section 773(a)(6)(A) and (B) of the Tariff Act.

Price-to-CV Comparisons

In accordance with section 773(a)(4) of the Tariff Act, we based NV on CV if we were unable to find a home market match of identical or similar merchandise. We calculated CV based on the costs of materials and fabrication employed in producing the subject merchandise, SG&A, and profit. In accordance with section 773(a)(2)(A) of the Tariff Act, we based SG&A expense and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in the United Kingdom. For selling expenses, we used the weighted-average home market selling expenses. Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Tariff Act. For comparisons to EP, we made COS adjustments by deducting home market direct selling expenses and adding U.S. direct selling expenses. When we compared CV to CEP, we deducted from CV the weighted-average home market direct selling expenses.

Currency Conversion

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

Verification

As provided in section 782(i) of the Tariff Act, we will verify all information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Tariff Act, we are directing the Customs Service to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the export price, as indicated below. These suspension-of-liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin (percentage)
Avesta Sheffied	13.45
All Others	13.45

Commission Notification

In accordance with section 733(f) of the Tariff Act, we have notified the Commission of our determination. If our final determination is affirmative, the Commission will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether imports of stainless steel sheet and strip in coils are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than fifty days after the date of publication of this notice, and rebuttal briefs, limited to issues raised in case briefs, no later than fifty-five days after the date of publication of this preliminary determination. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Tariff Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, any hearing will be held fifty-seven days after publication of this notice at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief, and may make rebuttal presentations only on arguments included in that party's rebuttal brief. See 19 CFR 351.310(c). If this investigation proceeds normally, we will make our final determination by no later than 135 days after the publication of this notice in the **Federal Register**.

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Tariff Act.

Dated: December 17, 1998.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 98–34460 Filed 12–31–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–428–825]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination; Stainless Steel Sheet and Strip in Coils From Germany

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

ACTION: Notice of Preliminary Determination of Sales at Less Than Fair Value.

EFFECTIVE DATE: January 4, 1999.

FOR FURTHER INFORMATION CONTACT: Charles Ranado, Robert James, or Stephanie Arthur at (202) 482–3518, (202) 482–5222 or (202) 482–6312, respectively, Antidumping and Countervailing Duty Enforcement Group III, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Applicable Statute and Regulations:

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Tariff Act), are to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR Part 351 (May 19, 1998).

Preliminary Determination

We preliminarily determine that stainless steel sheet and strip in coil (SSSS) from Germany is being, or is likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Tariff Act. The estimated margins of sales at LTFV are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

On June 30, 1998, the Department initiated antidumping duty investigations of imports of SSSS from France, Germany, Italy, Japan, Mexico, South Korea, Taiwan, and the United Kingdom. *See 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*, 63 FR 37521 (July 13, 1998) (*Initiation*). Since the initiation of this investigation the following events have occurred.

The Department set aside a period for all interested parties to raise issues regarding product coverage. Between July and October 1998, Allegheny Ludlum Corporation, Armco, Inc., J&L Specialty Steel, Inc., Washington Steel Division of Bethlehem Steel Corporation (formerly Lukens, Inc.), the United Steelworkers of America, AFL–CIO/CLC, the Butler Armco Independent Union and the Zanesville Armco Independent Organization, Inc. (collectively, petitioners) filed comments proposing clarifications to the scope of these investigations. Also, from July through October 1998, the Department received numerous responses from respondents aimed at clarifying the scope of the investigations.

During July 1998, the Department requested information from the U.S. Embassy in Germany to identify producers/exporters of the subject merchandise. On July 21, 1998, the Department also requested comments from petitioners, two potential respondents, Krupp Thyssen Nirosta GmbH (KTN), and Stahlwerk Ergste Westig GmbH (Ergste), and the Embassy of Germany in Washington regarding the criteria to be used for model matching purposes. On July 27, 1998, KTN and petitioners submitted comments on our proposed model-matching criteria.

Also on July 24, 1998, the United States International Trade Commission (the Commission) notified the Department of its affirmative preliminary injury determination in this case.

The Department subsequently issued antidumping questionnaires to KTN and Ergste on August 3, 1998. The questionnaire is divided into five parts; we requested that KTN and Ergste respond to Section A (general information, corporate structure, sales practices, and merchandise produced), Section B (home market or third-country sales), Section C (U.S. sales), and Section D (cost of production/constructed value).

On August 21, 1998, Ergste wrote the Department requesting that it be exempt from the investigation due to the fact that it was a small German producer ''accounting for a minimal share of imports of subject merchandise from Germany, a sub-minimal portion of all imports, and a microscopic part of U.S. apparent consumption.'' Ergste's August 21, 1998 submission at 1 and 2. On September 3, 1998, petitioners submitted a letter to the Department stating that it did not object to Ergste's withdrawal request. Therefore, due to its negligible imports during the period of investigation (POI) and because petitioners agreed to the request, on September 9, 1998, we consented to Ergste's request to be excused as a mandatory respondent in the investigation (*see* Germany Respondent Selection Memo For Richard Weible, September 9, 1998).

KTN submitted its response to section A of the questionnaire on September 8, 1998; KTN's responses to sections B through D followed on September 29, 1998. Petitioners filed comments on KTN's questionnaire responses in September and October 1998. We issued the following supplemental questionnaires: (i) Section A to KTN on October 9, 1998; (ii) Sections B and C on October 27, 1998; and, (iii) Section D on November 2, 1998. KTN responded to our Section A supplemental on October 23, 1998, and to Sections B through D on November 16, 1998.

On October 6, 1998, petitioners made a timely request for a thirty-day postponement of the preliminary determination pursuant to section 733(c)(1)(A) of the Tariff Act. The Department determined that these concurrent investigations warranted the thirty-day postponement requested by petitioners. On October 23, 1998, we postponed the preliminary determination until no later than December 17, 1998. *See Stainless Steel Sheet and Strip in Coils From Italy, France, Germany, Mexico, Japan, South Korea, the United Kingdom, and Taiwan; Notice of Postponement of Preliminary Determinations in Antidumping Duty Investigations*, 63 FR 56909 (October 23, 1998).

Scope of the Investigation

For purposes of this investigation, 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, 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 Department's written description of the merchandise under investigation is dispositive.

Excluded from the scope of this investigation 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 (*i.e.*, cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), 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 not more than 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. Note'' 1(d).

In response to comments by interested parties the Department has determined that certain specialty stainless steel products are also excluded from the scope of this investigation. These excluded products are described below:

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this investigation. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of between 0.002 and 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this investigation. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.'' [1]

Certain electrical resistance alloy steel is also excluded from the scope of this investigation. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy 36.'' [2]

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this investigation. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.'' [3]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this investigation. These include stainless steel strip in coils used in the production of textile cutting tools (*e.g.*, carpet knives).[4] This steel is similar to ASTM grade 440F, but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 Mo.'' The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per square micron. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6''.[5]

Period of Investigation

The period of investigation (POI) is April 1, 1997 through March 31, 1998.

Postponement of Final Determination and Extension of Provisional Measures

Pursuant to Section 735(a)(2) of the Tariff Act, on December 16, 1998, KTN requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until not later than 135 days after the date of the publication of an affirmative preliminary determination in the **Federal Register**, and extend the provisional measures to not more than six months. In accordance with 19 CFR 351.210(b), because (1) our preliminary determination is affirmative, (2) KTN

[1] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

[2] ''Gilphy 36'' is a trademark of Imphy, S.A.

[3] ''Durphynox 17'' is a trademark of Imphy, S.A.

[4] This list of uses is illustrative and provided for descriptive purposes only.

[5] ''GIN4 Mo,'' ''GIN5'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

accounts for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting the respondent's request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly.

Affiliation

We have preliminarily determined that KTN is affiliated with Thyssen Stahl and Thyssen AG (Thyssen). Section 771(33)(E) provides that the Department shall consider companies to be affiliated where one company owns, controls, or holds, with the power to vote, five percent or more of the outstanding shares of voting stock or shares of any other company. Where the Department has determined that a company directly or indirectly holds a five percent or more equity interest in another company, the Department has deemed these companies to be affiliated.

We have preliminarily determined that KTN is affiliated with Thyssen and Thyssen Stahl because Thyssen Stahl indirectly owns and controls through KTS forty percent of KTN's outstanding stock and Thyssen, which wholly owns Thyssen Stahl, likewise indirectly owns and controls forty percent of KTN. We examined the record evidence to evaluate the nature of KTN's relationship with Thyssen Stahl and Thyssen. KTN's Section A Questionnaire Response dated September 8, 1998, states that KTN is a wholly-owned subsidiary of KTS. KTS formed a subsidiary entity KTN in 1997 with the intention that KTN would handle the stainless steel production business managed and operated by its parent company KTS. The supporting exhibits to this submission confirm Thyssen Stahl's interest in KTS and KTS's 100-percent shareholder interest in KTN. In its September 8 submission, respondent states that KTS is a joint venture owned sixty percent by Fried. Krupp AG Krupp-Hoesch (Krupp) and forty percent by Thyssen Stahl. In a submission dated October 20, 1998, the petitioners placed on the record publicly available data that confirmed not only the foregoing shareholding interests, but also confirmed that Thyssen Stahl is a wholly-owned subsidiary of Thyssen. Consequently, Thyssen, through Thyssen Stahl and KTS, indirectly owns a 40 percent interest in KTN. Therefore, KTN, as the wholly-owned subsidiary of the joint venture entity KTS, is affiliated with the joint venturer Thyssen Stahl and its parent company Thyssen pursuant to section 771(33)(E). *See Steel Wire Rod From Sweden*, 63 FR 40499, 40453 (July 29, 1998) (*Sweden*).

In addition, we have preliminarily determined that KTN is affiliated with Thyssen and its U.S. and home market affiliates. Section 771(33)(F) provides that the Department shall consider companies to be affiliated where two or more companies are under the common control of a third company. The statute defines control as being in a position to legally or operationally exercise restraint or direction over the other entity. Actual exercise of control is not required by the statute. In this investigation, the nature and quality of corporate contact necessitate a finding of affiliation vis-a-vis the common control mechanism.

Section 771(33)(F) and the Department's determinations in *Certain Cut-to-Length Carbon Steel Plate From Brazil*, 62 FR 18486, 18490 (April 15, 1997) and *Sweden* at 40452, support a finding that KTN and Thyssen's other affiliates are under the common control of Thyssen and, therefore, KTN is affiliated with Thyssen's other affiliates in both the home and U.S. markets. The record facts show that Thyssen, as the majority equity holder and ultimate parent company to its various affiliates, is in a position to exercise direction and restraint over the Thyssen affiliates' production and pricing. The record evidence also shows that Thyssen indirectly holds a substantial equity interest in KTN, plays a significant role in KTN's operations and management, and therefore is in a position to legally and operationally exercise direction and restraint over KTN (*see* Memorandum to Joseph Spetrini, KTN Affiliation, December 16, 1998) (Affiliation Memo). The evidence, taken as a whole, indicates that Thyssen has several potential avenues for exercising direction and restraint over KTN's production, pricing and other business activities. In sum, Thyssen's substantial equity ownership in KTN and Thyssen's other affiliates, in conjunction with the ''totality of other evidence of control'' requires a finding that these companies are under the common control of Thyssen.

Finally, notwithstanding KTN's November 23 and 25 submissions, we note that KTN to date has failed to place rebuttal evidence on the record which addresses whether Thyssen's other affiliates are affiliated with KTN. The Department on three separate occasions issued questionnaires requesting more information from KTN. Despite three Department requests for information on affiliation, and KTN's repeated assurances that it would provide the Department with its factual and legal analysis of this issue, it has yet to comply with these statements and to provide the Department with this information. Therefore, the Department preliminarily determines that pursuant to section 776(a) of the Tariff Act that the use of partial facts otherwise available is necessary to determine whether KTN is affiliated with Thyssen's other affiliates that act as steel service centers in the home and U.S. markets (*see* Affiliation Memo). Accordingly, the Department has preliminarily determined that the record evidence establishes that KTN is affiliated under section 771(33)(F) with these service centers because they are under the common control of Thyssen.

Facts Available

In accordance with section 776 of the Tariff Act, in these preliminary results we have used partial facts available in one instance where KTN failed to provide us with certain sales information concerning KTN's reseller sales in the U.S. and home market.

On August 3, 1998, the Department issued to KTN its standard antidumping questionnaire. That questionnaire explicitly instructed KTN to report affiliates' resales to unaffiliated customers rather than its sales to affiliates. We also directed KTN to contact the agency official in charge if the sales to affiliated parties represented a ''relatively small part'' of its total sales, or if KTN was unable to collect the necessary information. Our October 9, 1998 section A supplemental questionnaire reiterated this instruction (*see*, question 1.c) and further instructed KTN to report the sales of subject merchandise in the home and U.S. market *by* the various subsidiaries of Thyssen identified in KTN's section A questionnaire response (*see* question 2.d). Finally, on October 27, 1998, Department personnel contacted KTN's counsel and once again requested a detailed explanation of KTN's reporting methodology concerning its sales to affiliated and unaffiliated customers. During that conversation we instructed KTN to report the downstream sales of certain affiliates and, if unable to do so, required KTN to provide the Department with a detailed explanation as to why it was unable to report such sales (*see* Memorandum to the File, Affiliated Party Sales, October 28, 1998).

On October 28, 1998, KTN submitted comments regarding its downstream sales. KTN submitted additional information regarding such sales on November 4, 1998. KTN indicated in both of its submissions that, per the Department's instructions, it intended to

report downstream sales information by certain home market affiliates and U.S. affiliated resellers, but for numerous other reasons, it did not intend to report its remaining affiliates' reseller sales.

After a thorough review of the record the Department notified KTN that it was still required to report downstream and reseller sales by additional home market and U.S. affiliates (*see* Memorandum to the File, Downstream Sales, November 6, 1998). Further, on November 6, 1998, KTN wrote the Department requesting an extension of time in which to submit a response to sections B and C of the Department's questionnaire, which the Department granted in full.

A review of KTN's November 16, 1998, section B and C supplemental responses indicated that KTN failed to report certain affiliated reseller sales information requested by the Department. On November 17, 1998, we issued a letter to KTN stating that if the information requested was not submitted by November 23, 1998, the Department would apply adverse facts available to KTN's unreported downstream and reseller sales. On November 23, 1998, KTN submitted additional affiliated reseller sales information, but failed to provide the Department with a majority of the requested downstream and reseller sales information. KTN did not submit downstream sales information for its home market affiliates in question, and submitted inaccurate reseller information for its affiliated U.S. resellers. Specifically, for the expenses incurred *by* certain of its U.S. subsidiaries, KTN reported the amount it incurred when selling *to* certain of its resellers instead of the amount of expenses incurred *by* certain of its resellers when selling to unaffiliated U.S. customers.

Therefore, we preliminarily determine that, pursuant to section 776(b) of the Tariff Act, it is appropriate to make an inference adverse to the interests of KTN because it failed to cooperate by not fully responding to the Department's request for specific information. The Department is authorized, under section 776(b) of the Tariff Act, to use an inference that is adverse to the interest of a party if the Department finds that the party has failed to cooperate by not acting to the best of its ability to comply with the Department's request for information. We examined whether KTN had acted to the best of its ability in responding to our requests for information. Based on the details listed above, we have preliminarily determined that KTN had sufficient time to prepare the requested information. As mentioned above, both our antidumping questionnaire and subsequent supplemental questionnaires explicitly directed KTN to report its downstream sales in the home market and affiliated reseller's sales in the United States. While we did eventually conclude that KTN was not required to report certain resales by certain affiliates, from the time of our initial questionnaire, it was required to gather all affiliated reseller information. As a result, we have calculated the highest normal value (NV) reported by control number (CONNUM) in KTN's home market database and applied it to KTN's sales *to* its affiliates for which KTN did not report home market downstream sales. For sales by KTN's affiliated U.S. resellers for which expenses were incorrectly reported, we identified the highest value for each U.S. expense from KTN's U.S. database and applied this highest value to all of KTN's reseller expenses that were incorrectly reported. *See* KTN Preliminary Analysis Memorandum, December 17, 1998, a copy of which is on file in room B–099 of the main Commerce building.

Fair Value Comparisons

To determine whether sales of KTN from Germany to the United States were made at less than fair value, we compared the export price (EP) or constructed export price (CEP) to the normal value (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)(1)(A)(i) of the Tariff Act, we calculated weighted-average EPs and CEPs for comparison to weighted-average NVs.

On January 8, 1998, the Court of Appeals for the Federal Circuit issued a decision in *CEMEX* v. *United States*, 1998 WL 3626 (Fed Cir.). In that case, based on the pre-URAA version of the Tariff Act, the Court discussed the appropriateness of using constructed value (CV) as the basis for foreign market value when the Department finds home market sales to be outside the ''ordinary course of trade.'' This issue was not raised by any party in this proceeding. However, the URAA amended the definition of sales outside the ''ordinary course of trade'' to include sales below cost. *See* Section 771(15) of the Tariff Act. Consequently, the Department has reconsidered its practice in accordance with this court decision and has determined that it would be inappropriate to resort directly to CV, in lieu of foreign market sales, as the basis for NV if the Department finds foreign market sales of merchandise identical or most similar to that sold in the United States to be outside the ''ordinary course of trade.'' Instead, the Department will use sales of similar merchandise, if such sales exist. The Department will use CV as the basis for NV only when there are no above-cost sales that are otherwise suitable for comparison. Therefore, in this proceeding, when making comparisons in accordance with section 771(16) of the Tariff Act, we considered all products sold in the home market as described in the ''Scope of Investigation'' section of this notice, above, that were in the ordinary course of trade for purposes of determining appropriate product comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade, we compared U.S. sales to sales of the most similar foreign like product made in the ordinary course of trade, based on the characteristics listed in Sections B and C of our antidumping questionnaire.

Transactions Investigated

For its home market and U.S. sales, KTN reported the date of invoice as the date of sale, in keeping with the Department's stated preference for using the invoice date as the date of sale. KTN stated that the invoice date best reflects the date on which the material terms of sale are established and that price and/or quantity can and do change between order date and invoice date. However, petitioners have alleged that the sales documentation indicates that the order date appears to be the date when the material terms of sale are set for the majority of KTN's sales of SSSS. Given the relevance of petitioners comments and the nature of marketing these types of made-to-order products, petitioners claims have some merit. Consequently, on October 9, 1998, the Department requested that KTN provide additional information concerning the nature and frequency of price and quantity changes occurring between the date of order and date of invoice. We also asked KTN to report order date for all home market and U.S. sales and to ensure that all sales with order or invoice dates within the POI are reported. On November 16, 1998, KTN reported the order date for its home market sales including sales with order dates within the POI but invoices after the POI. With respect to KTN's U.S. sales, on December 4, 1998, KTN reported order date for sales through its wholly-owned U.S. subsidiary, Krupp Hoesch Steel Products (KHSP), but failed to report order date for sales through its other affiliated resellers. However, in both submissions KTN reiterated that invoice

date is the appropriate date of sale. The Department is preliminarily using the invoice date as the date of sale for both home market and U.S. sales. We intend to fully examine this issue at verification, and we will incorporate our findings, as appropriate, in our analysis for the final determination. If we determine that order confirmation is the appropriate date of sale, we may resort to facts available for the final determination to the extent that this information has not been reported.

Level of Trade

In accordance with section 773(a)(1)(B)(i) of the Tariff 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 (SG&A) expenses and profit. For EP, the US 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 a LOT adjustment under section 773(a)(7)(A) of the Tariff 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 Tariff Act (the CEP offset provision). (*See e.g., Certain Carbon Steel Plate from South Africa, Final Determination of Sales at Less Than Fair Value*, 62 FR 61731 (November 19, 1997)).

In implementing these principles in this review, we asked KTN to identify the specific differences and similarities in selling functions and/or support services between all phases of marketing in the home market and the United States. KTN identified five channels of distribution in the home market: (1) direct factory (2) inventory sales (3) second quality sales (4) further processed sales, and (5) precision strip sales. For all channels, KTN performs similar selling functions such as negotiating prices with customers, setting similar credit terms, arranging freight to the customer, and conducting market research and sales calls. The remaining selling activities did not differ significantly by channel of distribution. Because channels of distribution do not qualify as separate levels of trade when the selling functions performed for each customer class or channel are sufficiently similar, we determined that one level of trade exists for KTN's home market sales.

For the U.S. market, KTN reported four channels of distribution: 1) back-to-back CEP sales made through KHSP; 2) consignment CEP sales made through KHSP; 3) ''second'' quality CEP sales made through KHSP; and 4) factory direct EP sales. However, for CEP transactions, the Department examines the selling functions at the level of the constructed sale from the exporter to the importer (*i.e.*, the sale from Krupp Nirosta Export (KTN's home market affiliate) in Germany to KHSP). These selling functions included negotiating prices with customers, offering technical advice, arranging delivery services, providing after-sale warranties, and conducting market research and/or sales calls. We found that KTN provided a greater degree of these services on its factory-direct sales (channel 4) than it did on its CEP sales to KHSP (channels 1 through 3), and that the selling functions were sufficiently different between sales to these customers to support a finding of two separate LOTs. Furthermore, we determined that KTN's sales through channel 4 were at a different stage of distribution than were its sales through KHSP. Therefore, we have determined that two LOTs exist in the United States, notwithstanding KTN's claim that it sold through four channels. *See* KTN Preliminary Analysis Memorandum.

When we compared EP sales (*i.e.*, factory-direct sales) to home market sales, we determined that both sales were made at the same LOT. For both EP and home market transactions, KTN sold directly to the customer, and provided similar levels of price negotiations, freight arrangements, sales calls, market research, advertising, after-sales service warranties, and technical services. For CEP sales, KTN performed fewer price negotiations, freight arrangements, sales calls, market research, and after-sales service warranties. In addition, the differences in selling functions performed for home market and CEP transactions indicates that home market sales involved a more advanced stage of distribution than CEP sales. *See Id.*

Because we compared CEP sales to HM sales at a different level of trade, we examined whether a LOT adjustment may be appropriate. In this case KTN sold at one LOT in the home market; therefore, there is no basis upon which to determine whether there is a pattern of consistent price differences between levels of trade. Further, we do not have the information which would allow us to examine pricing patterns of KTN's sales of other similar products and there is no other record evidence upon which such an analysis could be based.

Because the data available do not provide an appropriate basis for making a LOT adjustment but the LOT in Germany for KTN is at a more advanced stage than the LOT of the CEP sales, a CEP offset is appropriate in accordance with section 773(a)(7)(B) of the Tariff Act, as claimed by KTN. We based the CEP offset amount on the amount of home market indirect selling expenses, and limited the deduction for HM indirect selling expenses to the amount of indirect selling expenses deducted from CEP in accordance with section 772(d)(1)(D) of the Tariff Act. We applied the CEP offset to NV, whether based on home market prices or CV. *See* KTN Preliminary Analysis Memorandum.

Export Price and Constructed Export Price

KTN reported as EP transactions certain sales of subject merchandise sold to unaffiliated U.S. customers prior to importation without the involvement of its affiliated company, KHSP. KTN reported as CEP transactions its sales of subject merchandise sold to KHSP for its own account. KHSP then resold the subject merchandise after importation to unaffiliated customers in the United States.

Also, because KTN was unable to demonstrate that it was not in the position to collect downstream sales information from its U.S. affiliates, based on record evidence, we requested that KTN report its downstream sales made in the United States (*see* Memorandum To Richard Weible, Limited Reporting of Home Market and United States Sales, November 13, 1998) (Limited Reporting).

We calculated EP, in accordance with section 772(a) of the Tariff Act, for those sales where the merchandise was sold to the first unaffiliated purchaser in the United States prior to importation and CEP methodology was not otherwise warranted, based on the facts of record. We based EP on the packed, delivered tax and duty unpaid price to

unaffiliated purchasers in the United States. We made deductions for billing adjustments and movement expenses in accordance with section 772(c)(2)(A) of the Tariff Act; these included, where appropriate, foreign inland freight, foreign brokerage and handling, international freight and foreign inland insurance.

We calculated CEP, in accordance with subsections 772(b) of the Tariff Act, for those sales to the first unaffiliated purchaser that took place after importation into the United States. We based CEP on the packed, delivered, duty paid or delivered prices to unaffiliated purchasers in the United States. We made adjustments for price-billing errors, where applicable. We also made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Tariff Act; these included, where appropriate, foreign inland freight, marine insurance, U.S. customs duties, U.S. inland freight, foreign brokerage and handling, international freight, foreign inland insurance, and U.S. warehousing expenses. In accordance with section 772(d)(1) of the Tariff Act, we deducted those selling expenses associated with economic activities occurring in the United States, including direct selling expenses (credit costs, warranty expenses and other direct selling expenses), inventory carrying costs, and indirect selling expenses. We offset credit expenses by the amount of interest revenue on sales. For CEP sales, we also made an adjustment for profit in accordance with section 772(d)(3) of the Tariff Act.

With respect to subject merchandise to which value was added in the United States by KTN prior to sale to unaffiliated customers, we deducted the cost of further manufacturing in accordance with section 772(d)(2) of the Tariff Act. Also, KTN's further manufacturer calculated a ratio specific to stainless steel processing, rather than a company-wide G&A rate. We recalculated a company-wide G&A rate by dividing total G&A expense by total processing costs. See Calculation Memo of the Office of Accounting to the File, dated December 1, 1998 (Calculation Memo).

Affiliated-Party Transactions and Arm's-Length Test

Sales to affiliated customers in the home market not made at arm's-length prices (if any) were excluded from our analysis because we considered them to be outside the ordinary course of trade. *See* 19 CFR 351.102. To test whether these sales were made at arm's-length prices, we compared on a model-specific basis the starting prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, and packing. Where, for the tested models of subject merchandise, prices to the affiliated party were on average 99.5 percent or more of the price to the unaffiliated parties, we determined that sales made to the affiliated party were at arm's length. *See* 19 CFR 351.403(c). In instances where no price ratio could be calculated for an affiliated customer because identical merchandise was not sold to unaffiliated customers, we were unable to determine that these sales were made at arm's-length prices and, therefore, excluded them from our LTFV analysis. *See Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from Argentina,* 58 FR 37062, 37077 (July 9, 1993) and *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination; Emulsion Styrene-Butadiene Rubber from Brazil,* 63 FR 59509, 59512 (November 4, 1998). Where the exclusion of such sales eliminated all sales of the most appropriate comparison product, we made a comparison to the next most similar model.

Normal Value

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.,* the aggregate volume of home market sales of the foreign like product was equal to or greater than five percent of the aggregate volume of U.S. sales), we compared the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Tariff Act. As KTN's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales of the subject merchandise, we determined that the home market was viable. Therefore, we have based NV on home market sales in the usual commercial quantities and in the ordinary course of trade.

Cost of Production (COP) Analysis

Based on a cost allegation filed by the petitioners, the Department found reasonable grounds to believe or suspect that KTN's sales of the foreign like product were made at prices which represent less than the cost of production. *See* section 773(b)(2)(A) of the Tariff Act. As a result, the Department has initiated an investigation to determine whether the respondent made home market sales during the POI at prices below their respective COPs, within the meaning of section 773(b) of the Tariff Act (*see Initiation*).

We calculated the COP based on the sum of the respondents cost of materials and fabrication for the foreign like product, plus amounts for SG&A and packing costs, in accordance with section 773(b)(3) of the Tariff Act. We relied on the home market sales and COP information provided except in the following circumstances.

1. Affiliated Purchases

In accordance with section 773(f)(2) of the Tariff Act, a transaction directly or indirectly between affiliated persons may be disregarded if, in the case of any element of value required to be considered, the amount representing that element does not fairly reflect the amount usually reflected in sales of merchandise under consideration in the market under consideration. If a transaction is disregarded under the preceding sentence and no other transactions are available for consideration, the determination of the amount shall be based on the information available as to what the amount would have been if the transaction had occurred between persons who are not affiliated.

Because a COP investigation is being conducted in this case, the Department requested in its Section D questionnaire of September 29, 1998 and in its supplemental questionnaire of November 2, 1998 that KTN provide both COP and market prices for each of the inputs obtained from affiliates.

For our preliminary determination in this investigation, we used the market prices provided by KTN. However, to the extent that the amounts paid to affiliated suppliers did not fairly reflect the amount usually reflected in sales of merchandise under consideration in the market under consideration, we adjusted the affiliated-party per-unit price to the higher of (i) the actual transfer price or (ii) the average price paid to unaffiliated suppliers of the same inputs. *See* Calculation Memo at 1 and Attachment 2.

2. General and Administrative Expenses

In calculating general and administrative (G&A) expenses in its response, KTN subtracted several revenue items from its G&A expense. Also, KTN subtracted from the denominator used to calculate its G&A expense ratio (*i.e.,* total cost of manufacturing) amounts for international projects, year-end adjustments and personnel costs.

Because KTN did not provide explanations as to the sources of these deductions or supporting documentation, the Department is unable to determine whether such items should be included in the G&A rate. Therefore, for purposes of this preliminary determination we disallowed its claimed offsets. *See* Calculation Memo.

3. Financial Expense

In calculating the net financial expenses in its response, KTN included total financial income as a reduction to its financial expense. Because KTN did not provide any documentation supporting the nature of the income or its long term or short term portions, we disallowed its claimed offset. *See* Calculation Memo.

Where possible, we used KTN's reported COP amounts, adjusted as discussed above, to compute weighted-average COPs during the POI. We compared the product-specific weighted-average COP figures to home market sales of the foreign like product, as required under section 773(b) of the Tariff Act, in order to determine whether these sales had been made at prices below COP. We compared the COP to the home market prices, less any applicable movement charges and discounts.

In determining whether to disregard home market sales made at prices less than the COP, we examined whether such sales were made (i) in substantial quantities over an extended period of time, and (ii) at prices which permitted the recovery of all costs within a reasonable period of time.

Pursuant to section 773(b)(2)(C)(i) of the Tariff Act, where less than twenty percent of KTN's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in ''substantial quantities.'' Where twenty percent or more of its sales of a given product during the POI were at prices less than the COP, we determined such sales to have been made in substantial quantities within an extended period of time, in accordance with sections 773(b)(2)(B) and 773(b)(2)(C)(i) of the Tariff Act. Because we used POI average costs, pursuant to section 773(b)(2)(D) of the Tariff Act, we also determined that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time. Therefore, we disregarded the below-cost sales. Where all sales of a specific product were at prices below the COP, we disregarded all sales of that product. In the event that there were no home market sales of identical or similar merchandise in the home market available to match to U.S. sales, we compared the CEP to CV in accordance with section 773(a)(4) of the Tariff Act.

Our cost test for KTN revealed that less than twenty percent of KTN's home market sales of certain products were at prices below KTN's COP. Therefore, we retained all such sales in our analysis. For other products, more than twenty percent of KTN's sales were at below-cost prices. In such cases we disregarded the below-cost sales, while retaining the above-cost sales for our analysis. *See* KTN Preliminary Analysis Memorandum.

Constructed Value

In accordance with section 773(e)(1) of the Tariff Act, we calculated CV based on the sum of respondent's cost of materials, fabrication, SG&A, interest expenses, profit, and U.S. packing costs. In accordance with section 773(e)(2)(A) of the Tariff Act, we based SG&A and profit on the amounts incurred and realized by KTN in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in the foreign country. We used the CV data KTN supplied in its section D supplemental questionnaire response, except for the adjustments that we made for COP above.

Price-to-Price Comparisons

We calculated NV based on FOB or delivered prices to unaffiliated customers or prices to affiliated customers that we determined to be at arm's-length prices. We made adjustments for price billing errors, where appropriate. We made deductions, where appropriate, for foreign inland freight, pursuant to section 773(a)(6)(B) of the Tariff Act. In addition, we made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Tariff Act, as well as for differences in circumstances of sale (COS) in accordance with section 773(a)(6)(C)(iii) of the Tariff Act and 19 CFR 351.410. We made COS adjustments for imputed credit expenses. Finally, we deducted home market packing costs and added U.S. packing costs in accordance with section 773(a)(6)(A) and (B) of the Tariff Act.

To the extent practicable, we based NV on sales at the same level of trade as the EP or CEP transactions. Finally, because KTN's sales to its home market affiliates represented more than five percent of its total home market sales, for certain of its home market affiliates we requested that KTN report its affiliates downstream sales (*e.g.*, sales made by the affiliate). See Limited Reporting.

Price-to-CV Comparisons

In accordance with section 773(a)(4) of the Tariff Act, we based NV on CV if we were unable to find a home market match of identical or similar merchandise. Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Tariff Act. For comparisons to EP, we made COS adjustments by deducting home market direct selling expenses and adding U.S. direct selling expenses. Where we compared CV to CEP, we deducted from CV the weighted-average home market direct selling expenses.

Preliminary Determination of Critical Circumstances

On October 30, 1998, petitioners alleged that there is a reasonable basis to believe or suspect that critical circumstances exist with respect to imports of SSSS. In accordance with 19 CFR 351.206(c), since these allegations were filed earlier than the deadline for the Department's preliminary determination, we must issue our preliminary critical circumstances determination not later than the preliminary determination.

Section 733(e)(1) of the Act provides that the Department will determine that there is a reasonable basis to believe or suspect that critical circumstances exist if: (A)(i) there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and that there was likely to be material injury by reason of such sales, and (B) there have been massive imports of the subject merchandise over a relatively short period.

1. History of Dumping or Importer Knowledge of Dumping

To determine whether there is a history of injurious dumping of the merchandise under investigation, in accordance with Section 733(e)(1)(A)(i), the Department considers evidence of an existing antidumping order on the subject merchandise from the country in question in the United States or elsewhere to be sufficient. We are not aware of any antidumping orders on SSSS from Germany.

In determining whether there is a reasonable basis to believe or suspect that an importer knew or should have known that the exporter was selling SSSS at less than fair value, the Department normally considers margins of 15 percent or more on CEP sales or 25 percent or more on EP sales to provide a basis for imputing knowledge. *See, e.g., Preliminary Critical Circumstances Determination: Honey From the People's Republic of China (PRC),* 60 FR 29824 (June 6, 1995) (*Honey from the PRC*) and *Notice of Final Determination of Sales at Less Than Fair Value: Brake Drums and Rotors From the People's Republic of China,* 62 FR 9160, 9164 (February 28, 1997) .

Since KTN's margin in our preliminary determination for SSSS is equal to or greater than 15 percent, we have imputed knowledge of dumping to importers of subject merchandise from this exporter.

2. Importer Knowledge of Material Injury

Pursuant to the URAA, and in conformance with the WTO Antidumping Agreement, the statute now includes a provision requiring the Department, when relying upon section 735(a)(3)(A)(ii), to determine whether the importer knew or should have known that there would be material injury by reason of the less than fair value sales. In this respect, the preliminary finding of the International Trade Commission (ITC) is instructive, especially because the general public, including importers, is deemed to have notice of that finding as published in the **Federal Register**. If, as in this case, the ITC finds a reasonable indication of present material injury to the relevant U.S. industry, the Department will determine that a reasonable basis exists to impute importer knowledge that there would be material injury by reason of dumped imports during the critical circumstances period—the 90-day period beginning with the initiation of the investigation. *See* 19 CFR 351.206(i).

Accordingly, we find that the importers either knew, or should have known, that the imports of SSSS were being sold at less than fair value and that there was likely to be material injury by reason of such sales.

3. Massive Imports

When examining the trade data on volume and value, the Department typically compares the export volume for equal periods immediately preceding and following the filing of the petition. Pursuant to 19 CFR 351.206(h)(2), unless the imports in the comparison period have increased by at least 15 percent over the imports during the base period, we will not consider the imports to have been ''massive.'' In addition, the regulations allow for the adjustment of the base and comparison periods where the availability of the data and the commercial realities of the marketplace so dictate.

We have examined the increase in import volumes from April-June 1998 as compared to July-September 1998 and have found that imports of SSSS in coils from Germany increased by 67.74 percent (*see* KTN Preliminary Analysis Memo). Therefore, we determine that there have been massive imports of stainless steel sheet and strip in coils from Germany over a relatively short period of time.

4. KTN's Results

Based on the ITC's preliminary determination of material injury, the massive increases in imports noted above, and KTN's margins, which were greater than 15 percent for CEP sales, the Department preliminarily determines that critical circumstances exist for KTN.

Currency Conversion

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

Verification

As provided in section 782(i) of the Tariff Act, we will verify all information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Tariff Act, we are directing Customs to suspend liquidation of all imports of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the date 90 days prior to the date of publication of this notice in the **Federal Register**. We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the export price, as indicated in the chart below. These suspension of liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin
Krupp Thyssen Nirosta GmbH	21.34%
All others	21.34%

Commission Notification

In accordance with section 733(f) of the Tariff Act, we have notified the Commission of our determination. If our final determination is affirmative, the Commission will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether imports of stainless steel sheet and strip in coils are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than fifty days after the date of publication of this notice, and rebuttal briefs, limited to issues raised in case briefs, no later than fifty-five days after the date of publication of this preliminary determination. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Tariff Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, any hearing will be held fifty-seven days after publication of this notice at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief, and may make rebuttal presentations only on arguments included in that party's rebuttal brief. *See* 19 CFR 351.310(c). We intend to issue our final determination in this investigation no later than 135 days

after the publication of this notice in the **Federal Register**.

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Tariff Act.

Dated: December 17, 1998.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 98–34461 Filed 12–31–98; 8:45 am]

BILLING CODE 3510–DS–M

DEPARTMENT OF COMMERCE

International Trade Administration

[A–583–831]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Stainless Steel Sheet and Strip in Coils From Taiwan

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

EFFECTIVE DATE: January 4, 1999.

FOR FURTHER INFORMATION CONTACT: Carrie Blozy (Chang Mien), Doreen Chen (Tung Mung), Gideon Katz (YUSCO) or Michael Panfeld, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–0165, (202) 482–0408, (202) 482–5255, and (202) 482–0172, 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 to the regulations at 19 CFR part 351, 62 FR 27296 (May 19, 1997).

PRELIMINARY DETERMINATION: We preliminarily determine that stainless steel sheet and strip in coils (''SSSS'') from Taiwan is being, or is likely to be, sold in the United States at less than fair value (''LTFV''), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

On July 13, 1998, the Department initiated antidumping duty investigations of imports of SSSS from France, Germany, Italy, Japan, Mexico, South Korea, Taiwan, and the United Kingdom. *See 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*, 63 FR 37521, (July 13, 1998) (''*Initiation*''). Since the initiation of this investigation the following events have occurred.

The Department set aside a period for all interested parties to raise issues regarding product coverage. On July 27, 1998, petitioners, Allegheny Ludlum Corporation, Armco Inc., J&L Specialty Steel, Inc., Washington Steel Division of Bethlehem Steel Corporation (formerly Lukens, Inc.), the United Steelworkers of America, AFL–CIO/CLC, the Butler Armco Independent Union, and the Zanesville Armco Independent Organization, Inc., filed comments proposing clarifications to the scope of these investigations. From July October, 1998, the Department received numerous responses from respondents aimed at clarifying the scope of the investigations. *See* Memorandum for Joseph A. Spetrini, Scope Issues, dated December 14, 1998.

On July 31, 1998, the Department requested information from the American Institute in Taiwan (''AIT'') to identify producers/exporters of the subject merchandise. On August 2, 1998, AIT responded to the Department's request for information. On July 27 and July 28, 1998, petitioners and Yieh United Steel Corporation (YUSCO), respectively, submitted comments on our proposed model matching criteria.

On July 24, 1998, the United States International Trade Commission (ITC) notified the Department of its affirmative preliminary injury determination in this case. On August 3, 1998, the Department issued antidumping questionnaires to YUSCO, Chia Far Industrial Factory Co., Ltd. (''Chia Far''), Tang Eng Iron Works Co., Ltd. (''Tang Eng''), Tung Mung Development Co., Ltd. (''Tung Mung''), Ta Chen International (''Ta Chen''), and Chang Mien Industries, Co., Ltd. (''Chang Mien''). On September 21, 1998, the Department selected YUSCO and Tung Mung (collectively ''respondents'') as respondents in this investigation. On November 3, 1998, the Department amended its decision to include Chang Mien as a mandatory respondent. *See* ''Selection of Respondents,'' below.

On September 8, 1998, we received the section A questionnaire response from Chang Mien. On September 21, 1998, we received sections B, C, and D of the questionnaire from Chang Mien. Petitioners filed comments on Chang Mien's questionnaire responses on September 24, and November 12, 1998. We issued supplemental questionnaires for sections A, B, C and D to Chang Mien on November 13, 1998, and December 3, 1998, and received responses to these questionnaires on November 27, 1998 and December 10, 1998. Additionally, on December 4, 1998, petitioners submitted comments concerning adjustments that the Department should make in its preliminary determination.

On September 8, 1998, we received the section A questionnaire response from Tung Mung. On September 24, 1998, we received sections B, C, and D of the questionnaire from Tung Mung. Petitioners filed comments on Tung Mung's questionnaire responses on September 24, and October 16, 1998. We issued a supplemental questionnaire for sections A, B, C and D to Tung Mung on October 26, 1998, and received responses to this questionnaire on November 12, 1998. On November 18, 1998, we requested that Tung Mung report the date or order, which Tung Mung describes as ''initial estimates,'' and also requested that Tung Mung ensure that all those home market sales for which ''initial estimates'' were finalized during the period of the investigation are included in the revised home market sales listing. On December 2, Tung Mung provided the requested information.

On September 8, 1998, we received the section A questionnaire response from YUSCO. On September 25, 1998, we received sections B and C of the questionnaire, and on September 28, 1998, we received section D of the questionnaire from YUSCO. Petitioners filed comments on YUSCO's questionnaire responses on September 25, 1998 and October 19, 1998. We issued a supplemental questionnaire for sections A, B, and C to YUSCO on October 26, 1998, and received a response to this questionnaire on November 18, 1998. We issued a supplemental questionnaire for section D on November 2, 1998 and received a response on November 16, 1998. We issued a second supplemental questionnaire for sections A, B, and C on November 25, 1998 and received a response on December 3, 1998.

On October 6, 1998, petitioners made a timely request for a thirty-day postponement of the preliminary determination pursuant to section 733(c)(1)(A) of the Act. The Department determined that these concurrent investigations are extraordinarily complicated and warranted the thirty-day postponement requested by petitioners. On October 23, 1998, we