liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin percentage
PT Dieng Djaya/PT Surya Jaya Abadi Perkasa	11.24
PT Zeta Agro Corporation	29.58
All Others	15.35

ITC Notification

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

Public Comment

Case briefs or other written comments in at least ten copies must be submitted to the Assistant Secretary for Import Administration no later than October 16, 1998, and rebuttal briefs no later than October 23, 1998. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. Such summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, the hearing will be held on October 27, 1998, time and room to be determined, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination by no later than 135 days after the publication of this notice in the **Federal Register**.

This determination is issued and published in accordance with sections 773(d) and 777(i)(1) of the Act.

Dated: July 27, 1998.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 98–20909 Filed 8–4–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–337–804]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms From Chile

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

EFFECTIVE DATE: August 5, 1998.

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

The Applicable Statute

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

Preliminary Determination

We preliminarily determine that certain preserved mushrooms (''mushrooms'') from Chile 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

Since the initiation of this investigation (*Notice of Initiation of Antidumping Investigations: Certain Preserved Mushrooms From Chile, India, Indonesia, and the People's Republic of China* (63 FR 5360, February 2, 1998)), the following events have occurred:

During January and February 1998, the Department requested information from the U.S. Embassy in Chile to identify producers/exporters of the subject merchandise. During February 1998, the Department also requested and received comments from the petitioners and potential respondents regarding the model matching criteria.

On February 27, 1998, the United States International Trade Commission (''ITC'') notified the Department of its affirmative preliminary injury determination in this case.

Also on February 27, 1998, the Department issued an antidumping duty questionnaire to Nature's Farm Products (Chile), S.A. (''NFP''), the sole exporter of the subject merchandise from Chile.

In March 1998, the Department received a response to Section A of the questionnaire from NFP. NFP reported that its home market was not viable during the period of investigation (POI), but that its sales to Brazil during the POI constituted a viable third country market.

On March 30, 1998, the Department issued a notice identifying a period for interested parties to raise issues regarding product coverage. (*See Certain Preserved Mushrooms from Chile, India, Indonesia, and the People's Republic of China: Comments Regarding Product Coverage*, 63 FR 16971 (April 7, 1998). NFP submitted comments on April 30, 1998, stating that product coverage should include fresh mushrooms as well as preserved mushrooms.

On April 1, 1998, the petitioners in this investigation, L.K. Bowman, Inc., Modern Mushroom Farms, Inc., Monterey Mushrooms, Inc., Mount Laurel Canning Corp., Mushroom Canning Company, Sunny Dell Foods, Inc., and United Canning Corp., submitted a timely allegation pursuant to section 773(b) of the Act that NFP had made sales in the third country market at less than the cost of production (''COP''). Our analysis of the allegation indicated that there were reasonable grounds to believe or suspect that NFP sold mushrooms in the third country market at prices less than the COP. Accordingly, we initiated a COP investigation with respect to NFP pursuant to section 773(b) of the Act (*See* Memorandum from Team to Louis Apple, Office Director, dated April 8, 1998).

On April 30, 1998, the Department requested comments as to whether it should consider ''whole mushroom size'' as a physical characteristic for its model matching methodology. On May 14, 1998, NFP responded to the Department's request for information.

On May 1, 1998, pursuant to section 733(c)(1)(A) of the Act, the petitioners made a timely request to postpone the preliminary determination for forty days. We granted this request and, on May 8, 1998, we postponed the preliminary determination until no later than July 27, 1998. (*See* 63 FR 27264, May 18, 1998).

We received NFP's responses to Sections B and C of the questionnaire in April 1998. We issued a supplemental questionnaire for Sections A, B, and C to NFP in April 1998 and received responses to these questionnaires, along with the Section D response, in May 1998. In May 1998, we issued a supplemental questionnaire for Section D to NFP and received the response to this questionnaire in June 1998. NFP submitted additional information concerning its response data in June and July 1998.

In the supplemental Section B response, NFP stated that, after a review of its date of sale methodology for U.S. sales, revisions to its POI sales totals indicated that the home market may, in fact, be viable. In response, the petitioners filed a sales below COP allegation on NFP's home market sales on July 6, 1998. As discussed below under ''Home Market Viability, '' the Department has determined that the home market is not viable.

Scope of Investigation

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

Excluded from the scope of this investigation are the following: (1) All other species of mushroom including straw mushrooms; (2) all fresh and chilled mushrooms, including ''refrigerated'' or ''quick blanched mushrooms'; (3) dried mushrooms; (4) frozen mushrooms; and (5) ''marinated,'' ''acidified'' or ''pickled'' mushrooms, which are prepared or preserved by means of vinegar or acetic acid, but may contain oil or other additives.

The merchandise subject to this investigation is classifiable under subheadings 2003.10.27, 2003.10.31, 2003.10.37, 2003.10.43, 2003.10.47.2003.10.53, and 0711.90.4000 of the Harmonized Tariff Schedule of the United States (''HTS''). Although the HTS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

Period of Investigation

The period of investigation (''POI'') is January 1, 1997, through December 31, 1997.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by NFP covered by the description in the ''Scope of Investigation'' section, above, and sold to Brazil during the POI to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. As discussed below, we determined that there were no comparable third country sales in the ordinary course of trade (*i.e.*, above cost) during the POI. Therefore, we compared U.S. sales to constructed value (''CV''), as described below.

Fair Value Comparisons

To determine whether sales of mushrooms from Chile to the United States were made at less than fair value, we compared constructed export price (''CEP'') to the Normal Value (''NV''), as described in the ''Constructed Export Price'' and ''Normal Value'' sections of this notice, below. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated weighted-average CEPs for comparison to weighted-average NVs or CVs.

Level of Trade

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

To determine whether NV sales are at a different level of trade than CEP, we examined stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make an LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP-offset provision). *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa,* 62 FR 61731 (November 19, 1997).

In this case, we compared all U.S. sales to CV, as noted above. As we could not determine the LOT of the sales from which we derived the profit for CV, we could not determine whether there is a difference in LOT between any U.S. sales and CV. Therefore, we made no LOT adjustment nor a CEP offset to NV.

Constructed Export Price

We calculated CEP, in accordance with subsections 772(b) of the Act, because sales to the first unaffiliated purchaser took place after importation into the United States.

We based CEP on the packed ex-warehouse or delivered prices to unaffiliated purchasers in the United States. We made deductions for discounts and rebates, where applicable. We also made deductions for the following movement expenses, where appropriate, in accordance with section 772(c)(2)(A) of the Act: foreign inland freight, foreign brokerage, international freight (including marine insurance), U.S. customs duties, post-sale warehousing expenses, and U.S. inland freight. In accordance with section 772(d)(1) of the Act, we deducted those selling expenses associated with economic activities occurring in the United States, including direct selling expenses (credit costs, commissions and other direct selling expenses), inventory carrying costs, and other indirect selling expenses. We also deducted the profit allocated to these expenses, in accordance with sections 772(d)(3) and 772(f) of the Act.

NFP reported receipt of an export incentive credit from the Chilean government on both U.S. and Brazilian sales. As there is no statutory provision

for an adjustment for this credit, we disregarded it when calculating CEP and NV.

We excluded from our analysis NFP's sales of imperfect merchandise because the quantity involved is insignificant and NFP made no comparable third country sales of this type of merchandise. *See, e.g., Preliminary Determination of Sales at Less than Fair Value and Postponement of Final Determination: Canned Pineapple Fruit from Thailand,* 60 FR 2734, 2737 (January 11, 1995).

Normal Value

After testing (1) home market and third country viability as discussed below, and (2) whether third country sales were at below-cost prices, we calculated NV as noted in the ''Price-to-CV Comparisons'' section of this notice.

1. Home and Third Country Market Viability

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.,* the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales), we compared the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Because NFP's aggregate volume of POI home market sales of the foreign like product was less than five percent of its aggregate volume of POI U.S. sales for the subject merchandise (as determined by the date of sale methodology applied by the Department discussed in a Memorandum from the Team to Louis Apple dated July 27, 1998), we determined that the home market was not viable for NFP. However, we determined that Brazil, NFP's largest third country market, was viable in accordance with section 773(a)(1)(B)(ii) of the Act. Therefore, in accordance with section 773(a)(1)(C) of the Act, we determined that Brazil is the appropriate foreign market for calculating NV.

2. Cost of Production Analysis

As stated in the ''Case History'' section of the notice, based on a timely allegation filed by the petitioners, the Department initiated a COP investigation of NFP to determine whether sales were made at prices less than the COP.

We conducted the COP analysis described below.

A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of NFP's cost of materials and fabrication for the foreign like product, plus an amount for third country SG&A, interest expenses, and packing costs. We used the information from NFP's Section D supplemental questionnaire response to calculate COP, with the following adjustments:

(1) We revised NFP's submitted general and administrative (''G&A'') expense rate because NFP calculated G&A as a percentage of sales revenue, rather than cost of goods sold . In addition, NFP calculated a separate rate for each product. We calculated a company-wide G&A rate by dividing total G&A expense by total manufacturing cost.

(2) The Department normally calculates financial expenses on a consolidated basis; however, NFP did not provide either a consolidated financial statement or a consolidated financial expense rate. Therefore, we recalculated NFP's financial expense rate based on its non-consolidated financial statement. In its calculation, NFP claimed the full amount of the monetary correction as an offset to its financial expense. We allowed only the portion of the monetary correction associated with the current portion of its bank loans since the remaining portion relates to other fiscal periods. In addition, NFP failed to respond to the Department's request for a detailed analysis of its foreign exchange gains and losses. Therefore, we included the entire amount of the net foreign exchange loss in our calculation of financial expense. We calculated a revised net financial expense and divided it by the total manufacturing costs.

Startup Adjustment Claim. NFP claimed a startup adjustment to its COP under section 773(f)(1)(C) of the Act, alleging that it has yet to achieve commercial production levels and, thus, continues to operate in a start-up mode. Although NFP completed construction of its plant in 1994, it contends that, due to technical difficulties associated with harvesting necessary raw materials, commercial production levels have not yet been reached. NFP estimates that these levels will be reached in mid-1999.

Section 773(f)(1)(C)(ii) of the Act authorizes adjustments for start-up operations ''only where (I) a producer is using new production facilities or producing a new product that requires substantial additional investment, and (II) production levels are limited by technical factors associated with the initial phase of production.'' NFP's production facilities were three years old by the start of the POI; therefore, we do not consider these facilities to be ''new'' within the meaning of section 773(f)(1)(C)(ii)(I) of the Act.

Moreover, NFP has not identified any additional costs associated with ''substantially retooling'' its production facilities, which, according to the Statement of Administrative Action accompanying the URAA, H.R. Doc. No. 316, 103d Cong., 2d Sess. (1994) (''SAA''), might satisfy the first criterion. Because section 773(f)(1)(C)(ii) of the Act establishes that both prongs of the test must be met before a startup adjustment is warranted, this finding is sufficient to deny NFP's claim. Therefore, we need not address NFP's arguments concerning technical factors that limit commercial production levels (*see Notice of Final Determination of Sales at Not Less Than Fair Value: Collated Roofing Nails from Korea,* 62 FR 51420, 51426, October 1, 1997).

B. Test of Third Country Sales Prices

We compared the weighted-average COP for NFP, adjusted where appropriate, to third country sales of the foreign like product as required under section 773(b) of the Act. In determining whether to disregard third country market sales made at prices less than the COP, we examined whether (1) within an extended period of time, such sales were made in substantial quantities, and (2) such sales were made at prices which permitted the recovery of all costs within a reasonable period of time. On a product-specific basis, we compared the COP to the third country market prices, less any applicable movement charges, and direct and indirect selling expenses.

C. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of respondent's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in ''substantial quantities.'' Where 20 percent or more of a respondent's sales of a given product during the POI were at prices less than the COP, we determined such sales to have been made in ''substantial quantities'' within an extended period of time in accordance with section 773(b)(2)(B) of the Act. In such cases, we also determined that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time, in accordance with

section 773(b)(2)(D) of the Act. Therefore, we disregarded the below-cost sales. Where all sales of a specific product were at prices below the COP, we disregarded all sales of that product.

We found that all of NFP's Brazilian sales were at prices below the COP. Thus, in the absence of any above-cost Brazilian sales, we compared constructed export prices to CV in accordance with section 773(a)(4) of the Act.

D. Calculation of CV

In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of NFP's cost of materials, fabrication, SG&A, interest, and U.S. packing costs. We made the same adjustments to NFP's reported costs for the CV calculation as we made for the COP calculation.

Because there were no above-cost Brazilian sales and hence no actual company-specific profit data available for NFP's sales of the foreign like product to Brazil, we calculated profit expenses in accordance with section 773(e)(2)(B)(iii) of the Act and the SAA. Section 773(e)(2)(B)(iii) states that profit may be determined under any reasonable method with the appropriate ''profit cap.'' The SAA, however, provides that where, due to the absence of data, the Department cannot determine amounts for profit under alternatives (i) or (ii) of section 773(e)(2)(B) of the Act or a ''profit cap'' under alternative (iii) of section 773(e)(2)(B) of the Act, the Department may apply alternative (iii) on the basis of the facts available (SAA at 841). In this case, we are unable to determine an amount for profit under alternatives (i) or (ii), or a ''profit cap'' under alternative (iii) because we do not have actual amounts incurred by NFP on sales of merchandise in the same general category as the subject merchandise and because NFP is the only producer subject to this investigation. Therefore, as facts availabe under section 773(e)(2)(B)(iii) of the Act, for NFP's profit we are using the 1996 profit margin for Ianasafrut S.A., a leading Chilean fruit and vegetable producer. We believe this data is a reasonable surrogate for NFP's profit because it is based upon a Chilean producer's experience on sales of the same general category as the subject merchandise for a period in which there was no alleged dumping. For SG&A, we have used NFP's actual expenses incurred in Chile on Brazilian sales because this data reflects NFP's actual experience in selling the foreign like product.

Price-to-CV Comparisons

For price-to-CV comparisons, we made adjustments to CV in accordance with section 773(a)(8) of the Act. We deducted from CV the amount of indirect selling expenses capped by the amount of the U.S. commissions.

Currency Conversion

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

Verification

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

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the Customs Service to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the export price, as indicated in the chart below. These suspension-of-liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin percentage
Nature's Farm Products (Chile) S.A.	142.43
All Others	142.43

ITC Notification

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

Public Comment

Case briefs or other written comments in at least ten copies must be submitted to the Assistant Secretary for Import Administration no later than September 8, 1998, and rebuttal briefs no later than September 11, 1998. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. Such summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, the hearing will be held on September 15, 1998, time and room to be determined, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination by October 13, 1998.

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

Dated: July 27, 1998.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 98–20910 Filed 8–4–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–533–813]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Preserved Mushrooms From India

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

EFFECTIVE DATE: August 5, 1998.

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