

Background

The antidumping dumping duty order for elemental sulphur from Canada was revoked, pursuant to the sunset procedures established by statute, effective January 1, 2000. *See Revocation of Antidumping Finding: Elemental Sulphur From Canada*, 64 FR 40553 (July 27, 1999). However, we are conducting this review to cover sales of the subject merchandise made in the United States by Husky and Petrosul during the 13-month period from December 1, 1998, until the effective date of the revocation.

On September 8, 2000, the Department published in the **Federal Register** its preliminary results of the antidumping duty order on elemental sulphur from Canada (65 FR 54488) ("Preliminary Results"). As noted above, the Department did not receive comments from interested parties.

The Department is conducting this administrative review in accordance with section 751 of the Act.

Scope of the Review

Imports covered by this review are shipments of elemental sulphur from Canada. This merchandise is classifiable under Harmonized Tariff Schedule ("HTS") subheadings 2503.10.00, 2503.90.00, and 2802.00.00. Although the HTS subheadings are provided for convenience and for U.S. Customs purposes, the Department's written description of the scope of this order remains dispositive.

Period of Review

The POR for Husky and Petrosul is from December 1, 1998 through December 31, 1999. *See* April 11, 2000 letters to Husky and Petrosul, in which the Department extended the POR to include December 1999. The POR for all other entries is December 1, 1998 through November 30, 1999.

Adverse Facts Available

As discussed in the Preliminary Results, we preliminarily determined that the application of total adverse facts available with respect to Petrosul was appropriate. No parties have commented on this determination, and no new facts have been submitted which would cause the Department to revisit this decision. Therefore, for the reasons set out in the Preliminary Results, 65 FR 54489-90, we have continued to apply total adverse facts available to Petrosul for the purposes of this final results notice.

Final Results of Review

As a result of our review, we determine that the following weighted-

average dumping margins exist for the period December 1, 1998 through December 31, 1999:

Manufacturer/exporter/reseller	Margin (percent)
Husky Oil Limited	0.55
Petrosul International, Ltd	40.38

Assessment

The Department will assess antidumping duties on all Petrosul entries at the same rate as the dumping margin (*i.e.*, 40.38 percent) since the margin is not a current calculated rate for the respondent, but a rate based upon total adverse facts available pursuant to section 776(b) of the Act. We will assess importer-specific antidumping duties on all appropriate Husky entries. Also, the Department will issue appraisal instructions directly to the Customs Service.

Cash Deposit

Because the antidumping duty order on elemental sulphur from Canada has been revoked, effective January 1, 2000, no cash deposits are required for entries of elemental sulphur from Canada for entries on or after January 1, 2000. *See Revocation of Antidumping Finding: Elemental Sulphur From Canada*, 64 FR 40553 (July 27, 1999).

This notice serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f)(2) 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 determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: December 6, 2000.

Troy H. Cribb,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-357-814, A-570-865, A-533-820, A-560-812, A-834-806, A-421-807, A-485-806, A-791-809, A-583-835, A-549-817, A-823-811]

Notice of Initiation of Antidumping Duty Investigations: Certain Hot-Rolled Carbon Steel Flat Products From Argentina, India, Indonesia, Kazakhstan, the Netherlands, the People's Republic of China, Romania, South Africa, Taiwan, Thailand, and Ukraine

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

ACTION: Initiation of antidumping duty investigations.

EFFECTIVE DATE: December 12, 2000.

FOR FURTHER INFORMATION CONTACT: Rick Johnson or Charles Riggle at (202) 482-3818 and (202) 482-0650, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Initiation of Investigations

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's regulations are references to the provisions codified at 19 CFR Part 351 (2000).

The Petitions

On November 13, 2000, the Department of Commerce (the Department) received petitions filed in proper form by the following parties: Bethlehem Steel Corporation, Gallatin Steel Company, IPSCO Steel Inc., LTV Steel Company, Inc., National Steel Corporation, Nucor Corporation, Steel Dynamics, Inc., U.S. Steel Group (a unit of USX Corporation), Weirton Steel Corporation, and the Independent Steelworkers Union (collectively the petitioners).¹ The United Steelworkers of America notified the Department that it also is a petitioning party in these investigations on November 16, 2000. The Department received from the petitioners information supplementing

¹ Weirton Steel Corporation is not a petitioner in the investigation involving the Netherlands.

the petitions throughout the 20-day initiation period.

In accordance with section 732(b) of the Act, the petitioners allege that imports of certain hot-rolled carbon steel flat products (hereafter referred to as hot-rolled steel) from Argentina, India, Indonesia, Kazakhstan, the Netherlands, the People's Republic of China (the PRC), Romania, South Africa, Taiwan, Thailand, and Ukraine are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring an industry in the United States.

The Department finds that the petitioners filed these petitions on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and 771(9)(D) of the Act and have demonstrated sufficient industry support with respect to each of the antidumping investigations that they are requesting the Department to initiate (see the *Determination of Industry Support for the Petitions* section below).

Scope of Investigations

For purposes of these investigations, the products covered are certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of these investigations.

Specifically included within the scope of these investigations are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination

steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products to be included in the scope of these investigations, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products in which: (i) Iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) 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, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of these investigations unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of these investigations:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, *e.g.*, American Society for Testing and Materials (ASTM) specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron & Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to these investigations is classified in the HTSUS at subheadings: 7208.10.15.00,

7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat products covered by these investigations, including: vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and U.S. Customs purposes, the written description of the merchandise under investigation is dispositive.

During our review of the petitions, we discussed the scope with the petitioner to ensure that it accurately reflects the product for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by December 26, 2000. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petitions

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to

determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.²

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition. Moreover, the petitioners do not offer a definition of domestic like product distinct from the scope of the investigation.

In this case, "the article subject to investigation" is substantially similar to the scope of the Department's investigations involving hot-rolled carbon steel products initiated in 1998. *See Initiation of Antidumping Duty Investigations: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and the Russian Federation*, 63 FR 56607 (October 22, 1998). The only differences are as follows: (1) A 2.25 percent silicon maximum content level (as opposed to 1.50 percent in the 1998 case); (2) the omission of maximum content levels for boron and titanium; and (3) the itemization of two additional examples of products specifically excluded from the scope, *i.e.*, all products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507), and non-

rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS. The Department has reviewed reasonably available information to determine whether the products within the scope of the investigations constitute one or more than one domestic like product.

Some steel products classified as alloy steels based on the HTSUS are recognized as carbon steels by the industry and/or the marketplace. For example, *The Book of Steel*, a 1996 publication by Sollac, a flat-rolled steel division of Usinor, one of the largest steel companies in the world, identifies HSLA, IF, and motor lamination steels as falling within categories of plain carbon sheet steels (*see* chapters 44, 45 and 52). Also, *Carbon and Alloy Steels*, published in 1996 by ASM International, a major materials society, indicates that HSLA steels are not considered to be alloy steels, but are in fact similar to as-rolled mild-carbon steel and are generally priced by reference to the base price for carbon steels (*see* page 29). Carbon and Alloy Steels also distinguishes between carbon-boron and alloy-boron steels; the former may contain boron at levels which would classify it as alloy under the HTSUS, but would not classify it as an alloy steel commercially because, unlike the alloy-boron steels, higher levels of other alloying elements are not specified (*see, e.g.*, pages 159 and 161).

We noted that, in 1998 hot-rolled steel investigations, we discussed these issues with representatives of the ITC and the International Trade Administration's (ITA's) Office of Trade Development. Other than the fact that the AISI technically defines alloy steels based on alloy levels comparable to those in the HTSUS, none of the agency representatives cited reasons why the products in question might be treated as distinct from hot-rolled carbon steels. In addition to the research discussed above, the Department determined in the 1998 hot-rolled steel investigations that, with respect to certain steel products, such as high-strength low-alloy steel, industry sources indicated that these steel products are manufactured by similar processes, are priced from similar bases, are marketed in comparable ways, and are used for similar applications. *See Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and the Russian Federation: Attachment to the Initiation Checklist, Re: Industry Support, October 15, 1998* (which is on file and publically available in the

Central Records Unit (CRU) of the Main Commerce Department building). We are unaware of any factual differences between the present case and the initiation of the 1998 hot-rolled steel investigations. Thus, based on our analysis of the information presented to the Department above and the information obtained and reviewed independently by the Department, we have determined that there is a single domestic like product which is defined in the *Scope of Investigations* section above, and have analyzed industry support in terms of this domestic like product.

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Finally, Section 732(c)(4)(D) of the Act provides that if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the administering agency shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

In order to estimate production for the domestic industry as defined for purposes of this case, the Department has relied upon not only the petition and amendments thereto, but also upon "other information" it obtained through research and which is attached to the Initiation Checklist (*See Import Administration AD Investigation Initiation Checklist (Initiation Checklist)*, Attachment Re: Industry Support, December 4, 2000). Based on information from these sources, the Department determined, pursuant to Section 732(c)(4)(D), that there is support for the petition as required by subparagraph (A). Specifically, the Department made the following determinations. For Argentina, India, Indonesia, Kazakhstan, the Netherlands, the PRC, Romania, South Africa, Taiwan, Thailand, and Ukraine, the petitioners established industry support representing over 50 percent of total production of the domestic like product. Therefore, the domestic producers or workers who support the petition

² *See Algoma Steel Corp. Ltd., v. United States*, 688 F. Supp. 639, 642-44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass Therefore from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380-81 (July 16, 1991).

account for at least 25 percent of the total production of the domestic like product, and the requirements of Section 732(c)(4)(A)(i) are met. Furthermore, because the Department received no opposition to the petition, the domestic producers or workers who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition. Thus, the requirements of Section 732(c)(4)(A)(ii) are also met.

Accordingly, the Department determines that the petitions were filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. See the *Initiation Checklist*.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which the Department based its decision to initiate these investigations. The sources of data for the deductions and adjustments relating to home market price, U.S. price, constructed value (CV) and factors of production (FOP) are detailed in the *Initiation Checklist*. Where the petitioners obtained data from foreign market research, we spoke to the researcher to establish that person's credentials and to confirm the validity of the information being provided. See Memorandum to the File, *Telephone Conversation with Source of Market Research used in Antidumping Petition to Support Certain Factual Information*, dated December 4, 2000. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we may re-examine the information and revise the margin calculations, if appropriate. The period of investigation (POI) for market economy countries is October 1, 1999, through September 30, 2000, while the POI for non-market economies (NME) is April 1, 2000, through September 30, 2000.

Regarding the investigations involving NME, the Department presumes, based on the extent of central government control in an NME, that a single dumping margin, should there be one, is appropriate for all NME exporters in the given country. See, e.g., *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the PRC*, 59 FR 22585 (May 2, 1994). In the course of these investigations, all parties will have the opportunity to provide relevant information related to the issues of a country's NME status and the granting of separate rates to individual exporters.

Lastly, in the petitioners' calculation of the estimated margins in the cases involving NME countries (except the PRC) and certain market economy countries, the petitioners, in submissions dated November 22, 2000, based export prices on import statistics covering certain months and ports of entry. For initiation purposes, we have recalculated the estimated margins for these countries using POI-wide and nation-wide averages of the appropriate import values. For the remaining market economy countries, we based export price (EP) on price quotes obtained by the petitioners from foreign producers to unaffiliated U.S. purchasers.

We note that, on December 4, 2000, the petitioners calculated EP based on import statistics covering the entire POI (i.e., 12 months for market economies, 6 months for NME countries) through the port of New Orleans, which the petitioners note ranks first among all U.S. ports for imports of hot-rolled steel from the countries against which the petitions were filed. The petitioners maintain that such a methodology is appropriate because the "precipitous decline in import prices of hot-rolled steel which has continued since May of this year is not yet fully reflected in the IM-145 Census data, due to the time lag in reporting of this data." The petitioners note that this is because, for sales which are made pursuant to a contract, a significant number of months often transpire between agreement on price and entry into the United States. To resolve these timing differences, the petitioners suggest that the use of New Orleans import statistics is more appropriate, to the extent that imports through this port include substantial volumes of hot-rolled steel sold on a "spot" basis. Specifically, the petitioners note that AUVs based primarily on "spot" sales would likely be more sensitive to and, therefore, likely more reflective of, recent price declines in the market than would be the case with national averages. The margins calculated using this methodology are as follows: Indonesia 80.57 percent, Kazakhstan 166.93 to 168.89 percent, the Netherlands 28.10 percent, Romania 77.23 to 100.46 percent, South Africa 6.35 percent, Taiwan 16.06 to 50.48 percent, Thailand 18.53 to 19.85 percent, and Ukraine 85.20 to 86.68 percent.

Because the Department received these recalculations from the petitioners at a very late date, we did not have adequate time to analyze these arguments. However, since the use of POI-wide, country-wide import statistics to calculate estimated margins is sufficient for purposes of initiation, it

is not necessary to address those arguments at this time. To the extent necessary, we will consider the appropriateness of the petitioners' alternative methodology during the course of this proceeding. However, we have initiated these investigations based on the POI-wide, country-wide import statistics.

Argentina

Export Price

The petitioners based EP on price quotes from an Argentine steel producer to an unaffiliated U.S. purchaser for different grades and sizes of subject merchandise, and calculated a net U.S. price by deducting international freight and duties.

Normal Value

With respect to normal value (NV), the petitioners provided a home market price that was obtained from foreign market research for a grade and size of hot-rolled steel that is comparable to those of the products exported to the United States which serve as the basis for EP. The petitioners state that the home market price quotation was FOB mill and did not make any deductions from this price.

Although the petitioners provided information on home market prices, they also provided information demonstrating reasonable grounds to believe or suspect that sales of hot-rolled steel in the home market were made at prices below the fully absorbed cost of production (COP), within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of cost of manufacture (COM), selling, general and administrative (SG&A) expenses, and packing. The petitioners calculated COM based on their own production experience, adjusted for known differences between costs incurred to produce hot-rolled steel in the United States and Argentina using publicly available data. To calculate depreciation and SG&A expenses the petitioners relied upon amounts reported in an Argentine steel producer's unconsolidated 2000 financial statements. For interest expense, the petitioners used the Argentine steel producer's consolidated 2000 financial statements. Based upon a comparison of the prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made at

prices below the COP, within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation. See the *Initiation of Cost Investigations* section below.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners based NV for sales in Argentina on CV. The petitioners calculated CV using the same COM, depreciation, SG&A expenses, and interest expense figures used to compute Argentine home market costs. Consistent with 773(e)(2) of the Act, the petitioners included in CV an amount for profit. For profit, the petitioners relied upon amounts reported in an Argentine steel producer's unconsolidated 2000 financial statements.

Based upon the comparison of EP to CV, the petitioners calculated estimated dumping margins ranging from 36.61 to 44.59 percent.

India

Export Price

The petitioners based EP on a price quote from the Steel Authority of India, Ltd., (SAIL) to an unaffiliated U.S. purchaser for different grades and sizes of hot-rolled steel, and calculated a net U.S. price by deducting a foreign trading company's mark-up, foreign inland freight, international freight, U.S. port charges, and custom duties. Although, the submitted price does not specify whether it was based upon FOB or CIF prices, the Department notes that the adjustments to price are those incurred on shipments irrespective of the terms of sale.

Normal Value

With respect to NV, the petitioners provided a home market price that was obtained from foreign market research for a grade and size of hot-rolled steel that is comparable to those of the products exported to the United States which serve as the basis for EP. The petitioners state that the home market price quotation was FOB mill and did not make any deductions for movement expenses from this price. Because the home market sales are made on a 30-day credit basis, the petitioners made a deduction for imputed credit expense.

Although the petitioners provided information on home market prices, they also provided information demonstrating reasonable grounds to believe or suspect that sales of hot-rolled steel in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the

Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP refers to the total cost of producing the foreign-like product which includes COM, SG&A expenses, and packing expenses. The petitioners calculated COM based on their own production experience, adjusted for known differences between costs incurred to produce hot-rolled steel in the United States and India using publicly available data. The petitioners noted that the Indian manufacturers produce a variety of steel products besides hot-rolled steel. Under these circumstances, the petitioners submitted the best estimate of depreciation cost by utilizing the product-specific depreciation based on the U.S. producer's experience. To calculate SG&A and financing expenses, we relied upon amounts reported in an Indian steel producer's unconsolidated 2000 financial statements. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made at prices below the COP, within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation. See *Initiation of Cost Investigations* section below.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners based NV for sales in India on CV. The petitioners calculated CV using the same COM, depreciation, SG&A expenses, and interest expense figures used to compute Indian home market costs. Consistent with section 773(e)(2) of the Act, the petitioners included in CV an amount for profit. The petitioners calculated a profit amount from the unconsolidated 2000 financial statements for an Indian steel producer.

Based upon the comparison of EP to CV, the petitioners calculated estimated dumping margins ranging from 11.12 to 51.99 percent.

Indonesia

Export Price

The petitioners identified PT Krakatau Steel as the only producer of subject merchandise in Indonesia. The petitioners were unable to obtain specific sales or offers for sale of subject merchandise in the United States. Therefore, the petitioners based EP on the average per-unit customs import values (AUV) for the two ten-digit categories of the HTSUS accounting for a significant percentage of in-scope imports from Indonesia during the

period November 1999 through August 2000. For each of the two HTSUS categories under examination, the petitioners calculated the import AUVs using the reported quantity and customs value for imports as recorded in the U.S. Census Bureau's official IM-145 import statistics. In their calculation of an estimated margin, petitioners based EP on import statistics covering only a portion of the POI. As noted above, for initiation purposes, we have recalculated the estimated margin for Indonesia using POI-wide and nationwide averages of the appropriate import values. The petitioners presumed that the customs values used to calculate the AUV for each HTSUS category are identical to the free alongside ship (FAS) export value of the subject merchandise being shipped by PT Krakatau Steel. The petitioners made no adjustments to EP. We note that this is a conservative methodology that still results in a dumping margin above *de minimis*.

Normal Value

With respect to NV, the petitioners provided home market prices that were obtained from foreign market research for a grade and size of hot-rolled steel that is comparable to those of the products exported to the United States which serve as the basis for EP. The petitioners state that the home market price quotations were ex-mill and did not make any deductions from this price.

Although the petitioners provided information on home market prices, they also provided information demonstrating reasonable grounds to believe or suspect that sales of hot-rolled steel in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses and packing. The petitioners calculated COM based on their own production experience, adjusted for known differences between costs incurred to produce hot-rolled steel in the United States and Indonesia. To calculate SG&A expenses and interest expense, the petitioners relied upon amounts reported in an Indonesian steel producer's 1999 financial statements. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made at prices below the COP,

within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation. See the *Initiation of Cost Investigations* section below.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners based NV for sales in Indonesia on CV. The petitioners calculated CV using the same COM, depreciation, SG&A expenses and interest expense figures used to compute Indonesian home market costs. Consistent with section 773(e)(2) of the Act, the petitioners included in CV an amount for profit. Profit was calculated based on an Indonesian steel producer's 1999 financial statements.

Based upon the comparison of EP to CV, we recalculated an estimated weighted-average dumping margin of 59.25 percent.

Kazakhstan

Export Price

The petitioners identified Ispat Karmet JSC (Ispat) as the only producer of subject merchandise in Kazakhstan. The petitioners were unable to obtain specific sales or offers for sale of subject merchandise in the United States. Therefore, the petitioners based EP on the AUV for the three ten-digit categories of the HTSUS accounting for a significant percentage of in-scope imports from Kazakhstan which entered through a specific customs port during a specific month of the POI. For each of the three HTSUS categories under examination, the petitioners calculated the import AUVs using the reported quantity and customs value for imports as recorded in the U.S. Census Bureau's official IM-145 import statistics. In their calculation of estimated dumping margins, the petitioners based EP on import statistics covering only a portion of the POI. As noted above, for initiation purposes, we have recalculated the estimated margin for Kazakhstan using POI-wide and nation-wide averages of the appropriate import values. We note that customs import value as defined by *Technical Documentation for US Exports and Imports of Merchandise on CD-ROM* excludes U.S. import duties, freight, insurance and other charges incurred in bringing the merchandise to the United States. The petitioners calculated a net U.S. price by deducting from EP foreign inland freight. In order to calculate foreign inland freight, the petitioners first determined the distance by rail between Temirtau and Novorossiysk, the port which the petitioners determined to be the most appropriate port of embarkation for

inter-continental shipment of goods originating in Kazakhstan, and then applied an Indonesian rail rate as a surrogate.

Normal Value

The petitioners allege that Kazakhstan is an NME country, and in all previous investigations, the Department has determined that Kazakhstan is an NME. See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Beryllium Metal and High Beryllium Alloys from the Republic of Kazakhstan*, 62 FR 2648, 2649 (January 17, 1997). Kazakhstan will be treated as an NME unless and until its NME status is revoked. Pursuant to section 771(18)(C)(i) of the Act, because Kazakhstan's status as an NME remains in effect, the petitioners determined the dumping margin using an FOP analysis.

For NV, the petitioners based the FOP, as defined by section 773(c)(3) of the Act, on the consumption rates of one U.S. hot-rolled steel producer, adjusted for known differences in production efficiencies on the basis of available information. The petitioners assert that information regarding Ispat's consumption rates is not available, and have therefore assumed, for purposes of the petition, that producers in Kazakhstan use the same inputs in the same quantities as the petitioners use, except where a variance from the petitioners' cost model can be justified on the basis of available information. The petitioners argue that the use of the petitioners' factors is conservative because the U.S. steel industry is more efficient than the Kazakh steel industry. Based on the information provided by the petitioners, we believe that the petitioners' FOP methodology represents information reasonably available to the petitioners and is appropriate for purposes of initiating this investigation.

The petitioners assert that Indonesia is the most appropriate surrogate country for Kazakhstan, claiming that Indonesia is: (1) A market economy; (2) a significant producer of comparable merchandise; and (3) at a level of economic development comparable to Kazakhstan in terms of per capita GNP. Based on the information provided by the petitioners, we believe that the petitioners' use of Indonesia as a surrogate country is appropriate for purposes of initiating this investigation.

In accordance with section 773(c)(4) of the Act, the petitioners valued FOP, where possible, on reasonably available, public surrogate data from Indonesia. The materials were primarily valued based on Indonesian import values, as published in the UN *Trade Commodity*

Statistics. However, for coal used in coke-making, the petitioners used an Indian import value based on their assertion that no Indonesian value was available. Labor was valued using the regression-based wage rate for Kazakhstan provided by the Department, in accordance with 19 CFR 351.408(c)(3). Electricity was valued using the rate for Indonesia published in a quarterly report of the OECD's International Energy Agency. For overhead, SG&A expenses and profit, the petitioners applied rates derived from the public annual report of an Indonesian producer of subject merchandise, PT Krakatau Steel. All surrogate values which fell outside the POI were adjusted for inflation based on the currency in which the source data were reported. The Indonesian consumer price index or the PPI, as published by the International Monetary Fund's *International Financial Statistics*, was used for these adjustments. Based on the information provided by the petitioners, we believe that their surrogate values represent information reasonably available to the petitioners and are acceptable for purposes of initiation of this investigation.

Based upon a comparison of EP to CV, we recalculated estimated dumping margins ranging from 143.71 to 167.24 percent.

The Netherlands

Export Price

The petitioners identified the Corus Group as the only Dutch producer of subject merchandise. The petitioners were unable to obtain prices for specific sales or offers for sale for the subject merchandise in the United States. Therefore, the petitioners based EP on the AUV for the ten-digit category of the HTSUS accounting for a significant percentage of in-scope imports from the Netherlands during the period November 1999 through August 2000. For the HTSUS category under examination, the petitioners calculated the import AUVs using the reported quantity and customs value for imports as recorded in the U.S. Census Bureau's official IM-145 import statistics. In their calculation of an estimated margin, the petitioners based EP on import statistics covering only a portion of the POI. As noted above, for initiation purposes, we have recalculated the estimated margins for the Netherlands using POI-wide and nation-wide averages of the appropriate import values. The petitioners presumed that the customs values used to calculate the AUV for the HTSUS category are equivalent to the FAS

export value of the merchandise being shipped by Dutch mills. The petitioners made no adjustments to EP. We note that this is a conservative methodology that still results in a dumping margin above *de minimis*.

Normal Value

With respect to NV, the petitioners provided a home market price that was obtained from foreign market research for a grade and size of hot-rolled steel products that is comparable to those of the products exported to the United States which serve as the basis for EP. The petitioners state that the home market price quotation was FOB mill and did not make any deductions from this price.

Although the petitioners provided information on home market prices, they also provided information demonstrating reasonable grounds to believe or suspect that sales of hot-rolled steel in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses, financial expense, and packing. The petitioners calculated COM based on their own production experience, adjusted for known differences between costs incurred to produce hot-rolled steel in the United States and the Netherlands using publicly available data. The petitioners calculated SG&A expenses based on the financial statements of a Dutch equipment manufacturer, because the financial statements of the Dutch steel producer did not allow for the calculation of SG&A expenses. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP, within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation. See the *Initiation of Cost Investigations* section below.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners based NV for sales in the Netherlands on CV. The petitioners calculated CV using the same COM, depreciation, SG&A expenses, and interest expense figures used to compute the home market costs. Consistent with section 773(e)(2) of the Act, the petitioners included in CV an amount for profit which was based on the profit of a

surrogate Dutch equipment manufacturer.

Based upon the comparison of EP to CV, we recalculated an estimated dumping margin of 19.36 percent.

The PRC

Export Price

The petitioners identified the following companies as possible producers and/or exporters of hot-rolled steel from the PRC: Anshan Iron & Steel (Group) Co. (Anshan), Shanghai Baosteel Group Corp., Anyang Iron and Steel Group, Wuhan Iron and Steel Group Co., Benxi Iron and Steel Group Co., and Laiwu Iron and Steel Group. The petitioners based EP on a price offering for the first sale of a range of hot-rolled products from Anshan to an unaffiliated U.S. purchaser. The petitioners calculated a net U.S. price by deducting foreign inland freight, international shipping charges, U.S. port charges, U.S. customs duties, and a trading company mark-up.

In order to calculate foreign inland freight expense, the petitioners first determined the distance by rail between Anshan and Dalian, the port from which Anshan-manufactured hot-rolled steel is exported. Since the PRC is an NME country (see the discussion of NV below), the petitioners then applied Indian rail rates as a surrogate. We relied on the petitioners' calculation of EP except with respect to their deduction for marine insurance charges (included in the international shipping charges figure). However, because the terms of sale (which are proprietary information) of the offer are exclusive of insurance charges, we do not find that it is appropriate to make a deduction for these charges. Therefore, we have added to U.S. price an amount for marine insurance charges, based on a marine insurance rate recently used in the preliminary determination of the antidumping investigation of steel wire rope from the PRC. See *Antidumping Investigation of Steel Wire Rope from the People's Republic of China: Factors of Production Valuation for the Preliminary Determination*, dated September 25, 2000, which is contained in the *Initiation Checklist*. For our recalculation of EP, see the *Initiation Checklist*.

Normal Value

The petitioners assert that the PRC is an NME country, and note that in all previous investigations the Department has determined that the PRC is an NME. See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Bulk Aspirin From the People's Republic of*

China, 65 FR 33805 (May 25, 2000). The PRC will be treated as an NME unless and until its NME status is revoked. Pursuant to section 771(18)(C)(i) of the Act, because the PRC's status as an NME remains in effect, the petitioners estimated the dumping margin using an NME analysis.

For NV, the petitioners based the FOP, as defined by section 773(c)(3) of the Act, on the consumption rates of one U.S. hot-rolled steel producer. The petitioners assert that information regarding Chinese producers' consumption rates is not available, and that the U.S. producer employs a production process which is similar to the production processes employed by the two largest producers of hot-rolled steel in the PRC. Thus, the petitioners have assumed, for purposes of the petition, that producers in the PRC use the same inputs in the same quantities as the petitioners use. Based on the information provided by the petitioners, we believe that the petitioners' FOP methodology represents information reasonably available to the petitioners and is appropriate for purposes of initiating this investigation.

The petitioners assert that India is the most appropriate surrogate country for the PRC, claiming that India is: (1) A market economy; (2) a significant producer of comparable merchandise; and (3) at a level of economic development comparable to the PRC in terms of per capita GNP. Based on the information provided by the petitioners, we believe that the petitioners' use of India as a surrogate country is appropriate for purposes of initiating this investigation.

In accordance with section 773(c)(4) of the Act, the petitioners valued FOP, where possible, on reasonably available, public surrogate data from India. Materials, with the exception of tar, sulphate, petroleum coke, and granular slag, were valued based on Indian import values, as published in the *1998 and 1999 Monthly Statistics of Foreign Trade of India*, and inflated based on the Indian Wholesale Price Index. Because the Indian import values for tar and sulphate were claimed to be many times higher than the price paid by the U.S. producer, these inputs were valued based on Indian export data, as published by UN Import Statistics (1998), and inflated based on the U.S. Producer Price Index (PPI). Also, because India did not import petroleum coke during the period for which data are available, the petitioners valued petroleum coke using UN Import Statistics (1998), and inflated the value based on the U.S. PPI. Finally, the petitioners valued granular slag using a

U.S. price for iron slag, as reported by the U.S. Geological Survey. The Department previously used this value in the antidumping investigation of certain cold-rolled flat-rolled carbon-quality steel products from the PRC. See *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*, 65 FR 1117, 1126 (January 7, 2000). Labor was valued using the regression-based wage rate for the PRC provided by the Department, in accordance with 19 CFR 351.408(c)(3). Electricity was valued using *Energy Prices and Taxes, Second Quarter 2000*, published by the OECD International Energy Agency, and natural gas was valued using a current price for natural gas in India from the second quarter earnings statements of EOG Resources Inc., a large publicly-traded oil and gas company.

For overhead, depreciation, SG&A expenses, and profit, the petitioners applied rates derived from the financial statements of SAIL and TATA, India's two largest integrated producers of hot-rolled steel products. The petitioners calculated simple averages of the factory overhead expense ratio, depreciation expense ratio and SG&A expense ratio based on each company's 1999–2000 unconsolidated statements. Because SAIL did not earn a pre-tax profit, the petitioners based profit on net profit before taxes found in TATA's 1999–2000 income statement. Based on the information provided by the petitioners, we believe that the surrogate values represent information reasonably available to the petitioners and are acceptable for purposes of initiating this investigation.

Based upon comparisons of EP to CV, we recalculated estimated dumping margins ranging from 34.34 to 38.97 percent.

Romania

Export Price

The petitioners identified Sidex SA Galati and Gavazzi Steel SA as the principal Romanian producers of subject merchandise. The petitioners were unable to obtain specific sales or offers for sale of subject merchandise in the United States. Therefore, the petitioners based EP on the AUV for three ten-digit categories of the HTSUS accounting for a significant percentage of in-scope imports from Romania which entered through a specific customs port during a specific month of the period of POI. For each of the three HTSUS categories under examination,

the petitioners calculated the import AUVs using the reported quantity and customs value for imports as recorded in the U.S. Census Bureau's official IM–145 import statistics. In their calculation of an estimated margin, the petitioners based EP on import statistics covering only a portion of the POI. As noted above, for initiation purposes, we have recalculated the estimated margin for Romania using POI-wide and nationwide averages of the appropriate import values. We note that customs import value as defined by *Technical Documentation for US Exports and Imports of Merchandise on CD-ROM* excludes U.S. import duties, freight, insurance and other charges incurred in bringing the merchandise to the United States. The petitioners calculated a net U.S. price by deducting from EP foreign inland freight. In order to calculate foreign inland freight, the petitioners first determined the distance by rail between Galati and Constanta, the port which the petitioners determined to be the most appropriate port of embarkation for inter-continental shipment of goods originating in Romania, as a conservative estimate of the distance for both producers, and then applied to this distance an Indonesian rail rate as a surrogate.

Normal Value

The petitioners allege that Romania is an NME country, and in all previous investigations, the Department has determined that Romania is an NME. See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Small Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe From Romania*, 65 FR 39125 (June 23, 2000). Romania will be treated as an NME unless and until its NME status is revoked. Pursuant to section 771(18)(C)(i) of the Act, because Romania's status as an NME remains in effect, the petitioner determined the dumping margin using an FOP analysis.

Given that information regarding the respondents' consumption rates is not available, the petitioners calculated NV using the same methodology described above for Kazakhstan. Further, the petitioners used Indonesia as the surrogate country. We believe that Indonesia is an appropriate surrogate for purposes of initiating this case with respect to Romania for the same reasons as discussed above with respect to Kazakhstan. Lastly, the petitioners valued Romania's FOP with the same surrogate values as used with respect to Kazakhstan, with the only exception being that coal was valued with the cost of one of the petitioners because no

appropriate Indonesian value was available.

Based upon the comparison of EP to CV, we recalculated estimated dumping margins ranging from 75.38 to 88.62 percent.

South Africa

Export Price

The petitioners identified Highveld Steel and Vanadium Corporation Limited, Saldanha Steel Limited, and Iscor Limited as the principal South African producers of subject merchandise. The petitioners were unable to obtain specific sales or offers for sale of subject merchandise in the United States. Therefore, the petitioners based EP on the AUV for a ten-digit category of the HTSUS accounting for a significant percentage of in-scope imports from South Africa during the period November 1999 through August 2000. For the HTSUS category under examination, the petitioners calculated the import AUV using the reported quantity and customs value for imports as recorded in the U.S. Census Bureau's official IM–145 import statistics. In their calculation of an estimated margin, the petitioners based EP on import statistics covering only a portion of the POI. As noted above, for initiation purposes, we have recalculated the estimated margin for South Africa using POI-wide and nationwide averages of the appropriate import values. The petitioners presumed that the customs values used to calculate the AUV for the HTSUS category are identical to the FAS export value of the merchandise being shipped by South African mills. The petitioners made no adjustments to EP. We note that this is a conservative methodology that still results in a dumping margin above de minimis.

Normal Value

With respect to NV, the petitioners provided home market prices that were obtained from foreign market research for a grade and size of hot-rolled steel that is comparable to those of the products exported to the United States which serve as the basis for EP. The petitioners state that the home market price quotations were ex-mill and did not make any deductions from this price.

Although the petitioners provided information on home market prices, they also provided information demonstrating reasonable grounds to believe or suspect that sales of hot-rolled steel in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the

Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses, and packing. The petitioners calculated COM based on their own production experience, adjusted for known differences between costs incurred to produce hot-rolled steel in the United States and South Africa. To calculate SG&A expenses, the petitioners relied upon amounts reported in a South African steel producer's unconsolidated financial statements for the fiscal year ending June 30, 2000. To determine financial expenses, the petitioners relied on the South African steel producer's consolidated financial statements for the fiscal year ending June 30, 2000. Based upon the comparison of the prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made at prices below the COP, within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation. See the *Initiation of Cost Investigations* section below.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners based NV for sales in South Africa on CV. The petitioners calculated CV using the same COM, depreciation, SG&A expenses, and interest expense figures used to compute South African home market costs. Consistent with section 773(e)(2) of the Act, the petitioner included in CV an amount for profit. The petitioners calculated a profit amount based on the financial data of a South African processor and seller of steel products. However, we revised the profit amount to be included in CV by using a profit ratio based on the June 30, 2000, unconsolidated financial statements of the same South African steel producer used to compute the SG&A expenses.

Based upon the comparison of EP to CV, we recalculated an estimated dumping margin of 9.28 percent.

Taiwan

Export Price

The petitioners identified An Feng Steel Co., Ltd., China Steel Corporation, and Yieh Loong Enterprise Co., Ltd., as the principal Taiwanese producers of subject merchandise. The petitioners were unable to obtain prices for specific sales or offers for sale for subject merchandise in the United States. Therefore, in their initial submission, the petitioners based EP on the AUVs

for three ten-digit categories of the HTSUS accounting for a significant percentage of in-scope imports from Taiwan during the period September 1999 through August 2000. In their supplemental submission, the petitioners revised their methodology and based EP on import statistics covering a limited number of months and U.S. ports of entry. For each of the three HTSUS categories under examination, the petitioners calculated the import AUVs using the reported quantity and customs value for imports as recorded in the U.S. Census Bureau's official IM-145 import statistics. In both their calculations of an estimated margin, the petitioners based EP on import statistics covering only a portion of the POI. As noted above, for initiation purposes, we have recalculated the estimated margins for Taiwan using POI-wide and nation-wide averages of the appropriate import values. Petitioners presume that the customs values used to calculate the AUV for each HTSUS category reflect the actual transaction value of the merchandise being shipped by Taiwan's mills. The petitioners calculated a net U.S. price by deducting from EP foreign inland freight and foreign brokerage and handling. These values were based upon China Steel Corporation's August 30, 1999, Section C questionnaire response in the investigation of certain cold-rolled flat-rolled carbon-quality steel products. See *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 Taiwan*, 65 FR 1095 (January 7, 2000).

Normal Value

With respect to NV, the petitioners provided a home market price that was obtained from foreign market research for a grade and size of hot-rolled steel that is comparable to the products exported to the United States. The petitioners state that the home market price quotation was on an FOB-mill basis and, therefore, made no deductions from this price.

Although the petitioners provided information on home market prices, they also provided information demonstrating reasonable grounds to believe or suspect that sales of hot-rolled steel in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of COM, SG&A expenses, and packing. The petitioners

calculated COM based on their own production experience, adjusted for known differences between costs incurred to produce hot-rolled steel in the United States and Taiwan using publicly available data. To calculate depreciation, SG&A expenses, and interest expense, the petitioners relied upon amounts reported in a Taiwanese steel producer's 1999 financial statements. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made at prices below the COP, within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation. See the *Initiation of Cost Investigations* section below.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners based NV for sales in Taiwan on CV. The petitioners calculated CV using the same COM, depreciation, SG&A expenses, and interest expense figures used to compute COP. Consistent with section 773(3)(2) of the Act, the petitioners also included in CV an amount for profit. For profit, the petitioners relied upon the amounts reported in a Taiwanese steel producer's 1999 audited financial statements.

Based upon the comparison of EP to CV, we recalculated estimated dumping margins ranging from 15.18 percent to 29.14 percent.

Thailand

Export Price

The petitioners identified Siam Strip Mill Public Co. Ltd., Saharviriya Steel Industries Public Co. Ltd., and Nakornthai Strip Mill Public Co. Ltd., as the principal Thai producers of subject merchandise. The petitioners were unable to obtain specific sales or offers for sale of subject merchandise in the United States. Therefore, in their initial submission, the petitioners based EP on the AUVs for two ten-digit categories of the HTSUS accounting for a significant percentage of in-scope imports from Taiwan during the period September 1999 through August 2000. In their supplemental submission, the petitioners revised their methodology and based EP on import statistics covering a limited number of months and U.S. ports of entry. For the HTSUS categories under examination, the petitioners calculated the import AUVs using the reported quantity and customs value for imports as recorded in the U.S. Census Bureau's official IM-145 import

statistics. In both their calculations of an estimated margin, the petitioners based EP on import statistics covering only a portion of the POI. As noted above, for initiation purposes, we have recalculated the estimated margins for Thailand using POI-wide and nationwide averages of the appropriate import values. Petitioners presume that the customs values used to calculate the AUV for each HTSUS category reflect the actual transaction value of the merchandise being shipped by Thailand's mills. The petitioners made no adjustments to EP. We note that this is a conservative methodology that still results in a dumping margin above *de minimis*.

Normal Value

With respect to NV, the petitioners provided home market prices that were obtained from foreign market research for a grade and size of hot-rolled steel that is comparable to the products exported to the United States which serve as the basis for EP. The home market price employed in the petitioners' dumping analysis was the average of the range of Thailand's transaction prices. The petitioners state that the home market price quotation was FOB mill and did not make any deductions from this price.

Although the petitioners provided information on home market prices, they also provided information demonstrating reasonable grounds to believe or suspect that sales of hot-rolled steel in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of COM, SG&A expenses, and packing. The petitioners calculated COM based on their own production experience, adjusted for known differences between costs incurred to produce hot-rolled steel in the United States and Thailand using publicly available data. We revised the petitioners' calculation of depreciation and SG&A expenses using ratios, provided by the petitioners, which were derived from amounts reported in a Thai steel producer's 1999 audited, unconsolidated financial statements. For interest expense, the petitioners used a Thai steel producer's 1999 audited consolidated financial statements. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product

were made at prices below the COP, within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide sales-below-cost investigation. See the *Initiation of Cost Investigations* section below.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners based NV for sales in Thailand on CV. The petitioners calculated CV using the same COM, depreciation, SG&A expenses, and interest expense figures used to compute Thai home market costs. Consistent with section 773(e)(2) of the Act, the petitioners included in CV an amount for profit. We revised the petitioners calculation of this profit amount using a profit ratio, provided by the petitioners, based on a Thai steel producer's 1999 audited unconsolidated financial statements.

Based upon the comparison of EP to CV, we recalculated estimated dumping margins ranging from 10.35 to 20.30 percent.

Ukraine

Export Price

The petitioners identified Dnepropetrovsk Comintern Steel Works, Ilyich Iron & Steel Works, Mariupol, Krivoi Rog State Mining (Krivorozhstal), and Zaporozhstal Iron & Steel Works as the principal Ukrainian producers of subject merchandise. The petitioners were unable to obtain specific sales or offers for sale of subject merchandise in the United States. Therefore, the petitioners based EP on the AUV for three ten-digit categories of the HTSUS accounting for a significant percentage of in-scope imports from Ukraine which entered through a specific customs port during a specific month of the period of POI. For each of the three HTSUS categories under examination, the petitioners calculated the import AUVs using the reported quantity and customs value for imports as recorded in the U.S. Census Bureau's official IM-145 import statistics. In their calculation of an estimated margin, the petitioners based EP on import statistics covering only a portion of the POI. As noted above, for initiation purposes, we have recalculated the estimated margin for Ukraine using POI-wide and nationwide averages of the appropriate import values. We note that customs import value as defined by *Technical Documentation for US Exports and Imports of Merchandise on CD-ROM* excludes U.S. import duties, freight, insurance and other charges incurred in bringing the merchandise to the United States. The petitioners made no adjustments to EP. We note that this is

a conservative methodology that still results in a dumping margin above *de minimis*.

Normal Value

The petitioners allege that Ukraine is an NME country, and in all previous investigations, the Department has determined that Ukraine is an NME. See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From Ukraine*, 62 FR 61754 (November 19, 1997). Ukraine will be treated as an NME unless and until its NME status is revoked. Pursuant to section 771(18)(C)(i) of the Act, because Ukraine's status as an NME remains in effect, the petitioners determined the dumping margin using an FOP analysis.

Given that information regarding the Ukrainian mills' consumption rates is not available, the petitioners calculated NV using the same methodology described above for Kazakhstan. Further, the petitioners used Indonesia as the surrogate country. We believe that Indonesia is an appropriate surrogate for purposes of initiating this case with respect to Ukraine for the same reasons as discussed above with respect to Kazakhstan. Lastly, the petitioners valued the Ukrainian mills' FOP with the same surrogate values as those used with respect to Kazakhstan, with the only exception being that coke was valued with Indonesian import statistics, because public information indicated that Ilyich Iron and Steel Works does not possess coke batteries.

Based upon the comparison of EP to CV, we recalculated estimated dumping margins ranging from 89.13 to 89.49 percent.

Initiation of Cost Investigations

As noted above, pursuant to section 773(b) of the Act, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales in the home markets of Argentina, India, Indonesia, the Netherlands, South Africa, Taiwan, and Thailand were made at prices below the fully absorbed COP and, accordingly, requested that the Department conduct country-wide sales-below-COP investigations in connection with the requested antidumping investigations for these countries. The Statement of Administrative Action (SAA), submitted to the U.S. Congress in connection with the interpretation and application of the URAA, states that an allegation of sales below COP need not be specific to individual exporters or producers. SAA, H. Doc. 103-316, Vol. 1, 103d Cong., 2d Session, at 833(1994). The SAA, at 833, states that "Commerce will consider

allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation."

Further, the SAA provides that "new section 773(b)(2)(A) retains the current requirement that Commerce have 'reasonable grounds to believe or suspect' that below cost sales have occurred before initiating such an investigation. 'Reasonable grounds' * * * exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices." *Id.* Based upon the comparison of the adjusted prices from the petition for the representative foreign like products to their COPs, we find the existence of "reasonable grounds to believe or suspect" that sales of these foreign like products in the markets of Argentina, India, Indonesia, the Netherlands, South Africa, Taiwan, and Thailand were made at prices below their respective COPs within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating the requested country-wide cost investigations.

Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of hot-rolled steel from Argentina, India, Indonesia, Kazakhstan, the Netherlands, the PRC, Romania, South Africa, Taiwan, Thailand, and Ukraine are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petitions allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. The petitioners contend that the industry's injured condition is evident in the declining trends in net operating profits, net sales volumes, profit-to-sales ratios, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and have determined that these allegations are properly supported by accurate and adequate evidence and meet the statutory requirements for initiation (*see*

Initiation Checklist at Attachment II Re: Material Injury).

Initiation of Antidumping Investigations

Based upon our examination of the petitions on hot-rolled steel, and the petitioners' responses to our supplemental questionnaire clarifying the petitions, as well as our conversation with the foreign market researcher who provided information concerning various aspects of the petitions, we have found that they meet the requirements of section 732 of the Act. *See Memorandum to the File, Telephone Conversation with Source of Market Research used in Antidumping Petition to Support Certain Factual Information*, dated December 4, 2000. Therefore, we are initiating antidumping duty investigations to determine whether imports of hot-rolled steel from Argentina, India, Indonesia, Kazakhstan, the Netherlands, the PRC, Romania, South Africa, Taiwan, Thailand, and Ukraine are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of each petition has been provided to the representatives of the governments of Argentina, India, Indonesia, Kazakhstan, the Netherlands, the PRC, Romania, South Africa, Taiwan, Thailand, and Ukraine. We will attempt to provide a copy of the public version of each petition to each exporter named in the petition, as appropriate.

International Trade Commission Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will determine, no later than December 28, 2000, whether there is a reasonable indication that imports of certain hot-rolled steel products from Argentina, India, Indonesia, Kazakhstan, the Netherlands, the PRC, Romania, South Africa, Taiwan, Thailand, and Ukraine are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will

proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: December 4, 2000.

Troy H. Cribb,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-588-845]

Stainless Steel Sheet and Strip in Coils From Japan: Final Results of Changed Circumstance Antidumping Duty Review, and Determination To Revoke Order in Part

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

ACTION: Final results of changed circumstance antidumping duty review, and determination to revoke order in part.

EFFECTIVE DATE: December 12, 2000.

SUMMARY: On October 27, 2000, the Department of Commerce (the Department) published in the **Federal Register** a notice of initiation of a changed circumstances antidumping duty review and preliminary results of review with intent to revoke, in part, the antidumping duty order on stainless steel sheet and strip in coils from Japan (65 FR 64424). We are now revoking this order, in part, with regard to the following product: nickel-clad stainless steel sheet and strip in coils from Japan, as described in the "Scope" section of this notice. This partial revocation is based on the fact that domestic parties have expressed no further interest in the relief provided by the order with respect to the importation or sale of this nickel clad stainless steel sheet and strip in coils from Japan, as so described.

FOR FURTHER INFORMATION CONTACT: Alex Villanueva or James C. Doyle, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington D.C. 20230; telephone (202) 482-6412 and (202) 482-0159, 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