

IV. Request for Comments

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

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

Dated: November 4, 1999.

Linda Engelmeier,

Departmental Clearance Officer, Office of the Chief Information Officer.

[FR Doc. 99-29455 Filed 11-9-99; 8:45 am]

BILLING CODE 3510-33-P

DEPARTMENT OF COMMERCE**Bureau of Export Administration****Notification of Delivery Verification Requirement**

ACTION: Proposed collection; Comment request.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44U.S.C. 3506(c)(2)(A)).

DATES: Written comments must be submitted on or before January 10, 2000.

ADDRESSES: Direct all written comments to Linda Engelmeier, Departmental Clearance Officer, Office of the Chief Information Officer, Department of Commerce, Room 5027, 14th and Constitution Avenue, NW, Washington DC 20230 (or via the Internet at LEngelme@doc.gov).

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument(s) and instructions should be directed to Dawnielle Battle, BXA

ICB Liaison, Office of Planning, Evaluation and Management, Department of Commerce, Room 6881, 14th & Constitution Avenue, NW, Washington, DC, 20230.

SUPPLEMENTARY INFORMATION:**I. Abstract**

In order to increase the effectiveness of export controls on international trade in strategic commodities, certain countries participate in the Import Certificate/Delivery Verification (IV/DV) procedure. Its purpose is to make sure that strategic items are not diverted. The clearance request is for the form used to notify U.S. exporters that they must obtain from their foreign consignee an "Import Certificate." This certificate, which is issued by the foreign government, certifies that the commodities exported were actually delivered to the foreign consignee. When the certification has been received, the U.S. exporter must complete the BXA form and return it along with the Import Certificate to BXA.

II. Method of Collection

Submission of completed form and Import Certificate.

III. Data

OMB Number: 0694-0008.

Form Number: BXA 648-P.

Type of Review: Regular submission for extension of a currently approved collection.

Affected Public: Individuals, businesses or other for-profit and not-for-profit institutions.

Estimated Number of Respondents: 2.
Estimated Time Per Response: 30 minutes.

Estimated Total Annual Burden Hours: 1.

Estimated Total Annual Cost: \$0 (no capital expenditures are required).

IV. Request for Comments

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Comments submitted in response to this notice will be summarized and/or

included in the request for OMB approval of this information collection; they will also become a matter of public record.

Dated: November 4, 1999.

Linda Engelmeier,

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

[FR Doc. 99-29456 Filed 11-9-99; 8:45 am]

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DEPARTMENT OF COMMERCE**International Trade Administration**

[A-351-830]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil

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

EFFECTIVE DATE: November 10, 1999.

FOR FURTHER INFORMATION CONTACT:

Phyllis Hall (Companhia Siderúrgica Nacional or CSN), Mark Ludwikowski or Martin Odenyo (Usinas Siderúrgicas de Minas Gerais and Companhia Siderúrgica Paulista or USIMINAS/COSIPA), Nancy Decker, or Robert M. James, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W. Washington, DC 20230; telephone: (202) 482-1398, (202) 482-2704, (202) 482-5254, (202) 482-0196 and (202) 482-5222, respectively.

The Applicable Statute

Unless otherwise indicated, all citations to 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 Department of Commerce (Department) regulations refer to the regulations codified at 19 CFR Part 351 (April 1999).

Preliminary Determination

We preliminarily determine that cold-rolled flat-rolled carbon-quality steel products (cold-rolled steel products) from Brazil are being sold, or are likely to be sold, in the United States at less than fair value (LTFV), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the Suspension of Liquidation section of this notice.

Case History

The Department initiated this investigation on June 21, 1999. See Initiation of Antidumping Duty Investigations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from Argentina, Brazil, the People's Republic of China, Indonesia, Japan, the Russian Federation, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela, 64 FR 34194 (June 25, 1999) (Initiation Notice). Since the initiation of the investigations, the following events have occurred:

The Department set aside a period for all interested parties to raise issues regarding product coverage. From July through October 1999, the Department received responses from a number of parties including importers, respondents, consumers, and petitioners, aimed at clarifying the scope of the investigation. See Memorandum to Joseph A. Spetrini, dated November 1, 1999 (Scope Memorandum) for a list of all persons submitting comments and a discussion of all scope comments. There are several scope exclusion requests for products which are currently covered by the scope of this investigation that are still under consideration by the Department. These items are considered to be within the scope for this preliminary determination; however, these requests will be reconsidered for the final determination. See Scope Memorandum.

On June 21, 1999, the Department invited interested parties to submit comments regarding the criteria to be used for model matching purposes. On June 28 1999, petitioners (Bethlehem Steel Corporation, Gulf States Steel, Inc., Ispat Inland Steel, LTV Steel Company, Inc., National Steel Corporation, Steel Dynamics, Inc., U.S. Steel Group, a unit of USX Corporation, Weirton Steel Corporation, the Independent Steel Workers Union, and the United Steelworkers of America) and respondents (CSN, USIMINAS, and COSIPA) submitted comments on our proposed model matching criteria.

On June 22, 1999, the Department issued Section A antidumping questionnaires to Cia Acos Especiais Itabira, Mangels Industria e Comercio Ltda., Armco do Brazil S.A., CSN, USIMINAS, and COSIPA. On July 9, 1999, the Department issued Sections B-E of the antidumping questionnaires to CSN, USIMINAS, and COSIPA.

On July 1, 1999, Brasmatal Waelzholz, S.A. submitted a letter identifying itself as a producer/exporter of the subject merchandise and asked to be considered as a respondent in this investigation. On

July 9, 1999 the Department decided to limit the examination of producers/exporters of subject merchandise, and not to investigate voluntary respondents unless mandatory respondents should fail to cooperate in the investigation. The Department selected CSN, USIMINAS, and COSIPA as mandatory respondents. Consequently, Brasmatal was not selected as a mandatory respondent in this investigation. See Memorandum to Joseph A. Spetrini, dated July 9, 1999.

On July 19, 1999, the United States International Trade Commission (ITC) notified the Department that it preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by the reason of imports of the subject merchandise from Brazil.

On July 20, 1999, the Department received the Section A questionnaire responses from CSN, USIMINAS, and COSIPA. Petitioners filed comments on CSN's, USIMINAS' and COSIPA's Section A questionnaire responses on August 3, 1999. The Department issued supplemental questionnaires for Section A to CSN, USIMINAS, and COSIPA on August 24, 1999.

On August 30 and September 7, 1999, the Department received responses to Sections B, C, and D of the questionnaire from CSN, USIMINAS, and COSIPA. On October 12, 1999, the Department issued a decision memorandum collapsing USIMINAS and COSIPA for purposes of this investigation pursuant to section 351.401(f) of the Department's regulations. See Affiliated Respondents section below. Petitioners filed comments on CSN's and USIMINAS/COSIPA's Section B-D questionnaire responses on September 7 and September 8, 1999. The Department issued supplemental questionnaires for Sections B, C, and D to CSN and USIMINAS/COSIPA on September 10, 1999. The Department received responses to the Section A supplemental questionnaires on September 14, 1999, and responses to the Sections B-D supplemental questionnaires on October 4, 1999.

On July 12 and July 26, 1999, USIMINAS and COSIPA requested that they not be required to report home market sales of non-rectangular shapes of steel, otherwise known as non-rectangular blanks, and that they not be required to report home market sales through three affiliated resellers. On August 27, 1999, the Department excused USIMINAS and COSIPA from reporting home market sales of non-rectangular blanks, subject to verification. However, the Department

will examine at verification whether non-rectangular blanks are sufficiently similar to U.S. sales to warrant model match comparisons. We also determined that the respondents should report home market sales by the affiliated resellers. See Memorandum to Joseph A. Spetrini, dated August 27, 1999.

Period of Investigation

The period of the investigation (POI) is April 1, 1998, through March 31, 1999. This period corresponds to each respondent's four most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, June 1999).

Scope of Investigation

For purposes of this investigation, the products covered are certain cold-rolled (cold-reduced) flat-rolled carbon-quality steel products, neither clad, plated, nor coated with metal, but whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances, both in coils, 0.5 inch wide or wider, (whether or not in successively superimposed layers and/or otherwise coiled, such as spirally oscillated coils), and also in straight lengths, which, if less than 4.75 mm in thickness having a width that is 0.5 inch or greater and that measures at least 10 times the thickness; or, if of a thickness of 4.75 mm or more, having a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular or other shape and include products of either rectangular or 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.

Specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free ("IF")) steels, high strength low alloy ("HSLA") steels, and 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. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of this investigation, regardless of definitions in the Harmonized Tariff Schedules of the United States ("HTSUS"), 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
2.25 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
0.10 percent of molybdenum, or
0.10 percent of niobium (also called columbium), 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 noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this investigation:

- SAE grades (formerly also called AISI grades) above 2300;
- Ball bearing steels, as defined in the HTSUS;
- Tool steels, as defined in the HTSUS;
- Silico-manganese steel, as defined in the HTSUS;
- Silicon-electrical steels, as defined in the HTSUS, that are grain-oriented;
- Silicon-electrical steels, as defined in the HTSUS, that are not grain-oriented and that have a silicon level exceeding 2.25 percent;
- All products (proprietary or otherwise) based on an alloy ASTM

specification (sample specifications: ASTM A506, A507);

- Silicon-electrical steels, as defined in the HTSUS, that are not grain-oriented and that have a silicon level less than 2.25 percent, and
 - (a) fully-processed, with a core loss of less than 0.14 watts/pound per mil (.001 inches), or
 - (b) semi-processed, with core loss of less than 0.085 watts/pound per mil (.001 inches);
- Certain shadow mask steel, which is aluminum killed cold-rolled steel coil that is open coil annealed, has an ultra-flat, isotropic surface, and which meets the following characteristics:
Thickness: 0.001 to 0.010 inches
Width: 15 to 32 inches

CHEMICAL COMPOSITION

Element	C
Weight %	< 0.002%

- Certain flapper valve steel, which is hardened and tempered, surface polished, and which meets the following characteristics:
Thickness: ≤ 1.0 mm
Width: ≤ 152.4 mm

CHEMICAL COMPOSITION

Element	C	Si	Mn	P	S
Weight %	0.90–1.05	0.15–0.35	0.30–0.50	≤ 0.03	≤ 0.006

MECHANICAL PROPERTIES

Tensile Strength	≥ 162 Kgf/mm ²
Hardness	≥ 475 Vickers hardness number

PHYSICAL PROPERTIES

Flatness	< 0.2% of nominal strip width
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Microstructure:

Completely free from decarburization. Carbides are spheroidal and fine within 1% to 4% (area percentage) and are undissolved in the uniform tempered martensite.

NON-METALLIC INCLUSION

	Area percentage
Sulfide Inclusion	≤ 0.04
Oxide Inclusion	≤ 0.05

Compressive Stress: 10 to 40 Kgf/mm²

SURFACE ROUGHNESS

Thickness (mm)	Roughness (μ m)
$t \leq 0.209$	$R_z \leq 0.5$
$0.209 < t \leq 0.310$	$R_z \leq 0.6$
$0.310 < t \leq 0.440$	$R_z \leq 0.7$
$0.440 < t \leq 0.560$	$R_z \leq 0.8$

SURFACE ROUGHNESS—Continued

Thickness (mm)	Roughness (μm)
0.560 < t	Rz ≤ 1.0

- Certain ultra thin gauge steel strip, which meets the following characteristics:
 Thickness: ≤ 0.100 mm +/− 7%
 Width: 100 to 600 mm

CHEMICAL COMPOSITION

Element	C	Mn	P	S	Al	Fe
Weight %	≤ 0.07	0.2–0.5	≤ 0.05	≤ 0.05	≤ 0.07	Balance

MECHANICAL PROPERTIES

Hardness	Full Hard (Hv 180 minimum)
Total Elongation	< 3%
Tensile Strength	600 to 850 N/mm ²

PHYSICAL PROPERTIES

Surface Finish	≤ 0.3 micron
Camber (in 2.0 m)	< 3.0 mm
Flatness (in 2.0 m)	≤ 0.5 mm
Edge Burr	< 0.01 mm greater than thickness
Coil Set (in 1.0 m)	< 75.0 mm

- Certain silicon steel, which meets the following characteristics:
 Thickness: 0.024 inches +/− .0015 inches
 Width: 33 to 45.5 inches

CHEMICAL COMPOSITION

Element	C	Mn	P	S	Si	Al
Min. Weight %					0.65	
Max. Weight %	0.004	0.4	0.09	0.009		0.4

MECHANICAL PROPERTIES

Hardness	B 60–75 (AIM 65)
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PHYSICAL PROPERTIES

Finish	Smooth (30–60 microinches)
Gamma Crown (in 5 inches)	0.0005 inches, start measuring 1/4 inch from slit edge
Flatness	20 I–UNIT max.
Coating	C3A–.08A max. (A2 coating acceptable)
Camber (in any 10 feet)	1/16 inch
Coil Size I.D.	20 inches

MAGNETIC PROPERTIES

Core Loss (1.5T/60 Hz) NAAS	3.8 Watts/Pound max.
Permeability (1.5T/60 Hz) NAAS	1700 gauss/oersted typical
	1500 minimum

- Certain aperture mask steel, which has an ultra-flat surface flatness and which meets the following characteristics:
 Thickness: 0.025 to 0.245 mm

Width: 381–1000 mm

CHEMICAL COMPOSITION

Element	C	N	Al
Weight %	< 0.01	0.004 to 0.007	< 0.007

- Certain tin mill black plate, annealed and temper-rolled, continuously cast, which meets the following characteristics:

CHEMICAL COMPOSITION

Element	C	Mn	P	S	Si	Al	As	Cu	B	N
Min. Weight %	0.02	0.20				0.03				0.003
Max. Weight %	0.06	0.40	0.02	0.023 (Aiming 0.018 Max.)	0.03	0.08 (Aiming 0.05)	0.02	0.08		0.008 (Aiming 0.005)

Non-metallic Inclusions: Examination with the S.E.M. shall not reveal individual oxides > 1 micron (0.000039 inches) and inclusion groups or clusters shall not exceed 5 microns (0.000197 inches) in length.

Surface Treatment as follows:

The surface finish shall be free of defects (digs, scratches, pits, gouges, slivers, etc.) and suitable for nickel plating.

SURFACE FINISH

	Roughness, RA Microinches (Micrometers)		
	Aim	Min.	Max.
Extra Bright	5 (0.1)	0 (0)	7 (0.2)

- Certain full hard tin mill black plate, continuously cast, which meets the following characteristics:

CHEMICAL COMPOSITION

Element	C	Mn	P	S	Si	Al	As	Cu	B	N
Min. Weight %	0.02	0.20				0.03				0.003
Max. Weight %	0.06	0.40	0.02	0.023 (Aiming 0.018 Max.)	0.03	0.08 (Aiming 0.05)	0.02	0.08		0.008 (Aiming 0.005)

Non-metallic Inclusions: Examination with the S.E.M. shall not reveal individual oxides > 1 micron (0.000039 inches) and inclusion groups or clusters shall not exceed 5 microns (0.000197 inches) in length.

Surface Treatment as follows

The surface finish shall be free of defects (digs, scratches, pits, gouges, slivers, etc.) and suitable for nickel plating.

SURFACE FINISH

	Roughness, RA Microinches (Micrometers)		
	Aim	Min.	Max.
Stone Finish	16 (0.4)	8 (0.2)	24 (0.6)

- Certain “blued steel” coil (also know as “steamed blue steel” or “blue oxide”) with a thickness and size of 0.38 mm × 940 mm × coil, and with a bright finish;
- Certain cold-rolled steel sheet, which meets the following characteristics:
Thickness (nominal): ≤ 0.019 inches
Width: 35 to 60 inches

CHEMICAL COMPOSITION

Element	C	O	B
Max. Weight %	0.004		
Min. Weight %		0.010	0.012

- Certain band saw steel, which meets the following characteristics:
Thickness: ≤ 1.31 mm
Width: ≤ 80 mm

CHEMICAL COMPOSITION

Element	C	Si	Mn	P	S	Cr	Ni
Weight %	1.2 to 1.3	0.15 to 0.35	0.20 to 0.35	≤ 0.03	≤ 0.007	0.3 to 0.5	≤ 0.25

Other properties:

Carbide: fully spheroidized having > 80% of carbides, which are ≤ 0.003 mm and uniformly dispersed
 Surface finish: bright finish free from pits, scratches, rust, cracks, or seams
 Smooth edges
 Edge camber (in each 300 mm of length): ≤ 7 mm arc height
 Cross bow (per inch of width): 0.015 mm max.

The merchandise subject to this investigation is typically classified in the HTSUS at subheadings:

7209.15.0000, 7209.16.0030,
 7209.16.0060, 7209.16.0090,
 7209.17.0030, 7209.17.0060,
 7209.17.0090, 7209.18.1530,
 7209.18.1560, 7209.18.2550,
 7209.18.6000, 7209.25.0000,
 7209.26.0000, 7209.27.0000,
 7209.28.0000, 7209.90.0000,
 7210.70.3000, 7210.90.9000,
 7211.23.1500, 7211.23.2000,
 7211.23.3000, 7211.23.4500,
 7211.23.6030, 7211.23.6060,
 7211.23.6085, 7211.29.2030,
 7211.29.2090, 7211.29.4500,
 7211.29.6030, 7211.29.6080,
 7211.90.0000, 7212.40.1000,
 7212.40.5000, 7212.50.0000,
 7225.19.0000, 7225.50.6000,
 7225.50.7000, 7225.50.8010,
 7225.50.8085, 7225.99.0090,
 7226.19.1000, 7226.19.9000,
 7226.92.5000, 7226.92.7050,
 7226.92.8050, and 7226.99.0000.

Although the HTSUS subheadings are provided for convenience and U.S. Customs Service ("U.S. Customs") purposes, the written description of the merchandise under investigation is dispositive.

Selection of Respondents

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department discretion, when faced with a large number of exporters/producers, to limit its examination to a reasonable number of such companies if it is not practicable to examine all companies. Where it is not practicable to examine all known producers/exporters of subject merchandise, this provision permits the Department to investigate either: (1) a sample of exporters, producers, or types of products that is statistically valid based on the

information available at the time of selection, or (2) exporters and producers accounting for the largest volume of the subject merchandise that can be reasonably examined.

After consideration of the complexities expected to arise in these proceedings and the resources available to the Department, we determined that it was not practicable in this investigation to examine all known producers/exporters of subject merchandise. We selected CSN, USIMINAS, and COSIPA as mandatory respondents because these are the three largest producers and they account for the vast majority of U.S. imports. Further, we determined not to investigate voluntary respondents, including Brasmetal Waelzholz, unless mandatory respondents fail to cooperate. See Memorandum to Joseph A. Spetrini on respondent selection dated July 9, 1999.

Product Comparisons

In accordance with section 771(16) of the Act, all products produced by respondents covered by the description in the Scope of Investigation section above and sold in Brazil during the POI are considered to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, the Department compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed in the antidumping questionnaire and reporting instructions.

Affiliated Respondents

Under section 771(33)(E) of the Act, if one party owns, directly or indirectly, five percent or more of the other, they shall be considered to be affiliated. Since USIMINAS owns 49.79% of COSIPA, the Department determined that USIMINAS and COSIPA are affiliated. See Memorandum to Joseph A. Spetrini, dated October 12, 1999.

Furthermore, it is the Department's practice to collapse affiliated producers for purposes of calculating a margin when the affiliated producers have production facilities for similar or identical products that would not require substantial retooling in order to restructure manufacturing priorities and when the facts demonstrate that there is significant potential for manipulation of pricing or production. In accordance with section 351.401(f) of the

Department's regulations, the Department concluded that both companies are fully integrated producers currently offering a similar range of products, including cold-rolled steel products, and that their facilities would not require substantial retooling to restructure manufacturing priorities. Furthermore, in light of USIMINAS' high level of ownership of COSIPA, common directors, and the fact that COSIPA is consolidated on USIMINAS' financial statements, there is a significant possibility of price or production manipulation between the two companies. For these reasons, the Department collapsed USIMINAS and COSIPA into one entity for the purpose of this investigation. See *Id.*

While it also appears that there may be links between the collapsed entity, USIMINAS/COSIPA, and CSN, there is insufficient information on the record at this time to consider all three companies to be affiliated or to collapse CSN with USIMINAS/COSIPA. Therefore, we preliminarily do not find CSN to be affiliated with USIMINAS/COSIPA, and we preliminarily are not collapsing CSN with USIMINAS/COSIPA.

The Department notes that affiliation and collapsing are very complex and difficult issues. Therefore, the Department invites parties to submit information and comment on these issues to ensure that our decision is based on a complete and thorough record. The Department intends to examine these issues carefully for the final determination of this investigation. Any new information that parties wish to provide the Department must be submitted no later than November 8, 1999. All information or arguments parties provide will be fully analyzed in making our final determination.

Level of Trade

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

sale, which is usually from exporter to 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, 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. 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 difference 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 *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).

CSN

In the home market CSN made sales to service centers/distributors and end-users. The company claims two levels of trade with respect to these sales: (1) CSN "direct" sales to unaffiliated end-user customers; and, (2) sales through Industrial Nacional de Acos Laminados S.A. (INAL) (an affiliated service center/distributor) and sales further processed under a tolling arrangement with an unaffiliated company (toller), before going to unaffiliated customers. CSN reported "no channels of distribution" in the home market in its original August 30, 1999, Section B questionnaire response because it claims no distinction in the channels of distribution. CSN did, however, report a code identifying the type of sale (*i.e.*, CSN direct sales, INAL sales, *etc.*). In the U.S. market CSN reported sales to two types of customers: trading companies and distributors. CSN reported "no channels of distribution" in the U.S. market since it claims that they have no impact on pricing.

Although somewhat unclear, it appears that CSN is actually claiming that in the home market it has two channels of distribution involving different marketing stages (direct sales and affiliated distributor sales). In the United States CSN appears to be claiming only a single level of trade.

In determining whether separate LOTs actually existed in the home

market, we first examined whether CSN's sales involved different selling functions along the chain of distribution between CSN and its unaffiliated customers. CSN stated that it sells some products directly, and other products through INAL or as merchandise further processed by an unaffiliated toller. CSN claims that INAL and the toller perform additional services beyond those performed on direct sales. Taking into account whether or not sales are made through intermediate parties, it appears that CSN's direct sales may be at a different stage of marketing than its other sales, because these sales were sold directly from the mill to the unaffiliated customer, whereas sales through the other channel involved an affiliated intermediary or tolling by an unaffiliated party before going to an unaffiliated customer. This would indicate that CSN has two home market LOTs.

However, in further analyzing CSN's home market levels of trade, we reviewed available information on the record about the company's selling functions pertaining to each of these channels of distribution. In its initial response, dated July 20, 1999, CSN claimed that it provided warranties, technical assistance, returns, and freight. From the written description, we determine that warranties and returns cover the same selling functions. In a supplemental response, CSN identified six different selling functions: freight/delivery arrangement, further processing into smaller lots, custom-made products, "end-user information", inventory maintenance, and just-in-time delivery (see page 24 of CSN's October 4, 1999, response to the Department's supplemental for Section B). CSN has not provided narrative information on "end-user information." Therefore we are not considering this as a selling function. In addition, further processing into smaller lots and custom made products do not appear to be traditional selling functions relevant to the Department's LOT analysis but, rather, are production costs. Also, we decided to combine two selling functions, inventory maintenance and just-in-time delivery (which together we refer to as "warehousing"), because we found that they were not sufficiently different to warrant being treated as unique selling functions. Although these two responses are somewhat inconsistent, we conclude that CSN performed four selling functions in its home market: freight, warehousing, warranty, and technical assistance.

Next, we examined whether these selling functions are provided consistently across both channels of

distribution in the home market, finding that warehousing is rarely performed on CSN direct sales while it is performed to some extent on INAL/toller sales. The other selling functions are provided equally across both channels of distribution.

In conclusion, while CSN claimed two different levels of trade based on differences in selling functions in connection with each LOT, we find that the actual differences in selling function are relatively minor. Therefore, we preliminarily determine that only one LOT exists for CSN in the home market.

In determining the LOT in the U.S. market, we examined the selling functions performed by CSN for its U.S. sales which, as discussed elsewhere, were all made on an EP basis. CSN reported the following selling activities and services for direct sales in the home market, as well as EP sales in the U.S. market: warranties, returns, and freight. As noted above, we interpret warranties and returns to constitute the same selling function. Thus, we conclude that CSN has two U.S. selling functions: warranty and freight.

In analyzing the differences between stages of marketing (or their equivalent) and selling functions along the chain of distribution between CSN and its unaffiliated customers, we have concluded that all of CSN's U.S. sales are at one stage of marketing because they are all direct EP sales from CSN to unaffiliated importers in the United States, involving the same reselling functions. CSN noted that it did not claim different channels of distribution since they have no impact on pricing. CSN sells to two types of customers in the U.S. market: trading companies and distributors.

We next compared EP sales to home market sales to determine whether they were made at the same LOT. To perform this analysis, we compared the selling functions offered by CSN on its EP sales to the functions performed on its home market sales. As noted, CSN has four home market selling functions (warranty, freight, technical assistance, and warehousing) and two U.S. selling functions (warranty and freight). However, CSN reported that its home market warehousing to many customers was only performed rarely or to a limited degree. We find that limited warehousing and technical assistance do not constitute a significant difference between the services provided to home market and U.S. customers. The information on record indicates that, for both EP and home market transactions, CSN performed similar selling functions. Consequently, the Department preliminarily determines

that there is only one LOT in the home market and that it is at the same level as the single LOT in the U.S. market. Therefore, no LOT adjustment was necessary.

USIMINAS/COSIPA

In the home market USIMINAS/COSIPA made sales to end-users, affiliated distributors, and unaffiliated distributors. USIMINAS/COSIPA claims seven "channels of distribution" with respect to home market sales: (1) mill to OEMs; (2) mill to affiliated distributor; (3) mill to unaffiliated distributor; (4) affiliated distributor to affiliated distributor; (5) affiliated distributor to OEM; (6) affiliated distributor to non-affiliated distributor; and (7) affiliated distributor to retailer.

USIMINAS/COSIPA claims that there is a significant difference between prices charged to end-users and prices charged to distributors. USIMINAS/COSIPA further claims that prices charged to distributors and to end-users differ significantly from prices charged by affiliated distributors to their downstream customers.

Although the record is somewhat unclear, we have analyzed USIMINAS/COSIPA's arguments with respect to its home market LOT. The seven "channels" which USIMINAS/COSIPA identifies apparently are only single steps in the channels of distribution to unaffiliated purchasers. The actual channels appear to be the following: (1) mill to OEM; (2) mill to unaffiliated distributor (or affiliated distributor at arm's length prices); (3) mill through affiliated distributor to OEM; (4) mill through affiliated distributor to unaffiliated distributor; and (5) mill through affiliated distributor to retailer. In examining these channels, there appear to be two potential home market LOT: (1) direct sales from the mill to unaffiliated parties ("mill direct sales"); and (2) sales through affiliated distributors to unaffiliated parties ("downstream sales").

In determining whether separate levels of trade actually existed in the home market, the Department first examined available information on the record about the company's selling functions for each channel of distribution. USIMINAS/COSIPA indicated that the selling functions performed by the affiliated distributors on downstream sales are much more significant than those performed by USIMINAS/COSIPA itself in the first three home market channels of distribution (*i.e.*, mill direct sales). The following are the selling functions provided for downstream sales: inventory maintenance, after sales

service/warranties (to a small degree), special warehousing, technical advice (to a small degree), freight and delivery arrangement (to a great degree), and special processing (cutting to customer's desired length). USIMINAS and COSIPA perform the following services on mill direct sales: after sales service/warranties (to a small degree), technical advice (to a small degree), and freight and delivery arrangement (to a small degree). Of these selling functions, special processing does not appear to be a traditional selling function relevant to the Department's LOT analysis but, rather, is a production cost. In addition, we decided to combine two selling functions, inventory maintenance and special warehousing (which, together, we refer to as "warehousing"), because we found that they were not sufficiently different to warrant being treated as unique selling functions. Based on this information, we determined that the selling functions of the affiliates for downstream sales were significantly different than those for mill direct sales, and therefore, we have determined that downstream sales by affiliates were made at a different LOT than other HM sales.

While USIMINAS/COSIPA mill direct sales to end-users (whether or not further processed) and mill direct sales to unaffiliated distributors involve different channels of distribution, these sales do not involve significant differences in selling functions. Therefore, we do not consider these channels to represent different levels of trade. Thus, we preliminarily determine that downstream sales and mill direct sales represent two different home market LOTs.

In the U.S. market USIMINAS/COSIPA claim that all sales were made at one level of trade, through one channel of distribution. USIMINAS/COSIPA state that all U.S. sales were made to unaffiliated trading companies. USIMINAS/COSIPA state that these sales are made at the same level of trade as USIMINAS/COSIPA's mill direct home market sales to unaffiliated distributors. However, as noted above, the Department finds the selling functions of all home market mill direct sales (whether to unaffiliated distributors or to OEMs) to be quite similar to each other, thus constituting a single LOT. The Department additionally finds the selling functions for mill direct sales to be similar to U.S. sales. The only selling functions associated with U.S. sales are after sales service/warranties and freight and delivery arrangements, which are also provided to home market mill direct customers. The only other selling

function offered for home market mill direct sales is a limited amount of technical advice. Both home market mill direct sales and U.S. sales involve sales to large customers, including service centers/distributors that resell steel. (U.S. sales are only made to resellers.) Therefore, based on our analysis of selling functions, the Department finds U.S. sales to be at the same LOT as home market mill direct sales. Therefore, U.S. sales were only compared to home market mill direct sales, and no LOT adjustment was necessary.

Fair Value Comparisons

To determine whether sales of cold-rolled steel products from Brazil were made at less than fair value, we compared the EP to the NV, as described in the Export Price and Normal Value sections of this notice below. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated weighted-average EPs for comparison to weighted-average NVs.

Transactions Investigated

As stated in 19 CFR 351.401(i), the Department will use invoice date as the date of sale unless another date reflects the date on which the exporter or producer establishes the material terms of sale. Both CSN and USIMINAS/COSIPA reported the date of the nota fiscal (*i.e.*, the date the product leaves the factory) as the date of sale.

CSN maintains that it uses the date of the nota fiscal for home market sales in its accounting records because this is the date on which material terms of sale are finalized. Moreover, CSN notes that it adds estimated freight and insurance expenses to each invoice, which are not confirmed in writing until the date of the nota fiscal. For its U.S. sales, CSN reported the date of the nota fiscal to be consistent with the Final Determination of Sales at Less than Fair Value: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, 64 FR 38756 (July 19, 1999) (Hot Rolled Steel). CSN notes, however, that it disagrees with the determination in Hot Rolled Steel that the appropriate date of sale for CSN's U.S. sales is the ex-factory shipment date (*i.e.*, nota fiscal date). CSN argues that the date of commercial invoice (*i.e.*, the invoice issued on the date of shipment from the port) should be the date of sale.

USIMINAS and COSIPA maintain that for their home market sales, the nota fiscal is the date on which the material terms of sale are first finalized. The nota fiscal is also used by both companies' accounting systems to register home market sales. For their U.S. sales,

USIMINAS and COSIPA both reported the date of the nota fiscal to be consistent with Hot Rolled Steel. USIMINAS notes, however, that it disagrees with the use of this date as there can be changes in quantities or prices to the ultimate customer after the nota fiscal date and that the commercial invoice date (*i.e.*, the invoice issued on the date of shipment from the port) should be the date of sale. USIMINAS claims that the commercial invoice is the date to which all U.S. sales are tied in its accounting system. COSIPA indicated that the nota fiscal and the commercial invoice for U.S. sales are issued on the same date.

For this preliminary determination, we are using the dates reported by respondents as the date of sale. Thus, for both home market and U.S. sales we are using the nota fiscal date as the date of sale. We intend to fully examine date of sale during verification and will incorporate our findings, as appropriate, in our analysis for the final determination.

Export Price

We based our calculations on EP, in accordance with section 772 of the Act, because the subject merchandise was sold by the producer or exporter directly to the first unaffiliated purchaser in the United States prior to importation. Furthermore, we calculated EP based on packed prices charged to the first unaffiliated customers in the United States. We made company-specific adjustments as follows:

CSN

We made deductions from the starting price, where appropriate, for the following movement expenses, in accordance with section 772(c)(2)(A) of the Act: discounts, foreign inland freight, international freight, and foreign brokerage and handling expenses.

In addition, for sales for which payment has not been received, we recalculated credit expenses using the due date of the respondent's supplemental submission (October 1, 1999), rather than the date of the first response (August 30, 1999). Because it is CSN's stated practice to charge late payment fees, we imputed home market interest revenue for sales on which payment has not yet been received. For U.S. sales, we have reclassified as discounts, certain payments to a customer of CSN, which CSN had reported as commissions. A discount is a reduction in price to a customer, while a commission is a form of payment for services. Therefore, the issue is whether there was one transaction between CSN and the ultimate customer in which the

trading company acted as a sales agent for a commission, or whether there were two transactions, one in which the trading company bought from CSN and received a discount on the price for that initial sale and subsequently resold the merchandise to the ultimate purchaser. See Certain Cold-Rolled Carbon Steel Flat Products from Germany; Final Results of Antidumping Duty Review, 60 FR 65264, 65277-8 (December 19, 1995); Certain Carbon Steel Products from Austria; Final Determination of Sales at LTFV, 50 FR 33365 (August 19, 1985). We preliminarily determined that the latter situation exists in the present case.

USIMINAS/COSIPA

The Department made deductions from the starting price, where appropriate, for the following movement expenses, in accordance with section 772(c)(2)(A) of the Act: foreign inland freight, international freight, and foreign brokerage and handling expenses.

Normal Value

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales), we compared respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Since each of the respondent's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined that the home market was viable for all respondents. Therefore, we have based NV on home market sales in the usual commercial quantities and in the ordinary course of trade.

Arm's Length Test

CSN

CSN sold merchandise to an affiliated reseller (INAL). CSN reported sales by INAL to unaffiliated companies, and CSN did not sell to any other affiliated companies. Therefore, we did not need to perform the arm's length test.

USIMINAS/COSIPA

Sales to affiliated customers in the home market not made at arm's length prices (if any) were excluded from our analysis because we considered them to be outside the ordinary course of trade. See 19 CFR 351.102. To test whether

these sales were made at arm's length prices, we compared, on a model-specific basis, the prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, and packing. Where, for the tested models of subject merchandise, prices to the affiliated party were on average 99.5 percent or more of the price to unaffiliated parties, we determined that sales made to the affiliated party were at arm's length. See 19 CFR 351.403(c). In instances where no price ratio could be constructed for an affiliated customer because identical merchandise was not sold to unaffiliated customers, we were unable to determine that these sales were made at arm's length prices, and therefore, excluded them from our LTFV analysis. See, *e.g.*, Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from Argentina, 58 FR 37062, 37077 (July 9, 1993). Where the exclusion of such sales eliminated all sales of the most appropriate comparison product, we made a comparison to the next most similar product.

Cost of Production (COP) Analysis

Based on the cost allegation submitted by petitioners in the original petition, the Department found reasonable grounds to believe or suspect that respondents had made sales in the home market at prices below the cost of producing the merchandise, in accordance with section 773(b)(2)(A)(i) of the Act. As a result, the Department initiated an investigation to determine whether respondents made home market sales during the POI at prices below their respective COPs within the meaning of section 773(b) of the Act. See Initiation Notice. The Department conducted the COP analysis described below.

A. Calculation of COP

In accordance with section 773(b)(3) of the Act, the Department calculated COP for cold-rolled steel products based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for home market SG&A, interest expenses, and packing costs. The Department relied on the COP data submitted by each respondent in its cost questionnaire response except, as discussed below, in specific instances where the submitted costs were not appropriately quantified or valued.

CSN

The Department relied on CSN's COP and CV data submitted on October 4, 1999, except in the following instances: (1) We revised its general and

administrative (G&A) expense rate calculation to include non-operating expenses and to exclude all monetary correction items except those expenses related to accounts payable, and (2) we revised its financial expense ratio to include monetary corrections for financing losses and to exclude an offset for interest income from financial operations. See Cost Calculation Memorandum, dated November 1, 1999.

USIMINAS/COSIPA

The Department relied on USIMINAS/COSIPA's COP and CV data submitted on October 4, 1999, except in the following instances: (1) We revised its submitted G&A expense ratio to exclude packing expenses from the cost of goods sold used as the denominator in the calculation of the ratio; (2) we revised its submitted financial expense ratio to include expenses for export financing and foreign exchange losses related to export financing and exclude an offset for foreign exchange gains related to accounts receivable; and (3) for COSIPA we adjusted the transfer price for iron ore obtained from an affiliated supplier in accordance with the "major input" rule. See Cost Calculation Memoranda, November 1, 1999.

B. Test of Home Market Prices

The Department compared the weighted-average COP for each respondent, adjusted where appropriate (see above), to home market sales prices of the foreign like product as required under section 773(b) of the Act. In determining whether to disregard home market sales made at prices less than the COP, the Department examined whether (1) within an extended period of time, such sales were made in substantial quantities; and (2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time. On a product-specific basis, the Department compared the COP to home market prices, less any applicable movement charges, taxes, billing adjustment, and discounts and rebates.

C. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of respondent's sales of a given product were at prices less than the COP, the Department did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product during the POI were at prices less than the COP, the Department determined such sales to have been made in "substantial quantities," in

accordance with 773(b)(2)(C)(i) of the Act, within an extended period of time, in accordance with section 773(b)(2)(B) of the Act. In such cases, because the Department compared prices to weighted-average COPs for the POI, the Department also determined that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. Therefore, the Department disregarded the below-cost sales.

Price-to-Price Comparisons

We performed price-to-price comparisons where there were sales of comparable merchandise in the home market that did not fail the cost test. We made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act, as well as for differences in circumstances of sale (COS) in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410 of the Department's regulations. In accordance with section 773(a)(6) of the Act, we deducted home market packing costs and added U.S. packing costs.

Under section 777A(d)(1)(A) of the Act, we have broad authority to use a number of methodologies in calculating the average prices used to determine whether sales at less than fair value exist. More specifically, under section 351.414(d)(3) of the Department's regulations, the Department may use averaging periods shorter than the POI when normal value, export price, or constructed export price varies significantly over the POI. In this case, NV (in dollars) after January 12, 1999, varied significantly from NV earlier in the POI, due primarily to a significant change in the underlying dollar value of the real, evidenced by the precipitous and large drop that began in January 1999. As noted in the currency conversion section below, in late January and early February 1999 the real lost over 40 percent of its value. Consequently, it is appropriate to use two averaging periods to avoid the possibility of a distortion in the dumping calculation. This methodology is consistent with our policy adopted in Stainless Steel Plate in Coils from Korea, 64 FR 15444, 15452 (March 31, 1999) and Stainless Steel Sheet and Strip from Korea, 64 FR 30664, 30676 (June 8, 1999) (Stainless Sheet from Korea). Therefore, for all respondents, we have used two averaging periods for this preliminary determination, the beginning of the POI through January 12, 1999, and January 13, 1999, through the end of the POI.

Brazilian Taxes

Consistent with past practice, we adjusted NV for the full amount of IPI and ICMS taxes collected on the subject merchandise because these are VAT taxes that have a basis for deduction according to section 773(a)(6)(B)(iii) of the Act. We did not deduct the Brazilian PIS and COFINS taxes as suggested by respondents in calculating NV. Since these taxes are levied on total revenues, the taxes are not imposed directly on the product or its components. Accordingly, there is no basis to deduct them in the calculation of NV under section 773(a)(6)(B)(iii) of the Act. See Final Results of Antidumping Duty Administrative Review: Certain Cut-To-Length Carbon Steel Plate from Brazil, 63 FR 12744, 12746 (March 16, 1998); and Notice of Final Determination of Sales at Less than Fair Value: Certain Hot-Rolled Flat-Rolled Carbon Quality Steel from Brazil, 64 FR 38756, 38765 (July 19, 1999).

CSN

For CSN, we based NV on prices of home market sales that passed the cost test. We made adjustments for billing adjustments and certain taxes as discussed above. We made deductions, where appropriate, for foreign inland freight (net of taxes) pursuant to section 773(a)(6)(B) of the Act. We made COS adjustments for differences in credit, interest revenue, warranty expenses, and bank charges, where appropriate. We also made adjustments for home market inventory carrying costs and other indirect selling expenses, where appropriate, to offset differences between home market and U.S. commissions.

Under section 776(a) of the Act, if information is not available on the record, the Department may use the facts available. Section 776(b) of the Act provides that adverse inferences may be used in selecting from among the facts available when an interested party has failed to cooperate by not acting to the best of its ability to comply with the Department's requests for information. See also, Statement of Administrative Action (SAA) accompanying the URAA, H.R. Rep. No. 316, 103d Cong., 2d Sess. 870 (1994). We found that the reported amount of CSN's U.S. commission payments did not match the amount of commissions it described in its narrative response; CSN described its commissions as a fixed percentage of the price, but the amount reported often differed from that percentage. In our September 10, 1999 supplemental questionnaire, we asked CSN to explain the commission calculations. In its

October 4, 1999 supplemental, CSN allegedly corrected the commissions in its database. However, analysis of the database submitted on October 4, 1999, reveals that the reported commissions still do not follow the reported methodology. Consequently, we are unable to determine whether the reported commission amounts are incorrect, or whether the methodology as described is incorrect. Further, as this problem has been pointed out to CSN, and CSN failed to correct the discrepancy, we conclude that CSN has not cooperated to the best of its ability with respect to this issue. Therefore, for purposes of this preliminary determination, as adverse facts available, if the reported U.S. commission is greater than the stated methodology, we are using the reported U.S. commission amount. However, when the reported amount is less than or equal to the stated methodology, we are adjusting the U.S. commission to the stated methodology.

An affiliated reseller of CSN reported its downstream sales made in the home market and the related COM. However, the reported COM has not been segregated between variable and fixed costs. Consequently, using the cost data as reported, we are unable to calculate an adjustment for the physical differences in merchandise. Therefore, as facts available, wherever CSN and the reseller sold identical products we replaced the reseller's variable COM (VCOM) with CSN's VCOM. In those instances where the reseller sold unique products we calculated a weighted-average percentage of the variable cost to the total COM for CSN. Then, we applied the result to the total COM reported by the affiliated reseller to attain the reseller's VCOM. We used this calculated VCOM to determine the adjustment to normal value related to the physical differences in merchandise.

USIMINAS/COSIPA

For USIMINAS/COSIPA we based NV on prices of home market sales that passed the cost test. We made deductions for billing adjustments, discounts, taxes, and rebates. We made deductions, where appropriate, for inland freight and inland insurance, pursuant to section 773(a)(6)(B) of the Act. We note that the deduction for inland freight should be net of VAT taxes. However, while we have requested this information, we did not receive it in time for this preliminary determination. Consequently, we have estimated an amount for VAT paid on inland freight and deducted the estimated VAT from the reported amounts. We made COS adjustments for

imputed credit expense, interest revenue, and warranties.

For home market sales on which payment has not been received, USIMINAS/COSIPA stated that they used October 1, 1999, as a surrogate payment date. However, analysis of the database indicates that COSIPA used the date of the first submission. Section 776(b) of the Act provides that the Department may use the facts available when necessary information is not on the record. Therefore, in accordance with section 776(a) we must use facts available as facts available, we recalculated credit expenses for COSIPA for sales for which payment has not been received using the due date of the respondents supplemental submission (October 1, 1999), rather than the date of the first submission. Because it is standard practice for the respondents to charge late payment fees, we imputed home market interest revenue for COSIPA for sales on which payment has not been received.

Also, we have recalculated home market credit expenses so that credit expenses for all sales are based on prices net of taxes and billing adjustments.

USIMINAS made home market sales based on both actual and theoretical weight. U.S. sales were all made on actual weight. For USIMINAS' home market sales made based on theoretical weight, USIMINAS did not provide a conversion factor to adjust the applicable weight, prices, and adjustments for these sales to an actual weight basis, for proper comparison to other home market sales and to U.S. sales. As facts available, we have applied a theoretical to actual weight cold-rolled steel conversion factor from the public file of Certain Cold-Rolled and Corrosion-Resistant Carbon Steel Flat Products from Korea; Fifth Administrative Review. A copy of this factor was submitted on the record of the instant case by petitioners on October 8, 1999. For all home market theoretical weight sales, we multiplied the reported quantity by this factor and divided the reported prices and adjustments by this factor. We will review this topic at verification, and for purposes of the final determination, we will look at any information that may make this conversion more accurate.

Affiliated resellers of USIMINAS/COSIPA reported their downstream sales made in the home market and the related COM. However, the reported COM has not been segregated between variable and fixed costs. Consequently, using the cost data as reported, we are unable to calculate an adjustment for the physical differences in merchandise.

Therefore, as facts available, wherever USIMINAS/COSIPA and the reseller sold identical products we replaced the resellers' VCOM with USIMINAS/COSIPA's VCOM. In those instances where the resellers sold unique products we calculated a weighted-average percentage of the variable cost to the total COM for USIMINAS/COSIPA. Then we applied the result to the total COM reported by the affiliated resellers to attain the resellers variable COM. We used the revised VCOMs to determine the adjustment to normal value related to the physical differences in merchandise.

Currency Conversions

We made currency conversions in accordance with section 773A of the Act. Section 773A(a) of the Act directs the Department to use a daily exchange rate to convert foreign currencies into U.S. dollars unless the daily rate involves a fluctuation. The Department considers a "fluctuation" to exist when the daily exchange rate differs from the benchmark rate by 2.25 percent or more. The benchmark is defined as the moving average of rates for the past 40 business days. When we determine a fluctuation to have existed, we generally substitute the benchmark rate for the daily rate, in accordance with established practice. (An exception to this rule is described below.) Further, section 773A(b) of the Act directs the Department to allow a 60-day adjustment period when a currency has undergone a sustained movement. A sustained movement occurs when the weekly average of actual daily rates exceeds the weekly average of benchmark rates by more than five percent for eight consecutive weeks. (For an explanation of this method, see Policy Bulletin 96-1: Currency Conversions (61 FR 9434, March 8, 1996).) Such an adjustment period is required only when a foreign currency is appreciating against the U.S. dollar.

Our preliminary analysis of dollar-real exchange rates show that the real declined rapidly in early 1999, losing over 40 percent of its value in January 1999, when the Brazilian government ended its exchange rate restrictions. The decline was, in both speed and magnitude, many times more severe than any change in the dollar-real exchange rate during recent years, and it did not rebound significantly in a short time. As such, we preliminarily determine that the decline in the real during January 1999 was of such magnitude that the dollar-real exchange rate cannot reasonably be viewed as having simply fluctuated at that time, *i.e.*, as having experienced only a

momentary drop in value relative to the normal benchmark. We preliminarily find that there was a large, precipitous drop in the value of the real in relation to the U.S. dollar in January 1999.

We recognize that, following a large and precipitous decline in the value of a currency, a period may exist wherein it is unclear whether further declines are a continuation of the large and precipitous decline or merely fluctuations. Under the circumstances of this case, such uncertainty may have existed following the large, precipitous drop in January 1999. Thus, we devised a methodology for identifying the point following a precipitous drop at which it is reasonable to presume that rates were merely fluctuating. Beginning on January 13, 1999, we used only actual daily rates until the daily rates were not more than 2.25 percent below the average of the 20 previous daily rates for five consecutive days. At that point, we determined that the pattern of daily rates no longer reasonably precluded the possibility that they were merely "fluctuating." (Using a 20-day average for this purpose provides a reasonable indication that it is no longer necessary to refrain from using the normal methodology, while avoiding the use of daily rates exclusively for an excessive period of time.) Accordingly, from the first of these five days, we resumed classifying daily rates as "fluctuating" or "normal" in accordance with our standard practice, except that we began with a 20-day benchmark and on each succeeding day added a daily rate to the average until the normal 40-day average was restored as the benchmark. See Notice of Final Results of Antidumping Duty Administrative Review: Certain Welded Carbon Steel Pipes and Tubes from Thailand, 64 FR 56759, 56763, October 21, 1999.

Applying this methodology in the instant case, we used daily rates from January 13, 1999 through March 4, 1999. We then resumed the use of our normal methodology through the end of the period of investigation (March 31, 1999), starting with a benchmark based on the average of the 20 reported daily rates on March 5, 1999.

Critical Circumstances

On June 10, 1999, petitioners alleged that there is a reasonable basis to believe or suspect that critical circumstances exist with respect to imports of cold-rolled steel from Brazil. In accordance with 19 CFR 351.206(c)(2)(i), since this allegation was filed at least 20 days prior to the preliminary determination, the Department must issue its preliminary critical circumstances

determination no later than the preliminary determination.

Section 733(e)(1) of the Act provides that the Department will determine that critical circumstances exist if there is a reasonable basis to believe or suspect that: (A)(i) there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and that there was likely to be material injury by reason of such sales, and (B) there have been massive imports of the subject merchandise over a relatively short period. Moreover, in determining whether there is a reasonable basis to believe or suspect that an importer knew or should have known that there was likely to be material injury by reason of dumped imports, the Department may look to the preliminary injury determination of the ITC.

History of Dumping or Importer Knowledge

To determine whether there is a history of dumping of the subject merchandise, the Department normally considers evidence of an existing antidumping duty order in the United States or elsewhere to be sufficient. The Department found that Mexico has in force an antidumping duty order on cold-rolled steel from Brazil, and therefore determined that there is a history of dumping and material injury by reason of dumped imports of the subject merchandise. Since we have found a history of dumping causing material injury with respect to Brazil, there is no need to examine importer knowledge.

Massive Imports

In determining whether there are "massive imports" over a "relatively short time period," the Department ordinarily bases its analysis on import data for at least three months preceding (the "base period") and following (the "comparison period") the filing of the petition. Pursuant to 19 CFR 351.206(h)(2), unless the imports in the comparison period have increased by at least 15 percent during the base period, we will not consider the imports to have been "massive". In addition, the regulations allow for the adjustment of the base and comparison periods where the availability of the data and the commercial realities of the marketplace so dictate. Additionally, as stated in the Department's regulations, at section 351.206(i), if the Secretary finds that

importers, exporters, or producers had reason to believe, at some time prior to the beginning of the proceeding, that a proceeding was likely, then the Secretary may consider a time period of not less than three months from that earlier time.

In this case petitioners argue that importers, exporters or producers of Brazilian cold-rolled steel had reason to believe that an antidumping proceeding was likely before the filing of the petition. The Department examined whether conditions in the industry and published reports and statements provide a basis for inferring knowledge that a proceeding was likely. We considered other sources of information including press reports in late 1998 regarding rising imports and the likelihood of antidumping action against imports of cold-rolled steel. We find that such press reports, particularly in October and November 1998, are sufficient to establish that by the beginning of November 1998, importers, exporters, or producers knew or should have known that a proceeding was likely concerning cold-rolled products from Brazil. See Preliminary Analysis Memoranda, dated November 1, 1999 (Preliminary Analysis Memoranda). Accordingly, we examined the increase in import volumes from January—October 1998 as compared to November 1998–August 1999, the maximum period for which we had reliable data in this case, and found that company-specific export shipment data shows an increase of more than 100 percent in exports from USIMINAS/COSIPA and a decrease in exports from CSN. See Preliminary Analysis Memoranda. Therefore, pursuant to section 733(e) of the Act and section 351.206(h) of the Department's regulations, we preliminarily determine that there have been massive imports of cold-rolled steel from USIMINAS/COSIPA over a relatively short period of time.

We have also analyzed the issue of critical circumstances for companies in the "all others" category. Our conclusions regarding the history of dumping with respect to any such companies are identical to our conclusions on this issue for the individually examined respondents. Similarly, we conclude, for the reasons stated above, that such importers knew or should have known that a proceeding was likely as of November 1999. With regard to the issue of massive imports, in accordance with our current practice (See Notice of Final Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Japan, 64 FR 24329, 24335 (May 6, 1999)), we first

considered the import data of the mandatory respondents. In this case, we found massive imports for one respondent, based on an increase in imports of more than 100 percent, but not massive imports for the other. We also considered whether U.S. customs data would permit the Department to analyze imports of subject merchandise. However, that data includes products not subject to this investigation. Therefore, it is not appropriate to base our critical circumstances determination on that data. (See Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils From Germany, 64 FR 30710, 30728 (June 8, 1999)). Under these circumstances, while we normally do not consider the relative volumes of imports from respondents, we considered that the respondent with massive imports accounts for a larger volume of imports than the respondent that did not have the massive imports. Based on these facts, we find that there were massive imports from the uninvestigated companies. Thus we preliminarily find critical circumstances with respect to companies in the "all others" category.

Accordingly, we preliminary determine that critical circumstances exist for USIMINAS/COSIPA and for companies in the "all others category" but not for CSN.

Verification

In accordance with section 782(i) of the Act, we will verify all information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of cold-rolled steel products from Brazil that are entered, or withdrawn from warehouse, for consumption: (1) For CSN, on or after the date of publication of this notice in the **Federal Register**; and (2) for USIMINAS/COSIPA and all others, on or after the date 90 days prior to the date of publication of this notice in the **Federal Register**. We will instruct the U.S. Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the EP, as indicated in the chart below. These instructions suspending liquidation will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter manufacturer	Weighted-average margin (in percent)
CSN	51.24
USIMINAS/COSIPA	40.65
All Others	42.97

International Trade Commission Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final antidumping determinations are affirmative, the ITC will determine whether these imports are materially injuring, or threatening material injury to, the U.S. industry. The deadline for that ITC determination is the later of 120 days after the date of this preliminary determination or 45 days after the date of our final determination.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than fifty days after the date of publication of this notice, and rebuttal briefs, limited to issues raised in case briefs, no later than fifty-five days after the date of publication of this preliminary determination. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, any hearing will be held fifty-seven days after publication of this notice at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief, and may make rebuttal presentations only on arguments included in that party's rebuttal brief.

See 19 CFR 351.310(c). We intend to make our final determination no later than 75 days after the date of issuance of this notice.

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Act.

Dated: November 1, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-821-810]

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

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

EFFECTIVE DATE: November 10, 1999.

FOR FURTHER INFORMATION CONTACT: Michael Panfeld (Severstal), Maria Dybczak (NISCO), or Rick Johnson, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0172, (202) 482-5811, and (202) 482-3818, respectively.

The Applicable Statute

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

Preliminary Determination

We preliminarily determine that cold-rolled flat-rolled carbon-quality steel products ("cold-rolled steel") from the Russian Federation are being, or are likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

This investigation was initiated on June 21, 1999. See *Initiation of*