

(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.

To determine that there is a history of dumping of the subject merchandise, the Department normally considers evidence of an existing antidumping duty order on SSSS in the United States or elsewhere to be sufficient. Petitioners did not provide any information indicating a history of dumping of SSSS from Taiwan. Furthermore, we investigated the existence of antidumping duty orders on SSSS from Taiwan in the United States or elsewhere, and did not find any. We were also unable to find other information that would have indicated a history of dumping of SSSS from Taiwan.

In determining whether an importer knew or should have known that the exporter was selling subject merchandise at less than fair value and thereby causing material injury, the Department normally considers estimated dumping margins of 25 percent or greater for EP sales to impute knowledge of dumping and of resultant material injury. In this investigation, we have not established calculated estimated dumping margins of 25 percent or greater. Based on these facts, we determine that the first criterion for ascertaining whether critical circumstances exist is not satisfied. Therefore, we preliminarily determine that there is no reasonable basis to believe or suspect that critical circumstances exist with respect to exports of SSSS from Taiwan by respondents (*see, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Collated Roofing Nails From Korea*, 62 FR 25895, 25898 (May 12, 1997)). We have not analyzed the shipment data for respondents to examine whether imports of SSSS have been massive over a relatively short period. Because we do not find that critical circumstances exist for all other respondents, we determine that critical circumstances do not exist for companies covered by the "All Others" rate. We will make a final determination concerning critical circumstances when we make our final determination in this investigation, if that final determination is affirmative.

### Verification

As provided in section 782(i) of the Tariff Act, we will verify all information relied upon in making our final determination.

### All Others Rate

In accordance with Section 735(c)(5) of the Act, the estimated all-others rate shall be an amount equal to the calculated estimated weight-average dumping margins established for producers individually investigated, excluding any zero and de minimis margins, and any margins determined entirely under section 776. As a result, the all-others rate is 2.94 percent.

### Suspension of Liquidation

In accordance with section 733(d) of the Tariff Act, we are directing the U.S. Customs Service to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after 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 export price, as indicated below. These suspension-of-liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin percentage
Chang Mien .....	.57
Tung Mung .....	.07
YUSCO .....	2.94
All Others .....	2.94

### ITC Notification

In accordance with section 733(f) of the Tariff Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether imports of SSSS are materially injuring, or threaten material injury to, the U.S. industry.

### 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 Tariff 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, N.W., Washington, D.C. 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 issue our final determination in this investigation no later than 135 days after publication of this notice.

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

Dated: December 17, 1998.

**Richard W. Moreland,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. 98-34462 Filed 12-31-98; 8:45 am]

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-588-845]

### Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Stainless Steel Sheet and Strip in Coils From Japan

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

**EFFECTIVE DATE:** January 4, 1999.

**FOR FURTHER INFORMATION CONTACT:** Letitia Kress, Cindy Sonmez or Karla Whalen, Import Administration,

International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-6412, (202) 482-3362 or (202) 482-1391, 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).

### Preliminary Determination

We preliminarily determine that Stainless Steel Sheet and Strip in Coils ("SSS&S") from Japan is being, or is 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. For Nippon Steel Corporation ("NSC"), the Department used the sales data submitted on December 2, 1998 and the cost of production and constructed value data submitted on November 19, 1998. For Kawasaki Steel Corporation ("Kawasaki") the Department used the response submitted on November 30, 1998.

### Case History

On July 13, 1998, the Department initiated antidumping duty investigations of imports of stainless steel sheet and strip in coils from France, Germany, Italy, Japan, Mexico, South Korea, Taiwan and the United Kingdom (see *Initiation of Antidumping Investigations: Stainless Steel Sheet and Strip in Coils From France, Germany, Italy, Japan, Mexico, South Korea, Taiwan and the United Kingdom*, 63 FR 37521 (July 13, 1998)). Since the initiation of this investigation the following events have occurred.

The Department set aside a period for all interested parties to raise issues regarding product coverage in a letter to interested parties on July 21, 1998. On July 27, 1998, Allegheny Ludlum Corporation, Armco, Inc.,<sup>1</sup> J&L Specialty Steel, Inc.,<sup>2</sup> Washington Steel Division of Bethlehem Steel Corporation (formerly Lukens, Inc.), the United

Steelworkers of America, AFL-CIO/CLC, the Butler Armco Independent Union<sup>3</sup> and the Zanesville Armco Independent Organization, Inc.<sup>4</sup> ("petitioners") submitted comments to the Department stating that they generally agree with the Department's product characteristics and model match criteria. However, petitioners noted that the reporting of products' actual alloy content, within certain ranges, must be incorporated from the outset into the product characteristics that comprise the product matching hierarchy that create the control numbers ("CONNUMs").

On July 17, 1998, NSC submitted comments claiming that petitioners do not manufacture suspension foil and thus do not have standing to file a petition against this product. Also on July 17, 1998, NSC submitted a statement regarding petitioners' agreement to exclude suspension foil from the scope of the investigation. Also on July 20, 1998, Hutchinson Technology submitted comments regarding the definition of suspension foil. On July 20, 1998, Hitachi Metals America, Ltd. submitted comments concerning razor blade steel, flapper valve steel, and surgical/medical categories of stainless steel sheet and strip and that all of its products are outside of the scope of the investigation.

On July 27, 1998, respondent NSC submitted comments stating that the criteria should be reordered and clarified and that the "additional information" concerning chemical content is burdensome and unnecessary. On July 29, 1998, Hitachi Metals America, Ltd. submitted comments regarding an exclusion for flapper valve steel. On July 27, 1998, respondent Kawasaki Steel Corporation stated that it agrees with NSC's July 27, 1998 comments. On July 29, 1998 petitioners submitted a letter regarding the scope.

On July 24, 1998, the International Trade Commission ("ITC") notified the Department of its affirmative preliminary determination in this case.

On August 3, 1998, the Department issued antidumping duty questionnaires to Kawasaki, NSC, and Hitachi Metals America, Ltd.<sup>5</sup> On August 4, 1998, the Department issued antidumping duty questionnaires to Nisshin Steel Co., Ltd. ("Nisshin"), Nippon Yakin Kogyo ("Nippon Yakin"), Nippon Metal Industries ("Nippon Metal"), and

Sumitomo Metal Industries ("Sumitomo"). On September 21, 1998, the Department selected NSC, Kawasaki, Nippon Metal, Nippon Yakin, and Nisshin (collectively "respondents") as mandatory respondents. See *Decision Memorandum from Division Directors, Office VII, to Joseph Spetrini, regarding Selection of Respondents*, September 21, 1998.

On August 28, October 19 and 27, and November 2, 1998, in letters to the Department, NSC requested that it not be required to report downstream sales in Japan because relevant resales: (1) Involve sales to affiliated resellers which are at arm's length; (2) are all at a different level of trade from United States sales; (3) for the most part are not likely to match U.S. sales; and (4) would entail undue burden. On September 8 and November 25, 1998, petitioners rebutted NSC's requested exemption from reporting certain home market sales.

On September 9, 1998, the Department received responses to Section A of the questionnaire from Kawasaki, NSC, and Sumitomo. On October 5 and 7, 1998, petitioners filed comments to the Section A responses for Kawasaki and NSC, respectively. On September 29, 1998, the Department received Kawasaki and NSC's responses to Sections B and C of the questionnaire. On October 15, 1998, petitioners filed comments on Kawasaki and NSC's Section B and C questionnaire responses. On October 20 and 21, 1998, the Department issued supplemental questionnaires on Sections A, B, and C to NSC and Kawasaki, respectively.

On October 6, 1998, pursuant to section 733(c)(1)(A) of the Act, the petitioners made a timely request to postpone the preliminary determination for thirty days. The Department determined that this investigation is extraordinarily complicated and that the additional time is necessary for the Department to make its preliminary determination. On October 16, 1998, we postponed the preliminary determination until no later than December 17, 1998. See *Stainless Steel Sheet and Strip from Italy, France, Germany, Mexico, Japan, the Republic of Korea, the United Kingdom and Taiwan; Notice of Postponement of Preliminary Determinations for Antidumping Duty Investigations*, 63 FR 56909, (October 23, 1998).

On October 8 and 13, 1998, petitioners timely requested that the Department initiate a cost investigation against Kawasaki and NSC, respectively. Based on an adequate sales below cost of production allegation, the Department initiated a cost of

<sup>3</sup> Butler Armco Independent Union is not a petitioner in the Mexico case.

<sup>4</sup> Zanesville Armco Independent Organization, Inc. is not a petitioner in the Mexico case.

<sup>5</sup> Counsel for Hitachi Metals America, Ltd. forwarded the questionnaire to Hitachi Metals, Ltd. in Japan.

<sup>1</sup> Armco, Inc. is not petitioner in the Mexico case.

<sup>2</sup> J&L Specialty Steel, Inc. is not a petitioner in the France case.

production investigation against Kawasaki and NSC on October 28, 1998. See *Memorandum from William Jones and Taija Slaughter to Roland MacDonald regarding Allegations of Sales Below the Cost of Production for Kawasaki Steel Corporation and Nippon Steel Corporation dated October 28, 1998. On November 19, 1998, Kawasaki and NSC submitted their Section D responses.*

On October 28, 1998, NSC submitted a request that it not be required to report sales based on order confirmation date as was requested in the supplemental questionnaire that the Department issued on October 20, 1998. On November 18, 1998, Kawasaki requested a waiver from the Department's request to submit a new database using order confirmation date.

On October 30, 1998, petitioners timely alleged that critical circumstances exist with respect to imports of stainless steel sheet and strip in coils from Japan. On November 19, 1998, Kawasaki submitted shipment information in regards to this allegation. On December 4, 1998, NSC submitted shipment information in regards to this allegation.

On December 2, 1998, NSC submitted the order confirmation date for the sales it previously reported in its Section B and C responses as well as downstream sales. On December 3, 1998, petitioners submitted comments on appropriate product comparisons. On December 7, 1998, Kawasaki submitted its sales made to unaffiliated parties based on order confirmation date. On December 4 and 8, 1998, petitioners submitted comments regarding preliminary determination guidance for Kawasaki and NSC, respectively. On December 11, 1998, NSC submitted a rebuttal to petitioners' December 8, 1998 preliminary determination comments. On December 11, 1998, NSC submitted additional order confirmation reporting. On December 9, 1998, Kawasaki submitted a rebuttal to petitioners' December 4th preliminary determination comments.

#### *Scope of the Investigation*

For purposes of this investigation, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet

and strip may also be further processed (e.g., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to this investigation is classified in the *Harmonized Tariff Schedule of the United States* ("HTSUS") at subheadings: 7219.13.00.30, 7219.13.00.50, 7219.13.00.70, 7219.13.00.80, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTS subheadings are provided for convenience and Customs purposes, the Department's written description of the merchandise under investigation is dispositive.

Excluded from the scope of this investigation are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled; (2) sheet and strip that is cut to length; (3) plate (i.e., flat-rolled stainless steel products of a thickness of 4.75 mm or more); (4) flat wire (i.e., cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm); and (5) razor blade steel. Razor blade steel is a flat rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. See Chapter 72 of the HTSUS, "Additional U.S. Note" 1(d).

In response to comments by interested parties the Department has determined

that certain specialty stainless steel products are also excluded from the scope of this investigation. These excluded products are described below.

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this investigation. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of between 0.002 and 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this investigation. This ductile stainless steel

strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names "Arnokrome."<sup>6</sup>

Certain electrical resistance alloy steel is also excluded from the scope of this investigation. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials ("ASTM") specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as "Gilphy 36."<sup>7</sup>

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this investigation. This high-strength, ductile stainless steel product is designated under the Unified Numbering System ("UNS") as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as "Durphynox 17."<sup>8</sup>

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the

scope of this investigation. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).<sup>9</sup> This steel is similar to ASTM grade 440F, but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as "GIN4 Mo." The second excluded stainless steel strip in coils is similar to AISI 420-J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per square micron. An example of this product is "GIN5" steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, "GIN6".<sup>10</sup>

#### *Period of Investigation*

The Period of Investigation ("POI") is April 1, 1997 through March 31, 1998.

#### *Postponement of Final Determination and Extension of Provisional Measures*

Pursuant to section 735(a)(2) of the Act, on November 19 and 25, 1998, Kawasaki and NSC respectively, requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until not later than 135 days after the date of the publication of an affirmative preliminary determination in the **Federal Register**. On December 15, 1998, NSC and Kawasaki amended their requests to include a request to extend the provisional measures to not more than six months. In accordance with 19 CFR 351.210(b), because (1) our preliminary determination is affirmative, (2) NSC and Kawasaki

account for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting the respondents' requests and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly.

#### *Preliminary Determination of Critical Circumstances*

On October 30, 1998, petitioners alleged that there is a reasonable basis to believe or suspect that critical circumstances exist with respect to the subject merchandise. Petitioners based their allegation on a comparison of import data from April-June and July-September, 1998, arguing comparison of these periods due to a one-month shipping time lag. In accordance with 19 CFR 351.206(c)(2), since this allegation was filed earlier than the deadline for the Department's preliminary determination, we must issue our preliminary critical circumstances determinations not later than the preliminary determination. See Policy Bulletin 98/4 regarding Timing of Issuance of Critical Circumstances Determinations, 63 FR 55364, (October 15, 1998).

Section 733(e)(1) of the Act provides that if a petitioner alleges critical circumstances, the Department will determine whether 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 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.

The statute and the Statement of Administrative Action ("SAA") which accompanies the Uruguay Round Agreements Act are silent as to how we are to make a finding that there was knowledge that there was likely to be material injury. Therefore, Congress has left the method of implementing this provision to the Department's discretion.

In determining whether there is a reasonable basis to believe or suspect that an importer knew or should have known that the exporter was selling the product at less than fair value, the Department normally considers margins

<sup>6</sup>"Arnokrome III" is a trademark of the Arnold Engineering Company.

<sup>7</sup>"Gilphy 36" is a trademark of Imphy, S.A.

<sup>8</sup>"Durphynox 17" is a trademark of Imphy, S.A.

<sup>9</sup>This list of uses is illustrative and provided for descriptive purposes only.

<sup>10</sup>"GIN4 Mo", "GIN5" and "GIN6" are the proprietary grades of Hitachi Metals America, Ltd.

of 15 percent or more sufficient to impute knowledge of dumping for constructed export price ("CEP") sales, and margins of 25 percent or more for export price ("EP") sales. See, e.g., *Preliminary Critical Circumstances Determination: Honey from the People's Republic of China*, 60 FR 29824 (June 6, 1995). Since the company specific margin for EP sales in our preliminary determination for stainless steel sheet and strip in coils are greater than 25 percent for Kawasaki, we have imputed importer knowledge of dumping for Kawasaki. Since the company specific margins for EP sales in our preliminary determination for stainless steel sheet and strip in coils are less than 25 percent for NSC, we have not imputed knowledge of dumping based on this margin. There is no evidence on the record regarding history of dumping by NSC. Therefore, NSC does not meet the first prong of the analysis.

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 normally will look to the preliminary injury determination of the ITC. If, as in this case, the ITC finds a reasonable indication of present material injury to the relevant U.S. industry, the Department will determine that a reasonable basis exists to impute importer knowledge that there was likely to be material injury by reason of dumped imports during the critical circumstance period—the 90-day period beginning with the initiation of the investigation. See 19 CFR 351.206. Therefore, the Department finds it is reasonable to impute importer knowledge of injury by reason of dumped imports in this case.

Since Kawasaki has met the first prong of the critical circumstances allegation, we must examine whether or not it had massive imports. To determine whether imports were massive over a relatively short time period, the Department typically compares the import volume of the subject merchandise for the three months immediately preceding and following the filing of the petition. See 19 CFR 351.206(i). Pursuant to 19 CFR 351.206(h)(2), the Department will consider an increase of 15 percent or more in the imports of the subject merchandise over the relevant period to be massive. On November 19, 1998, Kawasaki submitted shipment information which shows that its imports decreased during the comparison period (July-September, 1998) from the level of the preceding

three months. Therefore, we do not find that critical circumstances exist for Kawasaki, since it did not have massive imports, or for NSC, since it does not have a history of dumping or a margin high enough to impute knowledge.

In addition, for companies which did not respond to the Department's questionnaire, we are imputing knowledge based on the facts available rate assigned, which is the highest petition rate. Therefore, we determine, based on facts available, that there were massive imports of stainless steel sheet and strip in coils by companies that did not respond to the Department's questionnaire. Therefore, we preliminarily determine that critical circumstances exist with regard to these companies. Regarding all other exporters, because we find that critical circumstances exist for three out of five investigated companies, we also determine that critical circumstances exist for all other exporters.

#### *Product Comparisons*

In accordance with section 771(16) of the Act, all products produced by the respondents covered by the description in the *Scope of Investigation* section above, and sold in Japan during the POI, are considered to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We have relied on nine characteristics to match U.S. sales of subject merchandise to comparison market sales of the foreign like product (listed in order of significance): grade; hot/cold rolled; gauge; finish; metallic coating; non-metallic coating; width; temper/tensile strength; and, edge trim. These characteristics have been weighted by the Department where appropriate. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed in the antidumping duty questionnaire and reporting instructions.

#### *Date of Sale*

For its home market and U.S. sales, NSC and Kawasaki reported the date of invoice (shipment date) as the date of sale, in keeping with the Department's stated preference for using the invoice date as the date of sale. Both respondents stated that the invoice date best reflects the date on which the material terms of sale are established and that price and/or quantity can and do change between order date and invoice date. However, petitioners have alleged that the sales documentation indicates that the order date appears to

be the date when the material terms of sale are set for the majority of these respondents' sales of SSSS. Given the relevance of petitioners' comments and the nature of marketing these types of made-to-order products, we determined that petitioners' claims have some merit. Consequently, on October 20 and 21, 1998, the Department requested that NSC and Kawasaki, respectively, provide additional information concerning the nature and frequency of price and quantity changes occurring between the date of order and date of invoice. We also asked NSC and Kawasaki to report the order date for all home market and U.S. sales, and to ensure that all sales with order or invoice dates within the POI are reported. On October 28 and November 18, 1998, NSC and Kawasaki reiterated that invoice date is the appropriate date of sale and requested that they not have to report sales based on order confirmation date. On December 21, 1998, NSC reported the order date for sales reported in its section B and C responses. NSC supplemented this filing on December 11, 1998 reporting sales with final order date within the POI, and invoice dates within the POI. On December 7, 1998, Kawasaki submitted its response to the Department's request for order confirmation date reporting.

The Department is preliminarily using the invoice date as the date of sale for both home market and U.S. sales. We intend to fully examine this issue at verification, and we will incorporate our findings, as appropriate, in our analysis for the final determination. If we determine that the order confirmation date is the appropriate date of sale, we may resort to facts available for the final determination to the extent that this information has not been reported.

#### *Fair Value Comparisons*

To determine whether sales of SSS&S from Japan to the United States were made at LTFV, we compared EP to the normal value ("NV"), as described in the "Export Price" and "Normal Value" sections of this notice, below. In accordance with section 772(a) and (c), we calculated EP for all of Kawasaki and NSC's sales, since the subject merchandise was sold to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted based on the facts on the record.

#### *Export Price*

We calculated EP based on the packed delivered price to unaffiliated purchasers in the United States. For Kawasaki, we made deductions from the starting price (gross unit price), where

appropriate, for foreign inland freight, insurance, rebates and brokerage and handling, and we added duty drawback. For NSC, we made deductions from the starting price (gross unit price), where appropriate, for foreign inland freight, inland insurance, discounts and rebates, credit, and warranty expenses.

#### Normal Value

After testing home market viability, as discussed below, we calculated NV as noted in the "Price-to-CV Comparisons" and "Price-to-Price Comparisons" sections of this notice.

#### 1. Home Market Viability

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 each 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)(B) of the Act. Since each 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 of the subject merchandise, we determined that the home market provides a viable basis for calculating NV. Therefore, we have based NV on home market sales.

#### 2. Cost of Production Analysis

Based on a cost allegation filed by the petitioners, the Department found reasonable grounds to believe or suspect that sales by Kawasaki and NSC in the home market were made at prices below the costs of production ("COP"), pursuant to section 773(b)(1) of the Act. As a result, the Department initiated an investigation to determine whether Kawasaki or NSC made home market sales during the POI at prices below their respective COPs, within the meaning of section 773(b) of the Act. We conducted the COP analysis described below.

#### A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of Kawasaki's and NSC's respective costs for materials and fabrication for the foreign like product, plus amounts for selling, general and administrative expenses, interest expenses, research and development, and packing costs. We relied on the COP data submitted by Kawasaki and NSC, except as discussed below, where Kawasaki submitted costs were not

sufficiently reported, quantified or valued.

1. Kawasaki did not report costs for some CONNUMs that were sold in the home market. In these instances, we assigned the highest reported costs to those CONNUMs.

2. Kawasaki reported no costs for secondary merchandise. Therefore, we have assigned the highest reported costs to those products.

3. In any instances where Kawasaki reported more than one cost for the same CONNUM, we calculated a single weighted-average cost for each CONNUM using the reported production quantities.

4. We revised Kawasaki's general and administrative ("G&A") expenses to include losses related to the disposal of tangible fixed assets and expenses related to retirement payments and pension costs *see Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination from William Jones and Taija Slaughter to Neal Halper*, dated December 17, 1998.

#### B. Test of Home Market Prices

We compared the weighted-average COP for each respondent, adjusted where appropriate (see above), to home market sales of the foreign like product, as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below the COP. In determining whether to disregard home market sales made at prices below the COP, we examined whether such sales were made (1) within an extended period of time in substantial quantities, and (2) at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade, in accordance with sections 773(b)(1)(A) and (B) of the Act. On a product-specific basis, we compared the COP to home market prices, less any applicable movement charges, discounts and rebates, other selling expenses, and home market packing.

#### C. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of the respondent's sales of a given product were at prices less than the COP, we 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, we determined that such sales have been made in substantial quantities within an extended period of time, in accordance

with section 773(b)(2)(B) of the Act. Because we compared prices to POI average costs, we 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, we disregarded the below-cost sales.

#### D. Calculation of CV

In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of each respondent's cost of materials, fabrication, G&A expenses, U.S. packing costs, direct and indirect selling expenses, interest expenses, research and development expenses, and profit. We made adjustments to Kawasaki's reported costs as indicated above in the COP section. In accordance with section 773(e)(2)(A) of the Act, we based selling, general, and administrative expenses and profit on the amounts incurred and realized by each respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. For selling expenses, we used the actual weighted-average home market direct and indirect selling expenses.

#### Price-to-Price Comparisons

For those product comparisons for which there were sales at prices above the COP, we based NV on prices to home market customers. We made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C) of the Act. In accordance with Section 773(a)(6), we deducted home market packing costs and added U.S. packing costs.

#### Kawasaki

We based home market prices on the packed, delivered prices to affiliated and unaffiliated purchasers in the home market. We made adjustments, where applicable, in accordance with section 773(a)(6) of the Act. Where applicable, we made adjustments for rebates and movement expenses. To adjust for differences in circumstances of sale between the home market and the United States, we reduced home market prices by the amounts of direct selling expenses (*i.e.*, warranty and credit expenses) and added U.S. credit expenses. In order to adjust for differences in packing between the two markets, we deducted HM packing costs and added U.S. packing costs.

#### NSC

We calculated NV based on prices to unaffiliated home market customers. We

made deductions for direct selling expenses, discounts and rebates, inland freight charges, insurance, warehousing, and packing expenses, where appropriate. In accordance with section 773(a)(6), we deducted home market packing costs and added U.S. packing costs. Lastly, in our NV calculations, we did not use NSC's reported downstream sales because the sales by NSC to its first affiliated reseller passed the arm's-length test (see section on Arm's Length Test).

#### Price-to-CV Comparisons

In accordance with section 773(a)(4) of the Tariff Act, we based NV on CV if we were unable to find a home market match of identical or similar merchandise. We calculated CV based on each respondent's cost of materials, fabrication, G&A expenses, U.S. packing, direct and indirect expenses, interest expense, research and development expenses employed in producing the subject merchandise as well as profit. In accordance with section 773(a)(2)(A) of the Tariff Act, we based SG&A expense and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in Japan. For selling expenses, we used the weighted-average home market selling expenses. Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Tariff Act. For comparisons to EP, we made COS adjustments by deducting home market direct selling expenses and adding U.S. direct selling expenses.

#### Arm's Length Test

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 starting 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 the 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 *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.

#### Level of Trade

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade ("LOT") as the EP or CEP transaction. The NV LOT is that of the starting-price sales in the comparison market or, when NV is based on constructed value ("CV"), that of the sales from which we derive selling, general and administrative ("SG&A") expenses and profit. For EP, the U.S. 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 an LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the 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).

#### Kawasaki

In its questionnaire responses, Kawasaki stated that it sold subject merchandise through a total of five channels of trade during the period of investigation, four in the home market and one in the United States. Kawasaki's U.S. sales were all made to unaffiliated trading companies. Its four home market channels were sales from Kawasaki to end users, sales from

Kawasaki to unaffiliated trading companies, sales from Kawasaki to affiliated trading companies and then to affiliated customers (which used the subject merchandise to manufacture products outside the scope of the proceeding), and finally, sales from Kawasaki to affiliated trading companies and then to unaffiliated customers. Thus, Kawasaki sold subject merchandise to two types of customers: trading companies, whether affiliated or not, and unaffiliated end users. These sales represent two different points in the chain of distribution between the producer and the final end user, as in one instance (sales to trading companies), the subject merchandise passes through the intermediary parties, while in the other case, sales are made without any intervening parties at all. As a result, these sales to different points in the distribution chain could represent different levels of trade in the home market.

The Department then examined whether any differences existed with respect to the selling functions Kawasaki performed in making sales to these two types of customers. Regardless of the type of customer, all of Kawasaki's home market sales were manufactured to order and the merchandise was shipped directly from the factory to the end user. The packing processes were also identical for all sales, and the reported selling expenses were comparable for all sales. There is no evidence on the record to suggest that Kawasaki had formal policies for providing special payment terms, such as discounts, to different types of customers. Regarding the selling functions with respect to the sales to end users, Kawasaki conducted price negotiations, communications with the customers, payment collection activity, and warranty activity, in addition to maintaining a long-term cooperative relationship designed to assist the customers' utilization of Kawasaki's products. None of these qualitatively different functions were performed regarding the sales to trading companies. Based on the different points in the chain of distribution and the differences in selling functions, the Department has preliminarily determined that two levels of trade exist for Kawasaki's sales in the home market.

Regarding U.S. sales, the Department found that no evidence existed to differentiate the selling functions between sales made to trading companies for sale to the United States and sales made to trading companies for sale in the home market. Therefore, the Department preliminarily considers sales made through trading companies,



whether to the United States or the home market, to be at the same level of trade.

The Department then checked to determine whether a pattern of consistent price differences existed between these two levels of trade. The Department found that no consistent significant pattern existed and therefore did not adjust NV if U.S. sales were compared to home market sales made at a different LOT.

#### NSC

In the home market NSC sold to unaffiliated and affiliated trading companies and to end users. In the U.S. market, NSC sold only to unaffiliated trading companies. NSC claims that there is no difference in the selling expenses between channels. Although the sales in the home market represent different points in the chain of distribution between the producer and the final end-user which could represent different levels of trade, NSC provided essentially the same level of marketing assistance and selling functions to all three types of customers. For its U.S. sales, NSC reported sales to unaffiliated resellers as its only method of distribution.

When comparing NSC's sales at its EP LOT to its home market LOT, we found that NSC provided essentially the same level of strategic or economic planning, market research, engineering services, or post-sale warehousing at both the EP or home market LOT. All packing expenses and freight arrangements were similar (in the activities performed) in both markets. NSC provided similar degrees of after-sales and technical support at both the EP and home market LOT. Based upon our examination of the information on the record, we agree with NSC that it had one LOT.

We have not, therefore, made a LOT adjustment because all price comparisons are at the same LOT and an adjustment pursuant to section 773(a)(7)(A) of the Tariff Act is not appropriate.

#### Facts Available

Section 776(a)(2) of the Act provides that, if an interested party: (A) withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested; (C) significantly impedes a proceeding under the antidumping statute; or (D) provides such information but the information cannot be verified, as provided in section 782(i), the Department shall, subject to subsections 782(d), use facts otherwise available in reaching the applicable determination.

Because Nisshin, Nippon Yakin, and Nippon Metal failed to respond to the Department's questionnaire, and because that failure is not overcome by the application of section 782, we must use facts otherwise available to calculate the dumping margins for each company.

Section 776(b) of the Act provides that adverse inferences may be used against a party that 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 accompanying the URAA, H.R. Rep. No. 316, 103d Cong., 2d Sess. 870 (1994). The non-responsive companies' decisions not to reply to the Department's antidumping questionnaire demonstrates that they have failed to act to the best of their ability to comply with a request for information under section 776 of the Act. Thus, the Department has determined that, in selecting among the facts otherwise available, an adverse inference is warranted.

Consistent with Department practice, as adverse facts available, the Department is assigning to Nisshin, Nippon Yakin, and Nippon Metal the higher of: (1) the highest margin stated in the petition; or (2) the highest margin calculated for any respondent in this investigation.

Section 776(b) states that an adverse inference may include reliance on information derived from the petition or any other information placed on the record. See also SAA at 829-831. Section 776(c) provides that, when the Department relies on secondary information (e.g., the petition) as the facts otherwise available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. We reviewed the adequacy and accuracy of the information in the petition during our pre-initiation analysis of the petition, to the extent appropriate information was available for this purpose (e.g., import statistics, call reports, and data from business contacts). In this case, the highest margin alleged in the petition for any Japanese producer is 57.87 percent (see *Import Administration AD Investigation Initiation Checklist*, dated June 30, 1998 for a discussion of the margin calculations in the petition).

The Department was provided with no other useful information by the respondents or other interested parties, and is aware of no other independent sources of information, that would enable it to further corroborate the remaining components of the margin calculation in the petition.

#### Currency Conversion

We made currency conversions into U.S. dollars based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank, in accordance with section 773(A) of the Act.

#### Verification

As provided in 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 Customs Service to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. For all companies except Kawasaki and NSC, we are directing the Customs Service to suspend liquidation of all imports of subject merchandise that are entered or withdrawn from warehouse, for consumption on or after the date 90 days prior to the date of publication of this notice in the **Federal Register**. See section 733(e)(2). We will instruct the 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 suspension of liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin percentage
Kawasaki Steel Corporation ...	48.41
Nippon Steel Corporation .....	24.94
Nisshin Steel Co., Ltd. ....	57.87
Nippon Yakin Kogyo .....	57.87
Nippon Metal Industries .....	57.87
All Others .....	35.61

Pursuant to section 735(c)(5)(A) of the Act, the Department has excluded any zero and de minimis margins and any margins determined entirely under section 776 of the Act, from the calculation of the "All Others Rate."

#### ITC Notification

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



**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 publication of this notice. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. Such 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, the hearing will be held fifty-seven days after publication of this notice, time and room to be determined, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Parties should confirm by telephone the time, date, and place 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 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. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination no later than 135 days after publication of this notice.

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

Dated: December 17, 1998.

**Richard Moreland,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. 98-34463 Filed 12-31-98; 8:45 am]

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**DEPARTMENT OF COMMERCE****International Trade Administration**

[A-475-824]

**Notice of Preliminary Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils From Italy**

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

**EFFECTIVE DATE:** January 4, 1999.

**FOR FURTHER INFORMATION CONTACT:**

Lesley Stagliano or Rick Johnson, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0190 or (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, 62 FR 27296 (May 19, 1997).

**Preliminary Determination**

We preliminarily determine that stainless steel sheet and strip in coils ("SSSS") from Italy is being, or is 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**

On June 30, 1998, the Department initiated antidumping duty investigations of imports of SSSS from France, Germany, Italy, Japan, Mexico, South Korea, Taiwan, and the United Kingdom. *See Initiation of Antidumping Duty Investigations: Stainless Steel Sheet and Strip in Coils From France, Germany, Italy, Japan, Mexico, South Korea, Taiwan, and the United Kingdom* ("Initiation") 63 FR 37521, (July 13, 1998). Since the initiation of this investigation the following events have occurred.

The Department set aside a period for all interested parties to raise issues regarding product coverage. On July 29, 1998, petitioners, Allegheny Ludlum Corporation, Armco Inc., J&L Specialty Steel, Inc., Washington Steel Division of Bethlehem Steel Corporation (formerly Lukens, Inc.), the United Steelworkers of America, AFL-CIO/CLC, the Butler Armco Independent Union, and the Zanesville Armco Independent Organization, Inc., filed comments proposing clarifications to the scope of these investigations. Also, from July through October, 1998, the Department received numerous responses from respondents aimed at clarifying the scope of the investigations. *See Memorandum to Joseph A. Spetrini, Re: Scope Issues*, dated December 14, 1998.

On July 7, 1998, the Department requested information from the U.S. Embassy in Italy to identify producers/exporters of the subject merchandise. On July 21, 1998, the Department requested comments from petitioners and other interested parties regarding the criteria to be used for model matching purposes. On July 27, 1998, petitioners submitted comments on our proposed model matching criteria.

Also on July 24, 1998, the United States International Trade Commission (ITC) notified the Department of its affirmative preliminary injury determination in this case. On August 3, 1998, the Department issued an antidumping questionnaire to Acciai Speciali Terni SpA ("AST") and Arinox SrL ("Arinox"). On September 21, 1998, the Department selected AST as a respondent in this investigation. *See "Selection of Respondents,"* below.

AST submitted its response to section A of the questionnaire on September 8, 1998, and AST's responses to sections B through D followed on September 28, 1998. Petitioners filed comments on AST's Section A through D responses on October 9, October 13, and October 16, 1998. We issued supplemental questionnaires for Sections A, B, and C to AST on October 23, 1998, and for Section D on November 13, 1998. AST responded to our supplemental questionnaires for Sections A, B, and C on November 6, and November 12, 1998, and to our supplemental questionnaires for Section D on December 2, 1998.

On October 6, 1998, petitioners made a timely request for a thirty-day postponement of the preliminary determination pursuant to section 733(c)(1)(A) of the Act. The Department determined that these concurrent investigations are extraordinarily complicated and warranted the thirty-day postponement requested by petitioners. On October 23, 1998, we postponed the preliminary determination until no later than December 17, 1998. *See Stainless Steel Sheet and Strip in Coils From France, Germany, Italy, Japan, Mexico, South Korea, Taiwan, and the United Kingdom; Notice of Postponement of Preliminary Determinations in Antidumping Duty Investigations*, 63 FR 56909 (October 23, 1998). On October 30, 1998, petitioners alleged that there is a reasonable basis to believe or suspect that critical circumstances exist with respect to imports of SSSS from Italy. The critical circumstances analysis for the preliminary determination is discussed in the "Critical Circumstances" section of the notice below.