

The SAA clarifies that "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value (*see* SAA at 870). The SAA also states that independent sources used to corroborate such evidence may include, for example, published price lists, official import statistics and Customs data, and information obtained from interested parties during the particular investigation (*see* SAA at 870).

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. *See Import Administration AD Investigation Initiation Checklist*, dated December 4, 2000, for a discussion of the margin calculation in the petition. In addition, in order to determine the probative value of the margin in the petition for use as adverse facts available for purposes of this determination, we examined evidence supporting the calculation in the petition. In accordance with section 776(c) of the Act, to the extent practicable, we examined the key elements of the export price (EP) and normal value (NV) calculations on which the margin in the petition was based. Our review of the EP and NV calculation indicated that the information in the petition has probative value, as certain information (e.g., international freight and customs duties) included in the margin calculation in the petition is from public sources concurrent, for the most part, with the POI.

We compared the export prices contained in the petition with U.S. Census values for the same HTS category and found the export prices suggested in the petition to be reasonable and, therefore, corroborated for purposes of calculating a facts available margin. With respect to the NV data included in the margin calculations of the petition, we were able to corroborate the reasonableness of these data through the use of multiple sources. *See* the April 23 memorandum titled *Application of Facts Available for Siderar Saic*.

All-Others Rate

Section 735(c)(5)(B) of the Act provides that, where the estimated weighted-average dumping margins established for all exporters and producers individually investigated are zero or de minimis margins, or are determined entirely under section 776 of the Act, the Department may use any reasonable method to establish the estimated "all-others" rate for exporters

and producers not individually investigated. Our recent practice under these circumstances has been to assign, as the "all-others" rate, the simple average of the margins in the petition. We have done so in this case.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing Customs to suspend liquidation of all entries of HRS from Argentina 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 Customs to require a cash deposit or the posting of a bond equal to the amount by which the NV exceeds the EP, as indicated in the chart below. We will adjust the deposit requirements to account for any export subsidies found in the companion countervailing duty investigation. These suspension-of-liquidation instructions will remain in effect until further notice. The dumping margins are as follows:

Manufacturer/exporter	Margin (percent)
Siderar Saic (Siderar)	44.59
All Others	40.60

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final antidumping determination is affirmative, the ITC will determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. The deadline for that ITC determination would be 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 must be submitted no later than 35 days after the publication of this notice in the **Federal Register**. Rebuttal briefs must be filed within five business days after the deadline for submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Public versions of all comments and rebuttals should be provided to the Department and made available on diskette.

Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a

hearing is requested by any interested party. If a request for a hearing is made in an investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. In the event that the Department receives requests for hearings from parties to more than one HRS case, the Department may schedule a single hearing to encompass all cases. 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 within 30 days of the publication of this notice. Requests should specify the number of participants and provide 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 in this investigation no later than 75 days after the date of this preliminary determination.

This determination is published pursuant to sections 733(f) and 777(i)(1) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: April 23, 2001.

Bernard T. Carreau,

Deputy Assistant Secretary, Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-865]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From the People's Republic of China

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

EFFECTIVE DATE: May 3, 2001.

FOR FURTHER INFORMATION CONTACT:

Catherine Bertrand, Carrie Blozy, or Doreen Chen, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-3207, (202) 482-0165, and (202) 482-0193, respectively.

The Applicable Statute and Regulations

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 codified at 19 CFR Part 351 (2000).

Preliminary Determination

We preliminarily determine that certain hot-rolled carbon steel flat products from the People's Republic of China ("PRC") 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 December 4, 2000. *See Notice of Initiation of Antidumping Duty Investigations: Certain Hot-Rolled Carbon Steel Flat Products From Argentina, India, Indonesia, Kazakhstan, the Netherlands, the People's Republic of China, Romania, South Africa, Taiwan, Thailand, and Ukraine*, 65 FR 77568 (December 12, 2000). The Department set aside a period for all interested parties to raise issues regarding product coverage. *See Notice of Initiation*, at 77569. We received comments regarding product coverage as follows: from Duracell Global Business Management Group on December 11, 2000; from Energizer on December 15, 2000; from Bouffard Metal Goods Inc. and Truelove & MacLean, Inc. on December 18, 2000; from the Corus Group plc., which includes Corus Steel USA (CSUSA) and Corus Staal BV (Corus Staal), and Thomas Steel Strip on December 26, 2000; and from Rayovac Corporation on March 12, 2001. Since the initiation of this investigation the following events have occurred.

On December 20, 2000, the Department of Commerce ("the Department") requested information from the U.S. Embassy in the PRC to identify producers/exporters of the subject merchandise and received a response in January 2001.

On December 22, 2000, the Department issued a letter to interested parties in all of the concurrent certain hot-rolled carbon steel flat products antidumping investigations, providing an opportunity to comment on the Department's proposed model matching

characteristics and hierarchy. Comments were submitted by: petitioners (January 5, 2001); Corus Staal BV and Corus Steel USA Inc., collectively referred to as Corus, respondent in the Netherlands investigation (January 3, 2001); Iscor Limited, respondent in the South Africa investigation (January 3, 2001); and Zaporizhstal, respondent in the Ukraine investigation (January 3, 2001). Petitioners agreed with the Department's proposed characteristics and hierarchy of characteristics. Corus suggested adding a product characteristic to distinguish prime merchandise from non-prime merchandise. Neither Iscor nor Zaporizhstal proposed any changes to either the list of product characteristics proposed by the Department or the hierarchy of those product characteristics but, rather, provided information relating to its own products that was not relevant in the context of determining what information to include in the Department's questionnaires. For purposes of the questionnaires subsequently issued by the Department to the respondents, no changes were made to the product characteristics or the hierarchy of those characteristics from those originally proposed by the Department in its December 22, 2000 letter. With respect to Corus' request, the additional product characteristic suggested by Corus, to distinguish prime merchandise from non-prime merchandise, is unnecessary. The Department already asks respondents to distinguish prime from non-prime merchandise in field number 2.2 "Prime vs. Secondary Merchandise." *See the Department's Antidumping Duty Questionnaire*, at C-5 (January 4, 2001).

On December 29, 2000, the United States International Trade Commission ("ITC") issued its affirmative preliminary determination that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of the subject merchandise from the PRC, which was published on January 4, 2001. *See Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine*, 66 FR 805 (January 4, 2001) ("ITC Preliminary Determination").

On January 4, 2001, the Department issued its antidumping questionnaire to the Chinese Ministry of Foreign Trade & Economic Cooperation with a letter requesting that it forward the questionnaire to all Chinese exporters of certain hot-rolled carbon steel flat products who had shipments during the

period of investigation ("POI"). We also sent courtesy copies of the antidumping questionnaire to the following possible producers/exporters of subject merchandise named in the petition: Anshan Iron & Steel (Group) Co., Anyang Iron and Steel Group, Shanghai Baosteel Group Corp., Benxi Iron and Steel Group Co., Laiwu Iron and Steel Group, and Wuhan Iron and Steel Group Co.

On January 25 and 26, 2001, the following Chinese producers/exporters of certain hot-rolled carbon steel flat products submitted information on the quantity and value of their shipments of subject merchandise to the United States during the POI: Angang Group International Trade Corporation, New Iron & Steel Co., Ltd., and Angang Group Hong Kong Co., Ltd. (collectively "Angang"), Shanghai Baosteel Group Corporation, Baoshan Iron and Steel Co., Ltd., and Baosteel Group International Trade Corporation (collectively "Baosteel Group"), Benxi Iron & Steel Group International Economic & Trade Co., Ltd., Bengang Steel Plates Co., Ltd., and Benxi Iron & Steel Group Co., Ltd. (collectively "Benxi"), Pangang Group International Economic & Trading Corporation and Panzhihua Iron & Steel (Group) Company (collectively "Panzhihua"), Wuhan Iron & Steel (Group) Corporation and International Economic and Trading Corp. Wugang Group (collectively "WISCO"), and Shanghai Yi Chang Steel Strip Co., Ltd. ("Yi Chang").

On February 6, 2001, we selected Angang, Baosteel Group, Benxi, and Yi Chang as the mandatory respondents (*see "Selection of Respondents" below*). We received complete Section A responses from Angang, Baosteel Group, Benxi, Panzhihua, WISCO, and Yi Chang on February 8, 2001.

On February 16, 2001, the Department issued a supplemental questionnaire to Yi Chang concerning the relationship between Baosteel Group and Yi Chang. Also, on February 16, 2001, the Department issued a letter to Baosteel Group concerning the submission of Section D questionnaire responses for certain wholly-owned firms of Baosteel Group, which during some or all of the POI produced merchandise meeting the physical description of the merchandise described in Appendix III to the Department's January 4, 2001 antidumping questionnaire (*see "Baosteel Group-Wholly Owned Suppliers of Hot-Rolled Carbon Steel Flat Products," below*, for further discussion of this issue). On February 22, 2001, the Department issued section A supplemental questionnaires to Angang, Benxi, Baosteel Group, and Yi

Chang and received responses on March 8, 2001. On February 26, 2001, respondents submitted their responses to sections C and D to the Department's antidumping questionnaire. On February 28, 2001, the Department issued a letter to Yi Chang requesting that Yi Chang identify all unique products or models produced by Yi Chang during the POI that meet the physical description of the merchandise described in Appendix III to the Departments' January 4, 2001 antidumping questionnaire. Yi Chang submitted this information on March 7, 2001. On March 12, 2001, the Department issued supplemental questionnaires to Angang, Benxi, Baosteel Group, and Yi Chang and received responses to these questionnaires on April 2, 2001. On March 12, 2001, Baosteel Group submitted section D questionnaire responses for certain wholly-owned firms of the Baosteel Group, which during part or all of the POI produced merchandise meeting the physical description of the merchandise described in Appendix III to the Department's January 4, 2001 antidumping questionnaire. On March 27, 2001, the Department issued a supplemental section D questionnaire to Baosteel Group, following its March 12, 2001 section D response, and received a response on April 10, 2001. Petitioners filed comments on respondents' submissions in March 2001.

On January 31, 2001, we requested publicly-available information for valuing the factors of production and comments on surrogate country selection. On February 14, 2001, we received comments from petitioners on the appropriate surrogate country. On March 23, 2001, Baosteel Group submitted information concerning surrogate values to be used for valuing the factors of production. On March 26 and March 30, 2001, petitioners and respondents Angang and Benxi, respectively, submitted information concerning surrogate values for use in valuing the factors of production. On April 5 and 6, petitioners and respondents Baosteel Group and Yi Chang, respectively, submitted rebuttal comments on surrogate values.

Period of Investigation

The POI is April 1, 2000 through September 30, 2000. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition (November 13, 2000). 19 CFR 351.204(b)(1).

Scope of Investigation

For purposes of this investigation, the products covered are certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.

Specifically included within the scope of this investigation are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products to be included in the scope of this investigation, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products in which: (i) Iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) 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, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical description provided

above are within the scope of this investigation unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of this investigation:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, *e.g.*, American Society for Testing and Materials (ASTM) specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron & Steel Institute (AIS) grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to this investigation is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat products covered by this investigation, including: vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00,

7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and 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 reasonably be examined. After consideration of the complexities expected to arise in this proceeding and the resources available to the Department, we determined that it was not practicable in this investigation to examine the six known producers/exporters of subject merchandise. Instead, we found that, given our resources, we would be able to investigate four Chinese producers/exporters. Angang, Baosteel Group, Benxi, and Yi Chang accounted for almost all exports of the subject merchandise from the PRC during the POI, as reported by the six producers/exporters at the time we made our respondent selection, and we selected them as mandatory respondents. See *Memorandum from Edward Yang to Joseph A. Spetrini Re: Selection of Respondents*, February 6, 2001.

Yi Chang—Country of Origin

In its original section A questionnaire response, dated February 8, 2001, Yi Chang stated that “it produced and sold the subject merchandise directly and did not purchase from an unaffiliated supplier.” However, subsequent responses from Yi Chang on February 26, 2001, March 8, 2001, and April 2, 2001, made clear the following facts: first, “during the POI, Yi Chang was engaged only in the pickling of subject

merchandise”—it therefore did not melt steel and as a result, purchased hot-rolled carbon steel coils as the input for its pickling process; second, Yi Chang purchased its hot-rolled carbon steel coils from Chinese and third country suppliers; and third, “all of the subject merchandise exported to the United States during the POI was produced from imported hot-rolled coils.” Finally, in response to a supplemental question from the Department concerning the country of origin markings on the hot-rolled carbon steel flat products sold by Yi Chang to the United States, Yi Chang stated that because it added value to the finished product after pickling the hot-rolled coils, Yi Chang declared the product as originating in China. See Yi Chang April 2, 2001 supplemental response at page 10.

In determining whether substantial transformation has occurred for the purposes of establishing the country of origin for Yi Chang’s hot-rolled carbon steel flat products exported to the United States in this dumping investigation, we examine whether the degree of processing or manufacturing in the PRC resulted in a new and distinct or different article from the hot-rolled steel coils imported from third country market economy suppliers. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Carbon Steel Butt-Weld Pipe Fittings from India (“Butt-Weld Pipe Fittings from India”)*, 60 FR 10545, 10546 (February 27, 1995) and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Taiwan (“Cold-Rolled Steel from Taiwan”)*, 65 FR 34658 (May 31, 2000). The Department has also stated in prior determinations that it is not bound by the country-of-origin and substantial transformation determinations made by other agencies of the U.S. government. 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, 37065 (July 9, 1993). Rather, our determination is made on the basis of reviewing the totality of the circumstances presented to the Department solely for the purpose of the antidumping proceeding. When an input from country A is further processed in country B, without any change in the class or kind of merchandise taking place, the Department normally will consider the product exported to the United States as originating in country A. See, e.g., *Butt-Weld Pipe Fittings from India and Cold-Rolled Steel from Taiwan*. In this case, the manufacturing process undertaken

by Yi Chang in the PRC did not result in a change in the class or kind of merchandise between the third country hot-rolled steel coils and Yi Chang’s pickled hot-rolled steel coils. In addition, although Yi Chang does perform some processing on the imported hot-rolled coils (*i.e.*, trimming and pickling), that further processing does not result in a substantial transformation within the context of this antidumping investigation. The data on the record indicate that the degree of transformation in this case is less than that found in cases in which the product was deemed to have been transformed sufficiently to change the origin of the item. Consequently, for the preliminary determination, we have denied Yi Chang’s claims that the country of origin of the merchandise sold by Yi Chang is properly the PRC. Because none of the hot-rolled carbon steel flat products sold by Yi Chang in the United States during the POI was of Chinese origin, we preliminarily find that Yi Chang is not eligible for an antidumping duty margin calculation in this investigation of hot-rolled carbon steel flat products from the PRC. Also, we note that we are not addressing the issue of Yi Chang’s relationship with the Baosteel Group, as Yi Chang did not produce any merchandise which was the same as that exported to the United States by the Baosteel Group.

Baosteel Group—Wholly Owned Suppliers of Hot-Rolled Carbon Steel Flat Products

In its questionnaire responses Baosteel Group explained that the subject merchandise it sold to the United States was exported by Baosteel Group International Trade Corporation (“Baosteel International”), a part of the Baosteel Group, and was produced by Baoshan Iron and Steel Co., Ltd. (“Baoshan Co., Ltd.”), also a part of the Baosteel Group, and Baosteel Group itself. For Baosteel Group’s ownership percentages in these companies, see *Analysis for the Preliminary Determination of Certain Hot-Rolled Carbon Steel Flat Products from the People’s Republic of China: Shanghai Baosteel Group Corporation (“Baosteel Group”)*, (“*Baosteel Group Analysis Memorandum*”), dated April 23, 2001. Additionally, in its section A questionnaire response Baosteel Group identified three other wholly-owned Baosteel Group steel companies that produced hot-rolled steel products within the scope of this investigation during the POI, but stated that they did not export these products to the United States. Because the name of these firms is proprietary, we are referring to these

companies as Firm A, Firm B, and Firm C. On February 16, 2001, the Department issued a letter to Baosteel Group requesting it to "ensure that when providing your Section D information, you submit full Section D information for all wholly-owned facilities of the Baosteel Group, which during some or all of the POI produced merchandise meeting the physical description of the merchandise described in Appendix III to the Department's January 4, 2001 antidumping questionnaire to Baosteel." Although objecting to this request, Baosteel Group nevertheless submitted section D responses for Firm A and Firm B on March 12, 2001, and supplemental responses on April 10, 2001. (In its March 12, 2001 response, Baosteel Group stated that Firm C did not produce or sell any merchandise that meets the physical description of the merchandise described in Appendix III to the Department's questionnaire.)

The Department requested this information primarily because the questionnaire responses for Baosteel Group have been filed on behalf of Shanghai Baosteel Group Corporation, Baoshan Co., Ltd., and Baosteel International. As noted above, both Baoshan Co., Ltd., which produces the subject merchandise sold to the United States, and Baosteel International, the trading company which sells the subject merchandise to the United States, are part of the Shanghai Baosteel Group Corporation. Moreover, both Firm A and Firm B are wholly-owned subsidiaries of the Shanghai Baosteel Group Corporation. For purposes of its separate rate analysis, the Department considers these companies to be one entity. Because it is the Shanghai Baosteel Group Corporation as a whole to which the Department has preliminarily granted a separate rate (*see* "Separate Rates," below), which will apply to each of its constituent entities, the Shanghai Baosteel Group Corporation is the respondent. Consequently, in order to accurately calculate the Corporation's normal value for any given model of subject merchandise, the Department necessarily requires for every model or product type reported by Shanghai Baosteel Group Corporation in the U.S. market sales listing, one weighted-average set of factors of production data based on POI-specific factors of production data for all members of the single entity Shanghai Baosteel Group Corporation. Therefore, for the preliminary determination, for all models of subject merchandise sold by Shanghai Baosteel Group Corporation during the POI we have calculated a

single weighted-average normal value based on the factors of production for all of the firms (Baoshan Co., Ltd./Baosteel Group, Firm A and Firm B) that produced these models during the POI.

Nonmarket Economy Country Status

The Department has treated the PRC as a non-market economy ("NME") country in all past antidumping investigations (*see, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Bulk Aspirin From the People's Republic of China*, 65 FR 33805 (May 25, 2000), and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Non-Frozen Apple Juice Concentrate from the People's Republic of China*, 65 FR 19873 (April 13, 2000) (*Apple Juice*)). A designation as an NME remains in effect until it is revoked by the Department (*see* section 771(18)(C) of the Act). The respondents in this investigation have not requested a revocation of the PRC's NME status. We have, therefore, preliminarily determined to continue to treat the PRC as an NME country. When the Department is investigating imports from an NME, section 773(c)(1) of the Act directs us to base the normal value ("NV") on the NME producer's factors of production, valued in a comparable market economy that is a significant producer of comparable merchandise. The sources of individual factor prices are discussed under the "Normal Value" section, below.

Furthermore, no interested party has requested that the hot-rolled carbon steel flat products industry in the PRC be treated as a market-oriented industry and no information has been provided that would lead to such a determination. Therefore, we have not treated the hot-rolled carbon steel flat products industry in the PRC as a market-oriented industry in this investigation.

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and thus should be assessed a single antidumping duty deposit rate. It is the Department's policy to assign all exporters of merchandise subject to investigation in an NME country this single rate, unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. The six companies that have submitted section A responses have provided the requested company-specific separate rates information and have stated that, for each company, there is no element of government ownership or control. All

six companies have requested a separate company-specific rate.¹

Angang reported that it is owned by all the people and that Angang and its affiliates have no corporate relationship with any level of the PRC government. Angang stated that Angang Group International Trade Corporation has complete independence with respect to its export activities.

Baosteel Group reported that Baosteel Group is a company owned by all the people. Baosteel Group claimed that Baosteel Group, Baoshan Iron and Steel Co., Ltd., and Baosteel International Trade Corporation operate independently from the national, provincial and local governments with respect to all significant export activities.

Benxi reported that it is owned by all the people. Benxi stated that all exports of the subject merchandise were produced by Bengang Steel, of which Benxi Group has majority ownership. Benxi claimed that Benxi Trading and its affiliates have no corporate relationship with any level of the PRC government.

Panzhihua reported that Pangang Group International Economic & Trading Corporation ("Pangang International") and its parent company, Panzhihua Iron & Steel (Group) Company (Panzhihua Group), are owned by all the people. Panzhihua claimed that Pangang International, Panzhihua Group, and Panzhihua Steel operate independently from the national, provincial and local governments with respect to all significant export activities.

WISCO reported that International Economic and Trading Corp. Wugang Group ("IETC"), and its parent company and supplier, Wuhan Iron & Steel (Group) Corporation, are owned by all the people. WISCO claimed that Wuhan Iron & Steel (Group) Corporation and IETC operate independently from the national, provincial and local governments with respect to all significant export activities.

Based on these claims, we considered whether each respondent is eligible for a separate rate. The Department's separate rate test to determine whether the exporters are independent from government control is not concerned, in general, with macroeconomic/border-type controls, *e.g.*, export licenses, quotas, and minimum export prices, particularly if these controls are imposed to prevent dumping. The test

¹ As noted above, Yi Chang is not eligible for a separate rate because it made no exports of the subject merchandise to the United States during the POI.

focuses, rather, on controls over the investment, pricing, and output decision-making process at the individual firm level. *See, e.g., Certain Cut-to-Length Carbon Steel Plate from Ukraine: Final Determination of Sales at Less than Fair Value*, 62 FR 61754, 61757 (November 19, 1997); *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 62 FR 61276, 61279 (November 17, 1997); and *Honey from the People's Republic of China: Preliminary Determination of Sales at Less than Fair Value*, 60 FR 14725, 14726 (March 20, 1995).

To establish whether a firm is sufficiently independent from government control of its export activities to be entitled to a separate rate, the Department analyzes each entity exporting the subject merchandise under a test arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) and amplified in the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) ("*Silicon Carbide*"). Under the separate rates criteria, the Department assigns separate rates in NME cases only if respondents can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

1. Absence of *De Jure* Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) An absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies. The respondents have placed on the record a number of documents to demonstrate absence of *de jure* control, including the "Foreign Trade Law of the People's Republic of China" and the "Company Law of the People's Republic of China." In prior cases, the Department has analyzed these laws and found that they establish an absence of *de jure* control. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Certain Partial-Extension Steel Drawer Slides with Rollers from the People's Republic of China*, 60 FR 54472, 54474 (October 24, 1995). We have no information in this proceeding

which would cause us to reconsider this determination.

2. Absence of *De Facto* Control

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) Whether the export prices are set by or are subject to the approval of a governmental agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. As stated in previous cases, there is some evidence that certain enactments of the PRC central government have not been implemented uniformly among different sectors and/or jurisdictions in the PRC. *See Silicon Carbide*. Therefore, the Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of governmental control which would preclude the Department from assigning separate rates.

The respondents asserted the following: (1) They establish their own export prices; (2) they negotiate contracts without guidance from any governmental entities or organizations; (3) they make their own personnel decisions; and (4) they retain the proceeds of their export sales, using profits according to their business needs. Additionally, none of the respondents' questionnaire responses suggest pricing is coordinated among exporters. Furthermore, our analysis of the respondents' questionnaire responses reveals no other information indicating government control. As stated in the *Silicon Carbide*, 59 FR at 22587, ownership of the company by a state-owned enterprise does not require the application of a single rate. Based on the information provided, we preliminarily determine that there is an absence of *de facto* governmental control of the respondents' export functions. Consequently, we preliminarily determine that Angang, Baosteel Group, Benxi, Panzhihua, and WISCO have met the criteria for the application of a separate rate.

The People's Republic of China-Wide Rate

All exporters were given the opportunity to respond to the Department's questionnaire. As

explained above, we received timely Section A responses from Angang, Baosteel Group, Benxi, Panzhihua, WISCO, and Yi Chang.² Our review of U.S. import statistics from the PRC, however, reveals that Angang, Baosteel Group, Benxi, Panzhihua, and WISCO did not account for all imports of subject merchandise into the United States from the PRC, even after adjusting for the merchandise Yi Chang said it had entered as being of Chinese origin. For this reason, we preliminarily determine that some PRC exporters of certain hot-rolled carbon steel flat products failed to respond to our questionnaire. Consequently, we are applying a single antidumping rate—the China-wide rate—to all other exporters in the PRC based on our presumption that those respondents who failed to demonstrate entitlement to a separate rate constitute a single enterprise under common control by the Chinese government. *See, e.g., Final Determination of Sales at Less Than Fair Value: Synthetic Indigo from the People's Republic of China*, 65 FR 25706, 25707 (May 3, 2000) ("*Synthetic Indigo*"). The China-wide rate applies to all entries of subject merchandise except for entries from Angang, Baosteel Group, Benxi, Panzhihua, and WISCO.

Use of Facts Otherwise Available

Section 776(a) of the Act provides that, if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or in the form or manner requested, significantly impedes a proceeding under the antidumping statute, or provides information which cannot be verified, the Department shall use, subject to sections 782(d) and (e) of the Act, facts otherwise available in reaching the applicable determination. Pursuant to section 782(e) of the Act, the Department shall not decline to consider submitted information if that information is necessary to the determination but does not meet all of the requirements established by the Department provided that all of the following requirements are met: (1) The information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5)

² As explained above, for the preliminary determination we have found that Yi Chang did not have any exports of the subject merchandise to the United States during the POI.

the information can be used without undue difficulties.

Section 776(a)(2)(B) of the Act requires the Department to use facts available when a party does not provide the Department with information by the established deadline or in the form and manner requested by the Department. In addition, section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information," the Department may use information that is adverse to the interests of that party as facts otherwise available.

A. China Wide Rate

In the case of the single Chinese enterprise, as explained above, some exporters of the single enterprise failed to respond to the Department's request for information. Pursuant to section 776(a) of the Act, in reaching our preliminary determination, we have used total facts available for the China-wide rate because certain entities did not respond. Also, because some exporters of the single enterprise failed to respond to the Department's requests for information, the Department has found that the single enterprise failed to cooperate to the best of its ability. Therefore, pursuant to section 776(b) of the Act, the Department preliminarily finds that, in selecting from among the facts available, an adverse inference is appropriate. For our preliminary determination, as adverse facts available, we have used the highest rate calculated for a respondent, *i.e.*, the rate calculated for Benxi. In an investigation, if the Department chooses as facts available a calculated dumping margin of another respondent, the Department will consider information reasonably at its disposal as to whether there are circumstances that would indicate that using that rate is appropriate. Where circumstances indicate that the selected margin may not be appropriate, the Department will attempt to find a more appropriate basis for facts available. *See, e.g., Fresh Cut Flowers from Mexico: Final Results of Antidumping Duty Administrative Review*, 61 FR 6812, 6814 (February 22, 1996) (where the Department disregarded the highest margin as adverse best information available because the margin was based on another company's uncharacteristic business expense resulting in an unusually high margin). In this investigation, there is no indication that the highest calculated margin is inappropriate to use as adverse facts available.

Accordingly, for the preliminary determination, the China-wide rate is 67.44 percent. Because this is a preliminary margin, the Department will consider all margins on the record at the time of the final determination for the purpose of determining the most appropriate final China-wide margin.

B. Angang and Benxi

Angang and Benxi failed to report freight information for all of their reported inputs. This information was requested twice by the Department, first in the original questionnaire dated January 4, 2001, and again in a supplemental questionnaire dated March 12, 2001. Because Angang and Benxi failed to provide this information, the Department, in accordance with section 776(a) of the Act, is basing its freight expense calculation on the facts otherwise available. This information is important because the Department needs it to calculate the freight expense component of the cost of Angang's and Benxi's factors of production. Because we find that Angang and Benxi failed to cooperate by not acting to the best of their ability to comply with our request that they provide the freight expense data, we are making, pursuant to section 776(b) of the Act, an adverse inference in selecting from the facts otherwise available. Therefore, as facts available, we applied the highest freight expense calculated for each respondent's inputs to those inputs for which freight information was not reported.

C. Baosteel Group, Firm A of Baosteel Group, and Firm B of Baosteel Group

Respondent Baosteel Group reported that it sold 63 unique models of hot-rolled products to the United States during the POI; however, Baosteel Group calculated unique factors of production costs for only seven product categories. Similarly, Firm A and Firm B of the Baosteel Group also did not report unique factors of production for every model of hot-rolled steel sold to the United States during the POI by Baosteel Group. In our supplemental questionnaires to Baosteel Group, Firm A of the Baosteel Group, and Firm B of the Baosteel Group, we requested that they revise their response to calculate a unique set of FOP data for each control number produced and sold in the United States market, taking into account the physical characteristics that distinguish each product. In their April 2, 2001 response and April 10, 2001 response, Baosteel Group and Firm A of Baosteel Group, respectively, maintained that because they produce a relatively narrow size range of hot-rolled products and do not keep the

record of the processing time for different size of products for the cost accounting purpose, they are not able to allocate their cost among the products based upon the physical characteristics, such as width and thickness. In its April 2, 2001 response, Firm B of the Baosteel Group claimed that as it produced generally low-alloy hot-rolled products with a small range of carbon content, the yield rate of raw materials at the rolling process does not vary according to different slab and hot-rolled sheet. Furthermore, Firm B maintained that the cost of hot-rolled coils is only separately recorded and assigned to major categories of products at the rolling process (*e.g.*, hot-rolled strips, checkered steel sheet, medium and small size thick hot-rolled coils).

In their April 13, 2001 response, petitioners argued that because Baosteel Group failed to submit factors of production data which account for differences in cost related to products of varying thicknesses, the Department should apply adverse facts available. However, based on the claims of Baosteel Group and the data it submitted, we preliminarily determine that respondents assigned factor usages to products to the level of specificity permitted by their cost accounting systems. As Baosteel Group appears to have responded to the best of its ability, it is not appropriate to draw an adverse inference in applying facts available as advocated by petitioners in their April 12, 2001 submission. Additionally, although the reported factors of production were not on a model-specific basis, there is no data on the record to suggest that the reported factor amounts did not accurately reflect the factor amounts associated with all subject merchandise. Finally, we are unable to adjust the reported factors of production due to the broad basis on which the costs were accumulated and the lack of information on the record on how to appropriately adjust these costs. Consequently, we have determined to use their data for the preliminary determination. We intend to fully examine this issue at verification and for the final determination.

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production, valued in a surrogate market economy country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, the Department, in valuing the factors of production, shall utilize, to

the extent possible, the prices or costs of factors of production in one or more market economy countries that are at a level of economic development comparable to the NME country and are significant producers of comparable merchandise. The sources of the surrogate factor values are discussed under the NV section below.

The Department has determined that India, Pakistan, Indonesia, Sri Lanka and the Philippines are countries comparable to the PRC in terms of economic development. See *Memorandum from Jeffrey May to Edward Yang: Antidumping Duty Investigation on Certain Hot-Rolled Carbon Steel Flat Products from the People's Republic of China*, dated January 11, 2001. Customarily, we select an appropriate surrogate based on the availability and reliability of data from these countries. For PRC cases, the primary surrogate has often been India if it is a significant producer of comparable merchandise. In this case, we have found that India is a significant producer of comparable merchandise.

We used India as the primary surrogate country and, accordingly, we have calculated NV using Indian prices to value the PRC producers' factors of production, when available and appropriate. See *Surrogate Country Selection Memorandum to The File from Catherine Bertrand, Case Analyst*, dated April 23, 2001, ("*Surrogate Country Memorandum*"). We have obtained and relied upon publicly available information wherever possible. See *Factor Valuation Memorandum to The File from Case Analysts*, dated April 23, 2001 ("*Factor Valuation Memorandum*").

In accordance with section 351.301(c)(3)(i) of the Department's regulations, for the final determination in an antidumping investigation, interested parties may submit publicly available information to value factors of production within 40 days after the date of publication of this preliminary determination.

Fair Value Comparisons

To determine whether sales of certain hot-rolled carbon steel flat products to the United States by Angang, Benxi, and Baosteel Group were made at less than fair value, we compared export price ("EP") or constructed export price ("CEP"), as appropriate, to NV, as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this notice. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated weighted-average EPs or CEPs.

Export Price and Constructed Export Price

In accordance with section 772(a) of the Act, for respondents Angang and Benxi we used EP because the subject merchandise was sold directly to unaffiliated customers in the United States prior to importation and because CEP was not otherwise indicated. As explained below, for Baosteel Group we used CEP. In accordance with section 777A(d)(1)(A)(i) of the Act, we compared POI-wide weighted-average EPs or CEPs to the NVs.

We calculated EP based on prices to unaffiliated purchasers in the United States. For Angang we made deductions, where appropriate, for foreign inland freight, insurance, and ocean freight. Because certain domestic charges, such as those for foreign inland freight, insurance, and ocean freight, were provided by NME companies, we valued those charges based on surrogate rates from India. See *Factor Valuation Memorandum*. For Benxi, we made deductions, where appropriate, for foreign inland freight and brokerage and handling. Because these factors were provided by NME companies, we based them on surrogate rates from India. See *Factor Valuation Memorandum*.

Baosteel Group classified all of its sales of the subject merchandise in the United States as EP sales in its questionnaire response. All of Baosteel Group's U.S. sales of subject merchandise were made prior to importation through Baosteel America Inc. ("Baosteel America"), a U.S. based affiliated reseller.

We examined the facts surrounding the U.S. sales process. The initial point of contact for all customer inquiries is Baosteel Group International Trade Corporation ("Baosteel International"), the trading company owned by Baosteel Group and exporter of all of Baosteel Group's sales of the subject merchandise. Subsequent contacts with the customer may go through Baosteel America since due to the time difference between the United States and the PRC, Baosteel America serves as a more convenient communication link to Baosteel International. According to Baosteel Group, Baosteel International and the U.S. customer negotiate the prices, quantities and other sales terms directly, or through Baosteel America as a corresponding intermediary. After settling sales quantity, price, time of shipment and other terms of contract, Baosteel International will instruct Baosteel America to sign a contract with the designated U.S. customer. Because the terms of sale for all U.S. sales of subject merchandise are FOB Shanghai,

neither Baosteel International nor Baosteel America incurs any movement expenses. Baosteel Group explained that three invoices are issued for each U.S. sales transaction. The first invoice is issued by Baoshan Co., Ltd. to Baosteel International after the goods are shipped out. The second invoice is issued by Baosteel International to Baosteel America upon shipment to the port. The third invoice is issued by Baosteel America to the unaffiliated U.S. customer after receiving the invoice from Baosteel International. Baosteel Group maintains that title does not transfer to Baosteel America and the goods do not enter Baosteel America's inventory. The U.S. customer pays Baosteel America, which then makes payment to Baosteel International. Baosteel International pays Baoshan Co., Ltd. after receiving payment from Baosteel America. The U.S. customer may request technical service or make warranty claims through Baosteel America, although according to Baosteel Group, Baosteel International must authorize approval for all claims. See Section A Questionnaire Response (February 8, 2001), Sections C and D Questionnaire Response (February 26, 2001) Section A Supplemental Questionnaire Response (March 8, 2001), and Supplemental Section A, C, and D Questionnaire Response (April 2, 2001).

Because the contracts on which Baosteel Group's U.S. sales were based were between Baosteel America and its unaffiliated U.S. customers and Baosteel America invoiced and received payment from the unaffiliated U.S. customer, the Department preliminarily determines that Baosteel Group's U.S. sales were made "in the United States" within the meaning of section 772(b) of the Act, and, thus, should be treated as CEP transactions. This is consistent with *AK Steel Corp. v. United States*, 226 F.3d 1361, 1374 (Fed. Cir. 2000).

We calculated weighted-average CEPs for Baosteel Group's U.S. sales made in the United States through its U.S. affiliate. We based CEP on FOB Shanghai prices to unaffiliated purchasers in the United States. We made deductions, where appropriate, for foreign inland freight from the plant to the port of exportation and brokerage and handling in accordance with section 772(c)(2)(A) of the Act. Because these factors were provided by NME companies, we based them on surrogate rates from India. To calculate inland freight, we multiplied the reported distance from the plant to the port of exit by a surrogate rail rate from India. In accordance with section 772(d)(1) of the Act, we deducted from CEP direct

and indirect selling expenses (*i.e.*, credit and indirect selling expenses) that were associated with Baosteel America's economic activities occurring in the United States. *See Baosteel Group Analysis Memorandum.*

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using a factors-of-production methodology if: (1) The merchandise is exported from an NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act.

Factors of production include: (1) Hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. We used factors of production, reported by respondents, for materials, energy, labor, by-products, and packing. We valued all the input factors using publicly available published information as discussed in the "Surrogate Country" and "Factor Valuations" sections of this notice.

In accordance with 19 CFR 351.408(c)(1), where a producer sources an input from a market economy and pays for it in market economy currency, the Department employs the actual price paid for the input to calculate the factors-based NV. *See also Lasko Metal Products v. United States*, 437 F.3d 1442, 1445–1446 (Fed. Cir. 1994) ("*Lasko*"). Respondents Baosteel Group, Angang and Benxi reported that some of their inputs were sourced from market economies and paid for in market economy currency. *See* "Factor Valuation" section below.

Each of the respondents reported "self-produced" factors among its factors of production for energy inputs, including such factors as electricity, oxygen, nitrogen, and argon. We preliminarily determined to value electricity, oxygen, argon, and nitrogen through use of surrogate valuation, rather than based on surrogate valuation of the factors going into the production of those inputs.

Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on factors of production reported by respondents for the POI. To calculate NV, the reported per-unit factor quantities were multiplied by publicly available Indian surrogate values (except as noted below). In selecting the surrogate values, we considered the quality, specificity, and

contemporaneity of the data. As appropriate, we adjusted input prices by including freight costs to make them delivered prices. For a detailed description of all surrogate values used for respondents, *see Factor Valuation Memorandum.*

Citing Department case precedent, respondent Baosteel Group argued in its March 23, 2001 surrogate value submission that the Department should make deductions to domestic prices to ensure that they are exclusive of India's Central Sales Tax or any state sales tax. Consistent with *Sebacic Acid from the People's Republic of China, Final Results of Antidumping Duty Administrative Review*, 62 Fed. Reg. 65678 (December 15, 1997), where there was substantial evidence that a surrogate value based on a domestic price was tax-inclusive, we deducted sales taxes from the surrogate value. Specifically, the surrogate value for sulphuric acid was based on data from *Indian Chemical Weekly*, which was recently used in the antidumping investigation of bulk aspirin from the People's Republic of China. *See Memorandum to Susan Kuhbach, Factor of Production Valuation for the Final Determination; Final Determination of the Antidumping Duty Investigation of Bulk Aspirin from the People's Republic of China* ("*Bulk Aspirin*") (May 17, 2000). This memorandum was added to the record as an attachment to *Memorandum to the File, Hot-Rolled Carbon Steel Products from the People's Republic of China* (April 17, 2001). In the *Bulk Aspirin* factor valuation memorandum, we calculated a lower, tax-exclusive surrogate value for sulphuric acid. Consistent with *Bulk Aspirin*, we have also calculated a tax-exclusive surrogate value for sulphuric acid in this case.

We added to Indian import surrogate values a surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in *Sigma Corp. v. United States*, 117 F.3d 1401 (Fed. Cir. 1997). For those Indian Rupee values not contemporaneous with the POI, we adjusted for inflation using wholesale price indices published in the International Monetary Fund's *International Financial Statistics*. For those United States dollar denominated values (*e.g.*, for slag, electricity) not contemporaneous with the POI, we adjusted for inflation using producer price indices published in the International Monetary Fund's *International Financial Statistics*.

Except as noted below, we valued raw material inputs using the weighted-average unit import values derived from the *Monthly Trade Statistics of Foreign Trade of India—Volume II—Imports* ("*Indian Import Statistics*") for the time period corresponding to the POI. Where POI-specific *Indian Import Statistics* data were not available, we used *Indian Import Statistics* data from an earlier period (*i.e.*, April 1, 1998 through March 31, 1999 or April 1, 1999 through March 31, 2000). Also, we valued sulfuric acid using *Indian Chemical Weekly* data from October 1998 through March 1999. We adjusted the value for inflation using wholesale price indices published in the International Monetary Fund's *International Financial Statistics* and excluded taxes.

We rejected the following values submitted by respondents and/or petitioners as aberrational. We rejected the POI-specific surrogate value for iron ore pellets (HTS 26011201) provided by respondent Baosteel Group because the value of \$0.29 per MT was aberrational when compared with data from the same source from an earlier period, the value for iron ore available from the Department's *Index of Factor Values for the People's Republic of China* located at <http://www.ia.ita.doc.gov/factorv/prc/material.html>, and the market prices paid by Baosteel Group and Angang. Instead, we valued iron ore pellets using the identical HTS number, but for an earlier period (April 1, 1998 through March 31, 1999). We valued ferro-silicon based on HTS number 72022100 ("*silicon containing greater than 55% of silicon*") rather than respondent Baosteel Group's proposed ferro-silicon value (HTS 72022900 (other ferro-silicon) based on the fact that respondent Baosteel Group's data indicated that the specification of the ferro-silicon purchased by Baosteel Group was of the higher silicon content material. We note that respondents Benxi and Angang also proposed valuing ferro-silicon based on *Indian Import Statistics* data for ferro-silicon containing more than 55 percent silicon, albeit for an earlier period. Also, the Department determined that the surrogate value for slag submitted by both respondents and petitioners was unreliable. According to *New Steel*, February 1997, pages 24 and 44, slag has a relatively low value compared to the price of steel. Because the Indian values for slag were unusually high compared to the price of the subject merchandise, the Department has preliminarily used values for slag from the U.S. Geological Survey *Minerals, Commodities Summaries* from 1998. *See Factor*

Valuation Memorandum. We valued ammonium sulphate, which was reported as a by-product for respondent Angang, based on Indian Chemical Weekly and we excluded taxes. The Indian surrogate value proposed by respondents Angang and Benxi represented a sale of only one metric ton. Finally, as the surrogate values for oxygen, nitrogen, and argon appeared aberrational compared with valuation data used for these factors in the *Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from the People's Republic of China (CTL Plate)*, 62 FR 61964, (November 20, 1997) we relied on October 1996 price information from Bhoruka Gases Limited, an Indian manufacturer of Industrial Gases for surrogate values for oxygen, nitrogen, and argon gases. This information was adjusted for inflation using data from the International Monetary Fund's *International Financial Statistics*.

As explained above, respondents Baosteel Group and Angang sourced certain raw material inputs from market economy suppliers and paid for them in market economy currencies. Specifically, Baosteel Group, Firm B of the Baosteel Group, and Angang sourced iron ore from market economy suppliers. Respondent Baosteel Group reported that four types of iron ore were purchased from market economy suppliers, namely, iron ore powder, lump iron ore powder, titanium iron ore and pellet iron powder. The evidence provided by Baosteel Group indicated that its market economy purchases of iron ore were significant. See Exhibits 4 and 9 of Baosteel Group's February 26, 2001 submission. The Department has determined to use the FOB Baosteel Group prices as reported, in accordance with 19 CFR 351.408(c)(1). However, for that portion of the iron ore powder, lump iron ore powder, and pellet iron powder shipments which were unloaded at an intermediary port, we have added an Indian surrogate river transport freight expense, given that the data indicates that the prices reported did not account for these additional expenses. Also, Baosteel Group reported that for certain of the imported iron ore imports, the marine insurance was provided by a non-market economy supplier. Where Baosteel Group reported that the marine insurance was provided by an NME supplier, we valued marine insurance from an Indian company (see below). We then added the freight and shipment expenses as well as a marine insurance expense to a weighted-average FOB Baosteel Group price to account for materials delivered

at an intermediary port. Finally, we weight-averaged the total value of the iron ore delivered directly to Baosteel Group (which included freight and marine insurance expenses) with the total value of the iron ore unloaded at an intermediary port to derive a final market-based iron ore price per category of iron ore reported.

Firm B of the Baosteel Group reported that two types of iron ore were purchased from market economy suppliers, namely, iron ore powder and iron ore lumps. The evidence provided by Firm B of Baosteel Group indicated that its market economy purchases of iron ore were significant. See March 12, 2001 submission of Firm B of Baosteel Group at D-7. The Department has determined to use the FOB Firm B prices as reported, in accordance with 19 CFR 351.408(c)(1). We added to weighted-average price for each input the weighted-average reported amount for freight.

As explained in the preamble to 19 CFR 351.408(c)(1), where the quantity of the input purchase was insignificant, we do not rely on the price paid by an NME producer to a market economy supplier. See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27366 (May 17, 1997). Benxi's reported information demonstrates that the quantity of one of its inputs which it sourced from market economy suppliers was so small as to be insignificant when compared to the quantity of the same input it sourced from PRC suppliers. See *Factor Valuation Memorandum* for the precise volumes. Therefore, as the amount of this reported market economy input is insignificant, we did not use the price paid by Benxi for this input and instead used *Indian Import Statistics* data, as adjusted for inflation.

To value electricity, we used 1997 data reported as the average Indian domestic prices within the category "Electricity for Industry," published in the International Energy Agency's publication, *Energy Prices and Taxes*, Fourth Quarter, 1999, as adjusted for inflation.

Angang purchased iron ore fines and lump iron ore from market economy suppliers during the POI, one of which was an affiliated joint venture. We compared the prices paid to the affiliated supplier with the prices paid to unaffiliated suppliers (both to Angang and Baosteel) and found that price from the affiliated supplier was within the same range as those from the unaffiliated suppliers. After having conducted this test, we calculated a weighted average of the affiliated and unaffiliated purchases to arrive at the price for iron ore fines, because Angang

had purchases from both types of market economy suppliers for this input.

Respondents reported the following packing inputs: Paper, steel strip, steel clip, steel wires, plastic board, plastic washers, inner and outer paperboard, steel cushions, and steel buckles. We used *Indian Import Statistics* data for the POI and for the period April 1, 1998 through March 31, 1999. See *Factor Valuation Memorandum*.

We used Indian transport information to value transport for raw materials. For all instances in which respondents reported delivery by truck, to calculate domestic inland freight (truck), we used a price quote from an Indian trucking company for transporting materials between Mumbai and Surat (263 kilometers), which was provided in Exhibit 32 to Baosteel Group's March 23, 2001 surrogate value submission. We converted the Indian Rupee value to U.S. dollars and adjusted for inflation through the POI. Similarly, for domestic inland freight (rail), we used freight rates as quoted from Indian Railway Conference Association price lists, which was provided in Exhibit Z to the November 22, 2000, amendment to petition in this case. We used the rate for distances between 741-750 kilometers (the lowest distance reported on the schedule) since all of the respondents are located less than 500 kilometers from the port of exit. We converted the Indian Rupee value to U.S. dollars and adjusted for inflation through the POI.

To value inland insurance, we used the Department's recently revised *Index of Factor Values for Use in Antidumping Duty Investigations Involving Products from the PRC* (available on the Department's website.) We converted the Indian Rupee value to U.S. dollars and adjusted for inflation through the POI. To value marine insurance and brokerage and handling we used a publicly summarized version of the average value for marine insurance expenses and brokerage and handling expenses reported in *Certain Stainless Steel Wire Rod from India; Final Results of Antidumping Duty Administrative and New Shipper Reviews*, 64 FR 856 (January 6, 1999).

To value river transport, we used the surrogate value for river freight used in the *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products From The People's Republic of China ("Cold-Rolled Steel from the PRC")*, 65 FR 1117 (January 7, 2000). No party submitted a surrogate value for ocean freight.

Therefore, to value ocean freight, we used the same methodology as in *CTL Plate* and the initiation of this case. We calculated the total cost, insurance, freight (CIF) value for imports of subject merchandise into the United States during the POI, subtracted the insurance and freight exclusive total Free Alongside (FAS) value, and divided the remainder by the total volume of POI importations of subject merchandise to arrive at a per unit value. *See Factor Valuation Memorandum.*

Respondents identified a number of by-products which they claimed are recovered in the production process and/or sold. However, for certain of the claimed by-products the responses are unclear as to how the various inputs are re-entered into the production process. Therefore, the Department has only offset the respondents' cost of production by the amount of a reported by-product (or a portion thereof) where respondents' responses indicated that it was sold and/or where the record evidence clearly demonstrates that the by-product was re-entered into the production process. We intend to examine this issue more closely at verification for all respondents. *See Factor Valuation Memorandum* for a complete discussion of by-product credits given and the surrogate values used.

To value factory overhead, and selling, general and administrative expenses ("SG&A"), we calculated simple average rates based on financial information from two Indian integrated steel producers, SAIL and Tata. For profit, we used information from Tata. Although respondents requested that we use financial information from another Indian steel producer, that steel producer is a mini-mill, and its financial information would be less comparable to that of the respondents, as the respondents operate integrated steel production facilities. (For a further discussion of the surrogate values for overhead, SG&A and profit, see *Factor Valuation Memorandum.*)

For labor, consistent with section 351.408(c)(3) of the Department's regulations, we used the PRC regression-based wage rate at Import Administration's home page, Import Library, Expected Wages of Selected NME Countries, revised in May 2000 (see <http://ia.ita.doc.gov/wages>). The source of the wage rate data on the Import Administration's Web site is the 1999 *Year Book of Labour Statistics*, International Labor Office (Geneva: 1999), Chapter 5B: Wages in Manufacturing.

Verification

As provided in section 782(i)(1) of the Act, we intend to verify all company information relied upon in making our final determination.

Rate for Producers/Exporters That Responded Only to Separate Rates Questionnaire

For those PRC producers/exporters that responded to our separate rates questionnaire but did not respond to the full antidumping questionnaire because they were not selected to respond (*i.e.*, Panzhihua and WISCO), we have calculated a weighted-average margin based on the rates calculated for those producers/exporters that were selected to respond. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Freshwater Crawfish Tail Meat From the People's Republic of China*, 62 FR 41347, 41350 (August 1, 1997).

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all imports of subject merchandise 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 EP or CEP, as indicated below. These suspension-of-liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacture	Weighted-average percent margin
Angang Group International Trade Corporation	64.77
Shanghai Baosteel Group Corporation	40.74
Benxi Iron & Steel Group Co., Ltd.	67.44
Panzhihua Iron & Steel (Group) Company	44.47
Wuhan Iron & Steel Group Corporation	44.47
China-Wide	67.44

International Trade Commission Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination of sales at LTFV. 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

the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports, or sales (or the likelihood of sales) for importation, of the subject merchandise.

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. *See* 19 CFR 351.309(c)(1)(i); 19 CFR 351.309(d)(1). 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 two days before the scheduled date. 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. *See* 19 CFR 351.310(c). 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).

If this investigation proceeds normally, we will make our final determination no later than 75 days after the date of the preliminary determination.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: April 23, 2001.

Bernard T. Carreau,

Deputy Assistant Secretary, Import Administration.

[FR Doc. 01-10853 Filed 5-2-01; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-485-806]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Hot-Rolled Carbon Steel Flat Products From Romania

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

EFFECTIVE DATE: May 3, 2001.

FOR FURTHER INFORMATION CONTACT:

Christopher Riker or Charles Riggle at (202) 482-0186, (202) 482-0650, respectively; AD/CVD Enforcement, Office 5, Group II, Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department of Commerce (the Department) regulations refer to the regulations codified at 19 CFR part 351 (2000.)

Preliminary Determination

We preliminarily determine that certain hot-rolled carbon steel flat products (HRS) from Romania 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 December 4, 2000. See *Notice of Initiation of Antidumping Duty Investigations: Certain Hot-Rolled Carbon Steel Flat Products From Argentina, India, Indonesia, Kazakhstan, the Netherlands, the People's Republic of China, Romania, South Africa, Taiwan, Thailand, and*

Ukraine, 65 FR 77568 (December 12, 2000) (*Initiation Notice*). Since the initiation of these investigations,¹ the following events have occurred:

The Department set aside a period for all interested parties to raise issues regarding product coverage. See *Initiation Notice* at 77569. We received no comments from any parties in this investigation. The Department did, however, receive comments regarding product coverage in the investigation of hot-rolled carbon steel products from the Netherlands. In that investigation we received comments from Duracell Global Business Management Group on December 11, 2000, from Energizer on December 15, 2000, from Bouffard Metal Goods, Inc., and Truelove & Maclean, Inc., on December 18, 2000, and from Corus Staal BV and Corus Steel U.S.A., Inc. (collectively referred to as Corus), from Thomas Steel Strip Corporation on December 26, 2000, and from Rayovac Corporation on March 12, 2001.

On December 28, 2000, the United States International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that imports of the products subject to this investigation are threatening or are materially injuring an industry in the United States producing the domestic like product. See *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine*, 66 FR 805 (January 4, 2001).

On January 4, 2001, the Department issued an antidumping questionnaire to the government of Romania, the mandatory respondent in this case. We also sent copies of the questionnaire to Gavazzi Steel and Sidex S.A. (Sidex), both of whom had been identified as producers/exporters of the subject merchandise by the petitioners. On January 30, 2001, we received a letter from Sidex stating that Gavazzi Steel, a producer of the subject merchandise in Romania, did not sell the subject merchandise to the United States during the period of investigation (POI) and that only HRS produced by Sidex was exported to the United States during the POI. On February 1 and February 26, 2001, we received questionnaire responses from Sidex, Sidex Trading,

SRL, Sidex International, Plc (jointly, the Sidex Exporters), Metalexportimport, S.A. (MEI), Metanef, S.A. (Metanef) and Metagrimex, S.A. (Metagrimex). We issued supplemental questionnaires to Sidex and the Sidex Exporters, MEI, Metanef and Metagrimex on March 12, 2001, and received responses on March 31, 2001. On February 1, 2001, we invited interested parties to provide comments on the surrogate country selection and publicly available information for valuing the factors of production. We received comments from both the petitioners and the respondents regarding surrogate country selection on February 6, 2001. Between February 6 and April 11, 2001, the petitioners and the respondents submitted additional comments regarding issues they believed the Department should consider for the purposes of the preliminary determination.

On April 11, 2001, counsel for Sidex and the Sidex Exporters, Metanef, MEI and Metagrimex submitted a letter from the Embassy of Romania which stated that Gavazzi Steel made no exports of subject merchandise to the United States during the POI.

Period of Investigation

The POI for HRS from Romania is April 1, 2000 through September 30, 2000. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, November 2000).

Scope of the Investigation

For purposes of this investigation, the products covered are certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight length, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.

Specifically included within the scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF

¹ The petitioners in these investigations are Bethlehem Steel Corporation, Gallatin Steel Company, IPSCO Steel Inc., LTV Steel Company, Inc., National Steel Corporation, Nucor Corporation, Steel Dynamics, Inc., U.S. Steel Group (a unit of USX Corporation), Weirton Steel Corporation, the Independent Steelworkers Union, and the United Steelworkers of America (collectively the petitioners). Weirton Steel Corporation is not a petitioner in the investigation involving (HRS) from the Netherlands.