The project consists of the installation of a set of culverts under Highway 384 at its intersection of Black Bayou. The culverts would re-establish a hydrologic connection in Black Bayou at Highway 384 to help give relieve to high water conditions within the fresh water marsh basin.

The Notice of a Finding of No Significant Impact (FONSI) has been forwarded to the Environmental Protection Agency and to various federal, state, and local agencies and interested parties. A limited number of copies of the FONSI are available to fill single copy requests at the above address. Basic data developed during the environmental assessment are on file and may be reviewed by contacting Bruce Lehto, Assistant State Conservationist/Water Resources, Natural Resources Conservation Service, 3737 Government Street, Alexandria, Louisiana 71302, telephone (318) 473–7756.

No administrative action on implementation of the proposal will be taken until 30 days after the date of this publication in the **Federal Register**.

(This activity is listed in the Catalog of Federal Domestic Assistance under NO.10.904, Watershed Protection and Flood Prevention, and is subject to the provision of Executive Order 12372, which requires intergovernmental consultation with State and local officials.)

Dated: May 24, 2000.

Donald W. Gohmert,

State Conservationist.

[FR Doc. 00–14066 Filed 6–5–00; 8:45 am]

BILLING CODE 3410–16–M

DEPARTMENT OF COMMERCE

International Trade Administration

[A–580–812]

Dynamic Random Access Memory Semiconductors of One Megabit or Above From the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review and Notice of Intent Not To Revoke Order in Part

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

ACTION: Notice of Preliminary Results of Antidumping Duty Administrative Review and Notice of Intent Not to Revoke Order in Part.

SUMMARY: In response to requests from one manufacturer/exporter and one U.S. producer of the subject merchandise, the Department of Commerce (''the Department'') is conducting an administrative review of the antidumping duty order on dynamic random access memory semiconductors of one megabit or above (''DRAMs'') from the Republic of Korea (''Korea''). The review covers two manufacturers/exporters and four resellers of subject merchandise to the United States during the period of review (''POR''), May 1, 1998 through April 30, 1999. Based upon our analysis, the Department has preliminarily determined that dumping margins exist for both manufacturers/exporters and the four resellers during the POR. If these preliminary results are adopted in our final results of administrative review, we will instruct the United States Customs Service (''Customs'') to assess antidumping duties as appropriate. Interested parties are invited to comment on these preliminary results. Parties who submit arguments in this proceeding are requested to submit with the argument (1) a statement of the issue, and (2) a brief summary of the argument.

EFFECTIVE DATE: June 6, 2000.

FOR FURTHER INFORMATION CONTACT: Alexander Amdur or John Conniff, AD/CVD Enforcement, Group II, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–5346 or (202) 482–1009, respectively.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

Unless otherwise stated, all citations to the Tariff Act of 1930, as amended (''the Act''), are references to the provisions as of January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (''URAA''). In addition, unless otherwise indicated, all references to the regulations of the Department are to 19 CFR part 351 (1999).

Background

On May 10, 1993, the Department published in the **Federal Register** (58 FR 27250) the antidumping duty order on DRAMs from Korea. On May 28, 1999, the petitioner, Micron Technology Inc., (''Micron'') requested an administrative review of Hyundai Electronics Industries Co., Ltd. (''Hyundai'') and LG Semicon Co., Ltd. (''LG''), Korean manufacturers of DRAMs, and four Korean resellers of DRAMs, the G5 Corporation (''G5''), Kim's Marketing, Jewon Trading (''Jewon''), and Wooyang Industry Co., Ltd. (''Wooyang''), for the period May 1, 1998 through April 30, 1999. Additionally, the petitioner requested a cost investigation of LG and Hyundai pursuant to section 773(b) of the Act. On May 28, 1999, LG requested that the Department conduct a review of its exports of the subject merchandise to the United States. On May 28, 1999, LG also submitted a timely request that the order be revoked with respect to LG. LG based its revocation request on its appeal of the Department's inclusion of unreported sales in the fourth review which, LG claimed, if successful, would result in a *de minimis* margin in the fourth review for LG; and the final results of the fifth review, which had not been issued at the time of LG's revocation request. On June 30, 1999 (64 FR 35124), the Department initiated an administrative review of Hyundai, LG, G5, Kim's Marketing, Jewon, and Wooyang, including cost investigations of Hyundai and LG, covering the POR. On November 17, 1999, Micron submitted a request for postponement of the preliminary results. On December 20, 1999, the Department published in the **Federal Register** (64 FR 7111) a notice extending the time for the preliminary results from January 30, 2000, until May 30, 2000. The Department is conducting this review in accordance with section 751 of the Act.

Scope of the Review

Imports covered by the review are shipments of DRAMs from Korea. Included in the scope are assembled and unassembled DRAMs. Assembled DRAMs include all package types. Unassembled DRAMs include processed wafers, uncut die, and cut die. Processed wafers produced in Korea, but packaged or assembled into memory modules in a third country, are included in the scope; wafers produced in a third country and assembled or packaged in Korea are not included in the scope.

The scope of this review includes memory modules. A memory module is a collection of DRAMs, the sole function of which is memory. Modules include single in-line processing modules (''SIPs''), single in-line memory modules (''SIMMs''), or other collections of DRAMs, whether unmounted or mounted on a circuit board. Modules that contain other parts that are needed to support the function of memory are covered. Only those modules which contain additional items which alter the function of the module to something other than memory, such as video graphics adapter (''VGA'') boards and cards, are not included in the scope. The scope of this review also includes video random access memory semiconductors (''VRAMS''), as well as any future packaging and assembling of DRAMs; and, removable memory

modules placed on motherboards, with or without a central processing unit (''CPU''), unless the importer of motherboards certifies with the Customs Service that neither it nor a party related to it or under contract to it will remove the modules from the motherboards after importation. The scope of this review does not include DRAMs or memory modules that are reimported for repair or replacement.

The DRAMS and modules subject to this review are currently classifiable under subheadings 8471.50.0085, 8471.91.8085, 8542.11.0024, 8542.11.8026, 8542.13.8034, 8471.50.4000, 8473.30.1000, 8542.11.0026, 8542.11.8034, 8471.50.8095, 8473.30.4000, 8542.11.0034, 8542.13.8005, 8471.91.0090, 8473.30.8000, 8542.11.8001, 8542.13.8024, 8471.91.4000, 8542.11.0001, 8542.11.8024 and 8542.13.8026 of the Harmonized Tariff Schedule of the United States (''HTSUS''). Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the scope of this review remains dispositive.

Intent Not To Revoke

LG submitted a request that the order be partially revoked with respect to itself pursuant to 19 CFR 351.222(e)(1). Under the Department's regulations, the Department may revoke an order, in part, if the Secretary concludes that, among other things: (1) ''[o]ne or more exporters or producers covered by the order have sold the merchandise at not less than normal value for a period of at least three consecutive years''; (2) ''[i]t is not likely that those persons will in the future sell the merchandise at less than normal value''; and (3) ''the exporter or producer agrees in writing to its immediate reinstatement in the order, as long as any exporter or producer is subject to the order, if the Secretary concludes that the exporter or producer, subsequent to the revocation, sold the merchandise at less than normal value.'' *See* 19 CFR 351.222(b)(2). In this case, LG does not meet the first criterion for revocation. In the two previous segments of this proceeding, the Department found that LG sold subject merchandise at less than normal value. *See Dynamic Random Access Memory Semiconductors of One Megabit or Above from the Republic of Korea,* 63 FR 50867 (September 23, 1998) (''*Final Results 1998*'') and *Dynamic Random Access Memory Semiconductors (DRAMs) of One Megabit or Above from the Republic of Korea,* 64 FR 69694 (December 14, 1999) (''*Final Results 1999*''). Since LG has not met the first criterion for revocation, *i.e.*, zero or *de minimis* margins for three consecutive reviews, the Department need not reach a conclusion with respect to the second and third criteria. Therefore, on this basis, we have preliminarily determined not to revoke the Korean DRAM antidumping duty order with regard to LG.

Verification

As provided in section 782(i) of the Act, we verified information provided by LG and Hyundai. We used standard verification procedures, including on-site inspection of the respondents' facilities, examination of relevant sales, financial, and/or cost records, and selection of original documentation containing relevant information. G5, Jewon, Kim's Marketing and Wooyang were not verified because the companies did not respond to the Department's questionnaires.

Facts Available (''FA'')

1. Application of FA

Section 776(a)(2) of the Act provides that if any interested party: (A) withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested; (C) significantly impedes an antidumping investigation; or (D) provides such information but the information cannot be verified, the Department shall use facts otherwise available in making its determination.

On July 8, 1999, the Department sent Hyundai, LG, G5, Jewon, Kim's Marketing and Wooyang questionnaires requesting that they provide information regarding any sales that they made to the United States during the POR. We did not receive any replies from G5, Jewon, Kim's Marketing or Wooyang.

On March 3, 2000, the Department sent letters informing G5, Jewon, Kim's Marketing and Wooyang that not responding to the Department's questionnaires could result in a determination based on FA. We did not receive any replies from the four companies.

Because G5, Jewon, Kim's Marketing and Wooyang have failed to respond to our questionnaires, pursuant to section 776(a) of the Act, we have applied FA to calculate their dumping margins.

2. Selection of Adverse FA

Section 776(b) of the Act provides that, in selecting from the facts available, adverse inferences may be used against a party that failed to cooperate by not acting to the best of its ability to comply with requests for information. *See also* Statement of Administrative Action (''SAA'') accompanying the URAA, H.R. Doc. No. 316, 103d Cong., 2d Sess. 870 (1994).

Section 776(b) states further that an adverse inference may include reliance on information derived from the petition, the final determination, the final results of prior reviews, or any other information placed on the record. *See also Id.* at 868. In addition, the SAA establishes that the Department may employ an adverse inference ''to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.'' *See* SAA at 870. In employing adverse inferences, the SAA instructs the Department to consider ''the extent to which a party may benefit from its own lack of cooperation.'' *Id.*

Because G5, Jewon, Kim's Marketing and Wooyang did not cooperate by complying with our request for information, and in order to ensure that they do not benefit from their lack of cooperation, we are employing an adverse inference in selecting from among the facts otherwise available. The Department's practice when selecting an adverse FA rate from among the possible sources of information has been to ensure that the margin is sufficiently adverse so ''as to effectuate the purpose of the FA rule to induce respondents to provide the Department with complete and accurate information in a timely manner.'' *See Static Random Access Memory Semiconductors From Taiwan; Final Determination of Sales at Less Than Fair Value,* 63 FR 8909, 8932 (February 23, 1998).

In order to ensure that the rate is sufficiently adverse so as to induce future cooperation from G5, Jewon, Kim's Marketing and Wooyang, we have assigned these companies, as adverse FA, the highest calculated margin from any segment of this proceeding, 10.44 percent, which is the rate calculated for Hyundai in the fifth administrative review. *See Final Results 1999.*

Information from prior segments of the proceeding, such as involved here, constitutes ''secondary information'' under section 776(c) of the Act. Section 776(c) of the Act provides that the Department shall, to the extent practicable, corroborate secondary information used for FA by reviewing independent sources reasonably at its disposal. The SAA provides that to ''corroborate'' means simply that the Department will satisfy itself that the secondary information to be used has probative value. *See* SAA at 870. As noted in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished,*

from Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews, 61 FR 57391, 57392 (November 6, 1996) (''*TRBs*''), to corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used. However, unlike other types of information, such as input costs or selling expenses, there are no independent sources from which the Department can derive calculated dumping margins; the only source for margins is administrative determinations. Thus, in an administrative review, if the Department chooses as total adverse FA a calculated dumping margin from a prior segment of the proceeding, it is not necessary to question the reliability of the margin for that time period.

As to the relevance of the margin used for adverse FA, the Department stated in *TRBs* that it will ''consider information reasonably at its disposal as to whether there are circumstances that would render a margin irrelevant. Where circumstances indicate that the selected margin is not appropriate as adverse FA, the Department will disregard the margin and determine an appropriate margin.'' *Id.; see also Fresh Cut Flowers from Mexico; Preliminary Results of Antidumping Duty Administrative Review,* 60 FR 49567 (February 22, 1996), where we disregarded the highest margin in the case as best information available because the margin was based on another company's uncharacteristic business expense resulting in an extremely high margin.

As stated above, the highest rate determined in any prior segment of the proceeding is 10.44 percent, a calculated rate from *Final Results 1999.*

In the absence of information on the administrative record that application of the 10.44 percent rate to G5, Jewon, Kim's Marketing and Wooyang would be inappropriate as an adverse FA rate in the instant review, that the margin is not relevant, or that leads us to re-examine this rate as adverse facts available in the instant review, we have applied, as FA, the 10.44 percent margin from a prior administrative review of this order, and have satisfied the corroboration requirements under section 776(c) of the Act.

Third Country Transshipments

In the fourth and fifth administrative reviews of this proceeding, we determined that LG had knowledge, or should have had knowledge, that a substantial amount of its sales to third country customers were destined for the United States. *See Final Results 1998* and *Final Results 1999.* Furthermore, during the current review, the petitioner made several allegations that Hyundai's and LG's affiliates in other countries, such as Hong Kong, made sales during the POR to companies that shipped the merchandise to the United States. Consequently, we requested information from Hyundai and LG about their third country sales during the POR and, for the first time, conducted verifications of Hyundai's and LG's Hong Kong affiliates.

LG did not report the requested third country sales through an affiliated party. However, LG subsequently provided clarifying information about these sales. As a result of this clarification, we have made no adjustment for these sales. For further discussion, *See Memorandum on LG's Third Country Sales* dated May 30, 2000.

We also have made no adjustments in this review for Hyundai's or LG's reported third country sales because we did not find evidence that Hyundai or LG had knowledge, or should have had knowledge, that any of their sales to third country customers were destined for the United States. In the future, we intend to continue to closely monitor any transshipments of Korean DRAMs to the United States from all countries, and will particularly scrutinize transshipments of Korean DRAMs through Hong Kong.

Fair Value Comparisons

To determine whether sales of DRAMs from Korea to the United States were made at less than fair value (''LTFV''), we compared the constructed export price (''CEP'') to the normal value (''NV''), as described in the CEP and NV sections of this notice, below. In accordance with section 771(16) of the Act, we considered all products as described in the ''Scope of Review'' section of this notice, above, that were sold in the home market in the ordinary course of trade for purposes of determining appropriate product comparisons to U.S. sales. Where there were no sales of the identical or the most similar merchandise in the home market that were suitable for comparison, we compared U.S. sales to sales of the next most similar foreign like product, based on the characteristics listed in Section B and C of our antidumping questionnaire.

CEP

For Hyundai and LG, in calculating United States price, the Department used CEP, as defined in section 772(b) of the Act, because the merchandise was first sold to an unaffiliated U.S. purchaser after importation. We calculated CEP based on delivered prices to unaffiliated customers in the United States.

We made deductions from the starting price, where appropriate, for discounts, rebates, billing adjustments, foreign and U.S. brokerage and handling, foreign inland insurance, export insurance, air freight, air insurance, U.S. warehousing expense, U.S. duties and direct and indirect selling expenses to the extent that they are associated with economic activity in the United States in accordance with sections 772(c)(2) and 772(d)(1) of the Act. These deductions included credit expenses and commissions, as applicable, and inventory carrying costs incurred by the respondents' U.S. subsidiaries. We added duty drawback received on imported materials, where applicable, pursuant to section 772(c)(1)(B) of the Act.

For both respondents, for DRAMs that were further manufactured into memory modules after importation, we deducted all costs of further manufacturing in the United States, pursuant to section 772(d)(2) of the Act. These costs consisted of the costs of the materials, fabrication, and general expenses associated with further manufacturing in the United States. Pursuant to section 772(d)(3) of the Act, we also reduced the CEP by the amount of profit allocated to the expenses deducted under section 772(d)(1) and (2).

We corrected for certain clerical errors found during verification, including corrections that Hyundai and LG identified in their responses in the course of preparing for verification.

Level of Trade (''LOT'')

In accordance with section 773(a)(1)(B) of the Act, to the extent practical, we determined NV based on sales in the comparison market at the same LOT as the CEP sales. The NV LOT is that of the starting-price sales in the comparison market or, when NV is based on constructed value (CV), that of the sales from which we derive selling, general, and administrative (SG&A) expenses and profit. For CEP, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different LOT than the CEP sales, we examined stages in the marketing process and selling activities along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different LOT, and the difference affects

price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). *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).

We reviewed the questionnaire responses of Hyundai and LG to establish whether there were sales at different LOTs based on the distribution system, selling activities, and services offered to each customer or customer category. For both respondents, we identified one LOT in the home market with direct sales by the parent corporation to the domestic customer. These direct sales were made by both respondents to original equipment manufacturers (''OEMs'') and to distributors. In addition, all sales, whether made to OEM customers or to distributors, included the same selling functions. For the U.S. market, all sales for both respondents were reported as CEP sales. The LOT of the U.S. sales is determined for the sale to the affiliated importer rather than the resale to the unaffiliated customer. We examined the selling functions performed by the Korean companies for U.S. CEP sales (as adjusted) and preliminarily determine that they are at a different LOT from the Korean companies' home market sales because the companies' CEP transactions were at a less advanced stage of marketing. For instance, at the CEP level, the Korean companies did not engage in any general promotion activities, marketing functions, or price negotiations for U.S. sales. Because we compared CEP sales to home market sales at a more advanced LOT, we examined whether a LOT adjustment may be appropriate. In this case, both respondents only sold at one LOT in the home market. Therefore, there is no basis upon which either respondent can demonstrate a pattern of consistent price differences between levels of trade. Further, we do not have information which would allow us to examine pricing patterns based on the respondents' sales of other products and there is no other record information on which such an analysis could be based. Because the data available do not provide an appropriate basis for making a LOT adjustment and the LOT in the home market is at a more advanced stage of distribution than the LOT of the CEP sales, a CEP offset is appropriate. Both respondents claimed a CEP offset. We applied the CEP offset to adjusted home market prices or CV, as appropriate. The CEP offset consisted of an amount equal to the lesser of the weighted-average U.S. indirect selling expenses and U.S. commissions or home market indirect selling expenses. *See* the Memorandum on LOT for LG, dated May 30, 2000, and Memorandum on LOT for Hyundai, dated May 30, 2000.

NV

Home Market Viability

In order to determine whether there were sufficient sales of DRAMs in the home market to serve as a viable basis for calculating NV, we compared the respondents' volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Because the aggregate volume of home market sales of the foreign like products for both Hyundai and LG was greater than five percent of the respective aggregate volume of U.S. sales of the subject merchandise, we determined that the home market provides a viable basis for calculating NV for all respondents.

Cost of Production (''COP'')

We disregarded Hyundai's and LG's sales found to have been made below the COP in *Final Results 1998,* the most recent segment of this proceeding for which final results were available at the time of the initiation of this review. Accordingly, the Department, pursuant to section 773(b) of the Act, initiated COP investigations of both respondents for purposes of this administrative review.

We calculated the COP based on the sum of the costs of materials and fabrication employed in producing the foreign like product, SG&A expenses, and the cost of all expenses incidental to placing the foreign like product in condition, packed, ready for shipment, in accordance with section 773(b)(3) of the Act. We compared weighted-average quarterly COP figures for each respondent, adjusted where appropriate (see below), 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. In determining whether to disregard home market sales made at prices below the COP, we examined whether such sales were made (1) within an extended period of time in substantial quantities, and (2) at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade, in accordance with sections 773(b)(1)(A) and (B) of the Act. In accordance with section 773(b)(2)(D) of the Act, we conducted the recovery of cost test using annual cost data.

Pursuant to section 773(b)(2)(C)(i) of the Act, where less than 20 percent of home market sales of a given model were at prices less than the COP, we did not disregard any below-cost sales of that model because the below-cost sales were not made in ''substantial quantities.'' Where 20 percent or more of a respondent's sales of a given product were at prices below the COP, we found that sales of that model were made in ''substantial quantities'' within an extended period of time, in accordance with section 773(b)(2)(B) and (C) of the Act. To determine whether prices provided for recovery of costs within a reasonable period of time, we tested whether the prices which were below the per-unit cost of production at the time of the sale were also below the weighted-average per-unit cost of production for the POR, in accordance with section 773(b)(2)(D) of the Act. If they were, we disregarded the below-cost sales in determining NV.

We found that for both respondents, more than 20 percent of their home market sales for certain products were made at prices that were less than the COP. Furthermore, the prices did not permit the recovery of costs within a reasonable period of time. We, therefore, disregarded the below-cost sales and used the remaining above-cost sales as the basis for determining NV, in accordance with section 773(b)(1). For those sales for which there were no comparable home market sales in the ordinary course of trade, we compared CEP to CV pursuant to section 773(a)(4) of the Act.

Adjustments to COP

Research & Development (''R&D'')

Consistent with our past practice in this case, the R&D element of COP was based on R&D expenses related to all semiconductor products, not product-specific expenditures. *See, e.g., Final Results 1999*, 64 FR at 69701–69702.

In addition, Hyundai and LG, in 1998, completely deferred certain R&D costs and amortized other R&D costs over five years using the straight-line method. This is the same methodology for recognizing R&D costs that Hyundai and

LG began to use in 1997, after previously expensing all R&D costs as incurred (except for Hyundai, which began to defer certain R&D costs in 1996). Both Hyundai and LG based the R&D expenses that they reported to the Department for this POR on the amount of R&D costs that they expensed in 1998.

Section 773(f)(1)(A) of the Act directs the Department to rely on ''the records of the exporter or producer of the merchandise, if such records are kept in accordance with the GAAP of the exporting country (or the producing country where appropriate) and reasonably reflect the costs associated with production and sale of the merchandise.'' Section 773(f)(1)(A) of the Act also states that the Department will consider whether ''such allocations have been historically used by the exporter or the producer.'' Hyundai's and LG's methodology for recognizing R&D costs is in accordance with Korean GAAP. However, the legacy of Hyundai's and LG's inconsistency in R&D accounting practices continues to distort the cost calculation for antidumping purposes, in a similar manner to the distortions that we noted in 1997 in the fifth administrative review. *See Final Results 1999*, 64 FR at 69696–69700.

Hyundai and LG have repeatedly changed their accounting method for R&D expenses throughout the course of these proceedings (*i.e.*, from capitalizing and amortizing, to expensing in the year incurred, and now back to capitalizing and amortizing). When Hyundai and LG do not consistently expense or amortize R&D costs, they will recognize, in relation to amounts that would be recognized if either method was constantly applied, aberrationally high amounts of R&D expense in some years, and aberrationally low amounts of R&D expense in other years, that do not reasonably reflect the costs of producing the subject merchandise. In 1998, as in 1997, Hyundai and LG, as a consequence of their change in accounting methods for R&D costs in 1997, in only their second consecutive year of amortizing R&D costs, recognized, and reported to the Department, an aberrationally low amount of R&D expenses.

Also in 1998, as in 1997, Hyundai and LG completely deferred R&D costs for certain long-term projects until they realize revenues from these projects, or until they foresee no possibility of realizing revenue from these projects. This practice exacerbates the low level of R&D expenses that the respondents recognize in relation to the amount of expenses actually incurred. As we found in *Final Results 1999*, 64 FR at 69699, we find that, for dumping purposes, this methodology does not reasonably reflect the cost of producing the subject merchandise.

The Court of International Trade, in *Micron Technology* v. *United States*, Slip Op. 99–51 (June 16, 1999), at 6, specifically stated that ''the object of the cost of production exercise is . . . to capture . . . those expenses that reasonably and accurately reflect a respondent's actual production costs for period of review.'' However, as a result of their recent change to amortizing and deferring R&D expenses, Hyundai and LG are not capturing those expenses that reasonably and accurately reflect their actual R&D costs for this POR. Rather, because of their change in R&D accounting methodologies, their latest method of capitalization of R&D produces a distorted and meaningless (for the cost of production exercise) result that does not reasonably reflect the actual cost of producing the subject merchandise.

We have therefore determined that it is appropriate to recognize for antidumping purposes all of Hyundai's and LG's 1998 current R&D costs incurred in order to reasonably and accurately reflect their actual R&D costs for a given year. The Department also continues to believe that, in general, recognizing the current year's R&D costs incurred is a reasonable method to recognize R&D expenses. This methodology is consistent with both Korean and U.S. GAAP, and is the same methodology that Hyundai and LG had followed prior to 1997.

Foreign Translation Gains & Losses

In 1998, both Hyundai and LG changed how they recognized their long-term foreign currency translation gains and losses. In 1998, Hyundai and LG recognized all of their long-term translation gains and losses, while in 1997, the previous year, they had capitalized such gains and losses and amortized the amounts over the lives of the corresponding liabilities. In addition, in 1998, these two companies offset the vast majority of their respective consolidated deferred translation losses (part of which were due to be expensed in 1998) with the revaluation increment from the revaluation of their physical assets. The revaluation increment is an equity type adjustment on the statement of retained earnings. As a result, the deferred translation losses are never reflected on the companies' income statement. While these accounting changes are in accordance with Korean GAAP, the Department considers the new accounting treatment of these gains and losses to be distortive.

Hyundai's and LG's changed treatment of their long-term translation gains and losses results in the diminution of the impact of their translation losses, and the exaggeration of the impact of their translation gains. In 1997, Hyundai and LG incurred significant long-term translation losses when the Korean Won dropped precipitously. By offsetting much of these translation losses in 1998 with the revaluation increment, Hyundai and LG avoided recognizing almost all of the deferred losses from 1997, while still recognizing gains (including deferred gains from 1997) in 1998 on those same liabilities that experienced the 1997 losses. In addition, by switching from amortizing over the life of the liabilities in 1997, to expensing as incurred in 1998, when Hyundai and LG experienced net long-term translation gains, Hyundai and LG heightened the impact of those 1998 gains by recognizing all of the gains immediately.

In order to neutralize the effect of the changed treatment of the long-term translation gains and losses, we consider it appropriate to amortize all long-term translation gains and losses over the life of the loans. This treatment is consistent with Hyundai's and LG's accounting treatment in 1997, and is the same method the Department followed in the fourth administrative review covering 1996, when both Hyundai and LG did not recognize in their income statements any of their long-term translation gains and losses. *See Final Results 1998*, 63 FR at 50872.

Hyundai, for the first time in 1997, and again in 1998, capitalized in its construction in progress (''CIP'') account a part of its long-term translation gains and losses. LG also capitalized in its CIP account a part of its long-term translation gains and losses in 1997 and 1998. The Department considers this distortive, since the gains and losses generated by the same debt are amortized over different periods (the life of the corresponding financial liabilities and, for the part capitalized to CIP, the life of physical assets). We therefore included the capitalized translation gains and losses in the amount of translation gains and losses that we amortized over the life of the loans.

Depreciation

Hyundai and LG, in another accounting change in 1998, increased the useful lives over which they depreciate certain assets. Our practice, pursuant to section 773(f)(1)(A) of the Act and the SAA at 834, is to use those accounting methods and practices that

respondents have historically used. As this is the sixth review of this order, we do not consider it appropriate for the respondents to dramatically change the useful lives of their assets for antidumping purposes. We find that the useful lives that both Hyundai and LG adopted for certain assets in 1998 greatly exceed the useful lives that they have employed for these assets in the past. This is the second time since 1996 that the respondents have extended the useful lives of their assets. While the Department accepted the respondents' 1996 minor useful life adjustment (*see Final Results 1998*, 63 FR at 50870–50871), the useful lives that Hyundai and LG adopted in 1998 are in some instances greater than fifty percent longer than the previous useful lives. Moreover, we do not believe that the useful lives Hyundai and LG previously employed were unreasonable, especially considering that these two companies themselves argued that the previous useful lives were reasonable in *Final Results 1998*. We therefore adjusted Hyundai's and LG's reported depreciation expense using the pre-1998 useful lives.

Company-Specific Adjustments

Hyundai

1. We adjusted Hyundai's reported interest expense rate by recalculating the long-term translation gains and losses, as explained above, and excluding offsets of long-term interest income related to certain restricted long-term deposits, consistent with *Final Results 1999*, 64 FR at 69707.

2. We adjusted Hyundai's reported general and administrative (''G&A'') expense rate by excluding the foreign currency transaction gains and losses that we accounted for in the interest expense calculation, and all unspecified foreign currency transaction gains and losses; and including foreign currency gains and losses related to account payables.

3. We excluded certain non-operating expenses from Hyundai's R&D expenses.

4. In addition to the adjustments for depreciation noted above, we adjusted Hyundai's depreciation expenses to reflect the net effect of increasing depreciation, consistent with *Final Results 1998*, for special depreciation that would have been taken had the respondent continued to take special depreciation on certain equipment for the period of the first half of 1998, and decreasing depreciation expenses to reflect the amount of special depreciation which the Department expensed in *Final Results 1998*, but which Hyundai expensed in its own books and records, and reported in its response, for the current POR.

See Memorandum on Hyundai Electronics Industries Co., Ltd.: Calculations for the Preliminary Results, dated May 30, 2000.

LG

1. We adjusted LG's reported interest expense rate by recalculating the long-term translation gains and losses, as explained above.

2. We adjusted LG's reported G&A expense rate by excluding the foreign currency transaction gains and losses that we accounted for in the interest expense calculation, foreign currency transaction gains and losses related to account receivables, and unspecified foreign currency transaction gains and losses; and including foreign currency gains and losses related to account payables.

See Memorandum on LG Semicon Co., Ltd.: Calculations for the Preliminary Results, dated May 30, 2000.

CV

In accordance with section 773(e) of the Act, we calculated CV based on the respondents' cost of materials and fabrication employed in producing the subject merchandise, SG&A expenses, the profit incurred and realized in connection with the production and sale of the foreign like product, and U.S. packing costs. We used the cost of materials, fabrication, and G&A expenses as reported in the CV portion of the questionnaire response, adjusted as discussed in the COP section above. We used the U.S. packing costs as reported in the U.S. sales portion of the respondents' questionnaire responses. For selling expenses, we used the average of the selling expenses reported for home market sales that survived the cost test, weighted by the total quantity of those sales. For actual profit, we first calculated, based on the home market sales that survived the cost test, the difference between the home market sales value and home market COP, and divided the difference by the home market COP. We then multiplied this percentage by the COP for each U.S. model to derive an actual profit.

Price Comparisons

For price-to-price comparisons, we based NV on the price at which the foreign like product is first sold for consumption in the exporting country, in the usual commercial quantities and in the ordinary course of trade, and to the extent practicable, at the same LOT, in accordance with section 773(a)(1)(B)(i) of the Act. We compared the U.S. prices of individual transactions to the monthly weighted-average price of sales of the foreign like product. In the case of LG, we calculated NV based on delivered prices to unaffiliated customers and, where appropriate, to affiliated customers in the home market.

With respect to LG, we tested those sales that LG made in the home market to affiliated customers to determine whether they were made at arm's length and could be used in our analysis. *See* 19 CFR 351.102(b). To test whether these sales were made at arm's length prices, we compared, on a model-specific basis, prices of sales to affiliated and unaffiliated customers, net of discounts, all movement charges, direct selling expenses, and packing. For tested models of the subject merchandise, prices to an affiliated party were on average 99.5 percent or more of the price to unaffiliated parties and we therefore determined that sales made to the affiliated party were at arm's length. *See* 19 CFR 351.403(c) and Preamble to the Department's regulations, 62 FR at 27355.

With respect to both CV and home market prices, we made adjustments, where appropriate, for inland freight, inland insurance, and discounts. We also reduced CV and home market prices by packing costs incurred in the home market, in accordance with section 773(a)(6)(B)(i) of the Act. In addition, we increased CV and home market prices for U.S. packing costs, in accordance with section 773(a)(6)(A) of the Act. We made further adjustments to home market prices, when applicable, to account for differences in physical characteristics of the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act. Finally, pursuant to section 773(a)(6)(C)(iii) of the Act, we made an adjustment for differences in circumstances of sale by deducting home market direct selling expenses (credit expenses and bank charges) and adding any direct selling expenses associated with U.S. sales not deducted under the provisions of section 772(d)(1) of the Act.

For home market sales by Hyundai and LG that were invoiced in U.S. dollars, and paid for in won, we calculated a won-denominated price, used a won borrowing rate, and based the expenses reported for these sales on the won-denominated price.

Preliminary Results of Review

As a result of this review, we preliminarily determine that the following weighted-average dumping margins exist for May 1, 1998 through April 30, 1999:

Manufacturer/exporter	Percent margin
The G5 Corporation	10.44
Hyundai Electronic Industries Co., Ltd	5.32
Jewon Microelectronics	10.44
Kim's Marketing	10.44
LG Semicon Co., Ltd	3.08
Wooyang Industry Co., Ltd	10.44

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within 5 days of the date of publication of this notice. Any interested party may request a hearing within 30 days of the date of publication of this notice. Parties who submit arguments in this proceeding are requested to submit with each argument: (1) a statement of the issue and (2) a brief summary of the argument. All case briefs must be submitted within 30 days of the date of publication of this notice. Rebuttal briefs, which are limited to issues raised in the case briefs, may be filed not later than seven days after the case briefs are filed. A hearing, if requested, will be held two days after the date the rebuttal briefs are filed or the first business day thereafter.

The Department will publish a notice of the final results of this administrative review, which will include the results of its analysis of the issues raised in any written comments or at the hearing, within 120 days from the publication of these preliminary results.

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. The Department will issue appraisement instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the determination and for future deposits of estimated duties. We have calculated importer-specific ad valorem duty assessment rates based on the ratio of the total amount of dumping margins calculated for the examined sales to the entered value of sales used to calculate those duties. These rates will be assessed uniformly on all entries of each particular importer made during the POR.

Furthermore, the following deposit requirements will be effective upon completion of the final results of these administrative reviews for all shipments of DRAMs from Korea entered, or withdrawn from warehouse, for consumption on or after publication date of the final results of these administrative reviews, as provided by section 751(a)(1) of the Act: (1) the cash deposit rate for the reviewed companies will be the rate established in the final results of this administrative review, except if the rate is less than 0.5 percent *ad valorem* and, therefore, *de minimis,* no cash deposit will be required; (2) for exporters not covered in this review, but covered in the original LTFV investigation or a previous review, the cash deposit rate will continue to be the company-specific rate published in the most recent period; (3) if the exporter is not a firm covered in this review, a previous review, or the original LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous reviews or the LTFV investigation, the cash deposit rate will be 4.55 percent, the ''all-others'' rate established in the LTFV investigation. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) of the Department's regulations to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review and this notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: May 30, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–14204 Filed 6–5–00; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–605]

Frozen Concentrated Orange Juice from Brazil; Preliminary Results of Antidumping Duty Administrative Review

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

SUMMARY: In response to a request by the petitioners and one producer/exporter of the subject merchandise, the Department of Commerce is conducting an administrative review of the antidumping duty order on frozen concentrated orange juice from Brazil. This review covers one manufacturer/exporter of the subject merchandise to the United States, Citrovita Agro Industrial Ltda. The period of review is May 1, 1998, through April 30, 1999.

We have preliminarily determined that sales have been made below the normal value by the company subject to this review. If these preliminary results are adopted in the final results of this administrative review, we will instruct the Customs Service to assess antidumping duties on all appropriate entries.

We invite interested parties to comment on these preliminary results. Parties who wish to submit comments in this proceeding are requested to submit with each argument: (1) a statement of the issue; and (2) a brief summary of the argument.

EFFECTIVE DATE: June 6, 2000.

FOR FURTHER INFORMATION CONTACT: Shawn Thompson or Irina Itkin, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482–1776 or (202) 482–0656, respectively.

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations are to the Department's regulations at 19 CFR part 351 (1999).

SUPPLEMENTARY INFORMATION:

Background

On May 19, 1999, the Department of Commerce (the Department) published in the **Federal Register** a notice of ''Opportunity to Request an Administrative Review'' of the antidumping duty order on frozen concentrated orange juice (FCOJ) from Brazil (64 FR 27235).

In accordance with 19 CFR 351.213(b)(1), on May 27, 1999, the petitioners, Florida Citrus Mutual, Caulkins Indiantown Citrus Co., Citrus Belle, Citrus World, Inc., Orange-Co of Florida, Inc., Peace River Citrus Products, Inc., and Southern Gardens Citrus Processors Corp., requested an administrative review of the antidumping order covering the period