

materially injuring, or threaten material injury to, the U.S. industry. The deadline for that ITC determination would be the later of 120 days after the date of this preliminary determination or 45 days after the date of our final determination.

#### Public Comment

Case briefs for this investigation must be submitted no later than one week after the issuance of the verification reports. Rebuttal briefs must be filed within five days after the deadline for submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes.

Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made in an investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230. In the event that the Department receives requests for hearings from parties to several cold-rolled cases, the Department may schedule a single hearing to encompass all those cases. Parties should confirm by telephone the time, date, and place 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 within 30 days of the publication of this notice. Requests should specify the number of participants and provide a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs.

If this investigation proceeds normally, we will make our final determination no later than 135 days after the date of publication of this notice in the **Federal Register**.

This determination is published pursuant to sections 733(f) and 777(i)(1) of the Act.

Dated: December 28, 1999.

**Holly A. Kuga,**

*Acting Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-859-801]

#### Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Slovakia

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

**EFFECTIVE DATE:** January 7, 2000.

**FOR FURTHER INFORMATION CONTACT:** Doug Campau or Abdelali Elouaradia, at (202) 482-1784 or (202) 482-0498, respectively; Import Administration, Room 1870, 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 the Department of Commerce's (the Department's) regulations refer to the regulations codified at 19 CFR part 351 (April 1999).

#### Preliminary Determination

We preliminarily determine that certain cold-rolled flat-rolled carbon-quality steel products (cold-rolled steel products) from Slovakia are being sold, or are 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

This investigation was initiated on June 21, 1999.<sup>1</sup> See *Initiation of Antidumping Duty Investigations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from Argentina, Brazil, the People's Republic of China, Indonesia, Japan, the Russian Federation, Slovakia, South Africa, Taiwan, Thailand, Turkey, and*

*Venezuela*, 64 FR 34194 (June 25, 1999) (*Initiation Notice*). Since the initiation of the investigation, the following events have occurred:

On June 22 and July 29, 1999, the Department issued section A non-market economy (NME) and market economy<sup>2</sup> antidumping questionnaires, respectively, to VSZ, a.s. (VSZ), the only known exporter of subject merchandise in Slovakia. As of the date of initiation of this investigation, Slovakia was still considered an NME country. On June 25, 1999, the Department received a letter from VSZ, requesting, on behalf of the Government of Slovakia, that the Department revoke the NME status of Slovakia under section 771(18)(A) of the Act. On July 2, 1999, the Department initiated a formal inquiry into Slovakia's NME status. While the Department conducted this inquiry, VSZ voluntarily submitted responses to both the Department's market economy questionnaire and the Department's NME questionnaire.

On July 16, 1999, the United States International Trade Commission (ITC) preliminarily determined that there was a reasonable indication that imports of the products under investigation were materially injuring the United States industry. See *Certain Cold-Rolled Steel Products From Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela: Determinations*, 64 FR 41458 (July 30, 1999).

On October 13, 1999, the Department revoked Slovakia's NME status. See Memorandum to Robert S. LaRussa (October 13, 1999). Thereafter, this investigation continued under the Department's market economy procedures. See *Revocation of Slovakia's Non Market Economy Status*, below.

On October 19, 1999, the Department postponed the preliminary determination in this case for 30 days in accordance with section 733(c) of the Act and 19 CFR 351.205(b)(2). See *Notice of Postponement of Preliminary Antidumping Duty Determinations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from Slovakia*, 64 FR 57842 (October 27, 1999). On December 6, 1999, the Department further extended the deadline for the preliminary determination to December 28, 1999. See *Notice of Postponement of Preliminary Antidumping Duty Determinations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel*

<sup>1</sup> The petitioners in this investigation are Bethlehem Steel Corporation, Gulf States Steel, the Independent Steelworkers Union, Ispat Inland Steel, LTV Steel Company Inc., National Steel Corporation (not a petitioner in the Japan case), Steel Dynamics, U.S. Steel Group (a unit of USX Corporation), Weirton Steel Corporation, and United Steelworkers of America.

<sup>2</sup> Both versions of the questionnaire were issued because VSZ had requested that the NME status of Slovakia be revoked.

*Products from Slovakia*, 64 FR 69491 (December 13, 1999).

On November 9, 1999, the petitioners requested that the Department initiate a below-cost sales investigation. After examining the petitioner's request, on November 10, 1999, the Department initiated a below-cost sales investigation. See Memorandum from Gary Taverman to Holly Kuga (November 10, 1999).

We issued supplemental questionnaires where appropriate. Responses to those questionnaires were timely filed, and we have incorporated the information provided in those responses into this preliminary determination.

*Postponement of Final Determination*

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioners. The Department's regulations, at 19 CFR 351.210(e)(2), require that requests by respondents for postponement of a final determination be accompanied by a request for extension of provisional measures from a four-month period to not more than six months.

On October 28, 1999, VSZ 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**. VSZ also included a request to extend the provisional measures to not more than six months. Accordingly, since we have made an affirmative preliminary determination, we have postponed the final determination until not later than 135 days after the date of the publication of the preliminary determination.

*Period of Investigation*

The period of the investigation (POI) is April 1, 1998, through March 31, 1999.

This period corresponds to the respondent's four most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, June 1999).

*Scope of Investigation*

For purposes of this investigation, the products covered are certain cold-rolled (cold-reduced) flat-rolled carbon-quality steel products, neither clad, plated, nor coated with metal, but whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances, both in coils, 0.5 inch wide or wider, (whether or not in successively superimposed layers and/or otherwise coiled, such as spirally oscillated coils), and also in straight lengths, which, if less than 4.75 mm in thickness having a width that is 0.5 inch or greater and that measures at least 10 times the thickness; or, if of a thickness of 4.75 mm or more, having a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process (*i.e.*, products which have been "worked after rolling")—for example, products which have been beveled or rounded at the edges.

Specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of this investigation, regardless of definitions in the Harmonized Tariff Schedules of the United States (HTSUS), are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight, and; (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 2.25 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.10 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.15 percent of vanadium, or
- 0.15 percent of zirconium.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this investigation:

- SAE grades (formerly also called AISI grades) above 2300;
- Ball bearing steels, as defined in the HTSUS;
- Tool steels, as defined in the HTSUS;
- Silico-manganese steel, as defined in the HTSUS;
- Silicon-electrical steels, as defined in the HTSUS, that are grain-oriented;
- Silicon-electrical steels, as defined in the HTSUS, that are not grain-oriented and that have a silicon level exceeding 2.25 percent;
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507);
- Silicon-electrical steels, as defined in the HTSUS, that are not grain-oriented and that have a silicon level less than 2.25 percent, and
  - (a) fully-processed, with a core loss of less than 0.14 watts/pound per mil (.001 inches), or
  - (b) semi-processed, with core loss of less than 0.085 watts/pound per mil (.001 inches);
- Certain shadow mask steel, which is aluminum killed cold-rolled steel coil that is open coil annealed, has an ultra-flat, isotropic surface, and which meets the following characteristics:

Thickness: 0.001 to 0.010 inches  
Width: 15 to 32 inches

CHEMICAL COMPOSITION

Element .....	C
Weight % .....	<0.002%

- Certain flapper valve steel, which is hardened and tempered, surface polished, and which meets the following characteristics:  
Thickness:  $\leq 1.0$  mm  
Width:  $\leq 152.4$  mm

## CHEMICAL COMPOSITION

Element .....	C	Si	Mn	P	S
Weight % .....	0.90–1.05	0.15–0.35	0.30–0.50	$\leq 0.03$	$\leq 0.006$

## MECHANICAL PROPERTIES

Tensile Strength .....	$\geq 162$ Kgf/mm <sup>2</sup>
Hardness .....	$\geq 475$ Vickers hardness number

## PHYSICAL PROPERTIES

Flatness .....	$< 0.2\%$ of nominal strip width
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Microstructure: Completely free from decarburization. Carbides are spheroidal and fine within 1% to 4% (area percentage) and are undissolved in the uniform tempered martensite.

## NON-METALLIC INCLUSION

	Area percentage
Sulfide Inclusion .....	$\leq 0.04\%$
Oxide Inclusion .....	$\leq 0.05\%$

Compressive Stress: 10 to 40 Kgf/mm<sup>T22</sup>.

## SURFACE ROUGHNESS

Thickness (mm)	Roughness ( $\mu\text{m}$ )
$t \leq 0.209$ .....	$Rz \leq 0.5$
$0.209 < t \leq 0.310$ .....	$Rz \leq 0.6$
$0.310 < t \leq 0.440$ .....	$Rz \leq 0.7$
$0.440 < t \leq 0.560$ .....	$Rz \leq 0.8$
$0.560 < t$ .....	$Rz \leq 1.0$

- Certain ultra thin gauge steel strip, which meets the following characteristics:  
Thickness:  $\leq 0.100$  mm  $\pm 7\%$   
Width: 100 to 600 mm

## CHEMICAL COMPOSITION

Element .....	C	Mn	P	S	Al	Fe
Weight % .....	$\leq 0.07$	0.2–0.5	$\leq 0.05$	$\leq 0.05$	$\leq 0.07$	Balance

## MECHANICAL PROPERTIES

Hardness .....	Full Hard (Hv 180 minimum)
Total Elongation .....	$< 3\%$
Tensile Strength .....	600 to 850 N/mm <sup>2</sup>

## PHYSICAL PROPERTIES

Surface Finish .....	$\leq 0.3$ micron
Camber (in 2.0 m) .....	$< 3.0$ mm
Flatness (in 2.0 m) .....	$\leq 0.5$ mm
Edge Burr .....	$< 0.01$ mm greater than thickness
Coil Set (in 1.0 m) .....	$< 75.0$ mm

- Certain silicon steel, which meets the following characteristics:  
Thickness: 0.024 inches  $\pm 0.0015$  inches  
Width: 33 to 45.5 inches

## CHEMICAL COMPOSITION

Element .....	C	Mn	P	S	Si	Al
Min. Weight % .....					0.65	
Max. Weight % .....	0.004	0.4	0.09	0.009		0.4

## MECHANICAL PROPERTIES

Hardness .....	B 60-75 (AIM 65)
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## PHYSICAL PROPERTIES

Finish .....	Smooth (30-60 microinches)
Gamma Crown (in 5 inches) .....	0.0005 inches, start measuring 1/4 inch from slit edge
Flatness .....	20 I-UNIT max.
Coating .....	C3A-.08A max. (A2 coating acceptable)
Camber (in any 10 feet) .....	1/16 inch
Coil Size I.D. ....	20 inches

## MAGNETIC PROPERTIES

Core Loss (1.5T/60 Hz) NAAS .....	3.8 Watts/Pound max.
Permeability (1.5T/60 Hz) NAAS .....	1700 gauss/oersted typical 1500 minimum

- Certain aperture mask steel, which has an ultra-flat surface flatness and which meets the following characteristics:  
Thickness: 0.025 to 0.245 mm  
Width: 381-1000 mm

## CHEMICAL COMPOSITION

Element .....	C	N	Al
Weight % .....	<0.01	0.004 to 0.007	<0.007

- Certain tin mill black plate, annealed and temper-rolled, continuously cast, which meets the following characteristics:

## CHEMICAL COMPOSITION

Element .....	C	Mn	P	S	Si	Al	As	Cu	B	N
Min. Weight % .....	0.02	0.20		0.023	0.03	0.03	0.02	0.08		0.003
Max. Weight % .....	0.06	0.40	0.02	(Aiming 0.018 Max.)		(Aiming 0.05)				0.008 (Aiming 0.005)

Non-metallic Inclusions: Examination with the S.E.M. shall not reveal individual oxides >1 micron (0.000039 inches) and inclusion groups or clusters shall not exceed 5 microns (0.000197 inches) in length.

Surface Treatment as follows:

The surface finish shall be free of defects (digs, scratches, pits, gouges, slivers, etc.) and suitable for nickel plating.

## SURFACE FINISH

	Roughness, RA Microinches (Micrometers)		
	Aim	Min.	Max.
Extra Bright .....	5 (0.1)	0 (0)	7 (0.2)

- Certain full hard tin mill black plate, continuously cast, which meets the following characteristics:

## CHEMICAL COMPOSITION

Element .....	C	Mn	P	S	Si	Al	As	Cu	B	N
Min. Weight % .....	0.02	0.20		0.023	0.03	0.03	0.02	0.08		0.003
Max. Weight % .....	0.06	0.40	0.02	(Aiming 0.018 Max.)		(Aiming 0.05)				0.008 (Aiming 0.005)

Non-metallic Inclusions: Examination with the S.E.M. shall not reveal individual oxides >1 micron (0.000039 inches) and inclusion groups or clusters shall not exceed 5 microns (0.000197 inches) in length.

Surface Treatment as follows:

The surface finish shall be free of defects (digs, scratches, pits, gouges, slivers, etc.) and suitable for nickel plating.

**SURFACE FINISH**

	Roughness, RA Microinches (Micrometers)		
	Aim	Min.	Max
Stone Finish .....	16 (0.4)	8 (0.2)	24 (0.6)

- Certain “blued steel” coil (also know as “steamed blue steel” or “blue oxide”) with a thickness and size of 0.38 mm x 940 mm x coil, and with a bright finish;
- Certain cold-rolled steel sheet, which meets the following characteristics:  
 Thickness (nominal): ≤0.019 inches  
 Width: 35 to 60 inches

**CHEMICAL COMPOSITION**

Element .....	C	0	B
Max. Weight % .....	0.004		
Min. Weight % .....		0.010	0.012

- Certain band saw steel, which meets the following characteristics:  
 Thickness: ≤1.31 mm  
 Width: ≤80 mm

**CHEMICAL COMPOSITION**

Element .....	C	Si	Mn	P	S	Cr	Ni
Weight % .....	1.2 to 1.3	0.15 to 0.35	0.20 to 0.35	≤0.03	≤0.007	0.3 to 0.5	≤0.25

Other properties:

- Carbide: fully spheroidized having > 80% of carbides, which are ≤ 0.003 mm and uniformly dispersed
- Surface finish: bright finish free from pits, scratches, rust, cracks, or seams
- Smooth edges
- Edge camber (in each 300 mm of length): ≤ 7 mm arc height
- Cross bow (per inch of width): 0.015 mm max.

The merchandise subject to this investigation is typically classified in the HTSUS at subheadings:

- 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0090, 7209.17.0030, 7209.17.0060, 7209.17.0090, 7209.18.1530, 7209.18.1560, 7209.18.2550, 7209.18.6000, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7210.90.9000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7225.19.0000, 7225.50.6000, 7225.50.7000, 7225.50.8010, 7225.50.8085, 7225.99.0090, 7226.19.1000, 7226.19.9000,

7226.92.5000, 7226.92.7050, 7226.92.8050, and 7226.99.0000.

Although the HTSUS subheadings are provided for convenience and United States Customs Service (U.S. Customs) purposes, the written description of the merchandise under investigation is dispositive.

The Department set aside a period for all interested parties to raise issues regarding product coverage. From July through October 1999, the Department received responses from a number of parties including importers, respondents, consumers, and petitioners, aimed at clarifying the scope of the investigation. See Memorandum to Joseph A. Spetrini (Scope Memorandum), dated November 1, 1999, for a list of all persons submitting comments and a discussion of all scope comments. There are several scope exclusion requests for products which are currently covered by the scope of this investigation that are still under consideration by the Department. These items are considered to be within the scope for this preliminary determination; however, these requests will be reconsidered for the final determination. See Scope Memorandum.

**Product Comparisons**

In accordance with section 771(16) of the Act, all products produced by the

respondent covered by the description in the *Scope of Investigation* section, above, and sold in Slovakia during the POI, are considered to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We have relied on 14 criteria to match U.S. sales of subject merchandise to comparison-market sales of the foreign like product: hardening and tempering, paint, carbon level, quality, yield strength, minimum thickness, thickness tolerance, width, edge finish, form, temper rolling, leveling, annealing, and surface finish. These characteristics have been weighted by the Department, where appropriate. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics as listed above.

**Revocation of Slovakia’s Non-Market Economy Status**

In determining whether to revoke NME-country status under section 771(18)(A) of the Act, the Department must take into account the following factors under section 771(18)(B): (1) The extent to which the currency of the foreign country is convertible into the currency of other countries; (2) the extent to which wage rates in the foreign country are determined by free

bargaining between labor and management; (3) the extent to which joint ventures or other investments by firms of other foreign countries are permitted in the foreign country; (4) the extent of government ownership or control of the means of production; (5) the extent of government control over the allocation of resources and over the price and output decisions of enterprises; and (6) such other factors as the administering authority considers appropriate.

Since its emergence as an independent, democratic state, Slovakia has made significant progress in its transformation into a market economy country. The Slovak currency is now fully convertible. Wages in Slovakia are largely determined by free bargaining between labor and management. Trade has been liberalized and tariffs reduced, and the Slovak government is actively promoting foreign investment and business ventures. Industry, agriculture and services have all been privatized, and the power to make decisions related to the allocation of resources, and over pricing and output decisions, now rests with the private sector. Based on the preponderance of evidence related to economic reforms in Slovakia, analyzed as required under section 771(18)(B) of the Act, the Department revoked Slovakia's NME country status, effective January 1, 1998. See Memorandum to Robert S. LaRussa (October 13, 1999).

#### Fair Value Comparisons

To determine whether sales of cold-rolled steel products from Slovakia were made in the United States at LTFV, we compared the export price (EP) to the normal value (NV), as described in the *Export Price* and *Normal Value* sections of this notice, below. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated weighted-average EPs for comparison to weighted-average NVs.

#### Export Price

In accordance with section 772 of the Act, we calculated an EP for each sale. Section 772(a) of the Act defines EP as the price at which the subject merchandise is first sold or offered for sale, before the date of importation by the exporter or producer outside of the United States, to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States. Consistent with this definition, we have found that VSZ made only EP sales during the POI.

We calculated EP based on cost and freight (C&R) packed prices charged to the first unaffiliated customer in the United States. In accordance with section 772(c)(2) of the Act, we made

deductions from the starting price, where appropriate, for movement expenses, including foreign inland freight and inland insurance for shipment from the mill to the port of export, foreign warehousing expenses, and ocean freight. We added interest revenue to the starting price for sales that had been paid late and for which the respondent collected actual interest revenue. See Preliminary Calculation Memorandum (December 28, 1999).

We note that, according to VSZ's reported data, certain of VSZ's U.S. sales were unpaid as of the date of this preliminary determination. Petitioners asserted that all of VSZ's unpaid sales should be treated as bad debt and, therefore, that the Department should treat such unpaid sales amounts as a direct selling expense. VSZ claims that it is still negotiating the payment of all reported sales, and because, as specified in its financial statement, the sales have not been written off, it would be inappropriate to treat the amount of the sales as direct selling expenses.

We have preliminarily accepted VSZ's claim that it has not written off the amounts due on any of the U.S. sales. We have, however, recalculated the imputed credit expenses for U.S. sales for which payment had not yet been received by setting the date of payment equal to the date of signature of this preliminary determination. We intend to examine this issue closely at verification.

#### Normal Value

##### A. Selection of Comparison Market

Section 773(a)(1) of the Act directs that NV be based on the price at which the foreign like product is sold in the home market, provided that the merchandise is sold in sufficient quantities (or value, if quantity is inappropriate), and that there is no particular market situation that prevents a proper comparison with the EP. The statute contemplates that quantities (or value) will normally be considered insufficient if they are less than five percent of the aggregate quantity (or value) of sales of the subject merchandise to the United States.

VSZ had a viable home market for cold-rolled steel products, and reported home market sales data for purposes of the calculation of NV.

In deriving NV, we made certain adjustments as detailed in the *Calculation of Normal Value Based on Home-Market Prices* and *Calculation of Normal Value Based on Constructed Value* sections of this notice, below.

##### B. Cost of Production Analysis

As noted above, on November 8, 1999, petitioners filed a below-cost sales allegation against VSZ. After analyzing the allegation, in accordance with section 773(b)(2)(A)(i) of the Act, we found reasonable grounds to believe or suspect that VSZ's sales of cold-rolled steel products in Slovakia were made at prices below the COP. See Memorandum from Gary Taverman to Holly Kuga (November 10, 1999). As a result, the Department conducted an investigation to determine whether VSZ made home market sales during the POI at prices below their respective COPs, within the meaning of section 773(b) of the Act.

##### 1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated a weighted-average COP based on the sum of VSZ's costs of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses (G&A), selling expenses, commissions, packing expenses and interest expenses. We relied on the COP data submitted by VSZ in its cost questionnaire response.

##### 2. Test of Home-Market Sales Prices

We compared the weighted-average COP for VSZ to home market sales of the foreign like product, as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below the COP within an extended period of time (*i.e.*, a period of one year) in substantial quantities<sup>3</sup> and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. On a model-specific basis, we compared the revised COP to the home market prices, less any applicable movement charges, discounts and rebates.

##### 3. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of a respondent'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 20 percent or more of a respondent's 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

<sup>3</sup>In accordance with section 773(b)(2)(C)(i) of the Act, we determined that sales made below the COP were made in substantial quantities if the volume of such sales represented 20 percent or more of the volume of sales under consideration for the determination of NV.

an extended period of time in accordance with section 773(b)(2)(B) of the Act. In such cases, because we compared prices to POI average costs, we also determined that such sales were not made at prices that would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. We therefore disregarded these below-cost sales and used the remaining sales as the basis for determining NV, in accordance with section 773(b)(1) of the Act. For those U.S. sales of cold-rolled steel products for which there were no comparable home-market sales in the ordinary course of trade, we compared EPs to CV in accordance with section 773(a)(4) of the Act. See *Calculation of Normal Value Based on Constructed Value*, below.

*C. Calculation of Normal Value Based on Home-Market Prices*

We performed price-to-price comparisons where there were sales of comparable merchandise in the home market that did not fail the cost test. We calculated NV based on ex-factory prices and made deductions from the starting price, where appropriate, for inland freight. In addition, we made circumstance-of-sale (COS) adjustments for direct expenses, where appropriate, in accordance with section 773(a)(6)(C)(iii) of the Act. These included imputed credit expenses, warranty expenses, and other direct selling expenses. We recalculated the imputed credit expenses for U.S. sales for which payment had not yet been received by setting the date of payment equal to the date of signature of this preliminary determination. See Preliminary Calculation Memorandum (December 28, 1999). We also made adjustments to the starting price for discounts and rebates.

In accordance with sections 773(a)(6)(A) and (B) of the Act, we deducted home market packing costs and added U.S. packing costs.

*D. Calculation of Normal Value Based on Constructed Value*

Section 773(a)(4) of the Act provides that, where NV cannot be based on comparison-market sales, NV may be based on CV. Accordingly, for those models of cold-rolled steel products for which we could not determine the NV based on comparison-market sales, either because there were no sales of a comparable product or all sales of the comparison products failed the COP test, we based NV on CV.

Section 773(e) of the Act provides that CV shall be based on the sum of the respondent's cost of materials,

fabrication, selling, general and administrative (SG&A) expenses and profit. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. In addition, we relied on U.S. packing costs as described in the *Export Price* section of this notice, above.

We made adjustments to CV for differences in COS in accordance with section 773(a)(8) of the Act and 19 CFR 351.410. These involved the deduction of direct selling expenses incurred on home market sales from, and the addition of U.S. direct selling expenses to, CV.

**Level of Trade**

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the EP transaction. The normal-value 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 SG&A expenses and profit. The U.S. LOT for EP sales is also the level of the starting-price sale, which is usually from exporter to importer.

To determine whether NV sales are at a different LOT than EP, 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 level-of-trade adjustment under section 773(a)(7)(A) of the Act. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997).

In implementing these principles in this investigation, we obtained information from VSZ about the marketing stages involved in the reported United States and home market sales, including a description of the selling activities performed by VSZ for each channel of distribution. In identifying LOTs for EP and home market sales, we considered the selling functions reflected in the starting price before any adjustments.

VSZ claimed to have two LOTs in the NV market and one LOT in the U.S. market. We examined VSZ's distribution system, including selling functions, classes of customers, and selling expenses. We found that the selling functions—which included warranty, freight, processing of sales documents, and technical advice—were sufficiently similar in the United States and home markets to establish a single, same level of trade in both markets. It was thus unnecessary, for this preliminary determination, to make any level-of-trade adjustment for comparison of EP and normal value.

**Currency Conversions**

We made currency conversions into United States dollars in accordance with section 773A(a) of the Act based on exchange rates in effect on the dates of the United States sales, as certified by the Dow Jones Business Information Services.

**Verification**

In accordance with section 782(i) of the Act, we intend to verify all information relied upon in making our final determination.

**Suspension of Liquidation**

In accordance with section 733(d) of the Act, we are directing Customs to suspend liquidation of all entries of cold-rolled steel products from Slovakia, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We are also instructing Customs to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the EP, as indicated in the chart below. These instructions suspending liquidation will remain in effect until further notice.

The weighted-average dumping margins are provided below.

Manufacturer/exporter	Margin (percent)
VSZ .....	32.83
All others .....	32.83

*ITC Notification*

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final antidumping determination is affirmative, the ITC will determine whether these imports are materially injuring, or threaten material injury to, the United States industry. The deadline for that ITC determination would be the later of 120 days after the date of these preliminary

determination or 45 days after the date of our final determination.

### Public Comment

Case briefs for this investigation must be submitted no later than one week after the issuance of the verification reports. Rebuttal briefs must be filed within five days after the deadline for submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes.

Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made in an investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, at the US Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230. In the event that the Department receives requests for hearings from parties to several cold-rolled cases, the Department may schedule a single hearing to encompass all those cases. Parties should confirm by telephone the time, date, and place 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 within 30 days of the publication of this notice. Requests should specify the number of participants and provide a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs.

If this investigation proceeds normally, we will make our final determination no later than 135 days after the date of publication of this notice in the **Federal Register**.

This determination is issued and published pursuant to sections 733(d) and 777(i)(1) of the Act.

Dated: December 28, 1999.

**Holly A. Kuga,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. 00-299 Filed 1-6-00; 8:45 am]

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-854]

#### Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products From The People's Republic of China

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

**ACTION:** Notice of preliminary determination of sales at less than fair value.

**EFFECTIVE DATE:** January 7, 2000.

**FOR FURTHER INFORMATION CONTACT:** Gideon Katz or Karla Whalen, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-1102 or (202) 482-1391, respectively.

#### The Applicable Statute

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

#### Preliminary Determination

We determine preliminarily that certain cold-rolled flat-rolled carbon quality steel products ("cold-rolled steel") from the People's Republic of China ("PRC") 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 are shown in the "Suspension of Liquidation" section of this notice.

#### Case History

Since the initiation of this investigation (64 FR 34194, June 25, 1999) ("*Notice of Initiation*"), the following events have occurred:

On June 22, 1999, we sent a Section A questionnaire to the Chinese Ministry of Foreign Trade and Economic Cooperation ("MOFTEC"), the Embassy of the People's Republic of China in Washington, D.C. ("Embassy") with instructions to forward the questionnaire to all producers/exporters of the subject merchandise explaining that these companies must respond by the due date. We also sent a copy of the

questionnaire to Baoshan Iron and Steel Corporation, which was specifically named in the petition. We received no response from MOFTEC nor the Embassy, but we received a response from Shanghai Baosteel Group Corporation ("Baosteel").

On July 23, 1999, the United States International Trade Commission ("ITC") issued an affirmative preliminary injury determination in the case (*See* ITC Investigations Nos. 701-TA-393-396 and 731TA-829-840). The ITC found that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from the PRC of cold-rolled steel. On July 9, 1999, we issued an antidumping questionnaire, Sections C-E to MOFTEC and to the Embassy with instructions to forward the questionnaire to all producers/exporters of the subject merchandise and that these companies must respond by the due date. We also sent a courtesy copy of the same questionnaire to Baosteel.

The questionnaire is divided into four sections. Section A requests general information concerning a company's corporate structure and business practices, the merchandise under investigation that it sells, and the sales of the merchandise in all of its markets. Section C requests home market sales listings. Section D requests information on the factors of production of the subject merchandise. Section E requests information on further manufacturing.

On July 1, 6, and 20, 1999, Baosteel submitted its section A response. Baosteel, a producer of subject merchandise, also submitted Section A on behalf of two wholly-owned subsidiaries, Baosteel Group International Trade, Inc. ("Baosteel ITC") and Baosteel America, Inc. ("Baomei"). On August 30, 1999, Baosteel submitted its response to sections C, D and E of the questionnaire.

On August 24, 1999, we issued a Section A supplemental questionnaire to Baosteel. On September 10, 1999, we issued Sections C, D, and E supplemental questionnaire to Baosteel. Baosteel submitted its Section A supplemental questionnaire response on September 14, 1999. Baosteel submitted its Sections C, D, and E, supplemental questionnaire response on October 4, 1999.

On September 3, 1999, we requested publicly-available information for valuing the factors of production and for surrogate country selection. Petitioners had already provided comments on surrogate values to be used in this investigation in their petition of June 2, 1999. Respondents provided their