DEPARTMENT OF COMMERCE

International Trade Administration

Notice of Preliminary Results of Antidumping Duty Administrative Review, Partial Rescission of Antidumping Duty Administrative Review and Intent To Revoke Antidumping Duty Order in Part: Steel Wire Rope From the Republic of Korea

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

SUMMARY: In response to a request by the petitioner, the Committee of Domestic Steel Wire Rope & Specialty Cable Manufacturers, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on steel wire rope from Korea. The review covers 14 manufacturers/exporters of the subject merchandise. The period of review is March 1, 1998, through February 28, 1999.

We have preliminarily found that, for certain producers/exporters, sales of subject merchandise have been made below normal value (NV). If these preliminary results are adopted in our final results of this administrative review, we will instruct the Customs Service to assess antidumping duties based on the difference between the export price (EP) and the NV. Also, if these preliminary results are adopted in our final results of this administrative review, we intend to revoke the antidumping duty order with respect to Kumho Wire Rope Manufacturing Company (Kumho), based on three years of sales at not less than NV. See Intent To Revoke section of this notice.

EFFECTIVE DATE: April 7, 2000.


SUPPLEMENTARY INFORMATION:

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. In addition, unless otherwise indicated, all citations to the Department’s regulations are to the regulations codified at 19 CFR part 351 (1999).

Case History

On March 9, 1999, the Department published a notice providing an opportunity to request an administrative review of this antidumping duty order for the period March 1, 1998, through February 28, 1999 (POR). See 64 FR 11439. On March 31, 1999, the petitioner requested an administrative review of Boo Kook Corporation (Boo Kook), Dae Heung Industrial Company (Dae Heung), Dae Kyung Metal (Dae Kyung), Dong Il Steel Manufacturing Company (Dong Il), Dong Young, Hanboo Wire Rope Inc. (Hanboo), Jinyang Wire Rope Inc. (Jinyang), Korea Sangsa Company (Korea Sangsa), Kumho, Kwangshin Rope, Myung Jin Company, Seo Hae Industrial (Seo Hae), Sungsan Special Steel Processing (Sungsan) and Yeonsin Metal (Yeonsin). On March 31, 1999, Kumho requested a review and revocation of the order with respect to its sales of subject merchandise. On April 22, 1999, we initiated an administrative review of all 14 companies. See 64 FR 23269.

In early May 1999, in response to our inquiry, the Department was advised by the U.S. Embassy in Seoul that Boo Kook, Hanboo, Kwangshin Rope, and Seo Hae were out of business. We determined, based on data obtained from the Customs Service, that these companies had not exported subject merchandise during the POR. Accordingly, we did not issue antidumping questionnaires to these companies. We issued antidumping questionnaires to the remaining ten respondents. See Partial Rescission section of this notice.

On June 11, 1999, we received a letter from Dae Heung stating that it had not exported subject merchandise to the United States during the POR. However, Customs Service data indicated that the company had shipments of subject merchandise during the POR. See Facts Available section of this notice.

On June 23, 1999, we received a letter from Dae Heung stating that it did not export subject merchandise to the United States during the POR. See Partial Rescission section of this notice.

On June 23, 1999, the Department received a response to the antidumping questionnaire from Kumho. This was the only response filed within the original deadline for the questionnaire. However, on September 8, 1999, Jinyang requested permission to submit a response to the questionnaire. While acknowledging that the deadline for submission of a response had elapsed, Jinyang cited extenuating factors, namely that it had moved its offices and did not receive the questionnaire until

This initiation and this notice are in accordance with section 751(a) of the Act.


Richard W. Moreland,
Deputy Assistant Secretary for Import Administration.

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August 1999. The petitioners objected to Jinyang's request. However, in view of the extenuating factors cited by Jinyang, the fact that there was still sufficient time in the proceeding to conduct a proper review and the availability of personnel to examine Jinyang's data, the Department agreed to accept Jinyang's response. See Memorandum from Steven Presing and Jim Kemp to Bernard Carreau, dated October 7, 1999, and on file with the Department's Central Records Unit (CRU), room B–099 of the main Department building. Jinyang filed its response on November 12, 1999.

We issued supplemental questionnaires to both respondents, and received timely responses.

On November 2, 1999, we extended the deadline for issuance of the preliminary results until March 30, 2000. See Decision Memorandum from Bernard T. Carreau to Robert S. LaRussa, dated November 2, 1999, on file in the Department's CRU. See also 64 FR 61276.

We verified the information submitted by Kumho and Jinyang during the weeks of January 31, and February 7, 2000, in Pusan, Korea.

Scope of Review

The product covered by this review is steel wire rope. Steel wire rope encompasses ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass-plated wire. Imports of these products are currently classifiable under the following Harmonized Tariff Schedule (HTSUS) subheadings: 7312.10.9030, 7312.10.9060, and 7312.10.9090. Excluded from this review is stainless steel wire rope, i.e., ropes, cables and cordage other than stranded wire, of stainless steel, not fitted with fittings or made up into articles, which is classifiable under HTSUS subheading 7312.10.6000. Although HTSUS subheadings are provided for convenience and the Customs Service purposes, the written description of the scope of this review is dispositive.

Partial Recission

As noted above, the Department has determined that Boo Kook, Hanboo, Kwangshin Rope and See Hae closed their operations prior to the POR, and we have confirmed that none of these companies had shipments of subject merchandise to the United States during the POR. Therefore, in accordance with section 351.213(d)(3) of the Department's regulations, we are rescinding our review with respect to Boo Kook, Hanboo, Kwangshin Rope and See Hae. This decision is consistent with the Department's practice. See, e.g., Certain Welded Carbon Steel Pipe and Tube from Turkey: Final Results and Partial Recission of Antidumping Administrative Review, 63 FR 35190, 35191 (June 29, 1998) and Certain Fresh Cut Flowers From Colombia: Final Results and Partial Recission of Antidumping Duty Administrative Review, 62 FR 53287, 53288 (October 14, 1997).

We are also rescinding our review with respect to Dae Heung. Pursuant to the antidumping duty order on steel wire rope issued after the completion of the investigation, merchandise produced by Dae Heung and sold through Young Heung Iron & Steel Co., Ltd. (YHC) is excluded from the order. See 58 FR 16397, 16397 (March 26, 1993). Dae Heung has stated on the record that it did not ship subject merchandise directly to the United States during the POR; rather, its production for export was sold through YHC. We have confirmed, based on Customs Service information, that Dae Heung had no shipments of subject merchandise during the POR.

Facts Available

We preliminarily find, in accordance with section 776(a) of the Act, that the use of facts available is appropriate for Dong II, Dong Young, Korea Sangsa, Myung Jin Company, Sungsan and Yeonsin, since they did not respond to our antidumping questionnaire. We confirmed that these companies received, but failed to respond to, the Department's questionnaire. Since these companies have not cooperated in providing necessary information for our review, the use of facts available is appropriate.

We also find that the use of facts available is appropriate for Dae Kyung. Although the company responded to our response with a statement that it had no shipments during the POR, we requested additional information on September 28, 1999, because Customs Service data indicated that Dae Kyung did have shipments of subject merchandise. Dae Kyung responded on October 4, 1999, claiming that it only produced stainless steel aircraft cables (i.e. non-subject merchandise). To support this claim, Dae Kyung included sales documents with its letter and argued that the prices on the invoice for the entry in question indicate that the merchandise is stainless steel. However, the documentation does not conclusively establish that the sales were only for stainless products, and we can not infer from price alone that the products were stainless. Because we found that this documentation was inconclusive, on November 3, 1999, and February 18, 2000, we sent two more letters to Dae Kyung requesting additional clarification. We received no response to either of these letters. Dae Kyung has failed, despite repeated requests, to provide additional support for its claim that it only sold non-subject merchandise during the POR. Thus, since we were unable to confirm that Dae Kyung shipped only stainless steel aircraft cables to the United States, and, as such, did not have entries of subject merchandise during the POR, we preliminarily find that the use of facts available is appropriate for Dae Kyung.

Section 776(a)(2)(B) of the Act requires the Department to resort to facts available if necessary information is not available on the record or when an interested party or any other person "fails to provide [requested] information by the deadlines for submission of the information or in the form and manner requested, subject to subsections (c)(1) and (e) of section 782." As provided in section 782(c)(1) of the Act, if an interested party "promptly after receiving a request from [the Department] for information, notifies [the Department] that such party is unable to submit the information requested in the requested form and manner," the Department may modify the requirements to avoid imposing an unreasonable burden on that party. Because Dong II, Dong Young, Korea Sangsa, Myung Jin Company, Sungsan and Yeonsin did not provide any notification or information to the Department, and Dae Kyung did not address adequately the issue of its U.S. shipments, nor did it respond to our requests for additional clarification, they have failed to comply with section 782(c)(1) and (e) of the Act. Accordingly, we find preliminarily, in accordance with section 776(a)(2)(B) of the Act, that the use of facts available is appropriate for Dong II, Dong Young, Korea Sangsa, Myung Jin Company, Sungsan, Yeonsin and Dae Kyung. Where the Department must resort to facts available because a respondent failed to cooperate to the best of its ability, section 776(b) of the Act authorizes the use of an inference adverse to the interests of that respondent in selecting from among the facts available. The failure of Dong II, Dong Young, Korea Sangsa, Myung Jin Company, Sungsan and Yeonsin to respond to our antidumping questionnaire, and the failure of Dae Kyung to respond to our frequent requests for information, demonstrate that these companies have not acted to...
the best of their abilities to comply with the Department’s review. Accordingly, we have preliminarily determined that an adverse inference with respect to these companies is warranted.

Section 776(b) of the Act also authorizes the Department to use as adverse facts available information derived from the petition, the final determination in the antidumping investigation, a previous administrative review, or any other information placed on the record. We have preliminarily assigned these seven companies the rate of 136.72 percent, which is the highest rate determined for any respondent in any segment of the proceeding and the rate currently applicable to several of these companies, as adverse facts available. We applied this rate to uncooperative companies in the previous administrative review. See Steel Wire Rope From the Republic of Korea; Final Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review, 64 FR 17995, 17996 (April 13, 1999).

Section 776(c) of the Act provides that the Department shall, to the extent practicable, corroborate secondary information from independent sources reasonably at its disposal. The Statement of Administrative Action (SAA) provides that “corroborate” means simply that the Department will satisfy itself that the secondary information has probative value. See H.R. Doc. 103–316, 870 (1994).

To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The adverse facts available rate being applied in this review is a simple average of all rates from the petition, which was applied to several companies in the prior review. As this rate is currently applicable to several companies and was corroborated to the extent possible in the previous review, we continue to find that it is reliable. To corroborate the EPs in the petition, we examined the Customs Service import statistics from 1991 for the HTSUS subheadings 7312.10.9030, 7312.10.9060, and 7312.10.9090. We concluded that the Customs Service data were not comparable to the prices in the petition, because the Customs Service data encompass a wide range of steel wire rope products, while the sales in the petition consist of a small number of specific product types. With regard to the NVs used in the petition’s margin calculation, we were provided with no useful information by interested parties, and are aware of no other independent sources of information, which would assist us in this aspect of the corroboration process. Notwithstanding the difficulties encountered in our attempts to corroborate the information from the petition, the Department has no evidence that suggests the petition does not continue to have probative value. Moreover, the fact that this margin is the rate currently applicable to several of these exporters/producers, and the fact that these exporters/producers neither requested a review or cooperated in demonstrating that their actual margins were lower, indicates that the margin is reliable. If these companies could have demonstrated that their actual margins were lower, we presume that they would have done so.

With respect to the relevance aspect of corroboration, the Department will consider information reasonably at its disposal as to whether there are circumstances that would render a margin not relevant. Where circumstances indicate that the selected margin is not appropriate as adverse facts available, the Department will disregard the margin and determine an appropriate margin. See, e.g., Fresh Cut Flowers from Mexico: Final Results of Antidumping Duty Administrative Review, 61 FR 6812, 6814 (February 22, 1996). We are not aware of any circumstances that indicate that the selected margin is not appropriate as adverse facts available. Moreover, the rate used is the rate currently applicable to certain of these uncooperative companies. Assigning a lower rate to these firms would reward them for their failure to cooperate. Thus, these exporters’ own current rate is relevant. Accordingly, we determine that the rate used is an appropriate basis for adverse facts available.

Verification

As provided in section 782(i) of the Act, we verified information provided by Kumho and Jinyang. We used standard verification procedures, including examination of relevant sales and financial records. Our verification results are outlined in verification reports, dated March 3, 2000, which have been placed on the case file in the Department’s CRU.

Export Price

For sales to the United States, the Department used EP as defined in section 772(a) of the Act for Kumho and Jinyang, because the subject merchandise was sold to unaffiliated purchasers prior to the date of importation and the use of constructed export price was not otherwise indicated by the facts of record.

We calculated EP based on packed, cost insurance and freight (c.i.f.) and cost and freight (c&f) prices to unaffiliated purchasers in the United States. Where appropriate, we made deductions from the starting price for domestic inland freight, brokerage and handling, ocean freight, marine insurance, terminal handling charges, wharfage expenses, bill of lading issuing fees and container taxes in accordance with section 772(c)(2)(A) of the Act. Based on our findings at verification, for Jinyang, we made adjustments to brokerage, wharfage and international freight expenses. See Memorandum to the File: Preliminary Results Calculation Memorandum for Jinyang Wire Rope Manufacturing Co., Ltd., March 30, 2000 (Jinyang Calculation Memo), which has been placed in the Department’s CRU.

The merchandise involved in certain U.S. and home market sales reported by Kumho was produced by an unaffiliated Korean supplier. We included these sales by Kumho in our analysis because we determined that for Kumho’s U.S. sales the supplier did not know at the time of the sale that the subject merchandise was to be exported to the United States. Pursuant to section 771(16) of the Act, we compared these U.S. sales to the appropriate home market sales of merchandise produced by the same supplier and sold by Kumho.

Kumho and Jinyang claimed a duty drawback adjustment based on a fixed rate amount per U.S. dollar exported. Consistent with our findings in previous reviews of steel wire rope from Korea, we did not allow the duty drawback adjustments claimed by Kumho and Jinyang because the companies did not demonstrate a connection between payment of import duties and receipt of duty drawback on exports of steel wire rope, and because they did not demonstrate that they had sufficient imports of raw materials to account for the drawback as required by the Act. For each export sale, we allocated the duty drawback received on exports of the manufactured product. See Steel Wire Rope from the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review and Intent to Revoke Antidumping Duty Order in Part, 62 FR 64354, 64357 (December 5, 1997).

Normal Value

We determined that, for both respondents, the aggregate volume of home market sales of the foreign like product was five percent or more of the aggregate volume of U.S. sales. In accordance with section 773(a)(1)(C) of the Act, we therefore based NV on home market sales.
Pursuant to section 777A(d)(2) of the Act, we compared the EPs of individual transactions to the monthly weighted-average price of sales of the foreign like product. We compared EP sales to sales in the home market of identical merchandise.

We based NV on the price at which the foreign like product was first sold for consumption in the exporting country, in the usual commercial quantities, in the ordinary course of trade, and at the same level of trade as the EP, in accordance with section 773(a)(1)(B)(i) of the Act. We increased home market price by the amount of U.S. packing costs in accordance with section 773(a)(6)(A) of the Act, and reduced it by the amount of home market packing costs in accordance with section 773(a)(6)(B) of the Act. We note that for Jinyang we recalculated the reported home and U.S. market packing expense, as a result of the company’s failure to fully support the reported packing expenses at verification. During verification, Jinyang was able to provide documentary support for the total packing expenses incurred during the POR. However, the company provided no documentary support for its allocation of packing costs to home market and U.S. sales. Company officials instead relied solely on allocation ratios. See the March 3, 2000, verification report on file in Department’s CRU. Company officials claimed that the ratios utilized to calculate estimated costs were developed through business expertise and experience. However, the officials could provide no documentation in support of the ratios. Therefore, we have not accepted Jinyang’s packing cost allocations. As facts available, we have reallocated Jinyang’s packing costs among U.S. and home market products to comport with the allocation ratios reflected in the data submitted by Kumho. For a more detailed discussion of the basis for this adjustment, which requires references to business proprietary information, see Memorandum to the File: Recalculation of Packing Expense for the Preliminary Results for Jinyang Wire Rope Manufacturing Co., Ltd., March 30, 2000.

We calculated NV based on delivered and ex-factory prices to unaffiliated customers. Where appropriate, we made adjustments for movement expenses consistent with section 773(a)(6)(B) of the Act. In addition, pursuant to section 773(a)(6)(C)(iii) of the Act and section 351.410 of the Department’s regulations, we made circumstance-of-sale adjustments to NV. Specifically, we deducted home market credit expenses and, where appropriate, added U.S. credit expenses, U.S. postage fees, U.S. letter of credit fees, delayed payment charges and document handling charges. Based on our findings at verification, for Jinyang, we made adjustments to U.S. letter of credit fees, U.S. postage fees, delayed payment charges and home market credit expenses, and, for Kumho, we adjusted delayed payment and document handling charges. See Jinyang Calculation Memo and Memorandum to the File: Preliminary Results Calculation Memorandum for Kumho Wire Rope Manufacturing Company, dated March 30, 2000, on file with the Department’s CRU.

For Jinyang, we also made adjustments, in accordance with 19 CFR 351.410(e), for indirect selling expenses incurred on comparison market or U.S. sales where commissions were granted on sales in one market but not in the other (the “commission offset”). See Jinyang Calculation Memo.

Intent To Revoke

On March 31, 1999, Kumho submitted a letter to the Department requesting, pursuant to 19 CFR 351.222(b), revocation of the order with respect to its sales of the subject merchandise. In accordance with 19 CFR 351.222(b)(2)(iii), Kumho provided with its letter a certification stating that the company: (1) Sold subject merchandise at not less than NV during the POR (and the preceding five reviews), and that in the future it would not sell such merchandise at less than NV; (2) sold the subject merchandise to the United States in commercial quantities during the POR and the last five reviews; and (3) agrees to its immediate reinstatement in the order, if the Department concludes that Kumho, subsequent to revocation, sold merchandise at less than NV.

Based on the preliminary results in this review and the final results of the two preceding reviews, Kumho has preliminarily demonstrated three consecutive years of sales at not less than NV. See Steel Wire Rope From the Republic of Korea; Final Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review, 64 FR 17995 (April 13, 1999) and Steel Wire Rope From the Republic of Korea; Final Results of Antidumping Duty Administrative Review and Revocation in Part of Antidumping Duty Order, 63 FR 17986 (April 13, 1998). Additionally, we have determined that Kumho made sales of steel wire rope in commercial quantities during this review period and the previous two review periods. See Memorandum from Jim Kemp and Abdelali Elouaradia to Gary Taverner, dated March 30, 2000, on file in the Department’s CRU.

Given the results of the two preceding reviews, and the fact that Kumho continues to sell in commercial quantities, if the final results of this review demonstrate that Kumho sold the merchandise at prices not less than NV, and if we determine that the continued application of the antidumping duty order is no longer necessary to offset dumping, we intend to revoke the order with respect to merchandise produced and exported by Kumho. See 19 CFR 351.222(b) and Amended Regulation Concerning the Revocation of Antidumping and Countervailing Duty Orders, 64 FR 51236 (September 22, 1999).

Currency Conversion

For purposes of the preliminary results, we made currency conversions in accordance with section 773A of the Act based on the exchange rates published by the Federal Reserve in effect on the dates of the U.S. sales. Section 773A of the Act directs the Department to use a daily exchange rate in effect on the date of sale of subject merchandise in order to convert foreign currencies into U.S. dollars, unless the daily rate involves a “fluctuation.” In accordance with the Department’s practice, we have determined as a general matter that a fluctuation exists when the daily exchange rate differs from a benchmark by 2.25 percent. The benchmark is defined as the rolling average of rates for the past 40 business days. When we determine that a fluctuation exists, we substitute the benchmark for the daily rate.

Preliminary Results of Review

As a result of this review, we preliminarily determine that the following margin exists for the period March 1, 1998, through February 28, 1999:

<table>
<thead>
<tr>
<th>Manufacturer/exporter</th>
<th>Margin (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dae Kyung Metal Co., Ltd</td>
<td>*136.72</td>
</tr>
<tr>
<td>Dong-II Steel Manufacturing Co., Ltd</td>
<td>*136.72</td>
</tr>
<tr>
<td>Dong Young</td>
<td>*136.72</td>
</tr>
<tr>
<td>Jinyang Wire Rope, Inc</td>
<td>2.96</td>
</tr>
<tr>
<td>Korea Sangsa Company</td>
<td>*136.72</td>
</tr>
<tr>
<td>Kumho Wire Rope Mfg. Co., Ltd</td>
<td>0.06</td>
</tr>
<tr>
<td>Kyung Jin Company</td>
<td>*136.72</td>
</tr>
<tr>
<td>Sungsan Special Steel Processing</td>
<td>*136.72</td>
</tr>
<tr>
<td>Yeonsin Metal</td>
<td>*136.72</td>
</tr>
</tbody>
</table>

*Adverse Facts Available Rate.
FOR FURTHER INFORMATION CONTACT:  
Sean Carey or Robert James, Office of AD/CVD Enforcement, Group III, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482–3964, or (202) 482–0649, respectively.

SUPPLEMENTARY INFORMATION:

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 by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all references to the Department’s regulations are to 19 CFR part 351 (1998).

Background

On March 13, 2000, the Department published the final results of its administrative review of the antidumping duty order on sulfanilic acid from the People’s Republic of China (65 FR 13366). This review covers two manufacturers/exporters of the subject merchandise, Zhenxing/Mancheng (Zhenxing) and Yude/Xinyu (Yude), for the period August 1, 1997 through July 31, 1998. After publication of our final results, we received timely allegations from respondents that we had made a ministerial error in calculating the final results. No other party commented on the final results. We agree that we made a ministerial error and have corrected our calculations in accordance with section 751 (h) of the Tariff Act.

Analysis of Ministerial Error

Allegations Received From Interested Parties

We received one ministerial error allegation from respondents stating that the Department neglected to revise the surrogate value for electricity in its final calculations of normal value. As defined by section 751(h) of the Tariff Act, the term “ministerial error” includes errors “in addition, subtraction, or other arithmetic function, clerical errors resulting from inaccurate copying, duplication, or the like, and any other type of unintentional error which the [Department] considers ministerial.”

We agree with respondents that the correct surrogate value for electricity in our calculation of normal value should be the non-inflated value of 2.922 rupees per kilowatt-hour per month instead of the inflated value of 4.832 rupees per kilowatt-hour per month used by the Department.

SUMMARY:  On March 13, 2000, the Department of Commerce (the Department) published the final results of its administrative review of the antidumping duty order on sulfanilic acid from the People’s Republic of China covering the period August 1, 1997 through July 31, 1998 (65 FR 13366). Based on the correction of a ministerial error made in the final results, we are publishing this amendment.

EFFECTIVE DATE:  April 7, 2000.