The petitioners calculated the highest margin in the petition, 66.75 percent, based on a comparison of the petitioners' estimate of ex-factory export price to the petitioners' estimate of the constructed value (''CV''), as shown at Exhibit D of the petitioners' March 11, 1997, submission. The petitioners derived export price based on price quotations to U.S. purchasers. Because Sidor's questionnaire response data is unverified, we did not rely on this data for purposes of corroboration. Therefore, we have compared the petitioners' export price estimate to IM–145 Import Statistics. Our comparison of these prices showed them to be reasonably consistent (see Memorandum to the file dated February 6, 1998). Accordingly, we determine that this export price calculation set forth in the petition has probative value.

To calculate CV, the petitioners used manufacturing costs based on one petitioner's own production experience and publicly available industry data. When analyzing the petition, the Department reviewed all of the data the petitioners relied upon in calculating the estimated CV, and adjusted those calculations where necessary. For purposes of corroboration, we re-examined the data submitted by the petitioners and found it to be reasonable and of probative value. In addition, we note that no party has presented to the Department any information to support a challenge to the appropriateness of the information contained in the petition as the basis for a facts available margin for Sidor. See Vector Supercomputers, where the Department applied facts available margin in closely similar circumstances. In accordance with section 776(c) of the Act, we have corroborated the highest margin in the petition, which is secondary information upon which we have relied as facts available.

Interested Party Comment

Comment: Facts Available Rate for Sidor

The petitioners contend that, because Sidor refused to allow the Department to verify its questionnaire responses and refused to respond to the Department's October 2, 1997, supplemental questionnaire, the Department must assign Sidor a margin based on adverse facts available. Accordingly, the petitioners claim that the Department should assign the higher of the highest non-aberrational dumping margin calculated from Sidor's questionnaire responses, or the highest estimated dumping margin listed in the petition.

Sidor contends that the Department should apply the rate of 51.21 percent calculated for the preliminary determination as the appropriate facts available rate for this proceeding. However, Sidor has provided no support for its position.

DOC Position

We agree with the petitioners that the highest rate alleged in the petition, and as corroborated by the Department, is the appropriate facts available rate in this determination. Under section 782(i)(1) of the Act, the Department must rely on verified information for making a final determination in an antidumping duty investigation. Sidor's refusal to permit verification of its questionnaire responses prevents the Department from using Sidor's information for our final determination. Therefore, we did not use the margin calculated in the preliminary determination because it is based on unverified questionnaire response information. Using Sidor's unverified information as the basis for the final margin could possibly reward the respondent by assigning a margin lower than what would have been calculated using verified information. As noted above, in cases such as this one, the Department relies on the facts otherwise available, normally data from the petition, for making its determination. We have no basis in this instance to depart from this practice. Normally, the all-others rate is to be amount equal to the weighted average of the estimated weighted average dumping margins for exporters and producers individually investigated, excluding margins based entirely on facts available. Section 735(c)(5)(A). However, if all of the estimated dumping margins are based entirely on facts available, the statute permits the Department to use any reasonable method to establish the all others rate. Section 735(c)(5)(B). As discussed above, Sidor was the only respondent in this investigation and its margin was based entirely on facts available. The margin calculated for Sidor for purposes of the preliminary results of this investigation cannot serve as a reasonable all others rate because, as discussed above, it has not been verified. Further, there is no other information on which to base an all others rate. Accordingly, we have based the all others rate on Sidor's rate.

Suspension of Liquidation

On February 13, 1998, pursuant to section 734(b) the Act, the Department signed a suspension agreement, with SIDOR. Pursuant to section 734(f)(2)(A) of the Act, we are instructing Customs to terminate the suspension of liquidation of all entries of steel wire rod from Venezuela. Any cash deposits of entries of steel wire rod from Venezuela shall be refunded and any bonds released.

On February 13, 1998, we received a request from Sidor requesting that we continue the investigation. As a result of this request, we have continued and completed the investigation in accordance with section 734(g) of the Act. We have found the following margins of dumping:

Exporter/manufacturer	Margin percentage
CVG Siderurgica Del Orinoco C.A. (''Sidor'')	66.75
All Others	66.75

ITC Notification

In Accordance with section 734(d) of the Act, we have notified the ITC of our determination. If our determination is affirmative, the ITC will determine, within 45 days, whether these imports are causing material injury, or threat of material injury, to an industry in the United States. If the ITC's injury determination is negative, the agreement will have no force or effect. See section 734(f)(3)(A) of the Act. If the ITC's injury determination is affirmative, the Department will not issue an antidumping duty order as long as the suspension agreement remains in force, the agreement continues to meet the requirements of subsections (b) and (d) of section 734 of the Act, and the parties to the agreement carry out their obligations under the agreement in accordance with its terms. See section 734(f)(3)(B) of the Act.

This determination is published pursuant to section 735(d) of the Act.

Dated: February 13, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–4538 Filed 2–20–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–307–813]

Suspension of Antidumping Duty Investigation: Steel Wire Rod From Venezuela

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

SUMMARY: The Department of Commerce (the Department) has suspended the antidumping duty investigation involving steel wire rod from Venezuela. The basis for this action is an agreement between the Department and C.V.G. Siderurgica del Orinoco, C.A. (Sidor) to revise their prices to eliminate completely sales of this merchandise to the United States at less than fair value.

EFFECTIVE DATE: February 13, 1998.

FOR FURTHER INFORMATION CONTACT: Lyn Baranowski, Lesley Stagliano, Elisabeth Urfer, or Edward Yang, Office of AD/CVD Enforcement III, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th & Constitution Avenue N.W., Washington, DC 20230; telephone (202) 482–1385, (202) 482–0648, (202) 482–4236, or (202) 482–0406, respectively.

SUPPLEMENTARY INFORMATION:

Background

On March 18, 1997, the Department initiated an antidumping investigation under section 732 of the Tariff Act of 1930, (the Act), as amended, to determine whether imports of steel wire rod from Venezuela are being or are likely to be sold in the United States at less than fair value (62 FR 13854 (March 18, 1997)). On April 14, 1997, the United States International Trade Commission (ITC) notified the Department of its affirmative preliminary injury determination (see ITC Investigation Nos. 701-TA–368–371 and 731-TA–763–766). On October 1, 1997, the Department preliminarily determined that steel wire rod 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 Tariff Act of 1930, as amended by the Uruguay Round Agreements Act (62 FR 51584 (October 1, 1997) (''LTFV Prelim'')).

The Department and Sidor initialed a proposed agreement suspending this investigation on January 14, 1998. On January 14, 1998, we invited interested parties to provide written comments on the agreement and received comments from Connecticut Steel Corporation, Co-Steel Raritan, GS Industries, Inc., Keystone Steel & Wire Company, North Star Steel Texas, Inc. and Northwestern Steel and Wire Company.

The Department and Sidor signed the final suspension agreement on February 13, 1998.

Scope of Investigation

The products covered by the investigation are certain hot-rolled carbon steel and alloy steel products, in coils, of approximately round cross section, between 5.00 mm (0.20 inch) and 19.0 mm (0.75 inch), inclusive, in solid cross-sectional diameter. Specifically excluded are steel products possessing the above noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (''HTSUS'') definitions for a) stainless steel; b) tool steel; c) high nickel steel; d) ball bearing steel; e) free machining steel that contains by weight 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.4 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium; or f) concrete reinforcing bars and rods. The following products are also excluded from the scope of this investigation:

- Coiled products 5.50 mm or less in true diameter with an average partial decarburization per coil of no more than 70 microns in depth, no inclusions greater than 20 microns, containing by weight the following: carbon greater than or equal to 0.68 percent; aluminum less than or equal to 0.005 percent; phosphorous plus sulfur less than or equal to 0.040 percent; maximum combined copper, nickel and chromium content of 0.13 percent; and nitrogen less than or equal to 0.006 percent. This product is commonly referred to as ''Tire Cord Wire Rod.''
- Coiled products 7.9 to 18 mm in diameter, with a partial decarburization of 75 microns or less in depth and seams no more than 75 microns in depth, containing 0.48 to 0.73 percent carbon by weight. This product is commonly referred to as ''Valve Spring Quality Wire Rod.''
- Coiled products 11 mm to 12.5 mm in diameter, with an average partial decarburization per coil of no more than 70 microns in depth, no inclusions greater than 20 microns, containing by weight the following: carbon greater than or equal to 0.72 percent; manganese 0.50–1.10 percent; phosphorus less than or equal to 0.030 percent; sulfur less than or equal to 0.035 percent; and silicon 0.10–0.35 percent. This product is free of injurious piping and undue segregation. The use of this excluded product is to fulfill contracts for the sale of Class III pipe wrap wire in conformity with ASTM specification A648–95 and imports of this product must be accompanied by such a declaration on the mill certificate and/or sales invoice. This excluded product is commonly referred to as ''Semifinished Class III Pipe Wrap Wire.''

The products under investigation are currently classifiable under subheadings 7213.91.3000, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, and 7227.90.6050 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Exclusion of Pipe Wrap Wire

As stated in the LTFV Prelim, North American Wire Products Corporation (''NAW''), an importer of the subject merchandise from Germany, requested that the Department exclude steel wire rod used to manufacture Class III pipe wrapping wire from the scope of the investigations of steel wire rod from Canada, Germany, Trinidad and Tobago, and Venezuela. On December 22, 1997, NAW submitted to the Department a proposed exclusion definition. On December 30, 1997, and January 7, 1998, the petitioners submitted letters concurring with the definition of the scope exclusion and requesting exclusion of this product from the scope of the investigation. We have reviewed NAW's request and petitioners' comments and have excluded steel wire rod for manufacturing Class III pipe wrapping wire from the scope of this investigation (*see* Memorandum to Richard W. Moreland dated January 9, 1998).

Suspension of Investigation

The Department consulted with parties to the proceeding and has considered the comments submitted with respect to the proposed suspension agreement. In accordance with Section 734(b) of the Act, exporters of the subject merchandise who account for substantially all of the imports of that merchandise agree to revise their prices to eliminate completely any amount by which the normal value of the subject merchandise exceeds the export price or constructed export price of that merchandise. We are satisfied that suspension of the investigation pursuant to section 734(b) of the Act is in the public interest and have concluded that the agreement can be monitored effectively. See Public Interest Memorandum, February 13, 1998. We find, therefore, that the criteria for suspension of an investigation pursuant to section 734(b) of the Act have been met. The terms and conditions of this agreement, signed February 13, 1998, are set forth in Annex I to this notice.

Pursuant to section 734(f)(2)(A)(ii) of the Act, the suspension of liquidation of all entries of steel wire rod from Venezuela entered or withdrawn from warehouse, for consumption, as directed in our LTFV Prelim is hereby

terminated. Pursuant to section 734(f)(2)(A)(iii) and 733(d)(1)(B) of the Act, any cash deposits on entries of steel wire rod from Venezuela pursuant to that suspension of liquidation shall be refunded and any bonds shall be released.

Notwithstanding the suspension agreement, the Department will continue the investigation if we receive a request for continuation of the investigation from an appropriate party in accordance with section 734(g) of the Act within 20 days after the date of publication of this notice. In accordance with section 734(g) of the Act, if we receive such a request for continuation, we will complete the investigation and notify the ITC of our final determination. If the ITC's injury determination is negative, the agreement will have no force or effect, and the investigation will be terminated (See section 734(f)(3)(A) of the Act). If the ITC's determination is affirmative, the Department will not issue an antidumping duty order as long as the suspension agreement remains in force, the agreement continues to meet the requirements of subsections (b) and (d) of section 734 of the Act, and the parties to the agreement carry out their obligations under the agreement in accordance with its terms (see section 734(f)(3)(B) of the Act).

This notice is published pursuant to section 734(f)(1)(A) of the Act.

Dated: February 19, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

Suspension Agreement Carbon Steel Wire Rod from Venezuela

Under section 734(b) of the Tariff Act of 1930, as amended (19 U.S.C. 1673c(b)) (the Act), and 19 CFR 353.18, the U.S. Department of Commerce (the Department) and the signatory producers/exporters of carbon steel wire rod from Venezuela enter into this suspension agreement (the Agreement). On the basis of the Agreement, the Department shall suspend its antidumping investigation initiated on March 24, 1997(62 FR 13854), with respect to carbon steel wire rod from Venezuela, subject to the terms and provisions set out below.

(A) Product Coverage

The products covered by this Agreement (''subject merchandise'') are certain hot-rolled carbon steel and alloy steel products, in coils, of approximately round cross section, between 5.00 mm (0.20 inch) and 19.0 mm (0.75 inch), inclusive, in solid cross-sectional diameter. Specifically excluded are steel products possessing the above noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (HTSUS) definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; (e) free machining steel that contains by weight 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.4 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium; or (f) concrete reinforcing bars and rods.

The following products are also excluded from the scope of this Agreement:

Coiled products 5.50 mm or less in true diameter with an average partial decarburization per coil of no more than 70 microns in depth, no inclusions greater than 20 microns, containing by weight the following: carbon greater than or equal to 0.68 percent; aluminum less than or equal to 0.005 percent; phosphorous plus sulfur less than or equal to 0.040 percent; maximum combined copper, nickel and chromium content of 0.13 percent; and nitrogen less than or equal to 0.006 percent. This product is commonly referred to as ''Tire Cord Wire Rod.''

Coiled products 7.9 to 18 mm in diameter, with a partial decarburization of 75 microns or less in depth and seams no more than 75 microns in depth; containing 0.48 to 0.73 percent carbon by weight. This product is commonly referred to as ''Valve Spring Quality Wire Rod.''

Coiled products 11 mm to 12.5 mm in diameter, with an average partial decarburization per coil of no more than 70 microns in depth, no inclusions greater than 20 microns, containing by weight the following: carbon greater than or equal to 0.72 percent; manganese 0.50—1.10 percent; phosphorus less than or equal to 0.030 percent; sulfur less than or equal to 0.035 percent; and silicon 0.10—0.35 percent. This product is free of injurious piping and undue segregation. The use of this excluded product is to fulfill contracts for the sale of Class III pipe wrap wire in conformity with ASTM specification A648–95 and imports of this product must be accompanied by such a declaration on the mill certificate and/or sales invoice. This excluded product is commonly referred to as ''Semifinished Class III Pipe Wrap Wire.''

The products subject to this Agreement are currently classifiable under subheadings 7213.91.3000, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, and 7227.90.6050 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this Agreement is dispositive.

(B) U.S. Import Coverage

The signatory producers/exporters collectively are the producers and exporters in Venezuela which, during the antidumping investigation of the merchandise subject to the Agreement, accounted for substantially all (not less than at least 85 percent) of the subject merchandise imported into the United States. The Department may at any time during the period of the Agreement require additional producers/exporters in Venezuela to sign the Agreement in order to ensure that not less than substantially all imports of subject merchandise into the United States are covered by the Agreement.

(C) Basis of the Agreement

On and after the effective date of the Agreement, each signatory producer/exporter individually agrees to make any necessary price revisions to eliminate completely any amount by which the normal value (NV) of this merchandise exceeds the U.S. price of its merchandise subject to the Agreement. For this purpose, the Department will determine the NV in accordance with section 773(e) of the Act and U.S. price in accordance with section 772 of the Act.

(1) For all sales occurring on or after the effective date of the Agreement through June 30, 1998, each signatory producer/exporter agrees not to sell its merchandise subject to the Agreement, whether in the form imported or as further manufactured subsequent to importation, to unaffiliated purchasers in the United States; and

(2) For all sales occurring from July 1, 1998 through September 30, 1998, each signatory producer/exporter agrees not to sell its merchandise subject to the Agreement, whether in the form imported or as further manufactured subsequent to importation, to unaffiliated purchasers in the United States at prices that are less than its NV, as determined by the Department based on cost information for the period October 1, 1997 through December 31, 1997, and provided to parties not later than June 20, 1998; and

(3) For all sales occurring on or after October 1, 1998, each producer/exporter agrees not to sell its merchandise subject to the Agreement, whether in the form imported or as further manufactured subsequent to

importation, to any unaffiliated purchaser in the United States at prices that are less than its NV of the merchandise, as determined by the Department on the basis of information submitted to the Department not later than the dates specified in Section D of the Agreement and provided to parties not later than September 20, December 20, March 20, and June 20 of each year. This NV shall apply to sales occurring during the fiscal quarter beginning on the first day of the month following the date the Department provides the NV, as stated in this paragraph.

(D) Monitoring

Each signatory producer/exporter will supply to the Department all information that the Department decides is necessary to ensure that the producer/exporter is in full compliance with the terms of the Agreement. As explained below, the Department will provide each signatory producer/exporter a detailed request for information and prescribe a required format and method of data compilation, not later than the beginning of each reporting period.

(1) Sales Information

The Department will require each producer/exporter to report, on computer tape in the prescribed format and using the prescribed method of data compilation, each sale (which includes further manufactured sales) of the merchandise subject to the Agreement, either directly or indirectly to unaffiliated purchasers in the United States, including each adjustment applicable to each sale, as specified by the Department.

The first report of sales data shall be submitted to the Department, on computer tape in the prescribed format and using the prescribed method of data compilation, not later than October 15, 1998, and shall contain the specified sales information covering the period of July 1 through September 30, 1998. Each subsequent report of sales data shall be submitted to the Department not later than January 15, April 15, July 15, and October 15 of each year, and each report shall contain the specified sales information for the quarterly period ending one month prior to the due date, except that if the Department receives information that a possible violation of the Agreement may have occurred, the Department may request sales data on a monthly, rather than quarterly basis.

(2) Cost Information

Producers/exporters must request NVs for all subject merchandise that will be sold in the United States. For those products for which the producer/exporter is requesting NVs, the Department will require each producer/exporter to report: their actual cost of manufacturing; selling, general and administrative (SG&A) expenses; further manufacturing costs; and profit data on a quarterly basis, in the prescribed format and using the prescribed method of data compilation. Further manufacturing costs plus an allocable portion of profit, as provided in section 772(d)(2) and (3) of the Act, will be subtracted from the U.S. sale price to determine compliance with the NV. Each such producer/exporter also must report anticipated increases in production costs and may report anticipated decreases in production costs in the quarter in which the information is submitted resulting from factors such as anticipated changes in production yield, changes in production process, changes in production quantities or changes in production facilities. Extraordinary cost items related to the privatization will be considered, consistent with the Department's regulations and policies. If they meet our statutory and regulatory criteria, such items may include shutdowns of facilities, environmental cleanups, and workforce reductions. (For example, see the Side Letter to the Suspension Agreement for Grey Portland Cement and Clinker from Venezuela (initialed version dated December 22, 1991, finalized February 11, 1992).)

The first report of cost data related to the relevant period of July 1, 1998, through September 30, 1998 shall be submitted to the Department not later than April 30, 1998, and shall contain the specified cost data covering the period October 1, 1997, through December 31, 1997. Each subsequent report shall be submitted to the Department not later than July 31, October 31, January 31, and April 30 of each year, and each report shall contain specified information for the quarter ending one month prior to the due date.

(3) Special Adjustment of Normal Value

If the Department determines that the NV it determined for a previous quarter was erroneous because the reported costs for that period were inaccurate or incomplete, or for any other reason, the Department may adjust NV in a subsequent period or periods, unless the Department determines that Section F of the Agreement applies.

(4) Verification

Each producer/exporter agrees to permit full verification of all cost and sales information semi-annually, or more frequently, as the Department deems necessary.

(5) Bundling or Other Arrangements

Producers/exporters agree not to circumvent the Agreement. In accordance with the date set forth in Section D(1) of the Agreement, producers/exporters will submit a written statement to the Department certifying that the sales reported herein were not, or are not part of or related to, any bundling arrangement, on-site processing arrangement, discounts/free goods/financing package, swap, or other exchange where such arrangement is designed to circumvent the basis of the Agreement.

Where there is reason to believe that such an arrangement does circumvent the basis of the Agreement, the Department will request the producers/exporters to provide, within 15 days, all particulars regarding any such arrangement, including, but not limited to, sales information pertaining to covered and non-covered merchandise that is manufactured or sold by producers/exporters. The Department will accept written comments, not to exceed 30 pages, from all parties no later than 15 days after the date of receipt of such producer/exporter information.

If the Department, after reviewing all submissions, determines that such arrangement circumvents the basis of the Agreement, it may, as it deems most appropriate, utilize one of two options: (1) the cumulative amount of the effective price discount resulting from such arrangement shall be reflected in NV in accordance with Section D(3), or (2) the Department shall determine that the Agreement has been violated and take action according to the provisions under Section F.

(6) Rejection of Submissions

The Department may reject any information submitted after the deadlines set forth in this section or any information which it is unable to verify to its satisfaction. If information is not submitted in a complete and timely fashion or is not fully verifiable, the Department may calculate fair value, NV, and/or U.S. price based on facts otherwise available, as it determines appropriate, unless the Department determines that Section F applies.

(E) Disclosure and Comment

(1) The Department may make available to representatives of each domestic party to the proceeding, under appropriately drawn administrative protective orders, business proprietary information submitted to the

Department during the reporting period as well as the results of its analysis under section 773 of the Act.

(2) Not later than May 31, August 31, November 31, and the last day in February of each year, the Department will disclose to each producer/exporter the results and the methodology of the Department's calculations of its NV. At that time, the Department may also make available such information to the domestic parties to the proceeding, in accordance with this section.

(3) Not later than 7 days after the date of disclosure under paragraph E(2), the parties to the proceeding may submit written comments to the Department, not to exceed 15 pages. After reviewing these submissions, the Department will provide to each producer/exporter its NV as provided in paragraph C(2). In addition, the Department may provide such information to domestic interested parties as specified in this section.

(F) Violations of the Agreement

If the Department determines that the Agreement is being or has been violated or no longer meets the requirements of section 734 (b) or (d) of the Act, the Department shall take action it determines appropriate under section 734(i) of the Act and the regulations.

(G) Other Provision

In entering into the Agreement, the signatory producer/exporter does not admit that any sales of the merchandise subject to the Agreement have been made at less than fair value.

(H) Termination

The Department will not consider requests for termination of this suspended investigation prior to February 13, 2003. Termination will be conducted in accordance with section 751(c) of the Act and the Department's regulations.

Any producer/exporter may terminate the Agreement at any time upon notice to the Department. Termination shall be effective 60 days after such notice is given to the Department. Upon termination, the Department shall follow the procedures outlined in section 734(i)(1) of the Act.

(I) Definitions

For purposes of the Agreement, the following definitions apply:

(1) U.S. Price—means the export price or constructed export price at which merchandise is sold by the producer or exporter to the first unaffiliated party in the United States, including the amount of any discounts, rebates, price protection or ship and debit adjustments, and other adjustments affecting the net amount paid or to be paid by the unaffiliated purchaser, as determined by the Department under section 772 of the Act.

(2) Normal Value—means the constructed value (CV) of the merchandise, as determined by the Department under section 773 of the Act and the corresponding sections of the Department's regulations.

(3) Producer/Exporter—means (1) the foreign manufacturer or producer, (2) the foreign producer or reseller which also exports, and (3) the affiliated person by whom or for whose account the merchandise is imported into the United States, as defined in section 771(28) of the Act.

(4) Date of Sale—means the date on which the essential terms of the contract, including price and quantity, are agreed and determinable.

The effective date of the Agreement is the date on which it is published in the **Federal Register**.

For the Venezuelan Producers/Exporters.

Dated: February 13, 1998.

Oscar Montero,

Director for Strategic Planning.

For the U.S. Department of Commerce.

Dated: February 12, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

Appendix A—Carbon Steel Wire Rod from Venezuela Principles of Cost

General Framework

The cost information reported to the Department that will form the basis of the NV calculations for purposes of the Agreement must be:

- Comprehensive in nature and based on a reliable accounting system (i.e., a system based on well-established standards and can be tied to the audited financial statements);
- Representative of the company's costs incurred for the general class of merchandise;
- Calculated on a quarterly weighted-average basis of the plants or cost centers manufacturing the product;
- Based on fully-absorbed costs of production, including any downtime;
- Valued in accordance with generally accepted accounting principles;
- Reflective of appropriately allocated common costs so that the costs necessary for the manufacturing of the product are not absorbed by other products; and
- Reflective of the actual cost of producing the product.

Additionally, a single figure should be reported for each cost component.

Cost of Manufacturing (COM)

Costs of manufacturing are reported by major cost category and for major stages of production. Weighted-average costs are used for a product that is produced at more than one facility (including further manufacturing in the United States); based on the cost at each facility.

Direct materials—cost of those materials which are input into the production process and physically become part of the final product.

Direct labor—cost identified with a specific product. These costs are not allocated among products except when two or more products are produced at the same cost center. Direct labor costs should include salary, bonus, and overtime pay, training expenses, and all fringe benefits. Any contracted-labor expense should reflect the actual billed cost or the actual costs incurred by the subcontractor when the corporation has influence over the contractor.

Factory overhead—overhead costs include indirect materials, indirect labor, depreciation, and other fixed and variable expenses attributable to a production line or factory. Because overhead costs are typically incurred for an entire production line, an appropriate portion of those costs must be allocated to covered products, as well as any other products produced on that line. Acceptable cost allocations can be based on labor hours or machine hours. Overhead costs should also reflect any idle or downtime and be fully absorbed by the products.

Cost of Production (COP)

Is equal to the sum of materials, labor, and overhead (COM) plus SG&A expenses in the home market (HM).

SG&A—those expenses incurred for the operation of the corporation as a whole and not directly related to the manufacture of a particular product. They include corporate general and administrative expenses, financing expenses, and general research and development expenses. Additionally, direct and indirect selling expenses incurred in the HM for sales of the product under investigation are included. Such expenses are allocated over cost of goods sold.

Constructed Value (CV)

Is equal to the sum of materials, labor, and overhead (COM) and SG&A expenses plus profit in the comparison market and the cost of packing for exportation to the United States.

Calculation of Suspension Agreement NVs

NVs (for purposes of the Agreement) are calculated by adjusting the CV and are provided for both EP and CEP transactions. In effect, any expenses uniquely associated with the covered products sold in the HM are subtracted from the CV, and any such expenses which are uniquely associated with the covered products sold in the United States are added to the CV to calculate the NV.

Export Price—Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated person occurs before the goods are imported into the United States. In cases where the foreign manufacturer knows or has reason to believe that the merchandise is ultimately destined for the United States, the manufacturer's sale is the sale subject to review. If, on the other hand, the manufacturer sold the merchandise to a foreign trader without knowledge of the

trader's intention to export the merchandise to the United States, then the trader's first sale to an unaffiliated person is the sale subject to review. For EP NVs, the CV is adjusted for movement costs and differences in direct selling expenses such as commissions, credit, warranties, technical services, advertising, and sales promotion.

Constructed Export Price—Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated person occurs after importation. However, if the first sale to the unaffiliated person is made by a person in the United States affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation, unless the U.S. affiliate performs only clerical functions in connection with the sale. For CEP NVs, the CV is adjusted similar to EP sales, with differences for adjustment to U.S. and HM indirect-selling expenses.

Home market direct-selling expenses—expenses that are incurred as a direct result of a sale. These include such expenses as commissions, advertising, discounts and rebates, credit, warranty expenses, freight costs, etc. The following direct-selling expenses are treated individually:

Commission expenses—payments to unaffiliated parties for sales in the HM.

Credit expenses—expenses incurred for the extension of credit to HM customers.

Movement expenses—freight, brokerage and handling, and insurance expenses.

U.S. direct-selling expenses—the same as HM direct-selling expenses except that they are incurred for sales in the United States.

Movement expenses—additional expenses incidental to importation into the United States. These typically include U.S. inland freight, insurance, brokerage and handling expenses, U.S. Customs duties, and international freight.

U.S. indirect-selling expenses—include general fixed expenses incurred by the U.S. sales subsidiary or affiliated exporter for sales to the United States. They may also include a portion of indirect expenses incurred in the HM for export sales.

For EP Transactions

+direct materials
+direct labor
+*factory overhead*
=Cost of Manufacturing
+*home market SG&A*
=Cost of Production
+U.S. packing
+*Profit*
=Constructed Value
+U.S. direct selling expense
+U.S. commission expense
+U.S. movement expense
+U.S. credit expense
−HM direct selling expense
−HM commission expense[1]
−*HM credit expense*
=NV for EP sales

For CEP Transactions

+direct materials
+direct labor
+*factory overhead*
=Cost of Manufacturing
+*home market SG&A*
=Cost of Production
+U.S. packing
+*profit*
=Constructed Value
+U.S. direct selling expense
+U.S. indirect selling expense
+U.S. commission expense
+U.S. movement expense
+U.S. credit expense
+U.S. further manufacturing expenses (if any)
+CEP profit
−HM direct selling expense
−HM commission expense[2]
−*HM credit expense*
=NV for CEP sales

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[1] If the company does not have HM commissions, HM indirect expenses are subtracted only up to the amount of the U.S. commissions.

[2] If the company does not have HM commissions, HM indirect expenses are subtracted only up to the amount of the U.S. commissions.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–428–822]

Notice of Final Determination of Sales at Less Than Fair Value: Steel Wire Rod From Germany

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

EFFECTIVE DATE: February 23, 1998.

FOR FURTHER INFORMATION CONTACT: Judith Wey Rudman or John Brinkmann, Office of AD/CVD Enforcement II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–0192 or (202) 482–5288.

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 references to the provisions codified at 19 CFR Part 353 (April 1997). Although the Department's new regulations, codified at 19 CFR 351 (62 FR 27296; May 19, 1997), do not govern these proceedings, citations to those regulations are provided, where appropriate, to explain current departmental practice.

Final Determination

We determine that steel wire rod from Germany is being sold in the United States at less than fair value (''LTFV''), as provided in section 735 of the Act. The estimated margins of sales at LTFV are shown in the ''Continuation of Suspension of Liquidation'' section of this notice.

Case History

Since the preliminary determination in this investigation on September 24, 1997, (62 FR 51577, October 1, 1997) (''Notice of Preliminary Determination''), the following events have occurred:

On September 29, 1997, we issued a second supplemental request for information covering all sections of the questionnaire to Ispat Hamburger Stahlwerke GmbH (''IHSW''), the only company to respond to the Department's original antidumping duty questionnaire. IHSW submitted its response to this supplemental questionnaire, including revised United States, home market, cost of production (COP), and constructed value (CV) databases, on October 14, 1997. At the Department's request, IHSW submitted clarifications of its response on October 23 and 24, 1997.

On October 14, 1997, Connecticut Steel Group, Co-Steel Raritan, GS Industries, Inc., Keystone Steel & Wire Co., North Star Steel Texas, Inc., and Northwestern Steel & Wire Co. (collectively ''petitioners'') informed the Department that IHSW's parent company had purchased two units of Thyssen Stahl AG (''Thyssen'') and requested that the Department collapse IHSW and Thyssen when determining the dumping margins for these companies (*see* Comment 3 below).

The Department conducted verifications of IHSW's cost and sales information in November 1997, in Hamburg, Germany. The Department issued the sales and cost verification reports on December 16 and 18, 1997, respectively, citing numerous deficiencies in IHSW's cost and sales information. Because it seemed at the time that the deficiencies could be corrected and that we would be able to confirm that corrections made to the databases were done completely and accurately, the Department allowed IHSW a final opportunity to submit revised cost and sales databases. On December 19, 1997, the Department transmitted to IHSW a list of specific revisions to be made to its databases (see December 19, 1997, Memorandum to Gary Taverman). IHSW submitted its revised response on January 9, 1998. On