

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 to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within ten days of the publication of this notice. 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. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination by 135 days after the publication of this notice in the **Federal Register**.

This determination is published pursuant to section 733(d) of the Act.

Dated: September 24, 1997.

**Robert S. LaRussa,**

*Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-307-813]

#### Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Steel Wire Rod From Venezuela

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

**EFFECTIVE DATE:** October 1, 1997.

**FOR FURTHER INFORMATION CONTACT:** David J. Goldberger or Daniel Manzoni, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-4136 or (202) 482-1121, respectively.

#### The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("the Act"), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR part 353 (April, 1997). Although the Department's new regulations, codified at 19 CFR 351 (62 FR 27296,

May 19, 1997), do not govern this investigation, citations to those regulations are provided, where appropriate, to explain current Departmental practice.

#### Preliminary Determination

We preliminarily determine that steel wire rod ("SWR") from Venezuela is being, or is 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 are shown in the "Suspension of Liquidation" section of this notice.

#### Case History

Since the initiation of this investigation on March 18, 1997 (see *Notice of Initiation of Antidumping Duty Investigations: Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela*, 62 FR 13854, (March 24, 1997), ("Notice of Initiation")), the following events have occurred:

On April 14, 1997, the United States International Trade Commission ("ITC") notified the Department of Commerce ("the Department") of its affirmative preliminary injury determination in this case.

On April 21, 1997, the Department issued the antidumping duty questionnaire to CVG Siderurgica Del Orinoco C.A. ("Sidor"), the sole exporter of the subject merchandise from Venezuela. The questionnaire is divided into four sections: Section A requests general information concerning Sidor's company corporate structure and business practices, the merchandise under investigation that it sells, and the sales of the merchandise in all of its markets. Sections B and C request home market sales listings and U.S. sales listings, respectively. Section D requests information on the cost of production ("COP") of the foreign like product and the constructed value ("CV") of the subject merchandise.

During April and May 1997, the Department received interested party comments regarding modifications to the product characteristic reporting requirements. On May 22, 1997, the Department issued revised product characteristic reporting instructions.

Sidor submitted its questionnaire responses in May and June, 1997. The Department issued supplemental requests for information in June, July, and August, 1997, and received the supplemental responses to these requests in July, August, and September, 1997. Petitioners in this investigation (Connecticut Steel Group, Co-Steel Raritan, GS Industries, Inc., Keystone Steel & Wire Co., North Star Steel Texas,

Inc., and Northwestern Steel & Wire Co.) filed comments on Sidor's questionnaire responses in May, June, July, August, and September, 1997.

On July 3, 1997, petitioners made a timely request that the Department postpone the preliminary determination in this investigation and the companion investigations of SWR from Canada, Trinidad and Tobago, and Germany to September 24, 1997. We did so on July 14, 1997, in accordance with section 733(c)(1) of the Act (see *Notice of Postponement of Preliminary Determinations: Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela* (62 FR 38257, July 17, 1997)).

#### Postponement of Final Determination and Extension of Provisional Measures

Pursuant to section 735(a)(2)(A) of the Act and section 353.20(b)(1) of the Department's interim regulations, on September 10, 1997, Sidor requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until not later than 135 days after the publication of this notice in the **Federal Register**. In accordance with section 735(a)(2)(A) of the Act, because our preliminary determination is affirmative, the respondent accounting for all of the exports of the subject merchandise has requested postponement, and no compelling reasons for denial exist, we are postponing the final determination. Suspension of liquidation will be extended accordingly (see *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determinations: Open-End Spun Rayon Singles Yarn From Austria*, 62 FR 14399, 14400 (March 26, 1997); see also *Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy*, 61 FR 30326 (June 14, 1996)).

#### Scope of Investigation

The products covered by this investigation are certain hot-rolled carbon steel and alloy steel products, in coils, of approximately round cross section, between 5.00 mm (0.20 inch) and 19.0 mm (0.75 inch), inclusive, in solid cross-sectional diameter. Specifically excluded are steel products possessing the above noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (HTSUS) definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; (e) free machining steel that contains by weight 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.4

percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium; or (f) concrete reinforcing bars and rods.

The following products are also excluded from the scope of this investigation:

Coiled products 5.50 mm or less in true diameter with an average partial decarburization per coil of no more than 70 microns in depth, no inclusions greater than 20 microns, containing by weight the following: carbon greater than or equal to 0.68 percent; aluminum less than or equal to 0.005 percent; phosphorous plus sulfur less than or equal to 0.040 percent; maximum combined copper, nickel and chromium content of 0.13 percent; and nitrogen less than or equal to 0.006 percent. This product is commonly referred to as "Tire Cord Wire Rod."

Coiled products 7.9 to 18 mm in diameter, with a partial decarburization of 75 microns or less in depth and seams no more than 75 microns in depth; containing 0.48 to 0.73 percent carbon by weight. This product is commonly referred to as "Valve Spring Quality Wire Rod."

The products under investigation are currently classifiable under subheadings 7213.91.3000, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, and 7227.90.6050 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

North American Wire Products Corporation (NAW), an importer of the subject merchandise from Germany, has requested that the Department exclude steel wire rod used to manufacture pipe wrapping wire from the scope of the antidumping and countervailing duty investigations. Petitioners have not agreed to this scope exclusion. For purposes of the preliminary determination, we have not excluded steel wire rod for manufacturing pipe wrapping wire from the scope. However, we will consider this issue further in our final determination.

#### *Period of Investigation*

The period of investigation ("POI") is January 1, 1996, through December 31, 1996.

#### *Product Comparisons*

In accordance with section 771(16) of the Act, we considered all products produced by Sidor, covered by the description in the *Scope of Investigation* section, above, and sold in the home market during the POI, to be foreign-like products for purposes of determining

appropriate product comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign-like product on the basis of the characteristics listed in the antidumping duty questionnaire and the May 22, 1997, reporting instructions. Consistent with our practice (see, e.g., *Final Results of Antidumping Duty Administrative Review: Cold-rolled Carbon Steel Flat Products from the Netherlands*, 61 FR 48465, (September 13, 1996)), we compared prime merchandise sold in the United States to prime merchandise sold in the home market, and secondary merchandise to secondary merchandise.

#### *Fair Value Comparisons*

To determine whether sales of steel wire rod by Sidor to the United States were made at less than fair value, we compared the Export Price ("EP") to the normal value ("NV"), as described in the "Export Price" and "Normal Value" sections of this notice below. In accordance with section 777A(d)(1)(A)(i), we calculated weighted-average EPs for comparison to weighted-average NVs.

Venezuela experienced significant inflation during the POI, as measured by the consumer price index published by the Central Bank of Venezuela. Accordingly, to avoid the distortions caused by the effects of inflation on prices, we calculated EPs and NVs on a monthly average basis, rather than on a POI average basis.

#### *Level of Trade*

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

To determine whether NV sales are at a different LOT than EP (or CEP), we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different LOT, and the difference affects price comparability, as manifested in a

pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make an LOT adjustment under section 773(a)(7)(A) of the Act. See *Certain Welded Carbon Steel Standard Pipes and Tubes From India: Preliminary Results of New Shipper Antidumping Duty Administrative Review*, 62 FR 23760, 23761 (May 1, 1997).

Sidor did not claim a LOT adjustment. To evaluate whether such an adjustment was necessary, we examined Sidor's distribution system, including selling functions, classes of customers, and selling expenses. Sidor sold to only one class of customer in each market. We found that selling functions, which included sales administration, billing, warranties, and in some cases arranging freight services, are sufficiently similar in the U.S. and the home market to consider them as constituting the same level of trade in the two markets. Accordingly, all comparisons are at the same level of trade and an adjustment pursuant to section 773(a)(7)(A) is not warranted.

#### *Export Price*

We based our starting price on EP, in accordance with subsections 772(a) and (c) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation and CEP was not otherwise warranted based on the facts on the record.

We calculated EP based on packed, FOB factory prices to the first unaffiliated customer in the United States. We made no deductions from the gross unit price.

#### *Normal Value*

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (i.e., the aggregate volume of home market sales of the foreign like product is greater than five percent of the aggregate volume of U.S. sales), we compared Sidor's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Since Sidor's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined that the home market was viable for Sidor. Therefore, we have based NV on home market sales provided they were not disregarded pursuant to the cost test under section 773(b) of the Act.

### Cost of Production Analysis

Pursuant to an allegation made by the petitioners, we initiated a cost of production investigation in our *Notice of Initiation* (62 FR 13854 March 24, 1997). Before making any fair value comparisons, we conducted the COP analysis described below.

#### A. Calculation of COP

We calculated the COP based on the sum of respondent's cost of materials and fabrication for the foreign like product, plus amounts for home market general expenses and packing costs in accordance with section 773(b)(3) of the Act. We recalculated Sidor's interest expense, as discussed in the September 16, 1997, Memorandum to Chris Marsh, Director, Office of Accounting, from Paul McEnrue. As noted above, we determined that the Venezuelan economy experienced significant inflation during the POI. Therefore, in order to avoid the distortive effect of inflation on our comparison of costs and prices, we requested that Sidor submit monthly COP figures based on the current production costs incurred during each month of the POI. We indexed Sidor's monthly COP amounts, adjusted as discussed above, in order to compute an annual weighted-average COP for the POI.

#### B. Test of Home Market Prices

We used Sidor's submitted POI weighted-average COPs, as adjusted (see above). We compared the weighted-average COP figures to home market sales of the foreign like product as required under section 773(b) of the Act. In determining whether to disregard home-market sales made at prices below the COP, we examined whether (1) within an extended period of time, such sales were made in substantial quantities, and (2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time. On a product-specific basis, we compared the inflation-adjusted COP to the home market prices, less any applicable movement charges, and direct and indirect selling expenses.

#### C. Results of COP Test

Pursuant to section 773(b)(2)(C), where less than 20 percent of Sidor's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product during the POI were at prices less than the COP, we determined such sales to have been made in "substantial

quantities" within an extended period of time in accordance with section 773(b)(2)(B) of the Act. Where we determined that such sales were also not made at prices which would permit recovery of all costs within a reasonable period of time and, in accordance with section 773(b)(2)(D) of the Act, we disregarded the below-cost sales. Where all comparison sales of a specific product were at prices below the COP, we disregarded all such sales of that product, and calculated NV based on CV.

#### D. Calculation of CV

In accordance with section 773(e) of the Act, we calculated CV based on the sum of the respondent's cost of materials, fabrication, SG&A, U.S. packing costs, interest expenses and profit. As noted above, we recalculated Sidor's interest expenses. In accordance with section 773(e)(2)(A) of the Act, we based SG&A and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. For selling expenses, we used the actual weighted-average home market direct and indirect selling expenses (as indexed for inflation).

#### Comparison of the U.S. Price to NV

We compared U.S. prices to home market prices or to CV, as appropriate. We made adjustments for inland freight, interest revenue, and late payment fees. In addition, we made circumstance-of-sale adjustments for credit, warranties, and bank fees, where appropriate. We re-allocated home market and U.S. warranty expenses on a value basis rather than the quantity basis Sidor reported. Where we compared CV to EPs, we deducted from CV the home market direct selling expenses and added the weighted-average U.S. direct selling expenses.

We also made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act.

#### Currency Conversions

The Department's normal source for exchange rates—the Federal Reserve Bank—does not provide certified exchange rates for Venezuela. Therefore, we converted Venezuelan bolívares into U.S. dollars as follows: For the period from January 1, 1996, through April 21, 1996, we used the official exchange rate from the Central Bank of Venezuela because the Dow Jones Business Information Services rates (an alternate source often relied upon by the

Department) reflected the implicit (parallel) exchange rate in Venezuela for Brady bonds (i.e., foreign currency—denominated government bonds trading on the secondary market). After April 21, 1996, Venezuela had a unified, market exchange rate that applied to all trade transactions. Therefore, for the period after April 21, 1996, we used the Dow Jones rates.

#### Verification

As provided in section 782(i) of the Act, we will verify the information used in making our final determination.

#### Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the Customs Service to suspend liquidation of all imports of subject merchandise 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 the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the export price, as indicated in the chart below. These suspension of liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacture	Weighted-average margin percentage
CVG Siderurgica Del Orinoco C.A. ("Sidor") .....	51.21
All Others .....	51.21

#### ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If 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 these imports are materially injuring, or threaten material injury to, the U.S. industry.

#### Public Comment

Case briefs or other written comments in at least six copies must be submitted to the Assistant Secretary for Import Administration no later than January 5, 1998, and rebuttal briefs, no later than January 12, 1998. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. Such summary 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 case or rebuttal briefs. Tentatively, the hearing will be held on January 14, at 2:00 p.m. in Room 1412 at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. 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 to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within ten days of the publication of this notice. 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. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination by 135 days after the

publication of this notice in the **Federal Register**.

This determination is published pursuant to sections 733(f) and 777(i) of the Act.

Dated: September 24, 1997.

**Robert S. LaRussa,**

*Assistant Secretary for Import Administration.*

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