Dated: April 2, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–8927 Filed 4–8–99; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–580–830]

Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Round Wire from Korea

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

EFFECTIVE DATE: April 9, 1999.

FOR FURTHER INFORMATION CONTACT: Gabriel Adler or Kris Campbell at (202) 482–1442 or (202) 482–3813, respectively, Group 1, Office of AD/CVD Enforcement 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

The Applicable Statute and Regulations

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

Final Determination

We determine that stainless steel round wire from Korea is being sold, or is likely to be sold, in the United States at less than fair value (LTFV), as provided in section 735 of the Act. The estimated margins are shown in the *Suspension of Liquidation* section of this notice.

Case History

The preliminary determination in this investigation was issued on November 12, 1998. *See Notice of Preliminary Determinations of Sales at Less Than Fair Value and Postponement of Final Determinations—Stainless Steel Round Wire From Canada, India, Japan, Spain, and Taiwan; Preliminary Determination of Sales at Not Less Than Fair Value and Postponement of Final Determination—Stainless Steel Round Wire From Korea*, 63 FR 64042 (November 18, 1998) (preliminary determination). Since the preliminary determination, the following events have occurred:

In January and February 1999, we conducted on-site verifications of the questionnaire responses submitted by respondent Korea Sangsa Co., Ltd. (Korea Sangsa) and its affiliate Korea Sangsa America, Inc. (KOSA).

The petitioners [1] and the respondent submitted case briefs on February 26, 1999, and rebuttal briefs on March 5, 1999. We held a public hearing on March 11, 1999.

Scope of Investigation

The scope of this investigation covers stainless steel round wire (SSRW). SSRW is any cold-formed (*i.e.*, cold-drawn, cold-rolled) stainless steel product of a cylindrical contour, sold in coils or spools, and not over 0.703 inch (18 mm) in maximum solid cross-sectional dimension. SSRW is made of iron-based alloys containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. Metallic coatings, such as nickel and copper coatings, may be applied.

The merchandise subject to this investigation is classifiable under subheadings 7223.00.1015, 7223.00.1030, 7223.00.1045, 7223.00.1060, and 7223.00.1075 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.

Period of Investigation

The period of the investigation (POI) is January 1, 1997, through December 31, 1997. This period corresponds to the respondent's four most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, March 1998).

Fair Value Comparisons

To determine whether sales of stainless steel round wire from Korea to the United States were made at LTFV, we compared the export price (EP) or constructed export price (CEP), as appropriate, to the normal value (NV). Our calculations followed the methodologies described in the preliminary determination, except as noted below and in the sales analysis memorandum from Valerie Ellis to Kris Campbell, dated April 2, 1999, which has been placed in the file.

[1] The petitioners are ACS Industries, Inc., Al Tech Specialty Steel Corp., Branford Wire & Manufacturing Company, Carpenter Technology Corp., Handy & Harman Specialty Wire Group, Industrial Alloys, Inc., Loos & Company, Inc., Sandvik Steel Company, Sumiden Wire Products Corporation, and Techalloy Company, Inc.

Export Price and Constructed Export Price

We used the same methodology to calculate EP and CEP as that described in the preliminary determination, except in the following specific instances:

1. We established two separate averaging periods to account for the precipitous drop of the Korean won at the end of the POI. *See* comment 1.
2. We reallocated indirect selling expenses incurred by Korea Sangsa's U.S. affiliate entirely to CEP sales. *See* comment 3.
3. We disallowed the CEP offset that was granted at the preliminary determination. *See* comment 4.

Normal Value

We used the same methodology to calculate normal value (NV) as that described in the preliminary determination, with the exception that we averaged normal value for two separate periods to account for the precipitous drop of the Korean won at the end of the POI. *See* comment 1.

Cost of Production

We used the same methodology to calculate cost of production (COP) as that described in the preliminary determination, except in the following specific instances:

1. We recalculated the G&A expense ratio to include expenses of affiliates involved in the production of subject merchandise, and to exclude certain non-operating income. *See* comment 11.
2. We reduced the cost of manufacturing by the sale of scrap. *See* comment 12.
3. We reduced the cost of manufacturing by the rental income. *See* comment 12.
4. The interest expense ratio was recalculated to create a combined ratio including all affiliates. *See* comment 13.
5. We recalculated the net cost of goods sold used in the G&A and interest expense ratio calculation to include the sales value of inter-company sales. *See* comment 13.

Currency Conversions

As explained in the preliminary determination, our analysis of Federal Reserve data on the U.S. dollar-Korean won exchange rate showed that the won declined rapidly at the end of 1997, losing over 40 percent of its value between the beginning of November and the end of December. The decline was, in both speed and magnitude, many times more severe than any change in the dollar-won exchange rate during the previous eight years. Had the won rebounded quickly enough to recover all or almost all of the initial loss, the Department might have considered the won's decline at the end of 1997 as nothing more than a sudden but only momentary drop, despite the magnitude

of that drop. As it was, however, there was no significant rebound. Therefore, we have not changed our preliminary determination that the decline in the won at the end of 1997 was so precipitous and large that the dollar-won exchange rate cannot reasonably be viewed as having simply fluctuated during this time, *i.e.*, as having experienced only a momentary drop in value. As a result, in making this final determination, the Department has continued to use daily rates exclusively for currency-conversion purposes for home market sales matched to U.S. sales occurring between November 1, 1997, and December 31, 1997. Further, as discussed in Comment 1, below, we have considered these two months as a separate averaging period from the first ten months of the POI.

Interested Party Comments

A. Sales Issues

Comment 1: Averaging Periods. The petitioners argue that the Department should account for the effect of the severe depreciation of the Korean won toward the end of the POI by relying on separate averaging periods corresponding to the pre-and post-depreciation periods. According to the petitioners, the Department's regulations provide that average-to-average price comparisons may be performed over periods shorter than the POI where the normal values, export prices, or constructed export prices for sales in an averaging group differ significantly over the POI. The petitioners contend that if the Department does not rely on two separate averaging periods in this case, the respondent's dumping throughout the majority of the POI will be masked by the effect of the devalued Korean currency in the last few months of the period. The petitioners request that the averaging periods be divided using fiscal quarters (*i.e.*, the first period corresponding to the first three quarters of 1997, the second period corresponding to the last quarter).

Korea Sangsa argues that the Department's established currency conversion policy fully accounts for the effects of the devaluation of the Korean won, and that there is no legal basis or rational need for any additional adjustment. According to the respondent, its pricing behavior and selling activities in the U.S. and home markets did not change throughout the POI, and the company should not be penalized for currency movements outside of its control.

DOC Position: We agree with the petitioners that separate averaging periods should be used. Under section 777A(d)(1)(A) of the Act , the Department has wide latitude in calculating the average prices used to determine whether sales at less than fair value exist. More specifically, under 19 CFR 351.414(d)(3), the Department may use shorter averaging periods where normal value varies significantly over the POI. In the instant case, NV (in dollars) in the last two months of the POI differs significantly from NV earlier in the POI due primarily to a significant change in the underlying dollar value of the won. This significant change is evidenced by the precipitous drop in the won's value that began in November 1997 and continued through the end of the POI, without a quick, significant rebound. In the span of two months, the won's value decreased by more than 40 percent in relation to the dollar. Consequently, it is appropriate to use two averaging periods to avoid the possibility of a distortion in the dumping calculation. Moreover, we disagree with respondent's claim that the use of averaging periods is dependent upon a change in a respondent's selling practices. We note that in *Notice of Final Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms from Indonesia*, 63 FR 72268, 72272 (December 31, 1998), the Department stated that ''in addition to changes in selling practices, we believe that we should also consider other factors, such as prolonged large changes in exchange rates, in determining whether it is appropriate to use more than one averaging period.'' Therefore, we have used two averaging periods for the final determination, and calculated a weighted average of the resulting margins. Because the rapid devaluation of the Korean won began in November 1997, we have defined the first period to extend from January through October, and the second period from November through December.

We note that, as explained above in *Currency Conversions*, we have continued to use daily exchange rates for the period November through December 1997.

Comment 2: Correction of Errors at Verification. The petitioners allege that the errors identified by Korea Sangsa at the outset of verification were so extensive that the Department should not accept these corrections without penalty. Korea Sangsa claims that the Department found no significant errors at verification and should continue to rely on the company's verified data.

DOC Position: We do not agree that Korea Sangsa's errors were so pervasive as to warrant the application of adverse facts available. It is standard Department practice to accept corrections of minor errors identified by a respondent at the outset of verification. *See Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors from Taiwan*, 63 FR 8909, 8929 (February 23, 1998). The errors identified by Korea Sangsa affected only a few variables (*e.g.*, invoice number, credit expenses) with respect to a small percentage of sales. *See* Korea Sangsa sales verification report, dated February 19, 1999, at 2. Based on established verification procedures, we are satisfied that the revised information presented at the outset of verification was correct, and have relied on this information for this final determination.

Comment 3: Allocation of Indirect Selling Expenses to CEP Sales. The petitioners argue that the Department should allocate U.S. indirect selling expenses incurred by the respondent's U.S. affiliate (KOSA) entirely to CEP sales, and not EP sales, since KOSA performs negligible activities in connection with EP sales.

Korea Sangsa asserts that while KOSA plays a limited role with respect to EP sales, at least a portion of the indirect selling expenses are properly allocable to these sales, and provided separate EP and CEP ratios to support its proposed allocation.

DOC Position: We agree with the petitioners that U.S. indirect selling expenses should be allocated only to CEP sales. The record indicates that KOSA's role with respect to EP sales is limited to the transmittal of purchase orders to its parent company in Korea and the occasional receipt of payment, whereas KOSA plays a much more active role with respect to CEP sales. The methodology advanced by the respondent allocates slightly more expenses to CEP sales than to EP sales, but this result reflects merely that the company's reported sales had a higher ratio of CEP to EP sales than did the company's total sales, and does not capture the fact that, in terms of selling activities, KOSA also plays a significantly more active role with respect to CEP sales. Since the respondent has not isolated the expenses associated with the negligible role played by the affiliate with respect to the EP sales, we have allocated the expenses in question entirely to CEP sales.

Comment 4: CEP Offset. The petitioners argue that Korea Sangsa should not be granted a CEP offset, given findings at verification confirming that there is no difference in selling functions in the home and U.S. markets.

Korea Sangsa asserts that the Department should continue to grant the CEP offset. The respondent claims that normal value in this case includes several selling functions not found in the adjusted CEP, including the arrangement of freight and warehousing, as well as direct selling expenses such as the arranging of bank transactions for local letter of credit sales.

DOC Position: We agree with the petitioners that a CEP offset is not appropriate given the facts of this case. The record indicates that the respondent's selling functions in the home market are very limited, and do not extend significantly beyond those performed with respect to its U.S. affiliate. Although Korea Sangsa arranges for movement of the merchandise on behalf of its home market customers, it also arranges for movement of the merchandise to its U.S. affiliate. Korea Sangsa does arrange banking transactions for local letter of credit sales as well as cutting services, but such functions were performed for only a small percentage of all home market sales during the POI. Given that the selling functions performed with respect to home market customers do not differ significantly from those performed with respect to the U.S. affiliate, we find that sales to both home market and U.S. customers are made at the same level of trade, so that a CEP offset is not necessary. This is consistent with similar determinations in recent cases. *See, e.g., Industrial Nitrocellulose From the United Kingdom; Notice of Final Results of Antidumping Duty Administrative Review,* 64 FR 6609, 6614 (Feb. 10, 1999).

Comment 5: U.S. Credit. The petitioners argue that the Department should impute a credit expense for all sales in which reported payment date occurred after the reported ship date.

Korea Sangsa asserts that for a number of sales involving letters of credit, it presented the sales documents to its bank upon shipment and immediately obtained from the bank the invoice value of the transaction. The respondent further claims that the bank levied a discount charge for the period between shipment and estimated customer payment to the bank, which Korea Sangsa reported as a bank charge. Korea Sangsa contends that the Department should not impute an additional credit expense for these sales. The respondent also contends that it reported imputed credit expenses for all other sales.

DOC Position: We agree with Korea Sangsa that, for EP sales where the respondent receives payment from its bank immediately upon shipment, there is no need to impute a credit expense. For such sales, as in the preliminary determination, we have made an adjustment for the charges levied by the bank, which constitute actual interest expenses arising from the lag between the date of shipment and the date of customer payment. For all other sales, to the extent that the date of payment follows the date of shipment, we have made adjustments for imputed credit expenses.

Comment 6: Clarification of Matching Methodology. The petitioners request that the Department clarify its policy with respect to situations where there are two equally similar home market products (in terms of physical characteristics) that could serve as comparison merchandise for a given U.S. product. The petitioners note that the Department has in the past either (1) relied on an average of the prices of the two products, or (2) selected the home market product with the more similar variable cost. The petitioners note that the Department followed the latter approach in the preliminary determination, and contend that the former approach is more sensible.

Korea Sangsa argues that the Department should continue to find the most similar home market match as in the preliminary determination.

DOC Position: In situations where, based on the reported product characteristics, there are two or more ''equally similar'' home market products, we have in the past relied on the home market product with the closest variable cost of manufacture to that of the U.S. product. *See, e.g., Certain Welded Carbon Steel Pipes and Tubes From India; Final Results of Antidumping Duty Administrative,* 63 FR 32825 (June 16, 1998). We have followed this methodology for the final determination.

Comment 7: Packing Form/Model Matching. The petitioners suggest that the Department may want to consider the appropriateness of including packing form in the model matching criteria for the purpose of making price to price comparisons.

Korea Sangsa claims that, given the lack of any findings at verification suggesting that form affects price comparability, the Department should not incorporate packing form into the model match methodology.

DOC Position: We agree with Korea Sangsa that packing form should not be incorporated into the model match methodology. The petitioners have not provided evidence that packing form is a consideration in pricing in the wire industry generally, and our analysis of the respondent's pricing data suggests no clear correlation between wire prices and packing form. Therefore, the Department has determined that there is no basis for including these criteria in our model matching.

Comment 8: Grade Comparisons. Korea Sangsa argues that the Department erred in comparing U.S. sales of grade 302 wire to home market sales of grade 303 wire, rather than to sales of more similar grade 304 wire. According to Korea Sangsa, it is commonly accepted in the wire industry that grade 302 and 304 wire are generally interchangeable and used in non-free-machining applications, whereas the grade 303 wire sold by Korea Sangsa contains significant amounts of copper, sulfur, and other chemical elements (which the other two grades lack), and is used for free-machining applications. Korea Sangsa suggests that the Department can correct this error with a revision to the results of the program used to determine similarity of grades, by modifying the values assigned to the specific grades in question.

According to the petitioners, the Department should consider general comments on matching methodologies, and not consider requests for *ad hoc* revisions to the results of those methodologies. The petitioners argue that the respondent's objection to the Department's model matching is based on a limited comparison of two specific grades, and does not advance a comprehensive approach to matching of grades.

DOC Position: We agree with the petitioners. Although Korea Sangsa has provided evidence that in certain respects grade 302 wire is more similar to grade 304 wire than to grade 303 wire (for instance, that grades 302 and 304 contain little or no copper or sulfur, while grade 303 contains significant amounts of those elements), the respondent has not addressed the methodology used in the preliminary determination for purposes of determining grade similarity. This methodology relied on the standard chemical composition of each grade, and ranked four chemical elements (nickel, molybdenum, chromium, and carbon) in a hierarchy. Rather than propose a systematic revision to this hierarchy with respect to copper, sulfur, and other elements, the respondent has identified a specific unfavorable result of the Department's methodology, and proposed an *ad hoc* change to this result. Absent comments from interested parties on the relative importance of copper, sulfur, and other elements, we have no way of gauging what other grade comparisons might be affected by consideration of those elements.

Therefore, we have continued to rely on the methodology for determination of grade similarity that was used in the preliminary determination.

Comment 9: Overdraft Rates. Korea Sangsa asserts that the Department should include the company's overdraft rate in the calculation of short-term lending rates during the POI. According to Korea Sangsa, in the preliminary determination the Department deviated from its practice of basing the interest rate for the calculation of imputed credit on all short-term borrowing, including overdraft loans. The respondent cites to two determinations in which the Department relied on overdraft rates: *Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Stainless Steel Plate in Coils From Italy*, 63 FR 47246 (Sept. 4, 1998), and *Extruded Rubber Thread From Malaysia: Final Results of Countervailing Duty Administrative Review*, 62 FR 48985 (Sept. 18, 1997).

The petitioners do not specifically address the issue of overdraft rates, stating that the Department has discretion to determine the appropriate basis for calculating the respondent's home market borrowing rate. However, the petitioners note that the rate reported by Korea Sangsa appears to be overstated. The petitioners point out that the interest rate reported by the respondent is above the range of rates listed in the company's audited financial statements.

DOC Position: We disagree with Korea Sangsa that the reported overdraft rates should be included in the calculation of imputed credit. For purposes of calculating imputed credit expenses, it is the Department's policy to use a short-term interest rate tied to the currency in which the sales are denominated. We will base this interest rate on the respondent's weighted-average short-term borrowing experience in the currency of the transaction. *See* Policy Statement 98–2. In this case, the overdraft rate in question is several times higher than the respondent's regular short-term borrowing rate, and does not appear to bear any relation to normal commercial borrowing by the respondent (the total POI amount of overdraft borrowing, when compared to the total amount of regular short-term borrowing, indicates that overdraft borrowing is exceptionally rare).

The countervailing duty cases cited by the respondent are inapposite, in that they did not involve the calculation of imputed credit. (For example, in *Stainless Steel Plate in Coils from Italy*, we used overdraft rates to calculate benchmarks on long-term (rather than short-term) loans, in connection with the valuation of subsidies in Italy.) The respondent has not identified any precedent establishing that the Department's practice is to include overdraft rates (especially aberrationally high overdraft rates) in the calculation of short-term interest rates for purposes of calculating imputed credit. Given this, we have continued to exclude these rates from the calculation of the home market short-term interest rate. Regarding the petitioners' claim that the reported interest rate is inconsistent with the range of rates in the notes to the financial statements, we found at verification that the reported rate was consistent with the respondent's books and records.

B. Cost Issues

Comment 10: Inflation/Cost Averaging. The petitioners argue that there was significant inflation in Korea during the POI, as evidenced by the increase in Korea Sangsa's cost in won for one grade of wire rod, the principal input used in the production of round wire. The petitioners contend that, given such inflation, the Department should index Korea Sangsa's monthly costs and perform monthly cost and price comparisons.

Korea Sangsa claims that Korea did not suffer significant inflation during the POI. The respondent contends that neither the Korean consumer price index nor the producer price index for the period indicate a rate of inflation even approaching the level at which the Department will normally consider making an adjustment. The respondent also asserts that the petitioners' allegations regarding Korea Sangsa's wire rod purchases are misleading, and that in fact, the price of at least one grade of wire rod actually decreased for some months of the POI. Finally, while the respondent concedes that there may have been some inflationary pressure on the company in the final month of the POI, the respondent asserts that such pressure could not have been reflected in the costs of production of merchandise sold during the POI.

DOC Position: We disagree with the petitioners that monthly costs should be indexed for inflation and that we should perform monthly cost and price comparisons. Based on our assessment of information on the record, we find that the inflation rate in Korea during the POI was not significant enough to warrant any adjustment to our calculation methodology. The Department uses a different calculation methodology for economies experiencing high inflation. This is because money can lose purchasing power at such a rate that comparison of transactions that have occurred at different times, even within the same POI, are misleading. The annualized inflation rate during the POI did not reach such levels in this case. Therefore, we have continued to rely on the methodology for price and cost comparisons that was used in the preliminary determination.

Comment 11: Calculation of G&A Expenses. The petitioners claim that the Department should revise its calculation of G&A expenses to reflect findings at verification, namely to include: (1) exchange losses experienced by collapsed affiliate Korea Welding Electrode Co., Ltd. (Koweld) in connection with accounts payable, (2) amounts for actual payments of severance indemnities, and (3) amounts for ''special'' and extraordinary depreciation.

Korea Sangsa contends that, to the extent that the Department finds it necessary to include Koweld's exchange losses in the G&A ratio, the Department should also adjust the G&A ratio to reflect Koweld's offsetting exchange gains. With respect to severance payments and depreciation, the respondent claims that all such costs were correctly reported and verified, and therefore, no revisions are necessary for the final determination.

DOC Position: We agree with petitioner that the foreign exchange losses realized in connection with loans and accounts payable should be included in the COP and CV calculations. It is the Department's practice to distinguish between exchange gains and losses generated by sales transactions and those generated by loans payable and the purchases of production inputs. *See Notice of Final Results and Partial Recission of Antidumping Duty Administrative Review: Certain Welded Carbon Steel Pipe and Tube from Turkey*, 63 FR 35190, 35198 (June 29, 1998). The Department typically excludes from the COP and CV calculation those foreign exchange gains and losses generated by sales transactions because we do not consider them to relate to the manufacturing activities of the company. *See Notice of Final Determination of Sales at Less Than Fair Value: Steel Wire Rod from Trinidad and Tobago*, 63 FR 9177, 99182 (February 24, 1998). We also agree with respondents that the offsetting foreign exchange gains realized in connection with accounts payable and loans should be included in the COP and CV calculations. Thus, we

have included both exchange gains and losses in our calculation of COP and CV.

We disagree with the petitioners that the actual payments for severance indemnities should be included in the calculation of G&A expenses. Annually, the respondent accrues in its accounting books and records amounts for severance indemnities. The actual severance payments to employees are not recorded as expenses to Korea Sangsa. Rather, the annual accrual is recorded as an expense in the books and records of the company. We agree with Korea Sangsa that it correctly reported the provision for severance payments in its reported costs. Accordingly, we made no adjustment for actual severance payments in Korea Sangsa's G&A expense calculation.

We disagree with the petitioners that respondents have not included ''special and extraordinary'' depreciation expenses in the reported costs. We note from our verification that Korea Sangsa included regular and special depreciation in its calculation of the cost of manufacturing. In addition, depreciation expense related to assets used in the general operations of the company were included in the reported G&A expenses. *See* cost verification exhibit 9. Thus, we made no adjustment to Korea Sangsa's reported costs.

Comment 12: Offset to Costs for Rental Income and Scrap Revenues. Korea Sangsa asserts that the Department should allow an offset to reported costs for income from the rental of machinery to affiliated parties, as well as from revenues from the sale of scrap.

The petitioners contend that Korea Sangsa has not shown that the machinery in question was related to production activities, and therefore no offset should be granted in connection with the rental of that machinery. The petitioners also assert that to the extent that the Department allows an offset for revenue from the sale of scrap, it should also reduce the respondent's cost of sales by any revenue from the sale of scrap in order to ensure that the interest and G&A expense ratios are calculated on the same basis as the cost of manufacture figure to which they are applied.

DOC Position: We agree with Korea Sangsa that in this instance the rental income that represents amounts paid by collapsed affiliate Myung Jin. Co. (MJC) to Korea Sangsa should be allowed as an offset to the cost of manufacture. It has been determined for this proceeding that MJC and Korea Sangsa should be collapsed into a single entity for cost and sales reporting purposes. Thus, if the income from the rental of the equipment is not used to offset the cost incurred by Korea Sangsa, costs would be double counted, first as maintenance and depreciation costs to Korea Sangsa, and second as a rental expense included in factory overhead for MJC's Daesong Factory. Therefore, for the final determination, we have reduced the cost of manufacture for the rental income.

With respect to the issue of scrap, we also agree with Korea Sangsa. It is Department practice to allow an offset to cost of manufacturing by revenue generated from sales of scrap. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod from Taiwan,* 63 FR 40461, 40472 (July 29, 1998). In keeping with this practice, we will allow this offset for the final determination. Further, we agree with the petitioners that the interest and G&A ratios should be calculated on the same basis as the cost of manufacturing figure to which they are applied. Therefore, since we have reduced cost of manufacturing by the revenue generated from the sales of scrap and rental income, we have also reduced the denominator used in the G&A and interest expense calculation.

Comment 13: Elimination of Inter-Company Sales. Korea Sangsa asserts that it has correctly eliminated inter-company sales from the cost-of-goods sold (COGS) denominator used to calculate the G&A and interest ratios. The respondent contends that it is appropriate to reduce that denominator by the *cost* of those sales (*i.e.*, the price paid by the respondent to an unaffiliated supplier for merchandise that the respondent resold to an affiliate), rather than by the *sales value* of those transactions (*i.e.*, the price paid by the affiliate to the respondent for that merchandise).

The petitioners claim that COGS denominator should be reduced by the cost of the inter-company sales to the respondent's affiliate, which is based on the sales value realized by Korea Sangsa.

DOC Position: We agree with the petitioner that the COGS denominator should be reduced by the transfer price between affiliates. If the Department reduced the denominator by only the amount paid by the respondent to an unaffiliated supplier for the purchase of the merchandise in question, it would leave in that denominator an element of profit or loss realized by the respondent upon resale of the merchandise to its affiliate, thus not fully eliminating the effect of the inter-company sales. Therefore, we have used the sales value of the inter-company sales to calculate net COGS used in the G&A and interest ratio calculations.

Comment 14: Allocation of Packing Labor Costs. The petitioners contend that the Department determined that packing for the U.S. and home markets was identical, but that at verification the Department found that packing labor had been allocated disproportionately to U.S. products. According to the petitioners, this discrepancy calls into question the general reliability of the reported packing costs, warranting the application of facts available.

Korea Sangsa asserts that it has correctly allocated packing labor costs to home market and U.S. products, and that no adjustment to this allocation is necessary for the final determination.

DOC Position: We disagree with the petitioners that the application of facts available is appropriate. At verification, we confirmed that the pool of packing costs allocated to round wire sold in the U.S. and home markets included all appropriate costs. We also observed that labor involved in packing merchandise for both the U.S. and home markets did not appear to vary, and noted that the respondent appeared to have slightly over-allocated packing labor cost to U.S. products. Upon review, we have determined that the allocation of packing labor costs appears reasonable. Accordingly, no adjustment was necessary.

Suspension of Liquidation

In accordance with section 735(c)(1)(C) of the Act, we are directing the Customs Service to suspend liquidation of all entries of stainless steel round wire from Korea, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final determination in the **Federal Register**. The Customs Service shall require a cash deposit or the posting of a bond equal to the weighted-average amount by which the normal value exceeds the EP or CEP, as indicated in the chart below. These instructions suspending liquidation will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin percentage
Korea Sangsa	3.07
All Others	3.07

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC

will, within 45 days, determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing the Customs Service to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

This determination is published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: April 2, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–8928 Filed 4–8–99; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 032399A]

Regulations Governing the Taking and Importing of Marine Mammals; Endangered and Threatened Fish and Wildlife; Cook Inlet Beluga Whales

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of receipt of petitions.

SUMMARY: NMFS announces the receipt of two petitions to list the Cook Inlet population of beluga whales under the Endangered Species Act (ESA) and one petition to designate the population as depleted under the Marine Mammal Protection Act (MMPA). NMFS also announces that it has determined that the petitioned actions may be warranted.

ADDRESSES: Requests for copies of the petitions should be addressed to Chief, Marine Mammal Division (PR2), Office of Protected Resources, National Marine Fisheries Service, 1315 East-West Highway, Silver Spring, MD 20910.

FOR FURTHER INFORMATION CONTACT: Division Chief, Protected Resources Management Division, Alaska Region, NMFS, (907) 586–7235; Brad Smith/Barbara Mahoney, Protected Resources Management Division, Alaska Region, NMFS, (907) 271–5006; or Margot Bohan/Dean Wilkinson, Office of Protected Resources, NMFS, (301) 713–2322.

SUPPLEMENTARY INFORMATION:

Background

The MMPA (16 U.S.C. 1361–1407) contains provisions for interested parties to petition for a species or stock to be designated as ''depleted'' (16 U.S.C. 1383(b)). Section 4 of the ESA (16 U.S.C. 1531–1543) and 50 CFR part 424 contain provisions allowing interested parties to petition for a species (including any subspecies or, in the case of vertebrates, a distinct population segment which interbreeds when mature) to be listed as threatened or endangered. If a petition presents substantial information, a review is conducted to determine if a species should be designated as depleted or listed as endangered or threatened. Determinations are made based on the best available scientific data.

Petitions Received

On January 21, 1999, NMFS received a petition from the State of Alaska to designate the Cook Inlet beluga stock as depleted. On March 3, 1999, NMFS received a petition, on behalf of Joel Blatchford, a Native Alaskan beluga hunter, the Alaska Center for the Environment, the Alaska Community Action on Toxics, the Alaska Wildlife Alliance, the Center of Biological Diversity, the Center for Marine Conservation, the National Audubon Society, and the Trustees for Alaska to list Cook Inlet belugas as endangered under the ESA on an emergency basis. On March 10, 1999, NMFS received another petition from the Animal Welfare Institute to change the status of Cook Inlet beluga whales to depleted under the MMPA and endangered under the ESA.

Presentation of Substantial Information

NMFS has determined that each of these petitions presents substantial information indicating that the petitioned action may be warranted. A copy of the petitions and information submitted with the petitions is available upon request (see **ADDRESSES**).

NMFS recently commenced a review of the status of the Cook Inlet population of beluga whales, in collaboration with the Alaska Beluga Whale Committee and the Cook Inlet Marine Mammal Council. The agency solicited information and public comments in conjunction with the status review to ensure that the review is complete and is based on the best available information. Completion of the status review is expected in early April. NMFS will evaluate the merits of listing of the Cook Inlet beluga whale as threatened or endangered under the ESA based on the findings of this status review. NMFS will also evaluate the merits of designating the Cook Inlet beluga whale as depleted under the MMPA based on this review.

Dated: April 2, 1999.

Andrew A. Rosenberg,

Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service.

[FR Doc. 99–8905 Filed 4–8–99; 8:45 am]

BILLING CODE 3510–22–F

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 032499A]

Small Takes of Marine Mammals Incidental to Specified Activities; Offshore Oil and Gas Activities in the Beaufort Sea

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Request for panel nominations.

SUMMARY: The Marine Mammal Protection Act (MMPA) requires Incidental Harassment Authorizations (IHAs) issued thereunder, to prescribe, where applicable, the requirements for an independent peer review of research and monitoring plans for those activities that take marine mammals incidental to the activity and where the activity may affect the availability of a species/stock of marine mammal for taking for subsistence uses in Arctic waters. In addition, NMFS regulations require similar review for Letters of Authorization (LOAs) issued under the MMPA for activities in Arctic waters. Because of increasing activities and potential MMPA authorizations in Arctic waters, NMFS wishes to expand its present list of peer review participants. NMFS is therefore accepting nominations from the public for consideration as potential reviewers of monitoring and research plans in the Arctic.

DATES: Nominations must be received no later than May 24, 1999.

ADDRESSES: Nominations should be addressed to Donna Wieting, Acting Chief, Marine Mammal Conservation Division, Office of Protected Resources, NMFS, 1315 East-West Highway, Silver Spring, MD 20910–3225. Additional information may be obtained by writing to this address or by telephoning the contact listed here.