The SIPP represents a source of information for a wide variety of topics and allows information for separate topics to be integrated to form a single, unified database so that the interaction between tax, transfer, and other government and private policies can be examined. Government domestic-policy formulators depend heavily upon the SIPP information concerning the distribution of income received directly as money or indirectly as in-kind benefits and the effect of tax and transfer programs on this distribution. They also need improved and expanded data on the income and general economic and financial situation of the U.S. population. The SIPP has provided these kinds of data on a continuing basis since 1983 permitting levels of economic well-being and changes in these levels to be measured over time.

The survey is molded around a central ''core'' of labor force and income questions that will remain fixed throughout the life of a panel. The core is supplemented with questions designed to answer specific needs, such as obtaining information on taxes, the ownership and contributions made to the Individual Retirement Account, Keogh and 401K plans, examining patterns in respondent work schedules, and child care arrangements. These supplemental questions are included with the core and are referred to as ''topical modules.''

The topical modules for the 2000 Panel Wave 1 collect information about:

- Recipiency History
- Employment History

Wave 1 interviews will be conducted from February 2000 through May 2000.

II. Method of Collection

All household members 15 years old or over are interviewed using regular proxy-respondent rules. During the 2000 panel, respondents are interviewed a total of 3 times (3 waves) at 4-month intervals making the SIPP a longitudinal survey. Sample people (all household members present at the time of the first interview) who move within the country and reasonably close to a SIPP primary sampling unit will be followed and interviewed at their new address. Individuals 15 years old or over who enter the household after Wave 1 will be interviewed; however, if these individuals move, they are not followed unless they happen to move along with a Wave 1 sample individual.

III. Data

OMB Number: Not Available.

Form Number: SIPP/CAPI Automated Instrument.

Type of Review: Regular.

Affected Public: Individuals or Households.

Estimated Number of Respondents: 24,150.

Estimated Time Per Response: 30 minutes per person.

Estimated Total Annual Burden Hours: 24,400.

Estimated Total Annual Cost: The only cost to respondents is their time.

Respondent's Obligation: Voluntary.

Legal Authority: Title 13, United States Code, Section 182.

IV. Request for Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for the Office of Management and Budget approval of this information collection; they also will become a matter of public record.

Dated: July 13, 1999.

Linda Engelmeier,

Departmental Forms Clearance Officer, Office of the Chief Information Officer.

[FR Doc. 99–18265 Filed 7–16–99; 8:45 am]

BILLING CODE 3510–07–P

DEPARTMENT OF COMMERCE

Census Bureau

[Docket No. 990517135–9135–01]

Change in Report Series from Print Publication to CD–ROM and Internet Access

AGENCY: Census Bureau, Commerce.

ACTION: Notice of Publication Program Change.

SUMMARY: The Census Bureau will cease printed publication of the ''Census Catalog and Guide'' with the 1998 edition. This publication's information, and additional data, will be available as the ''Product Catalog'' on the Internet at www.census.gov. Also, the information will be distributed annually on CD–ROM.

EFFECTIVE DATE: August 18, 1999.

FOR FURTHER INFORMATION CONTACT: Barbara Aldrich, Marketing Services Office/Customer Services Center, U.S. Census Bureau, Washington, DC 20233, telephone: 301–457–1225.

SUPPLEMENTARY INFORMATION: The ''Census Catalog and Guide'' is a comprehensive description of all data products issued by the Census Bureau. The catalog provides abstracts of CD–ROMs, publications, maps, computer tapes, diskettes, and items available via the Internet. These abstracts include the data time, the geographic scope, and the subject content, along with ordering information. For additional information about the catalog, please contact the official named above.

Dated: July 14, 1999.

Kenneth Prewitt,

Director, Bureau of the Census.

[FR Doc. 99–18314 Filed 7–16–99; 8:45 am]

BILLING CODE 3510–07–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–821–809]

Notice of Final Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation

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

EFFECTIVE DATE: July 19, 1999.

FOR FURTHER INFORMATION CONTACT: Lyn Baranowski or Carrie Blozy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–3208 or (202) 482-0165, 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 to the regulations at 19 CFR part 351 (1998).

Final Determination

We determine that hot-rolled flat-rolled carbon-quality steel products (''hot-rolled steel'') from the Russian Federation (''Russia'') are being sold in the United States at less than fair value

(''LTFV''), as provided in section 735 of the Act. The estimated margins are shown in the ''Continuation of Suspension of Liquidation'' section of this notice.

Case History

Petitioners in this investigation are Bethlehem Steel Corporation, U.S. Steel Group, a unit of USX Corporation, Ispat Inland Steel, LTV Steel Company, Inc., National Steel Corporation, California Steel Industries, Gallatin Steel Company, Geneva Steel, Gulf States Steel Inc., IPSCO Steel Inc., Steel Dynamics, Weirton Steel Corporation, the Independent Steelworkers Union, and the United Steelworkers of America.

Respondents in this investigation are JSC Severstal (''Severstal''), Novolipetsk Iron & Steel Corporation (''NISCO''), and Magnitogorsk Iron & Steel Works (''MMK'').

Since the *Notice of Preliminary Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation,* 64 FR 9312 (February 25, 1999) (*''Preliminary Determination''*), the following events have occurred:

On March 1 and March 2, 1999, respectively, respondents NISCO and MMK submitted letters informing the Department that they were withdrawing from further participation in the proceeding. On March 8, 1999, NISCO submitted a letter alleging clerical errors in the preliminary determination.

In April 1999, we conducted sales and factors of production verifications of Severstal's responses to the antidumping questionnaires (*see Verification Report for Severstal* dated April 14, 1999 (*''Verification Report''*)). Petitioners and Severstal submitted case briefs on April 19, 1999, and rebuttal briefs on April 26, 1999.

On April 12, 1999, General Motors Corporation (''GM'') requested a scope exclusion for hot-rolled carbon steel that both meets the standards of SAE J2329 Grade 2 and is of a gauge thinner than 2 mm with a 2.5 percent maximum tolerance. On April 22, 1999, petitioners requested that certain ASTM A570–50 grade steel be excluded from the investigation. We adjusted the scope of this investigation pursuant to the decisions detailed in the *Scope Amendments Memorandum,* dated April 28, 1999.

On July 12, 1999, the Department signed a suspension agreement with the Ministry of Trade of the Russian Federation (the Agreement). If the ITC determines that material injury exists, the Agreement shall remain in force but the Department shall not issue an antidumping order so long as (1) the Agreement remains in force, (2) the Agreement continues to meet the requirements of subsections (d) and (l) of the Act, and the parties to the Agreement carry out their obligations under the Agreement in accordance with its terms.

On July 7, 1999, we received a request from petitioners requesting that we continue the investigation. Pursuant to this request, we have continued and completed the investigation in accordance with section 734(g) of the Act.

Scope of Investigation

For purposes of this investigation, the products covered are certain hot-rolled flat-rolled carbon-quality steel 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 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 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 in this scope 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 and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, 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 HTSUS definitions, are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
1.50 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
0.012 percent of boron, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.41 percent of titanium, 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 and/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., ASTM specifications A543, A387, A514, A517, and A506).
- SAE/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 1.50 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10–0.14%	0.90% Max	0.025% Max	0.005% Max	0.30–0.50%	0.50–0.70%	0.20–0.40%	0.20% Max.

Width = 44.80 inches maximum; Thickness = 0.063–0.198 inches;
Yield Strength = 50,000 ksi minimum; Tensile Strength = 70,000–88,000 psi.

- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	Mo
0.10–0.16% ..	0.70–0.90% ..	0.025% Max	0.006% Max	0.30–0.50% ..	0.50–0.70% ..	0.25% Max ...	0.20% Max ...	0.21% Max.

Width = 44.80 inches maximum; Thickness = 0.350 inches maximum;
Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	V(wt.)	Cb
0.10–0.14%	1.30–1.80%	0.025% Max.	0.005% Max.	0.30–0.50%	0.50–0.70%	0.20–0.40%	0.20% Max	0.10 Max ...	0.08% Max.

Width = 44.80 inches maximum; Thickness = 0.350 inches maximum;
Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	Nb	Ca	Al
0.15% Max	1.40% Max.	0.025% Max.	0.010% Max.	0.50% Max.	1.00% Max.	0.50% Max.	0.20% Max.	0.005% Min.	Treated	0.01–0.07%.

Width = 39.37 inches; Thickness = 0.181 inches maximum;
Yield Strength = 70,000 psi minimum for thicknesses ≤0.148 inches and 65,000 psi minimum for thicknesses >0.148 inches; Tensile Strength = 80,000 psi minimum.

- Hot-rolled dual phase steel, phase-hardened, primarily with a ferritic-martensitic microstructure, contains 0.9 percent up to and including 1.5 percent silicon by weight, further characterized by either (i) tensile strength between 540 N/mm² and 640 N/mm² and an elongation percentage ≥ 26 percent for thicknesses of 2 mm and above, or (ii) a tensile strength between 590 N/mm² and 690 N/mm² and an elongation percentage ≥ 25 percent for thicknesses of 2mm and above.
- Hot-rolled bearing quality steel, SAE grade 1050, in coils, with an inclusion rating of 1.0 maximum per ASTM E 45, Method A, with excellent surface quality and chemistry restrictions as follows: 0.012 percent maximum phosphorus, 0.015 percent maximum sulfur, and 0.20 percent maximum residuals including 0.15 percent maximum chromium.
- Grade ASTM A570–50 hot-rolled steel sheet in coils or cut lengths, width of 74 inches (nominal, within ASTM tolerances), thickness of 11 gauge (0.119 inch nominal), mill edge and skin passed, with a minimum copper content of 0.20%.

The merchandise subject to these investigations is classified in the Harmonized Tariff Schedule of the United States (''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, 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 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, 7211.19.75.90, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00. Certain hot-rolled flat-rolled carbon-quality steel 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. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

Period of Investigation

The period of investigation (''POI'') is January 1 through June 30, 1998.

Nonmarket Economy Country Status

The Department has treated Russia as a nonmarket economy (''NME'') country in all past antidumping duty investigations and administrative reviews (*see, e.g., Titanium Sponge from the Russian Federation: Final Results of Antidumping Administrative Review,* 64 FR 1599 (January 11, 1999); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from the Russian Federation,* 62 FR 61787 (November 19, 1997); *Notice of Final Determination of Sale at Less Than Fair Value: Pure Magnesium and Alloy Magnesium from the Russian Federation,* 60 FR 16440 (March 30, 1995); *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of the Final Determination: Ferrovanadium and Nitridid Vanadium from the Russian Federation,* 60 FR 438 (January 4, 1995)). A designation as an NME remains in effect until it is revoked by the Department (*see* section 771(18)(C) of the Act). Therefore, for this final determination, the Department is continuing to treat Russia as an NME.

Separate Rates

The Department presumes that a single dumping margin is appropriate for all exporters in an NME country. *See Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China,* 59 FR 22585 (May 2, 1994) (''*Silicon Carbide*''). The Department may, however, consider requests for a separate rate from individual exporters. Severstal, NISCO, and MMK have each requested a separate, company-specific rate. Because NISCO and MMK withdrew from this proceeding, we were only able to verify information provided by Severstal and thus, we are only considering granting Severstal's request for a separate rate for this final determination. To establish whether a firm is sufficiently independent from government control to be entitled to a separate rate, the Department analyzes each exporting entity under a test

arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China,* 56 FR 20588 (May 6, 1991) and amplified in *Silicon Carbide.* Under the separate rates criteria, the Department assigns separate rates in NME cases only if a respondent can demonstrate the absence of both *de jure* and *de facto* government control over export activities. For a complete analysis of separate rates, *see Memorandum to Edward C. Yang from Lesley Stagliano Re: Separate Rates for Exporters that Submitted Questionnaire Responses (''Separate Rates Memo''),* dated February 22, 1999.

1. Absence of De Jure Control

An individual company may be considered for separates rates if it meets the following *de jure* criteria: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies.

Severstal has placed on the administrative record a number of documents to demonstrate absence of *de jure* control. These documents include laws, regulations, and provisions enacted by the central government of Russia, describing the deregulation of Russian enterprise as well as the deregulation of the Russian export trade, except for a list of products that may be subject to central government export constraints. Severstal claims that the subject merchandise is not on this list. This information supports a final finding that there is an absence of *de jure* government control for Severstal. *See Separate Rates Memo.*

2. Absence of De Facto Control

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) whether the export prices (''EP'') are set by or subject to the approval of a governmental authority; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. Severstal has reported that it is a publicly-owned company and that there is not aggregate government ownership greater than 25 percent.

Severstal has asserted that the company establishes its prices in negotiation with its customers, and that theses prices are not subject to review or guidance from any government organization. Furthermore, Severstal's management has the authority to negotiate and sign contracts, also without review or guidance from outside organizations. Severstal stated that it can retain all export earnings, and that there are no restrictions on the use of the company's export revenues or utilization of profits. Severstal further reported that its management is appointed by the company's shareholders, and that the government has no role in, and is not advised of, the selection of its management. At verification for Severstal, we verified reported information substantiating Severstal's separate rates claim (*see Verification Report* at 4–5).

In addition, the respondent's questionnaire responses indicate that company-specific pricing during the POI does not suggest coordination among exporters. This information supports a final finding that there is an absence of *de facto* governmental control of the export functions of Severstal. Consequently, for this final determination, we determined that Severstal meets the criteria for application of a separate rate. For a further discussion of this issue, *see Separate Rates Memo.*

Russia-Wide Rate

After sending questionnaires to the 16 companies identified as potential respondents in the petition, we received complete Section A responses from only three producers—Severstal, MMK and NISCO. In the *Respondent Selection Memorandum* from Edward Yang to Joseph Spetrini dated November 19, 1998, we limited our examination of producers of subject merchandise to these three companies. However, two of the companies (MMK and NISCO) subsequently withdrew from the investigation. Furthermore, U.S. import statistics indicate that the total quantity and value of U.S. imports of hot-rolled steel from Russia is greater than the total quantity and value of hot-rolled steel reported by Russian companies that submitted responses that were subsequently verified (*see Memorandum on Final Determination of Critical Circumstances* from Edward Yang to Joseph Spetrini dated July 12, 1999 (''*Final Critical Circumstances Memo*'')). Accordingly, we are applying a single antidumping rate—the Russia-wide rate—to all exporters in Russia based on our presumption that those respondents who failed to respond to the initial questionnaire or withdrew from the investigation (*i.e.*, MMK and NISCO) constitute a single enterprise under common control by the Russian government. *See, e.g., Final Determination of Sales at Less Than Fair Value: Bicycles from the People's Republic of China,* 61 FR 19026 (April 30, 1996) (''*Bicycles*''). The Russia-wide rate applies to all entries of subject merchandise except for entries from Severstal.

Application of Facts Available

Section 776(a) of the Act provides that, if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or in the form or manner requested, significantly impedes a proceeding under the antidumping statute, or provides information which cannot be verified, the Department shall use, subject to sections 782(d) and (e) of the Act, facts otherwise available in reaching the applicable determination. Thus, pursuant to section 776(a) of the Act, the Department is required to apply, subject to section 782(d), facts otherwise available. Pursuant to section 782(e), the Department shall not decline to consider such information if all of the following requirements are met: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

Facts Available

Severstal

Section 776(a)(2)(B) of the Act requires the Department to use facts available when a party does not provide the Department with information in the form and manner requested or when necessary information is not available on the record. In this case, we find that Severstal failed to provide the Department with normal value data in the form and manner requested and that factors of production (FOP) data for each specific control number (CONNUM) were not available on the record.

As described below (*see* Comment 2), Severstal did not report CONNUM-specific FOP data as requested in the original and supplemental questionnaires and instead explained that the limitations of its accounting system prevented it from reporting FOPs

on a CONNUM-specific basis. Therefore, we find that the application of facts available for Severstal in the final determination is appropriate because Severstal's FOP data: (1) is not allocated sufficiently to discrete grades or qualities, resulting in NVs which are not accurate reflections of the grades to which they relate; and (2) does not measure the factors relevant to individual products actually being produced. We note that we were unable to adjust the reported FOPs due to the broad basis on which the costs were accumulated and the lack of information on the record on how to adjust these costs. As a result, the normal values calculated from Severstal's reported FOP database cannot serve as a reliable basis for reaching a final determination (*see* section 782(e)(3) of the Act), and we have instead relied on facts available for Severstal for this final determination.

Although the reported FOPs were not on a CONNUM-specific basis, we found that the FOPs reported by Severstal were consistent with the data kept by the company in the normal course of business. Also, in the aggregate, we did not find any reason to suggest that the reported costs did not accurately reflect the costs associated with all subject merchandise in its entirety. Therefore, as facts available, we have calculated one weighted-average normal value and compared all U.S. prices to the single normal value.

Notwithstanding the Department's decision to use Severstal's reported FOP data in this manner, this decision does not represent an endorsement by the Department of Severstal's methodology for reporting factor data. As explained in detail below in Comment 2, there are serious flaws in Severstal's methodology which render ineffective the Department's established methodology of calculating dumping margins on the basis of comparisons of sales prices for individual U.S. products to product-specific normal values. In particular, the Department is advising Severstal that the reporting methodology used in this investigation will be unacceptable for future segments of this proceeding. The use of Severstal's factor data in an administrative review, in which assessment rates for antidumping duties are calculated, could result in an understated margin due to the effects of averaging Severstal's FOP data into one normal value. In such future segments, Severstal risks the application of adverse facts available in the event that it fails to report FOP data that (1) is allocated sufficiently to discrete grades or qualities; (2) yields NVs which are reflective of the grades to which they relate; and (3) measures the factors of production of merchandise actually being produced.

Russia-Wide Rate

Section 776(a)(2)(A) of the Act requires the Department to use facts available when a party withholds information which has been requested by the Department. Additionally, section 782(i)(1) of the Act provides that the Department must rely on verified information for making a final determination in an antidumping duty investigation. In this case, some exporters of the single enterprise failed to respond to the Department's request for information and MMK and NISCO withdrew from the investigation prior to verification of their questionnaire responses. Thus, consistent with section 782(e)(2) of the Act, we have declined to consider information submitted by either MMK or NISCO (including information regarding their eligibility for separate rates) because it could not be verified. Pursuant to section 776(a) of the Act, in reaching our final determination, we have used total facts available for the Russia-wide rate because certain entities did not respond and we could not verify MMK's and NISCO's questionnaire responses.

Adverse Facts Available

Russia-Wide Rate

Section 776(b) of the Act provides that, in selecting from among the facts available, the Department may employ adverse inferences when an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information. *See* also ''Statement of Administrative Action'' accompanying the URAA, H.R. Rep. No. 103–316, 870 (''SAA''). The statute and SAA provide that such an adverse inference may be based on secondary information, including information drawn from the petition.

Because certain exporters in the single entity did not respond to our questionnaire and others (*i.e.*, MMK and NISCO) withdrew from this proceeding, we consider the single entity to be uncooperative. Therefore, the Department has determined that, in selecting from among the facts available, an adverse inference is appropriate. Consistent with Department practice in cases in which a respondent has been uncooperative, as adverse facts available, we have applied a margin based on information in the petition (*see* Comment 1 below and *Initiation Checklist: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Japan, Brazil, and the Russian Federation, Attachment: Revised NVs and Margins for Russia* (October 19, 1998) (''*Initiation Checklist*'')).

Section 776(c) of the Act provides that, when the Department relies on secondary information, such as the petition, as facts available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. The SAA clarifies that ''corroborate'' means that the Department will satisfy itself that the secondary information to be used has probative value (*see* SAA at 870). The SAA also states that independent sources used for corroboration may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation (*see id.*).

In order to determine the probative value of the petition margins for use as adverse facts available for the purposes of this determination, we have examined evidence supporting the petition calculations. In accordance with section 776(c) of the Act, to the extent practicable, we examined the key elements of the U.S. price and normal value calculations on which the petition margin was based. In corroborating U.S. price data, we compared the data used in the petition to the reported sales database of Severstal, the only Russian respondent whose questionnaire response was verified. In corroborating NV information, we made certain adjustments to account for surrogate values used in the final determination. Based on this analysis, we have corroborated the highest margin in the petition, as adjusted by the Department for this final determination. *See Facts Available Corroboration Memorandum*, date July 12, 1999.

For these reasons, we have chosen the highest petition margin, as adjusted, as the basis for using total adverse facts available for the single Russian entity. *See Facts Available Corroboration Memorandum*. The revised highest petition rate, which we have used as the Russia-wide rate, is 184.56 percent.

Fair Value Comparisons

To determine whether sales of hot-rolled steel products from Russia to the United States by Severstal were made at less than fair value, we compared the EP to the NV, as described in the ''Export Price'' and ''Normal Value'' sections of this notice.

Export Price

For Severstal, we preliminarily calculated EP in accordance with section 772(a) of the Act because the subject merchandise was sold to the first

unaffiliated purchaser in the United States prior to importation and constructed export price (''CEP'') methodology was not otherwise indicated. In accordance with section 777A(d)(1)(A)(i) of the Act, we compared POI-wide weighted-average EPs to the NV based on factors of production.

We calculated EP based on either packed FOB prices or FCA (free carrier) prices to unaffiliated trading companies. When appropriate, for FOB sales, we made deductions from the starting price for brokerage and handling. These services were assigned a surrogate value based on public information from *Certain Circular Welded Carbon Steel Pipe and Tube from Turkey. See Memorandum to Edward C. Yang; Re: Factor Valuation for Severstal, MMK, and Novolipetsk* (''*Factor Valuation Memo*''), dated February 22, 1999. We also made adjustments for foreign inland freight, which was valued using Polish transportation rates, since public information on Turkish values was unavailable. Because the mode of transportation reported by Severstal is proprietary, for a further discussion, *see Factor Valuation Memo* (proprietary version).

In a pre-verification correction, Severstal reported that certain sales were erroneously included in the sales database due to miscoding of the specification date. For the final determination, we excluded these sales for purposes of our margin calculation. *See Calculation Memorandum for the Final Determination for JSC Severstal from Lyn Baranowski to The File dated July 12, 1999* (''*Final Calculation Memo*'').

Normal Value

A. Factors of Production

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 an 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 Severstal with the following exceptions: Severstal's ''charge by-products,'' packing bands, and cleaning gas. For further discussions of these exceptions, *see Factor Valuation Memo, Final Calculation Memo.* We valued all the input factors using publicly available information as discussed in the ''Surrogate Country'' and ''Factor Valuations'' sections of this notice.

At verification, we discovered that Severstal did not include labor costs for supervisors, specialists, and administrative personnel in their calculation of labor expenses. We also note that there is no indication that the overhead ratio derived from the Turkish data is inclusive of factory overhead that includes these kind of employees. As facts available, we have adjusted the reported labor factor in the manner explained in the *Final Calculation Memo.*

At verification, we discovered that EAF slab inputs were overreported while BOF slab inputs were underreported at hot-shop two (*see Verification Report* at 16–17). We have determined that because the change has a minimal effect and the misreported slab inputs effectively offset one another, we will continue to value these inputs as reported. *See Final Calculation Memo.*

At verification, we additionally found that Severstal underreported the amount of recycled materials at two shops: at hot-shop two for certain products and at the sintering shop (*see* Verification Report at 17). We have continued to value the by-product as reported by Severstal, because the use of the reported values is conservative. *See Final Calculation Memo.*

We also discovered at verification that Severstal excluded one supplier of iron ore from its calculation of iron ore usage at the sintering shop, thereby underreporting iron ore usage for every CONNUM (*see* Verification Report at 17). Because of the complex calculations this change involves and because of its minimal effect, we have used the reported iron ore usage rates. *See Final Calculation Memo.*

We found at verification that Severstal underreported natural gas usage at hot-shop one (*see* Verification Report at 19), a change which affects all cost codes. As facts available, we recalculated natural gas usage for one cost code and applied the percent change for that cost code to all other cost codes for natural gas input. *See Final Calculation Memo.*

We also found at verification that Severstal underreported the benzoil by-product credit at the coke furnace. Because of the complex calculations this change involves and its minimal effect, and because the use of the reported by-product credit is more conservative, we have used the reported benzoil by-product credit. *See Final Calculation Memo.*

Finally, we note that in the preliminary determination, we included packing labor, as reported by Severstal, in overall packing cost. However, we have since found that Severstal included packing labor in the reported direct labor factor. Therefore, to avoid double-counting of packing labor, we reduced Severstal's direct labor factor by the packing labor factor. *See Final Calculation Memo* for additional details.

B. Factor Valuations

In the preliminary determination, we used Turkey as the surrogate country but said that we would re-evaluate that choice for the final determination. Although there is now more Polish information on the record, we are continuing to use Turkey as the surrogate country (*see* Comment 4).

The selection of the surrogate values was based on the quality and contemporaneity of the data. When possible, we valued material inputs on the basis of tax-exclusive domestic prices in the surrogate country. When we were not able to rely on domestic prices, we used import prices to value factors. When appropriate, we adjusted import prices to make them delivered prices. For those values not contemporaneous with the POI, we adjusted for inflation using producer or wholesale price indices, as appropriate, published in the International Monetary Fund's International Financial Statistics.

To value coal, iron ore concentrate, iron ore pellets, recycled materials, and scrap, we used public information published by the United Nations Trade Commodity Statistics for 1997 (''UNTCS''). Severstal did not provide information on the record regarding iron content for iron ore pellets; however, we determined at verification the iron content of Severstal's iron ore. For the final determination, we have continued to value iron ore pellets based on the same data as was used for the preliminary determination, because the iron content of the pellets for this data is comparable to the iron ore pellets used by Severstal. *See Factor Valuation Memo*, Attachment 6.

For limestone, coal tar, and kerosene, we used information from 1996 UNTCS. For packing, Severstal reported that it uses a certain material for bands, and we discovered at verification that the same material is used for fasteners. Therefore, we have used the 1996 UNTCS data for valuing bands and fasteners for the final determination.

We have valued by-products in the production of hot-rolled steel reported

by Severstal. We have valued non-solid by-products at their natural gas equivalents. We have valued solid by-products based on 1996 and 1997 UNTCS data.

For some of the energy inputs reported (natural gas, blast furnace gas, coke oven gas, and electricity), we relied on public information from ''Energy Prices and Taxes: 2nd Quarter 1998,'' published by the International Energy Agency, OECD.

For movement, because we were unable to obtain publicly available Turkish values, we used Polish transport information to value transportation for raw materials. Since the mode of transportation reported by Severstal is proprietary, for a full discussion of this issue, *see Factor Valuation Memo* (proprietary version).

For labor, we used the Russian regression-based wage rate at Import Administration's homepage, Import Library, Expected Wages of Selected NME Countries, revised in May 1999. Because of the variability of wage rates in countries with similar per capita gross domestic products, section 351.408(c)(3) of the Department's regulations requires the use of a regression-based wage rate. The source of this wage rate data on Import Administration's homepage is found in the *1998 Year Book of Labour Statistics*, International Labour Office (''ILO'') (Geneva: 1998), Chapter 5B: Wages in Manufacturing. This value differs from that used in the preliminary determination, because it reflects a more contemporaneous period.

As in the preliminary determination, to value overhead, general expenses and profit, we used public information reported in the 1997 financial statements of Eregli Demir ve Celik Fabrikalari TAS (''Erdemir''), a Turkish steel producer. We adjusted Erdemir's depreciation expenses for the effects of high inflation, and we reduced its financial expenses by including estimated short-term interest income and excluding estimated long-term foreign exchange losses. For a further discussion of this issue, see Attachment 10 of the *Factor Valuation Memo*.

For the final determination, we adjusted Erdemir's profit ratio to account for the adjustment made to the financial expense ratio, as explained above. For a further explanation, *see* Comment 4 below and the *Memorandum from Lyn Baranowski and Bill Jones to Rick Johnson* dated July 12, 1999 (''*Final Cost Memo*'').

Verification

As provided in section 782(i) of the Act, we verified the information submitted by Severstal for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records and original source documents provided by respondents. Our findings are contained in the *Verification Report*.

Critical Circumstances

Section 735(a)(3) of the Act provides that, in a final determination, the Department will determine whether: (A)(i) there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and that there would be material injury by reason of such sales; and (B) there have been massive imports of the subject merchandise over a relatively short period.

1. History or Knowledge of Dumping and Material Injury

In determining whether there is a history of dumping and material injury by reason of dumped imports, the Department considers evidence of an existing antidumping order on hot-rolled steel from Russia in the United States or elsewhere to be sufficient. In this case, petitioners alleged that Chile, Indonesia, and Mexico all have current antidumping duty orders covering hot-rolled steel from Russia. Our research shows that the Chilean antidumping order is no longer in effect; therefore, we are not considering it for purposes of this determination. However, presently, there are antidumping duty orders in effect in Indonesia and Mexico on Russian hot-rolled steel. As a result, we find that with respect to hot-rolled steel from Russia, there is a history of dumping causing material injury. Since we have found a history of dumping causing material injury with respect to Russia, there is no need to examine importer knowledge.

2. Massive Imports

In order to determine whether imports of the merchandise have been massive over a relatively short period, in accordance with 19 CFR 351.206(h), we consider: (1) volume and value of the imports; (2) seasonal trends (if applicable); and (3) the share of domestic consumption accounted for by the imports.

When examining volume and value data, the Department typically compares the export volume for equal periods immediately preceding and following the filing of the petition. Consistent with 19 CFR 351.206(h), unless imports in the comparison period have increased by at least 15 percent over the imports during the base period, we normally will not consider the imports to have been ''massive.'' In addition, pursuant to 19 CFR 351.206(i), the Department may use an alternative period if we find that importers, exporters, or producers had reason to believe, at some time prior to the beginning of the proceeding, that a proceeding was likely. In this case, petitioners argue that prior to the filing of the petition, importers, exporters, or producers of Russian hot-rolled steel had reason to believe that an antidumping proceeding was likely. We find that press reports, particularly in March and April 1998, indicate that, by the end of April 1998, importers, exporters, or producers knew or should have known that a proceeding was likely concerning hot-rolled products from Russia (*see Final Critical Circumstances Memo*). Therefore, to determine whether imports of subject merchandise have been massive over a relatively short period, we examined Severstal's export volumes from May–September 1998, as compared to December 1997–April 1998 and found that there were massive imports from Severstal over this period. Because this analysis involves proprietary information, *see* the *Final Critical Circumstances Memo* for additional details.

Concerning seasonal trends, we have no reason to believe that seasonal trends affected the import levels in this case. Therefore, in determining whether imports were massive over the ''relatively short period,'' we did not analyze the affects of seasonal trends.

When examining the share of domestic consumption accounted for by the imports from Severstal, we find that Severstal accounted for an increasing percentage of the U.S. market from the period December 1997–April 1998 when compared to May 1998–September 1998. As this analysis involved proprietary information, please refer to the *Final Critical Circumstances Memo* for additional details.

Based on the history of dumping causing material injury with respect to Russia and the massive imports noted above, the Department determines that critical circumstances exist for Severstal.

3. Russia-Wide Entity Results

With respect to companies subject to the Russia-wide rate (which will apply to NISCO, MMK, and companies which

did not participate in the investigation), we have determined that there is a history of dumping and material injury by reason of dumped imports because we found evidence of existing antidumping duty orders on hot-rolled steel from Russia in Indonesia and Mexico (*see* discussion above). Since we have found a history of dumping causing material injury with respect to Russia, there is no need to examine importer knowledge.

In order to determine whether imports of the merchandise have been massive over a relatively short period, in accordance with 19 CFR 351.206(h), we have examined the volume and value of the imports in question in the manner described above and find that there was a 98 percent increase in imports from the Russia-wide entity from May-September 1998, as compared to December 1997-April 1998. *See Final Critical Circumstances Memo* for an additional description.

Concerning seasonal trends, we have no reason to believe that seasonal trends affected the import levels in this case. Therefore, in determining whether imports were massive over the ''relatively short period,'' we did not analyze the affects of seasonal trends.

When examining the share of domestic consumption accounted for by the imports from the Russian entity, we find that imports from Russia accounted for an increasing percentage of the U.S. market from the period December 1997—April 1998 when compared to May 1998-September 1998. Based on our analysis of these criteria, we have determined that there were massive imports from the Russia-wide entity over this period.

Based on the history of dumping causing material injury with respect to Russia and the massive imports noted above, the Department determines that critical circumstances exist for the Russia-wide entity.

Interested Party Comments

Comment 1: Adverse Facts Available for MMK and NISCO

Petitioners assert that the Department should draw an adverse inference from MMK's and NISCO's withdrawal and base the final margins for these companies on the highest individual margins calculated for each in the Department's preliminary determination. Specifically, petitioners maintain that the statute requires that the Department ''use the facts otherwise available in reaching the applicable determination'' when an interested party ''provides such [necessary] information but the information cannot be verified as provided in section 1677m(i) of this title.'' 19 U.S.C. 1677e(a) (section 776(a) of the Act). Likewise, citing the *Notice of Final Determination of Sales at Less Than Fair Value: Steel Wire Rod from Venezuela*, 63 FR 8946, 8947 (February 23, 1998) (''*Steel Wire Rod from Venezuela*'') and *Final Determination of Sales at Less Than Fair Value: Vector Supercomputers From Japan*, 62 FR 45623, 45623, 45625–45 (August 28, 1997) (''*Vector Supercomputers*''), petitioners contend that it is the Department's longstanding practice to use total facts available to establish the dumping margin when the party prevents the Department from verifying its data and withdraws from participation in an investigation. Finally, petitioners argue that in its application of facts available, the Department should draw an adverse inference based on MMK's and NISCO's failure to cooperate to the best of their ability. They claim that the statute and Departmental practice support drawing an adverse inference when a respondent has withdrawn, citing 19 U.S.C. 1677e(b) (section 776(b) of the Act); *Steel Wire Rod from Venezuela* at 63 FR 8947; and *Vector Supercomputers* at 62 FR 45625–45626. Also, petitioners maintain that central to the Department's use of facts available is the need to ensure that a respondent does not benefit from its refusal to cooperate. Citing *Notice of Final Results and Partial Recission of Antidumping Duty Administrative Review; Roller Chain, Other than Bicycle, from Japan*, 62 FR 60472, 60477 (November 10, 1997), petitioners assert that in considering whether the selected facts available are sufficiently ''adverse,'' one factor the Department considers is the ''extent to which a party may benefit from its own lack of cooperation.'' Without the application of adverse inferences, petitioners assert that MMK and NISCO stand to benefit from their refusal to cooperate.

Respondents MMK and NISCO did not comment.

Department's Position

We agree in part with petitioners. We find that, with respect to MMK and NISCO, for the reasons discussed above in the Facts Available section, we are applying facts available and have determined that an adverse inference is appropriate. However, we disagree with petitioners' proposal to use the highest individual margins calculated in the preliminary determination. Under section 782(i)(1) of the Act, the Department must rely on verified information for making a final determination in an antidumping duty investigation. MMK's and NISCO's withdrawal prior to verification of their questionnaire responses prevents the Department from using their information to calculate a weighted-average margin for our final determination. In addition, the Department does not normally use any of such information as facts available. We also note that because MMK's and NISCO's information could not be verified, they are not entitled to a separate rate in this proceeding. As such, MMK and NISCO are part of the Russia-wide entity, as explained above in the *Facts Available* section of this notice. Moreover, contrary to petitioners' claims, using MMK's and NISCO's unverified information as the basis for the final margin could potentially benefit them by assigning a margin lower than what would have been calculated using verified information. As noted above, in cases such as this one, the Department relies on the facts otherwise available, normally data from the petition, in making its determination. In this instance, we have no basis to depart from this practice. Therefore, we find that the highest rate alleged in the petition, as corroborated by the Department, is the appropriate facts available rate in this determination.

Comment 2: Severstal's Factors of Production Methodology

Petitioners state that section 776 of the Act mandates that the Department employ total facts available if ''necessary information is not on the record,'' respondent's information ''cannot be verified,'' or if respondent ''fails to provide information...in the form and manner requested'' (*see* 19 U.S.C. 1677e(a)). Petitioners claim that in this proceeding, each of these statutory criteria is satisfied and the Department must employ facts available for Severstal as a result.

First, petitioners claim that for some of its U.S. sales, Severstal failed to report yield strength, despite being instructed to do so twice by the Department (referencing *Sections C and D Questionnaire* (October 30, 1998) (*Questionnaire*) at C–10 and V–4 and the *Sections C and D Supplemental Questionnaire* (January 4, 1999) (*Supplemental Questionnaire*) at number 10). Petitioners argue that Severstal's explanation that yield strength was not reported when the relevant specification did not require yield strength is unpersuasive; a qualified metallurgist, they claim, could determine the likely yield strength of every ASTM grade reported by

Severstal. Alternatively, petitioners cite what they claim to be a standard reference work which would permit extrapolation of the yield strength of numerous steel products (*Modern Steels and Their Properties: Carbon and Alloy Steel Bars*, 6th Ed., Bethlehem Steel Corporation (1961)). Petitioners suggest applying facts available to Severstal's U.S. sales dataset by matching all sales where Severstal reported a ''4'' for yield strength to COSTCODE ''1,'' the COSTCODE which contains the highest reported factor usage amounts in the factors of production (FOP) database.

Second, Severstal's failure to report CONNUM-specific (model-specific) FOPs, as requested by the Department (*see* the *Questionnaire* at C–42 and D–3 and the *Supplemental Questionnaire* at number 38) merits facts available treatment, petitioners contend. Petitioners point out that products were assigned to seven cost codes based on broad categories which do not match the Department's model match criteria. Petitioners assert that Severstal's cost codes do not account for yield strength, width, pickling, or edge trimming. Additionally, petitioners contend that Severstal does not classify its products based on the characteristics of merchandise actually produced. Instead, products are classified on the basis of the requirements contained in the order specification and costed in this manner. Costs, therefore, reflect merchandise grouped together at the time the order is placed, and do not reflect the cost of the merchandise actually produced, which can vary from the original order.

Petitioners assert that Severstal's claim that it was unable to report CONNUM-specific factors is unavailing. Petitioners state that most companies, in the normal course of business, do not maintain data that corresponds to the product groups identified by the Department for purposes of the margin calculation. Respondents routinely allocate costs maintained in their normal accounting records to CONNUMs, petitioners argue. According to petitioners, Severstal has made no attempt to allocate costs in this manner, and therefore the Department should not allow Severstal to be exempt from these fundamental reporting requirements. Petitioners assert that these requirements are consistent with instructions to every respondent in antidumping proceedings (citing *Final Results of Antidumping Duty Administrative Review: Certain Cut-to-Length Carbon Steel Plate from Mexico*, 64 FR 76, 77–78 (January 4, 1999)).

Petitioners argue that Severstal could have derived the total volume of each input used to produce subject merchandise and, using information on which CONNUMs require more or less of a given input, could have arrived at an allocation which would allow CONNUM-specific factor reporting. Severstal's failure to attempt this kind of exercise indicates that Severstal did not act to the best of its ability in reporting factors, petitioners assert.

Another point raised by petitioners is that there are numerous inconsistencies with respect to Severstal's assignment of cost codes to CONNUMs. For example, petitioners assert that Severstal has assigned distinct grades and qualities of steel to the same cost code, indicating that the cost associated with producing each of these grades is the same. Additionally, petitioners contend that Severstal has assigned distinct grades to one CONNUM, indicating that the physical characteristics of these grades are the same. Petitioners also contend that the factor amounts (and resulting total manufacturing costs and normal values) reported by Severstal do not appear to bear any relationship to the products for which they were reported. Finally, petitioners maintain that Severstal's reporting of its internal product information is inconsistent between cost codes and the corresponding product codes.

In summary, petitioners believe that 1) Severstal's reported factors and costs bear no relationship to CONNUMs; 2) Severstal has failed to provide information requested by the Department; and 3) the information that Severstal did provide is inconsistent, inaccurate, and unreliable. As a result, petitioners argue that the normal values derived from Severstal's factors ''cannot serve as a reliable basis for reaching the applicable determination'' and that the submitted costs cannot ''be used without undue difficulties'' (citing section 776 of the Act). Therefore, petitioners maintain that total adverse facts available is warranted for Severstal in this proceeding.

Concerning the reporting of yield strength for U.S. sales, Severstal contends that reported yield strength plays no role in the calculation of Severstal's margin and, therefore, Severstal's failure to report yield strength for all sales does not effect the outcome of this proceeding. Severstal maintains that because U.S. sales are not matched to home market sales on the basis of physical characteristics in an NME case, precise reporting of all the product characteristics used to generate CONNUMs is not necessary. Severstal additionally states that the Department verified that yield strength plays no role in the calculation of FOPs and that Severstal did report yield strength to the best of its ability. Severstal states that although a metallurgist could have determined likely yield strength for the sales for which no yield strength was reported, Severstal, in accordance with the Department's instructions, reported yield strength only where there was documentary evidence for such an assignment, and not based on unverifiable estimates by Severstal personnel. As such, Severstal urges the Department to dismiss petitioners' request for facts available treatment due to the failure to report yield strength for all U.S. sales.

Severstal claims that petitioners' second argument, that the Department should apply total adverse facts available to Severstal's cost system, should be rejected by the Department. Severstal first states that it reported its factors of production to the greatest level of detail permitted by the applicable Factory Cost Ledgers. Severstal asserts that it accurately assigned the factors to individual U.S. sales by identifying the physical characteristics of the merchandise sold against the definition of the products included within its product groups. Severstal states that it assigned FOPs to individual transactions on the basis of cost codes because that is most representative of the manner in which it conducts business. Severstal contends that it cannot allocate factors calculated according to the internal product groups to individual CONNUMs. Should the Department decide to calculate an average cost on the basis of CONNUM, Severstal argues that it would need only to calculate a simple average of the cost codes assigned to transactions with the same CONNUM in Severstal's U.S. sales database (consistent with the approach taken for the preliminary determination).

Severstal argues that if petitioners are suggesting that a more complex method of allocating factors to individual CONNUMs is possible in this case, then petitioners misunderstand the record in this case. Severstal states that: (1) Its records permit it to identify the volume of inputs in each of the cost code groupings included in the Factory Cost Ledgers; (2) it does not know whether the production of certain CONNUMs requires more or less of a given output; and (3) it is impossible, based on their system, for the company to rank the factor inputs required to produce each of the reported CONNUMs. Severstal contends that petitioners offer many proposals concerning what Severstal should have done in the abstract, but do not offer any suggestions regarding how these proposals would be implemented. Severstal states that its cost system

simply does not have a framework that would allow it to allocate its factors to CONNUMs.

Severstal states that the inconsistencies to which petitioners refer each have logical explanations. Where Severstal has assigned distinct grades and qualities to the same cost code, Severstal states that the Department verified that these grades are pooled within the same cost code category in the normal course of business. Where Severstal has assigned distinct grades to the same CONNUM, Severstal states that it is possible for different grades to have the same physical characteristics, which is the basis for assigned CONNUMs. Pursuant to petitioners' claim that the factor input amounts do not appear to have any relationship to the product to which they relate, Severstal asserts that its dataset reveals that some of the individual FOPs assigned to the cost codes do differ and that in these cases, the fact that the total manufacturing costs are similar is pure coincidence. Concerning petitioners' argument that there are inconsistencies in Severstal's reporting of cost codes and product codes, Severstal states that the inconsistency to which petitioners refer is simply caused by petitioners' misunderstanding of the cost code group to which they refer.

In summary, Severstal argues that the Department should find that: (1) Severstal does not maintain FOP information on a CONNUM-specific basis; (2) it submitted factors data to the greatest level of detail permitted by its normal books and records; and 3) Severstal's reporting system is complete and reliable. As such, Severstal contends that the Department should reject petitioners' demand for adverse facts available treatment for Severstal in the final determination.

Department's Position

We agree, in part, with petitioners and disagree with respondents. We determine that the application of facts available is appropriate, because Severstal repeatedly failed to provide CONNUM-specific FOP data and the data which it did supply did not reasonably reflect the actual costs of producing the subject merchandise during the POI.

For purposes of calculating margins in an NME proceeding, the Department first calculates weighted-average U.S. prices by model (*i.e.*, by CONNUM) and compares these prices to NVs by CONNUM created from a respondent's FOP data. The respondent's U.S. sales database includes product characteristic data, which the Department instructs respondent to use in reporting CONNUM-specific FOP data. In both the original and supplemental questionnaires in this proceeding, the Department instructed Severstal to report CONNUM-specific FOP data; however, Severstal stated that its accounting system did not allow it to develop CONNUM-specific FOP data. In fact, for 61 distinct CONNUMs (as defined in accordance with the Department's instructions), Severstal calculated only seven discrete sets of factors and assigned each CONNUM one (or more) of these seven sets of factors. At verification, the Department found that, even when using Severstal's own overly general FOP reporting methodology, Severstal could have calculated eleven discrete sets of factors based on the system it employed to report FOP data; however, Severstal chose to combine several of its internal product classification categories to report only seven.

The Department's review of Severstal's accounting system revealed that the company does not assign product-specific costs to each of the models reported in the sales database. In order to comply with the Department's CONNUM-specific FOP reporting requirements, an allocation of usages to grades would have been necessary (although not necessarily sufficient). Severstal failed to develop a reasonable allocation methodology for purposes of this proceeding and instead reported FOPs based on internally recorded costs. Specifically, at verification, the team found that, in its normal course of business, Severstal pools its costs into broad categories. These categories do not correspond to international commercially-acceptable standards (upon which the Department's product concordance is based). For example, merchandise which was reported as ''commercial'' quality in Severstal's U.S. sales database is assigned to multiple sets of cost categories. The considerable overlap in Severstal's internal designations and Severstal's failure to develop a methodology to relate internal costs to the Department's product concordance characteristics (such as ''quality'') resulted in FOP reporting which has little to do with the reported product characteristics for the U.S. sales. For an in-depth discussion of this issue, *see Final Calculation Memo* (proprietary version) and the attached tables. It is clear that a comparison of normal values calculated from overly general, and often inconsistent, factor information would result in an inaccurate margin calculation.

Given the nature of the FOP data on the record, it is not feasible for the Department to develop accurate CONNUM-specific FOPs using Severstal's data. The normal values calculated for the preliminary determination, which are based on Severstal's reported factor information, are not accurate depictions of the costs for merchandise to which they purport to relate. Specifically, the Department's analysis of Severstal's normal values reveals anomalies in the relative costs, based on the steelmaking process. For specific examples of anomalies in the relative costs, *see Final Calculation Memo* (proprietary version). These anomalies result directly from the reported FOPs. This review of Severstal's normal values indicates that Severstal's cost reporting system did not accurately associate cost differences (and thus usages) to particular grades and qualities of steel.

An additional problem is that Severstal's cost system does not track costs of merchandise actually produced; rather, it tracks the cost of merchandise as ordered by the customer. At verification, we found that when a product is ordered, it is assigned a product grouping and costed within the assigned grouping, regardless of the actual production or chemical composition of the finished product. Specifically, the Department verified one instance in which two customers ordered products which were categorized within separate cost categories. However, notwithstanding the merchandise's chemical composition at the time of production and shipment (the mill certificates indicate that the merchandise was, in all relevant aspects, identical), each product was costed within the product group it was assigned when the customer placed the order. *See Final Calculation Memo.* Therefore, we conclude that Severstal's reported ''product-specific'' FOP data, do not reflect merchandise actually produced.

In sum, Severstal did not report CONNUM-specific FOP data as requested in the original and supplemental questionnaires and instead explained that the limitations of their accounting system prevented them from reporting FOPs on such a basis. Severstal made no attempt to develop an alternative methodology that would allow the company to assign production factors on a more consistent, product-specific basis, despite the Department's expressed concern with the overly generalized FOP methodology used. Therefore, we find that the application of facts available for Severstal in the final determination is appropriate because Severstal's FOP data: (1) Is not allocated sufficiently to discrete grades

or qualities, resulting in NVs which are not accurate reflections of the grades to which they relate; and (2) does not measure the FOPs of merchandise actually being produced. As a result, the normal values calculated from Severstal's FOP database, as reported, cannot serve as a reliable basis for reaching a final determination (*see* 776(e)(3) of the Act), and we are instead relying on facts available for Severstal for this final determination in the manner described above (*see* Facts Available section of this notice).

With respect to petitioners' argument that the Department should apply total adverse facts available, we find that the use of adverse facts available is not appropriate in this case notwithstanding the deficiencies in Severstal's Section D response. As stated above, the Department verified that, in its normal course of business, Severstal records costs on the basis of the above-described product groups. Thus, while necessary information is not available on the record to calculate CONNUM-specific normal values for Severstal, we cannot conclude that Severstal failed to cooperate by not acting to the best of its ability. That is, the Department finds no reason to conclude that Severstal did not make a good faith effort to report the requested FOP data utilizing an internal system which it believed to be adequate. As noted above, the need to resort to facts available stems from the fact that the data Severstal provided, calculated based on an inadequate internal accounting system, is unuseable.

We also disagree with petitioners' argument that the Department should apply adverse facts available for those sales where there is no specified minimum yield strength by assigning to them the cost code with the highest reported factor of production inputs. As noted by Severstal, it relied on ASTM grade descriptions to determine the yield strength of the merchandise sold to the United States, and in cases where the ASTM description did not include a description of yield strength of the covered product, it coded those sales as having no specified yield strength. At verification, the Department asked Severstal personnel why there was no specified yield strength for the ASTM A–569 specification despite the fact that the ASTM book maintained by the Department specifies a yield strength for A–569. We verified that the ASTM A–569 specification used during the POI (1993 version) does not require yield strength. *See Verification Report* at pg. 10. Based on the above, we do not find that application of adverse facts available is appropriate for those sales with no specified yield strength. Furthermore, the Department's decision to calculate one weighted-average normal value renders the lack of a yield strength insignificant.

Comment 3: Surrogate Freight Value

Petitioners argue that, should the Department not employ total adverse facts available for Severstal, then it must revise the surrogate rail freight information. Petitioners argue that due to the size of Russia as compared to Poland, a rate schedule for a country the size of Russia would include rates for distances greater than 1200 kilometers. Accordingly, petitioners contend that it is inappropriate to base the freight rates for distances greater than 1200 kilometers on rates that reflect the limited traveling distances within Poland. For the final determination, petitioners urge the Department to recalculate the freight rate for distances exceeding 1200 kilometers by dividing the per-metric ton rate by 1200 and multiplying the resulting amount by the relevant distance.

Severstal first argues that the tariff chart used to derive the freight rates clearly shows that as the distance over which freight is transported increases, the per-kilometer tariff rate decreases. Therefore, Severstal argues, the Department's use of the per-kilometer rate equivalent to 1200 kilometers used to value shipments which travel more than 1200 kilometers is appropriate; the incrementally smaller per-kilometer tariff for shipments at greater distances properly reflects the fact that as the distance increases, the shipping expense declines.

Second, Severstal contends that to calculate and apply a per-kilometer freight value to transportation in Russia based on the distance categories in Poland would improperly penalize Russia for its size. Severstal maintains that the Department should not assume that the per-kilometer freight cost incurred in the shorter distances in smaller countries would apply to the distances in Russia.

Finally, Severstal argues that nothing in the information obtained from the Polish source suggests that if longer distances existed in Poland, the tariffs that would apply to shipments over those longer distances would be calculated as a straight per-kilometer amount based on the tariff for 1200 kilometer shipments. Severstal states that the evidence on the record suggests that for distances greater than 1200 kilometers, the flat rate shown in the Polish tariff chart applies. In Severstal's opinion, the Department should maintain the methodology established for the preliminary determination in valuing surrogate freight expenses.

Department's Position

We agree with respondents that our calculation of surrogate freight rates in the preliminary determination was appropriate based on the information on the record for this proceeding. Because none of the relevant distances exceed 1200 kilometers, this issue with respect to Severstal is moot (*see Final Calculation Memo*). For the final determination, we have continued to apply the same methodology adopted in the preliminary determination in valuing surrogate freight.

Comment 4: Surrogate Country Selection

Severstal argues that the Department should use Poland as the primary surrogate country for the final determination in this proceeding. Severstal notes that in the preliminary determination, the Department relied on information from Turkey as the primary surrogate, stating that although Turkey and Poland are economically comparable and are both significant producers of subject merchandise, Turkey was preferable due to data (specifically, financial data) availability. Severstal notes that it submitted information clarifying the data from Poland on both February 2 and April 2, 1999. Additionally, the April 2, 1999 submission contains a complete set of surrogate values which are reasonably contemporaneous and publicly available, Severstal maintains. Therefore, Severstal urges the Department to reconsider the selection of surrogate country.

Severstal argues that Poland is superior to Turkey as a surrogate country when examining other criteria used by the Department in past cases. Specifically, Severstal contends that the distribution of the labor force in Poland is more similar to that in Russia than is the labor force distribution in Turkey.

Moreover, Severstal maintains that financial data from Erdemir, upon which the Department relied in the preliminary determination, is flawed for a number of reasons. First, Severstal argues that the depreciation figure used is inflated because a substantial portion of the amortization amount resulted from the revaluation of assets required to counteract the impact of hyperinflation in 1997. Although the Department adjusted depreciation for the preliminary determination, Severstal contends that the Department should not burden itself with the complexities that arise from the use of a hyperinflationary economy like Turkey

as the primary surrogate when an alternative exists that meets all the criteria for an acceptable surrogate and is not hyperinflationary.

Second, Severstal argues that the depreciation would need to be additionally reduced to account for an additional adjustment noted in the Auditor's Opinion of Erdemir's financials. Severstal notes that the Department instructed petitioners to recalculate depreciation to account for this reduction for the purposes of initiation (*see Supplemental Questionnaire on Petition on Certain Hot-Rolled Carbon Steel Flat Products from the Russian Federation*, 8–9 and Attachment L (October 9, 1998) (*Supplemental Questionnaire on Petition*)), and petitioners recalculated depreciation accordingly. However, for the preliminary determination, Severstal argues, the Department did not reduce depreciation to account for this reduction. Severstal argues that the Department's failure to do so should be corrected for the final determination.

Additionally, Severstal contends that the financial ratio calculated by petitioners was ''swollen'' due to aberrational foreign exchange differences. Although Severstal admits that the Department corrected for this problem in the preliminary determination, Severstal again contends that the Department should not burden itself with the complexities that arise from the use of a hyperinflationary economy like Turkey as the primary surrogate when an alternative exists that meets all the criteria for an acceptable surrogate and is not hyperinflationary.

Severstal also argues that the financing expenses portion of the financial ratio and the development expenses were aberrational due to the massive construction and development projects ongoing at Erdemir. Severstal contends that Erdemir is not an appropriate surrogate due to the fact that its productive assets are new and expanding while Severstal's assets are contracting. Erdemir's data, in Severstal's view, is aberrational when compared to the Russian industry and should therefore not be used for the final determination (citing *Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from Poland*, 59 FR 37205, 37207 (July 9, 1993), *Final Determination of Sales at Less Than Fair Value: Saccharin from the People's Republic of China*, 59 FR 58818, 58820 (November 15, 1994), *Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from the People's Republic of China*, 62 FR 61964, 61987 (November 20, 1997) and *Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from Ukraine*, 62 FR 61754, 61764 (November 19, 1997)).

Severstal argues that the Department should not accept Erdemir's data for the overhead expense ratio calculation, because that calculation is based on what Severstal believes to be unsubstantiated and unaudited figures contained in a fax from Erdemir to counsel for petitioners. Severstal maintains that this overhead data does not meet the Department's preference for publicly available information.

Severstal argues that the reliance on Erdemir's expense category for the overhead expense ratio calculation may double-count some of the expenses (all energy inputs other than natural gas, fuel oil, and electricity, which are broken out separately) that Severstal has reported as individual FOPs. Severstal speculates that the other energy types not specifically listed are included in either the ''general materials'' or ''other operating expenses'' figures in Erdemir's chart. Severstal contends that the inclusion of the entire amount of the two expense categories as well as Severstal's full range of energy factors would effectively double-count all of the energy categories listed by Severstal beyond the three mentioned in Erdemir's list (natural gas, fuel oil, and electricity).

For the above reasons, Severstal urges the Department to select Poland as the primary surrogate country in this proceeding.

Petitioners argue that the Department's use of Turkey as the surrogate country in this proceeding is within its statutory mandate, citing 19 U.S.C. 1677b(c)(4) (section 773(c)(4) of the Act). Specifically, petitioners submit that Turkey is: (1) at a level of economic development comparable to Russia; and (2) a significant producer of hot-rolled steel. Furthermore, data from Turkey is publicly available, fulfilling another of the Department's preferences in selecting surrogate values, petitioners claim.

Petitioners maintain that Severstal's data supporting its argument that the distribution of Poland's labor force is more similar to Russia's than is Turkey's is unavailing. Specifically, they state that Severstal's argument that the Turkish economy is less developed than the Polish economy is contradicted by Severstal's statement that the Turkish steel industry is new and expanding.

Concerning the merits of the financial data, petitioners believe that Erdemir's financial data is much more reliable than that of the Polish producer, Sendzimira. Petitioners submit that there is no indication that the untranslated Sendzimira financial report submitted on April 2, 1999 was ever made available to the public, raising the issue of whether the information contained therein is publicly available. Regardless of its availability, petitioners argue that there is no indication that any of the Sendzimira information was examined by an independent auditor and therefore there is no confirmation that the data conforms with Poland's generally accepted accounting principles (GAAP). Additionally, petitioners argue that the financial statements are not accompanied by notes, which are necessary to understand the methods used to derive the information provided in the financial statements.

Third, petitioners point out that Sendzimira's financial information does not segregate the manufacturing and non-manufacturing components of expenses, and many of the expense accounts (such as labor and other operating costs) are incurred for both manufacturing and non-manufacturing costs. Petitioners claim that it is necessary to segregate the manufacturing and non-manufacturing components because the depreciation, SG&A and interest expense ratios used by the Department are derived from only the manufacturing expenses (*i.e.*, cost of sales) portion. An accurate calculation of financial ratios depends on accurate identification of the expenses, argue petitioners.

In addition, petitioners argue that Severstal overstated manufacturing expenses and understated SG&A in the worksheets in which it calculated financial ratios. As a result, petitioners argue, Sendzimira's financial statements are inaccurate, incomplete, and invalid and should be rejected for the final determination.

Unlike the Polish financial data, petitioners argue, Erdemir's financial data are audited, accompanied by notes, and separately identify many detailed accounts on the income statement. First, petitioners refute Severstal's argument that there are anomalies within Erdemir's financial data which render the data unuseable. Petitioners state that Erdemir's currency exchange losses and its adjustment of depreciable assets to account for inflation reflect ordinary financial activity, for which the Department made simple adjustments in the preliminary determination.

Concerning the calculation of depreciation, petitioners state that the Department already adjusted Erdemir's depreciation ratio to account for the effects of inflation in the preliminary

determination. Petitioners also argue that the Department should not reduce Erdemir's depreciation expense to account for an item mentioned in the company's auditor's letter, as requested by Severstal. Petitioners contend that, as they informed the Department in the supplemental questionnaire response on the petition (*see* the submission dated October 9, 1998 at pp. 8–9), this item in the auditor's statement indicates that Erdemir's change in depreciation practice was not approved by the Turkish tax authorities and as a result, the lower depreciation figure was not employed in reporting depreciation on the financial statement. Petitioners, therefore, claim that Severstal's requested adjustment to depreciation is inappropriate.

Concerning the calculation of financial expenses, petitioners state that the Department already adjusted Erdemir's financial expense ratio to account for non-current assets (principal foreign exchange differences) in the preliminary determination. Petitioners therefore claim that Severstal's requested adjustment to the financial expenses ratio is inappropriate.

Concerning the calculation of overhead, petitioners contend that the information upon which the Department relied to calculate overhead in the preliminary determination is as publicly available as is the Polish financial information placed on the record by Severstal. Moreover, petitioners argue that this information is the only information on the record relating to factory overhead.

With regard to Severstal's claim that the Department's overhead calculation may double-count energy costs, petitioners argue that there is no evidence that the ''other operating expenses'' category includes any additional sources of energy. Petitioners state that it is likely that Erdemir grouped the costs of all energy sources into three major categories (natural gas, electricity, and fuel oil), which it separately identified in its breakout of the components of cost of sales. Petitioners argue that natural gas, fuel oil, and electricty account for a substantial percent of energy costs included in the calculation of normal value and that the energy costs not broken out on Erdemir's financials could not exceed the remaining portion not accounted for in the cost buildup of NV.

Finally, petitioners note that the Department should have made an upward adjustment to Erdemir's profit amount in the preliminary determination to offset the Department's downward adjustment to Erdemir's reported financial expense and request that the Department, to the extent that it makes a downward adjustment to Severstal's financial expense amount in the final determination, make a corresponding upward adjustment to Erdemir's profit amount.

Department's Position

In determining a surrogate country for use in a NME proceeding, the Department, in accordance with section 773(c)(4) of the Act, shall value a respondent's factors of production at the prices or costs in a surrogate country that is at a comparable level of economic development and is a significant producer of comparable merchandise. In the event that more than one country satisfies both of the statutory criteria, the Department may choose a single country on the basis of data availability. For the preliminary determination in the instant case, we used Turkey as the primary surrogate country, stating that the data from Turkey is superior to that from Poland (*see Preliminary Determination* at 64 FR 9315). However, we stated in the *Preliminary Determination* that we would reexamine this issue for this final determination should parties submit additional information.

Having examined the new information placed on the record concerning the Sendzimira financial statements, we have decided to continue to use Turkey as the primary surrogate country for the final determination. In this case, we find that the financial statements from the Turkish producer Erdemir are more reliable than those from the Polish producer Sendzimira.

First, concerning the distribution of the labor forces, the Department considered all of the countries included in the *Memorandum from Jeff May to Rick Johnson on Nonmarket Economy Status and Surrogate Country Selection* dated December 21, 1998 (''*Policy Surrogate Memo*'') to be equally comparable in terms of economic development (*see* page 1 of *Policy Surrogate Memo*). We did not determine any country included in the *Policy Surrogate Memo* to be preferable for surrogate country purposes to any other included therein on the basis of distribution of labor forces. Furthermore, as noted in the *Surrogate Country Selection Memorandum* dated February 22, 1999 (''*Surrogate Country Selection Memo*''), the Department finds that the fact that the World Bank did not indicate the percentage of the Russian labor force in agriculture in its World Development Report for 1998/99 to be a strong indicator of the lack of knowledge concerning the present labor distribution in Russia. *See Surrogate Country Selection Memo*.

Concerning the Erdemir financial statements, we first note that many of the alleged problems with Erdemir's financial data that Severstal cites were remedied by the Department for the preliminary determination. Specifically, in the preliminary determination, the Department: (1) adjusted the depreciation figure to account for the revaluation of assets required to counteract the impact of hyperinflation in 1997; and (2) adjusted Erdemir's financial expense ratio to account for non-current assets (principal foreign exchange differences).

Concerning Severstal's argument that depreciation should be further adjusted to account for an additional adjustment noted in the Auditor's Opinion, we agree with petitioners that although we adjusted depreciation in this manner for the initiation of this investigation, we now find that the statement in the Auditor's Opinion at issue indicates that Erdemir revised its useful life estimates in 1996 but then reverted to the original useful lives because it was unable to obtain approval from the Turkish tax authorities for the revision. Thus, we believe that the amount reported for depreciation on the financial statements reflects the useful lives of Erdemir's fixed assets. The depreciation expense listed on the financial statements, therefore, should not be reduced because Erdemir has not received approval for the revisions to the useful lives of its assets.

We find that Severstal's argument that Erdemir is not an appropriate surrogate because its assets are expanding due to construction and development projects, and that this data, therefore, is aberrational, is unavailing. First, we note that whether a country's economy is growing or shrinking is one of the factors examined when developing a list of economically comparable countries. Additionally, there is no evidence on the record that the kinds of activities that Erdemir engaged in during 1997 are not representative of the kinds of activities that a steel producer in a country of Turkey's level of economic development would undertake in the normal course of business. Furthermore, nothing in the statute, the Department's regulations or past Department practice obligates the Department to consider the specific activities in which a producer engages for any given year when analyzing its data for purposes of surrogate country suitability. We also note that a review of the financial statements from Sendzimira shows that this company was also expanding, engaging in significant capital

investments in 1997. Specifically, the Financial and Economic Results portion of the financial statements (*see* the February 2, 1999 submission) refers to ''very high costs of the on-going modernization'' and discusses construction and modernization projects completed in 1997.

Concerning the calculation of overhead and the Department's use of a fax from Erdemir to petitioners' counsel, we find that because it is the only source of information on the record which specifically breaks out factory overhead, it is appropriate to use this information for the final determination. We also note that the fax at issue comes directly from Erdemir, as certified by petitioners.

Concerning the potential double-counting of energy expenses raised by Severstal, we find that there is no evidence that either ''other operating expenses'' or ''general materials'' contains costs for energy sources. Moreover, percent usage of all energy fields accounted for by natural gas, fuel oil, and electricity is further indication that any double-counting, if it exists, is negligible. *See Final Calculation Memo* for a further description, because this analysis involves proprietary information.

With regard to the profit rate calculation, we agree with petitioners that because of the adjustment the Department made to the financial expense ratio, we should have taken this adjustment into account when calculating Erdemir's profit ratio, and have done so for the final determination. *See Final Cost Memo* for a further description of this adjustment.

Concerning the relative useability of the Polish and Turkish financial data, although we believe that both sets of financial statements at issue are useable, we believe that Erdemir's are ultimately preferable given the following problems associated with the Polish financial data.

First, neither the financial statements nor the detailed schedules in the Polish financial statements are audited, and thus, there is no confirmation that the data was prepared in accordance with Poland's GAAP. Although it is not required that financial statements be audited, the Department has established a clear preference to use audited financial statements when available (*see, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Certain Steel Concrete Reinforcing Bars from Turkey*, 62 FR 9737, 9740 (1997) (noting Department's preference for audited financials over the same company's tax returns)).

Second, neither the financial statements nor the detailed schedules in the Polish financial statements break out expenses between manufacturing and non-manufacturing (*i.e.*, G&A) expenses. This methodology could result in some G&A expenses being classified by Sendzimira as cost of manufacturing (COM), thus understating G&A in the normal value calculation, since these G&A expenses would be excluded from the derivation of the G&A ratio.

Third, Sendzimira was a government-owned and -operated entity for one third of the year, and, although the financial data breaks out amounts incurred before and after the government ceded control, we normally prefer to use a full year's worth of operations to calculate costs in order to eliminate fluctuations that may occur over shorter periods (*see, e.g., Circular Welded Non-Alloy Steel Pipe and Tube from Mexico: Final Results of Antidumping Duty Administrative Review*, 62 FR 37014 (1997). We also note that the financial statements indicate that privatization is not yet complete.

Therefore, for all of the above reasons, we are continuing to use Turkey as the surrogate country in this investigation.

Comment 5: Severstal's Pre-Verification Corrections

Severstal argues that the Department should correct two clerical errors submitted at the beginning of verification. The first clerical error was one affecting the FOP calculations for two of the reported seven cost codes.

Severstal argues that because the Department has accepted the underlying correction to the factual data (namely, revised Exhibit D–7), the Department must make revisions in the calculation of the FOPs for both cost codes. Severstal alleges that the information it attempted to provide at verification (Exhibit D–9) was minor in nature because it provides corrected calculations of the FOPs based on mathematical manipulations of the data already submitted. Exhibit D–9, Severstal argues, serves as a ''bridge'' from the data submitted in various exhibits to the FOP information included on the Section D computer file. Severstal claims that the Department's refusal to accept the information violates the Court of Appeals' standard for accepting corrections submitted by respondents in *NTN Bearing Corp.* v. *United States* (74 F.3d 1204 (Fed. Cir. 1995) (*NTN*)). Severstal maintains that if the Department persists in its refusal to accept the revised Exhibit D–9 that Severstal attempted to submit at verification, then the Department must determine the impact that the March 24 correction has on the calculation of the FOPs for the two cost codes and create its own corrected version of Exhibit D–9 for the cost codes.

Severstal contends that the Department should correct a second clerical error described by Severstal at the outset of verification, namely, the inclusion of data for two cost codes as one (reported aggregately as cost code 5). Severstal argues that information on the record clearly shows the error, no new information was submitted, and Exhibits D–7, D–8, and D–22 contain breakouts for the cost code which was inadvertently combined. Therefore, Severstal argues, only the mathematical manipulations necessary to generate the factors of production (Exhibit D–9) are required to calculate the FOPs for this cost code.

Severstal contends that the identity of the CONNUMs affected by this error are readily identifiable in Severstal's sales database, because it would be impossible for sales of merchandise which was reported with the relevant product code to be combined with factors information for the relevant cost code.

Severstal also maintains that the error in pooling the factor data for the cost code at issue was a result of the conditions surrounding this investigation, including the accelerated schedule imposed by the Department and the response deadlines. Severstal argues that the Department adopted this schedule in response to political pressures in the United States, which is inappropriate for the fundamental purpose underlying the antidumping process (*see, e.g., D&L Supply Co.* v. *United States*, 113 F.3d 1220, 1223 (Fed. Cir. 1997), *Borlem S.A.—Empreedimentos Industriais* v. *United States*, 913 F.2d 933, 939 (Fed. Cir. 1990), *NTN*, and *Rhone Poulenc, Inc.* v. *United States*, 899 F.2d 1185, 1191 (Fed. Cir. 1990)). Severstal suggests that should the Department refuse to accept this clerical error on the basis that it is not ''minor'' in nature, the Department will be compounding the difficulties imposed on the respondent by its artificially accelerated schedule.

Petitioners argue that the Department was correct in rejecting Severstal's efforts to submit a substantially revised FOP dataset. Concerning the first clerical error, petitioners argue that Severstal's March 24, 1999 submission gave no indication that the error discovered in Exhibit D-7 affected more than just Exhibit D–7. At verification, petitioners argue, Severstal confronted the Department verifiers with a new

exhibit showing that the one number corrected in the March 24 submission actually affected a huge range of other figures on the record (*i.e.*, all the reported FOPs for cost codes 1 and 2). This correction, petitioners claim, would result in the revision of the normal values associated with many of Severstal's U.S. sales. Concerning the second clerical error, petitioners maintain that the creation of an entirely new cost code (and an eighth set of FOP data) would impact a significant portion of Severstal's U.S. sales.

Petitioners argue that a major revision to most of Severstal's FOP data would render meaningless the Department's verification, since the Department would not have been able to examine the new calculations or data prior to its verification. Petitioners state that respondent bears the burden of preparing and providing the Department with an accurate submission within the statutory deadline (*see NSK Ltd.* v. *United States*, 825 F. Supp. 315, 318–319 (CIT 1993)) and cannot expect the Department to serve as a surrogate to guarantee the correctness of submissions (*see Murata Mfg. Co., Ltd.* v. *United States*, 820 F.Supp. 603, 607 (CIT 1993)).

Petitioners argue that the U.S. Court of Appeals, in *NTN*, considered three primary factors for determining whether to allow untimely clerical error corrections requested by respondents: first, the correction must not require the Department to begin anew, thus wasting effort; second, it must not delay the final determination; and third, the parties must have exercised due care during the course of the proceeding. Petitioners contend that Severstal meets none of these criteria. First, petitioners assert that the corrections would require much more than a mathematical adjustment, as Severstal claims. The effect of the change is significant and pervasive, in petitioners' opinion; such an effect would fundamentally change the Department's analysis and overall understanding of the dataset, requiring the Department to ''begin anew.'' Petitioners point out that Severstal devoted over a page in their case brief describing the calculations required to adjust the data for one single product.

Second, petitioners argue that accepting the new FOP dataset would delay the final determination. Because the Department is required to verify information in an antidumping duty investigation, verification of this information would require the Department to re-verify Severstal's response once it had become familiar with the data, which is a time-consuming undertaking.

Third, petitioners maintain that Severstal has not exercised due care in its preparation of questionnaire responses. Petitioners believe that Severstal's data contains inaccuracies and inconsistencies, and lacks specificity. In addition, petitioners contend that corrected data was not submitted until over two months after it was due under the Department's extended questionnaire deadline. In petitioners' opinion, Severstal should have evaluated its reported data well before its preparation for verification.

Petitioners conclude that the Department was well within its statutory requirements to reject the revised Exhibit D–9 and new cost code information.

Department's Position

We agree in part with both petitioners and respondents.

Concerning Severstal's first clerical error, the error affecting the FOP calculations for two of the reported seven cost codes, we agree with respondent. The information (revised Exhibit D–7) affected two of the reported seven cost codes. This underlying error was obviously clerical in nature and represented a minor change to the pre-existing Exhibit D–7. We find that in this case, the change did not require the Department to begin anew and did not delay the final determination, and that Severstal informed the Department of this error prior to verification.

As a result, we have used information on revised FOPs for cost codes 1 and 2 for our final determination. Please refer to the *Final Calculation Memo* for additional details.

However, concerning Severstal's second clerical error, the inclusion of data for two cost codes as one, we agree with petitioners. We find that Severstal failed to provide the Department with necessary information related to components of each cost code to which this clerical error relates.

In its original Section D response dated December 21, 1998, Severstal reported seven discrete cost codes and did not provide the Department with any narrative description of the reported cost code categories.

The March 15, 1999 verification outline informed Severstal that ''at verification, the Department cannot accept new information or revisions to previously submitted information which would substantially alter some or all of the questionnaire responses'' and that the Department considered appropriate reporting of FOP data, based on internal cost codes, to be central to the calculation of a valuable margin. Consequently, Severstal was made aware of the importance the Department placed on this issue prior to the deadline for submitting new factual information in this proceeding (under section 351.301(b)(1) of the Department's regulations, Severstal had until seven days before the date on which verification began, or March 29, 1999, to submit new factual information), and did not inform the Department at that time of any revisions to the factors associated with the cost code at issue. At verification, Severstal attempted to provide information to the Department which would have created an eighth cost code, which represented a major revision to Severstal's questionnaire response.

Moreover, because Severstal did not provide the Department with both a narrative description of the cost code and the worksheets demonstrating the calculations needed to derive the factors associated with the cost code, it was impossible for the Department to determine that Severstal maintained an additional unreported cost code. As the Court held in *NSK*, ''an error in the original information submitted by a respondent must be obvious from the administrative record in existence at the time the error is brought to the ITA's attention.'' Unlike the clerical error discussed above, because information was not provided for the affected cost code, the correction respondent attempted to make was not obvious from the administrative record at the time the error was brought to the Department's attention.

Moreover, we disagree with Severstal's argument that it is being unfairly penalized as a result of the ''artificially accelerated schedule.'' We note that the Department has acted in accordance with the governing statute and regulations in this case. Specifically, the Department has afforded respondent sufficient time, including several extensions, to answer its questionnaires, and also has afforded respondent the opportunity, as provided in section 782(d) of the Act of the statute, to address deficiencies.

For the reasons discussed above, we have disallowed Severstal's reported clerical error, the inclusion of data for two cost codes as one, because the information included therein constituted substantial new factual information which was submitted in an untimely fashion. Additionally, because we verified that Severstal relied upon a complete universe of data relating to subject merchandise to report its FOPs, no adjustment is necessary to account for the unreported cost code described above, due to the Department's

calculation of normal value, as discussed above in Comment 2.

Comment 6: Preliminary Critical Circumstances Determination

Severstal argues that because the Department's preliminary critical circumstances determination (*see Preliminary Determination of Critical Circumstances: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Japan and the Russian Federation*, 63 FR 65750 (November 30, 1998) (''*Preliminary Critical Circumstances Determination*'')) was issued more than two months before the Department's preliminary determination in this proceeding, the Department was compelled to rely on information from a period long before the period used in every other antidumping investigation. As a result, Severstal contends that the Department's haste in issuing an early preliminary critical circumstances decision has generated an unlawful determination.

Specifically, in examining whether there were massive imports, Severstal contends that the Department deviated from standard practice (to compare import volumes 90 days after the filing of the petition to the volume entered 90 days prior to filing of the petition) and instead accepted petitioners' urgings to use the end of April 1998 as the benchmark, thus comparing import volumes 5 months before and after April 30, 1998 to determine if the increase was ''massive.'' Severstal notes that the Department stated that the April 1998 date was selected based on the press coverage during that period, stating that there were significant increases in imports of hot-rolled steel from Russia and that an antidumping case might be filed by the domestic industry on hot-rolled steel. *See Preliminary Critical Circumstances Determination*. Severstal submits that the press reports do not form the basis upon which importers should have been aware of the likelihood of cases filed against hot-rolled steel from Russia. Similarly, the Department cannot assume, in Severstal's opinion, that the press reports themselves caused the massive imports (in the same way that a petition may trigger a sudden, massive increase). Severstal argues that the most the Department can deduce is that importers, exporters and foreign producers were aware that the U.S. industry was engaging in the common tactic of threatening future trade cases if market conditions did not improve. Severstal contends that these press reports are routinely used as a tactical weapon by competitors to gain market share. These kinds of press articles, Severstal maintains, cannot serve as a basis of legal liability under the critical circumstances element of the antidumping law.

Furthermore, Severstal argues that the Department's action cedes a vital element of the critical circumstances determination to the domestic industry, which is now empowered to issue press reports in a strategic manner. Severstal asserts that these kinds of press reports are commonplace and often do not lead to the filing of an antidumping investigation. The critical circumstances provision of the antidumping law is too significant for the Department to permit petitioners to manipulate the temporal trigger for liability with press releases, argues Severstal. In its opinion, the Department should base a final critical circumstances determination on data before and after the date of the filing of the petition.

Petitioners argue that the Department's determination of critical circumstances with respect to hot-rolled steel from Russia was anchored firmly in the Department's statutory and regulatory requirements. Petitioners additionally contend that the Department's analysis is in full accord with its legal mandates.

In choosing to base its analysis of whether there were massive imports on a date earlier than the filing of the petition, the Department was well within its statutory and regulatory mandate. Specifically, petitioners cite section 351.206(i) of the Department's regulations, which state that ''if the Secretary finds that importers, or exporters or producers, had reason to believe, at some time prior to the beginning of a proceeding, that a proceeding was likely, then the Secretary may consider a period of not less than three months from that earlier time.'' Thus, according to petitioners, the Department's regulations are clear that the Department does not need to use the date the proceeding begins.

Petitioners argue that there was a link between the news coverage regarding potential antidumping cases and the subsequent massive increase in Russian steel imports, as the Department acknowledged in its *Preliminary Critical Circumstances Determination*. For the above reasons, petitioners urge the Department to maintain its critical circumstances finding in the final determination.

Department's Position

We agree with petitioners that in issuing an early preliminary critical circumstances determination, the Department acted within statutory and regulatory authority. As the statute (*see* sections 705(a)(2)(B) and 735(a)(3)(B) of the Act), our regulations (*see* 19 CFR 351.206(i)), and the Policy Bulletin (*see Changes in Policy Regarding Timing of Issuance of Critical Circumstances Determinations*, October 15, 1998 (63 FR 55364)) make clear, the Department may issue a preliminary critical circumstances determination prior to making a preliminary determination of dumping, assuming adequate evidence of critical circumstances is available. Moreover, if the facts of a case show that importers, exporters, or producers had reason to believe that a case was likely to be filed, the regulations provide that an earlier base period can be used to measure the existence of massive imports.

In this case, consistent with the above cited provisions, we have found that press articles from March and April 1998 indicated that a dumping investigation on hot-rolled steel from Russia was likely, thus giving importers, exporters, or producers reason to believe so. Therefore, we have measured imports using the April 30, 1998 date as the end of the benchmark period for purposes of determining whether there were ''massive imports.'' Consistent with this analysis, we found that there were massive imports after the April 30, 1998 date.

In conclusion, we find that our analysis and resulting preliminary determination of critical circumstances was in full accord with both the governing statute and regulations.

Continuation of Suspension of Liquidation

On July 12, 1999, the Department signed a suspension agreement with the Ministry of Trade of the Russian Federation (the Agreement). Therefore, we will instruct Customs to terminate the suspension of liquidation of all entries of hot-rolled steel from Russia. Any cash deposits of entries of hot-rolled steel from Russia shall be refunded and any bonds shall be released.

On July 7, 1999, we received a request from petitioners requesting that we continue the investigation. Pursuant to this request, we have continued and completed the investigation in accordance with section 734(g) of the Act. We have found the following weighted-average dumping margins:

Company	Margins (percent)
JSC Severstal	73.59
Russia-Wide Rate	184.56

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (''ITC'') of our determination. Because our final determination is affirmative, the ITC will, within 45 days, determine whether these imports are materially injuring, or threatening material injury to, the U.S. industry. If the ITC determines that material injury, or threat of material injury does not exist, the Agreement will have no force of effect, and the investigation shall be terminated. *See* Section 734(f)(3)(A) of the Act. If the ITC determines that such injury does exist, the Agreement shall remain in force but the Department shall not issue an antidumping order so long as (1) the Agreement remains in force, (2) the Agreement continues to meet the requirements of subsections (d) and (l) of the Act, and the parties to the Agreement carry out their obligations under the Agreement in accordance with its terms. See section 734(f)(3)(B) of the Act.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: July 12, 1999.

Bernard Carreau,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–18371 Filed 7–16–99; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–821–809]

Suspension of Antidumping Duty Investigation: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation

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

SUMMARY: The Department of Commerce (''the Department'') has suspended the antidumping duty investigation involving hot-rolled flat-rolled carbon-quality steel products (''hot-rolled steel'') from the Russian Federation (''Russia''). The basis for this action is an agreement between the Department and the Ministry of Trade of the Russian Federation (''MOT'') accounting for substantially all imports of hot-rolled steel from Russia, wherein the MOT has agreed to restrict exports of hot-rolled steel from all Russian producers/exporters to the United States and to ensure that such exports are sold at or above the agreed reference price.

EFFECTIVE DATE: July 12, 1999.

FOR FURTHER INFORMATION CONTACT: Jean Kemp or Rick Johnson at (202) 482-1131 and (202) 482–3818, respectively, Antidumping and Countervailing Duty Enforcement Group III, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

On October 15, 1998, the Department initiated an antidumping duty investigation under section 732 of the Tariff Act of 1930 (''the Act''), as amended, to determine whether imports of hot-rolled steel from Russia are being or are likely to be sold in the United States at less than fair value (63 FR 56607 (October 22, 1998)). On November 16, 1998, the United States International Trade Commission (''ITC'') notified the Department of its affirmative preliminary finding of threat of material injury in this case (*see* ITC Investigation Nos.701-TA–384 and 731-TA–806–808). Additionally, on November 25, 1998, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of the subject merchandise from Russia (63 FR 65221). On February 22, 1999, the Department preliminarily determined that hot-rolled steel 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 (64 FR 9312 (February 25, 1999)).

The Department and the MOT initialed a proposed agreement suspending this investigation on February 22, 1999. On February 23, 1999, we invited interested parties to provide written comments on the agreement. We received comments from petitioners (Bethlehem Steel Corp., Ispat Inland Inc., LTV Steel Company, Inc., National Steel Corp., U.S. Steel Group (a Unit of USX Corp.), California Steel Industries, Gallatin Steel Company, Geneva Steel, Gulf States Steel Inc., Ipsco Steel Inc., Steel Dynamics, Weirton Steel Corporation, and Independent Steelworkers Union), respondents in the investigation (JSC Severstal, Novolipetsk, and Magnitorgorsk) and other interested parties (Caterpillar Inc., Nucor Corporation, and Thyssen Inc., NA). We have taken these comments into account in the final version of the suspension agreement.

The Department and MOT signed the final suspension agreement on July 12, 1999.

Scope of Investigation

For a complete description of the scope of the investigation, *see, Agreement Suspending the Antidumping Investigation on Hot-Rolled Flat-Rolled Carbon Quality Steel Products from the Russian Federation,* Appendix III, signed July 12, 1999, attached hereto.

Suspension of Investigation

The Department consulted with the parties to the proceeding and has considered the comments submitted with respect to the proposed suspension agreement. In accordance with section 734(l) of the Act, we have determined that the agreement will prevent the suppression or undercutting of price levels of domestic products by imports of the merchandise under investigation (*see Price Suppression Memorandum,* dated July 12, 1999), that the agreement is in the public interest, and that the agreement can be monitored effectively (*see Public Interest Memorandum,* dated July 12, 1999). We find, therefore, that the criteria for suspension of an investigation pursuant to section 734(l) of the Act have been met. The terms and conditions of this agreement, signed July 12, 1999, are set forth in Appendix 1 to this notice.

Pursuant to section 734(f)(2)(A) of the Act, the suspension of liquidation of all entries of hot-rolled steel from Russia entered, or withdrawn from warehouse, for consumption, as directed in our notices of *Preliminary Determination of Sales at Less than Fair Value: Hot-Rolled Flat-Rolled Carbon Quality Steel Products from the Russian Federation* (64 FR 9312 (February 25, 1999)), *Postponement of Final Determination of Antidumping Duty Investigation of Hot-Rolled Flat-Rolled Carbon-Quality Steel From the Russian Federation* (64 FR 24329 (May 6, 1999)), and *Postponement of Final Determination of Antidumping Duty Investigation of Hot-Rolled Flat-Rolled Carbon-Quality Steel From the Russian Federation* (64 FR 31179 (June 10, 1999)) is hereby terminated. Any cash deposits on entries of hot-rolled steel from Russia pursuant to that suspension of liquidation shall be refunded and any bonds shall be released.

This notice is published pursuant to section 734(f)(1)(A) of the Act.