

copy electronically to [FR0069@ustr.gov](mailto:FR0069@ustr.gov), with "Mexico OCTG Dispute" in the subject line. For documents sent by U.S. mail, USTR requests that the submitter provide a confirmation copy, either electronically, to the electronic mail address listed above, or by fax to (202) 395-3640. USTR encourages the submission of documents in Adobe PDF format, as attachments to an electronic mail. Interested persons who make submissions by electronic mail should not provide separate cover letters; information that might appear in a cover letter should be included in the submission itself. Similarly, to the extent possible, any attachments to the submission should be included in the same file as the submission itself and not as separate files. Comments must be in English. A person requesting that information contained in a comment submitted by that person be treated as confidential business information must certify that such information is business confidential and would not customarily be released to the public by the submitting person. Confidential business information must be clearly marked "BUSINESS CONFIDENTIAL" in a contrasting color ink at the top of each page of each copy.

Information or advice contained in a comment submitted, other than business confidential information, may be determined by USTR to be confidential in accordance with section 135(g)(2) of the Trade Act of 1974 (19 U.S.C. 2155(g)(2)). If the submitting person believes that information or advice may qualify as such, the submitting person—

- (1) Must so designate the information or advice;
- (2) Must clearly mark the material as "SUBMITTED IN CONFIDENCE" in a contrasting color ink at the top of each page of each copy; and
- (3) Is encouraged to provide a non-confidential summary of the information or advice.

Pursuant to section 127(e) of the URAA (19 U.S.C. 3537(e)), USTR will maintain a file on this dispute settlement proceeding, accessible to the public, in the USTR Reading Room, which is located at 1724 F Street, NW., Washington, DC 20508. The public file will include non-confidential comments received by USTR from the public with respect to the dispute; if a dispute settlement panel is convened, the U.S. submissions to that panel, the submissions, or non-confidential summaries of submissions, to the panel received from other participants in the dispute, as well as the report of the panel; and, if applicable, the report of the Appellate Body. An appointment to review the public file (Dock No. WT/

DS-282, Mexico OCTG Dispute) may be made by calling the USTR Reading Room at (202) 395-6186. The USTR Reading Room is open to the public from 9:30 a.m. to 12 noon and 1 p.m. to 4 p.m., Monday through Friday.

**Daniel E. Brinza,**

*Assistant United States Trade Representative for Monitoring and Enforcement.*

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## OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

**[Docket No. WTO/DS-281]**

### WTO Dispute Settlement Proceeding Regarding Antidumping Measures on Cement From Mexico

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice; request for comments.

**SUMMARY:** The Office of the United States Trade Representative ("USTR") is providing notice that on January 31, 2003, the United States received from Mexico a request for consultations under the Marrakesh Agreement Establishing the World Trade Organization ("WTO Agreement") regarding various measures relating to the antidumping duty order on gray portland cement and cement clinker ("cement") from Mexico. Mexico alleges that determinations made by U.S. authorities concerning this product, and certain related matters, are inconsistent with Articles 1, 2, 3, 4, 6, 8, 9, 10, 11, 12 and 18 of the Agreement on Implementation of Article VI of the General Agreements on Tariffs and Trade 1994 ("AD Agreement"), Articles III, VI and X of the General Agreement on Tariffs and Trade 1994 ("GATT 1994"), and Article XVI:4 of the WTO Agreement. USTR invites written comments from the public concerning the issues raised in this dispute.

**DATES:** Although USTR will accept any comments received during the course of the dispute settlement proceedings, comments should be submitted on or before March 28, 2003, to be assured of timely consideration by USTR.

**ADDRESSES:** Comments should be submitted (i) electronically, to [FR0068@ustr.gov](mailto:FR0068@ustr.gov), or (ii) by mail, to Sandy McKinzy, Office of the United States Trade Representative, 600 17th Street, NW., Washington, DC 20508, Attn: Mexico Cement Dispute, with a confirmation copy sent electronically to the address above, or by fax to (202) 395-3640, in accordance with the

requirements for submission set out below.

#### FOR FURTHER INFORMATION CONTACT:

William D. Hunter, Associate General Counsel, Office of the United States Trade Representative, 600 17th Street, NW., Washington, DC (202) 395-3582.

**SUPPLEMENTARY INFORMATION:** Section 127(b) of the Uruguay Round Agreements Act ("URAA") (19 U.S.C. 3537(b)(1)) requires that notice and opportunity for comment be provided after the United States submits or receives a request for the establishment of a WTO dispute settlement panel. Consistent with this obligation, but in an effort to provide additional opportunity for comment, USTR is providing notice that consultations have been requested pursuant to the WTO Dispute Settlement Understanding ("DSU"). If such consultations should fail to resolve the matter and a dispute settlement panel is established pursuant to the DSU, such panel, which would hold its meeting in Geneva, Switzerland, would be expected to issue a report on its findings and recommendations within six to nine months after it is established.

#### Major Issues Raised by Mexico

With respect to the measures at issue, Mexico's request for consultations refers to the following:

- The final results of the fifth through eleventh administrative reviews of the antidumping duty order on cement from Mexico, such reviews collectively covering the time period from August 1, 1994 to July 31, 2001. These final results, which were made by the U.S. Department of Commerce ("Commerce") are published at 62 FR 17148 (April 9, 1997); 63 FR 12764 (March 16, 1998); 64 FR 13148 (March 17, 1999); 65 FR 13943 (March 15, 2000); 66 FR 14889 (March 14, 2001); 67 FR 12518 (March 19, 2002); and 67 FR 12518 (January 14, 2003);

- The final sunset review determinations on cement from Mexico by Commerce (65 FR 41049 (July 3, 2000)), and the U.S. International Trade Commission ("ITC") (USITC Publication No. 3361 (October 2000) and 65 FR 65327 (November 1, 2000)), as well as the resulting continuation by Commerce of the antidumping duty order on cement from Mexico (65 FR 68979 (November 15, 2000));

- The dismissal by the ITC of a request for the institution of a changed circumstances review of the antidumping duty order on cement from Mexico (66 FR 65740 (December 20, 2001));

- Sections 736, 737, 751, 752 and 778 of the Tariff Act of 1930;

- The URAA Statement of Administrative Action, H.R. Doc. No. 103-316, vol. 1 (1994);

- Commerce's Sunset Policy Bulletin (63 FR 18871 (April 16, 1998));

- Commerce's sunset review regulations, 19 CFR § 351.218;

- The ITC's sunset review regulations, 19 CFR §§ 207.60-69; and
- Portions of Commerce's regulations governing the calculation of dumping margins, 19 CFR §§ 351.102, 351.212(f), 351.213(j), 351.403, and 351.414(c)(2).

With respect to the claims of WTO-inconsistency, Mexico's request for consultations refers to the following:

- With regard to the sunset review conducted by Commerce:
- Commerce's misapplication of the standard of "would be likely to lead to";
- The basis of Commerce's determination of the likelihood of dumping;

- Commerce's failure to disclose the "essential facts under consideration which form the basis for the decision";
- U.S. laws, regulations and procedures relating to duty absorption, both *per se* and as applied; and
- Commerce's reliance on a presumption in favor of maintaining the anti-dumping measures.

- With regard to the sunset review conducted by the ITC:

- The ITC's misapplication of the "would be likely to lead to" principle;
- The ITC's failure to compile sufficient information on the existence of either a domestic industry or regional industries;

- The ITC's determination to the effect that "all or almost all" U.S. producers from the southern United States would suffer material injury in the event of the antidumping duty order being revoked;

- The ITC's failure to conduct an "objective examination" of the record based on "positive evidence";

- The ITC's failure to base its determination of injury on the "effects of dumping" on the domestic industry and to consider whether injury was caused by "any known factors other than the dumped imports"; and

- The statutory requirements that the ITC determine whether injury would be likely to continue or recur "within a reasonably foreseeable time" and that the ITC "shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time", both *per se* and as applied.

- With regard to the ITC's determination to reject the request of the Mexican producers for the initiation of a changed circumstances review:

- The ITC's failure to consider the positive evidence which justified the

need for a changed circumstances review and its failure to initiate such a review;

- The ITC's failure to initiate a changed circumstances review to ensure that the antidumping duty order only applied to a regional industry in exceptional circumstances; and.

- The ITC's failure to disclose the necessary evidence for and adequately substantiate its decision.

- With regard to the administrative reviews:

- Commerce's improper exclusion of domestic sales of identical Type II and Type V LA cement;

- Commerce's comparison of sales of bagged cement with sales of cement in bulk;

- Commerce's failure to make a "fair comparison" on the basis of weighted average values, and its failure to make the required determinations regarding the use of alternative methodologies;

- Commerce's use of the practice known as "zeroing" for negative dumping margins;

- The levying of antidumping duties on the products consigned outside the area defined in the seventh to tenth administrative reviews;

- Commerce's use of an "arm's length" review to determine whether sales to related customers were "in the ordinary course of trade";

- Commerce's request that the Mexican respondent parties report downstream sales by affiliated to unaffiliated customers, and Commerce's calculation of dumping margins on the basis of these downstream sales;

- Commerce's failure to take account of cost-related evidence in the record in relation to differences in merchandise which affected price comparability, and its application of the "facts available" when making difference in merchandise adjustments;

- Commerce's failure to deduct certain pre-sale warehousing costs;

- Commerce's determination to "amalgamate" two Mexican companies and to calculate a single weighted average margin and establish a single importer-specific rate applicable to both companies; and

- The imposition by Commerce of an unreasonable burden of proof on the Mexican respondent parties in the determination of duty absorption.

- Commerce's failure to establish that there was adequate support from the regional industry for continued imposition of the antidumping duty.

- With regard to the U.S.

- The failure to notify importers of

- The application of final or definitive anti-dumping duties;

- The application of a rate of antidumping duty that is sometimes higher than the rate applicable at the time of entry; and

- The collection of interest payments over and above the amount of the applicable antidumping margin.

- The application of Section 129(c)(1) of the URAA to currently unpaid amounts in respect of cement from Mexico.

Mexico also alleges that the claims described above reveal that the U.S. antidumping measures in question resulted in less favorable treatment being accorded to Mexican cement than to the U.S. like product in a manner inconsistent with Article III.4 of the GATT 1994. In addition, Mexico alleges that these claims, viewed cumulatively, establish a violation of Article X:3(a) of the GATT 1994 and Articles 1 and 18 of the AD Agreement

#### Requirements for Submissions

Interested persons are invited to submit written comments concerning the issues raised in this dispute. Persons submitting comments may either send one copy by U.S. mail, first class, postage prepaid, to Sandy McKinzy at the address listed above, or transmit a copy electronically to [FR0068@ustr.gov](mailto:FR0068@ustr.gov), with "Mexico Cement Dispute" in the subject line. For documents sent by U.S. mail, USTR requests that the submitter provide a confirmation copy, either electronically, to the electronic mail address listed above, or by fax to (202) 395-3640. USTR encourages the submission of documents in Adobe PDF format, as attachments to an electronic mail. Interested persons who make submissions by electronic mail should not provide separate cover letters; information that might appear in a cover letter should be included in the submission itself. Similarly, to the extent possible, any attachments to the submission should be included in the same file as the submission itself, and not as separate files. Comments must be in English. A person requesting that information contained in a comment submitted by that person be treated as confidential business information must certify that such information is business confidential and would not customarily be released to the public by the submitting person. Confidential business information must be clearly marked "BUSINESS CONFIDENTIAL" in a contrasting color ink at the top of each page of each copy.

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**Daniel E. Brinza,**

*Assistant United States Trade Representative for Monitoring and Enforcement.*

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## DEPARTMENT OF TRANSPORTATION

### Office of the Secretary

#### Review Under 49 U.S.C. 41720 of Delta/Northwest/Continental Agreements

**AGENCY:** Office of the Secretary, Department of Transportation.

**ACTION:** Notice requesting comments.

**SUMMARY:** Delta Air Lines, Northwest Airlines, and Continental Airlines have resubmitted their codeshare and frequent-flyer program reciprocity agreements to the Department for review. The three airlines originally submitted those agreements for review under 49 U.S.C. 41720 on August 23, 2002. The Department determined that the agreements, if implemented as presented by the three airlines, could result in significant adverse impacts on airline competition unless the airlines

agreed to six conditions that would limit the likelihood of competitive harm. The three airlines have accepted three of the six conditions and, after consultations with the Department, have proposed alternative language for the remaining three conditions. The Department is inviting interested persons to submit comments on whether the airlines' proposed alternative language adequately addresses the competitive concerns relating to those three conditions.

Any comments should be submitted by March 18, 2003.

**ADDRESSES:** Comments must be filed with Randall Bennett, Director, Office of Aviation Analysis, Room 6401, U.S. Department of Transportation, 400 7th St., SW., Washington, DC 20590. Late filed comments will be considered to the extent possible. To facilitate consideration of comments, each commenter should file three copies of its comments.

#### **FOR FURTHER INFORMATION CONTACT:**

Thomas Ray, Office of the General Counsel, 400 Seventh St., SW., Washington, DC 20590, (202) 366-4731.

#### **SUPPLEMENTARY INFORMATION:**

On August 23, Delta, Northwest, and Continental ("the Alliance Carriers") submitted codeshare and frequent-flyer program reciprocity agreements to us for review. Their proposed alliance would be a comprehensive marketing arrangement that would involve code-sharing, frequent flyer reciprocity, and reciprocal access to airport lounges. Their alliance agreement would have a ten-year term. See 68 FR 3293, 3295, January 23, 2003.

The Alliance Carriers submitted their agreements under 49 U.S.C. 41720, which requires certain kinds of joint venture agreements among major U.S. passenger airlines to be submitted to us at least thirty days before they can be implemented. We may extend the waiting period by 150 days with respect to a code-sharing agreement and by sixty days for other types of agreements. At the end of the waiting period (either the thirty-day period or any extended period established by us), the parties may implement their agreement. The statute does not expressly require the parties to obtain our approval before proceeding, and, to block the implementation of an agreement, we would normally institute a formal enforcement proceeding under 49 U.S.C. 41712 (formerly section 411 of the Federal Aviation Act) to determine whether the agreement's implementation would be an unfair or deceptive practice or unfair method of competition that would violate that section. We interpret and apply section

41712 in light of the express direction of the statute that we consider the public policy factors set forth in 49 U.S.C. 40101. At the conclusion of the proceeding, we could issue an order directing the parties to cease and desist from practices found to be anti-competitive.

Following the original submission of the agreements, we invited interested persons to submit comments. We required the Alliance Carriers to make available to interested parties unredacted copies of their alliance agreements. 67 FR 69804, November 19, 2002. We reviewed the comments, material obtained by us from the three airlines, and other data in our possession. We met with the Alliance Carriers and with parties opposed to their proposed alliance. After analyzing the agreements and conducting an extensive informal investigation, we determined that the agreements, if implemented as presented by the three airlines, could result in significant adverse impacts on airline competition unless the airlines accepted six conditions developed by us to limit potential competitive harm. We stated that we would direct our Aviation Enforcement Office to institute a formal enforcement proceeding regarding the matter if the Alliance Carriers chose to implement the agreements without accepting those conditions. 68 FR 3293, January 23, 2003 ("the January Notice").

As described more fully in the January Notice, we had the following concerns with the alliance: It would create a potential for collusion among the three partners; it could enable the Alliance Carriers to take advantage of their combined dominant market presence in a number of cities in ways that could force unaffiliated airlines to exit the markets and deter entry by other airlines; it would establish joint marketing efforts that could reduce competition between the partners and preclude effective competition from unaffiliated airlines; it could lead to a "hoarding" of airport facilities; and it could result in "screen clutter," causing the services of competing carriers to be downgraded in the displays offered to travel agents by computer reservations systems ("CRSs"). 68 FR 3295-3297. We developed six conditions in an attempt to address these concerns. The January Notice set forth the text of these conditions. 68 FR 3297-3299.

The Department of Justice, pursuant to its separate and independent authority to enforce the antitrust laws, reviewed the alliance agreements and determined that it would not challenge the implementation of the agreements under the antitrust laws if the Alliance