

such evidence may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation (see SAA at 870).

In order to determine the probative value of the margin in the petition for use as adverse facts available for purposes of this determination, we examined evidence supporting the calculations in the petition. In accordance with section 776(c) of the Act, to the extent practicable, we examined the key elements of the export price (EP) and normal value (NV) calculations on which the margin in the petition was based. Our review of the EP and NV calculations indicated that the information in the petition has probative value, as certain information included in the margin calculations in the petition is from public sources concurrent with the relevant POI. For purposes of the preliminary determination, we attempted to further corroborate the information in the petition. We re-examined the EP and NV data which formed the basis for the margin in the petition in light of information obtained during the investigation and, to the extent practicable, found that it has probative value.

Accordingly, in selecting adverse facts available with respect to Krakatau, the Department determined to apply a margin rate of 59.25 percent, the margin published in the Department's notice of initiation.

All Others Rate

Section 735(c)(5)(B) of the Act provides that, where the estimated weighted-average dumping margins established for all exporters and producers individually investigated are zero or de minimis margins, or are determined entirely under section 776 of the Act, the Department may use any reasonable method to establish the estimated "all others" rate for exporters and producers not individually investigated. This provision contemplates that we weight-average margins other than facts available margins to establish the "all others" rate. Where the data do not permit weight-averaging such rates, the SAA, at 873, provides that we may use other reasonable methods. Because the petition contained only an estimated price-to-CV dumping margin, which the Department adjusted for purposes of initiation, there are no additional estimated margins available with which to create the "all others" rate. Therefore, we applied the published margin of 59.25 percent as the "all others" rate.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing Customs to suspend liquidation of all entries of HRS from Indonesia that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct Customs to require a cash deposit or the posting of a bond equal to the amount by which the NV exceeds the EP, as indicated in the chart below. These suspension-of-liquidation instructions will remain in effect until further notice. The dumping margins are as follows:

Manufacturer/exporter	Margin (percent)
PT Krakatau Steel	59.25
All Others	59.25

Disclosure

The Department will disclose calculations performed within five days of the date of publication of this notice to the parties of the proceedings in these investigations in accordance with 19 CFR 351.224(b).

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our sales at LTFV determination. If our final antidumping determination is affirmative, the ITC will determine whether the imports covered by that determination are materially injuring, or threaten material injury to, the U.S. industry. The deadline for that ITC determination would be the later of 120 days after the date of this preliminary determination or 45 days after the date of our final determination.

Public Comment

Case briefs must be submitted no later than 35 days after the publication of this notice in the **Federal Register**. Rebuttal briefs must be filed within five business days after the deadline for submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Public versions of all comments and rebuttals should be provided to the Department and made available on diskette.

Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made

in an investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. In the event that the Department receives requests for hearings from parties to more than one HRS case, the Department may schedule a single hearing to encompass all cases. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request within 30 days of the publication of this notice. Requests should specify the number of participants and provide a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs.

If this investigation proceeds normally, we will make our final determination in this investigation no later than 75 days after the date of this preliminary determination.

This determination is published pursuant to sections 733(f) and 777(i)(1) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: April 23, 2001.

Bernard T. Carreau,
Deputy Assistant Secretary for Import Administration.

[FR Doc. 01-10849 Filed 5-2-01; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-834-806]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From Kazakhstan

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

ACTION: Notice of preliminary determination in the less than fair value investigation of certain hot-rolled carbon steel flat products from Kazakhstan.

SUMMARY: On December 12, 2000, the Department of Commerce published a notice of initiation of an antidumping duty investigation of certain hot-rolled carbon steel flat products from Kazakhstan. This investigation covers one producer of the subject

merchandise. The period of investigation is April 1, 2000 through September 30, 2000. The Department preliminarily determines that certain hot-rolled carbon steel flat products from Kazakhstan are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended.

EFFECTIVE DATE: May 3, 2001.

FOR FURTHER INFORMATION CONTACT:

Juanita H. Chen at 202-482-0409, or Rick Johnson at 202-482-3818, Import Administration, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW., Washington, DC 20230.

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("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 to the Department's regulations are to the regulations codified at 19 CFR part 351 (2000).

Preliminary Determination

The Department of Commerce ("Department") preliminarily determines that certain hot-rolled carbon steel flat products ("hot-rolled steel") from Kazakhstan are being, or are likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice, *infra*.

Case History

On December 4, 2000, the Department initiated an antidumping duty investigation of hot-rolled steel from Kazakhstan. See 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, 65 FR 77568 (December 12, 2000) ("Notice of Initiation"). The Department set aside a period for all interested parties to raise issues regarding product coverage. See Notice of Initiation, at 77569. We received no comments from any parties in this investigation. The Department did, however, receive comments regarding product coverage in the investigation of hot-rolled steel from the

Netherlands. In that investigation we received comments from Duracell Global Business Management Group on December 11, 2000, from Energizer on December 15, 2000, from Bouffard Metal Goods, Inc., and Truelove & Maclean, Inc., on December 18, 2000, from Corus Staal BV and Corus Steel U.S.A., Inc. (collectively "Corus"), and Thomas Steel Strip on December 26, 2000, and from Rayovac Corporation on March 12, 2001.

On December 22, 2000, the Department issued a letter to interested parties in all of the concurrent hot-rolled steel investigations, providing an opportunity to comment on the Department's proposed model matching characteristics and hierarchy. Comments were submitted by: 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 (hereinafter collectively referred to as "petitioners"); Corus, respondents in the Netherlands investigation; Iscor Limited ("Iscor"), respondent in the South Africa investigation; and Zaporizhstal, respondent in the Ukraine investigation. The petitioners agreed with the Department's proposed characteristics and hierarchy. Corus suggested adding a product characteristic to distinguish prime merchandise from non-prime merchandise. Neither Iscor nor Zaporizhstal proposed any changes to either the list of product characteristics or the hierarchy but, rather, provided information relating to its own products that was not relevant in the context of determining what information to include in the Department's questionnaires. For purposes of the questionnaires subsequently issued by the Department to the respondents, no changes were made to the product characteristics or hierarchy from those originally proposed by the Department in its December 22, 2000 letter. With respect to Corus' request, the additional product characteristic suggested by Corus, to distinguish prime merchandise from non-prime merchandise, is unnecessary. The Department already asks respondents to distinguish prime from non-prime merchandise in field number 2.2 "Prime vs. Secondary Merchandise." See the Department's Antidumping Duty Questionnaire, at C-5 (January 4, 2001).

On December 29, 2000, the United States International Trade Commission ("ITC") issued its affirmative preliminary determination that there is

a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise from Kazakhstan, which was published on January 4, 2001. See Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, 66 FR 805 (January 4, 2001) ("ITC Preliminary Determination").

On January 4, 2001, the Department issued its antidumping duty questionnaire to the Embassy of Kazakhstan and to the only known producer of subject merchandise, OJSC Ispat Karmet ("Ispat Karmet"). The Department received confirmation from the U.S. Embassy in Kazakhstan that Ispat Karmet is the sole company in Kazakhstan that produces or exports hot-rolled carbon steel to the United States. On January 23, 2001, the Department requested comments from interested parties regarding surrogate country selection, and information to value factors of production. On February 6, 2001, we received the petitioners' comments for surrogate country selection. The Embassy of Kazakhstan and Ispat Karmet submitted no comments on surrogate country selection. On March 23 and April 6, 2001, we received comments from the petitioners regarding valuing factors of production. On April 18, 2001, we received comments from Ispat Karmet in opposition to some of the petitioners' suggested values for factors of production.

On February 1, 2001, we received Ispat Karmet's Section A response to the Department's questionnaire ("Section A response"). On February 14, March 12, and April 4, 2001, we issued Section A supplemental questions, Sections C and D supplemental questions, and Sections A, C and D second supplemental questions to Ispat Karmet, respectively. We received Ispat Karmet's Sections C and D response ("Section C/D response") on February 26, 2001, its Section A supplemental response ("Supp. A response") on March 7, 2001, its Sections C and D supplemental response ("Supp. C/D response") on April 2, 2001, and its Sections A, C and D second supplemental response ("2d Supp. response") on April 13, 2001.

On March 16, 2001, certain petitioners (Bethlehem Steel Corporation, LTV Steel Company, Inc., National Steel Corporation, and U.S. Steel Group) (hereinafter collectively "Bethlehem, *et al.*") requested that the Department initiate a middleman dumping investigation. On March 30, 2001, Ispat Karmet submitted comments on the middleman dumping request,

arguing that the allegation is legally defective because Bethlehem *et al.* have not provided specific evidence that a trading company is dumping. On April 6, 2001, Bethlehem, *et al.* submitted a letter further asserting that they have demonstrated that a middleman dumping investigation is warranted, and that Ispat Karmet's opposition is baseless. On April 10, 2001, Ispat Karmet submitted a letter pointing out alleged flaws in the middleman dumping allegation. Because of the complexity of the issue, the Department has not yet determined the proper course of action on the middleman dumping allegation. Accordingly, we will address the middleman dumping issue in the final determination.

On March 21, 2001, Ispat Karmet requested that the Department determine that the hot-rolled steel industry in Kazakhstan is a market-oriented industry ("MOI"), and submitted basic information on the hot-rolled steel industry in Kazakhstan. On March 27, 2001, the petitioners submitted comments on Ispat Karmet's MOI request, arguing that Ispat Karmet failed to meet the conditions necessary for establishing MOI status. On March 30, 2001, the Department issued a supplemental questionnaire to Ispat Karmet, requesting further information on the hot-rolled steel industry in Kazakhstan. That additional information is due to be filed on April 30, 2001. Consequently, we do not yet have adequate information necessary to analyze the issue for the preliminary determination. As a result, we are unable to make a determination on Ispat Karmet's MOI request for this preliminary determination. We will address the MOI issue in the final determination.

Scope of Investigation

For purposes of this investigation, 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 this investigation 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 this investigation, 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 this investigation unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of this investigation:

- 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 this investigation 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 this investigation, 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.

Period of Investigation

The period of investigation ("POI") is April 1, 2000 through September 30, 2000.

Nonmarket Economy Country

The Department has treated Kazakhstan as a non-market economy ("NME") country in all past

antidumping investigations and administrative reviews. *See, e.g.*, Titanium Sponge From the Republic of Kazakhstan, 64 FR 66169 (November 24, 1999) (final admin. review); Ferrosilicon From Kazakhstan and Ukraine, 58 FR 13050 (March 9, 1993) (final determination); and Uranium From Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Ukraine and Uzbekistan, 57 FR 23380 (June 3, 1992) (prelim. determination). A designation as a NME country remains in effect until it is revoked by the Department. *See* section 771(18)(C)(i) of the Act. No party has requested a revocation of Kazakhstan's NME status. Therefore, for this preliminary determination, the Department is continuing to treat Kazakhstan as a NME country.

When the Department is investigating imports from a NME country, normal value ("NV") is based on the NME producer's factors of production, valued in a comparable market economy that is a significant producer of comparable merchandise, pursuant to section 773(c)(1) and (4) of the Act. The sources of individual factor values are discussed in the "Normal Value" section of this notice, *infra*.

Separate Rates

In a NME proceeding, the Department presumes that all companies within the country are subject to governmental control. Thus, it is the Department's policy to assign all producers of subject merchandise in a NME country a single rate, unless a producer can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.

Ispat Karmet is wholly foreign-owned. Ispat Karmet reported that 100 percent of its shares are held by Ispat Karmet Holdings BV, which is located in the Netherlands. Further, there is no Kazakhstan ownership of Ispat Karmet. Thus, because we have no evidence indicating that it is under the control of the Republic of Kazakhstan, a separate rates analysis is not necessary to determine whether it is independent from government control. *See* Brake Rotors from the People's Republic of China, 66 FR 1303, 1306 (January 8, 2001) (prelim. results); Creatine Monohydrate from the People's Republic of China, 64 FR 71104, 71105 (December 20, 1999) (final determ.).

Accordingly, we preliminarily have determined a separate rate for Ispat Karmet.

Kazakhstan-Wide Rate

As discussed, *supra*, in a NME proceeding, the Department presumes that all companies within the country are subject to governmental control. The

Department assigns a single NME rate unless a producer can demonstrate eligibility for a separate rate. Ispat Karmet has preliminarily qualified for a separate rate. Furthermore, the information on the record indicates that Ispat Karmet accounted for all imports of subject merchandise during the POI. Since Ispat Karmet, the only known Kazakhstan producer, responded to the Department's questionnaire, and we have no evidence of any other Kazakhstan producers of subject merchandise during the POI, we have calculated a Kazakhstan-wide rate for this investigation based on the weighted-average margin determined for Ispat Karmet. This Kazakhstan-wide rate applies to all entries of subject merchandise except for entries of subject merchandise exported by Ispat Karmet.

Date of Sale

In reporting its U.S. sales, Ispat Karmet stated that it "understands that the Department's current practice is to rely on the invoice date as the date of sale." *See* Section C response, at 8. Ispat Karmet initially stated that the "date of invoice is the date on which all essential terms of sale are finalized, *i.e.*, quantity, unit price, and product mix, and is the date on which Ispat Karmet transfers title to the customer." *See* Section A response, at A-9. Yet in elaborating on its sales process, Ispat Karmet stated that it "negotiates each sale individually and concludes the sale by signing an addendum to an annual sales agreement with an international trader. The addendum establishes the basic terms for individual transactions, but Ispat Karmet does not transfer title to the purchaser until the date shown on the invoice. Ispat Karmet, therefore, reports the invoice date as the date of sale * * *." *See* Section C response, at 8.

As stated in 19 CFR 351.401(i), the Department will normally use the date of invoice as the date of sale. However, as also stated in that regulatory provision, the Department may use a date other than the date of invoice if the Department is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.

In response to the Department's questionnaire regarding the types of changes after the initial agreement, Ispat Karmet explained that "(o)n occasion, the delivery date may be extended beyond the date specified in the original addendum. However, we do not normally experience any changes once an addendum is finalized, other than changes in quantity within the tolerance

limit." *Id.* at A-9 and A-10. Ispat Karmet stated that after initially negotiating the annual contract, "Ispat Karmet and the trader subsequently negotiate an addendum for subsequent shipments of merchandise, generally covering the quantity to be shipped over a one-or two-month period and establishing the specific terms of those shipments, such as quantity, technical specifications, delivery, and packing." *See* Supp. C/D response, at 2. However, Ispat Karmet maintained that the "addendum is the preparatory document for a sale, while the invoice reflects the actual shipment of the merchandise and the completion of the sale." *Id.*

From Ispat Karmet's own response, it appears that the material terms of the sale are established with the addendum. The information on the record indicates a lack of any changes in the material terms of sale between addendum and invoice, aside from "variations within a permissible tolerance range." *Id.* at 3. There appear to be no changes in price or in quantity, outside of the contractually agreed upon tolerances, after the addendum is finalized. This serves to confirm that the parties agree to the material terms of sale at the addendum stage. Therefore, for this preliminary determination, the Department is using the date of the addendum as the date of sale, as it better reflects the date on which the material terms of the sale were established. We intend to fully examine this issue at verification and will incorporate our findings, as appropriate, in our final determination.

Fair Value Comparisons

To determine whether sales of hot-rolled steel products from Kazakhstan were made in the United States at LTFV, we compared EP to a normal value ("NV"), as described in the "Export Price" and "Normal Value" sections of this notice, *infra*.

Export Price

We used EP methodology for this preliminary determination, in accordance with section 772(a) of the Act. Section 772(a) of the Act defines EP as the "the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States * * *." Constructed export price ("CEP") methodology, in accordance with section 772(b) of the Act, was not otherwise warranted based on the facts

on the record. All sales activities, including negotiations, paperwork processing and receipt of payment, appear to be conducted in Kazakhstan. See Section A response, at A-9 and A-10; Supp. A response, at 5-6. Ispat Karmet did report that when it "receives a complaint from a customer, a member of Ispat Karmet's technical staff may travel to the customer's location to inspect the product." See Section C/D response, at 4. However, this appears to occur after importation to the United States. Ispat Karmet identified Ispat North America, Inc. as providing "general marketing services in the United States to all steel plants in the Ispat group, including Ispat Karmet." See Section A response, at A-8. However, Ispat Karmet reported that "(n) either Ispat North America nor any other related party had any role in U.S. sales during the period of investigation." See Section C/D response, at 7. Ispat Karmet also stated that all of its "sales to the U.S. market during the POI were concluded directly with its trading company customers." See Section C response, at 7.

None of the customers to whom Ispat Karmet sold subject merchandise to during the POI were listed as affiliated companies. See Supp. A response, at Exhibit 3. Furthermore, Ispat Karmet indicated that it knew that its reported sales of subject merchandise were destined for the United States at the time of sale because in negotiating with an international trader, Ispat Karmet seeks "details of the end-customer and the intended end application. Because of this, Ispat Karmet's sales have clearly identified destinations." See Section A response, at A-9. Accordingly, pursuant to section 772(a) of the Act, because subject merchandise was sold to an unaffiliated purchaser by Ispat Karmet outside of the United States, with the knowledge that the final destination of subject merchandise was the United States, we have determined these sales to be EP transactions for purposes of this preliminary determination.

In accordance with section 777A(d)(1)(A)(i) of the Act, we compared POI-wide weighted-average EPs to the NVs based on factors of production. See Memorandum to Edward C. Yang from Juanita H. Chen: Factor Valuation Memorandum (April 13, 2001) ("Factor Valuation Memo"). We calculated EP based on the Free Carrier At ("FCA") rail prices charged to unaffiliated customers. See Section C response, at 10. We also made adjustments from the starting price to account for foreign inland freight. See Memorandum to the File, from Juanita H. Chen, Case Analyst: Preliminary

Determination Analysis for OJSC Ispat Karmet (April 23, 2001) ("Prelim. Analysis Memo").

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using a factors-of-production methodology if: (1) The merchandise is exported from a NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act.

Factors of production include: (1) Hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs, including depreciation. We calculated NV based on factors of production reported by Ispat Karmet. See Factor Valuation Memo; see also Prelim. Analysis Memo. We valued all the input factors using publicly available information as discussed in the "Surrogate Country" and "Factor Valuations" sections of this notice, *infra*.

A. Surrogate Country

When the Department investigates imports from a NME, section 773(c) of the Act provides for the Department, in most circumstances, to base NV on the NME producers' factors of production, valued in a surrogate market economy country or countries considered appropriate by the Department. In accordance with section 773(c)(4), the Department, in valuing factors of production, shall utilize, to the extent possible, the prices or costs of factors of production in one or more market economy countries that are at a level of economic development comparable to the NME country and are significant producers of comparable merchandise. The sources of individual factor values are discussed, *infra*.

The Department's Office of Policy has determined that Algeria, Ecuador, Egypt, Morocco, and the Philippines are countries comparable to Kazakhstan in terms of overall economic development. See Memorandum to the File, from Juanita H. Chen, Case Analyst: Selection of Surrogate Country (March 26, 2001) ("Surrogate Country Memo"), at Attachment I (policy memorandum from Jeffrey May, dated January 12, 2001). According to the available information on the record, we have determined that Egypt is an appropriate surrogate country because it is at a comparable level of economic development and is a significant producer of comparable merchandise. Furthermore, there is a

wide array of publicly available information for Egypt. Therefore, we have relied, where possible, on Egyptian information in calculating NV by using Egyptian prices to value Ispat Karmet's factors of production, when available and where appropriate. We have obtained and relied upon public information wherever possible. See Factor Valuation Memo. Where no Egyptian values were available, we used information from the Philippines, another country chosen by the Department's Office of Policy as comparable to Kazakhstan in terms of overall economic development. *Id.*

In accordance with section 351.301(c)(3)(i) of the Department's regulations, for the final determination in an antidumping investigation, interested parties may submit publicly available information to value factors of production within 40 days after the date of publication of the preliminary determination.

B. Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on factors of production reported by Ispat Karmet for the POI. See Factor Valuation Memo. To calculate NV, we multiplied the reported per-unit factor quantities by publicly available surrogate values from Egypt or, where necessary, the Philippines.

In selecting surrogate values, we considered the specificity, quality and contemporaneity of the data. We adjusted import prices by including the cost of freight so that the import prices were delivered prices. For those values not contemporaneous with the POI, we adjusted the values to account for inflation using producer price indices, as appropriate, published in the International Monetary Fund, International Financial Statistics (March 2001) ("IMF").

We valued raw material inputs, energy inputs, by-products and packing materials using values from the appropriate HTSUS category, and from the World Bank website. See Factor Valuation Memo, at 4-8. Pursuant to section 351.408(c)(1) of our regulations, where it was possible to discern from the record that a factor was purchased from a market economy supplier and paid for in a market economy currency, we used the price paid to the market economy supplier. See Factor Valuation Memo, at 7; see also *Lasko Metal Products v. United States*, 43 F.3d 1442, 1445-46 (Fed. Cir. 1994). To value labor, we used regression-based wage rates, in accordance with section 351.408(c)(3) of the Department's regulations. See Factor Valuation Memo,

at 8. We based the value of freight by rail on public information used in the August 31, 1999 analysis memorandum for the preliminary results of the 1997–1998 administrative review of titanium sponge from Kazakhstan. *Id.*; see also Titanium Sponge From the Republic of Kazakhstan, 64 FR 48793, 48795 (September 8, 1999) (prelim. results). To value overhead, selling, general and administrative expenses, and profit, we used public information reported in the 1998 financial statements of Alexandria National Iron & Steel Co. (“ANS Steel”), an Egyptian producer of hot-rolled steel. See Factor Valuation Memo, at 8–9. While we could not determine a complete value for overhead using ANS Steel’s financial statements, we could determine a value for depreciation, a part of overhead, and have used this value for overhead.

For each of the surrogate values selected for use in the Department’s calculations, we adjusted the values for inflation using appropriate price index inflators when those values were not from a period concurrent with the POI. See Factor Valuation Memo, at 2.

Verification

As provided in section 782(i)(1) of the Act, we will verify all appropriate information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service (“Customs”) to suspend liquidation of all imports of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct Customs to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the EP, as indicated below. These suspension of liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/Manufacturer	Weighted-average margin percent
OJSC Ispat Karmet	239.57
Kazakhstan-Wide	239.57

Disclosure

The Department will disclose calculations performed, within five days of the date of publication of this notice, to the parties in this investigation, in

accordance with section 351.224(b) of the Department’s regulations.

International Trade Commission Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our affirmative determination of sales at LTFV. As our final determination is affirmative, the ITC will determine, before the later of 120 days after the date of this preliminary determination or 45 days after our final determination, whether imports of hot-rolled steel from Kazakhstan are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than 50 days after the date of publication of this notice, and rebuttal briefs, limited to issues raised in the case briefs, may be submitted no later than five days after the time limit for filing the case brief, pursuant to section 351.309(c) and (d) of the Department’s regulations. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes.

In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in the case or rebuttal briefs. Tentatively, any hearing will be held 57 days after publication of this notice at the U.S. Department of Commerce, 1401 Constitution Avenue, NW., Washington, DC 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice, pursuant to section 351.310(c) of the Department’s regulations. Requests should contain: (1) The party’s name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party’s case brief, and may make rebuttal presentations only on arguments included in that party’s rebuttal brief, pursuant to section

351.310(c) of the Department’s regulations.

If this investigation proceeds normally, we will make our final determination no later than 75 days after the date of this preliminary determination (*i.e.* July 9, 2001).

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: April 23, 2001.

Bernard T. Carreau,

Deputy Assistant Secretary, Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–791–809]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products from South Africa

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

EFFECTIVE DATE: May 3, 2001.

FOR FURTHER INFORMATION CONTACT: Doug Campau or Maureen Flannery at (202) 482–1395 or (202) 482–3020, respectively; Office of Antidumping/Countervailing Duty Enforcement VII, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department of Commerce (Department) regulations are to the regulations at 19 CFR part 351 (April 2000).

Preliminary Determination

We preliminarily determine that certain hot-rolled carbon steel flat products (HR products) from South Africa are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Act. The estimated margin of sales at LTFV is shown in the