS) and Lee Steel Strip Ltd. (Lee). Petitioners noted that, to the best of their knowledge, AS accounted for 90 percent of the exports of subject merchandise from the United Kingdom. Petitioners based EP for AS on U.S. sales to unaffiliated U.S. purchasers in the third and fourth quarter of 1997. *See* petitioners' affidavit, submitted as petition Exhibit 15. Because the terms of AS's U.S. sales were delivered to the U.S. customer, petitioners calculated the net U.S. price by adding alloy surcharges (see petitioners' affidavit, submitted as petition Exhibit 15) and subtracting estimated costs of shipment from AS's factory in the United Kingdom to the port of export (*see Declaration of Foreign Market Researcher Regarding Sales in the United Kingdom of Stainless Steel Sheet and Strip in Coils*, Exhibit 8 of petitioners' June 15, 1998 submission). Petitioners also subtracted ocean freight and insurance based on official U.S. import statistics, U.S. import duties based on the 1997 HTSUS schedule, and U.S. merchandise processing fees and U.S. harbor maintenance fees (19 CFR, sections 24.23 and 24.24, respectively). Finally, petitioners calculated net U.S. price for AS by subtracting costs incurred to transport the stainless steel sheet and strip from the U.S. port to the customer's location in the United States (*see* petitioners' affidavit, submitted as petition Exhibit 18).

With respect to NV, based on information available to them, petitioners determined that volume in the United Kingdom in 1997 is sufficient to form a basis for normal value, pursuant to Section 773(a)(1) of the Act. Petitioners obtained from foreign market research gross unit prices for AS for representative grades, thicknesses, finishes, and widths of subject merchandise. Petitioners adjusted these prices by adding an amount for alloy surcharge and subtracting amounts for foreign inland freight and imputed home market credit expenses. *See Declaration of Foreign Market Researcher Regarding Sales in the United Kingdom of Stainless Steel Sheet and Strip in Coils*, Exhibit 8 of petitioners' June 15, 1998 submission. Imputed U.S. credit was added to the net home market price for the price-to-price comparisons. These net home market prices were then converted to U.S. dollar prices using the official exchange rate in effect for the month of the comparison U.S. sale.

Petitioners provided information demonstrating reasonable grounds to believe or suspect that certain of the home market sales of SSSS provided in the petition were made at prices below COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses, and packing costs. To calculate COP, petitioners relied on foreign market research and their own production experience, adjusted for known differences between costs incurred to produce SSSS in the United States and in the foreign market. We relied on the cost data contained in the petition except in the following instances: (1) we did not rely on the foreign market research for raw material consumption rates. Instead, we recalculated raw materials costs in the petition using the submitted average domestic industry material costs adjusted for known differences in raw material input prices between the U.S. and the United Kingdom based on market research. In this regard, we consider it more appropriate to rely on actual raw material usage rates from a producer of the merchandise rather than hypothetical rates derived from foreign market research; (2) we revised the SG&A expense using British Steel's 1997 audited financial statements; (3) we revised net financing expenses to include an offset for short term interest income.

Based on an analysis, certain of the home market sales reflected in the petition were shown to be made at prices below the cost of production (*see Initiation of Cost Investigations*). For these sales, petitioners based NV on the CV of the merchandise, pursuant to sections 773(a)(4) and 773(e) of the Act. Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A, packing costs, and profit of the merchandise. To calculate COM, SG&A, and packing costs for CV, petitioners followed the same methodology used to determine COP. Accordingly, we relied on this methodology after adjusting certain cost elements as noted above. Petitioners derived profit based on amounts reported in British Steel's 1997 financial statements.

Based on comparisons of EP to adjusted CV, estimated margins range from 5.42 to 14.76 percent. Based on a comparison of EP to home market prices, estimated dumping margins range from 9.99 to 29.37 percent.

Initiation of Cost Investigations

Pursuant to section 773(b) of the Act, petitioners provided information demonstrating reasonable grounds to believe or suspect that sales in the home markets of France, Germany, Italy, Mexico, South Korea, Taiwan, and the United Kingdom were made at prices below the fully allocated COP and, accordingly, requested that the Department conduct a country-wide sales-below-COP investigation in connection with the requested antidumping investigations in each of these countries. The Statement of Administrative Action (SAA), submitted to the Congress in connection with the interpretation and application of the Uruguay Round Agreements, states that an allegation of sales below COP need not be specific to individual exporters or producers. SAA, H.R. Doc. No. 316, 103d Cong., 2d Sess., at 833 (1994). The SAA, at 833, states that ''Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation.''

Further, the SAA provides that ''new section 773(b)(2)(A) retains the current requirement that Commerce have 'reasonable grounds to believe or suspect' that below cost sales have occurred before initiating such an investigation. 'Reasonable grounds' * * * exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices.'' *Id*. Based upon the comparison of the adjusted prices from the petition of the representative foreign like products in their respective home markets to their costs of production, we find the existence of ''reasonable grounds to believe or suspect'' that sales of these foreign like products in each of the listed countries were made below their respective COPs within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating the requested country-wide cost investigations (*see* country-specific sections above).

Fair Value Comparisons

Based on the data provided by petitioners, there is reason to believe that imports of SSSS from France, Germany, Italy, Japan, Mexico, the Republic of Korea, Taiwan, and the United Kingdom are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petitions allege that the U.S. industry producing the domestic like product is being materially injured, and is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. Petitioners explained that the industry's injured condition is evident in the declining trends in net operating profits, net sales volumes, profit to sales ratios, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. The Department assessed the allegations and supporting evidence regarding material injury and causation and determined that these allegations are supported by accurate and adequate evidence and meet the statutory requirements for initiation (see Attachments to Initiation Checklist, Re: Material Injury, June 30, 1998).

Initiation of Antidumping Investigations

Based upon our examination of the petitions on SSSS, as well as our discussion with the authors of the foreign market research reports (See, memoranda to the file, dated June 30, 1998), we have found that the petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of SSSS from France, Germany, Italy, Japan, Mexico, the Republic of Korea, Taiwan, and the United Kingdom are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determinations by November 17, 1998.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of each petition has been provided to the representatives of France, Germany, Italy, Japan, Mexico, the Republic of Korea, Taiwan, and the United Kingdom. We will attempt to provide a copy of the public version of each petition to each exporter named in the petition (as appropriate).

International Trade Commission Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will determine by July 27, 1998, whether there is a reasonable indication that imports of SSSS from France, Germany, Italy, Japan, Mexico, the Republic of Korea, Taiwan, and the United Kingdom are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination for any country will result in the investigations being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

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

Dated: June 30, 1998.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 98–18602 Filed 7–10–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

[A–570–815]

Sulfanilic Acid From the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review

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

ACTION: Notice of Preliminary Results of Antidumping Duty Administrative Review.

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on sulfanilic acid from the People's Republic of China. The review covers exports of this merchandise to the United States for the period August 1, 1996 through July 31, 1997, and thirteen firms: China National Chemical Import and Export Corporation, Hebei Branch (Sinochem Hebei); China National Chemical Construction Corporation, Beijing Branch; China National Chemical Construction Corporation, Qingdao Branch; Sinochem Qingdao; Sinochem Shandong; Baoding No. 3 Chemical Factory; Jinxing Chemical Factory; Zhenxing Chemical Factory; Mancheng Xinyu Chemical Factory, Shijiazhuang; Mancheng Zinyu Chemical Factory, Bejing; Hainan Garden Trading Company; Yude Chemical Company and Shunping Lile. The preliminary results of this review indicate that there were dumping margins for the two responding parties: Yude Chemical Company (Yude) and Zhenxing Chemical Factory (Zhenxing), and for the ''PRC enterprise.''

We invite interested parties to comment on these preliminary results.