

entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(2)(C) of the Act: (1) the cash deposit rate for Windmill will be the rate established in the final results of this administrative review; (2) for all other Romanian exporters, the cash deposit rate will be the Romania-wide rate made effective by the final determination in the less-than-fair-value investigation (*see Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from Romania*, 58 FR 37209 (July 9, 1993)); (3) for non-Romanian exporters of subject merchandise from Romania, the cash deposit rate will be the rate applicable to the Romanian supplier of that exporter.

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

This notice also serves as a preliminary 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 administrative review and notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: August 31, 1999.

**Richard W. Moreland,**  
Acting Assistant Secretary for Import Administration.

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-201-809]

#### **Certain Cut-to-Length Carbon Steel Plate From Mexico: Preliminary Results of Antidumping Duty Administrative Review**

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

**ACTION:** Notice of preliminary results of antidumping duty administrative review.

**SUMMARY:** In response to requests from a respondent and the petitioners, the Department of Commerce (the Department) is conducting an

administrative review of the antidumping duty order on certain cut-to-length (CTL) carbon steel plate from Mexico. This review covers one manufacturer/exporter of the subject merchandise. The period of review (POR) is August 1, 1997 through July 31, 1998. We preliminarily determine that sales have been made below normal value (NV). If these preliminary results are adopted in our final results of administrative review, we will instruct the U.S. Customs Service to assess antidumping duties on entries of subject merchandise from the manufacturer/exporter reviewed.

Interested parties are invited to comment on these preliminary results. Parties who submit argument in this proceeding are requested to submit with the argument: (1) A statement of the issue and (2) a brief summary of the argument.

**EFFECTIVE DATE:** September 7, 1999.

**FOR FURTHER INFORMATION CONTACT:** Thomas Killiam, Michael Heaney, or Robert James, Enforcement Group III, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-3019 (Killiam), (202) 482-4475 (Heaney), (202) 482-5222 (James).

#### **SUPPLEMENTARY INFORMATION:**

##### **Applicable Statute**

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act) are references to the provision effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR Part 351 (1998).

##### **Background**

The Department published an antidumping duty order on certain CTL carbon steel plate from Mexico on August 19, 1993 (58 FR 44165). The Department published a notice of opportunity to request an administrative review of the antidumping duty order for the 1997-1998 review period on August 11, 1998 (63 FR 42821). On August 31, 1998, respondent Altos Hornos de Mexico (AHMSA) requested that the Department conduct an administrative review of the antidumping duty order on certain CTL carbon steel plate from Mexico. On August 31, 1998, the petitioners (Bethlehem Steel Corporation, Geneva Steel, Gulf Lakes Steel, Inc., of Alabama,

Inland Steel Industries Inc., Lukens Steel Company, Sharon Steel Corporation, and U.S. Steel Group (a unit of USX Corporation)) requested a review of AHMSA. We published a notice of initiation of the review on September 29, 1998 (63 FR 51893).

Under the Act, the Department may extend the deadline for completion of administrative reviews if it determines that it is not practicable to complete the review within the statutory time limit of 365 days. On March 17, 1999, the Department extended the time limit for the preliminary results in this case. *See Certain Cut-to-Length (CTL) Carbon Steel Plate from Mexico; Antidumping Duty Administrative Review; Extension of Time Limits*, 64 FR 14690 (March 26, 1999).

The Department is conducting this administrative review in accordance with section 751 of the Act.

##### **Scope of the Review**

The products covered in this review include hot-rolled carbon steel universal mill plates (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 millimeters but not exceeding 1,250 millimeters and of a thickness of not less than 4 millimeters, not in coil and without patterns in relief), of rectangular shape, neither clad, plated nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances; and certain hot-rolled carbon steel flat-rolled products in straight lengths, of rectangular shape, hot rolled, neither clad, plated, nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances, 4.75 millimeters or more in thickness and of a width which exceeds 150 millimeters and measures at least twice the thickness, as currently classifiable in the Harmonized Tariff Schedule (HTS) under item numbers 7208.31.0000, 7208.32.0000, 7208.33.1000, 7208.33.5000, 7208.41.0000, 7208.42.0000, 7208.43.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.11.0000, 7211.12.0000, 7211.21.0000, 7211.22.0045, 7211.90.0000, 7212.40.1000, 7212.40.5000, and 7212.50.0000. Included in this review are flat-rolled products of non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process (i.e., products which have been "worked after rolling"); for example, products which have been beveled or rounded at the edges. Excluded from this review is grade X-70 plate.

These HTS item numbers are provided for convenience and U.S. Customs purposes. The written descriptions remain dispositive.

The POR is August 1, 1997, through July 31, 1998. This review covers sales of certain cut-to-length carbon steel plate by AHMSA.

#### Verification

The Department will consider the results of its verification of AHMSA's cost of production (COP) and constructed value (CV) submission prior to issuing the final results of review.

#### Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by the respondent covered by the description in the "Scope of the Review" section of this notice (*supra*), and sold in the home market during the period of review (POR), to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. In making product comparisons, we matched foreign like products based on the physical characteristics reported by the respondent.

#### Normal Value Comparisons

To determine whether AHMSA made sales of subject merchandise in the United States at less than normal value, we compared export price (EP) to normal value (NV), as described below. In accordance with section 777A(d)(2) of the Act, we calculated monthly weighted-average prices for NV and compared these to individual U.S. transactions.

#### Export Price

The Department treated all of AHMSA's sales as EP sales, because the merchandise was sold directly to unaffiliated U.S. purchasers prior to the date of importation and constructed export price (CEP) methodology was not otherwise indicated.

We based EP on the price to unaffiliated purchasers in the United States. We made deductions for movement expenses, brokerage charges, bank charges, and inspection fees.

#### Normal Value

In order to determine whether there were sufficient sales of subject merchandise in the home market to serve as a viable basis for calculating NV, we compared AHMSA's volume of home market sales of the foreign like product to its volume of sales of subject merchandise in the United States, in accordance with section 773(a)(1)(C) of the Act. AHMSA's aggregate volume of

HM sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales of the subject merchandise. Therefore, we based NV on HM sales.

#### Cost Investigation

In the prior review, we initiated and conducted a sales-below-cost investigation of AHMSA. Although AHMSA submitted COP data in that review, we ultimately determined that AHMSA failed to act to the best of its ability and we therefore based AHMSA's margin on total adverse facts available. See *Certain Cut-to-Length Carbon Steel Plate From Mexico: Final Results of Antidumping Duty Administrative Review*, 64 FR 76 (January 4, 1999). The adverse inference made in the prior review provides the Department with a basis to infer that AHMSA's comparison market sales would have failed the cost test such that we would have disregarded them in our determination of NV in that review. Therefore, pursuant to section 773(b)(2)(A)(ii) of the Act, we also have reasonable grounds to believe or suspect that sales by AHMSA of the foreign like product under consideration for the determination of NV in this review may have been made at prices below the COP. See January 19, 1999 recommendation memorandum from Richard Weible to Joseph Spetrini, *Automatic Self-Initiation of COP Investigation in 1997-1998 Administrative Review of Cut-to-Length (CTL) Carbon Steel Plate from Mexico*.

We compared sales of the foreign like product in the home market with the model-specific COP for the POR. In accordance with section 773(b)(3) of the Act, we calculated the COP based on the sum of the costs of materials and fabrication employed in producing the foreign like product plus selling, general and administrative expenses and all costs and expenses incidental to placing the foreign like product in condition packed and ready for shipment. In our COP analysis we used home market sales and COP information provided by the respondent in its questionnaire responses, revised as follows:

Pursuant to sections 773(f)(2) and (3) of the Act and section 351.407(b) of the Department's regulations, we adjusted the reported iron ore, limestone and scrap costs, to reflect market prices rather than the prices AHMSA paid to affiliates for these major inputs. We revised the general and administrative expense ratio to include income and expense items which AHMSA omitted. We recalculated net interest expenses to exclude monetary corrections and foreign exchange gains. These three

adjustments to cost and expense ratios are addressed in *Memorandum to: Neal Halper, Acting Director, Office of Accounting, from Peter Scholl, Senior Accountant, Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination*, August 31, 1999.

After calculating COP, we tested whether home market sales of subject merchandise were made at prices below COP and, if so, whether the below-cost sales were made within an extended period of time in substantial quantities and at prices which did not permit recovery of all costs within a reasonable period of time. We then compared model-specific COPs to the reported home market prices less any applicable movement charges, discounts and selling expenses.

The results of our cost test for AHMSA indicated that for certain home market models less than twenty percent of the sales of the model were at prices below COP. Pursuant to section 773(b)(2)(C) of the Act, we therefore determined that the below-cost sales of these models were not made in substantial quantities and we retained all sales of these models in our analysis and used them as the basis for determining NV. Our cost test for AHMSA also indicated that for certain other home market models twenty percent or more of the home market sales were at prices below COP. In accordance with section 773(b)(2)(B) and (C) of the Act, we disregarded the below-cost sales of these models from our analysis because we determined that they were made over an extended period of time in substantial quantities. In addition, because each individual price was compared against the POR-average COP, any sales that were below cost were also not at prices which permitted cost recovery within a reasonable period of time, as defined in section 773(b)(2)(D).

To calculate NV we deducted billing adjustments, movement expenses, cutting fees, early payment discounts, foreign exchange adjustments, freight cost calculation variance adjustments, and inspection fees. We made an addition for interest revenue. In accordance with section 773(a)(6) of the Act, we adjusted NV, where appropriate, by deducting home market packing expenses and adding U.S. packing expenses. We also adjusted NV for differences in credit expenses and differences in physical characteristics between the U.S. and home market merchandise.

### Level of Trade

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

To determine whether NV sales are at a different LOT than EP or CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison market sales at the LOT of the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the differences in the levels between NV and CEP affects price comparability, we adjust NV under section 773(A)(7)(B) of the Act (the CEP offset provision). (See e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997).)

In implementing these principles in this review, we asked AHMSA to identify the specific differences and similarities in selling functions and/or support services between all phases of marketing in the home market and the United States. AHMSA identified three channels of distribution in the home market: (1) Direct sales to end-users or distributors, (2) sales requiring cutting services prior to delivery, and (3) consignment sales. AHMSA performs similar selling functions for all three channels. Because the selling functions performed for each customer class are sufficiently similar, we determined that there exists one LOT for AHMSA's home market sales.

For the U.S. market AHMSA reported one LOT: EP sales made directly to its U.S. customers. When we compared EP sales to home market sales, we determined that sales in both markets were made at the same LOT. For both

EP and home market transactions AHMSA sold directly to the customer and provided similar levels of order processing, delivery arrangement, and customer liaison. Based upon the foregoing, we determined that AHMSA sold at the same LOT in the U.S. market as it did in the home market, and consequently no LOT adjustment is warranted.

### Preliminary Results of the Review

As a result of this review, we preliminarily determine that the following weighted-average margin exists for AHMSA for the period September 1, 1997, through August 31, 1998:

Manufacturer/exporter	Margin (percent)
AHMSA .....	1.77

The Department will issue disclosure documents within five days of the date of publication of this notice. Interested parties may also request a hearing within 30 days of publication. If requested, a hearing will be held as early as convenient for the parties but normally not later than 37 days after the date of publication or the first work day thereafter. Interested parties may submit case briefs not later than 30 days after the date of publication of this notice. Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than 5 days after the filing of case briefs. The Department will issue a notice of the final results of this administrative review, which will include the results of its analysis of issues raised in any such briefs or at a hearing, within 120 days from the publication of these preliminary results.

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. Upon completion of this review, the Department will issue appraisal instructions directly to the Customs Service. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by this review and for future deposits of estimated duties. We will instruct the Customs Service to assess antidumping duties on all appropriate entries covered by this review if any assessment rate calculated in the final results of this review is above *de minimis* (i.e., at or above 0.5 percent) (see 19 CFR 351.106(c)(2)). For assessment purposes, if applicable, we intend to calculate an importer-specific assessment rate by aggregating the dumping margins calculated for all U.S.

sales and dividing this amount by the total quantity sold.

Furthermore, the following deposit rates will be effective upon publication of the final results of this administrative review for all shipments of certain CTL carbon steel plate from Mexico entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(2)(C) of the Act: (1) The cash deposit rate for the reviewed company will be the rate established in the final results of this review; (2) for merchandise exported by manufacturers or exporters not covered in this review but covered in the original investigation of sales at less than fair value (LTFV) or a previous review, the cash deposit 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 or a previous review, or the original 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) for all other producers and/or exporters of this merchandise, the cash deposit rate shall be 49.25 percent, the "all others" rate established in the LTFV investigation.

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

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.401(f)(2) 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 determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: August 31, 1999.

**Richard W. Moreland,**

*Acting Assistant Secretary for Import Administration.*

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