FOR FURTHER INFORMATION CONTACT: Andrew Nulman or Rick Johnson, Office of AD/CVD Enforcement, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230, telephone: (202) 482–0374 and (202) 482–3818, respectively.

SUPPLEMENTARY INFORMATION:

Background

On January 30, 1995, the Department of Commerce (the Department) published an antidumping duty order on glycine from the People's Republic of China (60 FR 5620). On March 11, 1998, the Department published in the **Federal Register** a notice of ''Opportunity to Request an Administrative Review'' of the antidumping duty order on glycine from the People's Republic of China (63 FR 11868).

On March 18, 1998, an exporter, Sinochem Tianjin Chemicals Import and Export Corporation, and a producer, Yotech Chemical Industrial Co., Ltd., requested an administrative review of the antidumping order on glycine from the People's Republic of China. In accordance with 19 CFR 351.221(b), we initiated the review on April 24, 1998 (63 FR 20378) covering the period of March 1, 1997, through February 28, 1998. On September 17, 1998, the exporter withdrew its request for administrative review.

Applicable Statute and Regulations

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 (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations refer to 19 CFR part 351 (62 FR 27296 (May 19, 1997)).

Rescission of Review

Pursuant to 19 CFR 351.213(d)(1) of the Department's regulations, the Department will allow a party that requests an administrative review to withdraw such request within 90 days of the date of publication of the notice of initiation of the administrative review. Furthermore, the Department may extend this time limit if the Secretary decides it is reasonable to do so, per 19 CFR 351.213(d)(1).

This request for withdrawal was made early in the review process and there were no requests for review from other interested parties. Additionally, the Petitioners have submitted comments on the record supporting rescission. Therefore, the Department is rescinding this review. This rescission of administrative review and notice are in accordance with section 751(a)(1) of the Act 19 CFR 351.213(d).

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 19 CFR 353.34(d). Timely written notification of the return or 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 determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Tariff Act of 1930, as amended.

Dated: October 14, 1998.

Joseph A. Spetrini,

Deputy Assistant Secretary, Enforcement Group III.

[FR Doc. 98–28395 Filed 10–21–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–828, A–588–846, and A–821–809]

Initiation of Antidumping Duty Investigations: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and the Russian Federation

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

EFFECTIVE DATE: October 22, 1998.

FOR FURTHER INFORMATION CONTACT: Rick Johnson (Russian Federation) at (202) 482-3818; Linda Ludwig (Brazil), at (202) 482–3833; and Steven Presing (Japan) at (202) 482–0194, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Initiation of Investigations

The Applicable Statute and Regulations

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

The Petition

On September 30, 1998, the Department of Commerce (''the Department'') received petitions filed in proper form by Bethlehem Steel Corporation, U.S. Steel Group (a unit of USX Corporation), Ispat Inland Steel, LTV Steel Company, National Steel Company,[1] California Steel Industries, Gallatin Steel Company, Geneva Steel, Gulf States Steel, IPSCO Steel, Steel Dynamics, Weirton Steel Corporation, Independent Steelworkers Union, and United Steelworkers of America (collectively petitioners). The Department received supplemental information to the petitions on October 9, 1998.

In accordance with section 732(b) of the Act, petitioners allege that imports of certain hot-rolled flat-rolled carbon-quality steel products (''hot-rolled steel'') from Japan, Brazil, and the Russian Federation (''Russia'') are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring an industry in the United States.

The Department finds that petitioners filed these petitions on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and (D) of the Act and they have demonstrated sufficient industry support with respect to each of the antidumping investigations they are requesting the Department to initiate (*see Determination of Industry Support for the Petition* below).

Scope of Investigations

For purposes of this investigation, the products covered are certain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers) regardless of thickness, and in straight lengths, of a thickness less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm and of a thickness of not less than 4 mm, not in coils and without patterns in relief) is not included within the scope of these investigations.

Specifically included in this scope are vacuum degassed, fully stabilized

[1] National Steel is not a petitioner in the Japan case.

(commonly referred to as interstitial-free (''IF'')) steels, high strength low alloy (''HSLA'') steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products to be included in the scope of this investigation, regardless of HTSUS definitions, are products in which: 1) iron predominates, by weight, over each of the other contained elements, 2) the carbon content is 2 percent or less, by weight, and 3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
1.50 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.012 percent of boron, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.41 percent of titanium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the levels listed above, are within the scope of this investigation unless otherwise excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this investigation:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including *e.g.*, ASTM specifications A543, A387, A514, A517, and A506).
- SAE/AISI grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 1.50 percent.
- ASTM specifications A710 and A736.
- USS abrasion-resistant steels (USS AR 400, USS AR 500).

The merchandise subject to these investigations is classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, 7211.19.75.90, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00. Certain hot-rolled flat-rolled carbon-quality steel covered by this investigation, including: vacuum degassed, fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

During our review of the petition, we discussed the scope with the petitioners to ensure that the scope in the petition accurately reflects the product for which the domestic industry is seeking relief. Moreover, as we discussed in the preamble to the Department's regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. In particular, we seek comments on the specific levels of alloying elements set out in the description above, the clarity of grades and specifications excluded by example from the scope, and the physical and chemical description of the product coverage. The Department encourages all parties to submit such comments by November 4, 1998. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) at least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the ''industry'' as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[2]

Section 771(10) of the Act defines the domestic like product as ''a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation,'' *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition. Moreover, petitioners do not offer a definition of domestic like product

[2] *See Algoma Steel Corp. Ltd., v. United States*, 688 F. Supp. 639, 642–44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass Therefore from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376. 32380–81 (July 16, 1991).

distinct from the scope of the investigation.

In this case, ''the article subject to investigation'' includes certain products which have not previously been included within the scope of investigations involving hot-rolled carbon steel products. To this end, the Department has reviewed reasonably available information to determine whether the products within the scope of the investigation constitute one or more than one domestic like product(s).

Some steel products classified as alloy steels based on the HTSUS are recognized as carbon steels by the industry and/or the marketplace. For example, *The Book of Steel,* a 1996 publication by Sollac, a flat-rolled steel division of Usinor, one of the largest steel companies in the world, identifies HSLA, IF, and motor lamination steels as falling within categories of plain carbon sheet steels (*see* chapters 44, 45 and 52). Also, *Carbon and Alloy Steels,* published in 1996 by ASM International, a major materials society, indicates that HSLA steels are not considered to be alloy steels, but are in fact similar to as-rolled mild-carbon steel and are generally priced by reference to the base price for carbon steels (*see* page 29). *Carbon and Alloy Steels* also distinguishes between carbon-boron and alloy-boron steels; the former may contain boron at levels which would classify it as alloy under the HTSUS, but would not classify it as an alloy steel commercially because, unlike the alloy-boron steels, higher levels of other alloying elements are not specified (*see, e.g.,* pages 159 and 161).

We discussed these issues with representatives of the International Trade Commission (''ITC'') and the ITA's Office of Trade Development. Other than the fact that the AISI technically defines alloy steels based on alloy levels comparable to those in the HTSUS, none of the agency representatives cited reasons why the products in question might be treated as distinct from hot-rolled carbon steels. Regarding the AISI classification, the ITC representatives noted that their initial research indicates that various companies, in reporting shipment data by chemical category (*e.g.,* carbon or alloy) to the AISI, categorized steels such as those in question as carbon steels even if they fit the AISI (and HTSUS) definition of alloy steel. *See Attachment to the Initiation Checklist, Re: Industry Support, October 15, 1998.*

Thyssen Inc., an importer and interested party in this proceeding, filed comments with the Department on October 8, 1998, and on October 13, 1998, alleging that deficiencies in petitioners' domestic like product analysis undermine petitioners' allegation of industry support. First, Thyssen argues that petitioners have not clearly defined the scope, specifically with regard to the inclusion of certain alloy steel within the product description, and, that as a result, petitioners' claims regarding industry support are called into question. The Department has clarified the language used in the ''Scope of Investigation'' section above. In addition to the research discussed above, the Department has determined that, with respect to certain steel products, such as high-strength low-alloy steel, industry sources indicate that these steel products are manufactured by similar processes, are priced from similar bases, are marketed in comparable ways, and are used for similar applications. *See* the *Attachment to the Initiation Checklist, Re: Industry Support, October 15, 1998.* For these reasons, the Department determines that for purposes of these investigations, the domestic like product definition is the single domestic like product defined in the ''Scope of the Investigation'' section above.

Thyssen also argues that including cut-to-length sheet and strip products in the scope calls into question petitioners' industry support allegations. Thyssen asserts that petitioners do not produce cut-to-length sheet and strip in any significant quantities, and that, in ongoing investigations of stainless steel sheet and strip, petitioners (including certain of the same petitioning domestic producers as in these carbon hot-rolled investigations) have argued that cut-to-length sheet and strip is a downstream product, and therefore not encompassed within the same domestic like product as sheet and strip in coils. However, in recent cases the Department has not treated cut-to-length carbon sheet and strip as a separate like product from other carbon hot-rolled merchandise (*see, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Cold Rolled Carbon Steel Flat Products from Argentina,* 58 FR 7066 (February 4, 1993) and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from Argentina,* 58 FR 37062, 37063 (July 9, 1993) (collectively, ''*Flat Products from Argentina*''). Furthermore, the classification of cut-to-length sheet and strip as a ''downstream'' product, relative to coiled sheet and strip, is not itself an indication that the latter should be considered a different like product from the former. It has not been established that the additional processing stage (cutting to length) has an effect upon the typical ultimate uses, costs, prices, or marketing associated with these products which is significant enough to result in their classification as a separate like product. The earlier investigations involving *Flat Products from Argentina,* the Department considered the cut-to-length versus coiled distinction as relatively unimportant in its product matching hierarchy, and there is no evidence suggesting that such treatment would no longer be appropriate.

Thyssen also argues that including pickled and oiled coiled sheet in the scope calls into question petitioners' industry support allegations. Thyssen asserts that petitioners internally consume coils that they have pickled and oiled, and that this should be taken into account in the Department's determination of the level of industry support accounted for by petitioners. However, Thyssen has presented no legal argument for distinguishing, in the context of an industry support determination, between internally and externally consumed products, and we find no basis here for such a distinction. For a further description of this methodology, *see Attachment to the Initiation Checklist, Re: Industry Support, October 15, 1998.* Furthermore, as in the case of cut-to-length sheet and strip, the Department, in recent cases, has not treated pickled and oiled carbon steel coils as separate like products from other carbon hot-rolled merchandise (*see, e.g., Flat Products from Argentina*). Thyssen has provided no evidence that the additional processing stage (pickling and oiling) has an effect upon the typical ultimate uses, costs, prices, or marketing associated with these products significant enough to result in their classification as a separate like product. In the earlier investigations involving *Flat Products from Argentina,* the Department considered the pickled versus not pickled distinction as relatively unimportant in its product matching hierarchy, and there is no evidence suggesting that such treatment would no longer be appropriate.

Thyssen also argues that the inclusion in the scope of hot-rolled sheet and strip in widths less than 600 mm calls into question petitioners' industry support allegations. Thyssen asserts that petitioners do not produce these narrow products domestically. As in the case of cut-to-length sheet and strip, the Department has not in recent cases treated such narrower products as separate like products from other carbon hot-rolled merchandise (*see, e.g., Flat Products from Argentina*). Furthermore,

Thyssen has provided no evidence or information that the variation in processing (whether it is slitting wider coils, or rolling more narrow coils) has an effect upon the typical ultimate uses, costs, prices, or marketing associated with these products significant enough to result in their classification as a separate like product. In the earlier investigations involving *Flat Products from Argentina,* the Department considered the width of products as unimportant in its product matching hierarchy, and there is no evidence suggesting that such treatment would no longer be appropriate.

Based on our analysis of the information and arguments presented to the Department and the information independently obtained and reviewed by the Department, we have determined that there is a single domestic like product which is defined as stated in the ''Scope of Investigation'' section above. Moreover, the Department has determined that the petitions (and subsequent amendments) and supplemental information obtained through Department research contain adequate evidence of industry support and, therefore, polling is unnecessary (*see Attachment to the Initiation Checklist, Re: Industry Support,* October 15, 1998). For Japan, Brazil, and Russia, petitioners established industry support representing over 50 percent of total production of the domestic like product.

Accordingly, the Department determines that these petitions are filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which our decisions to initiate these investigations are based. Should the need arise to use any of this information in our preliminary or final determinations for purposes of facts available under section 776 of the Act, we may re-examine the information and revise the margin calculations, if appropriate.

Japan

The petitioners identified Nippon Steel Corporation, NKK Corporation, Kawasaki Steel Corporation, Kobe Steel, Ltd., Sumitomo Metal Industries, Ltd., and Nisshin Steel Co., Ltd. as possible exporters of hot-rolled steel from Japan. The petitioners further identified these exporters as the primary producers of subject merchandise in Japan. The petitioners based export price (EP) for Nippon and NKK on a U.S. price offering for the first sales to unaffiliated purchasers in August 1998. According to petitioners, these two producers account for approximately 60 percent of exports to the United States during the July 1997 to June 1998 time period. Because the terms of Nippon and NKK's U.S. sales were delivered to the U.S. customer, the petitioners calculated a net U.S. price by subtracting estimated costs for shipment from the factory in Japan to the port of export (from foreign market research). In addition, the petitioners subtracted ocean freight and insurance, unloading charges, and wharfage (from official U.S. tariff rates and official U.S. import statistics), U.S. trading company mark-ups (from an industry expert's affidavit), Japanese trading company mark-ups (from foreign market research), and estimated costs for U.S. import duties and fees (both from the 1997 HTSUS schedule).

With respect to normal value (''NV''), petitioners stated that the volume of Japanese home market sales was sufficient to form a basis for normal value, pursuant to section 773(a)(1)(C)(ii) of the Act. Petitioners obtained gross unit prices (from foreign market research) for the products offered for sale to customers in Japan which are either identical or similar to those sold to the United States. Petitioners adjusted these prices by subtracting estimated average delivery costs, packaging expenses, and credit expenses (from foreign market research). Petitioners provided information in the petition demonstrating reasonable grounds to believe or suspect that sales of hot-rolled steel in the home market were made at prices below the cost of production (''COP''), within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales below cost investigation. Because the home market sales prices used in the petition were below the calculated COP, pursuant to sections 773(a)(4) and 773(e) of the Act, the petitioners based NV for these sales in Japan on constructed value (''CV'').

Pursuant to section 773(e) of the Act, CV consists of the cost of materials, fabrication, other processing (*i.e.,* cost of manufacturing (''COM'')) and selling, general, and administrative expenses (''SG&A'') and profit. To calculate COM and SG&A, the petitioners relied on market research data, Nippon and NKK's 1997/1998 financial statements, and their own production experience, adjusted for known differences between costs incurred to produce hot-rolled steel in the United States and in the foreign market. The petitioners added to CV an amount for profit obtained from Nippon and NKK's 1997/1998 financial statements. We relied on the cost data contained in the petition.

The estimated dumping margins in the petition, based on a comparison between Nippon and NKK's U.S. prices and CV, are 56.09 percent and 64.11 percent, respectively. Although petitioners found that the home market sales prices used in the petition were below the calculated COP, petitioners also compared Nippon and NKK's U.S. prices to these same home market prices, and on that basis calculated estimated dumping margins of 27.20 percent and 28.25 percent, respectively.

Brazil

The petitioners identified Cia Acos Especiais Itabira (''Acesita''), Cia Siderurgica Paulista, (''Cosipa''), Cia Siderurgica Nacional (''CSN''), and Usinas Siderurgica de Minais Gerais, S.A. (''Usiminas'') as possible exporters of hot-rolled carbon steel from Brazil. The petitioners further identified these exporters as the primary producers of subject merchandise in Brazil. The petitioners based EP on a U.S. price offer from one Brazilian producer for a sale to an unaffiliated U.S. purchaser in July 1998. Two other price quotes for February 1998 and March 1998 were obtained by petitioners' sales personnel in the course of sales calls to customers and recorded contemporaneously as part of their respective sales reports. Both parties provided affidavits attesting to the validity of the two quotes. The terms for all three prices were FOB U.S. dock. For the July 1998 price, the petitioners believe that the quoted price includes barge freight, loading and handling charges from the boat to the barge, port charges (based on the commercial experience of a domestic producer), import duties, and CIF charges. Import duties and CIF charges for all three prices were taken directly from the Commerce Department IM–145 import statistics (''IM–145 reports'') for entries during the first six months of 1998 (the most recent period for which data was available). For the price quote obtained in February 1998, the petitioners also deducted truck freight (the ultimate destination was inland), barge freight, and port and handling costs (based on the commercial experience of a domestic producer). For the price quote obtained in March 1998 petitioners also deducted port and unloading charges, and foreign inland freight. The adjustments to EP for these March 1998 sale items were calculated in the same way as the other two U.S. prices, with the exception of port charges, which were based on the most current port tariffs at the quoted

port of entry, rather than the experience of a domestic producer.

In addition, petitioners chose as the basis of EP the average customs value for each of the HTSUS categories containing imports of subject hot-rolled steel from Brazil that matched the characteristics of the products for which NVs were obtained. Petitioners maintain that since both importers and exporters are required to report accurately the customs values reported in the IM–145 (*see* 19 U.S.C. 1401 and 19 CFR 152.101), the values for hot-rolled steel in the IM–145 approximate the FOB price of the merchandise, packaged and ready for delivery at the foreign port.

With respect to NV, the petitioners used home market prices for hot-rolled steel obtained from foreign market research consultants. The prices used in the calculation of NV were ex-factory prices, for cash, exclusive of taxes. The foreign market research consultants provided petitioners with a range of price quotes for the subject merchandise from service centers and stockholders. Since the Department must use specific prices in its calculations, we used the highest price quote within the range provided by the market research consultants (see Memorandum to the File, October 15, 1998). Because the entire range of these quotes is below cost, this was the conservative path. No other adjustments were required. For the calculation of dumping margins, petitioners identified the matching HTSUS item for each home market product. Petitioners provided information in the petition demonstrating reasonable grounds to believe or suspect that sales of hot-rolled steel in the home market were made at prices below the COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales below cost investigation.

In those instances in which home market prices in the petition were below the producer's COP, petitioners based NV on CV, pursuant to sections 773(a)(4) and 773(e) of the Act. Pursuant to section 773(e) of the Act, CV consists of the cost of materials, fabrication, other processing (*i.e.*, COM), SG&A, and profit. To calculate COM, petitioners relied on one U.S. producer's COM of hot-rolled steel during the first half of 1998. The sole exception was for the costs associated with the electric arc furnace (''EAF'') production of liquid steel, which were based on the costs of a different U.S. plant because the producer's plant does not have an EAF. Because we could find no indication that the Brazilian producer used an EAF, nor any other steel production process other than basic oxygen furnaces (BOF), we adjusted the petitioner's computed COMs to reflect the costs of only the BOF production methodology. Where appropriate, the U.S. producer's costs were adjusted for known differences between manufacturing costs in the U.S. and Brazil. Petitioners valued the major inputs in hot-rolled steel production based on the per unit values reported in foreign market research material. Material and labor usage factors were based on the experience of the two aforementioned U.S. production plants. Petitioners calculated company-specific SG&A and financial cost ratios based on the ratios of SG&A and financial expenses to COGS, as reported in one of the Brazilian company's 1997 financial statement. Petitioners derived a company-specific profit ratio from the same company based on the ratio of profit to fully-loaded COP, as reported in the company's 1997 financial statement.

The petitioners calculated estimated dumping margins for price-to-price comparisons ranging from 30.11 percent to 85.71 percent. The estimated dumping margins based on comparison of CV to U.S. prices is 41.56 percent to 67.04 percent.

Russia

The petitioners identified AmurSteel, Chusovskoy Iron and Steel Works, Gorkovsky Metallurgichesky Zavod, Magnitogorskiy Metallurgischeskiy Kombinat (''Magnitogorskiy''), Mechel, Nosta, Novosibprokat Joint-Stock Co., JSC Severstal (''Severstal''), Kuznetskiy Met Kombinat (''Kuznetsk''), Lysva Metallurgical Plant, Novo Lipetsk Met Kombinat (''Novolipetsk''), Shchelkovsky Sheet Rolling Mill, Taganrog Iron and Steel Works, Tulachermet, Volgograd Steel Works (''Red October''), and Zapsib Met Kombinat (''West Siberian'') as possible exporters of hot-rolled steel from Russia. The petitioners further identified three of these producers (Novolipetsk, Severstal, and Magnitogorskiy) as the primary producers of subject merchandise in Russia.

The petitioners based EP for these three companies on two methods: (1) Import values declared to the U.S. Customs Service; and (2) actual U.S. selling prices known to petitioners based on affidavits provided by U.S. importers. In calculating import values declared to the U.S. Customs Service, petitioners used the HTSUS categories which represent the import categories with the largest volumes of imports from Russia and which contained only subject merchandise (*e.g.*, 7208.37.0060, 7208.38.0030, 7208.38.0090, 7208.39.0030, and 7208.39.0090). Petitioners deducted foreign inland freight from the customs values in order to obtain ex-factory prices. In order to calculate foreign inland freight, petitioners used Indian barge rates and Brazilian rail rates because they were the only appropriate public figures reasonably available to the petitioners. Petitioners used the Indian barge rate because the per-capita GNP of India is much closer to Russia's GNP than U.S. GNP is and because they found barge rates for India that revealed the information needed to permit calculation of a rate in dollars-per-ton. Further, petitioners stated that only for Brazil could they find data on rail rates which would permit the calculation of rail freight costs in dollars-per-ton. Based on the information presented by petitioners, we believe that the use of Indian barge and Brazilian rail rates represents information reasonably available to petitioners and is acceptable for purposes of initiation of this investigation.

In order to calculate actual U.S. selling prices known to petitioners, petitioners relied on 11 U.S. sales offerings to unaffiliated purchasers. A net U.S. price was derived by subtracting amounts attributed to foreign inland freight (*see* paragraph above for a description of the methodology), U.S. delivery, where appropriate (from an industry expert's affidavit), CIF charges (from official U.S. import statistics), and duties, where appropriate (from official U.S. import statistics).

Petitioners asserted that Russia is a non-market economy country (''NME'') to the extent that sales or offers for sale of such or similar merchandise in Russia or to third countries do not permit calculation of normal value under 19 CFR 351.404. Petitioners, therefore, constructed a normal value based on the factors of production methodology pursuant to section 773(c) of the Act. In previous investigations, the Department has determined that Russia is an NME. *See, e.g., Cut-to-Length Carbon Steel Plate from the Russian Federation*, 62 FR 61780 (November 19, 1997) (''*Russian CTL Plate*''). In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for Russia has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the normal value of the product appropriately is based on factors of

production valued in a surrogate market economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of Russia's NME status and the granting of separate rates to individual exporters. *See, e.g., Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the PRC,* 59 FR 22585 (May 2, 1994).

For the normal value calculation, petitioners based the factors of production, as defined by section 773(c)(3) of the Act (raw materials, labor, energy and capital cost), for hot-rolled steel on the quantities of inputs used by petitioners, adjusted for known differences in production efficiencies on the basis of available information. Petitioners asserted that detailed information is not available regarding the quantities of inputs used by hot-rolled steel producers in Russia. Thus, they have assumed, for purposes of the petition, that producers in Russia use the same inputs in the same quantities as petitioners, except where a variance from petitioners' cost model can be justified on the basis of available information. Petitioners argued that the use of petitioners' factors is conservative because the U.S. steel industry is more efficient than the Russian steel industry. Based on the information provided by petitioners, we believe that petitioners' use of their own adjusted factors of production represents information reasonable available to petitioners and is appropriate for purposes of initiation of this investigation.

Petitioners selected Turkey as their primary surrogate. Petitioners stated that the per-capita GNP of Turkey differs only slightly from that of Russia and, thus, they maintain that Turkey is the most suitable surrogate among the potential surrogates, because it is at a comparable level of economic development and is a significant producer of comparable merchandise (in accordance with section 773(c)(4) of the Act). Based on the information provided by petitioners, we believe that petitioners' use of Turkey as a surrogate country is appropriate for purposes of initiation of this investigation.

In accordance with section 773(c)(4) of the Act, petitioners valued factors of production, where possible, on reasonably available, public surrogate country data. Materials were valued based on Turkish import values reported in USD, as published in the 1995 UN Trade Commodity Statistics, and inflated based on U.S. inflation rates. Labor was valued using the regression-based wage rate for Russia provided by the Department, in accordance with 19 CFR 351.408(c)(3). Electricity was valued using the rate for Turkey published in a quarterly report of the OECD's International Energy Agency from the fourth quarter of 1997. For overhead (exclusive of depreciation), depreciation, SG&A and profit, the petitioners applied rates derived from the 1997 public annual report of a Turkish producer of subject merchandise, Erdemir. We revised the SG&A ratio to exclude any non-interest generating assets in estimating short term interest income (*see* the *Russia: Normal Value portion of the Initiation Checklist*) and recalculated NV and the margins based on this revision. Based on the information provided by petitioners, we believe that their surrogate values represent information reasonably available to petitioners and are acceptable for purposes of initiation of this investigation.

Based on comparisons of EP to NV, calculated in accordance with section 773(c) of the Act, the calculated dumping margins for hot-rolled steel from Russia range from 100.28 to 189.58 percent.

Initiation of Cost Investigations

Pursuant to section 773(b) of the Act, petitioners provided information demonstrating reasonable grounds to believe or suspect that sales in the home markets of Japan and Brazil were made at prices below the fully allocated COP and, accordingly, requested that the Department conduct a country-wide sales-below-COP investigation in connection with the requested antidumping investigations in Brazil and Japan. The Statement of Administrative Action (''SAA''), submitted to the Congress in connection with the interpretation and application of the URAA, states that an allegation of sales below COP need not be specific to individual exporters or producers. SAA, H.R. Doc. No. 316 at 833 (1994). The SAA, at 833, states that ''Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation.''

Further, the SAA provides that ''new section 773(b)(2)(A) retains the current requirement that Commerce have 'reasonable grounds to believe or suspect' that below cost sales have occurred before initiating such an investigation. 'Reasonable grounds' . . . exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices.'' *Id.* Based upon the comparison of the adjusted prices from the petition for the representative foreign like products to their costs of production, we find the existence of ''reasonable grounds to believe or suspect'' that sales of these foreign like products in both Japan and Brazil were made below their respective COPs within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating the requested country-wide cost investigations (*see* country-specific sections above).

Fair Value Comparisons

Based on the data provided by petitioners, there is reason to believe that imports of hot-rolled steel from Japan, Brazil, and Russia are being, or are likely to be, sold at less than fair value.

Critical Circumstances

The petitioners have alleged that critical circumstances exist. Petitioners have supported their allegations with the following information. For Russia, petitioners state that there is a history of injurious dumping because Chile, Indonesia, and Mexico have imposed antidumping measures on hot-rolled steel in coils from Russia. For Brazil, petitioners claim that there is a history of injurious dumping because Mexico has imposed antidumping measures against hot-rolled sheet from Brazil.

Petitioners also have made alternative claims that the importers knew or should have known that the hot-rolled steel was being sold at less than normal value and that there was likely to be material injury be reason of such sales. Specifically, for Japan, petitioners allege that the margins calculated in the petition exceed the 25 percent threshold used by the Department to impute importer knowledge of dumping and the likelihood of material injury due to that dumping.

Petitioners also have alleged that imports from Japan, Brazil, and Russia have been massive over a relatively short period. Petitioners allege that there was sufficient pre-filing notice of these antidumping petitions and that the Department should compare imports during February-April 1998 to imports during May-July 1998 for purposes of this determination. According to the import statistics contained in the petition, for the periods February-April 1998 and May-July 1998, imports of hot-rolled steel from Russia increased by 36 percent, imports from Japan increased by 74 percent, and imports from Brazil increased by 47 percent. Taking into

consideration the foregoing, we find that petitioners have alleged the elements of critical circumstances and supported them with information reasonably available. For these reasons, we will investigate this matter further and will make a preliminary determination as soon as practicable.

Allegations and Evidence of Material Injury and Causation

The petitions allege that the U.S. industry producing the domestic like product is being materially injured, and is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. Petitioners explained that the industry's injured condition is evident in the declining trends in net operating profits, net sales volumes, profit to sales ratios, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. The Department assessed the allegations and supporting evidence regarding material injury and causation and determined that these allegations are supported by accurate and adequate evidence and meet the statutory requirements for initiation (*see Attachments to Initiation Checklist, Re: Material Injury,* October 15, 1998).

Initiation of Antidumping Investigations

Based upon our examination of the petitions on hot-rolled steel and petitioners' responses to our supplemental questionnaire clarifying the petitions, as well as our discussion with the authors of the foreign market research reports supporting the petition on Brazil and other measures to confirm the information contained in these reports (*see* memorandum to the file, dated October 14, 1998), we have found that the petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of certain hot-rolled flat-rolled carbon-quality steel products from Japan, Brazil, and Russia are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determinations no later than 140 days after the date of publication of this notice.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of each petition has been provided to the representatives of Japan, Brazil, and Russia. We will attempt to provide a copy of the public version of each petition to each exporter named in the petition (as appropriate).

International Trade Commission Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will determine, by November 16, 1998, whether there is a reasonable indication that imports of hot-rolled steel from Japan, Brazil, and Russia are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 777(i) of the Act.

Dated: October 15, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–28391 Filed 10–21–98; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–337–804]

Notice of Final Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms from Chile

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

EFFECTIVE DATE: October 22, 1998.

FOR FURTHER INFORMATION CONTACT: David J. Goldberger or Katherine Johnson, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-4136 or (202) 482–4929, respectively.

The Applicable Statute:

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

Final Determination:

We determine that certain preserved mushrooms (''mushrooms'') from Chile are being sold in the United States at less than fair value (''LTFV''), as provided in section 735 of the Act. The estimated margins are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

Since the preliminary determination (*Preliminary Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms from Chile,* 63 FR 41786, August 5, 1998), the following events have occurred:

The respondent, Nature's Farm Products (NFP) submitted revisions and corrections to its questionnaire responses during July and August 1998.

During August 1998, we conducted verification of NFP's responses to the antidumping questionnaire. Following verification, we requested NFP to submit revised sales and cost of production data bases, which NFP submitted on September 2, 1998. On September 1, 1998, we issued our verification report (*see* Memorandum for the File dated September 1, 1998 (''Verification Report'')).

The petitioners and NFP submitted case briefs on September 9, 1998. On September 10, 1998, the petitioners withdrew their request for a public hearing. Both parties submitted rebuttal briefs on September 15, 1998.

Scope of Investigation

For purposes of this investigation, the products covered are certain preserved mushrooms whether imported whole, sliced, diced, or as stems and pieces. The preserved mushrooms covered under this investigation are the species *Agaricus bisporus* and *Agaricus bitorquis.* ''Preserved mushrooms'' refer to mushrooms that have been prepared or preserved by cleaning, blanching, and sometimes slicing or cutting. These mushrooms are then packed and heated in containers including but not limited to cans or glass jars in a suitable liquid medium, including but not limited to water, brine, butter or butter sauce. Preserved mushrooms may be imported whole, sliced, diced, or as stems and pieces. Included within the scope of the investigation are ''brined'' mushrooms, which are presalted and packed in a heavy salt solution to provisionally preserve them for further processing.

Excluded from the scope of this investigation are the following: (1) All other species of mushroom, including straw mushrooms; (2) all fresh and chilled mushrooms, including