

**DEPARTMENT OF COMMERCE****International Trade Administration**

[A-834-803]

**Titanium Sponge from the Republic of Kazakhstan: 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:** In response to requests from Ust-Kamenogorsk Titanium and Magnesium Plant, Specialty Metals Company, and Oremet Titanium Inc., the Department of Commerce is conducting an administrative review of the antidumping finding on titanium sponge from the Republic of Kazakhstan. This notice of preliminary results covers the period August 1, 1996 through July 31, 1997. This review covers one manufacturer/exporter, Ust-Kamenogorsk Titanium and Magnesium Plant, and one trading company, Specialty Metals Company.

We have preliminarily determined that no dumping margins apply during this review period. If these preliminary results are adopted in our final results of administrative review, we will instruct the U.S. Customs Service to liquidate entries during the period of review (POR) without regard to dumping duties. Interested parties are invited to comment on these preliminary results. Parties who submit arguments in this proceeding are requested to submit with the argument: (1) a statement of the issue; and (2) a brief summary of the argument.

**EFFECTIVE DATE:** September 8, 1998.

**FOR FURTHER INFORMATION CONTACT:** Wendy Frankel or Mark Manning, Office of AD/CVD Enforcement, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482-5849 and 482-3936, respectively.

**SUPPLEMENTARY INFORMATION:****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. In addition, unless

otherwise indicated, all citations to the Department of Commerce's regulations refer to the regulations codified at 19 CFR part 351, 62 FR 27296 (May 19, 1997).

**Background**

The Department of Commerce (the Department) published an antidumping finding on titanium sponge from the Union of Soviet Socialist Republics (U.S.S.R.) on August 28, 1968 (33 FR 12138). In December 1991, the U.S.S.R. divided into fifteen independent states. To conform to these changes, the Department changed the original antidumping finding into fifteen findings applicable to each of the former republics of the U.S.S.R. (57 FR 36070, August 12, 1992).

On August 29, 1997, Ust-Kamenogorsk Titanium and Magnesium Plant (UKTMP), Specialty Metals Company (SMC), and Oremet Titanium Inc. (Oremet) requested that the Department conduct an administrative review of the antidumping finding on titanium sponge from the Republic of Kazakhstan (Kazakhstan) for one manufacturer/exporter, UKTMP, and one trading company, SMC, covering the period August 1, 1996 through July 31, 1997. The Department published a notice of initiation of the review on September 25, 1997 (62 FR 50292). Due to the complexity of the legal and methodological issues presented by this review, the Department postponed the date of the preliminary results of review by sixty days on February 10, 1998 (63 FR 6721). The Department published a second sixty day postponement of the preliminary results of review on April 16, 1998 (63 FR 18885). The Department is conducting this administrative review in accordance with section 751 of the Act.

On August 13, 1998, the International Trade Commission (ITC) published in the **Federal Register** its determination that revocation of the findings covering titanium sponge imports from Kazakhstan, the Russian Federation (Russia), and Ukraine and the antidumping duty order covering imports of titanium sponge from Japan is not likely to lead to continuation or recurrence of material injury to an industry in the United States. Due to this determination the Department has revoked the findings covering titanium sponge imports from Kazakhstan, Russia, and Ukraine and the antidumping duty order covering titanium sponge imports from Japan. This revocation is effective as of August 13, 1998, the date of publication in the **Federal Register** of the ITC's determinations. See *Notice of*

*Revocation of Antidumping Findings and Antidumping Duty Order and Termination of Five-Tear ("Sunset") Reviews: Titanium Sponge from Kazakhstan, Russia, Ukraine, and Japan*, (63 FR 46215, August 31, 1998).

**Scope of the Review**

The product covered by this administrative review is titanium sponge from Kazakhstan. Titanium sponge is chiefly used for aerospace vehicles, specifically, in construction of compressor blades and wheels, stator blades, rotors, and other parts in aircraft gas turbine engines. Imports of titanium sponge are currently classifiable under the harmonized tariff schedule (HTS) subheading 8108.10.50.10. The HTS subheading is provided for convenience and U.S. Customs purposes. Our written description of the scope of this proceeding is dispositive.

**United States Price (USP)***UKTMP and SMC*

SMC is located in a market-economy country. Since SMC owns 65 percent of UKTMP and manages the operations of UKTMP under a long-term management contract, we are considering both companies to constitute one entity and are calculating one rate that will apply to both SMC and UKTMP.

In calculating the USP for SMC, we used export price, as defined in section 772(a) of the Act. For date of sale, we used the sales invoice date because this is the date when the price and quantity are set. We excluded those sales made to the United States which the respondents identified as having entered the United States under temporary importation bond (TIB). At this time, because merchandise entered under a TIB is not entered for consumption, such merchandise is not subject to the antidumping finding. See *Titanium Metals Corp. v. The United States*, 901 F. Supp 362 (CIT 1995). Respondents provided information regarding TIB entries, and we are currently confirming this information through Customs and National Census Bureau data.

We calculated export price based on the price to unaffiliated purchasers in the United States. We made deductions, where appropriate, for ocean freight, insurance, brokerage and handling, and inland freight. SMC did not claim any other adjustments to USP, nor were any other adjustments allowed.

**Surrogate Country Selection**

Section 773(c)(1) of the Act provides that the Department shall determine normal value on the basis of the value

of the factors of production if (1) the subject merchandise is exported from a non-market economy (NME) country, and (2) the available information does not permit the calculation of normal value under section 773(a) of the Act. Section 771(18)(C) of the Act states that "any determination that a foreign country is a nonmarket economy country shall remain in effect until revoked by the administering authority." Because NME status has not been revoked for Kazakhstan in any previous proceedings, we are considering Kazakhstan to be a NME country for purposes of this review. Therefore, because UKTMP is located in Kazakhstan, we have applied surrogate values to the factors of production to determine normal value.

We calculated normal value based on factors of production provided by UKTMP, in accordance with section 773(c)(1) of the Act and section 351.408 of the Department's regulations. We determined that Indonesia is comparable to Kazakhstan in terms of per capita gross national product (GNP), the growth rate in per capita GNP, and the national distribution of labor. In addition, Indonesia is a significant producer of comparable merchandise. Therefore, in accordance with section 773(c)(4) of the Act, we selected Indonesia as a comparable surrogate on the basis of the above criteria and have used publicly available information relating to Indonesia to value the various factors of production, except as indicated below. See the Memorandum from Jeff May, Acting Director, Office of Policy, to Holly A. Kuga, Senior Director, Office of AD/CVD Enforcement, October 20, 1997, and the Memorandum from Jeff May, Acting Director, Office of Policy, to Holly A. Kuga, Senior Director, Office of AD/CVD Enforcement, June 15, 1998.

#### Normal Value

To determine normal value, in accordance with section 773(c)(3) of the Act, we valued the factors of production as follows (for further discussion, see the Analysis Memorandum for the Preliminary Results of Administrative Review, dated August 31, 1998):

- Except as noted below, we valued raw materials using Indonesian import data from the Commodity Trade Statistics Section, United Nations Statistics Division, (UN import statistics) for the calendar year 1996. We adjusted certain factor values to reflect the actual purity used in the production

of the subject merchandise. Since UKTMP purchased titanium slag from both market and non-market economy suppliers, consistent with the Department's practice, we valued this input with the market economy price, regardless of the supplier. The most recent Indonesian import statistics that we were able to find for chlorine and hydrochloric acid were Indonesia's 1993 import statistics, as reported in the United Nation's publication, *Commodity Trade Statistics, 1993*. Since the UN statistics are reported in U.S. dollars, we did not adjust for the effects of inflation. We were unable to find information from Indonesia or from any of the other potential surrogate countries in order to value carnallite and spent electrolyte. For carnallite, we used the Indian price for dolomite, a commodity similar to carnallite, that was reported in the antidumping duty investigation of magnesium from Russia (see *Notice of Final Determination of Sales at Less Than Fair Value: Pure Magnesium and Alloy Magnesium From the Russian Federation* 60 FR 16440, 16449 (March 30, 1995)) (*Magnesium From Russia*) and used to value carnallite concentrate in *Titanium Sponge From the Russian Federation; Notice of Final Results of Antidumping Duty Administrative Review* 62 FR 48601 (September 16, 1997) (also see *Titanium Sponge From the Russian Federation; Preliminary Results of Antidumping Duty Administrative Review* 62 FR 25920, 25922, (May 12, 1997). In order to value spent electrolyte, we used the surrogate value for potassium chloride because spent electrolyte is 75 percent potassium chloride.

- Pursuant to section 351.408(c)(3) of the Department's regulations, we valued direct labor by using the regression-based wage rate for Kazakhstan as posted on the Import Administration Internet web site.

- For electricity, we used the "extra large industry user" rate from Indonesia's electricity tariff schedule that UKTMP would have received had it been an electricity consumer in Indonesia during the period of review (POR). This decision was based on finding that UKTMP's level of electricity usage during the POR was similar to the profile of "large industrial user" in *Magnesium From Russia* (page 16446). To confirm that UKTMP would have received this rate, we divided the average number of kilowatt hours used during each month of the POR by the

number of hours in a month, which demonstrated that UKTMP's kilowatt use was higher than the minimum necessary to receive the "extra large industrial user" rate in effect in Indonesia. Since the Indonesia rate was for 1994, and expressed in rupiahs, we adjusted this rate in order to account for the effects of inflation.

- We were unable to obtain recent publicly available information for Indonesian truck and railway rates. Therefore, we used the truck and railway rates as reported by the U.S. Embassy in Jakarta, Indonesia and transmitted to the Department in September 1991 via cable (Jakarta 12078). This information was obtained for the antidumping duty investigation of *Certain Butt-Weld Pipe Fittings from the PRC*. Since these 1991 rates were reported in rupiahs per metric ton per kilometer, we inflated them to take into account the effects of inflation.

- In regard to packing materials, we used the 1996 UN import statistics from Indonesia that were provided by the petitioner for polyethylene film and argon. We valued sheet steel by using Indonesia's 1994 import statistics, as reported in the United Nation's publication, *Commodity Trade Statistics, 1994*. Since the UN data is reported in U.S. dollars, we did not adjust for the effects of inflation. We valued labor used in packing with the above-referenced regression-based labor rate for Kazakhstan.

- For factory overhead, selling, general and administrative (SG&A) expense, and profit, we used information from the calendar 1996 income statement of a Philippine producer of various aluminum products. The Philippines, although not the primary surrogate country in this review, is one of the countries that the Department has identified as a comparable market economy country and a potential surrogate for Kazakhstan.

#### Currency Conversion

We made currency conversions in accordance with section 773A(a) of the Act, based on rates certified by the Federal Reserve Bank and Dow Jones Business Information Services.

#### Preliminary Results

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

Manufacturer/exporter	Period	Margin (percent)
Specialty Metals Company/Ust-Kamenogorsk Titanium and Magnesium Plant (one entity) .....	8/1/96-7/31/97	0.00
Kazakhstan-wide rate .....	8/1/96-7/31/97	83.96

Parties to this proceeding may request disclosure of our preliminary results of review within five days of publication of this notice and any interested party may request a hearing within 30 days of publication. Any hearing, if requested, will be held 44 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. 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. The Department will publish a notice of the final results of the administrative review, which will include the results of its analysis of issues raised in any such written comments or at the hearing, within 120 days from the publication of the preliminary results.

The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the determination. The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. Individual differences between export price and normal value may vary from the percentages stated above. The Department will issue appraisal instructions directly to Customs.

This notice serves as a preliminary reminder to importers of their responsibility under section 351.402(f) of the Department's regulations 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 notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)). This notice is published in accordance with section 777(i) of the Act.

Dated: August 31, 1998.

**Joseph A. Spetrini,**

*Acting Assistant Secretary for Import Administration.*

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**DEPARTMENT OF COMMERCE**

**Minority Business Development Agency**

[Docket No. 980901228-8228-01]

RIN: 0640-ZA04

**Solicitation of Applications for the Minority Business Opportunity Committee (MBOC) Program**

AGENCY: Minority Business Development Agency, Commerce.

ACTION: Notice.

**SUMMARY:** In accordance with Executive Order 11625 and 15 U.S.C. 1512, the Minority Business Development Agency (MBDA) is soliciting competitive applications from organizations seeking to operate Minority Business Opportunity Committees (MBOCs). All information required to submit a cooperative agreement application by eligible applicants is contained in this announcement and in the Competitive Application Package (CAP).

The MBDA provides business development services to minority entrepreneurs through different types of programs. Each program is designed to focus on the unique business problems of a specific market. MBDA's programs from a national business delivery network that addresses needs of minority entrepreneurs throughout the United States. The MBOC program is designed to provide minority business owners with enhanced access to the marketplace by identifying marketing and sales opportunities, financing resources, potential joint venture partners, and otherwise assisting minority firms to position themselves for long-term growth. State or local government entities, American Indian Tribes, colleges, universities, and/or non-profit organizations are eligible to operate MBOCs. For-profit organizations are not eligible to operate MBOCs.

**DATES:** Complete applications for the MBOC program must be: (1) Mailed (USPS postmark) by October 8, 1998 to the address below; or (2) received by MBDA at the address below no later than 5 p.m. Eastern Daylight Time. Applications postmarked later than the closing date or received after the closing date will not be considered. Anticipated time for processing of applications is 90 days. MBDA anticipates that awards

will be made with start dates of January 1, 1999.

**ADDRESSES:** Applicants must submit one signed original plus two (2) copies of the application, including all information required by the CAP. Completed application packages must be submitted to: Minority Business Opportunity Committee Program Manager, Office of Executive Secretariat, HCHB, Room 5073, Minority Business Development Agency, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230.

If the application is hand-delivered by the applicant or its representative, it must be delivered to Room 1874, which is located at Entrance #10, 15th Street, NW, between Pennsylvania and Constitution Avenues. Unsigned applications will be considered non-responsive and will be returned to the applicant. Failure to submit other required information may result in points being deducted from an applicant's score.

**FOR FURTHER INFORMATION CONTACT:** For further information and a Competitive Application Package contact Stephen Boykin, the MBOC Program Manager, at (202) 482-1712.

**SUPPLEMENTARY INFORMATION:**

**Authority:** Executive Order 11625 and 15 U.S.C. 1512.

*Catalogue of Federal Domestic Assistance (CFDA):* 11.803, Minority Business Opportunity Committees.

*Program Description:* The MBDA has established the MBOC Program as a vehicle for providing timely market leads, access to resources, and current business information to minority businesses seeking to market effectively their products and services within the local economy. In accomplishing this purpose, MBOCs help to bring regional coordination and synergy to the minority business development efforts taking place within an applicant-defined geographical service area.

MBOCs are comprised of local or regional governments, business and industry leaders, as well as representatives of organizations that conduct substantial purchasing within the regional economy. These organizations may include large corporations located or having regional headquarters within the region, government agencies at the Federal, State, and local levels, banking and