results, in accordance with section 772(f)(1) of the Act.

Comment 4: CEP Offset

Citrovita argues that the Department improperly denied it a CEP offset for purposes of the preliminary results. Citrovita maintains that it is entitled to a CEP offset in accordance with 19 CFR 351.412(f) because: (1) It does not sell in the home market at a level of trade that is comparable to the CEP level of trade; and (2) it cannot quantify a level of trade adjustment. According to Citrovita, this offset should equal total home market indirect selling expenses, capped by the amount of indirect selling expenses incurred on U.S. sales.

DOC Position

We disagree. Section 351.412(f) states that the Department will grant a CEP offset only under the following conditions: (1) NV is compared to CEP; (2) NV is determined at a more advanced level of trade than the level trade of the CEP; and (3) despite the fact that a person has cooperated to the best of its ability, the data available do not provide an appropriate basis to determine whether the difference in level of trade affects price comparability. In this case, we find that neither of the second two criteria has been met. Specifically, we note that there is no information on the record to establish that NV is at a more advanced level of trade than the CEP. Moreover, we have found that Citrovita has not cooperated to the best of its ability in this administrative review. (*See Comment 1.*) Consequently, we find that Citrovita is not entitled to a CEP offset for purposes of the final results.

Final Results of Review

As a result of our review, we find that the following margins exist for the period May 1, 1997, through April 30, 1998:

Manufacturer/exporter	Margin percent
Branco Peres Citrus, S.A	39.18
Cambuhy Citrus Comercial e Exportadora Ltda	63.55
Citrovita Agro Industrial S.A	63.55
Frutax Industria e Comercio Ltda	63.55

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. The duty assessment rates for importers of subject merchandise will be those rates listed above. These rates will be assessed uniformly on all entries of FCOJ made during the POR. The Department will issue appraisement instructions directly to the Customs Service.

Further, the following deposit requirements will be effective for all shipments of frozen concentrated orange juice from Brazil entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided for by section 751(a)(1) of the Act: (1) The cash deposit rates for the reviewed companies will be the rates for those firms as stated above; (2) for previously investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, or the LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be 1.96 percent, the all others rate established in the LTFV investigation.

These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with section 351.305(a)(3) of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)), section 777(i) of the Act (19 U.S.C. 1677f(i)), and 19 CFR 351.210(c).

Dated: August 4, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–20738 Filed 8–10–99; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–803]

Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People's Republic of China; Final Results and Partial Recission of Antidumping Duty Administrative Reviews

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

ACTION: Notice of Final Results of Antidumping Duty Administrative Reviews.

SUMMARY: The Department of Commerce (the Department) published the preliminary results of the administrative reviews of the antidumping duty orders on heavy forged hand tools, finished or unfinished, with or without handles (HFHTs), from the People's Republic of China (PRC) in the **Federal Register** on February 5, 1999 (64 FR 5770). These reviews cover the time period, February 1, 1997 through January 31, 1998. We gave interested parties an opportunity to comment on our preliminary results. Based upon our analysis of the comments received, we have made changes to the margins and the margin calculations presented in the preliminary results of the reviews. The final weighted-average dumping margins are listed below in the section entitled Final Results of Review. We will instruct the U.S. Customs Service (Customs) to assess antidumping duties accordingly.

EFFECTIVE DATE: August 11, 1999.

FOR FURTHER INFORMATION CONTACT: Lyman Armstrong or James Terpstra, AD/CVD Enforcement, Office 4, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington D.C. 20230; telephone (202) 482–3601 or 482–3965, respectively.

Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions as of January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act

(URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to 19 CFR Part 351 (April 1998).

Background

The Department published the preliminary results of the administrative reviews of the antidumping duty orders on HFHTs from the PRC in the **Federal Register** on February 5, 1999 (*HFHTs Prelims*). *See* 64 FR 5770. We received case and rebuttal briefs from O. Ames Co., and its division, Woodings-Verona (Petitioner), on March 11 and March 16, respectively. We also received joint case and rebuttal briefs from Fujian Machinery & Export Corp. (FMEC), Shandong Huarong General Group Corp. (SHGC), Liaoning Machinery Import & Export Corp. (LMC), Tianjin Machinery Import & Export Corp. (TMC), and Shandong Machinery Import & Export Corp. (SMC) (collectively Respondents) on March 11 and March 16, respectively. On March 25 we determined that Respondents' case brief contained new factual information because it referenced data that had not been submitted prior to the deadlines outlined in 19 CFR 351.301(b)(2). *See* March 25, 1999, Commerce Department letter to Respondents regarding case briefs. On April 8, 1999, Respondents submitted a revised case brief, redacting the new factual information. Also, on April 30, 1999, we determined that Petitioner's brief also contained new factual information. *See* April 30, 1999, Commerce Department letter to Petitioner regarding case briefs. Subsequently, the Department removed the untimely filed data from the record. We held a hearing on April 27, 1999. On May 12, 1999 Petitioner asked us to reconsider our decision to reject the new factual information contained in its case brief. However, we did not change our finding that this untimely filed new information had to be returned. On June 10 and July 13, the Department published notice that pursuant to section 733 (c)(1)(A) of the Act, these HFHTs reviews were extraordinarily complicated and required postponement of the final review results until no later than August 4, 1999. *See* 64 FR 31178 and 64 FR 37742, respectively.

In the preliminary review results of HFHTs, we decided to preliminarily rescind the reviews for certain companies reporting no shipments of certain classes or kinds of HFHTs pending confirmation of these claims from Customs. On April 16, 1999, Customs confirmed that LMC had no shipments of hammers/sledges, picks/mattocks, and axes/adzes during the period of review (POR). Similarly, Customs confirmed that SHGC had no shipments during the POR of picks/mattocks and hammers/sledges. As a result, the Department is rescinding the reviews of LMC with respect to hammers/sledges, picks/mattocks, and axes/adzes and the reviews of SHGC with respect to picks/mattocks and hammers/sledges. *See* the *Facts Available* section below regarding the final disposition of the remaining recission requests filed by SHGC, TMC, FMEC, and SMC.

The Department has now completed these reviews in accordance with section 751 of the Act.

Scope of Reviews

Imports covered by these reviews are shipments of HFHTs from the PRC comprising the following classes or kinds of merchandise: (1) Hammers and sledges with heads over 1.5 kg (3.33 pounds) (hammers/sledges); (2) bars over 18 inches in length, track tools, and wedges (bars/wedges); (3) picks/mattocks; and (4) axes/adzes.

HFHTs include heads for drilling, hammers, sledges, axes, mauls, picks, and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars, and tampers; and steel wood-splitting wedges. HFHTs are manufactured through a hot forge operation in which steel is sheared to the required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot-blasting, grinding, polishing, painting, and the insertion of handles for handled products. HFHTs are currently classifiable under the following Harmonized Tariff Schedule (HTS) subheadings: 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded are hammers and sledges with heads 1.5 kg (3.33 pounds) in weight and under, hoes and rakes, and bars 18 inches in length and under. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of these orders is dispositive.

Facts Available (FA)

In accordance with section 776(a) of the Act, we have determined that the use of FA is appropriate for several producers. For FMEC and SMC and their supplying factories A and B, we found that these companies provided information which could not be verified, as described in section 776(a)(2)(D) of the Act. *See* comments 2 through 6 below. For SHGC with respect to axes/adzes, and for TMC with respect to axes/adzes and bars/wedges, we found that these companies, in claiming no shipments when there were transactions, withheld information requested by the Department, as described in section 776(a)(2)(A) of the Act. Similarly, for FMEC and SMC, we found that both companies withheld information with respect to bars/wedges, by claiming no shipments when there were transactions by these entities involving this class or kind of hand tools.

Adverse Inferences

In accordance with section 776(b) of the Act, we find that the companies listed above claiming no shipments when they had transactions involving certain classes or kinds of HFHTs failed to cooperate by not acting to the best of their abilities. Contrary to what was reported by these Respondents, on April 16, 1999, Customs notified the Department of U.S. sales by these companies of the above noted classes or kinds of HFHTs. We notified Respondents of this and gave them an opportunity to comment. On May 10, 1999, Respondents provided various explanations as to why such sales were not reported. However, we found Respondents' explanations to be without merit. We found that the Customs data showed that all unreported sales were of subject merchandise sold by these companies during the POR. As a consequence, Respondents were obligated to report these sales. As much of the underlying data is confidential, a more detailed discussion of this analysis is contained in the *Memorandum Regarding Unreported Sales*, dated August 3, 1999. Because Respondents failed completely to report these sales, no U.S. price and normal value (NV) data exist on the records of these proceedings that would permit sales comparisons and margin calculations. As a result there is no basis for a margin estimate other than FA. Moreover, the fact that Respondents failed completely to report the sales of subject merchandise indicates that they did not act to the best of their abilities and that adverse inferences are warranted.

For purposes of 776(b) of the Act, an adverse inference may include reliance on secondary information such as information derived from the petition, the final determination in the investigation, and previous administrative review results, or reliance on any other information

placed on the record. In this case, as adverse FA (AFA) with respect to axes/adzes for SHGC and with respect to axes/adzes and bars/wedges for TMC, we selected the highest rate from all segments of the respective proceedings. Specifically, we have used the rates of 18.72 percent for axes/adzes and 47.88 percent for bars/wedges. *See* Comment 6 for a further discussion of these rates. As SMC and FMEC have not satisfied the Department that they are entitled to separate rates, shipments of bars/wedges from these two companies will be subject to the PRC rate for bars/wedges, which is an AFA rate based on the highest margin from any segment of this proceeding. *See* Comments 6 and 7 below. With respect to TMC, LMC, and SHGC, we are issuing separate rates because TMC, LMC, and SHGC have satisfied the Department that they are entitled to separate rates for the proceedings in question.

Section 776(c) of the Act provides that the Department shall, to the extent practicable, corroborate secondary information from independent sources reasonably at its disposal. The Statement of Administrative Action, H.R. Doc. 103–316, Vol.1, at 870 (1994) (SAA) provides that ''corroborate'' means simply that the Department will satisfy itself that the secondary information to be used has probative value. *See* SAA at 870.

To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. However, unlike other types of information, such as surrogate values, there are no independent sources for calculated dumping margins. The only source for calculated margins is an administrative determination. Thus, in an administrative review, if the Department chooses as AFA a calculated dumping margin from a prior segment of the proceeding, it is not necessary to question the reliability of the margin for that time period. With respect to the relevance aspect of corroboration, however, the Department will consider information reasonably at its disposal as to whether there are circumstances that would render a margin not relevant. Where circumstances indicate that the selected margin is not appropriate as AFA, the Department will disregard the margin and determine an appropriate margin. *See, e.g., Fresh Cut Flowers from Mexico; Preliminary Results of Antidumping Duty Administrative Review*, 60 FR 49567, 49568 (September 26, 1995) (the Department disregarded the highest margin as best information available because that margin was based on an extraordinarily high business expense resulting from uncharacteristic investment activities, which resulted in the high margin). In the instant review, because there is no evidence to suggest that these margins are not relevant, the Department finds no need to disregard such information as appropriate FA.

Analysis of the Comments Received

We gave interested parties an opportunity to comment on the preliminary results. We received case and rebuttal briefs from Petitioner and case and rebuttal briefs from Respondents.

Comment 1: Factual Errors

Respondents contend that the preliminary results notice contains several significant factual errors, which in turn call into question the overall accuracy of the verification results issued by the Department. Respondents first claim that, in the verification reports, the dates listed for the verifications of FMEC and SMC are incorrect. Respondents further assert that the Department incorrectly implies in the preliminary results notice that the verified factories produce and supply subject merchandise to either SMC or FMEC, when in fact the factories supply both SMC and FMEC with subject merchandise. Respondents argue that the Department incorrectly stated in the preliminary results notice that it found unreported factors of production for both factories, where in actuality, the Department found during verification that only one factory failed to report certain factors of production. Respondents contend that these discrepancies illustrate fundamental flaws in the Department's characterization of the verification results, the conclusions of which provided the basis for the Department's preliminary review results.

Department's Position

We disagree with Respondents that the verification reports were materially in error. Respondents are correct that the dates in the verification reports were inadvertently transposed. In addition, Respondents are correct that the report erroneously indicated that each factory only supplied one trading company. Moreover, we agree with Respondents that the Department found unreported factors of production at only one factory. However, these minor errors in no way undermine the findings in the report, or call into question the underlying accuracy and objectivity of the reports. Indeed, none of these minor errors relates in any way to the significant problems encountered at verification and described in the reports, including the companies' failure to substantiate certain factor data, provide relevant investment records, or to reconcile the total quantity and value of reported sales to the firms' books and records. *See* Comments 2, 3, 4, and 5 below.

Comment 2: Whether FMEC Failed Verification

FMEC claims that its failures during verification were justifiable for five general reasons: first, FMEC argues it had insufficient time to prepare for verification because of a Chinese holiday that fell a few days prior to the beginning of the verification; second, FMEC claims that the two-day time period allotted for verification was insufficient; third, FMEC argues that the Department was merely attempting to ''verify the negative,'' which is contrary to Department practice; fourth, FMEC argues that failure to provide certain data was immaterial to the dumping analysis; and finally, FMEC argues that its accounting system is not flexible and thus not easily translatable for antidumping verification purposes. As such, FMEC claims that it acted to the best of its ability by providing extensive information, and that the Department should rely on the data that were provided during verification as sufficient data for margin calculation purposes.

In particular, FMEC argues that contrary to the Department's statement in the January 29, 1999, *Determination of Adverse Facts Available Based on Verification Failure in the Administrative Review of Heavy Forged Hand Tools from the People's Republic of China Regarding Adverse Facts Available Memorandum (AFA Memorandum)* that it had ''ample time, specifically ten days * * * to analyze the outline and thus prepare for verification,'' FMEC in fact had only four business days to prepare for verification because of a Chinese holiday that immediately preceded verification. FMEC argues that the Department was aware of the holiday and that FMEC would be closed from October 1 through October 4 for the holiday.

According to FMEC, the Department's standard 2-day allocation for verification of a Chinese company is flexible, and thus, because the verification followed a national holiday, the Department should have extended the allotted time for verification. FMEC argues that, while the Department's standard practice may be to provide two days for a verification, it has not always followed this standard. FMEC notes that

in the verification conducted for the 1992–1993 HFHT review, and in several other cases, the Department provided more than two days for verification. FMEC claims that in *Disposable Pocket Lighters from the People's Republic of China,* 60 FR 5899, 5900 (Jan. 31, 1995), the Department indicated a need for flexibility in dealing with the time allowed for verification and the timing of verification where Chinese holidays conflict with scheduled verifications.

FMEC further argues that the problems regarding timing were compounded by the extensive number of general questions asked by the verifiers in their attempt to ''verify the negative,'' or in essence to review the entire operations of the trading company to determine that no unreported sales of subject merchandise were made by FMEC through any aspect of its operations. FMEC asserts that the verifiers' attempt to ''verify the negative'' was contrary to the intent of verification and case law defining the scope of verification. FMEC cites *Belmont Industries* v. *United States,* 733 F. Supp. 1507, 1508 (CIT 1990), arguing that verification should ''normally * * * entail selective examination rather than testing of an entire universe,'' of possibilities. FMEC also cites *Monsanto Co.* v. *United States,* 698 F. Supp. 275, 281 (CIT 1988), arguing that verification is ''a spot check and is not intended to be an exhaustive examination of the Respondents' business.''

FMEC's fourth argument is that its failure to provide certain data during verification was immaterial. FMEC agrees that it was unable to provide four different types of data, but maintains that such data were not necessary for verification. The data requested that FMEC could not produce include in part: (1) A complete list of sales; (2) financial records for long-and short-term investments; (3) quantity and value worksheets; and (4) voucher books and records. With respect to the first two types of data, a complete list of sales and financial records for long-and short-term investments, FMEC notes that the records were either locked away or not kept at FMEC's offices. FMEC argues that it does not have an integrated computer system and therefore offered instead the FMEC catalogue in order to provide sales information. FMEC argues that the verifiers agreed to move on, accepting copies of the catalogues. Additionally, FMEC argues that, although financial records were locked away, company officials provided a list of FMEC investments.

FMEC argues that it could not prepare the ''quantity and value'' worksheets, because it does not have a flexible accounting system that allows sales tracing to financial records. FMEC also claims that the documents relevant to this request were kept in a locked cabinet, and that the accountant with the key had already left for the day, since the request did not come until approximately 5:30 p.m.

As to the requested voucher books and records, FMEC notes that ''[t]he verifiers actually visited the accounting department office where the records were kept during the business day, but did not ask for the records at that time.'' FMEC contends, however, that ''most of the verifiers'' concerns can be satisfactorily answered by other information on the record. FMEC also claims that although it was unable to reconcile total U.S. sales to its financial statements, and specifically could not provide any accounting voucher books for the four requested months, January–April, it did not realize such information would be necessary. *See Memorandum To the File on Verification of the Questionnaire Response of Fujian Machinery & Equipment Import and Export Corporation in the Administrative Review of Heavy Forged Hand Tools from the People's Republic of China* (January 6, 1999). Additionally, regarding the absence of available financial records requested for certain entities, FMEC asserts that there is no evidence that any of these entities shipped subject merchandise during the POR. Regardless, Respondents contend, any financial records FMEC had would not have included sales records. Further in response to the Department's assertion in the *AFA Memorandum* that FMEC's failure to show ''there was no affiliation with its U.S. customer undermines the bona fides of the reported prices,'' FMEC claims that there simply is no affiliation between FMEC and its U.S. customers.

Finally, FMEC argues that, ''but for the timing,'' the necessary documents would have been provided. FMEC claims that the Department verifiers did not advise the company officials that they could submit any information following the verification. FMEC asserts that, the Department should have informed FMEC that it could have more time to supply these records, in accordance with 19 CFR 351.301(b)(2), and that counsel should have been told by Department officials that FMEC had not supplied all requested information. FMEC maintains that it provided extensive records to the verifiers, and that given the circumstances, the Department should use the sales information submitted by FMEC or reopen the verification for the narrow purpose of collecting the information.

Petitioner claims the Department was correct in determining that FMEC failed verification as a result of FMEC's inability to provide key accounting records, including records concerning sales in the first three months of the POR and all relevant records detailing the company's investments. Taken together, Petitioner notes that this resulted in the verifier's inability to confirm the accuracy of the reported U.S. sales.

Petitioner disagrees with Respondents' claim that the verification failure was due to insufficient time, noting that the amount of time spent verifying FMEC's submissions was consistent with past Department practice. Further, Petitioner contends that because this is the seventh administrative review of the antidumping orders on HFHTs, FMEC should be familiar with the Department's review and verification process.

Finally, Petitioner also disagreed with Respondents' assertion that the problems encountered at verification were immaterial. Petitioner claims that the Department's inability to ascertain whether U.S. sales were properly reported is not only material, but detrimental to establishing the integrity of the entire database submitted by the Respondent.

Department's Position

We disagree with FMEC's claim that it did not fail verification and that its failures to provide appropriate documentation during verification were justifiable. As stated in our AFA Memorandum, we encountered a number of serious problems at verification. Among the most serious was FMEC's failure to provide sales data for four months of the POR. As a result, we could not confirm that all U.S. sales were properly reported, which is one of the most important goals of verification. FMEC also did not respond to our requests for quantity and value worksheets, a sales listing, and financial records relating to long-and short-term investments. As discussed below, these requests were crucial to our confirmation of the submitted data.

With respect to FMEC's claim that it had inadequate time to prepare for verification, we disagree. FMEC claims that it only had four business days to prepare for the verification, because there was a national holiday preceding the verification which caused FMEC to be closed for several days just before the verification. However, FMEC agreed in advance to the selected verification

dates, and did not express concern about the proximity of the national holiday at that time. In order to secure approval to travel to the PRC on official government business, it is necessary to secure a letter of invitation from the company being visited in advance of submitting a visa application. In this case, the letter of invitation was provided by Respondents nearly a month before verification. This required that Department verifiers, the Respondents, and their counsel discuss verification scheduling well in advance of the actual dates of verification. Moreover, the verification outline was sent to Respondents 10 days in advance, as is customary, and was similar to the verification outlines used in verifying these companies in the past. Thus, FMEC did, in fact, have ample time to prepare for verification.

We also disagree with FMEC's contention that two days was not a reasonable period of time to allow for verification. The Department typically allows two days for verifying trading companies and two days for verifying factories in PRC cases (*see Memorandum to the File on Verification in Beijing, PRC, of the Questionnaire Response of China Processed Food Import & Export Company in the Antidumping Duty Investigation of Certain Preserved Mushrooms from the People's Republic of China* (October 16, 1998)). The amount of verification time can be adjusted within limits to accommodate the circumstances of a case. In this instance, no adjustment was appropriate. Data that the Department requested in advance of its visit were not accessible to the verification team when it was requested. FMEC maintained a list of the data requests made by the Department throughout the verification and understood clearly what information requests were pending. All outstanding information requests were repeatedly followed up throughout the two days of the Department's stay. The verification team stayed late both days of verification to allow sufficient time for company officials to provide requested information. At no time during the verification did the company officials request additional time to provide the information. Because the delays were the result of FMEC's failures, it was not necessary or appropriate to extend the time allotted for verification.

We also disagree with Respondent's assertion that the Department improperly attempted to ''verify the negative.'' The verifiers simply followed standard verification procedures which call for the confirmation that all sales have been reported completely and accurately. This procedure is known as the ''completeness test,'' which was described in the verification outline provided to FMEC prior to the start of verification. The completeness test is routinely conducted as part of virtually all sales verifications and requires that all sales records be available for examination by the verifiers. This procedure is a critical aspect of verification and is specifically designed to test whether all sales in the United States (and home market, where appropriate) were properly reported. Since dumping is a measure of price discrimination, and prices are reflected in sales documentation, a complete record of sales is indispensable for an accurate measure of dumping. Thus, FMEC's claim that the Department acted contrary to Department practice by attempting to verify the negative is without merit.

Furthermore, because of the volume of information that has to be evaluated at verification, the Department is necessarily limited in the number and scope of documents examined. Therefore, many verification procedures, including the completeness test, call for the testing of a subset of the total amount of information in the questionnaire response using the company's accounting records. For example, it is common to select only certain months to test for unreported sales. In the instant case, we requested but were completely unable to test four full months of the POR. Therefore, there was no way to determine whether all sales were properly reported.

We also disagree with FMEC's contention that its failure to provide certain data was immaterial. During verification, FMEC failed to produce, among other things: (1) A complete list of sales; (2) financial records for long- and short-term investments; (3) quantity and value worksheets; and (4) financial records, including voucher books and records, for four full months of the POR.

As we mentioned above, a complete listing of sales, along with quantity and value worksheets, and financial records for long- and short-term investments, are necessary to successfully perform the ''completeness test'' and confirm that all sales have been properly reported. The integrity of the Respondent's entire response is based upon the confirmation that all sales have been reported properly. The quantity and value worksheets also serve another important purpose in that they provide a baseline for the accounting ledgers and worksheets that are used to verify many other topics. For this reason, the questionnaire issued to FMEC required it to submit a quantity and value reconciliation on the record prior to the start of verification. FMEC failed to provide such data before or during verification. Additionally, without financial records for four full months of the POR, the Department can neither confirm total sales, nor confirm the completeness of the responses as a whole.

FMEC contends that much of the documentation was locked away or unavailable, and that ''but for the time,'' such information would have been presented. This response is insufficient. FMEC received the verification outline well in advance, and has participated in verifications for several years. Although FMEC claims that its failures to produce information were immaterial, it has provided no justification for the absence of key personnel or for assuming that it would not need to provide four full months of financial data from the POR. A respondent must be prepared to verify any section of its response during the scheduled verification.

We also disagree with FMEC's claim that, because it does not have a flexible accounting system, it consequently should be relieved from presenting certain information at verification. The verification outline used in this case, which was similar to the standard verification outlines used in all non-market economy (NME) cases, requested information that is necessary for determining the accuracy and completeness of the submissions. Regardless of the nature of a particular company's record-keeping system, the information provided in submissions to the Department must be verifiable and the Department must be satisfied that the questionnaire responses are complete and accurate. While some companies have elaborate computerized records and reliable, audited financial statements, many producers and exporters have rudimentary record-keeping systems or lack audited financial statements, and the Department adjusts its verification procedures accordingly. In this case the verifiers made deliberate efforts to work within the constraints of FMEC's limited accounting system and were still unable to confirm the completeness and accuracy of FMEC's responses. The fact that the verifiers took into account the nature of the company's accounting records in attempting to perform standard verification procedures is clearly reflected in the Department's verification reports. For example, the verifiers altered the extent of the reconciliation they were asking FMEC to perform. However, despite limiting their requests to departmental levels within FMEC and confining the reconciliation

to a smaller time period, FMEC failed to provide sufficient data from its books and records to confirm the accuracy of its response.

FMEC further argues that the information actually verified should be sufficient to address the Department's concerns. However, as explained above, the information that FMEC failed to provide is a crucial part of the Department's ''completeness test,'' which allows the Department to verify that the Respondent has accurately reported all sales of subject merchandise. FMEC simply did not provide the Department with documentation at verification that confirmed all reported sales. Thus, the examples cited by FMEC of instances in which alternative information was provided during verification pertaining to selected shipments and certain suppliers were not sufficient to confirm the reliability of FMEC's response.

Finally, FMEC argues that, ''but for the timing,'' the necessary documents would have been provided, and that the Department verifiers did not advise the company officials that they could submit any information following the verification. FMEC argues that the Department should have informed FMEC that it could have more time to supply these records, in accordance with 19 CFR 351.301(b)(2), and that counsel should have been told that FMEC had not supplied all requested information. However, Respondents maintained a list of data requests by the Department and understood what had been supplied and what was still pending. If FMEC wished to submit additional requested data, it could have inquired immediately as to that possibility.

Comment 3: Whether SMC Failed Verification

SMC contends that it did not fail verification and that it responded completely to virtually every question posed by the verifiers. SMC claims that the *AFA Memorandum* is distorted and erroneous in reporting the events at the SMC verification, and does not tie with the SMC verification report.

SMC also claims that the verifiers had complete access to all SMC Department records and that the verifiers were confused about access to the complete records of the No. 2 Hardware & Tools Department and the Agricultural Tools Department. SMC argues that although the verification report states that records from the No. 2 Hardware & Tools Department were not available, in fact the verifiers reviewed various records from that Department. SMC claims that, contrary to the verification report, the verifiers looked at the books containing sales of picks by the Agriculture Tools Department and saw that there were no pick sales other than those reported. SMC notes, in fact, that every sale checked by the verifiers was found to be non-subject merchandise. SMC states that because of the many concurrent verification requests being addressed and the general confusion of the verification, it was impossible in the time allowed to complete the tracing for both the No. 2 Hardware & Tools Department and the Agriculture Tools Department.

SMC argues that the primary problem during verification involved the Department's verification request that SMC ''provide a breakdown of the value of the No. 2 Hardware & Tools Department's 1997 sales by U.S. and non-U.S. sales of each subject merchandise product; and of all sales of each individual other product; and to reconcile these figures to their department's and the company's financial statement.'' SMC contends that the verification report is incorrect in its statements that, ''company officials did not have available at verification any invoices except for the invoices of the reported U.S. sales of the subject merchandise. When we asked about the invoices and other sales documentation, company officials told us that the individual salesmen kept all sales documentation, and by that time, the documentation was no longer available because these salesmen had already left the office for the day.'' SMC claims, in fact, that the complete sales records of the No. 2 Hardware & Tools Department and the Agricultural Tools Department were in the verification room during the entire verification. Additionally, SMC contends that the Agricultural Tools Department manager was present throughout the verification and could locate any files in the boxes in the room. SMC has provided a photograph of a box in the verification room as evidence that the documents were present and available for review. SMC claims that in only one instance was a sales person unavailable during the verification, an instance when the verifiers expressly asked for an unannounced check of some other SMC department.

SMC claims that at the end of the second day, the only incomplete verification project was a request for information concerning SMC's affiliated U.S. entity, Pacific Tools. SMC argues that its failure to provide Pacific Tools' data is immaterial, and reiterates that there has never been any question of affiliation between SMC and its U.S. customers.

SMC argues that its individual department records were successfully reconciled. SMC states that, in regard to the verification exercise which attempted to reconcile department statements and SMC's 1997 financial statement, although small differences existed in SMC's department statements and its financial statement, these differences have no relationship to company sales, and in fact, the sales data in both statements are the same. SMC also states that its accounting system is maintained in accordance with Chinese generally accepted accounting principles (GAAP), although the verifiers independently concluded that they were not.

Finally, SMC argues that other issues identified as contributing to the verification failure are in fact minor; specifically, (1) the failure to report one U.S. sale; (2) the non-completion of the Agricultural Department reconciliation; (3) the incorrect reporting of the port of entry for one shipment; (4) the failure of SMC to substantiate that ocean freight payments were paid in foreign currency; and (5) the failure of SMC to acknowledge and report several companies, formerly departments of SMC, that would potentially be considered affiliated with SMC.

Petitioner claims the Department's determination that SMC failed verification is appropriate because SMC did not provide any quantity or value reconciliation for its Agriculture Tools Department's sales, failed to reconcile its financial records to the financial statement submitted to the Department, and was unable to provide ownership and financial information regarding the company's U.S. affiliate, SMC Pacific Tools, Inc. Petitioner claims that when combined, these problems prevented the Department from ascertaining the reliability of SMC's reported sales, made it impossible to tie SMC's sales from its Hand Tool Department to its company-wide financial record, and undermined the Department's ability to verify whether the U.S. sales were *bona fide* transactions.

Petitioner disagrees with the Respondents that the problems encountered at verification were either minor or immaterial. Petitioner claims that the Respondents' comments contradict the verifiers' record and that SMC is merely attempting to submit untimely and unverifiable data on the record after verification.

Department's Position

We disagree with SMC's claim that its verification failures were minor. The verification report and the *AFA Memorandum* from the preliminary

determination clearly establish that the company failed to adequately demonstrate that it had reported all sales. Specifically, SMC was unable to confirm the total sales for its Agriculture Department. In addition SMC was unable to satisfy the Department that SMC's affiliated U.S. importer was not affiliated with other firms, including customers. As a consequence, the Department was not able to perform the ''completeness test.'' *See* Comment 2 of this notice for a more detailed discussion of the importance of the completeness test.

Moreover, SMC's assertions that the verifiers did examine the books of the Agricultural Department are flatly contradicted by the Department's verification report. According to the verification report, SMC acknowledged that SMC officials did not have available at verification any invoices except invoices of the reported U.S. sales of subject merchandise. When verifiers asked about other invoices and sales documentation to test the completeness of the reported U.S. sales, company officials told the verifiers that the individual salesman who kept all sales documentation had left for the day. *See Memorandum to the File on Verification of the Questionnaire Response of Shandong Machinery Import and Export Corporation in the Administrative Review of Heavy Forged Hand Tools from the People's Republic of China* (January 6, 1999). Consequently, while SMC salesmen may have been present throughout the verification process, the specific sales personnel that had access to requested documentation were not available when necessary. As explained in Comment 2 of this notice, a respondent must be prepared to verify any section of its response during the scheduled verification.

SMC further claims that a complete tracing of sales was difficult, since its system was not computerized and such an activity must be manually done. However, as explained in Comment 2 of this notice, a respondent in an antidumping proceeding is not relieved of its responsibility to substantiate its submissions simply because it has a rudimentary bookkeeping system. Moreover, the verification team did not demand records that did not exist; rather they attempted to work with the existing record-keeping system of the company. For example, when the verifiers requested sales reconciliations, SMC informed them that complying with the request would be difficult due to its bookkeeping system. Therefore, the verifiers then requested less complicated versions of the reconciliations by limiting their requests, for example, to certain products or months. Nevertheless, SMC failed to provide even the data that were ordinarily maintained in its books and records. Thus, SMC failed to provide key documentation during verification that was necessary to test the completeness of SMC's response, and because the lack of documentation calls into question the reliability of SMC's responses as a whole, we find that SMC failed verification.

Comment 4: Whether Factory a Failed Verification

Respondents assert that Factory A did not fail verification. Respondents argue that the factory measures its costs through the use of ''caps'' (''estimated'' costs) in the ordinary course of business. Respondents note that while Factory A keeps ''actual'' costs for steel inputs, for all other inputs, the costs are measured only through the use of established ''caps.'' Because the vast majority of input cost in the production of hand tools is steel, Respondents maintain that inputs other than steel are inconsequential, and hence, easily adapted to the use of ''caps.'' Respondents claim that the Department had determined that ''caps'' were reasonable using factory records in previous reviews.

Respondents suggest that the verifiers confused some of the deficiencies noted in the preliminary results notice by claiming that, contrary to the notice, there were no unreported factors of production from Factory A. Respondents next argue that while the reported cost figures for Factory A were in some cases inaccurate, the factory reported the same estimated input figures as the Department verified in 1994 and the differences were consistent. Respondents assert that the under-reported inputs are more than compensated by the over-reported inputs, and that it should be expected that there would be variances from the ''caps.'' Respondents stress that each of the reported ''caps,'' which are essentially estimates, was reasonable, even though not traceable to the company's financial statement.

Respondents believe that the main problem at the Factory A verification was the failure of the factory to tie factor inputs to financial statements. Respondents argue that the submissions never indicated that the factories had records which specifically tied ''caps'' to their financial statements, and that with the exception of steel inputs for Factory A, all factor inputs were based solely on ''caps.'' Respondents argue that it was abundantly clear that the factory did not have records which could trace factor inputs on a per product basis, and that nothing in the verification outline requires companies to prepare materials that do not exist. Respondents insist that the Department's verification outline did not require the factory to tie ''caps'' to financial statements.

Respondents note that Factory A separately calculated the amount of steel it used to produce the subject merchandise, but argue that just because it could now report actual steel physical weights did not mean it could tie its steel consumption per item of subject merchandise to its financial statements.

Petitioner claims that the Department was justified in rejecting the factor data of Factory A because Factory A could not reconcile its reported factors of production or ''caps'' with the factory's actual accounting records. More specifically, Factory A could not verify the actual consumption of coal, electricity, or steel.

Department's Position

We disagree with Respondents' argument that the Department has ''accepted caps'' in the past and should do so again. This is a misleading characterization of what happened in previous reviews. The questionnaire in this and previous reviews requires Respondents to report for each factor of production (FOP) the quantity used to manufacture one unit of subject merchandise during the POR, *e.g.*, the actual kilograms (kgs.) of steel used to produce one hand tool. In this and previous reviews, Respondents reported ''caps'' instead of the actual per-unit utilization of inputs, because they claimed their bookkeeping systems were limited. However, it is not entirely accurate to say that the Department accepted ''caps'' in previous reviews. Rather, in the previous review segment, as a result of verification, we confirmed that the reported FOP data, *i.e.*, the ''caps,'' were reasonable approximations of actual consumption. As such we used this data to calculate NV.

However, verification objectives, testing, and results vary with the review segment, company, and facts. In the verification in this review, we once again tested the reasonableness of certain reported FOP data by weighing the input materials as they entered the production process. We found that the factor utilization rates the company reported in its questionnaire response appeared to be reasonable estimates of the weight of certain material inputs. Although we weighed the input materials as in the previous review and found them not widely variant from reported factors, we also asked the

company to demonstrate that the reported factor utilization figures or ''caps'' were accurate and reflected the company's actual production experience by tracing these ''caps'' to the company's accounting records in some way. This is a basic goal of verification and the company failed.

Respondents' argument, in essence, is that the only way the Department needs to test their reported factors is to weigh several pieces at verification and ignore any systematic link between the reported factors and the company's books and records. This is not acceptable. While it is useful to test the production factors that a company reports in various ways, the reliability of the factor utilization rates ultimately depends on the ability of the respondent to trace the calculation of this rate to the company's actual production experience as it has been recorded in the company's accounting records, a demonstration that in this review segment the company could not make.

This approach is consistent with the position the Department took regarding the use of ''caps'' in *Natural Bristle Paintbrushes and Brush Heads from the People's Republic of China; Final Review Results of Antidumping Duty Administrative Review,* 64 FR 27506 (May 20, 1999) (*Natural Bristle Paintbrushes*) for the review period covering 97–98. While the Department had considered ''caps'' reasonable in past segments of this proceeding, the Department found that there were discrepancies in the 97–98 review between the reported ''cap'' amounts and the figures presented at verification. Because the Department could not deduce how the information in the questionnaire was derived, the Department did not consider the information verified.

Regarding Respondents' assertion that the errors noted at verification were minor, we disagree. The verification reports clearly set forth the significant problems encountered at verification. Company officials at Factory A could not support or document actual consumption of coal and electricity. In addition, we were unable to tie steel purchases to steel consumption as reported in the questionnaire response. Furthermore, as discussed above, company officials could not establish links between reported ''caps'' and company accounting records for specific products. *See AFA Memorandum.* Despite the rudimentary record keeping of the company, it was the responsibility of Factory A to demonstrate how its questionnaire response is derived from the production data captured in its books and records. Factory A failed to do so in this case.

In concluding that Factory A failed verification, we examined the entire record supporting the factual data in the questionnaire response and considered the critical impact that any questionable items may have had on our NV calculations. We ultimately determined that the inaccuracies and unverified claims, *in toto,* were such that the reported data were not a reliable basis for calculating a dumping margin. We also note that, regardless of whether Factory A passed verification, the Department would be applying FA, nonetheless, because of the critical deficiencies in the sales verifications of FMEC and SMC.

Comment 5: Whether Factory B Failed Verification

Respondents argue that Factory B did not fail verification. First, Respondents claim that the verifiers confused some of the deficiencies noted in the preliminary results notice. Respondents claim that, while the verifiers identified three unreported inputs in the notice, these should be considered part of factory overhead rather than separate factor inputs. Respondents argue that these inputs are not significant, and that, even if the record is incomplete, it is not so incomplete as to warrant the use of total FA.

Respondents also contend that the reported figures did not contain many errors, and that the ''caps'' verified in 1994 are the same figures as the current ''caps'' for the same types of subject merchandise. Respondents argue that reported factors relating to the most important inputs, steel and steel scrap, were confirmed during verification, and that the verifiers unnecessarily conducted an extensive review of three insignificant unreported factors. Respondents further argue that Factory B provided its complete records, and that the submissions never indicated that the factory had records which specifically tied the reported ''caps'' to the factory's financial statements. Respondents argue that the Department has accepted ''caps'' in the past, recognizing that variances between reported ''caps'' and the actual figures existed. Respondents stress that in previous HFHT reviews, it was established that the ''caps'' were estimated, that the estimates were reasonably close to the actual factor inputs used, and thus, the Department accepted the reported ''caps'.

Petitioner claims that the Department was justified in rejecting the cost data of Factory B because Factory B could not reconcile its reported factors of production or ''caps'' with the factory's actual accounting records, could not confirm the actual consumption of coal or electricity used in the production process, and could not confirm the levels of the additional factors of production not included in Factory B's data.

Department's Position

We disagree that Factory B did not fail verification. As detailed in the *AFA Memorandum,* there are several reasons for concluding that the information reported for Factory B was unreliable. First, the company did not adequately document its FOP data, including the most important factor, which is steel. Second, we discovered at verification additional factors of production that Factory B had not reported to the Department. Finally, Factory B provided insufficient data to support the consumption figures that it had reported for coal and electricity. Although Factory B attempts to defend these deficiencies by arguing the limitations of its bookkeeping system, it is the factory's responsibility to demonstrate how its questionnaire response is derived from its actual production experience as reflected in the factory's financial records. Factory B failed to do this.

We also disagree with Respondents' assertion that the Department had accepted ''caps'' in the past and that the reported ''caps'' were adequately verified in this review segment. As explained in Comment 4 of this notice, we performed limited testing of the ''caps'' in the last review segment. In this review, we asked the factory to trace these ''caps'' to its records. Thus, for the Department to consider the reported production factors reliable, the factory should have demonstrated how they were derived from the company's accounting records. However, as we mention above, Factory B failed in this exercise as it was unable to show any systematic link between the reported factors and the factory's books and records. The verification report, in discussing the grade, type, and specifications of steel used by Factory B, identifies the important ways in which the reported production factors were found to be inaccurate. As these findings are proprietary, please *see Memorandum to the File on Verification of the Questionnaire Response of Factory B in the Administrative Review of Heavy Forged Hand Tools from the People's Republic of China* (January 6, 1999) and the *AFA Memorandum* for a more detailed discussion of this and other deficiencies.

We also disagree with Respondents' arguments that the factors the Department states were not reported were insignificant, that these factors should appropriately be subsumed within the factory overhead factor, and that the Department allotted too much time to these factors at verification. There was no way to confirm these claims at verification as Factory B was not able to substantiate a number of its production factors. Furthermore, because the information concerning the additional FOPs was new, the Department had no choice but to devote some time to these data at verification, to ascertain, if possible, the extent of the new information uncovered.

In concluding that Respondents failed verification we examined the entire record supporting the factual data in the questionnaire response and considered the critical impact that any questionable items may have had on our NV calculations. We ultimately determined that the inaccuracies and unverified claims, *in toto,* were such that the reported data did not provide a reliable basis for calculating a dumping margin. Furthermore, regardless of these findings, the Department would apply FA to transactions involving Factory B because of the critical deficiencies in the sales verifications of FMEC and SMC.

Comment 6: Whether the Application of AFA Is Warranted

Respondents claim that, given the level of cooperation and the substantial evidence on the record that they acted to the best of their abilities during verification, application of AFA is unwarranted. Respondents argue that the Department applies a five-part test, as detailed in the *Notice of Final Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms from Chile,* 63 FR 56613, 56616 (October 22, 1998) (*Mushrooms from Chile*), when determining whether information should be accepted in the face of verification failures. The five factors considered are whether: (1) Submissions of information were made timely; (2) Respondents substantially cooperated with the Department's information requests; (3) some successful verification of the questionnaire response was made; (4) for unverifiable information, there was alternative information available to allow ''appropriate adjustments to the submitted data;'' and (5) the Department was able to make adjustments for the identified deficiencies and could use the submitted information without undue difficulties. Respondents note that when applying these factors in *Mushrooms from Chile,* the Department chose not to apply AFA, despite certain deficiencies, because the Respondent had ''demonstrated that it acted to the best of its ability in the investigation and [did] not otherwise significantly [impede the] investigation.''

According to Respondents, the verifications at Factory A, Factory B, SMC, and FMEC were largely successful. Despite discrepancies in verifying certain sales and cost information, these four companies assert that they provided alternative information sufficient to verify the data in their questionnaire responses and that they have cooperated to the best of their abilities. Respondents maintain that the conduct of SMC and FMEC is neither wholly unresponsive, blatantly uncooperative, nor resulted in any significant impediments to the verification or review. SMC claims that its conduct demonstrates an effort to comply with the Department's information requests and precludes any application of AFA. Similarly, Respondents stress that the inability of FMEC to provide certain documents to the Department does not evidence any level of non-cooperation or willful withholding of information, but rather resulted from unfortunate timing. Respondents further claim that Factories A and B were prepared for verification and did cooperate to the best of their ability. Outlining the data the factories did supply, Respondents argue that their conduct does not warrant application of AFA.

Respondents insist that the Department cannot expect companies to prepare and maintain records solely for purposes of the antidumping statute. Respondents claim that, while the Department in its AFA memo repeatedly points to a failure of Respondents to provide financial statements to tie in to their production records, this expectation is unreasonable unless such a financial statement is kept in the ordinary course of business. In this case, Respondents argue, the companies do not prepare internal financial statements, and the verification should have been limited instead to an examination of ''whether the allocation methods are used in the normal accounting records and whether they have been historically used by the company.'' *See Certain Cut-to-Length Carbon Steel Plate from Mexico: Final Results of Antidumping Duty Administrative Review,* 64 FR at 77 (January 4, 1999). Applying that standard, the records provided to the Department at the verifications are the normal accounting records and methods used historically by Respondents. Further, the Respondents argue that by providing these records, use of AFA cannot be supported or sustained.

Finally, Respondents contend that the PRC-wide rate assigned to FMEC and SMC is based on tainted steel surrogate data from the second review, and that, even if the Department resorts to AFA, it has to have some basis for the rates selected. Respondents claim that the preliminary PRC-wide rates, which were applied to FMEC and SMC, are invalid as a matter of law. Respondents assert that these rates, taken from the 1992–1993 review, were changed due to the remand in *Olympia Indus., Inc.* v. *United States,* Consol. Ct. No. 95–10–01339, (Slip Op. 98–49 (April 17, 1998) (*Olympia*), which the Court affirmed on February 17, 1998. Thus, Respondents argue, the Department has no legal authority to assert AFA rates or PRC-wide rates based on rates which the Department has itself acknowledged contain ''aberrational'' data.

Petitioner asserts that the Department correctly assigned AFA to SMC and FMEC for their lack of cooperation during verification. Petitioner points out that both SMC and FMEC failed to provide financial information at verification to confirm sales and ownership data. SMC failed to verify its Agriculture Tool Department's sales, failed to reconcile its 1997 financial record, and failed to confirm its ownership stake in SMC Pacific Tool. Similarly, FMEC failed to provide numerous financial statements containing important sales data, and failed to provide accounting records regarding its affiliation with a U.S. party. Petitioner claims that these deficiencies prevented the Department from using the Respondents' data to calculate margins, and from evaluating whether the Respondents should be given separate margins or should be considered a single PRC entity.

Department's Position

We disagree with Respondents that adverse inferences are not warranted in this case. With respect to the PRC, FMEC, SMC, and their supplying factories A and B, we found that these parties did not cooperate to the best of their abilities. On April 23, 1998, the Department sent a questionnaire to the Ministry of Foreign Trade and Economic Cooperation (''MOFTEC'') in order to collect information relevant to the calculation of the PRC-wide rate. MOFTEC did not respond. SMC and FMEC likewise did not justify separate rates or provide a consolidated response representing all non-independent exporters of HFHTs. In addition, as discussed above in comments 2 through

5, the accuracy of SMC's and FMEC's individual responses could not be substantiated at verification. These verification failures were the direct result of these companies' failure to supply a wide variety of requested information.

We also disagree with Respondents' claims that the same facts that caused the Department not to apply AFA in *Mushrooms from Chile* exist in these reviews. In *Mushrooms from Chile*, the Department applied the criteria established in section 782(e) of the Act, which directs the Department to consider information, even if the information did not meet all the Department's requirements, if: (1) The information is submitted within the established deadlines; (2) the interested party acted to the best of its ability in providing the requested information; (3) the information can be verified; (4) the information is not so incomplete that it cannot serve as a reliable basis for reaching a determination; and (5) the information can be used without undue difficulties. After reviewing the record of the investigation in *Mushrooms from Chile*, the Department decided that it was not appropriate to reject the respondent's data in its entirety, but to apply partial facts available. Contrary to the facts involved in the Chilean mushroom investigation, the inaccuracies and unverified information in SMC's and FMEC's responses in the HFHTs' proceedings, when taken in total, are so substantial that they prevent the Department from using any part of SMC's or FMEC's responses to determine whether dumping margins exist. Consequently, the Department finds that, pursuant to sections 776(a)(2)(D) and 776(b), the use of an adverse inference is appropriate in determining dumping margins, as these entities have not acted to the best of their abilities to comply with our requests for information.

As explained in the following comment entitled ''Separate Rates,'' the PRC entity, which did not respond to our information requests, includes both SMC and FMEC, as these firms were not able to justify being assigned separate rates for any class or kind of HFHT. Pursuant to section 776(b) of the Act, we are relying on AFA to determine the margin for the PRC-wide entity. This is consistent with the Department's practice in cases where a firm fails verification or the Department receives no response to its questionnaires. *See Natural Bristle Paintbrushes.*

For each of these HFHTs' proceedings, we have used as AFA for the PRC-wide rate the highest rate from any segment of the respective proceedings. Specifically, the highest rates are: 18.72 percent for axes/adzes; 47.88 percent for bars/wedges; 27.71 percent for hammers/sledges; and 98.77 percent for picks/mattocks.

As to the Respondents' claim that the PRC-wide rates that we selected for the preliminary results are not appropriate due to changes in the rates as a result of litigation on the 1992–1993 review, we agree. The Department reviewed the PRC-wide rates on remand in *Olympia* and stated that it had eliminated Japanese exports to India for the purposes of valuing the steel input factor in the final results of the 1992/1993 HFHT reviews, thereby lowering the margins in these cases. We have taken the *Olympia* decision into account when we reviewed the highest rates from any segment of these respective proceedings.

Comment 7: Separate Rates

Respondents argue that the Department had no basis in law or fact to deny separate rates for FMEC and SMC. Respondents argue that no part of the verification addressed the separate rates issue, and that the first mention of this issue was in the preliminary results notice. Respondents argue that for *de jure* control, the verifiers looked at FMEC's business license, that the verifiers noted no restrictive stipulations, and that the record shows no government control. For d*e facto* control, Respondents argue, the reports show that FMEC and SMC set their own prices, kept the proceeds, negotiated their contracts, and selected their own management.

Respondents further raise the question, if the Department's policy that ''separate rates questionnaire responses must be evaluated each time a respondent makes a separate rates claim,'' why did the Department's verification outline fail to include any separate rates' questions? Respondents argue that the Department's citation to *Manganese Metal from the People's Republic of China, Final Results and Partial Rescission of Antidumping Duty Administrative Review,* 63 FR 12441 (March 13, 1998), is misplaced, because it does not involve a change in the Department's granting a separate rate following a verification. Additionally, Respondents argue that the Department's basis for denying separate rates rested on Respondents' failure to provide information that was irrelevant to this issue. Accordingly, Respondents claim that the Department abused its discretion in denying separate rates for FMEC and SMC.

Respondents stress that the Department determined that FMEC and SMC qualified for separate rates in the previous five administrative reviews. Citing *Certain Iron Construction Castings from the People's Republic of China; Final Results of Antidumping Duty Administrative Review,* 57 FR 24245 (June 8, 1992), Respondents claim that it is the Department's practice to maintain separate rates unless there is an indication that a Chinese company's status has changed.

Petitioner supports the Department's decision to assign the PRC-wide rate to both SMC and FMEC, as AFA. Petitioner claims that Respondents failed to provide the Department with verified information regarding their eligibility for separate rates. Petitioner disagrees with Respondents that the record shows that FMEC and SMC set their own prices, kept the proceeds, negotiated their contracts, and selected their own management. Petitioner claims that the problems at verification resulted in the Department's inability to verify U.S. sales and to verify affiliations which could have a direct impact on the Department's separate rate determination. Petitioner notes that, while the Department has, in other cases, calculated separate rates for Respondents that failed verification, the present case is factually different from those circumstances. Citing *Natural Bristle Paintbrushes and Brush Heads From the People's Republic of China; Preliminary Results and Partial Recission of Antidumping Duty Administrative Review,* 64 FR 2192 (Jan. 13, 1999) (*Natural Bristle Paintbrushes Prelim*), Petitioner claims that Respondents in that case warranted a separate rate based on the fact that the verification failure resulted from the Department's inability to verify the information provided by the supplier, and not from any discrepancies in the information provided by the exporter; and that verification of the company revealed that it warranted a separate rate. Thus, Petitioner argues that the *Natural Bristle Paintbrushes Prelim* is distinguishable from this case.

Petitioner also claims that assigning the PRC-wide margins to SMC and FMEC as AFA is appropriate regardless of the separate rate analysis, because the PRC-wide rates are the highest margins calculated in any prior segment of these cases. Petitioner claims that SMC and FMEC warrant the highest rate calculated because they failed to cooperate to the best of their abilities in verifying their cost and sales data. In similar situations, Petitioner claims that the Department has assigned AFA citing *Natural Bristle Paintbrushes Prelim and Elemental Sulphur from Canada; Final Results of Antidumping Administrative*

Reviews, 62 FR 37958 (July 15, 1997). Further, Petitioner suggests that by assigning the PRC-wide rate to SMC and FMEC, the Department will ensure that these companies will not benefit from their lack of cooperation.

Department's Position

We disagree with Respondents' assertion that the record supports a finding of separate rates for FMEC and SMC. As stated in the preliminary results of these reviews, the failure to satisfy requests for information that would confirm various elements of these firms' questionnaire responses directly compromised the information that formed the basis of these entities' separate rates' claims. More specifically, we determined that, due to the nature of the verification failures of SMC and FMEC and the inadequacy of their cooperation, it was not possible to confirm information regarding these entities' affiliations, ownership arrangements, and corporate structure. *See Heavy Forged Hand Tools From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review,* 64 FR 5770 (February 5, 1999). Thus, even though we did not directly examine all aspects of these firms' separate rates' claims at verification, the separate rates' claims were called into question because the data unsuccessfully addressed at verification were key to our separate rates' analysis.

Comment 8: Surrogate Value for Steel

For HFHTs that are not made from scrap, Petitioner argues that the Department erred in selecting its steel surrogate values. In the previous administrative reviews of this case, the Department valued steel inputs for these tools based upon HTS category 7214.50, the classification for forged bars and rods. However, in this review, based on the descriptions of the production process in the record, the Department decided to use HTS category 7207.20.09, the classification for semi-finished steel, to value the steel input. Petitioner claims that HTS category 7207.20.09 is not appropriate because it covers billets and blooms that must be further hot-rolled to ensure that they meet the tolerances necessary to be forged into hand tools. While Petitioner acknowledges that the petition did refer to the raw material for HFHTs as a ''billet,'' Petitioner maintains that the Respondents do not hot roll semi-finished steel billets in their production process. Instead, according to the Respondents' questionnaire responses, the hand tool manufacturers purchase finished round bars, cut them to proper length, and then forge them into tools. Petitioner contends that because ''bars'' are used in the Respondents' production process, it is not appropriate to use an ''unfinished'' product to value the steel input into HFHTs. Petitioner argues that the use of HTS category 7207.20.09 is inconsistent with the statutory mandate, because it is unrelated to the factors of production that are utilized in producing subject merchandise. The proper category to value the steel input is HTS category 7214.50 because it includes finished bars.

Respondents support the Department's use of the HTS category 7207.20.09 to value the steel input, claiming that it constitutes the best available information regarding the materials being used by the HFHT manufacturers to produce subject merchandise. While the Respondents agree that the Department used the correct HTS category to value steel inputs, the Respondents contend that the Department should recalculate the surrogate value within the HTS subheading used. More specifically, Respondents argue that the April–September 1997 Indian Imports from Germany and Qatar under HTS category 7207.20.09 are aberrational in price and therefore should be disregarded to avoid distorting the per unit value for steel. Respondents cite the Department's final remand results in *Olympia,* arguing that the Department's decision in that review to disregard certain Japanese imports as aberrational suggests that the Department should disregard the imports from Germany and Qatar in this review, because they are similarly aberrational.

Finally, Respondents claim the Department double-counted the values for steel in the month of April 1997.

Department's Position

We disagree with Petitioners. In our preliminary review results we stated that we had changed the HTS category that we used to value steel from 7214.50 used in previous reviews to 7207.20.09 because the former covered ''finished rods and bars'' and the latter covered ''unfinished'' steel. This was based on our analysis of the petition, the ITC report, the questionnaire responses in this review segment, the HTS, and conversations with product experts. This analysis suggested that the input material used by the PRC producers was unfinished and that the input material underwent a number of operations which could be characterized as ''finishing'' operations, including forging.

However, in reviewing this analysis in light of the comments raised by the parties we realized that our use of the term ''unfinished'' was somewhat imprecise in the discussion regarding the choice of appropriate surrogate values. One of the primary differences between HTS categories 7214.50 and 7207.20.09 is that the former covers ''bars and rods'' and the latter covers ''ingots and other primary forms'' (including billets). Thus, in considering which of these categories most closely reflects the input materials used by respondents, the most important determinant is whether the steel input for the HFHTs in question is closest to a billet or a bar, not whether the input is ''finished'' or ''unfinished.''

In reviewing the record evidence we noted that both Respondents and Petitioners used a variety of terms to describe the input materials. The petition originally filed in this proceeding describes the input material as ''fine grain special bar quality carbon steel'' in one place, and as a ''billet'' in another. *See* Petition for the Imposition of Antidumping Duties on Heavy Forged Hand Tools, With or Without Handles, from the People's Republic of China, at pages 14 and 35, respectively (April 4, 1990). Similarly, Respondents refer to the input materials as ''ordinary merchant grade 1045 steel bar'' and ''billets.'' *See* TMC's and Shandong Huarong's Response to the Department's April 23, 1998 Questionnaire—Section C and D (June 24 and 26, 1998). In order to address this issue we asked Respondents a series of questions designed to clarify the type of input used. *See* June 18 letter to Respondents regarding Steel Value. Their responses indicated that they used billets. *See* Shandong Huarong and TMC Response to Department's June 18, 1999 Supplemental Questionnaire (June 23, 1999). Accordingly, for these final review results, we continue to hold that HTS category 7207.20.09 is a better HTS category to value the steel input used in the HFHTs in question because it covers billets, not bars.

We also disagree with Petitioner's assertion that this category is inappropriate because it covers both semi-finished billets and blooms. Almost all of the HTS categories we use cover a range of products, some of which include products other than the specific input in question. Nevertheless, the category selected is still the factor value on the record of this review that most closely resembles the production input actually used by the PRC producers.

We disagree with Respondents' claim that the Department incorrectly double-counted the values for steel in the month of April 1997. However, we

identified an error in the calculation of unit values derived from the April-September time period which we have corrected in these final review results. In addition, we agree with Respondents' final claim that the average unit values for steel imports from Germany and Qatar under this HTS category are so substantially higher when compared with the great majority of other imports under this category that they are aberrational. As such we have excluded these imports from our analysis.

Comment 9: Surrogate Value for Steel Scrap

Petitioner argues that for HFHTs made from scrap railroad wheels and rails, the record evidence does not support using HTS category 7204.41 to value Respondents' steel input. Petitioner claims that railroad wheels used as scrap are not classified under HTS category 7204.41. Furthermore, Petitioner contends that the used railroad wheels and rails that are resold in the scrap market command almost twice the price of scrap that is resold in the form of mill waste, turnings, and shavings. According to Petitioner, railroad scrap is a premium quality scrap as opposed to the scrap by-products that are covered under HTS category 7204.41, an item number which generally encompasses the cheapest grades of scrap available. As evidence Petitioner cites to experience in the U.S. scrap market where used railroad wheels command almost twice the price of certain other scrap forms. Petitioner therefore maintains that the scrap steel should be valued as bars under HTS category 7214.50. However, if the Department continues to use HTS category 7204.41, Petitioner argues that the Department should take into account the scrap market data discussed above and double the unit value we derive from the import statistics. Petitioner further notes that the Department has never verified TMC's use of railroad wheels in the production process for certain HFHTs.

Respondents argue that the Department used the correct HTS category to value the scrap steel input and oppose Petitioner's suggestion that the average import unit value be doubled to reflect the value of the scrap railroad wheels. Respondents contend that the statute requires the Department to use surrogate values when they are available, not U.S. experience. In addition, respondents oppose HTS category 7214.50, the input classification that Petitioner advocates, because it does not include used railroad wheels and rails. Respondents argue in addition that Petitioner made no timely request that the Department conduct a verification of TMC.

Department's Position

Based on the arguments raised by the parties, subsequent to the preliminary review results, we identified a new value for scrap which may more closely resemble the production input actually used by respondents. This value, HTS category 7204.49, encompasses heavier scrap steel than the category previously used. This category is significantly closer to the scrap railroad wheels and rails that the Respondents use than the mill waste, turnings, and shavings that are classified under HTS category 7204.41. *See Memorandum to the File regarding Selection of Scrap Steel*, dated June 7, 1999.

Comment 10: NME Shipments

The Respondents claim that the Department made a clerical error when we included imports from the Democratic People's Republic of Korea (the DPRK) but not imports from the Republic of Korea (the ROK) in the Indian import statistics used to value certain FOPs for HFHTs.

Department's Position

We agree with the Respondents that an error occurred when we inadvertently included import data for shipments from the DPRK, but omitted the import data for shipments from the ROK in establishing factor values. It is the Department's practice to exclude from the import data used to value FOP import information pertaining to NMEs. Consequently, the Department has included the import data from the ROK and omitted the import data from the DPRK in these final review results.

Comment 11: Ocean Freight Rate for SHGC

Respondents claim that the Department should have used market value ocean freight rates for all SHGC shipments since it represents the best information available. Instead, the Department used surrogate value ocean freight rates for all shipments except one. The one exception concerned a shipment by SHGC that was transported by a market economy vendor and paid for by SHGC using a market economy currency. It is the market economy rates used for this shipment that Respondents argue the Department should use to value all ocean freight for SHGC.

Petitioner did not comment on this issue.

Department's Position

We disagree with the Respondents. Record evidence indicates that, with one exception, SHGC used NME carriers for its shipments. Since, with this one exception, SHGC did not use a market economy vendor or pay market economy prices for its shipments, we appropriately used surrogate values for all but this one shipment. This is consistent with our longstanding practice of using actual prices only when the NME producer (1) sources an input from a market economy country; and (2) pays for the input in a market economy currency. *See, e.g., Final Determination of Sales at Less than Fair Value: Chrome Plated Lug Nuts From the People's Republic of China,* 56 FR 46153 (September 10, 1991); *Final Determination of Sales at Less Than Fair Value: Oscillating Fans and Ceiling Fans From the People's Republic of China,* 56 FR 55271, 55274–75 (October 25, 1991); *Final Determination of Sales at Less Than Fair Value: Saccharin from the People's Republic of China,* 59 FR 58818, 58822–23 (November 15, 1994); *Notice of Final Determination of Sales at Less Than Fair Value: Disposable Pocket Lighters From the People's Republic of China,* 60 FR 22359, 22366 (May 5, 1995); *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews,* 61 FR 65527, 65553 (December 13, 1996).

We also disagree with Respondents' claim that the one market economy currency transaction is the ''best available information'' for valuing the remaining NME transactions because that value reflects the ''actual'' value of ocean freight. This contention is without merit. Respondents have not suggested why, nor provided any information to support the argument that, this one market economy transaction is a better surrogate value than the value we used from a comparable economy, as is our normal practice.

Comment 12: The Surrogate Value for Coal

The Respondents argue that the Department should abandon the data source it used to price coal and value this input using the more contemporaneous Indian import statistics for coal imported during the POR. Respondents note that the Department relied on Indian import statistics for valuing coal expenditures in the 96–97 *Preliminary Results of Antidumping Duty Administrative Review of Certain Helical Spring Lock Washers from the People's Republic of China,* 63 FR 60299 (November 9, 1998) (*Helical Spring Lock Washers*). Thus,

Respondents claim that the Department should do the same here.

Petitioner did not comment on this issue.

Department's Position

We disagree with Respondents. Respondents cite to an earlier review result in another proceeding as support for their claim that the Department should use Indian import statistics to value coal. However, the Department's decision on factor valuation is based on the best information available in each review segment. In this case, we used information from the International Atomic Energy Agency's Publication, *Energy Prices and Taxes,* Second Quarter 1998, to value coal because the publication provided values for coal on a more specific basis. In particular, this publication provided values for coal used in industrial applications. The Indian import statistics for coal that Respondents recommend do not distinguish between coal used for household and industrial applications. Because the use of coal in HFHT production is an industrial application, we believe the value for coal used in industrial applications is more specific and more reflective of this factor's value.

Comment 13: The Surrogate Value for Cartons

Respondents argue that the Department should use the most recent Indian import statistics to value cartons even though the statistical reporting unit for more recent imports under this HTS category is no longer kilograms, the unit Respondents used for this production factor. Respondents argue that these data are more contemporaneous.

Petitioner did not comment on this issue.

Department's Position

We disagree. Respondents reported their carton data on a per kilogram basis. In order to accurately value this production factor, we use data that are reported on a per kilogram basis. As a result, for these final results, the Department used Indian import statistics for cartons from an earlier time period, February 1995, when the statistical reporting unit for the HTS category in question was still kilograms. As we discussed in the *HFHTs Prelims,* we adjusted these data using the wholesale price indices for India reported in the IMF's publication, *International Financial Statistics,* to account for price differences between the period of the FOP data and the POR.

Comment 14: Truck Freight

The Respondents claim that the Department double-counted the truck freight expense, by including both mileage and factory overhead in its factor valuation. Respondents suggest that, where a company uses its own trucks, the Department should simply assume these expenses are included as part of a company's factory overhead. In the alternative, Respondents argue that the Department should use the *Times of India* truck rate for all domestic truck transportation, rather than using this rate only in those instances when transportation was provided by company-operated trucks. While Respondents acknowledge that the *Times of India* truck rate covers company-operated trucks, not non-company operated trucks, they nonetheless cite *Helical Spring Lock Washers,* noting that in that case, the Department used the *Times of India* rate for all domestic truck transportation.

Department's Position

We disagree with Respondents. First, Respondents have provided no evidence to demonstrate that truck expenses are already included in factory overhead. Second, the Department treats the cost of operating the company's own vehicles as a separate, distinguishable expense from the costs related to use of non-company operated trucks. We used the *Times of India* rate to value the cost of a company-operated truck because this is the most appropriate surrogate value. For non-company operated trucks, *i.e.*, the purchase of freight delivery services in the PRC, we used information contained in an August 1993 embassy cable, which we have placed on the record of these reviews, describing the cost of truck transportation for an Indian company located in Bombay used in the *Final Determination of Sales at Less Than Fair Value: Certain Helical Spring Lock Washers from the People's Republic of China* (58 FR 48833). We also disagree that Helical *Spring Lock Washers* supports using company-operated truck rates for valuing all truck transportation. In that review segment the Department used only company-operated truck rates to value truck transportation because the company used only company-operated trucks during the POR.

Comment 15: Selling, General, and Administrative Expenses (SG&A), Factory Overhead, and Profit

Respondents claim that the surrogate values used for calculating SG&A, factory overhead, and profit were from large industries and therefore not appropriate for the small companies engaged in producing the subject material. Citing *Helical Spring Lock Washers,* Respondents argue that despite the Department's practice of using the most contemporaneous data available, Commerce should use the data for smaller companies from other reviews in this case because these data are more representative of the business conditions in China and the industry producing HFHTs.

Petitioner argues that the Department should maintain the use of the current surrogate values for SG&A, factory overhead, and profit, since they are more contemporaneous.

Department's Position

We agree with the Respondents. For these final review results we valued the factors for factory overhead, SG&A, and profit using the surrogate data employed for these factors in *Helical Spring Lock Washers.* More specifically, these data were derived from the *Reserve Bank of India Bulletin,* a publication that we have placed on the record of this review and reflects the experience of companies from smaller industries. The PRC producers subject to this review are small producers. Thus, the surrogate data used in *Helical Spring Lock Washers* is more appropriate for valuing SG&A, factory overhead, and profit, because it is more reflective of the business experience of small industries, and therefore, the HFHTs' sector.

Final Results of the Reviews

As a result of our reviews, we have determined that the following margins exist for the period February 1, 1997 through January 31, 1998:

Manufacturer/exporter	Time period	Margin (percent)
Shandong Huarong General Group Corporation		
Bars/Wedges	2/1/97–1/31/98	1.27
Axes/Adzes	2/1/97–1/31/98	18.72
Liaoning Machinery Import & Export Corporation		
Bars/Wedges	2/1/97–1/31/98	0.00

Manufacturer/exporter	Time period	Margin (percent)
Tianjin Machinery Import & Export Corporation		
Hammers/Sledges	2/1/97–1/31/98	0.14
Picks/Mattocks	2/1/97–1/31/98	0.00
Bars/Wedges	2/1/97–1/31/98	47.88
Axes/Adzes	2/1/97–1/31/98	18.72
PRC-wide rates		
Axes/Adzes	2/1/97–1/31/98	18.72
Bars/Wedges	2/1/97–1/31/98	47.88
Hammers/Sledges	2/1/97–1/31/98	27.71
Picks/Mattocks	2/1/97–1/31/98	98.77

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. Pursuant to 19 CFR 351.212(b)(1), where we analyzed and used a company's response in issuing these final review results, we have calculated an importer-specific duty assessment rate by dividing the total amount of dumping margins calculated for sales to each importer by the total number of units of those same sales sold to that importer. The unit dollar amount will be assessed uniformly against each unit of merchandise of that specific importer's entries during the POR. As discussed above, SMC and FMEC did not justify receiving separate rates. They are covered by the PRC-wide rates for the different classes or kinds of HFHTs. Where a rate is based on FA, this rate will be uniformly applied to all imports of that merchandise. In accordance with 19 CFR 351.106(c)(2), we also will instruct Customs to liquidate without regard to antidumping duties any entries for which the importer-specific antidumping duty assessment rate is *de minimis, i.e.*, less than 0.5 percent. The Department will issue appraisement instructions directly to Customs.

Furthermore, the following cash deposit requirements will be effective upon publication of this notice of final results of reviews for all shipments of HFHTs from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date of this notice, as provided for by section 751(a)(1) of the Act: (1) The cash deposit rates for the reviewed companies named above which have separate rates (SHGC, LMC, and TMC) will be the rates stated above for those firms and for the classes or kinds of HFHTs listed above; (2) for any previously reviewed PRC and non-PRC exporter with a separate rate, (including those companies and products where we terminated the review), the cash deposit rate will be the company-and product-specific rate established for the most recent period; (3) for all other PRC exporters, including SMC and FMEC, which failed to justify receiving separate rates in this segment of the proceeding, the cash deposit rates will be the product-specific PRC-wide rates as stated above; and (4) the cash deposit rates for non-PRC exporters of subject merchandise from the PRC will be the product-specific rates applicable to the PRC supplier of that exporter. These cash deposit requirements shall remain in effect until publication of the final results of the next administrative review.

This notice serves as a final reminder to importers of their responsibility under section 351.402(f) of the Department's regulations to file a certificate regarding reimbursement of antidumping duties prior to liquidation of the relevant entries during this POR. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double the amount of antidumping duties.

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with section 351.305(a)(3) of the Department's regulations. Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

These administrative reviews and notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act (19 U.S.C. 1675(a)(1) and 1677f(i)(1)).

Dated: August 4, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–20739 Filed 8–10–99; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

Notice of Postponement of Time Limit for Countervailing Duty Investigation: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil

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

ACTION: Notice of postponement of time limit for preliminary determination of countervailing duty investigation.

SUMMARY: The Department of Commerce is extending the time limit of the preliminary determination in the countervailing duty investigation of certain cold-rolled flat-rolled carbon-quality steel products from Brazil because we deem this investigation to be extraordinarily complicated, and determine that additional time is necessary to make the preliminary determination.

EFFECTIVE DATE: August 11, 1999.

FOR FURTHER INFORMATION CONTACT: Dana Mermelstein at (202) 482–0984 or Javier Barrientos at (202) 482–2849, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act.

Postponement

On June 21, 1999, the Department of Commerce (the Department) initiated a countervailing duty investigation of certain cold-rolled flat-rolled carbon-quality steel products from Brazil. *See Initiation of Countervailing Duty Investigations: Certain Cold-Rolled Flat-*