

In this case, we received no requests for review for five consecutive review periods. Furthermore, no domestic interested party, as defined under § 353.2(k)(3), (k)(4), (k)(5), or (k)(6) of the Department's regulations, has expressed opposition to revocation. Based on these facts, we have concluded that the antidumping duty order on aspheric ophthalmoscopy lenses from Japan is no longer of any interest to interested parties. Accordingly, we are revoking this antidumping duty order in accordance with 19 CFR § 353.25(d)(4)(iii).

Scope of the Order

Imports covered by the revocation are shipments of aspheric ophthalmoscopy lenses from Japan. This merchandise is currently classifiable under Harmonized Tariff Schedules (HTS) item number 9018.50.00. The HTS number is provided for convenience and customs purposes. The written description remains dispositive.

This revocation applies to all unliquidated entries of aspheric ophthalmoscopy lenses from Japan entered, or withdrawn from warehouse, for consumption on or after April 1, 1997. Entries made during the period April 1, 1996, through March 31, 1997, will be subject to automatic assessment in accordance with 19 CFR § 353.22(e). The Department will instruct the Customs Service to proceed with liquidation of all unliquidated entries of this merchandise entered, or withdrawn from warehouse, for consumption on or after April 1, 1997, without regard to antidumping duties, and to refund any estimated antidumping duties collected with respect to those entries. This notice is in accordance with 19 CFR § 353.25(d).

Dated: August 18, 1997.

Richard W. Moreland,

*Acting Deputy Assistant Secretary for AD/
CVD Enforcement.*

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-428-824, A-475-820, A-588-843, A-580-829, A-469-807, A-401-806, and A-583-828]

Initiation of Antidumping Investigations: Stainless Steel Wire Rod From Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan

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

EFFECTIVE DATE: August 26, 1997.

FOR FURTHER INFORMATION CONTACT:

James Maeder, at (202) 482-3330; James Terpstra, at (202) 482-3965; or Erik Wurga, at (202) 482-0922, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., 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 to the current regulations, as amended by the regulations published in the **Federal Register** on May 19, 1997 (62 FR 27296).

The Petition

On July 30, 1997, the Department of Commerce ("the Department") received a petition filed in proper form by AL Tech Specialty Steel Corp., Carpenter Technology Corp., Republic Engineered Steels, Talley Metals Technology, Inc., and United Steelworkers of America ("petitioners"). The Department received supplemental information to the petition on August 6 and 14, 1997.

In accordance with section 732(b) of the Act, petitioners allege that imports of stainless steel wire rod from

Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan 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 petitioners have standing to file the petition because they are interested parties as defined in section 771(9)(C) and (D) of the Act and they have demonstrated sufficient industry support (see discussion below).

Scope of Investigations

For purposes of these investigations, certain stainless steel wire rod ("SSWR") comprises products that are hot-rolled or hot-rolled annealed and/or pickled and/or descaled rounds, squares, octagons, hexagons or other shapes, in coils, that may also be coated with a lubricant containing copper, lime or oxalate. SSWR is made of alloy steels containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. These products are manufactured only by hot-rolling or hot-rolling, annealing, and/or pickling and/or descaling, and are normally sold in coiled form, and are of solid cross-section. The majority of SSWR sold in the United States is round in cross-sectional shape, annealed and pickled, and later cold-finished into stainless steel wire or small-diameter bar.

The most common size for such products is 5.5 millimeters or 0.217 inches in diameter, which represents the smallest size that normally is produced on a rolling mill and is the size that most wire drawing machines are set up to draw. The range of SSWR sizes normally sold in the United States is between 0.20 inches and 1.312 inches diameter. Two stainless steel grades SF20T and K-M35FL are excluded from the scope of the investigation. The chemical makeup for the excluded grades are as follows:

SF20T			
Carbon	0.05 max	Chromium	19.00/21.00.
Manganese	2.00 max	Molybdenum	1.50/2.50.
Phosphorous	0.05 max	Lead	added (0.10/0.30).
Sulfur	0.15 max	Tellurium	added (0.03 min).
Silicon	1.00 max.		
K-M35FL			
Carbon	0.015 max	Nickel	0.30 max.
Silicon	0.70/1.00	Chromium	12.50/14.00.
Manganese	0.40 max	Lead	0.10/0.30.

Phosphorous	0.04 max	Aluminum	0.20/0.35.
Sulfur	0.03 max.		

The products under investigation are currently classifiable under subheadings 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.

As we discussed in the preamble to the new regulations (62 FR at 27323), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages all interested parties to submit such comments by September 15, 1997. Comments should be addressed to Import Administration's Central Records Unit at Room 1874, U.S. Department of Commerce, Pennsylvania Avenue and 14th Street, N.W., Washington, D.C. 20230. This period of scope consultation is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination.

Determination of Industry Support for the Petition

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.

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 account for production of 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 provision 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 domestic like product, such differences do not render the decision of either agency contrary to the law.¹

Section 771(10) of the Act defines 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.

The petition refers to the single domestic like product defined in the "Scope of Investigation" section, above. The Department has no basis on the record to find the petition's definition of the domestic like product to be inaccurate. In this regard, we have found no basis on which to reject petitioners' representations that there are clear dividing lines, in terms of characteristics and uses, between the product under investigation and other coiled steel products. The Department has, therefore, adopted the domestic like product definition set forth in the petition. In this case, petitioners established industry support substantially above the statutory requirement. Accordingly, the Department determines that the petition is filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which our decisions to initiate these investigations are based. Should the need arise to use any of this information in our preliminary or final determinations for purposes of facts

available under section 776 of the Act, we may re-examine the information and revise the margin calculations, if appropriate.

Germany

Petitioners identified Krupp Edelstahlprofile ("Krupp") as the sole exporter and producer of SSWR from Germany. Petitioners based export price on recent U.S. sales by Krupp during June 1997 for the SSWR grades most commonly exported to the United States from Germany. Petitioners calculated net U.S. prices by subtracting an estimate of the costs incurred to transport the SSWR rod from the factory to the U.S. port. Petitioners did not subtract costs incurred to transport the SSWR from the U.S. port to the customer's location in the United States.

Petitioners calculated the cost of international freight based upon the average difference in the CIF values and the U.S. Customs values reported in the official U.S. import statistics. Petitioners subtracted amounts for U.S. import duties based on the 1997 import duty rate. Petitioners also subtracted amounts for the U.S. harbor maintenance fee and for the U.S. merchandise processing fee.

With respect to normal value ("NV"), petitioners obtained prices for recent sales of SSWR by Krupp to customers in Germany from foreign market research. Petitioners calculated net home market prices for sales made in Germany by subtracting an amount for delivery costs as obtained through foreign market research from the reported gross home market sales prices.

In addition, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales of SSWR in the home market were made at prices below the fully allocated 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 the cost of manufacturing ("COM"), selling, general, and administrative expenses ("SG&A"), and packing. To calculate COP, petitioners based COM, with the exception of depreciation, on their own production experience, adjusted for known differences between costs incurred to produce SSWR in the United States and costs incurred for producing the merchandise in Germany.

¹ 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 Therefor from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380-81 (July 16, 1991).

To calculate depreciation, petitioners relied upon Krupp's 1996 consolidated financial statements. To derive the direct materials, energy, direct labor and factory overhead costs, petitioners obtained cost data from two U.S. producers and relied upon the average costs of those producers. One of the U.S. producers manufactures its own billets while the other purchases all billets consumed. The foreign market research obtained by the petitioner indicated that Krupp produces its own billets. Therefore, we recalculated the submitted COM based on the cost data of the U.S. company that produces its own billets.

To calculate SG&A, petitioners relied upon expense rates of nineteen German companies, only one of which appears to be involved in the metal manufacturing industry. We recalculated SG&A using the reported rate for the company that appears to be in an industry similar to that which manufactures steel products. Petitioners calculated financing expenses using Krupp's 1996 consolidated audited financial statements. Petitioners added the average packing costs reported by the U.S. producers to COP. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP, 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 (see Initiation Checklist, dated August 19, 1997). Accordingly, with respect to the German case, the Department is initiating a county-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, petitioners also based NV for sales in Germany on constructed value ("CV"). For purposes of this initiation, we accepted CV as the appropriate basis for NV. Petitioners calculated CV using the same COM, SG&A, and interest expense figures used to compute German home market costs. We adjusted the CV as noted above in the discussion of COP. Consistent with section 773(e)(2) of the Act, petitioners also added to CV an amount for profit. Profit was based upon Krupp's 1996 consolidated audited financial statements.

The revised average dumping margins in the petition, based on the comparisons between Krupp's U.S. prices and the revised constructed values, range from 17.17 percent to 21.28 percent.

Italy

Petitioners identified four exporters and producers of SSWR: Cogne Acciai

Speciali SrL ("Cogne"); Rodacciai; Acciaierie Valbruna SrL ("Valbruna"); and Acciaierie di Bolzano ("Bolzano"). Petitioners based export price on actual U.S. sales by Cogne and by Valbruna/Bolzano during November 1996 for the SSWR grades most commonly exported to the United States from Italy. Petitioners calculated net U.S. prices by subtracting an estimate of the costs incurred to transport the stainless wire rod from the factory to the customer's location in the United States.

Petitioners calculated the cost of international freight based upon the average difference in the CIF values and the U.S. Customs values reported in the official U.S. import statistics. Petitioners estimated U.S. inland freight costs based on the distance from the U.S. port of entry to the U.S. customer's location. Petitioners subtracted amounts for U.S. import duties and customs user fees. Petitioners also subtracted amounts for the U.S. harbor maintenance fee and for the U.S. merchandise processing fee. Petitioners added duty drawback to the U.S. prices for comparisons that involved grades of SSWR that include molybdenum or titanium based on information obtained from foreign market research.

With respect to NV, petitioners obtained home market prices through foreign market research. Petitioners calculated net home market prices for sales in Italy by subtracting the estimated delivery costs reported in the foreign market research. Petitioners converted home market prices quoted in lire per kilogram to U.S. dollars per pound by using a conversion ratio of one kilogram equals 2.2046 pounds and the Italian lire/U.S. dollar exchange rate in effect during the period in which the U.S. sales occurred. The exchange rates used to make currency conversions were the rates published in the *International Financial Statistics* for November 1996, the month of the U.S. sales.

Petitioners made a circumstance of sale adjustment for imputed credit expenses by subtracting home market credit expenses and by adding U.S. imputed credit expenses to the net home market prices calculated in the petition. Petitioners calculated home market imputed credit expenses based on the average payment period, reported in the foreign market research, of 90 days, and the average lending rate in Italy published by the *International Financial Statistics* for the fourth quarter of 1996. Petitioners calculated U.S. imputed credit expenses based on payment terms reported in the foreign market research of 60 days and the average lending rate in the United States published in the *International Financial*

Statistics. Petitioners did not adjust the reported prices for differences in packing costs because petitioners assumed that packing costs were the same for home market sales and for U.S. sales.

According to the foreign market research, Italian producers impose a surcharge per kilogram for wire rod with a diameter of 6 millimeters to 13 millimeters. Petitioners subtracted this amount from NV as a difference-in-merchandise adjustment when the price comparisons involved a U.S. sale of wire rod with a diameter of less than 6 millimeters and wire rod sold in Italy with a diameter between 6 millimeters and 13 millimeters.

Comparison of NV and net U.S. prices for sales of SSWR from Italy results in estimated dumping margins that range from 33.29 percent to 46.79 percent.

Japan

Petitioners identified four exporters and producers of SSWR: Aichi Steel Works Ltd.; Daido Steel Co. Ltd. ("Daido"); Nippon Steel Corp. ("Nippon"); and Sumitomo Metal Industries Ltd. Petitioners based export prices on actual, port-of-export, prices for U.S. sales made by Nippon and Daido to unaffiliated Japanese trading companies during the fourth quarter of 1996 for the SSWR grades most commonly exported to the United States from Japan. Petitioners calculated net U.S. prices by subtracting amounts to deliver the subject merchandise from the factory to the port of export. This information was obtained from foreign market research.

Petitioners did not calculate imputed credit expenses for the U.S. sales because the foreign market research indicated letter of credit payments terms for U.S. sales. Petitioners converted U.S. prices quoted in yen per metric ton to U.S. dollars per metric ton based on the average exchange rate published in the *International Financial Statistics* for the fourth quarter of 1996, the period in which U.S. sales occurred.

With respect to NV, petitioners obtained from the foreign market research home market price quotations for actual sales from Nippon and Daido to unrelated distributors in Japan. These prices were quoted in Japanese yen on a delivered basis. Petitioners calculated net home market prices by subtracting an amount for average delivery costs incurred by Nippon and Daido. Petitioners converted home market prices quoted in yen per metric ton to U.S. dollars per metric ton based on the average exchange rate published in the *International Financial Statistics* for the

fourth quarter of 1996, the period in which U.S. sales occurred.

Petitioners made a circumstance of sale adjustment for imputed credit expenses by subtracting home market credit expenses from the reported home market prices. Petitioners did not add U.S. imputed credit expenses to the net home market prices since the foreign market research showed letter of credit payment terms for U.S. sales. Petitioners calculated home market imputed credit expenses based on the average payment period reported in the foreign market research of 115 days, and the average annual lending rate in Japan for the first quarter of 1996, the most current annual lending rate published by the *International Financial Statistics* for Japan. Petitioners also adjusted the reported prices for differences in packing costs by subtracting home market packing costs and by adding packing costs incurred for U.S. sales to the reported net home market sales price.

Comparison of NV and net U.S. prices for sales of SSWR from Japan results in estimated dumping margins that range from 14.53 percent to 29.49 percent.

Korea

Petitioners identified three Korean exporters and producers of SSWR: Pohang Iron & Steel Co. Ltd. ("Posco"); Dongbang Special Steel Co. Ltd. ("Dongbang"); and Sammi Steel Co. Ltd. ("Sammi").

Petitioners based export price on actual, port-of-export, prices for U.S. sales made by Posco to unaffiliated trading companies during the fourth quarter of 1996, for the stainless steel wire rod grades most commonly exported to the United States from Korea, which they obtained from foreign market research. In addition, petitioners calculated net U.S. prices by subtracting from export prices amounts to deliver the subject merchandise from the factory to the port of export based on information obtained from foreign market research. Petitioners added to these prices amounts for duty drawback. Petitioners also converted the reported U.S. prices from Korean won per metric ton to U.S. dollars per metric ton based on the average exchange rate published in the *International Financial Statistics* for the fourth quarter of 1996, the period in which the U.S. sales occurred.

With respect to NV, the petitioners obtained actual, delivered home market prices for Posco from the foreign market research. Petitioners calculated net home market prices for sales made in Korea by subtracting amounts for discounts and rebates and delivery costs as obtained through foreign market

research, and by subtracting imputed credit expenses from the reported gross home market sales prices. Petitioners calculated imputed credit expenses based on the average payment period reported in the foreign market research of 75 days, and the average lending rate in Korea published by the *International Financial Statistics* for the fourth quarter of 1996. Petitioners also adjusted the reported prices for differences in packing costs by subtracting home market packing costs from the reported home market prices and by adding packing costs incurred for U.S. sales to the reported home market prices. Petitioners converted home market prices from Korean won per metric ton to U.S. dollars per metric ton by using the Korean won/U.S. dollar exchange rate in effect during the period in which the U.S. sales occurred. The exchange rates used to make currency conversions were the rates published in the *International Financial Statistics* for the fourth quarter 1996.

Comparison of NV and net U.S. prices for sales of SSWR from Korea results in estimated dumping margins that range from 23.81 percent to 28.44 percent (see Initiation Checklist, dated August 19, 1997).

Spain

Petitioners identified Roldan, S.A. ("Roldan") as the sole exporter and producer of SSWR from Spain. Petitioners based export price on information obtained through foreign market research for recent sales by Roldan for the SSWR grades most commonly exported to the United States from Spain. Petitioners calculated net U.S. prices by subtracting estimated costs for ocean freight and insurance and for U.S. duties and fees from reported U.S. prices. Petitioners did not subtract costs incurred to transport the stainless steel wire rod from the factory to the port of export and from the U.S. port to the customer's location in the United States.

Petitioners calculated the cost of international freight based upon the average difference in the CIF values and the U.S. Customs values reported in the official U.S. import statistics. Petitioners subtracted amounts for U.S. import duties and customs user fees. Petitioners also subtracted amounts for the U.S. harbor maintenance fee and for the U.S. merchandise processing fee. Petitioners did not calculate imputed credit expenses for Roldan's U.S. sales because petitioners did not have information concerning the payment terms for these sales.

With respect to NV, petitioners obtained home market prices through

foreign market research. Petitioners calculated net home market prices for sales made in Spain by subtracting an amount for delivery costs as obtained through foreign market research from the reported gross home market sales prices.

In addition, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales of SSWR in the home market were made at prices below the fully allocated 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, and packing. To calculate COP, petitioners based COM, with the exception of depreciation, on their own production experience, adjusted for known differences between costs incurred to produce SSWR in the United States and costs incurred for producing the merchandise in Spain. To calculate depreciation the petitioner relied upon the 1996 consolidated financial statement from Roldan's parent company Acerinox.

To calculate Roldan's SG&A and financing expenses petitioners also relied upon the 1996 consolidated financial statements from Acerinox. Petitioners maintain that they relied upon Acerinox's consolidated financial statements because they were unable to obtain Roldan's financial statements. Since steel production appears to be the primary business activity of the consolidated Acerinox Group, we considered it reasonable to rely on its financial data for determining these costs for purposes of the petition. Petitioners added to the COP the average packing costs reported by the U.S. producers. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP, 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, with respect to the Spanish case, the Department is initiating a country-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, petitioners also based NV on CV. For purposes of this initiation, we are accepting CV as the appropriate basis for NV. Petitioners calculated CV using the same COM, SG&A, and interest expense figures used to compute Spain's home market costs. Consistent with section 773(e)(2) of the Act, petitioners also added to CV an amount for profit. Profit was based upon

the consolidated audited financial statements of Acerinox.

Comparison between Roldan's U.S. prices and the constructed values results in dumping margins that range from 31.00 to 63.39 percent.

Sweden

Petitioners identified Fagersta Stainless AB ("Fagersta") as the sole exporter and producer of SSWR from Sweden. Fagersta is a joint venture company formed by the two of the largest steel producing companies in Sweden: Avesta Sheffield AB and Sandvik Steel. Petitioners based export price on U.S. sales by Avesta Sheffield AB during November 1996 of the SSWR most commonly exported to the United States from Sweden. Petitioners calculated net U.S. prices by subtracting from export prices an estimate of the costs incurred to transport the SSWR from the factory to the customer's location in the United States.

Petitioners estimated the cost of international freight based upon the weighted average difference for certain U.S. ports between the CIF values and the FOB values reported in the official U.S. import statistics for November 1996 for imports from Sweden. Petitioners estimated U.S. inland freight costs based on the distance from the U.S. port of entry to the U.S. customer's location. Petitioners subtracted amounts for U.S. import duties, for the U.S. harbor maintenance fee, and for the U.S. merchandise processing fee. Petitioners added duty drawback to the U.S. prices for comparisons that involved grades of SSWR that include molybdenum or titanium based on an amount obtained through foreign market research.

With respect to NV, petitioners obtained home market prices from foreign market research. The foreign market research provided information on the base prices, surcharges, discounts, payment terms and estimated sale-by-sale delivery costs for each of the home market sales. Petitioners added the surcharges to the reported base prices, and subtracted the discounts and estimated sale-by-sale delivery costs. Petitioners converted home market prices quoted in Swedish kronor per kilogram to U.S. dollars per pound by using a conversion ratio of one kilogram to 2.2046 pounds and the Swedish kronor/U.S. dollar exchange rate in effect during the month in which the U.S. sales occurred. The exchange rates used to make currency conversions were the rates published in the *International Financial Statistics* for November 1996, the month in which of the U.S. sales occurred.

Petitioners made a circumstance of sale adjustment for imputed credit expenses by subtracting home market credit expenses and by adding U.S. imputed credit expenses to the net home market prices calculated in the petition. Petitioners calculated home market imputed credit expenses based on the average payment period reported in the foreign market research, and the average lending rate in Sweden published in the *International Financial Statistics* for the fourth quarter of 1996. Petitioners calculated U.S. imputed credit expenses based on payment terms included in the foreign market research, of 60 days and the average lending rate in the United States published in the *International Financial Statistics*. Petitioners did not adjust for differences in packing costs because petitioners assumed that packing costs were the same for home market and U.S. sales.

Comparison of NV and net U.S. prices for sales of SSWR from Sweden results in estimated dumping margins that range from 21.17 percent to 22.74 percent.

Taiwan

Petitioners identified three Taiwan exporters and producers of SSWR: Walsin-CarTech Specialty Steel Corp.; Yieh Hsing; and Yieh United Steel Corp.

Most of the domestic production of SSWR is sold to unaffiliated end-users and includes delivery charges to the customer. Petitioners obtained prices for U.S. sales by Yieh Hsing during November 1996 for the grades of SSWR that are most commonly exported to the United States from Taiwan. Petitioners used export prices as the basis for U.S. prices because the SSWR was sold prior to the date of importation and to an unaffiliated U.S. distributor. Petitioners provided port of export prices for Yieh Hsing's U.S. sales. Petitioners subtracted foreign inland freight from the reported U.S. prices. Petitioners did not calculate imputed credit expenses for the U.S. sales since letter of credit payment terms were available for these sales.

Petitioners provided information showing that the volume of the home market sales is sufficient to form a basis for NV and provided prices for actual recent sales from the SSWR producers to unaffiliated customers in Taiwan.

Petitioners calculated net NV by subtracting amounts for delivery costs and imputed credit expenses from the reported gross home market price. Petitioners based credit expenses on the average payment period of 85 days and the average borrowing rate reported in the foreign market research. Additionally, petitioners adjusted NV for differences in packing costs between

the U.S. and domestic sales. Finally, petitioners converted home market prices in New Taiwan dollars per metric ton to U.S. dollars per metric ton by using the New Taiwan dollar/U.S. dollar exchange rate in effect during the month in which the U.S. sales occurred. For conversion purposes, petitioners used the monthly average exchange rates published by the Federal Reserve rather than the monthly average exchange rates published by the International Monetary Fund (IMF) because Taiwan is not a member country of the IMF; thus, there are no IMF-published exchange rates for Taiwan.

In addition, petitioners provided information demonstrating reasonable grounds to believe or suspect that sales of SSWR in the home market were made at prices below the fully allocated COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a Taiwan-wide sales below cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A, and packing. To calculate COP, the petitioners calculated COM primarily using foreign market research.

To calculate SG&A and finance expenses petitioners relied on amounts reported in Yieh Hsing's 1996 financial statements and other financial data. We recalculated Yieh Hsing's SG&A and finance expenses to reflect the amounts reported in its 1996 financial statements. Petitioner based packing costs on data obtained from foreign market research. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP, 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 (see Initiation Checklist, dated August 19, 1997). Accordingly, the Department is initiating a Taiwan-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, petitioners also based NV for sales in Taiwan on CV. For this initiation, we are accepting CV as an appropriate basis for NV. Petitioners calculated CV using the same COM, SG&A, and interest expense figures used to compute Taiwan home market costs. Consistent with section 773(e)(2) of the Act, petitioners also added to CV an amount for profit. Profit was based upon Yieh Hsing's 1996 consolidated audited financial statements.

Comparison of NV and net U.S. price of SSWR from Taiwan results in an estimated dumping margin of 16.74 percent. Comparisons between Yieh Hsing's U.S. prices and the constructed

values result in dumping margins that range from 9.61 percent to 10.05 percent.

Fair Value Comparisons

Based on the data provided by petitioners, there is reason to believe that imports of SSWR from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan are being, or are likely to be, sold at less than fair value.

Initiation of Antidumping Investigations

We have examined the petition on SSWR and have found that it meets the requirements of section 732 of the Act, including the requirements concerning allegations of the material injury or threat of material injury to the domestic producers of a domestic like product by reason of the subject imports, allegedly sold at less than fair value. Therefore, we are initiating antidumping duty investigations to determine whether imports of SSWR from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan are being, or are likely to be, sold in the United States at less than fair value. Unless extended, we will make our preliminary determinations for the antidumping duty investigations by January 6, 1998.

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 Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan. 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 by September 15, 1997, whether there is a reasonable indication that imports of SSWR from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan are causing material injury, or threatening to cause material injury, to a U.S. industry. Any negative ITC determination will result in the particular investigation being terminated; otherwise, the investigations will proceed according to statutory and regulatory time limits.

Dated: August 19, 1997.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 97-22690 Filed 8-25-97; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C-475-821]

Notice of Initiation of Countervailing Duty Investigation: Certain Stainless Steel Wire Rod ("SSWR") from Italy

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

EFFECTIVE DATE: August 26, 1997.

FOR FURTHER INFORMATION CONTACT: Kathleen Lockard or Kelly Parkhill, Office of CVD/AD Enforcement VI, International Trade Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-2786.

Initiation of Investigation

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act ("URAA") effective January 1, 1995 ("the Act"). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations as amended by the regulations published in the **Federal Register** on May 19, 1997 (62 FR 27295).

The Petition

On July 30, 1997, the Department of Commerce (the Department) received a petition filed in proper form by AL Tech Speciality Steel Corp., Carpenter Technology Corp., Republic Engineered Steels, Talley Metals Technology, Inc., and United Steelworkers of America, AFL-CIO/CLC (the petitioners). Supplements to the petition were filed on August 6, 13, 14, and 15, 1997.

In accordance with section 701(a) of the Act, the petitioners allege that producers and/or exporters of SSWR in Italy receive countervailable subsidies. The petitioners state that they have standing to file the petition because they are interested parties, as defined under section 771(9)(C) of the Act.

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the

domestic industry. Section 702(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.

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 account for production of 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 provision 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 domestic like product, such differences do not render the decision of either agency contrary to the law.¹

Section 771(10) of the Act defines 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.

The petition refers to the single domestic like product defined in the "Scope of Investigation" section, below. The Department has no basis on the record to find the petition's definition of the domestic like product to be inaccurate. In this regard, we have found no basis on which to reject petitioners' representations that there are clear dividing lines, in terms of

¹ 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 Therefor from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380-81 (July 16, 1991).